



No new coal, oil and gas	
Party:	Australian Greens
Summary of proposal: The proposal would prohibit any new gas fields, coal mines, gas plants or coal stations. This includes preventing any expansion of any existing gas fields (onshore and offshore) or coal mines that are currently in operation. The proposal would mean that any new coal and gas projects that have been publicly announced, but not yet committed to, would no longer be permitted to commence. This would be implemented by cancelling existing mining licences or by not approving new licences under the corporations power without compensation, noting that these licences are not proprietary rights and the Australian Government would merely cancel the legal rights that it bestows. This proposal would commence on 1 June 2022.	

Costing overview

This proposal would be expected to decrease the fiscal balance and underlying cash balance by around \$920 million over the 2022-23 Budget forward estimates period. This impact reflects a decrease to company tax revenue paid by coal and gas projects that would no longer be going ahead under the proposal.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

There are 2 main sources of uncertainty in this estimate. Firstly, there is uncertainty in the production volumes and longevity of projects that have been identified. Over- or under-production compared to current predictions would impact the potential revenue foregone. Secondly, this costing has identified a limited number of projects that are scheduled to commence operations after the start date of the proposal. It is unknown how many projects, that have currently not been identified or planned, would commence over the period until 2032-33. As these unknown potential projects are not included in the costing, this creates further uncertainty regarding the potential revenue foregone under this proposal.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-150.0	-176.0	-258.0	-336.0	-920.0
Underlying cash balance	-150.0	-176.0	-258.0	-336.0	-920.0

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

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal:

- Any legal challenges to the validity of legislation cancelling mining licences would not succeed. The PBO has made no judgement regarding the likelihood that this would be the case or estimated the likely cost of such litigation.
- All future coal and gas projects, as currently identified in the publication *Resources and Energy Major Projects: 2020* by the Department of Industry, Science, Energy and Resources would be affected by this proposal.
- There will be no material impact on global coal and gas prices as a result of prohibiting new coal and gas projects.
- The thermal and metallurgical coal and gas prices would be consistent with forecasts from the 2022-23 Budget forward estimates period and its real value would be maintained over the period to 2032-33 by indexing it by the consumer price index.
- All affected companies would be taxable.
- The tax payable by affected coal companies would be approximately 6% of their total income. The tax payable by affected gas companies would be approximately 2% of their total income.
 - These are based on the ratio of tax payable to total revenue for coal mining and gas extraction companies in the Australian Taxation Office's (ATO's) *2018-19 Taxation Statistics*.

Methodology

Projects yet to commence were identified using the *Resources and Energy Major Projects: 2020* report from the Department of Industry, Science, Energy and Resources. Only projects labelled as 'Publicly announced' were factored into the revenue impact.

Wood Mackenzie was consulted to estimate which year each project was likely to commence commercial production.

The expected value of output of coal and gas products from these projects was calculated by multiplying the expected production volumes by the projected prices, as at the 2022-23 Budget. The value of coal and gas was then multiplied by the tax payable to total income ratio to calculate the forgone corporate tax revenue.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Data sources

ATO (2021) [Taxation Statistics 2018-19](#), ATO.

Australian Government (2022) [2022-23 Budget](#), Australian Government.

Department of Industry, Science, Energy and Resources (2020) [Resources and Energy Major Projects: 2020](#), Office of the Chief Economist.

Wood Mackenzie provided advice on which year the proposed coal and gas projects were likely to commence commercial production.

Attachment A – No new coal, oil and gas – financial implications

Table A1: No new coal, oil and gas – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Revenue													
<i>Company tax</i>	-150.0	-176.0	-258.0	-336.0	-400.0	-443.0	-506.0	-593.0	-668.0	-706.0	-725.0	-920.0	-4,961.0
Total (excluding PDI)	-150.0	-176.0	-258.0	-336.0	-400.0	-443.0	-506.0	-593.0	-668.0	-706.0	-725.0	-920.0	-4,961.0

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: No new coal, oil and gas – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	-2.0	-5.0	-10.0	-17.0	-27.0	-38.0	-52.0	-70.0	-92.0	-119.0	-149.0	-34.0	-581.0
Underlying cash balance	-1.0	-5.0	-10.0	-17.0	-25.0	-37.0	-51.0	-68.0	-90.0	-115.0	-146.0	-33.0	-565.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

(b) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)