



## Policy costing

### Establish a federal corruption watchdog with real teeth to clean up politics

Party: Australian Greens

#### Summary of proposal:

The proposal would establish a National Integrity Commission (the Commission) as an independent statutory agency. The Commission would investigate matters relating to the Australian Public Service and the Parliament. Funding would be indexed to the consumer price index (CPI). Where functions overlap, funding for the 2019-20 Budget measure *Commonwealth Integrity Commission* would be redirected towards this proposal.

The proposal would have effect from 1 July 2019.

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$44.6 million over the 2019-20 Budget forward estimates period. This entirely reflects an increase in departmental expenses, including an increase of \$9.7 million in departmental capital related to establishing the Commission.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The financial implications of this proposal are sensitive to the size and scope of the proposed Commission and the extent to which functions of the proposed Commission overlap with those of the Commonwealth Integrity Commission.

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

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-16.0	-15.0	-6.6	-6.9	<b>-44.6</b>
Underlying cash balance	-16.0	-15.0	-6.6	-6.9	<b>-44.6</b>

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

(b) Figures may not sum to totals due to rounding.

## Key assumptions

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

- The Commission would be of a similar size and scope to the New South Wales Independent Commission Against Corruption (NSW ICAC).
- Capital works relating to the establishment of the Commission would be undertaken over the first two years from the establishment date of 1 July 2019.
- Departmental expenses for the public sector integrity function of the 2019-20 Budget measure *Commonwealth Integrity Commission* would be redirected towards this proposal.
  - The Commonwealth Integrity Commission announced by the Commonwealth Government on 13 December 2018 has two broad functions: law enforcement integrity, incorporating the existing structure, jurisdiction and powers of the Australian Commission for Law Enforcement Integrity, and a new public sector integrity function. This new second function is assumed to overlap with the function of the Commission in this proposal.

## Methodology

Departmental expenses for the proposed Commission are based on projected NSW ICAC expenses, adjusted for redirected Commonwealth Integrity Commission funding as described above.

- NSW ICAC expenses for 2017-18 were projected to account for the net effect of the CPI and the efficiency dividend, in accordance with the Department of Finance's costing practices.
- Departmental capital expenses were estimated based on expenses for the upgrade of infrastructure for the NSW ICAC.
- Departmental expenses for the public sector integrity function of the 2019-20 Budget measure *Commonwealth Integrity Commission* were projected to account for the net effect of the CPI and the efficiency dividend, in accordance with the Department of Finance's costing practices.

## Data sources

The Attorney-General's Department provided information on the 2019-20 Budget measure *Commonwealth Integrity Commission*.

The Department of Finance provided efficiency dividend parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

The Treasury provided the CPI projections as at the 2019 Pre-election Economic and Fiscal Outlook.

Attorney-General's Department, *Commonwealth Integrity Commission*. [Online] Available at <https://www.ag.gov.au/Consultations/Pages/commonwealth-integrity-commission.aspx> [Accessed 28.04.2019].

New South Wales Independent Commission Against Corruption Annual Reports, 2013-14 to 2017-18. [Online] Available at <https://www.icac.nsw.gov.au/about-the-nsw-icac/nsw-icac-publications/nsw-icac-corporate-publications/annual-reports> [Accessed 27.04.2019].

## Attachment A – Establish a federal corruption watchdog with real teeth to clean up politics – financial implications

**Table A1: Establish a federal corruption watchdog with real teeth to clean up politics – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<b>Total – departmental expenses</b>	-16.0	-15.0	-6.6	-6.9	<b>-44.6</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.

- (b) Figures may not sum to totals due to rounding.