



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *After Coal: Mine Rehabilitation and Transition planning* (letter of 30 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

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

Yours sincerely

Phil Bowen

30 June 2016



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

Name of proposal:	After Coal: Mine Rehabilitation and Transition planning
Summary of proposal:	<p>The proposal has three components:</p> <p><u>Component 1: Mining Rehabilitation Commissioner</u></p> <p>Component 1 would provide \$2.0 million per year to establish a Mining Rehabilitation Commissioner.</p> <p><u>Component 2: Community-led transition boards</u></p> <p>Component 2 would provide \$11.0 million per year to establish Community-led transition boards.</p> <p><u>Component 3: Clean Energy Transition Fund</u></p> <p>Component 3 would establish a \$1 billion Clean Energy Transition Fund.</p> <p>The proposal would have effect from 1 September 2016 until 30 June 2030 and activities would be administered by a new government authority Renew Australia, not included in this request.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 June 2016
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$344.7 million over the 2016-17 Budget forward estimates period. This impact is due to an increase in departmental expenses of \$59.0 million and in administered expenses of \$285.7 million.

The proposal would have an impact beyond the 2016-17 Budget forward estimates period. Over the period 2020-21 to 2029-30 the annual financial impact would be expected to be a decrease in both budget balances at a level similar to the proposal’s impact in 2019-20 of approximately \$86 million per year. A breakdown of the financial implications for each component across the forward estimates is provided at [Attachment A](#).

The costing is considered to be of high reliability as it is based on specified capped amounts, however as the program design is yet to be confirmed, the allocation of funding between departmental and administered expenditure is uncertain.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016-17	2017-18	2018-19	2019-20	Total
Fiscal balance	-86.2	-86.2	-86.2	-86.2	-344.7
Underlying cash balance	-86.2	-86.2	-86.2	-86.2	-344.7

(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

In costing the proposal, the following assumptions have been made:

- In the absence of detailed advice on the nature of activities undertaken, all expenditure for Components 1 and 2 would be departmental.
- Funding provided under the Clean Energy Transition Fund would be distributed evenly over the duration of the proposal.
- The full funding allocation would be provided over the 10 months of 2016-17 from the commencement date of 1 September 2016.

Methodology

Components 1 and 2: Mining Rehabilitation Commissioner and Community-led transition boards

Departmental expenditure estimates are as specified in the request.

Component 3: Clean Energy Transition Fund

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: After Coal: Mine Rehabilitation and Transition planning—financial implications

Table A1: After Coal: Mine Rehabilitation and Transition planning—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances – expenses/payments					
Component 1: Mining Rehabilitation Commissioner					
Administered	-	-	-	-	-
Departmental	-2.0	-2.0	-2.0	-2.0	-8.0
Component 2: Community-led transition boards					
Administered	-	-	-	-	-
Departmental	-11.0	-11.0	-11.0	-11.0	-44.0
Component 3: Clean Energy Transition Fund					
Administered	-71.4	-71.4	-71.4	-71.4	-285.7
Departmental	-1.8	-1.8	-1.7	-1.7	-7.0
Total	-86.2	-86.2	-86.2	-86.2	-344.7

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.