

Request for Costing an Election Commitment

Name of proposal:	Knowledge Capital – Future Jobs Fund
Person requesting costing:	Andrew Barr MLA
Date of request:	14 October 2020
Summary of proposal:	<p>ACT Labor will provide \$30 million over four years to establish the Future Jobs Fund.</p> <p>The fund will be designed to provide finance for job creating or saving projects in the tertiary education and growth industry sectors that ACT Labor has identified including:</p> <ul style="list-style-type: none"> • Health innovation • Renewable Energy • Defence • Cyber security • Space <p>The fund will support universities with applied research partnerships and small-scale campus projects that will boost productivity and create jobs as Canberra recovers from the impacts of COVID-19.</p> <p>It will also enable the universities to conduct new research, purchase technology or commercialise intellectual property that will lead to the creation of new high-value jobs.</p>
Issue the proposal will address:	<p>Universities are vital to the social and economic foundations of our city, providing jobs for thousands of Canberrans and contributing billions of dollars to our local economy and adding to the education capital of the nation.</p> <p>Canberra’s universities have lost hundreds of millions of dollars in revenue because of COVID19 and are faced with an uncertain future of international student enrolments and federal</p>

	<p>Liberal government student caps and funding cuts.</p> <p>This means Canberrans jobs and our reputation as Australia’s knowledge capital are at risk as funding is cut and research capabilities and pipelines are reduced.</p> <p>We are committed to supporting our universities and higher education and research sectors to ensure jobs are saved and Canberra continues to be Australia’s knowledge capital.</p>
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What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

The fund will provide a combination of grants (\$20M) and access to other financial instruments (\$10M) such as repayable/conditional grants, debt, convertible notes and equity.

Financial instruments are identified as capital below – noting that the allocation and governance of the fund will be allocated in Government.

Capital inflows have not been assumed as they are likely to be longer term investments – with returns beyond the forward estimates. For the \$10 million capital component it is intended that a benchmark rate of return will be set pegged to the yield of 10-year borrowing costs for the ACT.

Interest costs are included as per the Standard Costing Parameters, with half year financing costs for 2020-21.

Depreciation is not applicable.

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

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)					
Expenses - Interest^(a)	-80.0	-321.3	-486.4	-654.2	-1,541.9
Expenses - Grants	-5,000.0	-5,000.0	-5,000.0	-5,000.0	-20,000.0
Capital	-2,500.0	-2,500.0	-2,500.0	-2,500.0	-10,000.0
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?
No
Where relevant, is funding for the proposal to be demand driven or a capped amount?
Capped
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?
No
Will funding/the cost require indexation?
N/A
Who will administer the proposal?
Economic Development
How will the proposal be administered?
Economic Development will provide governance and support for administration of the fund.
Is the proposal part of a broader package?
Yes – the Future Jobs Fund is part of a broader package of commitments that support Canberra’s Universities. The proposal is independent of other commitments.
Has an allowance been made for expenses necessary to support the implementation of this proposal?
<ul style="list-style-type: none">– If no, will the government agency be expected to absorb expenses associated with this proposal?– If yes, please specify the key assumptions.
No – any administrative costs will be absorbed.
Will the proposal generate savings or offsets?
No

Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No
What are the community impacts associated with the proposal? Who and how many people will be affected?
<p>Our local universities have been hit hard by the COVID-19 pandemic. They were left behind by the Federal Liberal Government by not including them in JobKeeper, which has had a huge impact on the future of many Canberra households that rely on these organisations for their income, or their education.</p> <p>ACT Labor is committed to doing everything we can to support our local universities and protect jobs over the coming decade.</p> <p>The Future Jobs Fund will have a focus on protecting and creating jobs.</p>
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No
What is the intended implementation date of the proposal?
2020-21
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.
2020-21
Will the proposal cease, and if so, when?
This proposal is funded for four years to 2023-24.
Is there any additional information relevant to this proposal?
No