Parliamentary Budget Office

ECR-2025-3568

Climate change and energy - expand the Net Zero Economy Authority	
Party:	Australian Greens

Summary of proposal:

The proposal intends to ensure coal and gas workers, and their communities are supported during the transition to zero emissions, with the following components:

Component 1: would create a job-for-job guarantee to support workers in the domestic coal and gas sectors through the Green's policy to phase out the coal & gas industries. The guarantee would be implemented in the following manner:

- Non-fossil fuel employers would receive a wage subsidy equal to 50% of the average wage of a full-time worker in the mining sector if they employ someone who lost their job due to the above mentioned closures and pay the employee a wage rate at least equal to the amount the employee received in their prior job.
- If an eligible employee is unable to find a job that attracts the above wage guarantee, then they may claim an amount equivalent to the wage subsidy directly for a period of 10 years, in addition to any other social security entitlement they may be entitled to.
- Workers aged over 55 that choose to retire may claim the wage subsidy directly for a period of up to 12 years, in addition to any other pension, superannuation or social security payments they would otherwise be entitled to.

The job-for-job guarantee would operate for eligible thermal coal mine workers and domestic coal generation workers from 1 July 2025, and for eligible metallurgical coal workers and gas-related workers in the period from 1 July 2030. Up to two-thirds of workers within each specified time period would be eligible for the wage subsidy.

Component 2: Expand the Fair Work Coverage in Part 5 of the *Net Zero Economy Authority Act 2024* (NZEA Act) to workers in the coal and gas export sectors (currently only domestic plant workers are covered).

Component 3: Provide the Net Zero Economy Authority (NZEA) with $10 billion in direct equity funding, focused on building common use renewable energy sources for heavy industrial and manufacturing zones currently reliant on fossil fuels.

- The $10 billion would be distributed evenly over 4 years from the commencement date.
- Funding would go towards building the renewable energy transmission and network infrastructure directly needed for manufacturing and export hubs.

The proposal would commence on 1 July 2025.

Additional information (based on further advice provided):

The job-for-job guarantee would be available for eligible thermal coal mine workers and domestic coal generation workers until 30 June 2030, and for eligible metallurgical coal workers and gas-related workers until 30 June 2040.

The $10 billion in direct equity funding would include ongoing funding to manage the NZEA from 2030-31 onwards, and roll in the $1.5 billion allocated for the Middle Arm Sustainable Development Precinct as outlined in the October 2022-23 Budget measure *Responsible Investment to Grow Our Regions.*

Costing overview

The proposal would be expected to decrease the fiscal balance by around $3.0 billion, the underlying cash balance by around $2.9 billion, and decrease the headline cash balance by around $11.3 billion over the 2025-26 forward estimates period (Table 1). This impact reflects an increase in administered and departmental expenses, partially offset by an increase in revenue from dividends.

The fiscal and underlying cash balances differ from the headline cash balance in the treatment of dividend payments and the flow of equity amounts. The headline cash balance includes transactions related to equity investments.

The financial implications of Component 2 are unquantifiable due to the significant level of uncertainty surrounding the scope of compliance, the enforcement complexity and possible legal proceedings.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications over the period to 2035-36 is provided at Attachment A.

Table 1: Climate change and energy - expand the Net Zero Economy Authority – Financial implications ($m)[(a)(b)]

	2025-27	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-344.6	-575.8	-900.2	-1,214.4	**-3,035.0**
Underlying cash balance	-334.6	-555.8	-860.2	-1,184.4	**-2,935.0**
Headline cash balance	-2,404.6	-2,655.8	-2,960.2	-3,284.4	**-11,305.0**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are included in the totals.

Uncertainties

Component 1

There are notable uncertainties and sensitivities in the estimated costs for Component 1:

- Workers employed by the domestic coal and gas sectors employ workers in non-sector-specific roles (i.e. those not covered under the job classifications outlined in the *Methodology* section for Component 1) were not included in worker number estimates for Component 1 due to the difficulties in quantifying and projecting worker numbers for these more general roles.
  - Depending on the exact specification of an implemented job-for-job guarantee, this latter group of workers who were not included in the estimates may be eligible for the wage subsidy, and if so, the costs associated with Component 1 of this policy would be higher than estimated.
- There is additional uncertainty in the timing and distribution of the financial implications of the job-for-job guarantee, as they are very sensitive to the timing of business closures in the relevant sectors and the impacts on future employment opportunities for employees in and from those sectors.

