



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

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

Dear Senator Di Natale

Please find attached a response to your costing request, *Protecting Our Precious Places* (letter of 30 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

30 June 2016



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

Name of proposal:	Protecting Our Precious Places
Summary of proposal:	<p>The proposal includes the following components:</p> <p><u>Component 1: Taskforce to create a new Environment Act</u></p> <ul style="list-style-type: none">• This component would provide \$2 million in 2016-17. <p><u>Component 2: Establish a new independent National Environment Protection Authority (NEPA)</u></p> <ul style="list-style-type: none">• This component would provide \$130 million per year. All funds from Department of the Environment Program 1.5 would be transferred to the new NEPA. Any shortfall would be covered by new funding. <p><u>Component 3: Restore Biodiversity Fund</u></p> <ul style="list-style-type: none">• This component would provide \$2 billion in funding over six years, with \$1 billion to be injected immediately and \$1 billion invested in the first year beyond the 2016-17 Budget forward estimates period. <p><u>Component 4: Threatened species – habitat mapping</u></p> <ul style="list-style-type: none">• This component would provide \$30 million per year for three years for comprehensive studies to identify and map important habitat, bioregional planning and other matters. <p><u>Component 5: Threatened species – listing, recovery plans and research</u></p> <ul style="list-style-type: none">• This component would provide \$10 million per year to:<ul style="list-style-type: none">– support the rapid listing of all species and ecological communities which belong on the threatened list– develop and resource the implementation of recovery plans and threat abatement plans for listed species and ecological communities– fund additional research. <p><u>Component 6: Reform Federal Court system</u></p> <ul style="list-style-type: none">• This component would provide \$2 million over four years to allow better access to justice.

	<p><u>Component 7: World Heritage Areas (WHAs) and Ramsar Convention review</u></p> <ul style="list-style-type: none"> • This component would provide the NEPA with additional funding of: <ul style="list-style-type: none"> – \$3 million in 2016-17 for a review of WHAs – \$20 million per year for three years from 2017-18 to implement results of the review to improve protection of heritage values. <p><u>Component 8: Yellow Crazy Ant eradication</u></p> <ul style="list-style-type: none"> • This component would provide funding over 10 years to the Wet Tropics Management Authority (WTMA) to deliver Yellow Crazy Ant eradication programs. <ul style="list-style-type: none"> – The funding would be \$5.0 million per year for three years (2016-17 to 2018-19) and \$2.5 million per year for the following seven years, with the latter 7 years to be matched by the Queensland State Government. <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:	5 June 2016 http://greens.org.au/wildlife 23 June 2016 http://greens.org.au/news/qld/greens-commit-full-funding-eradicate-yellow-crazy-ants-while-other-parties-make-half
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would decrease both the fiscal and underlying cash balances by \$1,523.2 million over the 2016-17 Budget forward estimates period. This impact reflects an increase in administered expenses of \$1,024.1 million and an increase in departmental expenses of \$499.1 million over this period.

The proposal would have an ongoing impact that extends beyond the forward estimates period. Detailed financial implications for the proposal, and by component, are provided at [Attachment A](#).

This costing is considered to be of high reliability as it is based on specified capped amounts and the application of administrative costs based on similar programs. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-1,120.8	-142.3	-146.0	-114.1	-1,523.2
Underlying cash balance	-1,120.8	-142.3	-146.0	-114.1	-1,523.2

(a) A negative number indicates a decrease in the relevant budget balance.

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

Key assumptions

It is assumed that components would receive a full year of funding in 2016-17.

Methodology

Administered expenditure estimates for component 3 (Restore Biodiversity Fund) and component 5 (Threatened species – listing, recovery plans and research) are as specified in the request.

Departmental expenditure estimates (where not specified in the request) are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Data sources

- The Department of Finance provided indexation parameters.
- The Treasury provided Consumer Price Index projections.
- The Department of the Environment confirmed that Program 1.5 would be ongoing beyond 2019-20.

Attachment A: Protecting our Precious Places—financial implications

Table A1: Combined impact of all components—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	-997.1	-9.8	-9.8	-7.3	-1,024.1	-994.6	-7.3	-7.3	-7.3	-7.3	-7.3	-4.8	-2,060.2
Departmental	-123.7	-132.4	-136.1	-106.8	-499.1	-101.5	-91.3	-94.0	-96.7	-99.5	-102.3	-105.3	-1,189.6
Total	-1,120.8	-142.3	-146.0	-114.1	-1,523.2	-1,096.1	-98.7	-101.3	-104.0	-106.8	-109.7	-110.1	-3,249.8

(a) 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 total due to rounding.

Table A2: Component 1: Taskforce to create a new Environment Act—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-2.0	-	-	-	-2.0
Total	-2.0	-	-	-	-2.0

(a) 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 total due to rounding.

- Indicates nil.

Table A3: Component 2: Establish independent NEPA—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													
Departmental	-70.3	-76.8	-80.5	-81.1	-308.7	-83.6	-86.2	-88.8	-91.5	-94.3	-97.2	-100.1	-950.3
Total	-70.3	-76.8	-80.5	-81.1	-308.7	-83.6	-86.2	-88.8	-91.5	-94.3	-97.2	-100.1	-950.3

(a) 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 total due to rounding.

Table A4: Component 3: Restore Biodiversity Fund—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	-987.3	-	-	-	-987.3	-987.3	-	-	-	-	-	-	-1,974.6
Departmental	-12.7	-	-	-	-12.7	-12.7	-	-	-	-	-	-	-25.4
Total	-1,000.0	-	-	-	-1,000.0	-1,000.0	-	-	-	-	-	-	-2,000.0

(a) 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 total due to rounding.

- Indicates nil.

Table A5: Component 4: Threatened species - habitat mapping—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-30.0	-30.0	-30.0	-	-90.0
Total	-30.0	-30.0	-30.0	-	-90.0

(a) 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 total due to rounding.

- Indicates nil.

Table A6: Component 5: Threatened species - listing, recovery plans and research—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	-4.8	-4.8	-4.8	-4.8	-19.3	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-53.1
Departmental	-5.2	-5.2	-5.2	-5.2	-20.7	-5.2	-5.2	-5.2	-5.2	-5.2	-5.2	-5.2	-56.9
Total	-10.0	-10.0	-10.0	-10.0	-40.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-110.0

(a) 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 total due to rounding.

Table A7: Component 6: Reform Federal Court system—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-0.5	-0.5	-0.5	-0.5	-2.0
Total	-0.5	-0.5	-0.5	-0.5	-2.0

(a) 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 total due to rounding.

Table A8: Component 7: World Heritage Areas and Ramsar Convention review—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Departmental	-3.0	-20.0	-20.0	-20.0	-63.0
Total	-3.0	-20.0	-20.0	-20.0	-63.0

(a) 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 total due to rounding.

Table A9: Component 8: Yellow Crazy Ant eradication—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-5.0	-5.0	-5.0	-2.5	-17.5
Total	-5.0	-5.0	-5.0	-2.5	-17.5

(a) 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 total due to rounding.