



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator Christine Milne
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request on *energy efficiency grants for farmers* (letter of 14 August 2013).

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

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

16 August 2013

COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Energy efficiency grants for farmers
Summary of proposal:	The proposal would fund an energy efficiency improvement grants programme for farmers. The proposal will have effect from 1 July 2014.
Party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	15 August 2013
Date of public release of policy:	16 July 2013
Additional information requested:	Clarification on the funding profile and timing of the proposal was sought on 15 August 2013.
Additional information received:	On 16 August 2013, Director of Policy, Office of Senator Christine Milne confirmed that the proposal was for three years. This accounts for a minor variation between the proposed financial implications in the request and this costing.
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease the underlying cash and fiscal balances by \$100 million over the 2013-14 Budget forward estimates reflecting an increase in departmental and administered expenses over the period.

Departmental costs for the implementation of the grants programme are estimated at \$25 million over the 2013-14 Budget forward estimates. Administered expenses are for grants to farmers and estimated at \$75 million over the same period.

This costing is considered to be of high reliability as it is based on a capped funding amount over a limited time period.

POLICY COSTING – ELECTION CARETAKER PERIOD

Table 1: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	- 20.0	- 50.0	- 30.0
Fiscal balance (\$m)	-	- 20.0	- 50.0	- 30.0

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

Key assumptions

The duration of the proposed initiative is three years as specified in the costing request.

A ratio of 25 per cent departmental costs for operations to administrative expenses for grants has been adopted. This is based on an average of the operational costs for the Clean Technology Grants Program.

Methodology

The estimates in this costing are based on a capped amount of \$100 million including administered and departmental expenses.

Data sources

- Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education advice on the Clean Technology Grants Food and Foundries Investment Program.