

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 1

**Program:** 4.3

**Division:** International

**Topic:** Climate Change Conference

**Hansard Page EC:** Page 7

**Senator BIRMINGHAM:** Thank you. Regarding Mr Combet's travel to the Towards a Global Carbon Market conference, did the department develop his official program or visits to Paris, Brussels and Berlin?

**Dr Kennedy:** The department contributed to the minister's program. It also worked, of course, with DFAT and relevant posts in Europe to develop an appropriate program. But, yes, it made that contribution to his program.

**Senator BIRMINGHAM:** How many days was this trip?

**Dr Kennedy:** I can tell you when the minister left the country and returned to the country. He left the country on Friday, 5 April and returned on Sunday, 14 April. So he would have arrived in Europe on the Saturday and left on Friday evening.

**Senator BIRMINGHAM:** In addition to the minister's official program, did the department assist in the preparation of Ms Phillips's official program?

**Dr Kennedy:** The department would have worked with the relevant DFAT posts to contribute to a program for Ms Phillips.

**Senator BIRMINGHAM:** Are you able to tell us what the official engagements that the department contributed to for Ms Phillips were please?

**Dr Kennedy:** I can note a couple. I note from memory that Ms Phillips was invited by the German minister for climate change to attend the climate change conference that the minister was speaking at and a reception that evening. I cannot provide any more details about the rest of the program. That, as I said, was worked up in consultation with DFAT. I can consult with my colleagues in DFAT and take on notice other aspects of the program for you. But I can note those climate change dimensions.

**Answer:**

On 4 March 2013 German Federal Minister for Environment, Nature Conservation, and Nuclear Safety, Peter Altmaier, invited Minister Combet to deliver a keynote address and participate in a high-level discussion at a conference 'Towards a Global Carbon Market: Prospects for Emissions Trading', to be held in Berlin on 11-12 April 2013. Mr Altmaier extended an invitation to Minister Combet's partner, Ms Juanita Phillips, to accompany Mr Combet to the conference.

The Department, with the support of the Australian Embassy, Berlin, assisted with the following official engagements for Ms Phillips: attendance at the 'Towards a Global Carbon Market: Prospects for Emissions Trading' conference, attendance at an official reception

hosted by Minister Altmaier on the evening of 11 April; and a visit to Deutsche Welle, the German government international broadcasting agency on 11 April.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 2

**Program:** n/a

**Division:** Carbon Pricing and Markets

**Topic:** Australian and European Union emissions trading schemes

**Hansard Page EC:** Page 7

**Senator BIRMINGHAM:** Did you seek to be informed by the Europeans about prospective changes to their scheme to inform your advice and information that this department was providing to Treasury as part of this forecasting?

**Dr Kennedy:** I probably have to be a little careful here. We are in the early stages of having discussions with Europe about both the current, if you like, one-way link and then the subsequent two-way link, which will be backed by a treaty. It would not be appropriate for me to go into those international discussions. To be frank, the interplay of the potential policy measures and what they might mean for prices is a discussion that is being had in the public domain and is as much informed by market watchers and market experts into how the different mechanisms that are also in the public, which Miss Wilkinson spoke about, would impact price. With Treasury forecasting and then developing their projection methodology, really it is about the known proposals to changes in the European schemes and what impact they likely to have on price. I do not think that there is much more to it than that.

**Ms Wilkinson:** The European debate about these structural measures has been a very open debate. It was back in November of last year that they released this discussion paper, which really elaborated on each of the options which could be considered if they wanted to withdraw some of their allowances from the market. I think Dr Kennedy is absolutely right: we would rely as much on other analysts in Europe and the information that they are pulling together about likely outcomes as we would from direct discussions with the commission.

**Senator BIRMINGHAM:** So at no point do you sit down with the European policymakers and say, 'Hey, look, your policy decisions here are going to impact on pricing in Australia, which has a direct impact on our budget in Australia. Can you give us a heads-up beyond what is in the public domain of where your thinking is at, what the likelihood of things are and so forth'?

**Dr Kennedy:** As I said, we do have good discussions with the European Commission around developments in their scheme, as they do with us around developments in our scheme. We seek to understand how changes might affect the price. But, to refer back to Ms Wilkinson's earlier answer, the commission, as far as I am aware, does not publish its own forecasts of price. It simply works to ensure its mechanism continues to be appropriately implemented, and through these reforms is looking at the possibility of increasing ambition in the light of the fall in emissions. We do not, if you like, have competing price forecasts which we confront. In fact, they explicitly do not go down that route. That is something that is left to the markets.

**Senator BIRMINGHAM:** So they do not budget their forward revenue at all?

**Dr Kennedy:** It is a somewhat more complicated arrangement in Europe because they will in the future and maybe now—but I will ask my colleagues to clarify that in a moment—distribute revenue from carbon price auctions back to member states. So certainly member states would have an interest in what the likely carbon price might be in the future for what it means for their revenue implications. But it would be no different from the arrangements that we have here. They would know the allocation based back to them on units, and in terms of the prices they would be looking in the very short instance in markets and using their own budget-based estimates for the longer term estimates.

**Mr White:** In phase 3 of the European emissions trading scheme there is a progressive move to auctioning a far greater proportion of emissions units than has been the case in the past—that is, through the first two phases where the majority of those units were grandfathered under national allocation plans. There is public information that there has been a series of auctions in the European emissions trading scheme this year. Most of the parties are on a common auction platform and three parties are operating an independent auction platform. The revenue from the emissions trading scheme goes back to the member states. There are certain conditions on how the revenue can be used. I think more than 50 per cent of it needs to be used on climate change measures, but presumably the member state treasuries would make some assessment of what that revenue amount might be and where it will be allocated.

**Senator BIRMINGHAM:** So the European Union itself may not be forecasting what the overall revenue from its scheme is. But the Germans, the Spanish or others would presumably, in their budgetary context, see that they have an allocation of x number of permits in 2015–16 and would make their own estimates as to what the price is likely to be there?

**Dr Kennedy:** I presume so, but I should say at this point that it is not something I have discussed with the member states. So there is a bit of presumption going on here about how it would be built into their budget estimates. We could seek further information in this area if you are interested in how the member states are preparing their estimates in the light of carbon price forecasts and those future options. Beyond these sorts of framing comments I have made, I cannot offer you any more detail on that. But certainly we could seek it for you, if you are interested.

**Senator BIRMINGHAM:** Perhaps if you are able to for the big countries—Germany, Spain, France and Italy—and how they account for it, and also to check as to whether any of that has been taken into consideration in our own assessments of forward prices. It would seem surprising, if European member states are making assessments of forward prices for their budgetary purposes, that we would not at least be considering those, given the impact they have on our forward estimates of prices. If you can take that on notice, that would be great.....

**Answer:**

This response has been prepared in consultation with the Department of the Treasury.

The European Commission does not make its own estimates of carbon prices in the European Union Emissions Trading System (EU ETS). EU Member States individually determine the treatment and reporting of revenue generated from the auction of EU ETS allowances (EUAs) in accordance with their respective budgetary requirements.

The transparency of budget reporting varies across Member States. This is a key constraint that prevents the sourcing of publicly available information on Member States' EU ETS auction revenue methodologies. However, the Australian Government has been advised in

confidence by three Member States of their respective approaches, which indicates that each country takes a different approach in accordance with their existing budgetary procedures and protocols.

While there is no common approach, the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education understands that approaches range from the use of market spot and futures prices, through to estimates based on Government assessments of the likely outlook for carbon prices in the EU ETS.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 3

**Program:** 4.1

**Division:** Carbon Pricing and Markets

**Topic:** European Price Loading

**Hansard Page EC:** Pages 12-13

**Senator BIRMINGHAM:** .....Coming back to the policy changes that would need to be made to sustain a higher European price, given the deferral or failure of the European Parliament to successfully implement those changes to date, what chance does the department think that there is of those measures being approved, firstly. Secondly will there be any back loading of those measure.?

**Ms Wilkinson:** The first thing to note is that when you look at the analysts projections of carbon prices out to 2020 in the European scheme, even without back-loading and without any cancellation of units, it is still the case that the European carbon price is projected to pick back up again. For example, Bloomberg's forecast for carbon prices in Europe at 2019–20, without back loading and without cancellation, are still sitting at A\$45. That is because there is an expectation that in the normal course of events, as European economies improve and there is therefore an economic recovery and a recovery in emissions growth, you would expect there to be increasing demand for allowances. That is also wrapped up in the fact that by the time you get towards the end of the decade there will be much more clarity about what the post-2020 arrangements will be. In order for Europe to be on track to meet their 2050 targets, it is going to require further significant reductions in emissions. While the debate over the structural measures is a really important debate, I think it is worthwhile keeping in mind that the sorts of carbon prices that analysts have in mind at 2020, even without these structural measures, are significantly above the current spot prices in the European emissions trading scheme.

