

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio

Additional Estimates 2007-08

21 February 2008

**Question:** AR-2  
**Topic:** Fossil fuel subsidies  
**Proof Hansard Page:** Written

**Senator Milne asked:**

1. Can you provide a breakdown of the subsidies, including one-off grants, to the fossil fuel industry from your department in the 06/07 financial year, and their total dollar value? \*\*
2. Can you provide a breakdown of the subsidies, including one-off grants, to the renewable energy industry from your department in the 06/07 financial year, and their total dollar value? \*\*
3. Do you expect to alter the extent of subsidies to the renewable energy industry, so that in dollar value-terms, it is in parity with the fossil fuel industry? \*\*
4. Will the department be conducting any studies to investigate the impact of subsidies to the fossil fuel sectors on greenhouse emissions? \*\*
5. How much of the funding has been allocated to specific projects under the Low Emissions Technology Fund? (ie. What's unspent so far?)
6. Have all the proposals for the LETF grants been finalised by the Government? If not, what stage are they at?
7. Is the Government considering reviewing any of the applications / grants in light of changed policy objectives on climate change? If not, why not?
8. Has the department calculated the impact on greenhouse emissions from these projects? What will be the total impact on Australia's emissions should all these projects go ahead?
9. Has the department considered reviewing the criteria for Government spending on so called "clean coal" and "geo-sequestration" projects?

\*\* FYI These questions were also asked of the Department of Infrastructure, Transport Regional Development and Local Government

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#### Answers:

Can you provide a breakdown of the subsidies, including one-off grants, to the fossil fuel industry from your department in the 06/07 financial year, and their total dollar value?

#### Response:

(a) The Asia Pacific Partnership on Clean Development and Climate (APP) is focussed on developing practical projects that involve a high level of cooperation between government and industry to address climate change and promote clean development in key developed and developing countries. In 2006/07 commitments of \$39 million were allocated to projects under the Cleaner Fossil Energy and Coal Mining Task Forces. Expenditure (administered funds) on these projects in 2006/07 was \$239,894. The Partnership was administered by the Department of Industry, Tourism and Resources in 2006/07.

(b) Under the Ethanol Distribution Program, \$0.7million was paid in grants in 2006/07 to retail service stations for the upgrading of their facilities to enable the sale of E10 (10% ethanol blended in 90% petrol). Each grant was for up to \$10,000 for the upgrade and either \$5,000 or \$10,000 for the achievement of E10 sales targets.

(c) The Low Emissions Technology Demonstration Fund (LETDF) provides funding to demonstrate the commercial potential of new energy technologies to deliver long-term large-scale greenhouse gas emission reductions. In 2006/07, \$335 million was committed under LETDF to five projects relating to fossil fuels. No expenditure (administered funds) was incurred under the Fund in 2006/07.

Can you provide a breakdown of the subsidies, including one-off grants, to the renewable energy industry from your department in the 06/07 financial year, and their total dollar value?

#### Response:

(a) The \$100 million Renewable Energy Development Initiative supports renewable energy innovation and commercialisation. In 2006/07 commitments of \$33.6 million to fifteen applicants were announced. Expenditure (administered funds) for the program in 2006/07 was \$9.95 million. The program was administered by the Department of Industry, Tourism and Resources in 2006/07.

(b) The \$20.4 million Advanced Electricity Storage Technologies program provides funds for the development and application of new technologies. In 2006/07 commitments of \$17.6 million for five projects were announced. Expenditure (administered funds) for the program in 2006/07 was \$0.5 million. The program was administered by the Department of Environment and Water Resources in 2006/07.

(c) In 2006/07 \$75 million was committed under the Low Emissions Technology Demonstration Fund for a renewable energy industry project. No expenditure (administered funds) was incurred under the Fund in 2006/07.

(d) Under the Ethanol Production Grant Program, \$31.9 million was paid in 2006/2007 to ethanol producers. Under the Biofuels Capital Grant Program, \$3.7 million was paid in 2006/2007 to biofuel companies.

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(e) Under the Asia Pacific Partnership on Clean Development and Climate, \$24.5 million was committed to projects under the Renewable Energy & Distributed Generation Task Force in 2006/07. Expenditure (administered funds) on these projects in 2006/07 was \$165,157. The Partnership was administered by the Department of Industry, Tourism and Resources.

Do you expect to alter the extent of subsidies to the renewable energy industry, so that in dollar value-terms, it is in parity with the fossil fuel industry?

Response: The \$500 million Renewable Energy Fund was announced as an election commitment to accelerate the development, commercialisation and deployment of renewable energy technologies in Australia, including \$50 million for a geothermal drilling program. The \$150 million Energy Innovation Fund was also announced to provide funding for an Australian Solar Institute and to support scientific research and development of clean energy technologies.

Will the department be conducting any studies to investigate the impact of subsidies to the fossil fuel sectors on greenhouse emissions?

Response: No the department will not be conducting any studies to investigate the impact of subsidies at this present time.

How much of the funding has been allocated to specific projects under the Low Emissions Technology Fund? (ie. What's unspent so far?)

Response: Under the \$500 million Low Emissions Technology Demonstration Fund, \$410 million has been announced to support six projects. The Fund has been closed and no further funds will be allocated.

Have all the proposals for the LETF grants been finalised by the Government? If not, what stage are they at?

Response: One full deed has been signed with one grantee and an interim deed signed with another. The remaining four contracts are being negotiated and it is expected that the negotiations will be finalised in the first half of this year.

Is the Government considering reviewing any of the applications / grants in light of changed policy objectives on climate change? If not, why not?

Response: No. Funding has already been announced for these projects.

Has the department calculated the impact on greenhouse emissions from these projects? What will be the total impact on Australia's emissions should all these projects go ahead?

Response: Projects funded under the Low Emissions Demonstration Fund needed to demonstrate that the technology would be commercially available by the period 2020-30 and have the potential to lower Australia's energy sector greenhouse gas emissions signature by at least 2 per cent per annum from 2030 at a realistic uptake rate.

Has the department considered reviewing the criteria for Government spending on so

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called “clean coal” and “geo-sequestration” projects

Response: No the department has not considered this review to date.