

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

Question No: 154
Hearing: Budget Estimates
Outcome: Outcome 2
Programme: Climate Change and Renewable Energy (CCARE)
Topic: Emissions Reduction figures
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Question Type: Spoken

Senator Urquhart asked:

Senator URQUHART: Sorry; can I just step back? The figures were arrived at by the calculation of the emissions reductions versus what?

Senator Birmingham: Versus the revenue from the carbon tax.

Senator URQUHART: That is how you arrived at the figure?

Senator Birmingham: Yes, indeed. Emissions reduction divided by carbon tax revenue is the pretty simple analysis. There might be a little more to it which I can provide on notice if need be, but the short version there is that is the approach. Equally, we have outlined that the Emissions Reduction Fund, which is directly contracting abatement, is a \$13.95 per tonne average—as Dr Kennedy explained before. Some are more; some are less. That is about achieving the 47 megatonnes of abatement, if my memory is correct, out of the \$600 million-odd of contracts related there. In both cases, it is abatement divided by the cost.

Senator URQUHART: You offered to provide some more detail on notice. Can I take you up on that offer, because I know that Senator Rice has some questions, and I do not want to take her time.

Senator Birmingham: I am sure the minister will be happy to provide the analysis of the costs of abatement under the carbon tax versus the costs of abatement under the Emissions Reduction Fund.

Answer:

In April 2015, the Clean Energy Regulator held the first Emissions Reduction Fund auction. Following the auction, the Government contracted to purchase more than 47 million tonnes of emission reductions. In total, \$660 million was committed for 144 projects at an average price of \$13.95 per tonne of abatement.

In relation to the carbon tax, the Department understands that the referenced calculation involves dividing the total amount of carbon tax revenue received (\$15.4 billion) by the total reduction in emissions measured in the national inventory (12 million tonnes of CO₂-e) during the operation of the carbon tax, to derive the figure of around \$1,300/ tonne.