**Senator BIRMINGHAM:** That is all driven based on presumptions and hopes of economic recovery. If Europe is currently 17 per cent below 1990 emissions levels and their commitment to 2020 is to be 20 per cent below, if they do not have a big economic recovery then they will meet that in a canter and the price will stay low.

**Dr Kennedy:** It will not just depend on 2020. It will also depend on what future targets are for Europe beyond 2020, because these schemes allow units to be banked, if you like, to meet future liabilities. So the market is forming an expectation of not only that target of 2020 but the trajectory beyond. Secondly, on the analysts' expectations, they are the analysts' expectations for the markets. This is not to quibble with your earlier language, but it is not on a hope of recovery and that things turn out okay. It is based on their best expectations of what is likely to unfold, so they can advise their clients appropriately of how they should be preparing for future carbon prices. So I would call it at the very least a sober assessment of what future carbon prices might be.

**Senator BIRMINGHAM:** Okay. Can I go back to my previous question and single out issues of back-loading. How live is the option of back-loading of measures in terms of the debate occurring in Europe, and what is the impact should that back-loading not occur?

**Ms Wilkinson:** The proposal to backload 900 million allowances remains the proposal which is on the table. It has gone back, as I said, to the environment committee, and they need to come back to the European Parliament again to vote on that or to take further instructions before the European Council would decide what action it wanted to take. But the European Council has expressed support for backloading and the environment committee of the parliament continues to express support for backloading, so that is a matter which remains a live option.

**Senator BIRMINGHAM:** But when it was put to the European Parliament it was sent back to the environment committee.

**Ms Wilkinson:** That is correct.

**Senator BIRMINGHAM:** So at that time there clearly was not support to pass it.

**Ms Wilkinson:** It was not supported in the European Parliament but it was still, at that point, supported in the council. Any legislative changes have to get the support of both the parliament and the council. The European Parliament could have actually rejected the backloading proposal entirely when it was brought forward on 16 April, and they did not do that. They sent it back to the committee and they asked the committee to continue to consider ways in which this proposal could be modified, but it could still give effect to backloading.

**Senator BIRMINGHAM:** Do Australia's price estimates make any assessments or judgments on whether this backloading is or is not likely to occur?

**Dr Kennedy:** As I said earlier, carbon price forecasts are a matter for Treasury and should be rightly addressed to them. As I said, they rely on the market for the first two years for market forecasts and thereafter use a projection methodology. Beyond that, really, further questions about the specifics of the carbon price forecasts should rightly go to Treasury; they prepare them.

**Senator BIRMINGHAM:** Is there any assessment of what would happen were the backloading not to occur?

**Dr Kennedy:** Treasury prepares those price forecasts with the full knowledge of the range of outcomes. Ms Wilkinson has outlined analysts' expectations with and without backloading. I do not think there is much more that we could add to that.

**Senator BIRMINGHAM:** Sorry, I missed the last part of what you said.

**Dr Kennedy:** Ms Wilkinson, for example, gave you Bloomberg's estimates with backloading and without backloading. All of that information is publicly available. It all would have formed part of the considerations in preparing any forecasts.

**Senator BIRMINGHAM:** In terms of this department's understanding of how Treasury has done the assessments, to 2020 it is still the \$38 per tonne figure that is and was based entirely on the previous modelling—clean energy or whatever it is called.

**Dr Kennedy:** Its approach is outlined in the budget papers, yes, and I believe that it refers to the \$38 in 2020.

**Senator BIRMINGHAM:** Working backwards, what is the earliest year for which estimates have been set, in terms of pricing as against revenue?

**Dr Kennedy:** I will just go to what is in the budget papers and again ask that further questions go to Treasury. Treasury have set a projection methodology after the first two years, so that is from the third year of the forward estimates onwards. They have used a methodology that moves from the prices in the forward market, as I understand it, to the price that you just outlined—the \$38 in 2020.

**Senator BIRMINGHAM:** So they are using the 2013-14 forward market as a base to then get to a price of \$12.10 in 2015-16, and they get to that purely by drawing a straight line from five bucks in the forward market to the \$38 that had been assessed a couple of years ago.

**Dr Kennedy:** Their projection methodology is, as I understand it, a straight line methodology. To be frank, when one is making projection assumptions, one will use trends, some sort of average or some sort of anchor point. But, again, that is a question that you should really ask Treasury. They developed that methodology and I would not like to be answering questions on the pros and cons of it; it should go to them.

**Senator BIRMINGHAM:** Sure. I will desist on that. In terms of the revenue impact of the decision, though, what is the revenue write-down for carbon pricing revenue that has been experienced?

**Dr Kennedy:** Again, I fear that I am about to disappoint you. The revenue estimates are, again, Treasury's responsibilities. We can certainly tell you what they are as published in the budget, but questions around the details of the revenue estimates should rightly go to Treasury. Ms Wilkinson, do you want to note the numbers published in the budget?

**Ms Wilkinson:** Yes. I can note the numbers that were published at the time of the budget, which is that the revised permit price reduces carbon price revenue relative to those numbers published at MYEFO by around \$6 billion over the four years to 2015-16. I would also note that, given that a large part of the expenditure funded by the carbon price revenue is provided in three permits, the cost to the budget of industry assistance programs fell commensurately. Those together fell by about \$3.9 billion as a result of the change in the carbon price assumptions.

**Senator BIRMINGHAM:** Are you able to give me the year-by-year reduction in revenue?

**Dr Kennedy:** Is it published in the budget?

**Ms Wilkinson:** Those are published in the budget. If we can come back to that, we can give them to you.

**Dr Kennedy:** We will find the relevant table for you.

**Senator BIRMINGHAM:** Thanks,

**Answer:**

The table below provides the year-by-year breakdown of the change in forecast revenue from the carbon pricing mechanism from the 2012-13 MYEFO to the 2013-14 Budget.

Revenue	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<i>Mid-Year Economic and Fiscal Outlook 2012-13</i> <sup>(a)</sup>	7,690	8,685	9,275	9,400
2013-14 Budget <sup>(b)</sup>	7,540	8,340	9,270	4,090
Difference	-150	-345	-5	-5,480

**Sources:**

(a) Page 305.

(b) Budget Paper No. 1: *Budget Strategy and Outlook 2013-14*, page 5-26.



**Senate Standing Committee on the Environment and Communications  
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**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 4

**Program:** 4.3

**Division:** International Climate Change Division

**Topic:** Productivity Commission findings in its May 2011 report “Carbon Emission Policies in Key Economies”

**Hansard Page EC:** Pages 23-25

Mr Hunt quotes the Productivity Commission in his speech. He says: ... *my view is that the Productivity Commission will still be right about there being no comparable system and impost to that in Australia.* I think that is being a bit cavalier with the Productivity Commission report. What did the Productivity Commission report say on that issue?

**Senator #:** Senator Cameron

**Answer:**

The 2011 Productivity Commission (PC) report “Carbon Emission Policies in Key Economies” states that “no country currently imposes an economy-wide tax on greenhouse gas emissions or has in place an economy-wide ETS (Emissions Trading Scheme).

The Productivity Commission report can be accessed at:

<http://www.pc.gov.au/carbon/approach>

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
IICCSRTE Portfolio**

**Outcome:** 4

**Question:** 7

**Program:** 4.1

**Division:** AusIndustry

**Topic:** Bowls Australia Grant

**Hansard Page EC:** Page 41

**Senator BIRMINGHAM:** In relation to these grants, let us take the largest first, being to Bowls Australia for \$225,000. What are Bowls Australia specifically doing to explain the carbon price to the bowling public?

**Ms Launder:** The intention of this partnership is to work in collaboration with an organisation that has, I guess, a broad footprint across Australian society. There are a number of bowlers right across the country. So it is about being able to work with an organisation like that that is able to spread the message, to educate about things that flow from the initiatives that have been implemented by the previous department. Colleagues from the former climate change department have been working specifically with them and educating ambassadors that are identified within Bowls Australia to spread that message. Part of the initiative is to have particular days actually launched with the national competition earlier this year and particular days where you also have young people who are coming in and participating in a bowls event or competition. So you have a cross-generational mix talking to each other about the impacts of climate change. There is also capacity in that you have a lot of buildings, obviously, right across the country that might benefit from taking on some efficiency measures in the way that they actually run their clubs or fit out their clubs. So I guess it is a multifaceted approach.

