



Australian Government  
The Treasury



NO. OP43

## RECEIPT OF REQUEST FOR COSTING OF ELECTION COMMITMENT

The Treasury has been asked by the Leader of the Opposition to cost the following election commitment under the *Charter of Budget Honesty Act 1998*:

**Discontinue funding for Government super contributions tax rebate for low income earners.**

The costing will be completed consistent with the *Charter of Budget Honesty: Costing Election Commitments 2010* guidelines, which are available on the [www.electioncostings.com.au](http://www.electioncostings.com.au) website.

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 "Ken Henry".

Ken Henry  
Secretary to the Treasury

**Department of the Treasury**  
Contact: Colin Brown  
Telephone: 02 6263 4455

10 August, 2010

<b>Name of policy</b>	
Person requesting costing (Prime Minister/Leader of the Opposition):	Leader of the Opposition
Date of public release of policy:	19 May 2010
Date of request to cost the policy:	9 August 2010
Summary of policy (please attach copies of relevant policy documents):	The Coalition will reverse the funding for Government super contributions tax rebate for low income earners.
Intention of policy:	To improve the allocation of budget resources.
<b>Description of policy</b>	
<b>What are the key assumptions that have been made in the policy including:</b>	
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.	N/A
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?	N/A
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?	N/A
Are there associated savings, offsets or expenses?  • If yes, please provide details.	No.
<b>Description of policy (continued)</b>	
<b>What are the key assumptions that have been made in the policy including:</b>	
Does the policy relate to a previous budget measure?  • If yes, which measure?	Yes.  The Coalition will reverse a measure outlined in the 2010-2011 Budget measure 'Stronger, fairer, simpler tax reform – Government super contributions tax rebate for low income earners'.

<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program. Will funding/cost require indexation?</p> <ul style="list-style-type: none"> <li>• If yes, list factors used.</li> </ul>	<p>N/A</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The saving will have the following positive impact on the fiscal balance:</p> <ul style="list-style-type: none"> <li>• <b>2010-11: 0</b></li> <li>• <b>2011-12: \$0.7m</b></li> <li>• <b>2012-13: \$19.6m</b></li> <li>• <b>2013-14: \$866.7m</b></li> </ul>
<p>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)?</p>	<p><i>The 2010-11 Budget Papers have been used. (See Budget Paper No. 2, page 40).</i></p>
<p>Has the policy been costed by a third party?</p> <ul style="list-style-type: none"> <li>• If yes, can you provide a copy of this costing and its assumptions?</li> </ul>	<p><b>No.</b></p>
<p>What is the expected community impact of the policy?</p> <ul style="list-style-type: none"> <li>• How many people will be affected by the policy?</li> <li>• What is the likely take up?</li> <li>• What is the basis for these impact assessments/assumptions?</li> </ul>	<p>N/A</p>
<p><b>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.</b></p>	

Administration of policy	
How will the policy be administered: who will administer the policy (for example, Australian Government Agency, States, non-government agency)?	Australian Taxation Office.
<p>Should Departmental expenses associated with this policy be included in this costing?</p> <ul style="list-style-type: none"> <li>• If no, will the Department be expected to absorb expenses associated with this policy?</li> <li>• 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).</li> </ul>	N/A
Intended date of implementation.	2010- 2011
Intended duration of policy.	N/A
Are there transitional arrangements associated with policy implementation?	N/A
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	N/A
Are there any other assumptions that need to be considered?	N/A