

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Environment and Energy portfolio

Question No: 204
Hearing: Supplementary Budget Estimates
Outcome: Outcome 2
Program: Domestic Emissions Reduction Division (DERD)
Topic: Aviation Emissions Framework
Hansard Page: n/a
Question Date: 28 October 2016
Question Type: Written

Senator Rice, Janet asked:

- 1) Given the International Civil Aviation Organisation's recently agreed Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), has the Department investigated any domestic aviation emissions pricing scheme?
- a. If yes, which of following carbon policies have been investigated?
- i. Carbon offsets
 - ii. Emissions trading
 - iii. Carbon tax
 - iv. Has the outcomes of these investigations been discussed with the Minister?
 - v. Did any official internal reports or documents result from this investigation?
 - vi. Are these reports or documents able to be made available to the Senate?
- b. If no, are there any plans by the Department to investigate domestic aviation carbon pricing tools given our post 2021 international aviation offset responsibilities under ICAO?
- c. In the Department's view, would a failure to price domestic aviation emissions after the beginning of CORSIA lead to any market inefficiencies, including potential price incentives for travellers to change between domestic and international routes despite higher total costs and higher carbon emissions?

Answer:

Several carbon policies apply to emissions from the domestic aviation sector.

The Emissions Reduction Fund enables airlines to earn carbon credits by undertaking projects to reduce emissions, provided their project is in accordance with a method. A method has been made for the aviation sector. It covers activities including installing ground power units to reduce aircraft fuel burn in transit, replacing on-board components with lighter weight alternatives and improving terminal procedures to reduce on-ground movements.

The safeguard mechanism is a part of the Emissions Reduction Fund. It took effect from 1 July this year. It applies to businesses that operate facilities with direct emissions over 100,000 tonnes of carbon dioxide equivalence (CO₂-e) each year, including airlines whose emissions from domestic operations exceed this threshold. The safeguard mechanism places limits (baselines) on facilities' emissions. Covered facilities must keep emissions below baseline levels or purchase eligible emissions reductions to offset their emissions.

Another government policy is the Government's National Carbon Offset Standard and Carbon Neutral Program, which provide airlines and others with a framework for offering certified carbon neutral services to their customers.

These policies and related legislation were developed following extensive public consultations. Reports documenting their development—such as the Emissions Reduction Fund White Paper—are available on the websites of the Department of the Environment and Energy and the Clean Energy Regulator.

Emissions from international flights are not counted in Australia's emissions inventory, consistent with international greenhouse gas accounting rules.

Travellers' decisions about whether to take domestic or international flights are informed by a range of factors. The International Air Transport Association has estimated the CORSIA will add between \$4.45 and \$11.50 per seat to a London to Beijing route in 2030¹.

¹ International Civil Aviation Authority, *High Level Meeting on a Global Market-Based Measure Scheme*, Working Paper HLM-GMBM-WP/12, May 2016.