

Savings from suspension of indexation

Year	Commonwealth "Payments"(1) \$ billion	Amount indexed (2)	Indexation factor (3) Per cent	Savings (4) \$ billion	Amount indexed (5)	Indexation factor (3) Per cent	Savings (4) \$ billion
2014-15	409.1	204.6	2.75	5.6	306.8	2.75	8.4
2015-16	425.0	212.5	2.75	11.5	318.8	2.75	17.2
Total				17.1			25.6

(1) Source: Table 4, page 2.15, Budget Paper 1, 2013-14

(2) Assuming that the suspension would apply to 50 per cent of "Payments"

(3) Estimate based on Government CPI forecasts for 2014-15 and 2015-16 of 2 1/4 and 2 1/2 per cent, respectively(Budget Paper 1, 2013-14); and of 3 1/2 per cent (increase through the year to June quarter 2014) for the Wage Price Index

(4) Savings (relative to the current forward estimates) would cumulate with continuation of the suspension into a second and subsequent years

(4) Assuming that the suspension would apply to 75 per cent of "Payments"