



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Abolishing fossil fuel subsidies
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	14 July 2013, Senator Milne http://www.greens.org.au/resourcing-caring-society-0 http://greens.org.au/greens-plan-australias-future
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	Abolishing the following fossil fuel subsidies from 1 January 2014: <ol style="list-style-type: none"> 1. The diesel fuel rebate for the mining industry 2. Accelerated asset depreciation for aircraft, the oil and gas industry and vehicles (excepting for those used for agricultural purposes) 3. immediate deduction for exploration and prospecting expenses for the mining industry
What is the purpose or intention of the policy?	To remove a distortion in the tax system favouring some industries over others and raise revenue to be invested in the industries of the future.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No. This policy may interact with our policy Improving the Mining Tax. The Greens have a policy to oppose the Government's decision to move to a floating carbon price from 1 July 2014.
Where relevant, is funding for the policy to be demand driven or a capped amount?	N/A
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is	No

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another funding formula envisaged?				
Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	The 2013-14 budget reduced the scope of the exploration concession.			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
Diesel Fuel rebate	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	950	2150	1800	1850
Fiscal balance (\$m)	1250	2150	1800	1850
Accelerated asset depreciation	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0	250	700	800
Fiscal balance (\$m)	0	250	700	800
Exploration deductions	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	100	650	1050	900
Fiscal balance (\$m)	100	650	1050	900
(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 positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	See PBO costing.			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	Yes. PBO costings of 20 Jun2 2013, 27 June 2013.			
What is the expected community	Directly affects companies.			

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<p>impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Australian Taxation Office
<p>Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	Yes
Intended date of implementation.	1 January 2014
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	No
<p>NOTE: <i>Please note that:</i></p> <ul style="list-style-type: none"> <i>The costing will be on the basis of information provided in this costing request.</i> <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i> 	