

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

Outcome 1,

Question: 50

Topic: Promotional Material

Hansard Page/Written Question on Notice: 63

Senator Bolkus asked:

What promotional material and goods have been produced for the AGO in each of the last three years?

Answer:

1998 - 1999

Greenhouse News
vol 1, issue 3
vol 1, issue 4
vol 2, issue 1
vol 2, issue 2
Fact sheet booklet
Presentation folders (A4 cardboard folder, for use at conferences/events as information kits)
Australian Greenhouse Office website
Display banners (for use at conferences)
Non-campaign advertising
Advertorial information - Environs Australia Local Government Environment Yearbook
Landcare Australia Ninth Annual Report and Yearbook
Greening Australia Together Yearbook
Australian Industry Group Environmental Management Implementation Handbook

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

1999 - 2000

First Annual Report 1998-99

Australia's Response to the Greenhouse Effect (brochure)

Corporate Plan 1999-2001

Greenhouse notes (factsheet series)

Greenhouse News

vol 2, issue 3

vol 2, issue 4

vol 3, issue 1

vol 3, issue 2

Brown Kraft paper carry bags (for use as school information kits)

hats (corporate representation at appropriate events)

t-shirts (corporate representation at appropriate events)

drink bottles (corporate representation at appropriate events)

stickers (school information packs)

pens (occasional corporate presentations)

lapel badges (staff representation)

mouse mats (occasional corporate use and stationery item)

Display banners (updated for use at conferences)

Non-campaign advertising

Australian Energy News

Environmental Management Implementation Handbook

Australian Environmental Industry Directory

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

2000 - 2001

Global Warming Cool it! booklet

Postcard series: Ten easy ways (support to Global Warming Cool it! booklet)

Australia's Response to Climate Change (video and cdrom)

Annual Report 1999-2000

Australia's Response to Climate Change (brochure)

Greenhouse News

vol 3, issue 3

vol 3, issue 4

Display banners (updated for use at conferences)

Outcome: 1

Division: Australian Greenhouse Office

Question: 51

Topic: Promotional costs related to COP6

Hansard page: 64

Senator Bolkus asked: What did you spend on a promotional stand at COP6?

Could you give us the cost of the stand and getting all the stuff there and, within that, the cost of the glossy booklet that was produced as well?

Answer: The Australian Greenhouse Office was not charged for the promotional stand at the COP6. Hire costs for equipping the stand with a computer, television and video were \$2279.55.

The cost of producing the display banners used at COP6 was \$4823.50.

The "particular brochure" referred to in the response of Ms Andrews [Hansard page 64] was in fact a general-purpose brochure produced by the Australian Greenhouse Office. This brochure had been in use for some time but was updated shortly before COP6 for ongoing use.

Freight costs for conveying information materials to The Hague were \$1052.44.

The total cost of the stand and transporting the materials was \$8155.49

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

Outcome 1,

Question: 52

Topic: Australia's greenhouse gas emissions

Hansard Page/Written Question on Notice: 64

Senator Bolkus asked:

Can you get us total figures of emissions and economic growth over the last five years?

Answer:

The following data is graphically presented in Figure S4 Greenhouse gas emissions per \$ of GDP, 1990 – 1998 of the National Greenhouse Gas Inventory Analysis of Trends and Greenhouse Indicators 1990 – 1998. Published by the Australian Greenhouse Office July 2000.

	Emissions (Mt CO₂-e)	\$ M GDP*)	Kg CO₂-e per \$GDP
1990	389.8	436320	0.89
1991	392.1	434884	0.90
1992	393.2	435969	0.90
1993	396.0	452338	0.88
1994	398.7	470938	0.85
1995	412.4	492816	0.84
1996	423.7	514488	0.82
1997	433.2	531045	0.82
1998	455.9	555689	0.82

*(chain volume, measure re year 1996-97)

Outcome 1,

Question: 53

Topic: Climate Change and river flow in the Murray Darling

Hansard Page ECITA Page 65

Senator Bolkus asked:

Was there any figure that was factored into cabinet or government considerations on this issue? (reduction in river flow of the Murray Darling because of climate change)

Answer:

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

Environment Australia's Environment Assessment Report on the *Corporatisation of the Snowy Mountains Hydro-electric Authority* (October 2000) quotes the study of historical data which shows that during the period 1901 to 1991 there was a decline of 3.9% in waters flowing into the Snowy Scheme catchment (from the *Draft Environmental Impacts Statement for the Snowy Precipitation Enhancement Project (SMHEA, 1993)*). The same Environment Assessment Report also refers to a study reporting cases of river flow reductions forecast to be as high as 36 percent in 30 years as well as informal advice from CSIRO indicating changes in rainfall patterns in south-eastern Australia with a net annual decrease in rainfall. The CSIRO advice did not include a numeric estimate. These latter two studies do not refer specifically to the Snowy River catchment.