**Senator BIRMINGHAM:** So in terms of specific deliverables that Bowls Australia is expected to undertake as a result of getting this grant, they are appointing some ambassadors. There will be some public awareness type days. Are they expected to distribute information to all of their member clubs or all of the individual members? In a specific sense, are there any deliverables for them beyond educating and appointing some ambassadors to talk about climate change to the lawn bowls community?

**Ms Butler:** The program does have a range of interconnected activities. It does include national information seminars. We will also include some online engagement and some media activity. So that is the nature of that particular engagement strategy.

**Ms Launder:** So I understand that there would be some brochures that would be distributed or would be available at some of those seminars.

**Senator BIRMINGHAM:** What media activity is envisaged?

**Ms Launder:** I might end up clarifying this by taking this on notice. My understanding is that they would be engaging with local media, perhaps to tell them that there is going to be a particular event being held at a bowling club on that particular day. It certainly mostly would be individual clubs engaging with their local media

**Answer:**

The Partnership agreement with Bowls Australia obligates Bowls Australia to pursue media stories across multiple media channels in national, regional and local media. Bowls Australia is also obligated to place Clean Energy Future program-related 'advertorials' in Bowls State magazines.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, 27 May 2013**

**Answers to Questions on Notice**

**Climate Change  
HCCSRTE Portfolio**

**Outcome:** 4

**Question:** 8

**Program:** 4.1

**Division:** AusIndustry

**Topic:** Carbon Tax

**Hansard Page EC:** Page 42

**Senator BIRMINGHAM:** On what basis was the department aware that there was a lack of understanding within the bowls community of how the carbon tax would operate?

**Ms Jensen:** That was on the basis of qualitative and other market research which would identify certain demographic groups. Clearly, for Bowls Australia, many of the people involved are of a certain demographic group where the research had shown that there was a lack of understanding of the policy.

**Senator BIRMINGHAM:** Was the Sustainable Living Foundation also a direct approach?

**Ms Jensen:** On my own recollection, I am not sure. I would need to go and check that, Senator. But we can do that and get back to you. I believe it was, but I just want to check that because I want to make sure I am giving you the right information.

**Senator BIRMINGHAM:** Or NITV or the Davidson Institute?

**Ms Jensen:** Again, I think it is best if I check that and get back to you. We can try to get that during the afternoon.

**Senator BIRMINGHAM:** That would be great if you could, please. Noting that \$795,000 of the \$2 million has been allocated and/or expended thus far, are there any entities that were approached by the department to be participants in this public information campaign who declined to do so?

**Ms Jensen:** I would simply note that in some cases potential applicants approached the department with an idea or concept and were provided with a criteria to respond to. In other cases, the department approached the organisations directly, again, where there was an alignment with our knowledge of those organisations, audiences or capabilities and those audiences that our research had revealed had a particular lack of awareness of the clean energy future package. So it was a combination.

**Senator BIRMINGHAM:** I missed the start of your answer, Ms Jensen. There were other organisations approached?

**Ms Jensen:** In some cases, potential applicants did approach the department with an idea or concept.

**Senator BIRMINGHAM:** In some cases, potential applicants did approach the department. Did the department approach any potential applicants who said, 'Thanks, but no thanks'?

**Ms Jensen:** Yes. There were some organisations who did approach us with an idea or concept. In other cases, we approached the organisation, such as in the case of Bowls Australia, where we knew that they had capabilities that would help to target particular audiences. So it was a combination.

**Senator BIRMINGHAM:** And how many organisations did the department approach?

**Ms Jensen:** I think there would have been at least one we approached which we did not go forward with. Again, I just need to check if that is your particular question. You want to know how many were approached who did not in the end go forward?

**Senator BIRMINGHAM:** Correct, yes.

**Ms Jensen:** We can find that out for you, yes.

**Answer:**

The Sustainable Living Foundation approached the Department. The National Indigenous Television (NITV) and Westpac/the Davidson Institute were approached by the Department. No organisations approached by the Department declined the approach.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
HCCSRTE Portfolio**

**Outcome:** 4

**Question:** 9

**Program:** 4.1

**Division:** AusIndustry

**Topic:** Market Research

**Hansard Page EC:** Pages 43-53

**Senator BIRMINGHAM:** I want to go to the research that helped the department decide to target the likes of Bowls Australia for funding because it provides a linkage to a demographic who apparently need more information from the government. How much has the department spent in total on such market research?

**Ms Butler:** I think we will have to get that information for you, Senator, and come back, because AusIndustry can really only speak to the parts that were transferred to it, which was the public information campaign. So we will once again endeavour to do that during this sitting period and come back to you.

**Senator BIRMINGHAM:** If you could, that would be great. I note that Ms Kelly and Ms Jensen are frantically flicking through papers.

**Ms Jensen:** It depends on the time period, really, which is why it would be good to come back to you. Obviously, the department over time has done different sets of research that inform its general approach to its communication. Is there a particular time period that you had in mind, Senator, that you would like that to relate to? The most recent?

**Senator BIRMINGHAM:** I would quite like totals and, in that sense, really the previous three years is probably valid. But, if you have information to hand over a shorter period of time, that will at least help us to get on our way.

**Ms Jensen:** In the most recent period, the department has undertaken qualitative market research. The total contract value for that research, which is JWS Research, is \$196,700. We would need to take on notice to get you the full three-year period total, Senator.

**Senator BIRMINGHAM:** What is the \$200,000 that is sitting in JWS Research?

**Ms Jensen:** That is the total contract. We just need to double-check that that was all expensed. I am pretty sure it was close to.

**Senator BIRMINGHAM:** Do Hall & Partners continue to do market research work for you as well?

**Ms Jensen:** No. They do not. Not in the most recent period.

**Senator BIRMINGHAM:** If you could come back with totals, that would be great.....

**Senator BIRMINGHAM:** I am a man always of hope. Very quickly, Ms Jensen, I turn to the market research that you were referring earlier. You were going to go and look for how much had been expended. Are you also able to table for the committee a copy of the latest JWS Research report please?

**Ms Jensen:** I believe that I would need to look into whether there are any market intellectual property issues relating to that. I will look into it and take it on notice, Senator.

**Senator BIRMINGHAM:** If you could, Ms Jensen. Given you referred to it earlier, it would be wonderful to have that information for committee members to be able to ask questions.

**Ms Jensen:** We will get that earlier information relating to the expenditure. If we can today, we will certainly endeavour to do that, Senator.

**Answer:**

Market research expenditure (GST exclusive) for the period 2010 to 2013 is as follows:

- a. 2010-11: \$0.66 million
- b. 2011-12: \$0.7 million
- c. 2012-13: \$0.19 million

The Department is not able to release the JWS Research report due to commercial rights reserved by the company.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 10

**Program:** National Climate Change Adaptation Program

**Division:** Adaptation and Science

**Topic:** Adaptation to climate change

**Hansard Page EC:** Page 45

**Senator MILNE:** How many people in the federal bureaucracy now work on adaptation to climate change?

**Ms Jensen:** Well, I can say in our department there are around 28 full-time-equivalent people in the department. Obviously, in terms of the whole of the Commonwealth, we do not have information on the other portfolios.

**Senator MILNE:** I would be interested to see if you can get me an estimate of the number of people who are working full time equivalent on adaptation to climate change since it is one of the major areas of focus in the century, I would have thought, not just until June. Thank you, Chair.

**Ms Jensen:** We will take that on notice.

**Answer:**

Commonwealth agencies estimate that as at 21 June 2013 there were approximately 42 full-time equivalent staff currently working on adaptation to climate change.



**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 11

**Program:** Outcome 4

**Division:** Adaptation and Science

**Topic:** Professor Flannery

**Hansard Page EC:** Page 53

**Senator IAN MACDONALD:** Can you take on notice, then, what Professor Flannery has been paid in the last financial year, what work he has actually done, how many of his predictions have turned out to be accurate, and how many have been outrageously over the top? These are the sort of questions I would have asked him if he had abided by what I understood was the committee's very firm instruction that he was to be here. But, in his absence, could those questions be taken on notice?

**Ms Kelly:** We will take them on notice, Senator.

**Answer:**

Professor Tim Flannery's fees as Chief Climate Commissioner for the 2012-13 financial year totalled \$178,715 (exclusive of GST).

The Climate Commission was dissolved by the Australian Government on 19 September 2013. Prior to that date, Professor Flannery led the Climate Commission in providing information and expert advice on: the science of climate change and the impacts on Australia; progress of international action dealing with climate change; and the purpose and operation of a carbon price and how it may interact with the Australian economy and communities. The Climate Commission, led by the Chief Commissioner, released publications and engaged with individuals and organisations through community forums, meetings, presentations, its website, correspondence and the media.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 14

**Program:** 4.3

**Division:** International Climate Change

**Topic:** Kalimantan Forests and Climate Partnership

**Hansard Page EC:** Pages 74-75

**Senator RHIANNON:** I have some questions about the Kalimantan Forests and Climate Partnership, which is in the budget for this financial year. I could not find it in the budget papers—how much has been allocated for the KFCP?