- Due to uncertainties around employment outcomes for workers moving out of the domestic coal and gas sectors as well as the involvement of second-order effects, interactions between the job-for-job guarantee and taxation revenue/welfare payments have not been quantified.

Component 3

The financial implications of Component 3 are highly uncertain and are sensitive to assumptions around:

- The rate of capital deployment and the average maturity period of investments. The Parliamentary Budget Office (PBO) has not assessed the feasibility of the timing for the deployment of equity funding.
- The timing of project implementation, including the availability of projects, changes in market conditions, regulatory changes, and the pace of technological advancements.
- While the PBO has assumed that the market could fully absorb the equity investment each year, this assumption is sensitive to the availability of materials and skilled labour for the construction of generation and storage infrastructure.
- The costing does not consider the impact of the proposal on business profitability or company tax revenue. The magnitude of such effects would be highly uncertain and could include various impacts, including:
  - Reductions in the returns of competing investment projects, particularly due to the entry of a large-scale investment in the clean energy generation sector and the presence of a market-dominant non-profit seller of electricity.
  - Increases in the profits of marginal projects due to a reduction in the cost of capital. A large-scale investment in the clean energy generation sector could increase the overall availability of capital in the market. This influx of capital could encourage private sector investment by making it easier and cheaper for businesses to access funds (crowding-in effects).
  - It is unclear which of the crowding-out or crowding-in effects would dominate, and this could vary from period to period.

To be treated as equity for budget accounting purposes, the expected return on capital must be at least equal to the forecast long-term inflation rate and there should be a reasonable expectation that the investment will be recovered. The PBO has not assessed the ability of the equity financing to achieve the stated policy objectives. Additionally, the PBO has not evaluated whether the specified funding would be sufficient to meet the proposal's objectives.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

Component 1

- Any domestic coal or gas sector worker aged 55 and over that is eligible for the job-for-job guarantee will opt to retire and claim the wage subsidy.
- The age distribution of the domestic coal and gas sector workforce will remain constant over time.

- The relative proportions of workers classified within ANZSIC Subdivision 07: *Oil & Gas Extraction* working on oil and gas extraction are equivalent to the relative proportions of industry revenue attributable to oil and gas products respectively[1].
- Within ANZSIC Subdivision 17: *Petroleum and Coal Product Manufacturing*, all workers classified within ANZSIC Class 1701: *Petroleum Refining and Petroleum Fuel Manufacturing* work solely on petroleum-related manufacturing, while all workers classified within ANZSIC Class 1709: *Other Petroleum and Coal Product Manufacturing* work solely on coal-related manufacturing.
- The relative proportions of workers classified within ANZSIC Class 2611: *Fossil Fuel Electricity Generation* working in coal-based and gas-based electricity generation are equivalent to the relative proportions of coal-based and gas-based electricity generation for total domestic electricity generation respectively[2].
- The relative proportions of coal workers in the thermal and metallurgical coal workforces are equivalent to the relative proportions of domestic production volumes for thermal and metallurgical coal respectively[3].

Component 3

- As equity funding can only be provided to an entity outside the General Government Sector, the NZEA will meet the Government Finance Statistics criteria to be reclassified as Public Non-Financial Corporation (PNFC). Sector classification decisions are made by the Australian Bureau of Statistics[4].
- The investment returns 2% from the 2026-27 to the 2029-2030 financial years and 4.19% from 2030-31 onwards.
- The establishment costs and operational costs of the proposed functions would be sourced from the $10 billion capped funding.
  - The cost of establishing business functions would be divided between the implementation cost and operating cost.
  - In 2025-26, funding for establishment costs is around 2% of the value of equity invested.
  - Starting from 2026-27, funding for ongoing operational costs is around 1% of the value of equity invested and classified as administered expense. This amount will grow in line with the Consumer Price Index (CPI) over the medium term.
- There would be no dividend returns in the first year, allowing for late deployment of equity and assuming a low likelihood of dividends in the first year.
- Low dividend yield in the early years assuming a low likelihood of dividends due to the construction nature of the equity investments.
- Higher dividend yield in the later years, as construction projects progress and equity investments mature, similar to the returns of the Climate Energy Finance Corporation's equity investment portfolio.

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[1] IBISWorld, 2025

[2] Department of Climate Change, Energy, the Environment and Water, 2024

[3] Department of Industry, Science and Resources, 2025

[4] ABS public sector unit classification decisions | Australian Bureau of Statistics

- All dividends would be paid into the Consolidated Revenue Fund and would not be available for re-investment.