The Murray Darling Basin Commission is currently conducting a study on flows in the Murray River.

Outcome 1,

Question: 54

Topic: Impact of new fuel quality standards on greenhouse gas emissions

Hansard Page: ECITA Page 67

Senator Bolkus asked:

"Have you made an assessment of the degree of impact of greenhouse gas emissions by introducing new fuel quality standards?"

"Minister, you said you did have some sort of figures in mind when you introduced the standards? Do you know what those figures are? Can you recollect?"

Answer:

Potential greenhouse benefits from improved fuel quality parameters are achieved through their technology enabling characteristics. The two key parameters are high octane rating and low sulfur content. New engine technologies such as direct injection in the short term and fuel cells in the longer term have the potential to reduce greenhouse emissions significantly.

Coffey Geosciences Pty Ltd was commissioned to develop scenarios for possible new fuel specifications for Australia, designed to reduce air pollutants and to some extent greenhouse gases from Australian transport. This study also included an assessment of the impact of potential new standards on greenhouse gas emissions. Assumptions underlying each of the scenarios are detailed in the Coffey reports, which are publicly available.

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

Best estimates of the outcomes predict that the fuel quality changes will most likely result in approximately 3.4% (or 2.6 Mt CO₂-e) reduction in “tailpipe” transport greenhouse emissions from business-as-usual in 2010.

Outcome: 1

Question: 56

Topic: Renewable Remote Power Generation Program

Hansard Page: ECITA 70

Senator Bolkus asked:

1. 'When did you first receive the submissions from the states and when were they signed?'
'When were the submissions from the individual states received? I gather it is a submission based program. And when, further down the track, were agreements signed with the states?'
2. 'I wonder if you could take on notice the anticipated allocation of funds by year and by state and the emissions abatement forecast along the same sort of scenario - state and year - or cumulative.'

Answer:

1. To implement the RRPGP a Partnership Agreement has been developed between the participating States and Territories and the Commonwealth. The letters enclosing the Partnership Agreement were signed by Senator Hill on the 13 June 2000 and posted to participating States and Territories for signature. The status of signatories to the Partnership Agreement is summarised in the following table.

	State sign	Commonwealth sign
WA	11 Dec 00	12 Feb 01
NT	27 Oct 00	8 Dec 00
Qld	5 Sept 00	8 Dec 00
SA	17 Aug 00	6 Sept 00
Tas	not yet	awaiting State
NSW	not yet	awaiting State

In consultation with the Commonwealth, States and Territories are required to develop a State Strategic Framework which identifies all

Senate Environment, Communications, Information Technology & the Arts

Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Environment and Heritage

Australian Greenhouse Office

Additional Estimates 2000-2001, (21/02/01)

diesel consumed for electricity generation, priorities and opportunities for reductions. After this is finalised, States and Territories can submit Project or Program proposals to the Ministerial Council on Greenhouse for approval.

As of 22 March 2001, the Ministerial Council on Greenhouse has approved the following proposals:

- Indigenous Community Support Program (\$8m);
- National Renewable Energy Demonstration Program (\$5.4m);
- RRPGP in SA Program (\$7.6m); and
- Queensland's Working Property Rebate Scheme (\$8m).

2. The Renewable Remote Power Generation Program (RRPGP) has funds available to participating States and Territories from 1 July 2000. The funds available are based on the relevant amount of Diesel Fuel Excise (DFE) paid in each State or Territory by electricity generators. The latest estimates of funds available through the RRPGP are shown in the following table.

\$m	00/01	01/02	02/03	03/04
WA	26	27	20	12
NT	11	11	11	11
Qld	8	8	8	8
SA	2	2	2	2
Tas	1.5	1.4	1.1	1
NSW	0.2	0.2	0.2	0.2

It should be noted that the above figures are estimates only and the actual amounts of relevant DFE paid in each State or Territory will not be known until approximately three months after each financial year closes. The large decline in WA's estimated funding is due to the Office of Energy (WA) anticipating that some large diesel generators will be replaced by gas turbines in this period.