**Dr Lee:** I have a figure on how much has been allocated. The Australian government has committed \$47 million to the KFCP as part of the \$100 million broader IAFCP, the Indonesia-Australia Forest Carbon Partnership. Again, I should say that the administration of that program is also managed by AusAID and questions related to that should be directed to AusAID.

**Senator RHIANNON:** Would you explain what your involvement is with these projects. What level of engagement do you have?

**Dr Lee:** We are more involved in the policy settings in the negotiation of REDD+ programs more generally in the UNFCCC negotiations—the broader policy around what international principles should govern REDD+ programs or programs in the forestry sector. But the actual implementation of these programs, which may be guided by a broader REDD+ principles, is done by AusAID.

**Senator RHIANNON:** Considering that you have identified that you are looking at it in terms of the policy settings, and there has been some controversy with these projects, do you look at the challenging situation that these projects have found themselves in to help inform what the policy settings should be?

**Dr Lee:** In the discussions on REDD+ more broadly in the UNFCCC negotiations, it would have its own specific agenda to be looking at what issues are appropriate for those international discussions around the REDD+ agenda. I am not aware that specific lessons coming from the IAFCP or the KFCP are part of those broader agenda discussions on REDD+ in the UNFCCC.

**Senator RHIANNON:** I would like to explore that further. The KFCP was originally aimed to protect 70,000 hectares of peat forests, re-flood 200,000 hectares of dried peat land and plant 100 million trees in central Kalimantan, but the reports coming out suggest that this goal was not achieved; in fact, much less was achieved. If your work is around policy settings and the policy settings in place are not being achieved, at what point do you make a reassessment? I have given that as an example: it seems as though we are running into problems; do you look at practical things to reassess your policy settings?

**Dr Lee:** I should say that I think there is an appreciation broadly that programs in the forestry sector are complex and that there are a range of complex examples that would be considered in the REDD+ negotiations internationally.

In the negotiations internationally at the moment, a large part of the discussion between countries which have forestry and countries which have large forest areas with emissions is around MRV—monitoring, reporting and verification—and the types of methodologies that might be used in that area. There is certainly a lot of experience between those countries that have forestry sectors that needs to be taken into account. The critical issue, as I understand it at the moment, is getting within the UNFCCC negotiations about common understanding around what are some of the principles that will guide REDD+ projects and getting those common understandings between developing countries with large forestry sectors and other countries.

**Senator RHIANNON:** Have you received any complaints and, if so, how do you respond to complaints about projects—again in terms of your interactions with REDD?

**Dr Lee:** We have not received any complaints about REDD more generally, but if you are referring to KFCP then that would be directed to AusAID.

**Senator RHIANNON:** If AusAID is doing the work, what is your interaction with AusAID? Policy is about driving better outcomes. If you are not getting good outcomes, does a point come where you make a reassessment? I have heard your answer that AusAID does this work but if the project runs into problems is there any point of interacting, of coming back? Can you give us an example where you have reassessed and changed the policy in light of what has been learnt in the field?

**Dr Lee:** It would perhaps be most useful if I could explain in more detail what the UNFCCC agenda is on REDD+ and some of the issues they have dealt with. A large number of issues have been achieved there, and the types of things which countries are having to address under REDD+ more generally include: discussing the technical details of MRV and safeguard systems for an international REDD+ mechanism—REDD+ developing countries are those with forest areas; developing national plans on how to implement REDD+; learning lessons from early REDD+ initiatives so there would be scope for learning from lessons that have occurred previously and projects that have occurred previously; and paying for the results of REDD+. This is looking at mechanisms where you can potentially reward performance, which is a step towards trying to develop a REDD+ market mechanism. Those are some of the issues that are being dealt with in the REDD+ negotiations, and they would be drawing on lessons from the field as well from those countries that have forestry sectors that would be applicable.

**Senator RHIANNON:** Your first point was about safeguards. As we have learnt, these projects, KFCP being one of them, ran into problems. Have you then assessed that the safeguards that were in place were not working, and were new safeguards adopted in light of the problems?

**Dr Lee:** KFCP is a matter for AusAID. I am not aware of any assessment that AusAID may have done and how it might intend to report that if it had done any assessment up to the broader REDD+ discussions.

**Senator RHIANNON:** Your third point was learning lessons from REDD+ plans. Could you give some examples of what lessons have been learnt?

**Dr Lee:** I cannot give specific examples from the negotiations themselves. I would have to take that on notice and speak to some of our negotiators who would be particularly involved in any specific examples that might have come forward. Speaking more generally and not in relation to any particular projects, I think one of the issues that occasionally comes up, given the importance of the MRV sector, which we have been highlighting in the negotiations, has been around the difficulty of MRV—monitoring, reporting and verification—in rural areas and in forest areas. Clearly, with REDD+ as well, in forestry projects there are all those issues with local communities. Also, from being aware of the broader discussions, there have

been some issues around the cost of particular projects as well. So those would be some of the lessons but, again, that is speaking broadly and not in relation to any particular project.

**Answer:**

The KFCP is a demonstration activity administered and funded by AusAID. According to information provided by AusAID, it has produced useful lessons on testing approaches to REDD+. Australia and Indonesia have gained valuable early experience on how REDD+ operates in practice, and local institutions and communities in the KFCP area are now better equipped to participate in and benefit from REDD+.

The KFCP has:

- provided additional income sources for 1,600 households through payments for the raising and planting of seedlings
- provided livelihood support for local communities by helping farmers improve forestry and farming methods, which will assist in greater income generation into the future
- made important progress on peat science and peat rehabilitation methodologies:
  - o a system for monthly peat, water table and vegetation monitoring – a critical foundation for peat science, emissions estimation and peatland rehabilitation – has been operating for three years.
- supported the establishment of a forest management unit in the KFCP area – a key government institution for sustainable management of REDD+ at the local level.

More broadly than the KFCP, to date most international REDD+ funds have focused primarily on “Phase 1” of REDD+, namely building capacity in forest countries to develop the technical and policy infrastructure needed for effective implementation of REDD+ at the national level. However, more recently, countries have consistently expressed a need for more REDD+ pilot projects that offer testing, learning, and help to create buy-in from communities, local and central governments. Pilot projects can provide lessons learned on:

- How to tackle drivers of deforestation and forest degradation.
- Knowledge of transaction costs
- Building confidence in, and informing, the sustainability of programs
- How to engage the private sector
- Identifying key capacity gaps
- Providing a reality check on what is feasible

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 15

**Program:** 4.3

**Division:** International Climate Change

**Topic:** ODA

**Hansard Page EC:** Page 75

**Senator RHIANNON:** Could you take on notice to provide the committee with an itemised breakdown of what is ODA-eligible climate financing, and any climate-financing programs which are outside of ODA spending. Thank you.

**Answer:**

- In August 2012, Australia provided an itemised breakdown of its climate finance in Australia's Fast-Start Finance update report. This report is available at: <http://www.climatechange.gov.au/sites/climatechange/files/files/Attachment%2BB%2BAustralia's%2Bfast-start%2Bfinance%2Bupdate%2BAug2012.pdf>.
- A full accounting of Australia's fast-start spending will be prepared following the 2012-13 financial year.
- Australia's international climate finance from 2010-11 to 2012-13 is ODA spending.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 16

**Program:** 4.3

**Division:** International Climate Change

**Topic:** International Emissions Reductions

**Hansard Page EC:** 81

**CHAIR:** I suppose this raises the argument that really we should do nothing here, because it is meaningless in the global emissions reduction scheme of things, because China is so big and so emissions-intensive at the moment. What is the argument on that? What should we be doing?

**Senator IAN MACDONALD:** Is that your argument?

**CHAIR:** No, that is an argument from governments all over the world. It is an argument that we hear a lot from the climate change deniers here.

**Senator IAN MACDONALD:** Okay; carry on, have fun.

**Dr Kennedy:** That is a conversation that has been had with this committee in the past, and it has been noted that there are a number of countries that have a similar level of emissions to Australia, such as the UK. Again, clearly, if countries like the UK and ourselves chose not to be part of that broad global solution, then quickly a global solution becomes very difficult to develop. So, in solving this global coordination problem, it is clearly the case that all countries need to be involved. And, as Mr Cowan was identifying earlier, that is the direction in which the international climate change agreement process is moving. Of course, countries like China and the US, and possibly India in the future, do tend to dominate, if you like, when one writes down the table of emissions. But, as I said, that does not take away from the fact that solving global coordination problems requires all countries to make their fair contribution to such a solution.

