



MEDIA RELEASE

19 August 2010

Our Ref: GOV100

**RECEIPT OF REQUEST FOR COSTING OF
ELECTION COMMITMENT**

The Department of Finance and Deregulation has been asked by the Prime Minister to cost the following election commitment under the *Charter of Budget Honesty Act 1998*:

Low carbon communities.

The costing will be completed in accordance with the *Charter of Budget Honesty: Costing Election Commitments* guidelines issued on 11 June 2010. The guidelines are available at www.electioncostings.gov.au.

The guidelines provided that in certain circumstances a costing may not be completed. As the request was received on 19 August 2010 the department may be unable to complete the costing prior to polling day.

The costing request is attached to this media release. A further media release will be issued prior to polling day advising on whether the costing has been completed.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune
Secretary
Department of Finance and Deregulation

Contact: Clive Hawkins
Telephone: 02 6215 3929

Name of policy:	Low carbon communities
Person requesting costing (Prime Minister/Leader of the Opposition):	Prime Minister
Date of public release of policy:	18 August 2010
Date of request to cost the policy:	18 August 2010
Summary of policy (please attach copies of relevant policy documents):	<p>A re-elected Gillard Labor Government will contribute \$80 million to help councils and local organisations to assist with energy efficiency upgrades at local facilities.</p> <p>This will include:</p> <ul style="list-style-type: none"> • Grants of up to \$500,000 for small projects such as upgraded street lights, or energy efficient lighting and appliances at childcare or sporting facilities. • Grants of up to \$5 million for large projects to improve energy efficiency at local community facilities such as education campuses, stadiums and aquatic centres, town halls and nursing homes. These projects could include the installation of cogeneration or new heating and air conditioning systems. <p>As part of this initiative, the Government will allocate \$5 million for practical support to help councils better manage parks and other green spaces in urban areas.</p>
Intention of policy:	<p>This <i>Low Carbon Communities</i> initiative will help councils and local communities take action to reduce their pollution.</p> <p>Local councils will receive assistance to reduce their energy consumption and cut energy bills, under a plan to tackle climate change in our communities.</p>
Description of policy	
What are the key assumptions that have been made in the policy including:	
Please note that where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request.	
Is the policy part of a package? <ul style="list-style-type: none"> • If yes, list and outline components and interactions with proposed or existing policies. 	
Where relevant, is funding for the policy to be demand driven or a capped amount?	

Description of policy (continued)	
What are the key assumptions that have been made in the policy including:	
<p>Will third parties, for instance the States/Territories, have a role in funding or delivering the policy?</p> <ul style="list-style-type: none"> • If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged? 	<p>We will work with local communities to deliver the initiative.</p>
<p>Are there associated savings, offsets or expenses?</p> <ul style="list-style-type: none"> • If yes, please provide details. 	<p>This policy and associated policies funded from the REFF will require a re-profile of funds appropriated to the REFF across the forward estimates period to ensure adequate funds in each year of the forward estimates.</p>
<p>Does the policy relate to a previous budget measure?</p> <ul style="list-style-type: none"> • If yes, which measure? 	<p>Yes, <i>Renewable Energy Future Fund</i>.</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program. Will funding/cost require indexation?</p> <ul style="list-style-type: none"> • If yes, list factors used. 	<p>NA</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>This proposal has no net impact on the underlying cash or fiscal balance over the forward estimates period.</p>
<p>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)?</p>	<p>The profile of spending under this initiative is</p> <p>2010-11: \$5 million 2011-12: \$60 million 2012-13: \$10 million 2013-14: \$5 million</p>
<p>Has the policy been costed by a third party?</p> <ul style="list-style-type: none"> • If yes, can you provide a copy of this costing and its assumptions? 	<p>No</p>

Description of policy (continued)

What are the key assumptions that have been made in the policy including:

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?

NOTE: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.

Administration of policy	
How will the policy be administered: who will administer the policy (for example, Australian Government Agency, States, non-government agency)?	Department of Climate Change and Energy Efficiency
<p>Should Departmental expenses associated with this policy be included in this costing?</p> <ul style="list-style-type: none"> • If no, will the Department be expected to absorb expenses associated with this policy? • If yes, please specify the key assumptions, including whether Departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies). 	
Intended date of implementation.	
Intended duration of policy.	Once-off
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	NA
Are there any other assumptions that need to be considered?	No