At this stage, it is not possible to accurately estimate abatement from this program as it is highly dependent on:

- the amounts of funds spent on photovoltaics, wind turbines, other renewable generation technologies, control equipment and batteries;
- the location and type of the renewable generation installed; and
- the efficiency of the diesel generator being displaced.

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**
Additional Estimates 2000-2001, (21/02/01)

Outcome 1

Question: 58, 59

Topic: Product Certification Program

Hansard Page: ECITA 71

Senator Bolkus asked:

- 1 Can you give us details of the tenders: if it was a select tender, how they were chosen and who they were and the terms of reference
- 2 What are the contracts worth?

Answer:

1 The contract for the Program design and administration was advertised as an open tender in the Weekend Australian on 23 September 2000 and in the Australian Financial Review on 20 September 2000.

- DNV Certification Pty Ltd was selected from a field of nine tenderers.
- Selection was based on the advertised requirements of Request For Tender Number 48/2000.
- Contract details for the certification mark design, market testing and communications elements of the Program are outlined in the table below:

Agency	Selection process	Terms of Reference	Amount
Turnbull Porter Novelli	Sole provider. Selected on the basis of market testing undertaken within last 12 months.	TPN engaged to undertake development of the marketing and rollout strategy for the product certification program including: <ul style="list-style-type: none"> • report on relevant and desk-based market research as a means of benchmarking consumer and manufacturer/industry behaviour, attitudes, to be utilised as a means of evaluating change over time and as a method of adjusting the program to keep it timely etc; • assist in the creative development of a logo (certification trademark) and develop guidelines for logo use by participating companies; and • develop a launch and implementation strategy. 	\$35,000

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office
Additional Estimates 2000-2001, (21/02/01)**

Agency	Selection process	Terms of Reference	Amount
<p>Mark Dignam and Associates</p>	<p>Select tender.</p> <p>Four market research agencies invited to submit proposals:</p> <ul style="list-style-type: none"> • Mark Dignam and Associates • Qantum Market Research • Wirthlin Worldwide Australasia • Urbis Keys Young <p><u>Note:</u></p> <p>Qantum Market Research and Wirthlin Worldwide Australasia, did not submit proposals. They indicated they were unable to meet the deadlines outlined in the Market Research Brief.</p>	<p>The research has four parts:</p> <p>Stage one - stakeholder consultation</p> <p>Conduct workshops with relevant industry, non-government organisations, such as consumer and environmental groups and other government stakeholders, to determine areas of risk, attitudes, need for support material and key messages.</p> <p>Stage two - qualitative and quantitative consumer research</p> <ul style="list-style-type: none"> • Explore how consumers would interpret the program • Test concepts for visual mark • Test names and fine tune key messages • Ascertain need for support material to consumers • Determine areas of possible risk • Benchmark consumer attitudes <p>Stage three - qualitative consumer research</p> <p>Re-test the developed creative (certification mark and name) and the suggested marketing and communication approaches.</p> <p>Stage four - industry and retail Interviews</p> <p>One-on-one interviews with industry representatives and retailers regarding the visual mark and name for the program and their marketing/communication needs.</p>	<p>\$80,000</p>

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**

Additional Estimates 2000-2001, (21/02/01)

Billy Blue Design and Writing	<p>Select tender. Five design agencies, each invited to submit two concepts - concepts tested with focus groups (see above):</p> <ul style="list-style-type: none"> • Billy Blue Design and Writing • Horniak and Canny Pty Ltd • Emery Vincent Design • FHA Image Design • RTM - Graphic Design Pty Ltd <p>Note: Horniak and Canny Pty Ltd could not meet the deadlines as outlined in the Design Brief.</p>	<p>There are two parts to the terms of reference:</p> <p>Stage one - creative concept</p> <p>Agencies invited to submit two designs each for presentation to focus groups to identify preferred concept. Preferred agency required to fine tune preferred concept and resubmit for consumer and industry comment.</p> <p>Stage two - design solution</p> <p>Development of style guide for application of the mark on a range of materials for point of sale, advertising, etc. Recommendations for the best approach to monitor and maintain corporate identity/integrity of the mark.</p>	\$22,770
--------------------------------------	--	---	----------

2 The contract for the Program design is worth \$190,000. The costs for administration of the Program will largely be met by program participants on a fee for service basis.

