

Environment and Communications
Answers to questions on notice
Clean Energy Regulator

Inquiry: Inquiry into the Nature Repair Market

Question No: IQ23-000002

Hearing Date: 30 June 2023

Division/Agency: Scheme Operations Division

Topic: 1. (a) Was the CER consulted about undertaking the NRM regulator role?

Hansard Page:

Question Date: 30 June 2023

Question Type: Written

Senator Jonathon Duniam asked:

1. (a) Prior to the release of this NRM legislation by the Government, was the CER consulted about undertaking the role as the regulator of this Nature Repair Market scheme – and, if so, by whom and when?

Answer:

Yes, the Clean Energy Regulator was consulted in its regular meetings (at both the officer level and senior executive level) with the Department of Climate Change, Energy, the environment and Water.

These meetings commenced in August 2022.

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Inquiry: **Inquiry into the Nature Repair Market**

Question No: IQ23-000003

Hearing Date: 30 June 2023

Division/Agency: Scheme Operations Division

Topic: 1. (b) When was CER first directly consulted by Minister Plibersek re NRM role?

Hansard Page:

Question Date: 30 June 2023

Question Type: Written

Senator Jonathon Duniam asked:

1. (b) On what date was the CER first directly consulted by Minister Plibersek about its proposed role as the regulator of this Nature Repair Market scheme?

Answer:

Minister Plibersek did not directly consult the Clean Energy Regulator about its proposed role as the regulator of the Nature Repair Market Scheme.

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Inquiry: Inquiry into the Nature Repair Market
Question No: IQ23-000004
Hearing Date: 30 June 2023
Division/Agency: Scheme Operations Division
Topic: 2. Does the CER agree it is the best organisation to regulate the NRM?
Hansard Page:
Question Date: 30 June 2023
Question Type: Written

Senator Jonathon Duniam asked:

2. Does the CER agree or disagree with the principle that it is the best placed and qualified organisation to perform this role, and what are the reasons that it adopts this view?

Answer:

It is a matter for government decision which agency administers the Nature Repair Market (NRM).

The Clean Energy Regulator (CER) is well placed to administer the new market, drawing on 12 years of experience administering the *Carbon Credits (Carbon Farming Initiative Act) 2011* under the ACCU Scheme.

- The NRM involves the registration of projects and the crediting of projects with certificates and the making of a market in those certificates. These functions are in pattern with the CER's existing role for the ACCU scheme.
- The CER will need to build expertise in biodiversity to monitor compliance for some NRM methods. For example, it is likely that some biodiversity projects will require significant on-ground compliance monitoring using skills specific to biodiversity measurement and monitoring.
- This would be the case whichever agency administers the NRM.
- The CER will work closely with the Department as it develops NRM methods to identify any gaps in its skillsets and toolsets and develop/procure that expertise in consultation with the Department and Minister.

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Inquiry: Inquiry into the Nature Repair Market
Question No: IQ23-000005
Hearing Date: 30 June 2023
Division/Agency: Scheme Operations Division
Topic: 3. Full annual cost to Government of operating the NRM.
Hansard Page:
Question Date: 30 June 2023
Question Type: Written

Senator Jonathon Duniam asked:

3. Particularly given the CER's experience in regulating the carbon market, what does it assess would be the full annual cost to the Federal Government of operating and administering the type of Nature Repair Market to which the legislation currently gives expression?

Answer:

The full annual cost of operating and administering the NRM would involve a fixed amount to develop the systems and tools needed to administer the scheme as well as a variable amount that depends on the requirements of individual methods and the number of projects registered under the scheme.

The Clean Energy Regulator (CER) received \$7.2 million as a 2021 MYEFO measure to work on implementation and future administration of elements of the NRM including project registration, issuing biodiversity certificates and a public register of projects and certificates. As there have been delays in passing of legislation, the CER has moved the unspent balance of this funding (\$6.972 million) into the 2023-24 financial year.

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Inquiry: Inquiry into the Nature Repair Market
Question No: IQ23-000006
Hearing Date: 30 June 2023
Division/Agency: Scheme Operations Division
Topic: 4. Additional resourcing required to regulate the NRM?
Hansard Page:
Question Date: 30 June 2023
Question Type: Written

Senator Jonathon Duniam asked:

4. How much extra resourcing – both in terms of staff and funding – would the CER require in order to fully and effectively exercise the role of being the regulator of this market?

Answer:

It is too early to tell. The extra resourcing the Clean Energy Regulator would require depends on the method form and number of projects registered under the scheme.

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Inquiry: Inquiry into the Nature Repair Market
Question No: IQ23-000007
Hearing Date: 30 June 2023
Division/Agency: Scheme Operations Division
Topic: 5. Additional legislation/regulation required to administer the NRM?
Hansard Page:
Question Date: 30 June 2023
Question Type: Written

Senator Jonathon Duniam asked:

5. As things stand now: if the Bills were to be passed in their current form, what would still be needed by way of legislation and/or regulation for the role of market regulator to be effectively carried out?

Answer:

The development of legislation to support the regulation of the NRM is the responsibility of the Department of Climate Change, Energy, the Environment and Water.

The Bill requires subordinate legislation for the carrying out of regulatory functions, including methodology determinations made by the Minister for the Environment and Water that set out how a registered project is to be carried out.

It is also anticipated there would also be amendments to the *Clean Energy Regulator Act 2011* (CER Act) and subordinate legislation under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), including the *National Greenhouse and Energy Reporting Regulations 2008* and the *National Greenhouse and Energy Reporting (Audit) Determination 2009*.

- Amendments to the CER Act will provide complementary functions conferred by biodiversity law to sit alongside climate change law, currently administered by the CER.
- Amendments to the CER Act will require that the CER board has sufficient expertise (in agricultural, ecological and/or biological science) to support the NRM, and will ensure environmental data can be made available and accessible to the public to support transparency and integrity of the market.
- Amendments to subordinate legislation under the NGER Act will ensure that appropriately qualified and experienced auditors are utilised under the NRM scheme.