



## Policy costing

Protect coal workers and communities through the transition to a zero-carbon future	
Party:	Australian Greens
Summary of proposal: The proposal would provide \$1,000 million over ten years from 2019-20 to 2028-29 to support workers and communities in coal-dependent areas as power stations are closed. The proposed schedule for power station closures is at <a href="#">Attachment A</a> . Funding would be allocated in proportion to the generation capacity of power stations scheduled for closure. Additional departmental funding would be provided to administer this proposal.	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$325 million over the 2019-20 Budget forward estimates period. On a fiscal balance basis this reflects an increase in administered expenses of \$276 million and departmental expenses of \$49 million.

Departmental expenses represent the cost of delivering support to workers and communities in coal-dependent areas.

A breakdown of the financial implications of this proposal from 2019-20 to 2029-30 is provided at [Attachment B](#). Beyond the 2019-20 Budget forward estimates period, the proposal would be expected to have an impact from 2023-24 to 2028-29. There would be no financial impact from 2029-30 as funding is scheduled to cease from this year.

The financial implications of most parts of this proposal are subject to little uncertainty as administered funding is capped at the amount to be provided over a specified period. The associated departmental expenses are based on programs of a similar size and for a similar purpose. The Parliamentary Budget Office (PBO) has not made an assessment on whether the specified funding would be sufficient to achieve the stated policy objectives of the proposal.

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

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-19	-52	-119	-136	<b>-325</b>
Underlying cash balance	-19	-52	-119	-136	<b>-325</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 PBO has made the following assumptions in costing this proposal.

- Assistance to coal-dependent areas would be provided over five years, commencing two years prior to and ceasing two years after the scheduled closure of a generator, as per [Attachment A](#).
  - Muja power station is scheduled for ‘immediate’ closure so would attract funding for five years from 2019-20.
  - Site closures that occur after 2028-29 may only receive a portion of pre-closure funding. No transitional funding is provided after 2028-29, so some sites will receive less than five years of transitional assistance.

## Methodology

The financial implications of assistance to coal-dependent areas were based on the specified \$1,000 million and distributed over ten years, based on the schedule of closures and funding per site as specified under the proposal. Departmental expenses were based on the ratio of administered to departmental expenses in measures relating to job transition and retraining administered by the Department of Jobs and Small Business.

Figures are rounded to the nearest \$1 million.

## Data sources

Department of the Environment and Energy:

- 2018. *2018-19 Portfolio Additional Estimates Statements*, Commonwealth of Australia.
- 2018. *2018-19 Portfolio Budget Statements*, Commonwealth of Australia.
- 2016. *2016-17 Portfolio Budget Statements*, Commonwealth of Australia.

Department of Jobs and Small Business, 2018. *2018-19 Portfolio Budget Statements*, Commonwealth of Australia.

Jacobs, 2017. *Final Report: Modelling illustrative electricity sector emissions reduction policies*, Climate Change Authority.

## Attachment A – Protect coal workers and communities through the transition to a zero-carbon future – Schedule of site closures

The proposed schedule for power station decommissioning and shutdowns provided by the requestor is as follows.

### *New South Wales*

- Bayswater Power Station: 2024.
- Eraring Power Station: 2023.
- Vales Point Power Station: 2026.
- Mt Piper Power Station: 2030.
- Two small waste coal mine gas power stations: 2025.

### *Victoria*

- Loy Yang A Power Station: 2024.
- Loy Yang B Power Station: 2030.

### *Queensland*

- Tarong Power Station: 2026.
- Stanwell Power Station: 2030.
- Callide B Power Station: 2028.
- Kogan Creek Power Station: 2027.
- Callide C Power Station: 2028.
- Millmerran Power Station: 2029.
- Braemar I and II and Moranbah coal mine gas power stations: 2025.

### *Western Australia*

- Muja Power Station: immediate.
- Collie Power Station: 2030.
- Bluewaters I and II: 2035.

## Attachment B – Protect coal workers and communities through the transition to a zero-carbon future – financial implications

**Table B1: Protect coal workers and communities through the transition to a zero-carbon future – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	2027– 28	2028– 29	2029– 30	Total to 2022–23	Total to 2029–30
<b>Expenses</b>													
<i>Administered</i>	-10	-45	-103	-118	-150	-149	-134	-85	-120	-87	-	-276	-1,000
<i>Departmental</i>	-9	-7	-16	-18	-23	-22	-20	-13	-18	-13	-	-49	-158
<b>Total – expenses</b>	<b>-19</b>	<b>-52</b>	<b>-119</b>	<b>-136</b>	<b>-173</b>	<b>-171</b>	<b>-154</b>	<b>-98</b>	<b>-138</b>	<b>-100</b>	<b>-</b>	<b>-325</b>	<b>-1,158</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.

- Indicates nil.