Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2025 ELECTION COMMITMENT COSTING

Name of proposal costed:	Economic Resilience Program
Costing Identifier:	ALP002
Summary of costing:	The proposal is to allocate $1 billion from the National Reconstruction Fund (NRF) to provide zero interest loans to companies. Applicants must meet the NRF's existing 'solely or mainly Australian based' test.
Ongoing or Terminating (including date)[(a)]	Terminating – 30 June 2027
Person making the request:	Prime Minister
Date costing request received:	17 April 2025
Date of public release of policy:	3 April 2025
Date costing completed:	24 April 2025
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

[(a)] Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)[(b)]

Impact on	2024-25	2025-26	2026-27	2027-28	2028-29
Underlying Cash Balance ($m)	0.0	-3.7	-20.7	-21.8	-22.5
Fiscal Balance ($m)	0.0	-169.0	-162.4	25.4	24.7

[(b)] A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the UCB indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Specified amount

Where relevant, include separate identification of revenue and expense components.

The underlying cash balance reflects foregone loan interest revenue only.

The fiscal balance impact reflects:

- concessional loan discount expense, $165.3 million in 2025-26 and $165.3 million in 2026-27; and
- foregone interest revenue (equivalent to the underlying cash balance amounts) and unwinding concessional loan revenue.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable

Qualifications to the costing (including reasons for the costing not being comprehensive).

The costing does not consider future changes to interest rates. The actual loans made by the National Reconstruction Fund Corporation (NRFC) may not be made on the same terms assumed.

Where relevant, explain effects of departmental expenses.

Not applicable

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

The costing request did not set out the term of the loans being offered. A term of 7 years has been assumed based on the currently assumed term for loans made through the NRFC.

The costing request did not anticipate impacts beyond the forward estimates.

Other comments *(including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).*

Where relevant, include an explanation of the medium-term implications of the proposal.[c]

The differences between the fiscal and underlying cash balance impacts reflect the accounting treatments for concessional loan impacts. Only the fiscal balance reflects the concessional loan discount expense on loan issuance and the unwinding of concessional loan discount revenue accrued over the term of the loan.

The medium-term impacts are provided below as the loans are not expected to be fully repaid until after the end of the forward estimates period:

Impact on	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Underlying Cash Balance ($m)	-24.0	-26.0	-28.9	-14.4	0.0	0.0	0.0
Fiscal Balance ($m)	23.2	21.2	18.3	32.9	23.6	0.0	0.0

There are no impacts on Public Debt Interest (PDI) as the proposed loans are assumed to have a similar approval and drawdown profile to loans that the NRFC would have otherwise made.

[c] Information on the medium-term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period. The medium term is considered to be the 7 years after the current forward estimates.

Background information

Costing methodology used:

For the loans:

- All zero interest loans would be repaid in full at the end of the loan term.
- The loans are issued in 2025-26 and 2026-27 for a total of $500 million in each year.
- The loan term would be 7 years, based on the current assumption in NRFC's estimates models.
- The equivalent rate of interest for a similar loan, to support the calculation of concessional loan discount impacts, has been taken from the Reserve Bank of Australia's February 2025 published average interest rate for new loans to medium sized businesses, at 5.90 per cent per annum.

For the foregone interest earnings of the NRFC:

- The amount of annual loan interest earnings foregone prior to repayment has been based on a proportionate reduction of NRFC's existing estimates as at the 2025 Pre-election Economic and Fiscal Outlook (PEFO) of loans and loan revenue.

Overall, the estimates are sensitive to both the assumed investments and foregone returns of the NRFC, and the final contracted terms and conditions of the proposed zero interest loans.

Behavioural assumptions used (as appropriate):

The NRFC would divert funds intended to be made as interest bearing loans to these zero interest loans. The NRFC's total investments made in 2025-26 and 2026-27 (and subsequent years) would otherwise be consistent with the 2025 PEFO estimates.