**CHAIR:** So, a global solution for a global problem.

**Dr Kennedy:** That is correct.

**Mr Cowan:** Senator, I have those numbers now. China's CO<sub>2</sub> emissions per unit of GDP decreased 5.02 per cent in 2012. The target it had set itself within its five-year plan was 3½ per cent, so it overachieved against that target, and its emissions in 2010 were in the order of 11.2 gigatonnes.

**Senator IAN MACDONALD:** So you are saying that in 2012 their emissions reduced by five per cent of 11.2 gigatonnes.

**Mr Cowan:** Also, their pledge is in terms of emissions intensity per unit of GDP. So, they have not at this point set themselves an absolute tonnage reduction. What they have said is that they will have GDP that is much less carbon intensive. So, their 2020 pledge, if you like—

**Senator IAN MACDONALD:** So you do not have a figure.

**Mr Cowan:** I do not have a tonnage figure for you, no, but just in terms of the decrease in carbon intensity, in 2012—that one year—it was five per cent.

**Senator IAN MACDONALD:** One day, when we have more time, you can explain to me what 'carbon intensity' means as opposed to raw tonnes of emission, but I do not think tonight is the night.

**CHAIR:** Maybe you could take it on notice and provide the committee with a little briefing paper on exactly what is happening in China: what China's achievements are in terms of emissions reduction. I think there is a lot of information and lack of information that drives the debate in this place and more widely. So let's see what China is doing. Is that possible as a question on notice?

**Dr Kennedy:** Absolutely.

**Senator BIRMINGHAM:** To make it a bipartisan question, perhaps I could just ask, rather than indications that a sub-regional or sub-jurisdictional trading scheme is being trialled, that any answer include some details of the price, scope and nature of any such schemes.

**Dr Kennedy:** We would be happy to do that, and maybe elaborate on some of the remarks Mr White was making earlier. We can detail the developments, if you like, of the current schemes, the questions Senator Macdonald was asking about overall tonnes and emissions intensity targets.

**Senator IAN MACDONALD:** I was just after raw figures. If someone can give me them, well and good. If not, I think we are over time on this.

**CHAIR:** We are going okay. Nobody is too worried about going over time on such an important issue.

**Senator IAN MACDONALD:** If you want it, that is fine. I just wanted the raw figures.

#### **Answer:**

##### *Emissions Intensity Targets Versus Absolute Reduction Targets*

Australia and most developed countries have established 2020 emission reduction targets based on a change in absolute greenhouse gas emissions (measured in carbon dioxide equivalent) against a particular base year. For example, Australia has established an unconditional 2020 target of reducing greenhouse gas emissions by 5 per cent against 2000 emissions levels.

Other countries, such as China and India, have established 2020 targets based on a change in carbon intensity or emissions intensity. This is measured in emissions per unit of economic output compared to a particular base year. The difference between carbon intensity and emissions intensity targets is the coverage of greenhouse gases included. Carbon intensity includes carbon dioxide, while emissions intensity covers a broader set of greenhouse gases. China has established a target to reduce its carbon intensity (unit of carbon dioxide per unit of GDP) by 40 to 45 per cent by 2020 against 2005 levels.

China's 2020 target is to have continued economic growth without a proportional growth in carbon emissions. If China met this target, the ratio of GDP to carbon emissions in 2020 would be 40 to 45 per cent lower than what it was in 2005.

##### *China's Efforts to Limit Emissions and Achievements*

According to the Emissions Database for Global Atmospheric Research, China's greenhouse gas emissions grew from around 7.8 gigatonnes of carbon dioxide equivalents (GtCO<sub>2</sub>-e) in 2005 to around 11.2 GtCO<sub>2</sub>-e in 2010. In the same period, its carbon emissions grew from 5.9 GtCO<sub>2</sub> to 8.9GtCO<sub>2</sub>. China's emissions are expected to grow in absolute terms to 2020 as the country continues to pursue its economic development and poverty alleviation objectives. But absolute emissions in the future will be significantly lower than they would otherwise have been as a result of its 2020 target and related domestic policies and measures.

To meet its 2020 target, China's 12<sup>th</sup> Five Year Plan sets a series of 2015 goals. Compared with 2010 levels China will reduce its carbon intensity by 17 per cent by 2015. China's 31 provinces have been allocated different targets to meet the national carbon intensity goals. China's leadership has also announced a range of mandated programs to drive industrial energy efficiency, targets for the deployment of renewable and nuclear electricity generation, and reduced subsidies to China's energy-intensive sectors. In 2012, China invested US\$65.1 billion in clean energy, making it the largest investor in clean energy in the world.

China is on track to meet its 2015 goals and 2020 pledge. In 2012 China's carbon intensity fell around 5 per cent – 1.5 percentage points better than the planned trajectory towards its 2020 pledge. The better-than-expected results in 2012 have led the national government to assign tougher targets for 2013 towards meeting the 2015 goals.



**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 17

**Program:** 4.3

**Division:** International Climate Change Division/Carbon Pricing and Markets Division

**Topic:** World Bank Partnership for Market Readiness and Asia Pacific Carbon Markets Roundtable

**Hansard Page EC:** 82

**Ms Thompson:** I am now able to provide the figure for Australia's current emissions. Our last quarterly update showed that the emissions for the year to December 2012 were 551.9 million tonnes.

**CHAIR:** And that was a decline?

**Ms Thompson:** Yes, that was in fact a 0.2 per cent reduction on the previous year.

**CHAIR:** Maybe in your answers to the questions on notice you could also give us a little bit of an update on those two groups, the Asian group and the other broader group that is meeting—on what outcomes have been achieved out of those two meetings. That would be helpful as well. I think the more we know about this the less there will be misinformation. So, thanks very much. I think we are finished with you for the night. We will now move to outcome 4.4, program support.

**Senator #:** Senator Cameron

**Answer:**

**World Bank Partnership for Market Readiness**

The World Bank Partnership for Market Readiness (PMR) is a global partnership of 27 developed and developing countries plus the European Commission. The PMR provides funding and policy and technical assistance to build countries' capacity to develop domestic climate actions, including market mechanisms, to scale up emission reduction efforts and support low carbon development.

PMR support takes the form of technical workshops, policy dialogues and virtual knowledge platforms on the essential "readiness" components of domestic climate actions such as data management, measurement, reporting and verification (MRV) systems and the creation of policy and regulatory frameworks, as well as financial support. Through this support, the PMR also helps countries create effective enabling environments for private sector action on climate change. Well-designed domestic climate actions, including market mechanisms, can incentivise private sector actors to change investment and production behaviour to drive low emissions development.

### Progress to date

Since its establishment in 2011 the PMR has demonstrated its effectiveness in helping countries explore innovative, cost-effective ways to scale up emissions reduction through domestic climate actions. All 16 “implementing partners” (countries eligible to receive financial assistance) have presented frameworks outlining anticipated PMR activities and have been allocated funding to identify capacity building gaps and to prepare a plan to work towards implementation of domestic climate actions. The first draft plans, known as Market Readiness Proposals (MRP), were submitted by Chile, China, Costa Rica and Mexico in October 2012. Those countries have since received implementation funding for their finalised MRP. As at May 2013, the World Bank reported the PMR had received US\$119 million contributions to its Trust Fund, exceeding its target of US\$100 million.

Further information on the PMR and country MRPs is available at [www.thepmr.org](http://www.thepmr.org)

### **Asia Pacific Carbon Market Roundtable**

The **Asia-Pacific Carbon Markets Roundtable** (APCMR), initiated by New Zealand in 2011, aims to foster shared understandings in the Asia-Pacific region on how to encourage the growth of domestic carbon markets in a manner conducive to possible future linking. It is an informal group with no funding expectations or centrally managed funds.

Participants include Australia, China, the Republic of Korea, Indonesia, Chile, Japan, New Zealand, Singapore, Thailand, California, and the North American Regional Greenhouse Gas Initiative. Each of these jurisdictions is considering or working towards the implementation of domestic market-based instruments such as project or sector-based crediting mechanisms and/or ETSs. New Zealand provides the APCMR’s secretariat services and resourcing for meetings are shared between New Zealand and meeting hosts.