Methodology

Component 1

The estimates of the domestic coal and gas sector workforce considered to be eligible for the job-for-job guarantee are based on the number of workers classified as belonging to the following classifications under the *Australian and New Zealand Standard Industrial Classification 2006* (ANZSIC) framework:

- Subdivision 06: Coal Mining
- Subdivision 07: Oil & Gas Extraction
  - Refer to *Key assumptions* section for determination of gas-only extraction worker estimates.
- Class 1709: Other Petroleum and Coal Product Manufacturing
  - Refer to *Key assumptions* section for determination of coal-only manufacturing worker estimates.
- Class 2611: Fossil Fuel Electricity Generation
  - Refer to *Key assumptions* section for determination of breakdown between coal-based and gas-based electricity generation workers.

The average wage of a full-time worker in the mining sector is based on the median full-time weekly earnings of Australian employees within the Mining sector[5].

The financial implications of the wage subsidy were then calculated by multiplying the domestic coal and gas sector workforce eligible for the job-for-job guarantee, by half of the average annual wage of a full-time mining sector worker.

Component 3

The financial implications were calculated based on the specified amount of equity funding, distributed evenly over 4 years, less the funding allocated for the Middle Arm Sustainable Development Precinct (as outlined in the specifications), an allowance for establishment and operational expenses and partially offsetting it with an increase in revenue from dividends.

- The total amount of funding for establishment and operational costs were calculated based on the *Key assumptions*.

Financial implications were rounded consistent with the PBO's rounding rules.[6]

Data sources

ABS, 2024. *Employee earnings, August 2024*, accessed 26 May 2025.

ABS, 2024. *Labour Force, Characteristics of Employment, 2014-2023,* Canberra: ABS TableBuilder.

[5] Employee earnings, (Australian Bureau of Statistics, 2024)

[6] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Department of Climate Change, Energy, the Environment and Water, 2023. *Australian electricity generation - fuel mix*, accessed 26 May 2025.

National Skills Commission, 2020. *2020 Employment Outlook to November 2025*, accessed 26 May 2025.

Jobs and skills Australia, 2022. *2021 Employment Projections*, accessed 26 May 2025.

Jobs and Skills, 2023. *Mining Industry Profile Data*, accessed 26 May 2025.

Department of Industry, Science and Resources, 2024. *Resources and Energy Quarterly: March 2025*, accessed 26 May 2025.

IBISWorld, 2025. *Fossil Fuel Electricity Generation in Australia - Market Size, Industry Analysis, Trends and Forecasts (2015-2030)*, accessed 26 May 2025.

IBISWorld, 2025. *Oil and Gas Extraction in Australia - Market Size, Industry Analysis, Trends and Forecasts (2015 - 2030)*, accessed 26 May 2025.
Clean Energy Finance Corporation (2024), *Clean Energy Finance Corporation Annual Report 2023-24*, Australian Government.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Departmental expenses were informed by similar measures in the Commonwealth budgets from 2015-16 to 2021-22.

Attachment A – Climate change and energy - expand the Net Zero Economy Authority – Financial implications

