Senate Standing Committee on Environment and Communications Legislation Committee

Additional Estimates, 11 February 2013

Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	68
Program:	1.1		
Division:	ASCD		
Topic:	Public Information Campaign		
Hansard Page EC:	EC26		

Senator BIRMINGHAM: Have any within the $2 million for this year been accepted as yet?
Ms Cruickshank: We have four which have been accepted by the evaluation panel but, as my colleague said a minute ago, we are still in the process of exchanging contracts so I suspect we are still probably a couple of weeks away from being able to provide that information to you.
[…]
Senator BIRMINGHAM: Cumulatively, how much of the $2 million will those four be spending?
Ms Cruickshank: As to those four, this is a slight estimation because it is in the context of part of the reason we are still going through the contract process being there are some revisions.
Ms Jensen: We will take it on notice.

Answer:

As at 11 February 2013, four partnership activities were approved for funding under the Public Information Campaign.

Total anticipated expenditure on these activities is $515,100 (excluding GST).

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Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	69
Program:	1.1		
Division:	ASCD		
Topic:	Public information campaign		
Hansard Page EC:	EC28		

Senator BIRMINGHAM: Thank you for that. In terms of those who approach the department versus those the department approached, is the department able to give me an understanding as to whether there was a formal process of approaching those on the unsolicited list and if so how many were on that list and who was approached?

Ms Cruickshank: I would have to take that on notice.

Answer:

The Public Information Campaign is a combination of Department run public information activities and a discretionary grants program. It is common practice for Ministers to provide discretionary grants in situations where specific capabilities are required for the effective delivery of a program and these capabilities only exist within a particular organisation.

The Department of Climate Change regularly receives approaches from a range of community and business organisations seeking funding assistance for their activities promoting awareness of climate change and the government's policy response.

The objectives of the $2 million Public Information Campaign were to communicate the detail of the Clean Energy Future package to ensure accurate information was available to the public.

As such, the Department devised a set of specific criteria, with a focus on communicating this policy information by utilising the unique capabilities of an organisation to reach and communicate with a particular segment of the community. These criteria were provided to all potential applicants before progressing any funding requests. Evaluation Committees were established drawing on advice from the Legal and Procurement Branches of the Department. All processes were established in accordance with relevant Commonwealth guidelines.

In some cases, potential applicants approached the Department with an idea or concept and were provided with the criteria to respond to. In other cases, the Department approached organisations where there was alignment with our knowledge of those organisations' audiences or communities and those audiences that our research revealed had a particular lack of awareness of the Clean Energy Future package.

The partnerships approved to proceed in February 2013 reflect the specific capabilities of each organisation to communicate effectively to a particular demographic or community group due to the networks, outreach, or capabilities uniquely available to that organisation.

It is the ordinary practice for Government agencies to disclose by publication, the names of funding applicants once contractual arrangements have been executed. To disclose the names of funding applicants prior to executing contractual arrangements may impact contractual negotiations. Further, the release of any information related to funding applications prior to contractual arrangements being executed would not reasonably be anticipated by applicants.

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Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	70
Program:	1.1		
Division:	CPMD		
Topic:	Emissions Projections		
Hansard Page EC:	EC28		

Senator BIRMINGHAM: In terms of the projections released in October last year, what did they estimate for the current financial year and was that up or down on what previous estimations had been?

Mr Power: Emissions numbers were reported in the national projections for 2020. We do not have annual figures presented in that publication, so I do not have a figure for you exactly, but I am happy to take that on notice.

Answer:

Under the central scenario in *Australia's Emissions Projections 2012* (the 2012 Projections), emissions in financial year 2012-13 were projected to reach 592 million tonnes carbon dioxide equivalent (Mt CO_2-e). This is lower than projected in the previous projections report, the 2010 Projections.

There are a number of important differences between the two publications in terms of methodology, assumptions and input data. Key areas of difference are as follows.

- The 2012 Projections include the impact of the carbon pricing mechanism and Carbon Farming Initiative (CFI) in the central scenario whereas the 2010 Projections did not.
- Between the 2010 and 2012 Projections, the outlook for some sectors changed. In particular, the 2012 Projections incorporate the closures of some high-emitting industrial facilities that occurred after the publication of the 2010 report.