Outcome: 1

Question 60

Topic: Legal advice on emissions trading

Hansard Page: 71

Senator Bolkus asked:

1. Whether he may obtain a copy of the legal advice on Commonwealth powers regarding the implementation of a national emissions trading system.
2. Senator Bolkus' information indicated that the Greenhouse Challenge Program sought advice in 1998. Has there been advice more recent than that?

Answer:

As part of the feasibility study into a national emissions trading system, the Australian Greenhouse Office, through the Emissions Trading Team, commissioned four separate rounds of legal advice from the Australian Government Solicitor in August 1998, September 1999 and March and September 2000.

This advice examines Constitutional and legal issues related to the establishment of a national emissions trading system and the proposed credit for early action program.

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**
Additional Estimates 2000-2001, (21/02/01)

Aspects of this advice informed the discussion of the legal issues contained in the National Emissions Trading Discussion Paper Four: *designing the market*.
(Attachment A)

No legal advice on this issue was commissioned by the Greenhouse Challenge Program.

ATTACHMENT A

Aspects of the legal advice informed the following sub-sections of the National Emissions Trading Discussion Paper Four: *designing the market*.

3.3 Ownership issues associated with emission permits

The property status of permits is often raised as an issue for the design of an emissions trading system. These permits are essentially a licence or allowance to emit greenhouse gases into the atmosphere, which is a resource that all countries and people share. Strict limits on the number of licences available internationally provide a mechanism for reducing global greenhouse gas emissions, and allowing these licenses to be traded provides for these reductions to be achieved at the lowest cost possible. This approach underlies the abatement commitments of developed countries under the Kyoto Protocol and efforts to engage developing countries in global abatement efforts.

To operationalise a national emissions trading system, the principles of permit trading need to be supported by a minimal set of clearly defined legal rights and responsibilities. Intuitively, if permits are to be tradable then rights of permit ownership need to be established so that they can be transferred from one party to another as a result of transactions within the marketplace. However, two associated issues are sometimes linked to the question of claims of ownership over permits (HORSCERA 1998). These relate to:

- a claim that because Australia's entitlement to permits under the Kyoto Protocol is based on our historical emission levels, producers responsible for those emissions have an implied right of ownership over the permits; and
- legal entitlements for compensation from government in the event that the number of permits is summarily reduced through some government action.

Ownership as a residual right of 1990 emitters

The claim that emission allowances provided to Australia under the Kyoto Protocol on the basis of our 1990 emissions should, by default, be vested in the entities that were responsible for those emissions has numerous problems associated with it. These include:

- emissions, by their nature, have been released by those that generated them into the atmosphere which is a communally owned resource. In fact, in many parallel scenarios dealing with emissions of atmospheric or water pollutants, emitters must typically 'pay' the community to take them;
- the Kyoto Protocol allocates Assigned Amount Units (AAUs) to countries irrespective of whether they have an emissions trading system, and independent of the operation of an international emissions trading system;

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**

Additional Estimates 2000-2001, (21/02/01)

- the AAUs represent an authority to emit and, to the extent that all Australians will be affected by national emission constraints — including emitters that came into existence or changed their emission profile since 1990 — it makes sense for national interests to be explicitly reflected in allocation decisions.

These factors suggest that it is both logical and in the interests of good policy for government to exercise discretion over the allocation of emission permits. As emphasised in the second discussion paper (AGO 1999b), decisions over allocation can have profound efficiency and equity implications, affecting issues such as competitiveness, the pattern of structural adjustment, investment and regional employment. The means by which government chooses to allocate emission permits is one of the most significant issues in the development of a trading system. As discussed in chapter 4, collection of consistent data (be it on historical emission levels or some other factor) on which to base allocation decisions can also represent a formidable challenge.

Compensation

The property status of emission permits issued by government is a significant definitional issue, and one that could benefit from examination of other license trading arrangements. The SO₂ trading system in the USA explicitly stipulates that emission licenses do not represent a property right and can be rescinded without cost by government (BIE 1992). Other examples of permit or license trading exist that allow for stronger ownership claims over the licenses themselves.

