Senator Richard Di Natale

Leader of the Australian Greens

Parliament House

CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Managing Chronic Disease* (letter of 28 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.aph.gov.au/pbo)).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016

# Policy costing—during the caretaker period for the 2016 general election

|  |  |
| --- | --- |
| Name of proposal: | Managing Chronic Disease |
| Summary of proposal: | The proposal would develop risk profiles, template management plans, funding recommendations and administrative and reporting systems to support a new chronic disease management system involving enrolment with general practitioner (GP) practices and payments to doctors for ongoing management and care.The proposal would have effect from 1 July 2017. |
| Person/party requesting costing: | Senator Richard Di Natale, Australian Greens |
| Date of public release of policy: | 27 May 2016<http://greens.org.au/primary-care> |
| Date costing request received: | 28 June 2016 |
| Date costing completed: | 29 June 2016 |
| Additional information requested (including date): | On 29 July 2016 the Parliamentary Budget Office sought clarification on the start date of this proposal.  |
| Additional information received (including date): | On 29 July 2016 the office of Senator Di Natale confirmed that this proposal would have effect from 1 July 2017. |
| Expiry date for the costing: | Release of the next economic and fiscal outlook report |

## Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by $11.9 million over the 2016-17 Budget forward estimates period. This entirely reflects an increase in departmental expenses.

The proposal would not have financial implications beyond the 2016-17 Budget forward estimates period as the program would terminate in 2018-19. The funding represents a one‑off expense to develop a framework to support the implementation of an ongoing scheme for the management of chronic disease[[1]](#footnote-1).

The costing is considered to be of low reliability due to the uncertainty of the scope of the proposed program.

Table 1: Financial implications (outturn prices)(a)(b)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Impact on ($m) | 2016–17 | 2017–18 | 2018–19 | 2019–20 | Total |
| Fiscal balance | -  | -5.9  | -5.9  |  -  | **-11.9**  |
| Underlying cash balance | -  | -5.9  | -5.9  |  -  | **-11.9**  |

1. A positive number represents an increase in the relevant budget balance, a negative number represents a decrease.
2. Figures may not sum to totals due to rounding.
* Indicates nil.

## Key assumptions

It was assumed that the proposal would take two years to complete.

## Methodology

The departmental expenses associated with this proposal were calculated based on expected additional administrative activities required to implement the specified functions.

## Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

1. The financial impact of the proposed ongoing scheme has been costed by the PBO in the following two caretaker period costings: GRN046 *Implementing Primary Health Care*, and GRN047 *Primary Health Networks – Funding*. [↑](#footnote-ref-1)