

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Finance

Outcome/Program: 1/1.1

Topic: Emissions Reduction Fund Measure

Senator: Ludwig

Question reference number: F238

Type of question: Written

Date set by the committee for the return of answer: Friday, 11 July 2014

Number of pages: 2

Question:

1. Can you confirm that the funding committed for the Emissions Reduction Fund at the 2013 election was provisioned for in the Contingency Reserve at the time of the 2013-14 Mid-Year Economic and Fiscal Outlook (MYEFO)? Can you confirm that this amount was the amount as costed by the Parliamentary Budget Office, that is, \$1.55 billion?
2. Can you confirm that the profile in the measure for the Emissions Reduction Fund on pages 102 and 103 of Budget Paper Number Two in the 2014-15 Budget adds up to \$1.1467 billion?
3. Can you confirm that the conventions of measures descriptions would mean that in order to obtain the total amount of funding for the measure, you would have to add the funding profile in the measure to the amount in the contingency reserve?
4. Can you confirm that the measures description states that the Government will provide \$2.55 billion for the Emissions Reduction Fund?
5. Can you explain the difference between the measures description (\$2.55 billion) and the number you would obtain if you added what is supposed to be in the contingency reserve, to the funding profile in the measures description?

Answer:

1. Yes. The provision in the Contingency Reserve for the Emissions Reduction Fund (ERF) provided at the 2013-14 MYEFO reflected the original election commitment of \$1.55 billion over three years from 2014-15.
2. Yes. The fiscal balance (and underlying cash balance) impact of the ERF measure over four years from 2014-15 as provided in the Budget is \$1.1467 billion.

3. No. Consistent with the treatment of other election commitments to be considered in the 2014-15 Budget context, a provision was included in the Contingency Reserve at the 2013-14 MYEFO in recognition of likely financial impacts in advance of Government consideration. The provision was removed from the Contingency Reserve when the final ERF policy and funding was determined. The published ERF measure represents the full ERF funding commitment of the Government.
4. Yes.
5. There is no longer a provision for the ERF in the Contingency Reserve. The provision was replaced in the 2014-15 Budget by the inclusion of the \$2.55 billion (\$1.1467 billion over four years from 2014-15) for the ERF against the expenditure estimates for the Clean Energy Regulator (CER).

The difference between the figure in the measure description text (\$2.55 billion) and the funding profile in the measure expense table (\$1.1467 billion over four years from 2014-15) is because the figures cover different periods. The \$2.55 billion covers the full value of contracts the CER will be able to enter into from the commencement of the scheme, with expenditure estimated to occur over a period longer than the conventional four year presentation in the Budget papers. This reflects the policy decision that payments will only be made after contracted abatement this has been delivered and has been certified by the CER. The \$1.1467 billion therefore covers the estimated expenditure over the four year period from 2014-15, consistent with standard Budget presentation.