



Policy costing request—during the caretaker period for a general election

Name of policy:	Saving the Reef
Person requesting costing:	Sen Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	30 June 2016
<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 (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	9 June 2016, Senator Larissa Waters. http://greens.org.au/save-the-reef

Description of policy	
<p>Summary of policy (as applicable, please attach copies of relevant policy documents):</p>	<p>Develop world-class water quality monitoring and reporting - \$15 million over the next 4 years would be assigned to GBRMPA specifically to invest in robust, property-level water quality monitoring and reporting.</p> <p>Strengthen our Reef guardians and scientists.</p> <ul style="list-style-type: none"> • Additional funding of \$20 million per year for 4 years to GBRMPA to help the Reef deal with the impacts of global warming and coral bleaching, reduce local pressures like water pollution, coastal development and fishing, and to invest in research to reduce those local pressures. <p>Stop illegal fishing and poaching in the protected “Green Zones” by providing Vessel Monitoring Systems (VMS) for commercial fishing vessels. [\$5 million]</p> <p>Grant funding – additional injection of Federal grant funding of \$225 million over five years under the <i>Reef Water Quality Programme</i> to assist farmers to transition to more sustainable practices in relation to water quality pollution. (Administered by the Department of Environment).</p> <p>Create a \$1.2 billion loan facility over 5 years to help farmers transition to low-pollution farming methods. The loan facility would be \$240 million per year for five years with expected loan terms of 10 years. This facility would make low interest loans at the cost of government borrowing for pollution-reduction activities create a return on investment. This would help highly leveraged farmers who may be at their credit limit to borrow money. GBRMPA would supervise this facility, but would draw on the expertise of the CEFC in project management and financing work. This is not expected to require additional funding for the CEFC</p>
<p>What is the purpose or intention of the policy?</p>	<p>Ecologically sustainable management of the Great Barrier Reef to survive the current threats of water and greenhouse pollution.</p>
What are the key assumptions that have been made in the policy, including:	
<p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p>	<p>No</p>

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Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Capped			
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 another funding formula envisaged?	Australian govt contribution is capped			
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?	No			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	N/A			
Will the funding/program cost require indexation? If yes, list factors to be used.	The funding proposed will not require indexation.			
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)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-115	-118.3	-121.1	-131
Fiscal balance (\$m)	-162.2	-157.5	-152.8	-149.7
(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)?	Nil			

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<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	<p>No</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>Increased profitability of some farming operations. Other farming operations may scale back their activities as a result of the legal cap on pollution/ Most of the population of the GBR coast may be affected indirectly by this policy. Anyone who owns a property which could be the source of pollution may be affected. Likely take up of the policy will be universal among farmers (since the legal cap on pollution will be mandatory)</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 Great Barrier Reef Marine Park Authority will administer the policy, with support from the CEFC. No extra expense is expected for the CEFC. The Dept of Environment currently administers the <i>Reef Water Quality Programme</i> and <i>Reef Trust</i>, and the extra grant funding of \$225million over 5 years would also be administered by the Dept of Environment.</p>
<p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>	<p>N/A</p>
<p>Intended date of implementation:</p>	<p>1 September 2016</p>
<p>Intended duration of policy:</p>	<p>Up to 10 years for the legal cap on pollution and water quality finance facility. Five years for additional grant funding for water quality. Four years for \$20p.a. additional funding for GBRMPA. Three years for additional \$15m for GBRMPA for water quality monitoring.</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No</p>
<p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>	<p>GBR Natural Resource Management Organisations, Jan 2015, <i>Investment proposal Water quality, catchment and coastal repair, first edition.</i> http://www.rgc.org.au/wp-content/uploads/2015/01/Investment-Plan-NRM-proposal-190115.pdf the <i>Interim Report</i> of the GBR Water Science Taskforce http://www.gbr.qld.gov.au/documents/gbrwst-interim-report-highres.pdf</p>
<p>Are there any other assumptions that need to be considered?</p>	<p>No</p>

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NOTE:

Please note that:

The costing will be on the basis of information provided in this costing request.

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.

COST TABLE

<u>Saving our Reef</u>					
Measure (\$m)	16-17	17-18	18-19	19-20	MEASURE TOTAL
Additional WQ grant funding	47.6	47.6	47.6	47.6	190.4
Loan facility (underlying fiscal balance terms)	53.28	38.64	24.48	1.2	117.6
WQ monitoring funding for GBRMPA	3.8	3.8	3.8	3.8	15.2
Strengthen Reef Guardians (GBRMPA and AIMS)	20	20	20	20	80
Remote GPS monitors for commercial fishers	5	0	0	0	5
TOTAL (w/ yearly totals)	129.68	110.04	95.88	72.6	<u>408.2</u>