



Disaster Ready Fund	
Party:	Australian Labor Party
Summary of proposal: The proposal would provide \$29.4 million in 2022-23 in a disbursement from the Emergency Response Fund towards disaster readiness projects. The proposal would have effect from 1 July 2022.	

## Costing overview

The proposal would be expected to decrease both fiscal and underlying cash balances by around \$35.5 million over the 2022-23 Budget forward estimates period. This impact reflects a decrease in revenue of around \$6.1 million and an increase in administered expenses of around \$29.4 million over this period.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

This costing is sensitive to the assumption that the disbursement can be approved in the 2022-23 financial year from the Emergency Response Fund (ERF). The Australian Government has already budgeted to draw down the maximum amount of disbursements it can provide from the ERF in that same financial year, which is \$200 million. Drawing down further amounts would require legislative change.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-30.2	-1.7	-1.8	-1.8	<b>-35.5</b>
Underlying cash balance	-30.2	-1.7	-1.8	-1.8	<b>-35.5</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

## Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Disbursements already approved from the ERF according to the Department of Finance's Portfolio Budget Statements cannot be reassigned to other initiatives.
- Legislation would be introduced and passed in time for the ERF to be able to disburse more than its current limit of \$200 million per year, which would enable the additional disbursement of the specified \$29.4 million in 2022-23.

- The additional disbursement would not have a significant impact on management fees.
- There would be even distribution of disbursements from the ERF over the 2022-23 financial year, resulting in a half impact on investment earnings in 2022-23.
- This commitment terminates in 2022-23 due to the non-ongoing nature of the projects to be funded by the disbursement.

## Methodology

The impact of disbursing an additional \$29.4 million in 2022-23 from the ERF was measured by comparing the difference between information from the ERF model provided by the Department of Finance against the scenario of providing the additional disbursement over both the forward estimates and medium term.

- As the ERF model from the Department of Finance ran until the 2031-32 financial year, impacts into 2032-33 were projected by the PBO based on this model.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

The Department of Finance and the Treasury provided economic parameters as at the *Pre-election Economic and Fiscal Outlook 2022-23*.

Australian Government (2022) [Budget 2022-23: Budget Paper No. 2](#), Australian Government, accessed 15 June 2022.

Department of Finance (2022) [Emergency Response Fund](#), Department of Finance, accessed 15 June 2022.

Department of Finance (2022) [Portfolio Budget Statements 2022-23](#), Department of Finance, accessed 15 June 2022.

The Department of Finance provided information relating to the Emergency Response Fund as at 5 April 2022.

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Attachment A – Disaster Ready Fund – financial implications

**Table A1: Disaster Ready Fund – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Revenue</b>													
<i>Investment earnings</i>	-0.8	-1.7	-1.8	-1.8	-1.9	-2.0	-2.1	-2.3	-2.4	-2.5	-2.7	-6.1	-22.0
<b>Expenses</b>													
<b>Administered</b>													
<i>Grant payments</i>	-29.4	-	-	-	-	-	-	-	-	-	-	-29.4	-29.4
<b>Total (excluding PDI)</b>	<b>-30.2</b>	<b>-1.7</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-1.9</b>	<b>-2.0</b>	<b>-2.1</b>	<b>-2.3</b>	<b>-2.4</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-35.5</b>	<b>-51.4</b>

(a) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A2: Disaster Ready Fund – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b><i>Fiscal balance</i></b>	..	..	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	-0.5	-0.7	<b>-0.2</b>	<b>-2.9</b>
<b><i>Underlying cash balance</i></b>	..	..	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	-0.5	-0.6	<b>-0.2</b>	<b>-2.8</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- .. Not zero but rounded to zero.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)