



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

Name of policy:	Climate Finance for Developing Nations
Person requesting costing:	Sen Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	1 July 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):	30 June 2016 Senator Larissa Waters http://larissa-waters.greensmps.org.au/content/media-releases/greens-commit-help-our-hard-hit-pacific-island-neighbours-36-billion-year-climate-finance
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The proposal would provide additional funding for Australia's Overseas Development Assistance (ODA) budget and contribution to the Green Climate Fund (GCF), consisting of grants for climate adaptation in developing nations in the amount of: <ul style="list-style-type: none">• \$480 million (\$240 million to ODA, \$240 million to GCF) in 2016-17• \$760 million (\$380 million to ODA, \$380 million to GCF) in 2017-18• \$1,040 million (\$520 million to ODA, \$520 million to GCF) in 2018-19• \$1,320 million (\$660 million to ODA, \$660 million to GCF) in 2019-20• \$1,600 million annually (\$800 million to ODA, \$800 million to GCF) in years 2020-21 to 2024-25.
What is the purpose or intention of the policy?	To provide a large boost to international climate finance.
What are the key assumptions that have been made in the policy, including:	

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<p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p>	<p>No. Note that this costing is additional to and separate from the Greens' separate proposed increase of the ODA budget to 0.7% of GNI by 2025.</p>
<p>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?</p>	<p>Capped amount.</p>
<p>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?</p>	<p>No</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>No</p>
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>No</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	<p>No</p>
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	<p>No</p>

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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)	-480.8	-761.3	-1041.8	-1322.2
Fiscal balance (\$m)	-480.8	-761.3	-1041.8	-1322.2
(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)?	None			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			
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?	Improved climate change resilience in developing nations, especially in Australia’s region			
Administration of policy:				
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	DFAT (Green Climate Fund and ODA)			
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).	Administrative costs would be in addition to the above capped amounts.			
Intended date of implementation:	1 Jul 2016			
Intended duration of policy:	30 June 2025			
Are there transitional arrangements associated with policy implementation?	No			

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List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	Nil
Are there any other assumptions that need to be considered?	No
NOTE: <i>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.</i>	