### Progress to date

The APCMR has progressively discussed elements of market-based instrument design that will be important in developing domestic market mechanisms that have the intention of future collaboration or linking at a bilateral or regional level. Such design elements include environmental integrity, emissions MRV, governance, and registry arrangements. Australia has participated in the four meetings of the APCMR held to date.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 20

**Program:** 4.1

**Division:** Carbon Pricing and Markets

**Topic:** Recovered Carbon Tax Payments

**Hansard Page EC:** Pages 85-86

**Senator IAN MACDONALD:** Okay and what do the budget figures say for the assessment on what would be paid on 15 June 2014? Can someone find that figure that I am incapable of finding in the budget papers?

**Ms Wilkinson:** This is for?

**Senator IAN MACDONALD:** What do you anticipate recovering in carbon tax by the payments to be made on 15 June 2014, which is in the next or the immediately coming financial year? There would be some figure in the budget papers on just what you are anticipating would be recovered.

**Dr Kennedy:** There will be, Senator, revenue estimates associated with the revenues for the carbon price mechanism. They are Treasury's revenue estimates, not this department's. We will do our best to find them.

**Senator IAN MACDONALD:** The Treasury must surely have got them from you.

**Dr Kennedy:** They will have consulted with us. They will be cash estimates.

**Ms Wilkinson:** That is right. For which year is this? This is until?

**Senator IAN MACDONALD:** You tell me that the first payments to be made by any council will be the 15 June 2014, which is in the financial year for the budget that we have just had delivered in May. I am just wondering what the figure is. What is the anticipated revenue, that you are—

**Dr Kennedy:** Senator, to be clear, we cannot break out the revenue estimates for councils, in particular. They are not in the budget. The numbers that are in the budget are the overall revenue estimates for the entire carbon price mechanism. So if you are asking—

**Senator IAN MACDONALD:** Just one figure—no breakdown.

**Dr Kennedy:** Not by type of liable entity, no.

**Senator IAN MACDONALD:** Dr Kennedy, you are not suggesting to me that the Treasury made this assessment without reference to the department?

**Dr Kennedy:** No, I am not suggesting that at all, Senator. I am simply telling you what number is published in the budget, and the number that is published in the budget is the revenue estimate for the carbon price mechanism.

**Senator IAN MACDONALD:** Where would I find that figure? Perhaps I can trace it through and see if it is split somewhere in the papers, if you give me the first figure.

**Ms Wilkinson:** The carbon price, and other receipts that would be delivered to the government in 2013-14, is 6.266.088 thousand.

**Senator IAN MACDONALD:** Sorry? Six million?

**Ms Wilkinson:** Six billion.

**Senator IAN MACDONALD:** Billion? Billion or million?

**Ms Wilkinson:** Six billion two hundred and sixty-six million.

**Senator IAN MACDONALD:** \$6.266 billion—that is close enough for me—was anticipated to come in from this. Is there anywhere I can find how that is calculated? What contributes to that?

**Ms Wilkinson:** No, there is no breakdown of that.

**Dr Kennedy:** I think we should add, that is a net number—is it not, Ms Wilkinson—the cash number?

**Ms Wilkinson:** That is the cash that the government will receive in 2013-14. That is correct.

**Ms Wilkinson:** That reflects the cash that the government would receive in that year, net of free permanent allocations which are provided.

**Senator IAN MACDONALD:** Okay. And you are saying it is not your department that would have put together the different elements of the carbon pricing that reaches to the \$6.2 billion figure. Treasury would have done that. The department of climate change does not have that figure?

**Dr Kennedy:** No, Senator. I apologise if I may have inadvertently mislead you. We do work with Treasury, as with the Clean Energy Regulator, on providing data for them to build their revenue estimate. I was simply trying to point out that the Treasury is responsible for revenue estimates and we usually speak to them. But certainly we are involved in providing them with our estimates of emissions to be covered under the scheme and then how much revenue would flow from those emissions.

**Senator IAN MACDONALD:** You have got that but you cannot give it to me now?

**Ms Wilkinson:** We can take that question on notice. That level of detail is not published in the budget numbers.

**Dr Kennedy:** That is correct; we would have to take it on notice.

**Senator IAN MACDONALD:** But we have established that you would have given the Treasury the figures, which is your estimate of what would come from the various elements, one of which would be what I call landfill tax. Someone must have given it to Treasury. They did not just get it out of thin air, and you are the obvious—

**Dr Kennedy:** We will have given the numbers on emissions to Treasury, Senator; but whether we prepare them with the breakdown that you have exactly in mind I will take on notice, and whether we can provide those figures.

**Answer:**

The emissions projections used by the Treasury to forecast carbon price revenue are prepared by the Department in consultation with the Treasury.

The emissions projection used by the Treasury to produce the forecast of carbon price revenue for 2013-14 is 345.2 million tonnes carbon dioxide equivalent.

The Treasury does not provide a breakdown of carbon price revenue by sector or stakeholder group.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 21

**Program:** 4.1

**Division:** Carbon Pricing and Markets

**Topic:** Emissions from Landfills

**Hansard Page EC:** Pages 86-87

**Senator IAN MACDONALD:** .....Do you have the figures of your estimate of emissions from landfills, which Treasury would then have applied a price to and got a figure?

**Dr Kennedy:** I do not have an estimate of landfills. We will generate an aggregate estimate.

**Senator IAN MACDONALD:** But someone must know, surely. You do not just pick figures out of the air and say, 'Let's pretend that this is what Treasury can assess this on'. Someone must be giving them a bit of a guide.

**CHAIR:** Senator Macdonald, do you have many more questions on this?

**Senator IAN MACDONALD:** Like you, Mr Chairman, I was just getting too close to the bone, but this will be my last question. You are telling me that your department has no idea of what landfill emissions which will attract a tax or levy are going to be?

**Dr Kennedy:** We publish detailed emissions projections and we provide estimates of emissions for the Treasury to use in their budget estimates. I do not have all the details and breakdowns used in preparing those estimates in front of me. I am happy to provide that to you on notice.

**Senator IAN MACDONALD:** Thank you. If, on notice, you could give me what your estimate of emissions from landfills is, that would be great. If, just as an extra assistance, you could add a footnote telling me how the Treasury then uses the volume or capacity to get a revenue figure, that would also be great.

**Dr Kennedy:** Okay.

**Senator IAN MACDONALD:** Thank you very much.

**Answer:**

The following response relates to the treatment of landfill emissions under the previous Government's policy.

According to *Australia's Emissions Projections 2012*, the disposal of organic materials to landfill (solid waste) is expected to account for around 9 million tonnes of carbon dioxide equivalent in 2012-13. This estimate includes projected abatement from the Carbon Farming Initiative (CFI).

Only emissions from waste deposited at liable landfill sites after 1 July 2012 are subject to a carbon price. Liable sites are those that generate 25,000 tonnes or more of carbon dioxide

equivalent greenhouse gas emissions in the financial year. It is expected that around 80 per cent of waste deposited after 1 July 2012 will be deposited at liable sites.

Under the National Greenhouse and Energy Reporting Scheme rules (or Measurement Determination) that landfill operators must use to calculate their waste emissions, there are no reportable emissions in the year waste is deposited. No carbon revenue was therefore expected in 2012-13 from waste deposited in landfills.

There are opportunities for landfills to reduce emissions by capturing landfill gas to generate electricity, flaring methane, diverting waste, recycling and composting. Landfills with waste deposited before 1 July 2012 are also able to generate credits under the CFI, which may offset future emissions liabilities.

Budget revenue from the carbon tax during the fixed price period is calculated as the product of the forecast total volume of covered emissions and the carbon price.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	23
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CPMD		
<b>Topic:</b>	Australia's Emissions – Heavy Road Vehicles		
<b>Hansard Page EC:</b>	Page 92		

**Senator BIRMINGHAM:** What is the contribution to Australia's emissions of heavy on-road vehicles?

**Mr Power:** If you are happy to give me a minute, we will see if we can find that number for you.

**Answer:**

According to the National Greenhouse Gas Inventory, 2011, emissions in 2011 from heavy road transport, including medium and heavy-duty trucks and busses, was 18.7 million tonnes of carbon dioxide equivalent (Mt CO<sub>2</sub>-e), or 3.3 per cent of Australia's total emissions.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, 27 May 2013**

**Answers to Questions on Notice**

**Climate Change  
IICCSRTE Portfolio**

**Outcome:** 4

**Question:** 24

**Program:** 4.1

**Division:** AusIndustry

**Topic:** Carbon Pricing

**Hansard Page EC:** Page 92

**CHAIR:** The committee will now resume. Senator Birmingham.

**Senator BIRMINGHAM:** Are there any further public relations activities or otherwise surrounding carbon pricing that the department has planned in the coming budget? We discussed the \$2 million earlier today that will not quite be expended. Is there any continuation of that program?

