



**Parliament of Australia**  
**Parliamentary Budget Office**

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

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

Dear Senator Di Natale

Please find attached a response to your costing request, *Antarctic and Southern Ocean Policy* (letter of 28 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.pbo.gov.au)).

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

Yours sincerely

Phil Bowen

28 June 2016



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

Name of proposal:	Antarctic and Southern Ocean Policy
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Ice-sheet Unit</u> This component would provide \$4.4 million per year to establish a designated ice-sheet unit within the Australian Antarctic Division.</p> <p><u>Component 2: Antarctic Climate and Ecosystem Cooperative Research Centre (ACECRC)</u> This component would provide an additional five years funding for ACECRC from 2019-20 to 2023-24.</p> <p><u>Component 3: Antarctic Gateway Partnership</u> This component would continue the Antarctic Gateway Partnership funding for an additional four years after the end of current funding period.</p> <p><u>Component 4: <i>RV Investigator</i></u> This component would provide additional funding to increase the number of days at sea for the <i>RV Investigator</i> from 180 days to 300 days per year.</p> <p><u>Component 5: Productivity Commission</u> This component would require the Productivity Commission to provide a full economic valuation of the output of Australia’s Antarctic Science Program and knowledge base. This work would be done as part of the Commission’s usual work program.</p> <p><u>Component 6: Antarctic Envoy</u> This component would establish the role of the Antarctic Envoy in the Department of Foreign Affairs and Trade (DAFT) with the cost to be met from within the existing resources of the department.</p> <p><u>Component 7: Press Review</u> This component would ensure a full response would be provided to all 35 recommendations contained in the Press Review within the first three months of the term of the new Government.</p>

	Components 1, 4, 5, 6 and 7 would have effect from 1 July 2016, Component 3 from 1 July 2017 and Component 2 from 1 July 2019.
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 June 2016
Date costing request received:	28 June 2016
Date costing completed:	28 June 2016
Additional information requested (including date):	On 28 June 2016, the office of Senator Richard Di Natale (the office) was contacted to clarify whether the component of <i>RV Investigator</i> should be included in the proposal and whether, consistent with the associated media release, agencies affected by Components 5 and 6 would be required to meet the cost of these proposals from within existing resources.
Additional information received (including date):	On 28 June 2016, the office advised that the component of <i>RV Investigator</i> should be included in the proposal and that the Productivity Commission would be required to undertake Component 5 as part of its usual work program and that DFAT would be required to meet the cost of Component 6 from within existing resources.
Expiry date for the costing:	Release of the next economic and fiscal outlook report

## Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$115.9 million over the 2016-17 Budget forward estimates. These impacts are due to an increase in administered expenses of \$29.0 million and an increase in departmental expenses of \$86.9 million.

This proposal would have an ongoing impact that extends beyond the forward estimates. Disaggregated financial implications for the total (Table A1) and by components (Components 1 to 4) of the proposal (Tables A2-A5) over the period 2016-17 to 2026-27 are at [Attachment A](#).

Component 7 would not require additional funding as it is not expected to be administratively burdensome.

For Component 1, the costing is considered to be of high reliability as it is based on specified capped amounts. For Component 2 and Component 3, this costing is considered to be of high reliability as both are the continuation of existing programs. For Component 4, this costing is considered to be of medium reliability due to the uncertainty of the average daily operating cost of the vessel.

**Table 1: Financial implications (outturn prices)<sup>(a)(b)</sup>**

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-21.8	-29.6	-29.7	-34.8	<b>-115.9</b>
Underlying cash balance	-21.8	-29.6	-29.7	-34.8	<b>-115.9</b>

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

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

## Methodology

For Component 1, the financial impact on departmental expenses is the specified \$4.4 million per year.

For Components 2 and 3, the financial impacts on administered expenses were based on existing funding for both programs.

For Component 4, the financial impact on departmental expenses was calculated by multiplying the average daily operating cost by the increased number of operating days, adjusted to account for the net effect of indexation parameters and the efficiency dividend.

Consistent with the specification of the proposal no additional resources have been provided for the Productivity Commission (Component 5) or DFAT (Component 6).

## Data sources

The Department of Industry, Innovation and Science provided annual operating costs and planned operating days of the *RV Investigator* over 2016-17 to 2019-20 and estimates profile for ACECRC over 2016-17 to 2018-19.

2014-15 Budget Paper No. 2.

## Attachment A: Antarctic and Southern Ocean Policy—financial implications

**Table A1: Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-8.0	-8.0	-13.0	<b>-29.0</b>	-13.0	-5.0	-5.0	-5.0	-	-	-	<b>-57.0</b>
Departmental	-21.8	-21.6	-21.7	-21.8	<b>-86.9</b>	-21.9	-22.0	-22.2	-22.3	-22.4	-22.5	-22.6	<b>-242.9</b>
<b>Total</b>	<b>-21.8</b>	<b>-29.6</b>	<b>-29.7</b>	<b>-34.8</b>	<b>-115.9</b>	<b>-34.9</b>	<b>-27.0</b>	<b>-27.2</b>	<b>-27.3</b>	<b>-22.4</b>	<b>-22.5</b>	<b>-22.6</b>	<b>-299.9</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.

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

- Indicates nil.

**Table A2: Component 1 – Ice-sheet Unit – financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-4.4	-4.4	-4.4	-4.4	-17.6	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-48.4
<b>Total</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-17.6</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-48.4</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.

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

- Indicates nil.

**Table A3: Component 2 – ACECRC – financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-	-	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-	-	-	-25.0
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.0</b>	<b>-5.0</b>	<b>-5.0</b>	<b>-5.0</b>	<b>-5.0</b>	<b>-5.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-25.0</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.

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

- Indicates nil.

**Table A4: Component 3 – Antarctic Gateway Partnership – financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-8.0	-8.0	-8.0	<b>-24.0</b>	-8.0	-	-	-	-	-	-	<b>-32.0</b>
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-8.0</b>	<b>-8.0</b>	<b>-8.0</b>	<b>-24.0</b>	<b>-8.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-32.0</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.

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

- Indicates nil.

**Table A5: Component 4 – RV Investigator – financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-17.4	-17.2	-17.3	-17.4	<b>-69.3</b>	-17.5	-17.6	-17.8	-17.9	-18.0	-18.1	-18.2	<b>-194.5</b>
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-17.4</b>	<b>-17.2</b>	<b>-17.3</b>	<b>-17.4</b>	<b>-69.3</b>	<b>-17.5</b>	<b>-17.6</b>	<b>-17.8</b>	<b>-17.9</b>	<b>-18.0</b>	<b>-18.1</b>	<b>-18.2</b>	<b>-194.5</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.

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

- Indicates nil.