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Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	71
Program:	1.1		
Division/Agency:	CPMD		
Topic:	Emissions		
Hansard Page EC:	Written		

Senator Birmingham asked:

1. How do departmental estimates of carbon emissions for 2012-13 to date compare with expected emissions? What variances does the department expect? What are the reasons for these variances?

2. Did the Department provide estimates of emissions to inform the Treasury modelling of the carbon tax? If so, what were those estimates? What were they based on? How do they differ from actual emissions to date?

Answer:

1. As at March 2013, the Department's most recent projections publication is *Australia's Emissions Projections 2012* (the Projections), which extends to 2030 and incorporates a projection for the 2012-13 financial year. The most recent inventory publication is the Quarterly Update of Australia's National Greenhouse Gas Inventory for the September quarter of 2012 (the first quarter of financial year 2012-13).

   Data on electricity sector emissions for the first quarter of 2012-13 show a significant decline from trend, with emissions falling from the same quarter of the previous year. However, a complete estimate of 2012-13 emissions will not be available until all four quarters of data across all emissions sources are available.

   The Projections are based on knowledge of current economic conditions and a best estimate of future conditions. They are not expected to predict future emissions levels with perfect accuracy.

   Sources of uncertainty in the Projections include:

   - individual firm behaviour in response to the carbon price and other factors;
   - complexities that cannot be captured by the economy-wide and global models;
   - underlying assumptions such as commodity prices, exchange rates and population growth;
   - sectoral information that cannot be predicted at the time of the projection, for example, plant openings and closings and new technologies; and
   - future policies or programs.

The Department acknowledges that these uncertainties exist and therefore tests key potential variances in sectoral sensitivity analyses, which are published in each annual projections report.

2. The Treasury made use of a wide range of data and analysis from Government and non-government sources in undertaking its *Strong Growth, Low Pollution* modelling. The Department provided historical emissions data published in the National Greenhouse Accounts and projected emissions from the 2010 Projections to inform the modelling exercise.

The National Greenhouse Accounts

National Greenhouse Accounts are prepared by the Department to inform policy makers and to meet international reporting commitments. The inventory is prepared in accordance with international guidelines, drawing on a range of public and confidential datasets, and is reviewed each year by a panel of international experts. In addition to the annual submission of the National Inventory Report to the United Nations Framework Convention on Climate Change, the Department also publishes a Quarterly national inventory – the latest available quarterly inventory provides estimates for the September quarter 2012.

Australia's emissions projections 2010

The 2010 Projections were based on historical inventory data, economic and population forecasts consistent with the *Pre-Election Economic and Fiscal Outlook (PEFO) 2010* and the *Intergenerational Report 2010*, energy and commodity prices and production outlooks from the International Energy Agency and Australian Government agencies, sectoral information from various company statements and industry analysts, and economic modelling by sectoral experts.

The 2010 Projections forecast emissions in 2011-12 (the most recent year for which inventory estimates are currently available) of 595 million tonnes carbon dioxide-equivalent (Mt CO_2-e), a slight decrease on the previous year. The 2011-12 value published in the September Quarterly is 573 Mt CO_2-e.

A number of changes in economic conditions since the preparation of the 2010 projections have contributed to lower-than-projected emissions. The high Australian dollar contributed to the closure of several high-emitting industrial facilities after the publication of the 2010 Projections. Strong increases in electricity prices, due mainly to network costs, contributed to lower-than-projected electricity demand. Also, revisions to the historical emission series due to methodological and other inventory changes meant that growth occurred off a lower base; between the 2010 and 2012 projections exercises, the estimate of the national inventory for 2009-10 was revised down by 4 Mt (around 1 per cent) due to new information in relation to emissions from the agriculture sector.

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Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	72
Program:	1.1		
Division/Agency:	CPMD		
Topic:	Carbon pricing and the transport sector		
Hansard Page EC:	Written		

Senator Birmingham asked:

1. What policies has the Government committed to regarding expansion of the carbon tax into the transport sector?

2. How many businesses does it estimate will be affected by these changes? What revenue is expected to be generated from these changes?