Table A1: Climate change and energy - expand the Net Zero Economy Authority – Fiscal balance ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Revenue													
Expand the NZEA - Component 3 - Dividends	-	*83.0*	*125.0*	*167.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	***375.0***	***2,825.0***
Expenses													
Administered													
Expand the NZEA - Component 1 - Funding the job-for-job guarantee	*-230.0*	*-460.0*	*-690.0*	*-910.0*	*-1,120.0*	*-1,320.0*	*-1,520.0*	*-1,720.0*	*-1,920.0*	*-2,160.0*	*-2,320.0*	***-2,290.0***	***-14,370.0***
Expand the NZEA - Component 2 - Expand the Fair Work Coverage in Part 5 of the NZEA Act	*	*	*	*	*	*	*	*	*	*	*	*	*
Expand the NZEA - Component 3 - Operating cost	*-39.8*	*-27.3*	*-27.9*	*-28.6*	*-29.3*	*-30.1*	*-30.8*	*-31.6*	*-32.4*	*-33.2*	*-34.0*	***-123.6***	***-345.0***
Total – administered	***-269.8***	***-487.3***	***-717.9***	***-938.6***	***-1,149.3***	***-1,350.1***	***-1,550.8***	***-1,751.6***	***-1,952.4***	***-2,193.2***	***-2,354.0***	***-2,413.6***	***-14,715.0***
Departmental													
Expand the NZEA - Component 1 - Administering the job-for-job guarantee	*-11.5*	*-11.5*	*-17.3*	*-22.8*	*-25.0*	*-25.0*	*-25.0*	*-25.0*	*-25.0*	*-27.0*	*-29.0*	***-63.1***	***-244.1***
Expand the NZEA - Component 3 - Establishment cost	*-13.3*	-	-	-	-	-	-	-	-	-	-	***-13.3***	***-13.3***
Total – departmental	***-24.8***	***-11.5***	***-17.3***	***-22.8***	***-25.0***	***-25.0***	***-25.0***	***-25.0***	***-25.0***	***-27.0***	***-29.0***	***-76.4***	***-257.4***
Total – expenses	**-294.6**	**-498.8**	**-735.2**	**-961.4**	**-1,174.3**	**-1,375.1**	**-1,575.8**	**-1,776.6**	**-1,977.4**	**-2,220.2**	**-2,383.0**	**-2,490.0**	**-14,972.4**
Total (excluding PDI)	**-294.6**	**-415.8**	**-610.2**	**-794.4**	**-824.3**	**-1,025.1**	**-1,225.8**	**-1,426.6**	**-1,627.4**	**-1,870.2**	**-2,033.0**	**-2,115.0**	**-12,147.4**
PDI impacts	***-50.0***	***-160.0***	***-290.0***	***-420.0***	***-520.0***	***-590.0***	***-660.0***	***-750.0***	***-860.0***	***-980.0***	***-1,110.0***	***-920.0***	***-6,390.0***
Total (including PDI)	**-344.6**	**-575.8**	**-900.2**	**-1,214.4**	**-1,344.3**	**-1,615.1**	**-1,885.8**	**-2,176.6**	**-2,487.4**	**-2,850.2**	**-3,143.0**	**-3,035.0**	**-18,537.4**

(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.

(b) This costing includes an unquantifiable aspect.

* Unquantifiable – not included in totals.

- Indicates nil.

Table A2: Climate change and energy - expand the Net Zero Economy Authority – Underlying cash balance ($m)(a)(b)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
Expand the NZEA - Component 3 - Dividends	-	83.0	125.0	167.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	**375.0**	**2,825.0**
Payments													
Administered													
Expand the NZEA - Component 1 - Funding the job-for-job guarantee	-230.0	-460.0	-690.0	-910.0	-1,120.0	-1,320.0	-1,520.0	-1,720.0	-1,920.0	-2,160.0	-2,320.0	**-2,290.0**	**-14,370.0**
Expand the NZEA - Component 2 - Expand the Fair Work Coverage in Part 5 of the NZEA Act	*	*	*	*	*	*	*	*	*	*	*	*	*
Expand the NZEA - Component 3 - Operating cost	-39.8	-27.3	-27.9	-28.6	-29.3	-30.1	-30.8	-31.6	-32.4	-33.2	-34.0	**-123.6**	**-345.0**
Total – administered	**-269.8**	**-487.3**	**-717.9**	**-938.6**	**-1,149.3**	**-1,350.1**	**-1,550.8**	**-1,751.6**	**-1,952.4**	**-2,193.2**	**-2,354.0**	**-2,413.6**	**-14,715.0**
Departmental													
Expand the NZEA - Component 1 - Administering the job-for-job guarantee	-11.5	-11.5	-17.3	-22.8	-25.0	-25.0	-25.0	-25.0	-25.0	-27.0	-29.0	**-63.1**	**-244.1**
Expand the NZEA - Component 3 - Establishment cost	-13.3	-	-	-	-	-	-	-	-	-	-	**-13.3**	**-13.3**
Total – departmental	**-24.8**	**-11.5**	**-17.3**	**-22.8**	**-25.0**	**-25.0**	**-25.0**	**-25.0**	**-25.0**	**-27.0**	**-29.0**	**-76.4**	**-257.4**
Total – payments	**-294.6**	**-498.8**	**-735.2**	**-961.4**	**-1,174.3**	**-1,375.1**	**-1,575.8**	**-1,776.6**	**-1,977.4**	**-2,220.2**	**-2,383.0**	**-2,490.0**	**-14,972.4**
Total (excluding PDI)	**-294.6**	**-415.8**	**-610.2**	**-794.4**	**-824.3**	**-1,025.1**	**-1,225.8**	**-1,426.6**	**-1,627.4**	**-1,870.2**	**-2,033.0**	**-2,115.0**	**-12,147.4**
PDI impacts	**-40.0**	**-140.0**	**-250.0**	**-390.0**	**-500.0**	**-570.0**	**-650.0**	**-730.0**	**-830.0**	**-950.0**	**-1,080.0**	**-820.0**	**-6,130.0**
Total (including PDI)	**-334.6**	**-555.8**	**-860.2**	**-1,184.4**	**-1,324.3**	**-1,595.1**	**-1,875.8**	**-2,156.6**	**-2,457.4**	**-2,820.2**	**-3,113.0**	**-2,935.0**	**-18,277.4**

