


## Request for Costing an Election Commitment

<b>Name of election commitment:</b>	<b><i>Savings – Reduction in the Treasurer’s Advance</i></b>
Person and party requesting costing:	Zed Seselja MLA, Leader of the Opposition
Date of public release of election commitment, including source:	3 September 2012, Speech at the Pavilion Hotel, Canberra Times article ‘Libs Bank n Bulk Policies Pitch’
Summary of election commitment:	Reduce the Treasurer’s Advance
Intention of election commitment:	Reduce the Treasurer’s Advance as part of a reform to the budget process and to offset new expenditure
Signature of person requesting costing:	
Date of request for costing:	14 October 2012

**What are the key assumptions that have been made in the election commitment?**

- This savings will reduce the Treasurer’s Advance from 0.75% of appropriation to 0.125% of appropriation
- This forms part of a budget reform process to utilise a Supplementary Appropriation Bill for mid budget year expense and greater scrutiny of Government expenditure, as recommended in the Hawk Review
- The appropriation over the forward estimates has been calculated by indexing the 2012-13 appropriation at the same rate that estimated expenditure grows over the forward estimates (see attached)
- Savings from the 2012-13 year will be used to fund election commitments with expenditure in 2012-13, the remaining savings will be returned to the budget
- See attached documents for further details

Where relevant, is the funding for the policy to be demand driven or a capped amount?

n/a

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?

n/a

Will funding/the cost require indexation?

No, however the savings estimates over the forward years will fluctuate with the appropriation bill

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)?

	2012-13	2013-14	2014-15	2015-16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue <sup>(a)</sup>					
Expenses <sup>(a)</sup>	21,121	26,781	27,959	28,826	104,687
Capital					

(a) A negative number indicates a decrease in revenue or an increase in expenses.

What is the likely take up?

n/a

Any other assumptions?

No costing is requested to be undertaken for 2016-17, in line with the Canberra Liberals stated approach to use the standard of the current published budget and forward estimates period of 2012-13 to 2015-16.

*Administration of the election commitment*

How will the election commitment be administered?

In line with the existing administration of Government savings initiatives

Who will administer the election commitment?

Treasury

Has an allowance been made for expenses necessary to support the implementation of this election commitment?

Implementation of savings are considered business as usual

What is the intended implementation date of the election commitment?

1 January 2013

Are there transitional arrangements associated with election commitment implementation?

n/a

Are there any other assumptions that need to be considered?

The savings from the Treasurer's advance in the 2012-13 year will be used to fund the election commitments with expenditure in the 2012-13 year. All other savings will be returned to the budget

When is the election commitment expected to be fully operational?

1 January 2013

Will the election commitment cease and if so when?

This is commitment is ongoing

## **Treasurer's Advance Reduction – Costing Justification**

The saving from the Treasurer's Advance is by reducing the limit from 0.75% of Government Appropriation to 0.125% of Government Appropriation, a reduction of 0.625%.

Under the *Financial Management Act 1996*, the Treasurer's Advance is for an urgent need for expenditure and a reduction in the advance will result in tighter financial management by the Government. The Government also has a second appropriation process available to use should extreme circumstances arise.

The 2012-13 appropriation is from page 7 of the Appropriation Bill 2012-13 (BP3, attached). The forward estimates have been calculated by indexing the Appropriation in line with the increase in government estimated expenditure growth (BP3, p32).

The 2012-13 year has had \$4.88 million deducted as this is the total expensed out of the Advance according to the Pre-Election Budget Update.

The Canberra Liberals will use a Supplementary Appropriation Bill process for expenditure mid-budget year as it allows for greater scrutiny of expenditure. Approximately \$5 million each year will be remaining for 'urgent' expenditure.

The savings have been rounded down to the nearest \$1,000.

	2012-13	2013-14	2014-15	2015-16
Appropriation	4,160,237,000	4,285,044,110	4,473,586,051	4,612,267,218
Current Advance - 0.75% of Appropriation	31,201,778	32,137,831	33,551,895	34,592,004
New Advance - 0.125% of Appropriation	5,200,296	5,356,305	5,591,983	5,765,334
<b>Saving</b>	<b>26,001,481</b>	<b>26,781,526</b>	<b>27,959,913</b>	<b>28,826,670</b>
Expenses (\$billion)	4,347.4	4,477.3	4,673.9	4,818.7
% growth		3.0	4.4	3.1
Treasurer's Advance PBU	4,880,000	0	0	0
<b>Savings</b>	<b>21,121,481</b>	<b>26,781,526</b>	<b>27,959,913</b>	<b>28,826,670</b>
	21,121	26,781	27,959	28,826