The crux of this issue revolves around consideration of Section 51 (xxxix) of the Australian Constitution, which requires that any acquisition of property by the Commonwealth, must be made on 'just terms'. While it is possible for Australian emission permits to be defined in such a way that they would not be subject to this requirement, the rationale for such a decision would need to take account of the following factors:

- the desirability of giving emitters as much certainty and security as possible in planning for emission reductions required as a result of Kyoto Protocol targets in the first and subsequent commitment periods;
- the extent to which emitters and government (acting on behalf of all Australians) should share the economic risks associated with emission constraints, and any revision to those constraints, under the Protocol;
- the potential for unforeseen circumstances beyond the control of government, or the actions of emitters themselves, to necessitate repossession or re-allocation of permits.

These factors would all need to be considered in the context of the Protocol, the international trading framework and government's wider commitments to the social and ethical underpinnings of the Constitution itself.

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**

Additional Estimates 2000-2001, (21/02/01)

Given that the adoption of national emission constraints will tend to impose adjustment pressures on segments of industry, government might consider allowing emission permits to be defined in such a way that they are subject to the 'just terms' provisions of Section 51, as an aid to industry planning and investment. Alternatively, government might follow the United States SO₂ example of explicitly shielding permits from compensation claims. A compromise position is also feasible in which permits could be defined in such a way that explicitly sets out the circumstances in which Section 51 provisions would or would not apply.

This issue would need to be resolved with due consideration of the need for an appropriate degree of risk sharing, the desirability of encouraging stability and investor confidence within the economy, and the need for compatibility between units traded in the national and international market.

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**
Additional Estimates 2000-2001, (21/02/01)

Outcome 1,

Question: 61

Topic: Energy Efficiency

Hansard Page/Written Question on Notice: Tabled

Senator Bolkus asked:

1. Have any reports been commissioned by any Commonwealth agency on Australia's relative energy efficiency?
2. Has ABARE conducted any studies into energy efficiency?
3. Is there a study currently underway with IEA?
4. Has AGO been involved in any way with this study?
5. Does it show Australia as relatively efficient or inefficient when compared to other OECD countries?
6. Did DPIE ever conduct a study by Lee Schipper to estimate Australia's energy efficiency?
7. What were his conclusions?
8. Can a copy be made available?

Answer:

1. The publications to which you appear to be referring were commissioned by ISR, or in the case of the IEA study, DPIE. The following has been provided by ISR.

A report, "Energy Use in an International Perspective: Comparison of Trends through the mid 1990s" was prepared for ISR by the IEA. The study was commissioned to help develop understanding of the Australian energy system, and to underpin policy development. It compares Australian energy indicators with those of 12 other OECD countries.

The IEA work complements another report, "Energy Trends: An Analysis of Energy Supply and Use in the National Energy Market" which has been prepared for the Australian and New Zealand Minerals and Energy Council (ANZMEC) by ISR to monitor energy and environmental trends and outcomes as a step towards maximising the economic benefits of the reform process. One of the key inputs used in preparing the "Energy Trends" report is ABARE's study on Australian energy intensity commissioned by ANZMEC.

Both the "Energy Trends" and "International Comparison" reports are nearing finalisation, and should be published shortly.

**Senate Environment, Communications, Information Technology and the Arts
Legislation Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

**Department of Environment and Heritage
Australian Greenhouse Office**

Additional Estimates 2000-2001, (21/02/01)

2. The AGO is aware of several studies on energy efficiency (or intensity) undertaken by ABARE which are listed below. Full details of all publications pertaining to or referring to energy efficiency should be sought from ABARE.

Energy Efficiency Trends in Australia (Wilson et al, 1993)

Energy Efficiency Investment in Australia (Harris et al, 1998)

Trends in Australian Energy Intensity 1973-74 to 1995-96 (Cox et al, 1997)

Trends in Australian Energy Intensity 1973-74 to 1997-98 (Harris et al, 2000)

The 1993 report by Wilson includes comparisons with studies in other countries, although the studies were not strictly comparable.

3. In 1996, the IEA (a team led by Dr Lee Schipper) was contracted to undertake work on energy efficiency in Australia as outlined in 1.

4. Except for participating in a meeting of government officials and industry representatives to review a revised draft of the study in mid-2000, AGO has not been directly involved in the study.

5. The study presents a wide range of complex information. The full report will be available soon.

6. See 3.

7. See 5.

8. ISR has advised that the report will be published shortly.