(a) 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.

(b) This costing includes an unquantifiable aspect.

* Unquantifiable – not included in totals.

\- Indicates nil.

Table A3: Climate change and energy - expand the Net Zero Economy Authority – Headline cash balance ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
Expand the NZEA - Component 3 - Dividends	*-*	*83.0*	*125.0*	*167.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	*350.0*	***375.0***	***2,825.0***
Payments													
Administered													
Expand the NZEA - Component 1 - Funding the job-for-job guarantee	*-230.0*	*-460.0*	*-690.0*	*-910.0*	*-1,120.0*	*-1,320.0*	*-1,520.0*	*-1,720.0*	*-1,920.0*	*-2,160.0*	*-2,320.0*	***-2,290.0***	***-14,370.0***
Expand the NZEA - Component 2 - Expand the Fair Work Coverage in Part 5 of the NZEA Act	*	*	*	*	*	*	*	*	*	*	*	*	*
Expand the NZEA - Component 3 - Operating cost	*-39.8*	*-27.3*	*-27.9*	*-28.6*	*-29.3*	*-30.1*	*-30.8*	*-31.6*	*-32.4*	*-33.2*	*-34.0*	***-123.6***	***-345.0***
Expand the NZEA - Component 3 - Equity invested	*-2,070.0*	*-2,100.0*	*-2,100.0*	*-2,100.0*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	***-8,370.0***	***-8,370.0***
Total – administered	***-2,339.8***	***-2,587.3***	***-2,817.9***	***-3,038.6***	***-1,149.3***	***-1,350.1***	***-1,550.8***	***-1,751.6***	***-1,952.4***	***-2,193.2***	***-2,354.0***	***-10,783.6***	***-23,085.0***
Departmental													
Expand the NZEA - Component 1 - Administering the job-for-job guarantee	*-11.5*	*-11.5*	*-17.3*	*-22.8*	*-25.0*	*-25.0*	*-25.0*	*-25.0*	*-25.0*	*-27.0*	*-29.0*	***-63.1***	***-244.1***
Expand the NZEA - Component 3 - Establishment cost	*-13.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	***-13.3***	***-13.3***
Total – departmental	***-24.8***	***-11.5***	***-17.3***	***-22.8***	***-25.0***	***-25.0***	***-25.0***	***-25.0***	***-25.0***	***-27.0***	***-29.0***	***-76.4***	***-257.4***
Total – payments	**-2,364.6**	**-2,598.8**	**-2,835.2**	**-3,061.4**	**-1,174.3**	**-1,375.1**	**-1,575.8**	**-1,776.6**	**-1,977.4**	**-2,220.2**	**-2,383.0**	**-10,860.0**	**-23,342.4**
Total (excluding PDI)	**-2,364.6**	**-2,515.8**	**-2,710.2**	**-2,894.4**	**-824.3**	**-1,025.1**	**-1,225.8**	**-1,426.6**	**-1,627.4**	**-1,870.2**	**-2,033.0**	**-10,485.0**	**-20,517.4**
PDI impacts	***-40.0***	***-140.0***	***-250.0***	***-390.0***	***-500.0***	***-570.0***	***-650.0***	***-730.0***	***-830.0***	***-950.0***	***-1,080.0***	***-820.0***	***-6,130.0***
Total (including PDI)	**-2,404.6**	**-2,655.8**	**-2,960.2**	**-3,284.4**	**-1,324.3**	**-1,595.1**	**-1,875.8**	**-2,156.6**	**-2,457.4**	**-2,820.2**	**-3,113.0**	**-11,305.0**	**-26,647.4**

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

(b) This costing includes an unquantifiable aspect.

* Unquantifiable – not included in totals.

\- Indicates nil.