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:**	85
Program:	1.4		
Division:	ID		
Topic:	Second commitment period of the Kyoto Protocol		
Hansard Page EC:	EC79		

Senator BIRMINGHAM: Are you able to tell me how many member states that is, or do you not have that figure?

Dr Lee: ... I will have to take that on notice.

Answer:

The amendments to the Kyoto Protocol need to be ratified by 144 Parties, representing three quarters of Parties to the Protocol, to enter into force.

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Outcome:	1	**Question No:**	86
Program:	1.4		
Division:	ID		
Topic:	Kyoto Protocol		
Hansard Page EC:	EC79		

Senator BIRMINGHAM: When will we know if all other parties have met their requirements under the first stage of Kyoto in terms of remitting offset amounts amount and the like where required?

Mr Comley: The true-up period does not end until 2015.

Dr Banerjee: Preliminary data is coming through now for 2012 emissions for many countries, so there is certainly an indication for most countries about where they are likely to be even though formal processes do not finish until 2015.

Senator BIRMINGHAM: Perhaps on notice you could provide information regarding that true-up process and what indications have been received or are available to date please, Dr Banerjee.

Answer:

1. Parties will take the following steps to determine whether they have met their commitment for the first commitment period of the Kyoto Protocol:

    - Submission of a final annual report by 15 April 2014;
    - review of the final annual report by an expert review team, scheduled to take up to 12 months;
    - a 'true up' period – one hundred days after the completion of the expert review process – that allows Parties to ensure they have sufficient Kyoto units to acquit against their emissions liability following confirmation of their emissions over the first commitment period; and
    - submission of a 'true up' report, by late 2015 at the earliest, that outlines how Parties have acquitted their first commitment period emissions liability.

2. *Australia's Emissions Projections 2012* reports Australia is on track to meet its Kyoto Protocol first commitment period target of limiting emissions to 108 per cent of 1990 levels on average between 2008 and 2012. Based on forecast emissions Australia is likely to have averaged 105 per cent of 1990 emissions over the first commitment period.

The European Environment Agency report “Greenhouse gas emission trends and projections in Europe 2012 – Tracking progress towards Kyoto and 2020 targets” provides first commitment period estimates for European countries. At the end of 2011, almost all European Union (EU) countries – twenty-five Member States (excluding Cyprus and Malta), as well as Croatia, Iceland, Liechtenstein, Norway and Switzerland – were on track towards their first commitment period targets for 2008–2012. According to the report, Italy is not on track towards its target, while Spain plans to acquire a large quantity of Kyoto units through the Protocol's flexible mechanisms to achieve its target. EU emissions data for 2012 is expected to be released in early April 2013.

Regarding other first commitment period countries with available emissions data, New Zealand is on track to overachieve on its Kyoto target. And preliminary data suggests Japan is tracking 4.4 per cent above its 1990 emissions (excluding emissions from land use, land use change and forestry) against a first commitment period target of a 6 per cent reduction from 1990 levels. This assessment of Japan’s emissions does not account for any acquisition of Kyoto units through the Protocol's flexible mechanisms.

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Answers to Questions on Notice

Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio

Outcome:	1	**Question No:**	87
Program:	1.4		
Division:	ASCD		
Topic:	World Heritage Committee – Great Barrier Reef advice		
Hansard Page EC:	EC80		

Senator WATERS: Did the department advise SEWPaC in its report to the World Heritage Committee on the status of the Great Barrier Reef that was submitted on 1 February?

Mr Comley: We will have to take that on notice. Not to my knowledge.

…

Senator WATERS: On a similar vein, did you brief the reactive monitoring mission of the World Heritage Committee when they came out last Easter?

Mr Comley: Not to my knowledge.

Senator WATERS: If you can just check that on notice, please.

Answer:

1-2. No.

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Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	88
Program:	1.4		
Division/Agency:	CPMD		
Topic:	World Heritage Committee – Coal exports and the carbon price		
Hansard Page EC:	EC80		

Senator WATERS: Roughly what percentage of the life cycle emissions of our coal exports is subject to the carbon price?

Mr Comley: I would have to take that on notice.

...