3. Has the Department drafted legislation to implement these changes?

4. Will the Department be engaging in consultation regarding these changes?

5. If so, when and with whom?

6. By when would such legislation need to be proclaimed to allow Government policy objectives to be met?

Answer:

1. The Australian Government announced on 10 July 2011, that it intends to extend the equivalent carbon price arrangements to cover heavy on-road liquid fuel use from 1 July 2014, by adjusting fuel tax credit entitlements. This policy has not yet been legislated.

2. Households, on-road business use of light vehicles and the agriculture, forestry and fishery industries will not face a carbon price on the fuel they use for transport.

   It is not possible to give a precise estimate of the number of businesses which will be subject to these arrangements. This is due to overlap in the activities undertaken by businesses and the nature of the liabilities for excise and customs duties and eligibility for fuel tax credits.

   The equivalent carbon price for heavy on-road vehicles will be implemented by adjusting the fuel tax credits paid to operators of such vehicles. Fuel tax credits are budget outlays and have no impact on revenue collections.

3. The Department has not drafted legislation to give effect to the Government's heavy on-road vehicle policy.

4. The Government has already consulted on the policy decision to apply an equivalent carbon price to heavy on-road vehicles from 1 July 2014. This consultation occurred as part of the extensive consultation undertaken during the development of the Government's Clean Energy Future Plan.

   The Department would anticipate consulting on exposure draft legislation as per usual practice.

5. Please refer to Question 4.

6. Legislation to give effect to the Government's heavy on-road vehicle policy would need to be passed by both Houses of the Parliament in time for the legislation to take effect from 1 July 2014.

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Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	73 & 83
Program:	1.1		
Division/Agency:	EED		
Topic:	Charities Maritime and Aviation Support Program		
Hansard Page EC:	Written		

Senator Birmingham asked:

1. How many entities have applied for relief under the Charities Maritime and Aviation Support Program?

2. How much has been reimbursed?

3. How much was originally budgeted for this program?

4. How many entities were originally thought eligible and/or written to in order to advise of this program?

Answer:

1. Since commencement of the Charities Maritime and Aviation Support Program (the Program) in June 2012, as of 18 March 2013, 36 applications have been received by AusIndustry.

2. As at 18 March 2013, $690,000 has been reimbursed to eligible charities under the Program.

3. The Program has been costed at $29.3 million over five years to June 2017.

4. There are approximately 20,000 organisations currently named in the tax law or Deductible Gift Recipient (DGR) endorsed by the Australian Taxation Office. Of these up to 200 considered may have exposure to aviation fuel costs or utilise fuels for maritime purposes.

   With the assistance of the Treasury, 2,450 DGR endorsed entities have been contacted on numerous occasions to advertise the program.

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Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	74
Program:	1.1		
Division:	ASCD		
Topic:	Climate Change Grant Program		
Hansard Page EC:	Written		

Senator Birmingham asked:

1. For each of the 10 one-day seminars conducted in 2012 by the Australian Council of Trade Unions (ACTU), as part of its Training Workers for a Clean Energy Future project assisted by a Climate Change Grant Program grant budget of $93 000 (excluding GST), can a list be provided identifying, by date and seminar location, which unions were represented and by how many delegates and/or union officials.

2. Has the ACTU identified to the department the total cost of running these seminars and/or what portion of the total cost was met from the grant budget; if so, can details be provided.

3. Can copies be provided of all reports provided by the ACTU in relation to this grant.

Answer:

Please refer to the response to Parliamentary Question on Notice No. 2742.

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Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	75
Program:	1.1		
Division/Agency:	EMPCD		
Topic:	Wind and Solar		
Hansard Page EC:	Written		

Senator Boswell asked:

1. What is the cost of electricity generated by wind and solar at present?

2. What are the Department's current estimates on the future costs of wind and solar up to 2020?

3. You will have seen research by Bloomberg New Energy Finance put out last week that said unsubsidised renewable energy is cheaper than electricity sourced from newly-built coal and gas-fired power stations.

   In light of this information, do you share my view that renewables no longer require assistance, and existing subsidies provided to the renewables sector should be removed?

