



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Marine reserves: protecting our marine ecosystems* (letter of 24 June 2016).

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

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

25 June 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Marine reserves: protecting our marine ecosystems
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Marine park management plans</u></p> <ul style="list-style-type: none">• This component would reinstate the marine park management plans that were scheduled to come into effect in July 2014 for the South-West, North-West, North and Temperate East reserve networks and the Coral Sea Commonwealth Marine Reserve. <p><u>Component 2: Fisheries Adjustment Assistance Package</u></p> <ul style="list-style-type: none">• This component would reinstate the Fisheries Adjustment Assistance Package associated with the introduction of marine park management plans as intended prior to the 2013 election, including the following components:<ul style="list-style-type: none">– Transitional Business Assistance to support changes to fishing operations displaced by reserves.– A total of up to \$20 million for ‘Sectoral measures’, to be awarded to projects to improve the long term sustainability of fisheries displaced by marine reserves.– Removal of Commercial Fishing Effort - purchase of individual fishing entitlements, Business Advice Assistance and Re-employment assistance. <p><u>Component 3: Research funding</u></p> <ul style="list-style-type: none">• This component would provide capped funding of:<ul style="list-style-type: none">– \$8 million over the period 2016-17 to 2019-20 to the Commonwealth Science and Industrial Research Organisation (CSIRO) for coral bleaching research.– \$6 million over the period 2017-18 to 2019-20 for shark research.

	<p><u>Component 4: Shark finning</u></p> <ul style="list-style-type: none"> • This component would provide funding from 1 July 2017 to: <ul style="list-style-type: none"> – work through the Council of Australian Governments (COAG) to achieve consistent laws requiring that all sharks caught in Australia must be landed with their fins still attached to their bodies – create a central data source that records Australian sharks caught, species, and full details of shark fin imports and exports – create a working group of scientific and public policy experts (five Senior Executive Service (SES) Band 2 officers, five scientific experts) that would meet over two years (2017-18 and 2018-19) to determine the best way to ban the possession, sale and/or trade of imported shark fins in Australia, and consider options such as a moratorium on shark fishing in Commonwealth waters, or an import/export ban. <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	8 June 2016 http://greens.org.au/marine;
Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$151.0 million over the 2016-17 Budget forward estimates period. The impact is due to an increase in administered expenses of \$60.6 million and departmental expenses of \$90.4 million.

Component 1 of this proposal would have an ongoing impact that extends beyond the forward estimates period. Breakdowns of the financial impact for the total and each component of this proposal for the period 2016-17 to 2026-27 are provided at [Attachment A](#).

Components 1 and 2 of this proposal are considered to be of high reliability as they are based on past estimates of funding. Component 3 of this proposal is also considered to be of high reliability as the estimates are based on specified capped funding amounts. Component 4 is considered to be of medium reliability due to the uncertainty of the scope of the central data source element.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-39.5	-50.0	-39.5	-21.8	-151.0
Underlying cash balance	-39.5	-50.0	-39.5	-21.8	-151.0

(a) A positive number indicates an increase in the relevant budget balance, a negative number a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

It has been assumed that working group meetings in Component 4 would be held in Commonwealth offices and existing SES officers would be utilised.

Methodology

The estimates for Component 1 were based on the estimated funding that would have been provided for marine park management plans over the period 2014-15 to 2015-16 accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

The estimates for Component 2 were based on the estimated funding that would have been provided for the Fisheries Adjustment Assistance Package over the period 2013-14 to 2016-17 accounting for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices. Administered expenses for the ‘sectoral measures’ subcomponent were capped at \$20 million as specified.

The estimates for Component 3 are as specified in the request.

For the central data source and COAG elements of Component 4, departmental expenditure estimates are based on other like programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

For the working group meetings element of Component 4, departmental expenditure estimates are calculated based on applying daily rates for professional services determined by the Remuneration Tribunal and current average travel expenses of similar activities (with appropriate indexation) to the specified number of scientific experts and meetings to be held.

Data sources

- The Department of the Environment provided expenditure estimates for:
 - the Fisheries Adjustment Assistance Package disaggregated by components over the period 2013-14 to 2016-17
 - marine park plans over the period 2012-13 to 2015-16.
- The Remuneration Tribunal, 2015-20 Remuneration and Allowances for Holders of Component-Time Public Office, <http://www.remtribunal.gov.au/offices/Component-time-offices>.
- The Department of Finance provided indexation and efficiency dividend parameters.

Attachment A: Marine reserves: protecting our marine ecosystems—financial implications

Table A1: Marine reserves: protecting our marine ecosystems—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Component 1	-14.8	-17	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6
Component 2	-22.7	-28.3	-17.7	-	-68.8	-	-	-	-	-	-	-	-68.8
Component 3	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0
Component 4	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5
Total	-39.5	-50.0	-39.5	-21.8	-151.0	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-272.9

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Marine park management plans—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-14.8	-17.0	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6
Total	-14.8	-17.0	-16.9	-16.9	-65.7	-17.1	-17.2	-17.3	-17.4	-17.5	-17.7	-17.8	-187.6

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(a) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Fisheries Adjustment Assistance Package—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-18.5	-26.0	-16.0	-	-60.6	-	-	-	-	-	-	-	-60.6
Departmental	-4.2	-2.3	-1.7	-	-8.2	-	-	-	-	-	-	-	-8.2
Total	-22.7	-28.3	-17.7	-	-68.8	-	-	-	-	-	-	-	-68.8

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: Research funding—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0
Total	-2.0	-4.0	-4.0	-4.0	-14.0	-	-	-	-	-	-	-	-14.0

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 4: Shark finning—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5
Total	-	-0.7	-0.9	-0.9	-2.5	-	-	-	-	-	-	-	-2.5

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.