



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

Name of policy:	Ending compensation to coal-fired power stations
Person requesting costing:	Senator Milne
Date of request to cost the policy:	20 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)	Senator Milne This has been a long standing policy position since the announcement of the Clean Energy Future Package in 2011. http://christine-milne.greensmps.org.au/content/speeches/christine-milne-moves-amendments-remove-unjustified-billions-free-permits-coal-fire
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The policy is to cease ‘compensation’ to coal-fired power generators under the Energy Security Fund (ESF) component of the Clean Energy Package. The proposal would cancel the future provision of free carbon permits, effective immediately.
What is the purpose or intention of the policy?	The rationale of the policy is that ‘compensation’ to coal-fired power stations is not needed to maintain energy security.
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
Where relevant, is funding for the policy to be demand driven or a capped amount?	NA
Will third parties (for instance the States/Territories) have a role	No

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

<p>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 another funding formula envisaged?</p>				
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	NA			
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	Reverses the decision to implement the ESF.			
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	No			
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	No			
Expected impacts of the proposal				
<p>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?</p>				
Estimated financial implications (outturn prices) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	415	210	-
Fiscal balance (\$m)	-	517.1	-	-
<p>(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.</p>				
<p>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)?</p>	<p>The costing above comes from the PBO costing of 13 August 2013. The start date for the policy is now immediate.</p>			
<p>Has the policy been costed by</p>	<p>Yes, see above.</p>			

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

<p>a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	
<p>What is the expected community 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>	
<p>Administration of policy:</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?</p>	<p>The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education</p>
<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>	<p>Any Departmental costs should be absorbed.</p>
<p>Intended date of implementation.</p>	<p>Immediate, no ESF free permits to be issued on 1 September.</p>
<p>Intended duration of policy.</p>	<p>NA</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No</p>
<p>List major data sources</p>	<p>NA</p>

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

utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	No
NOTE: <i>Please note that:</i> <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>	