**Dr Kennedy:** I apologise, Senator, I misunderstood the arrangements, and I excused the person who was answering those questions. Our understanding is that the answer is no, but I will have to confirm it for you on notice.

**Senator BIRMINGHAM:** Thank you.

**Answer:**

No.



**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 25

**Program:** 4.4

**Division:** Energy Markets and Policy Coordination

**Topic:** Emissions Intensity

**Hansard Page EC:** Pages 93-94

**Senator BIRMINGHAM:** So nine entities received assistance. What is the threshold for emissions intensity?

**Mr Archer:** I should know the answer. I must admit it has been some time since I looked at it. I think it is one tonne, but we will need to confirm that.

.....  
**Mr Archer:** I can confirm that nine facilities received cash payments and the threshold was one tonne of carbon dioxide equivalent per megawatt hour.

**Senator BIRMINGHAM:** I do not suppose the information that you have gleaned there provides any details in terms of the actual emissions intensity of the least emissions intensive of the nine and the most emissions intensive of the final one to move out.

**Mr Archer:** No. The only information that has been made available is in relation to those that were eligible. The cash amounts reflect that combination of emissions intensity and output that we have already referred to.

**Senator BIRMINGHAM:** What is the range of emissions intensity among the nine?

**Mr Archer:** I do not have the emissions intensity figures in front of me. I only have the cash payment amounts. I can take it on notice to give you the emissions intensity figures.

**Senator BIRMINGHAM:** Yes, if you could. Obviously I am conscious of asking for a range so as not to be seeking the specifics of any one entity—though I guess it does not matter terribly much seeing as the cash amounts that they have all got are all there and you could probably back-calculate it if you wanted to.

**Mr Archer:** I think there is a legitimate question about what can be made available on the basis that some of that information is based on data which companies have provided under the NGER system, around which there are laws about what can be made publicly available and under what circumstances.

**Senator BIRMINGHAM:** If you could provide the range of emissions intensity for the nine as well as, if possible, the highest level of known emissions intensity for a power station that misses out, it would be greatly appreciated.

**Answer:**

The range of emissions intensity amongst the nine generators that received assistance under the Energy Security Fund was 1.055 kt CO<sub>2</sub>-e /GWh to 1.733 kt CO<sub>2</sub>-e /GWh.

The cut off for assistance under the Energy Security Fund was 1 kt CO<sub>2</sub>-e /GWh. All otherwise eligible applications were received from generators who met this threshold.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
IICCSRTE Portfolio**

**Outcome:** 4

**Question:** 26

**Program:** Outcome 4

**Division:** Corporate

**Topic:** DCCEE Senate Order Responsibility

**Hansard Page EC:** Page 94

**Senator BIRMINGHAM:** With the abolition of the DCCEE, I want to know where some of the legacy matters stand and who takes responsibility over the longer term for different information. In particular, I note that the department has provided a response to the Senate standing order that seeks grants, board appointments and those sorts of things on a standing basis. Right at the end there is a footnote that says, 'Grants for climate change divisions are provided from 25 March 2013 onwards, following the transfer of this function to the department.' Of course, the last time this information was tabled in the Senate the grants were provided up until 21 January 2013. There is obviously a gap between 21 January and 25 March. Whose responsibility is that?

**Ms Graham:** It is true that we provided the grants since 25 March, but I think the gap would certainly be provided on the Climate Change website because all the grants are required to be published within seven days on the website as well. But certainly we could take it on notice to provide the gap.

**Answer:**

All Climate Change grants are now published on the departmental website.

The Climate Change grants approved between 21 January and 25 March 2013 not included in the Senate standing order report are as follows:

<b>Recipient</b>	<b>Program Component</b>	<b>Value (GST Inclusive)</b>
CSIRO	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$5,000,000
University of Western Australia	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$704,304
Charles Darwin University	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,017,729
James Cook University	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,010,911

CSIRO	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$852,199 (GST not payable)
CSIRO	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$935,209 (GST not payable)
Ninti One Ltd	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,027,846
University of Southern Queensland	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,012,281
University of Queensland	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,032,913
University of Tasmania	Stream 2 of the Regional Natural Resource Management Planning for Climate Change Fund	\$1,027,865
Government of Vanuatu	Pacific-Australia Climate Change Science and Adaptation Planning Program	\$365,000

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 28

**Program:** 4.1

**Division:** Land

**Topic:** Carbon Farming Initiative

**Hansard Page EC:** Written

**Senator Edwards asked:**

1. In light of the new Kyoto 3.4 and the review of the CFI are there any expected changes to:
  - ‘Permanence’ and ‘Additionality’ or common practice test?
  - The likelihood of a retrospective practice baseline to 1990?
  - Land sector reporting requirements
2. Where changes to the rules are likely, what impact will this have on the CFI research priorities via the Filling the Research Gap and Action on the Ground.
3. Where changes to the rules are likely, what impact will this have on the CFI process that land managers must adhere.  
If changes are likely, what is the value of the current “Extension and Outreach” program given that there may be great uncertainty with respect to the CFI process and possibly to the CFI research priorities.
4. How does the Department anticipate it will inform land managers about the new rules?
5. Has the Department provided any information thus far to land managers about the new rules?
6. Do the Departments have any plans in place to inform land managers about the new rules?

**Answer:**

1. The decision to elect to account for new Article 3.4 activities towards Australia’s greenhouse gas targets does not affect the current design features of the Carbon Farming Initiative (CFI) that ensure the permanence and additionality of abatement.

However the Government will consult on design features and opportunities for streamlining processes associated with the CFI as part of its consultation on the Emissions Reduction Fund

The Emissions Reduction Fund (the Fund) is the centrepiece of the Australian Government’s Direct Action Plan. The Fund will work together with other incentives under the Direct Action Plan and the Renewable Energy Target to help meet Australia’s target of reducing emissions by 5 per cent below 2000 levels by 2020.

Through the Fund, the Government will purchase low-cost abatement through reverse auctions - an 'abatement buy-back'.

The Fund will provide incentives for abatement activities across the Australian economy and work in conjunction with the Carbon Farming Initiative.

2. Research priorities for the former government's 'Filling the Research Gap' and 'Action on the Ground' programmes already include areas covered by Article 3.4 of the Kyoto Protocol, including soil carbon sequestration.
3. See response to question 1 above.
- 4, 5 and 6.

See answer to question 1 above. The decision to elect new Article 3.4 activities was announced in the context of the Budget 2013-14.

CFI stakeholders have also been advised of the Government's decision through the May 2013 edition of the Department's regular CFI e-News email newsletter and the Department's website.

- There were 1,232 subscribers to the May 2013 edition of the CFI newsletter.

Stakeholders were also alerted via email to the opportunity to comment on draft CFI regulations that would enable a broader range of abatement activities to receive Kyoto CFI credits as a result of the decision to elect new Article 3.4 activities.

- This email was sent to 901 stakeholders on 13 June 2013. Comments were invited until 3 July 2013.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 29

**Program:** 4.1

**Division:** Carbon Pricing and Markets

**Topic:** Carbon Tax – Northern Impacts

**Hansard Page EC:** Written

**Senator:** McDonald

1. Has the department studied the financial impacts of the Carbon Tax on rural communities?
2. Does the Minister/department accept that due to the distances involved the impacts on fuel prices alone cause compounded cost-of-living increases on rural and remote communities?
3. Does the Department currently have any proposals or programs to assist these communities with these additional costs?

**Answer:**

1.

The Department has not specifically studied the financial impacts of the previous Government policy on rural communities. Modelling of the impacts on the agriculture sector was undertaken by the Australian Treasury and published in the *Strong growth low pollution: modelling a carbon price* (SGLP). The report notes that it is difficult to quantify the impact of carbon pricing at a sub-state regional level due to limitations on the level and quality of data available. The repeal of the carbon tax will remove any financial impacts.

2.

The impacts on any specific regional area will vary by region and is dependent on the type of economic activities undertaken in the region. The repeal of the carbon tax will remove any cost of living impacts on rural and remote communities.

3.

The Government made an election commitment to repeal the carbon tax. The purpose of ending the carbon tax is to reduce cost pressures on households and business. It is expected that rural and remote communities will benefit from repealing the carbon tax indirectly through lower input costs, such as lower electricity and gas prices.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** Outcome 4

**Question:** 30

**Program:** Indigenous Fire Management in Northern Australia Program

**Division:** Land

**Topic:** Carbon Farming Initiative/Fuel reduction burns

**Hansard Page EC:** [Written]

In answer to questions at previous estimates the department (then Department of Climate Change and Energy Efficiency) advised a \$9.1 million program of investment had taken place across Northern Australia from 2008-2012 (financial years) through the North Australian Indigenous Land and Sea Management Alliance (NAILSMA) to expand on “traditional fire management regimes” across 200,000km<sup>2</sup> of North Australian Savannas.

