



MEDIA RELEASE

16 August 2010

Our Ref: GOV86

**RECEIPT OF REQUEST FOR COSTING OF
ELECTION COMMITMENT**

The Department of Finance and Deregulation has been asked by the Prime Minister to cost the following election commitment under the *Charter of Budget Honesty Act 1998*:

Department of Prime Minister and Cabinet – reduced funding.

The costing will be completed in accordance with the *Charter of Budget Honesty: Costing Election Commitments* guidelines issued on 11 June 2010. The guidelines are available at www.electioncostings.gov.au.

The costing request is attached to this media release. A further media release will be issued when the costing has been completed.

A handwritten signature in black ink, appearing to read 'D Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Clive Hawkins
Telephone: 02 6215 3929

Name of policy:	Department of Prime Minister and Cabinet – reduced funding
Person requesting costing (Prime Minister/Leader of the Opposition):	Prime Minister
Date of public release of policy:	15 August 2010
Date of request to cost the policy:	16 August 2010
Summary of policy (please attach copies of relevant policy documents):	The Gillard Labor Government would operate a traditional form of Cabinet government, reducing the workload on the Department of Prime Minister and Cabinet and removing the need for \$10 million of additional funding over the forward estimates.
Intention of policy:	To contribute towards fully offsetting election spending over the forward estimates, consistent with the Gillard Labor Government’s commitment to return the budget to surplus in three years.
Description of policy	
What are the key assumptions that have been made in the policy including:	
Please note that where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request.	
Is the policy part of a package? • If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	NA
Will third parties, for instance the States/Territories, have a role in funding or delivering the policy? • If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	NA
Are there associated savings, offsets or expenses? • If yes, please provide details.	No

Description of policy (continued)	
What are the key assumptions that have been made in the policy including:	
Does the policy relate to a previous budget measure? <ul style="list-style-type: none">• If yes, which measure?	Yes, <i>Department of Prime Minister and Cabinet – additional funding</i> in the 2010-11 Budget.
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program. Will funding/cost require indexation? <ul style="list-style-type: none">• If yes, list factors used.	Savings are expected as below.
What are the estimated costs each year? Are these provided on a cash or fiscal basis?	The savings from the measure in both underlying cash and fiscal balance terms are: <ul style="list-style-type: none">• 2010-11: \$2.0 million• 2011-12: \$4.0 million• 2012-13: \$4.0 million• 2013-14: Nil
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	NA
Has the policy been costed by a third party? <ul style="list-style-type: none">• If yes, can you provide a copy of this costing and its assumptions?	No
What is the expected community impact of the policy? <ul style="list-style-type: none">• How many people will be affected by the policy?• What is the likely take up?• What is the basis for these impact assessments/assumptions?	NA
NOTE: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.	
Administration of policy	
How will the policy be administered: who will administer the policy (for example, Australian Government Agency, States, non-government agency)?	Department of Prime Minister and Cabinet

Should Departmental expenses associated with this policy be included in this costing?	NA
<ul style="list-style-type: none"> • If no, will the Department be expected to absorb expenses associated with this policy? • If yes, please specify the key assumptions, including whether Departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies). 	
Intended date of implementation.	2010-11
Intended duration of policy.	Finishes in 2012-13
Are there transitional arrangements associated with policy implementation?	NA
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	NA
Are there any other assumptions that need to be considered?	No