

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 120
Hearing: Budget Estimates
Outcome: Corporate
Programme: Corporate Strategies Division
Topic: EMISSION REDUCTION FUND - FINANCIAL MANGEMENT ACT
Hansard Page: N/A
Question Date: 10 June 2014
Question Type: Written

Senator Urquhart asked:

On 15 May 2014 in Question Time the Prime Minister provided the following response to a question relating to the \$80 billion of cuts to health and education. The Prime Minister said: "We said pre-election that we would not be bound by Labor's pie-in-the-sky promises for the out years."

At Senate Estimates on 26 May the Department of Environment provided the following response to a question about the allocation of the full \$2.5bn of promised funding for the ERF: "For the purposes of the budget appropriations, the Department prepares an estimate of how much money is expected to be expended over the forward estimates....that [the \$1.1bn in the Budget papers] is our best estimate of how much money the regulator will pay out over the first four years of the scheme for contracts that it has signed and committed to. Of course, that is our estimate at the commencement of the scheme. If more or fewer contracts were signed and more moneys were paid out because more abatement came forward earlier, then the profile would naturally change. "

How does the interpretation of the Financial Management Act differ for the \$2.55bn of the ERF from the Government's interpretation of the \$80bn for health and education?

Answer:

Payments under contracts will be spread over a number of years. This is reflected in the profile of expenditure published in Budget Paper 2 of the 2014-15 Budget, which is an estimate of payments to Emissions Reduction Fund participants after emissions reductions have been reported to the Clean Energy Regulator and verified.

Authority to expend the full \$2.55 billion in funds is provided for under established Government financial management and budget processes.