**Senator MacDonald asked:**

1. How much of the \$9.1 million was spent in Queensland?
2. How much of the \$9.1 million was spent in the Northern Territory?
3. How much of the \$9.1 million was spent in Western Australia?
4. How were the outcomes (success/failure) of the program measured?
5. Does the Department have data that indicates that there were fewer and/or less severe uncontrolled fires, and that there was less Carbon generated across the period since the program commenced/the \$9.1 million was spent?
6. Did the amount of carbon produced in the area studied reduce appreciably across the four years)?
7. What on-going programs – other than the deployment of dry-season fire management by Indigenous Working on Country rangers – are addressing fire management as a function of the Carbon Farming Initiative?
8. Was the entire \$9.1 million spent?
9. How much of the \$9.1 million remains unallocated?

**Answer:**

- 1, 2 and 3. The program was implemented across northern Australia because of the connected nature of the landscape. For example, one of the large scale fire management projects straddles the border between the Northern Territory and Queensland. As a consequence, it is not possible to determine the amount of the funding spent in each state.
4. The program was designed to support Indigenous participation in emerging carbon markets. The outcomes of the program include the development of the Carbon Farming Initiative (CFI) methodology for savanna burning. As of 9 October 2013 the Clean Energy Regulator has approved 12 savanna burning projects based on this methodology, and applications for further projects are expected in the future.

5 and 6. The program reduced fire in four regions from 2009 to 2012. Table 1 shows the change in the average area burnt per annum in each of the four regions relative to the pre-program period from 2004 to 2008. This indicates that the program delivered an average reduction of around 13 per cent in area burnt per annum across the four regions.

**Table 1: Reductions in area burnt**

Project Area	Total area (approximate) of the region or area where the program was implemented (km <sup>2</sup> )	Area burnt per annum in the pre-program period, 2004 – 2008 (km <sup>2</sup> )	Area burnt per annum in the program period, 2009 – 2012 (km <sup>2</sup> )	Reduction in the area burnt per annum between the pre-program period and the program period (km <sup>2</sup> )	Percentage reduction in the area burnt per annum in the program period against the pre-program period (%)
Kimberley	420,000	36,827	28,439	8,388	23
Central Arnhem Land	46,000	20,040	18,846	1,194	6
Gulf of Carpentaria (Northern Territory)	35,000	5,826	5,666	160	3
Gulf of Carpentaria (Queensland)	35,000	11,193	9,022	2,171	19
TOTAL	536,000	73,886	61,973	11,913	N/A

The Department does not have the data necessary to calculate the greenhouse gas abatement as a result of this reduction in burning, noting that the program came to an end before the CFI methodology for estimating abatement from savanna burning was finalised.

7. Fire management is undertaken for biodiversity conservation in Commonwealth National Parks and Indigenous Protected Areas. The former government programs Biodiversity Fund and the Caring for our Country supported fire management activities in addition to work undertaken by Working on Country rangers.

The Capacity Building and Business Support stream of the Indigenous Carbon Farming Fund has funded 44 projects to undertake assessment, training and business development activities for carbon farming projects. Many of these projects focus on fire management and potential participation in the CFI. Details for the Capacity Building and Business Support stream can be found at: <http://www.environment.gov.au>.

8 and 9. This program ended in mid-2012. No funds were unallocated.



**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 33

**Program:** 4.3

**Division:** International Climate Change

**Topic:** Climate Financing

**Hansard Page EC:** Written

**Senator Rhiannon asked:**

1. Which of the DIICCSRTE climate financing programs reported under its budget had funding originating from the DFAT-Defence (ODA) or DFAT-Aid budgets, or that were also reported in those DFAT budgets?
  - a. May I have the description of each such program being funded, the funding details, and under which portfolio budget each is being reported?
  - b. Which DIICCSRTE funded climate change financing programs would have been eligible for DFAT-ODA funding but were not funded through that portfolio or program?
  - c. Will such projects, if any, be counted as ODA eligible at any future stage? What would be the criteria where that happens?
2. How much has the government spent on climate financing that crosses the DIICCSRTE and Aid budget each year since 2010, and what are the forward projections?
  - a. May I have itemised funding and details about the programs and projects that have been so funded, with the proportions of DFAT and DIICCSRTE funding spent on each project?
3. Of Australia's climate financing how much will be disbursed bilaterally and how much will go to multilateral funds? What amount of Australia's climate financing has been allocated to adaptation? How much has been spent on REDD related projects since the 2007 election and what have been the benefits or outcomes of this expenditure?
4. How much of Australia's climate finance for climate change adaptation and low carbon development in overseas countries comes from our Aid budget? That is, what dollar figure will be reported to the UNFCCC as our contribution towards the goal of jointly mobilising \$100bn by 2020?

**Answer:**

1. None.
2. None.
3. The Australian Government has not finalised its approach to Australia's contribution to long-term climate change finance, including the balance of bilateral and multilateral funding.

Approximately half of Australia's \$599 million fast-start climate finance investment was allocated to climate change adaptation activities.

A full accounting of Australia's fast-start spending, including for climate change adaptation and REDD+, will be prepared following the 2012-13 financial year.

REDD+ related activities supported by Australia have:

- Developed the capacity and "REDD+ readiness" of developing countries to enable participation in a future REDD+ mechanism;
  - Helped to shape a robust global REDD+ architecture, including credible systems for measurement, reporting and verification;
  - Contributed to the development of REDD+ payment mechanisms, and sustainable market-based approaches to REDD+ that can provide fair and effective benefits for communities.
4. The Australian Government has not finalised its approach to Australia's contribution to long-term climate change finance, including the role of aid program funding.

**Senate Standing Committee on the Environment and Communications  
Legislation Committee**

**Budget Estimates 2013–14, May 2013**

**Answers to Questions on Notice**

**Climate Change  
Environment Portfolio**

**Outcome:** 4

**Question:** 34

**Program:** NA

**Division:** Carbon Pricing and Markets

**Topic:** Heavy on road vehicles – Clean Energy Future Plan

**Hansard Page EC:** Pages 89 – 90

**Senator BIRMINGHAM:** So in terms of implementing this government policy of expanding the carbon price regime into other vehicles, Treasury will be the ones who take a submission to cabinet; Treasury will be the ones who bring legislation to the parliament.

**Dr Kennedy:** Treasury is responsible, presuming it is implemented through the excise arrangements as we understand it would be, but that needs to be confirmed by Treasury. We would anticipate being involved through those submission processes as we have been in the past, but responsibility would be with Treasury.

**Senator BIRMINGHAM:** Whose responsibility is it to see that the policy as announced by the government is delivered? Is it the Treasurer's responsibility, or the minister for climate change's responsibility?

**Dr Kennedy:** The Clean Energy Future Plan as announced by the government had a significant number of departments responsible for different aspects of the plan. The former department, and now this department, does have a role in understanding how various parts of the plan come together, but each department and each minister is responsible for those bits that they are implementing in the normal way that government implements a whole-of-government program. Certainly, this department has a responsibility in advising our minister over how these policies are working and working together to achieve the emissions reduction targets and goals, with the emissions trading scheme obviously being the centrepiece of all of that. So I am not meaning to be difficult or anything in this, Senator: the department clearly has a role, we clearly talk to our colleagues—as we have discussed across the course of the day—in ensuring policies are implemented, and all parts of government do their best in coordinating implementation. We are simply trying to point out who is responsible, and in the typical course of estimates, who would take questions on these matters. In this case, any questions around changes to the excise arrangements would be taken by Treasury.

**Senator BIRMINGHAM:** Has the department undertaken any research planning or assessment of the impact of the policy or preparatory work in relation to the policy to expand into heavy on-road vehicles?

**Dr Kennedy:** From memory, the Treasury modelling had as one of the reporting on results the government's full anticipated policy arrangements, including this arrangement. But I will confirm that by taking it on notice, if that is okay—I do not have the modelling in front of me—but from memory it included modelling that covered the entire policy arrangements as put down by the government through the clean energy plan.

**Answer:**

As part of the 2011 policy development process that underpinned the Clean Energy Future package, the former Department of Climate Change and Energy Efficiency worked closely with the Treasury on the potential application and likely impact of the carbon price on heavy on-road vehicles. This measure was incorporated into the policy arrangements modelled in the *Strong Growth, Low Pollution* report that was prepared by the Treasury in 2011.

Since this original analysis, the Department also undertook initial scoping work on the mechanics of applying a carbon price to heavy vehicles.