Senator WATERS: Has anyone in your department taken any steps to ensure that the World Heritage Committee understands that distinction, given the misleading statements in Australia's State Party Report?

Mr Comley: I would have to take that on notice, but I am not aware of any misleading statements.

...

Senator WATERS: Could you take on notice whether anyone from your department has sought to clarify with the World Heritage Committee that the carbon price does not cover coal exports?

Mr Comley: I will take that on notice.

Answer:

Under international greenhouse gas accounting rules, each country is responsible for the emissions that arise from the point where they are directly emitted.

In accordance with these rules, fugitive emissions from coal mining are accounted for in Australia's National Greenhouse Gas Inventory (NGGI). The latest NGGI figures for fugitive emissions from coal mining are 27 million tonnes of carbon dioxide equivalent in 2009-10.

Fugitive emissions arising from both domestically consumed and exported coal are covered by the carbon pricing mechanism from 1 July 2012 onwards. This provides an incentive for coal suppliers to reduce their emissions in order to meet our emissions reduction targets.

The majority of emissions from coal arise when it is combusted to produce energy. In accordance with international greenhouse gas accounting rules, emissions from the combustion of exported coal are accounted for by the countries in which the emissions occur.

Australia's top six bilateral trading partners – China, Japan, the United States, the Republic of Korea, the United Kingdom and India – have introduced, or are planning, emissions trading schemes, carbon taxes or coal taxes. There are also legislated or planned renewable energy targets in over 85 countries, more than half of which are in developing countries.

The Department notes that the State Party Report to the World Heritage Committee is consistent with international greenhouse gas accounting rules, which require that emissions are accounted for in the country in which they occur. The Department has therefore not contacted the World Heritage Committee in this regard.

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Climate Change and Energy Efficiency Portfolio

Outcome:	1	**Question No:**	89
Program:	1.4		
Division:	ID		
Topic:	OECD report		
Hansard Page EC:	EC82		

Senator BILYK: Does the report say anything about the effect of carbon pricing on international competitiveness?

Ms Wilkinson: I do not recall the report directly talking about the effect on competitiveness, but what the report is doing is just looking at the relative cost impacts on energy prices of a range of different taxes across these countries. So indirectly, it does look at the impact on the cost base for businesses that are operating in these different countries.

Senator BILYK: So if it does look at it, does it have any information in there about it?

Ms Wilkinson: I will have to take that on notice. I do not recall there being specific information in the report, but I must admit that it is a very big report and I have perhaps not gone through all of the details. I am happy to take that on notice.

Senator BILYK: That would be good. This might be another one that you need to take on notice: does it say anything about investments in clean energy technologies in different countries?

Ms Wilkinson: I think I will take that one on notice as well.

Answer:

The Organisation for Economic Co-operation and Development (OECD) report *Taxing Energy Use: A Graphical Analysis* (January 2013) compares national taxes on energy use across the 34 OECD countries. The report does not address investments in clean energy technologies.

The report describes energy and carbon taxes in different countries – but makes no conclusions about the effects of such taxes on competitiveness. The report notes that variations in tax rates between sectors can be explained by policy concerns such as competitiveness:

"…countries that impose lower effective tax rates on industrial use may be seeking to address competiveness concerns, particularly in relation to energy-intensive heavy industries that are subject to strong international competition, such as iron and steel, petrochemicals and mineral smelting". (p. 44)

The OECD notes that providing relief from environmentally related taxes such as taxes on fuel ‘blunts the price signal that could otherwise be sent to such sectors’, resulting in a loss of an opportunity to help shift production and consumer decisions toward a lower carbon path. (p. 45)
Australia’s carbon pricing mechanism has been designed to ensure the price signal is preserved for both industry and households, despite the assistance provided to these sectors.

While the assistance provided to these sectors lowers their effective exposure to the carbon price, it is not linked to energy or emissions costs faced by these sectors, and the incentives to change behaviour are maintained.

Australia’s average effective carbon price per tonne of carbon dioxide equivalent emitted in 2012-13 as part of emissions-intensive trade-exposed activities, such as those in the steel, petrochemical or mineral smelting sectors, ranges from between A$1.30 (~€1.00) to A$7.82 (~€6.20).