Answer:

1. The cost of electricity is generally expressed as an average or 'levelised' revenue per megawatt-hour (MWh) of electricity, produced over the life of a power station, which would be required by project proponents for commercial viability. This cost can vary between projects depending on factors such as the quality or cost of the energy source, the capital cost of the particular technology, the size of the power station, its proximity to the electricity grid, the impact of a carbon price (in the case of fossil fuels), and the cost of financing the development and construction of the power station. As such, a range of costs is normally cited.

   For example, the Bureau of Resource and Energy Economics (BREE) in its Australian Energy Technology Assessment published in 2012, estimates the 2012 levelised cost for on-shore wind-power in New South Wales to be the range $80-$125 per megawatt hour (MWh) and for large-scale non-tracking solar photovoltaic (PV) power in New South Wales,
   $155-$270 per MWh.

2. The Department does not prepare its own energy technology cost estimates but draws on sources such as the BREE estimates and modelling by other electricity sector experts for the purposes of its analysis. The BREE Australian Energy Technology Assessment estimates the cost of on-shore wind-power in New South Wales in 2020 to be in the range $55-$120 per MWh, and for non-tracking solar PV in New South Wales,
   $70-$190 per MWh.

It is worth noting that estimates of future costs are uncertain as they depend on the modelling approach and assumptions around future trends in technical factors such as technology prices and the quality of remaining wind or solar resources, as well as economic factors such as the availability and cost of finances and, for fossil technologies, the future price of carbon.

3. The Government does not share Senator Boswell's view that renewables no longer require assistance, or that existing subsidies provided to the renewables sector should be removed.

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Answers to Questions on Notice

Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	76
Program:	1.1		
Division:	EMPCD		
Topic:	Wind farms – noise limits and eligibility for Large-scale Renewable Energy Certificates		
Hansard Page EC:	Written		

Senator Madigan asked:

Wind Farms are currently regulated by grossly inadequate state planning legislation for noise levels. These legislated noise levels are not parallel with noise industry practice for other noise emitting industries.

While this may be a state planning jurisdiction, RECs are paid by the Commonwealth Clean Energy Regulator (according to the Renewable Energy (Electricity) Act of 2000). Is the Department aware that the model and size of industrial wind turbines currently being approved for construction across all states have been shown to be UNABLE to operate within state planning noise limits. Therefore most wind farms that have been approved or are awaiting planning approval will be continuously non-compliant, on a day to day basis, with state-planning legislation. Therefore the majority of Large-scale RECs issued by the Clean Energy Regulator are being issued illegally and will continue to be illegal where they are sited too close to rural residences.

Answer:

The Department is not aware of the existence of evidence that the model and size of industrial wind turbines currently being approved for construction across all states have been shown to be unable to operate within relevant state planning noise limits.

The Clean Energy Regulator (the Regulator), which administers the RET scheme rules, advises that wind farms applying for accreditation to create certificates under the RET are required to demonstrate their full compliance with Commonwealth, state and local regulations prior to being granted accreditation. The Regulator advises that it is not aware of compelling evidence that any wind farms accredited under the RET scheme have contravened relevant Commonwealth, state, territory or local government planning or approval requirements. During the accreditation process the Regulator receives copies of relevant approvals and permits from the Commonwealth, state, territory and local governments, and these permits are still current.

As Senator Madigan has indicated, the regulation and approval of wind farm siting, including noise issues, is a matter for the relevant state and territory authorities. The Australian Government only becomes involved where matters of national environmental significance trigger the application of the *Environment Protection and Biodiversity Conservation Act 1999*.

In 2010, the National Health and Medical Research Council (NHMRC) undertook a rapid review of current scientific literature, releasing a public statement that there is insufficient published scientific evidence to positively link wind turbines with adverse health effects.

In response to the outcomes of the 2011 Wind Farm and Human Health Scientific Forum – which provided an opportunity to hear latest international information and stakeholder concerns – the NHMRC is conducting a systematic review of the scientific literature to examine the possible impacts of wind farms on human health, including audible and inaudible noise. The NHMRC plans to release a report for public consultation in the second half of 2013 and to finalise the report soon afterwards.