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## APPENDICES

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# APPENDIX 1: TERMS OF REFERENCE

## Strategic Review of Australian Government Climate Change Programs

The Australian Government's climate change policy to introduce a national emissions trading scheme as the principal emissions reduction measure represents a fundamental shift in the way greenhouse gas emissions are managed.

In this context, the Australian Government has agreed to review all its existing climate change programs to:

- ensure they are complementary to the emissions trading scheme;
- phase out less efficient abatement programs and initiatives ('programs') that will compromise the abatement incentives arising from the carbon price signal delivered by emissions trading; and
- rationalise duplicative and overlapping programs.

The review will develop a set of principles to assist in assessing whether existing programs are complementary to an emissions trading scheme, and looking forward, to use in the development and implementation of future climate change measures that are complementary.

These principles are expected to include whether programs address clear market failures that are likely after the introduction of emissions trading, or which may be necessary to prepare for emissions trading. Complementary programs may also address aspects of Australia's climate change response that are not covered by emissions trading, including equity considerations.

Pending details of the Government's emissions trading scheme, the review will be guided by the Report of the Task Group on Emissions Trading. The review will also be informed by the Garnaut Climate Change Review.

### Purpose

The review will recommend whether climate change programs should continue without modification, be modified to ensure consistency with an emissions trading scheme, be phased out once an emissions trading scheme is in place, including transitional arrangements, or be terminated.

In developing recommendations, the review will assess the appropriateness, effectiveness and efficiency of the existing suite of climate change programs. In doing so it will consider the Government's election commitments and assess their design to maximise effectiveness against these criteria. Recommendations may also address the appropriateness and effectiveness of existing delivery mechanisms such as regulation and tax concessions.

**Appropriateness** – The review will:

- assess programs for consistency with the Government's proposed emissions trading scheme;
- further assess the programs as to whether they:

- compromise abatement incentives arising from the carbon price signal delivered by emissions trading: recognising there may be a case for transitional measures as the emissions trading system matures;
- achieve abatement at least cost (if they are abatement measures);
- address identified market failures that are expected to remain after the introduction of emissions trading; and
- do not unnecessarily add to the regulatory burden;
- > assess how well the programs deliver priority outcomes including:
  - whether there is any duplication across programs, including with reference to state/territory programs and other relevant Commonwealth initiatives, and what could be done to remove it;
  - whether the Commonwealth is the more appropriate delivery level of Government; and
  - whether there would be any significant gaps in meeting the Government’s climate change objectives following the introduction of an emissions trading scheme, what could be done to resolve them, and whether there are any consequences if the gaps are not addressed.

**Effectiveness** – The review will consider:

- > whether the programs have achieved their original objectives based on existing performance indicators, and what contributed to these outcomes;
- > the adequacy of the existing performance indicators;
- > any unintended consequences (positive or negative) of the programs; and
- > the interaction of the program with related programs, including state and territory programs.

**Efficiency** – The review will consider:

- > whether funding has been used to efficiently deliver outputs and possible alternatives to current arrangements to more efficiently achieve the objectives;
- > the impact of the programs on costs borne by the community, clients and other Governments; and
- > program implementation, identifying the key causes where programs have not been well implemented.

### **Programs and initiatives covered by the review**

The review should examine those Australian Government programs whose primary objective relates to climate change, in particular those listed in Annex A, and including the Government’s election commitments listed in Annex B.

### **Deliverables**

An in-confidence report, including an executive summary, will be provided to the Government by 31 July 2008.

## **Responsibilities and Governance**

The review will be undertaken as a Strategic Review. The review will be headed by an independent person with strong subject matter experience. The head of the review will be supported by a review team of seconded officers. Co-ordination and monitoring of the review's progress will be undertaken by the Strategic Review Unit in Finance.

## **Consultation**

A consultation committee comprising the Departments of the Prime Minister and Cabinet (PM&C), the Treasury, Finance and Deregulation (Finance), Climate Change (DCC), Environment, Water, Heritage and the Arts (DEWHA), Agriculture, Fisheries and Forestry (DAFF) and Resources, Energy and Tourism (DRET) will inform the review team. Other affected agencies (see below) may be invited to attend consultation committee meetings from time to time.

Confidential consultation with external stakeholders may also be conducted if required.

As the Garnaut Climate Change Review is undertaking extensive public consultation, further public consultations are not regarded as necessary to complete the review.

## **Affected agencies**

PM&C, Finance, Treasury (Australian Taxation Office), DCC, DEWHA (Bureau of Meteorology), Department of Innovation, Industry, Science and Research (Commonwealth Scientific and Industrial Research Organisation), DRET, Department of Infrastructure, Transport, Regional Development and Local Government, DAFF (Australian Bureau of Agriculture and Resource Economics, Bureau of Rural Sciences), Department of Foreign Affairs and Trade (AusAID).

## ANNEX A

### Australian Government Climate Change Programs

Proposed Grouping to Assist Analysis for Review

#### Policy and regulatory functions (international and domestic)

- > Strategic National Response
- > Influencing International Climate Change Policy
- > Carbon Capture and Storage – Offshore Regulatory Framework

#### Promoting Abatement at Least Economic Cost

##### Supporting the ETS

- > Emissions Measurement and Analysis
- > National Emissions Reporting Scheme

##### Other abatement measures

- > Greenhouse Gas Abatement Program
- > Carbon Sink Forests
- > Coal Mine Methane Reduction
- > Clean Energy Target – Office of Renewable Energy Regulation
- > Alternative Fuels Conversion Program
- > Greenhouse Challenge Plus
- > National Average Fuel Consumption Target

##### Supporting RD&D for low emission technologies

- > Carbon Neutral Energy Security
- > Asia Pacific Partnership (APP)
- > Low Emissions Technology Demonstration Fund
- > Renewable Energy Development Initiative
- > Advanced Electricity Storage Technologies
- > Low Emission Technology and Abatement
- > Renewable Energy Commercialisation Program
- > Geothermal Technology Road map
- > Hydrogen Technology Road map
- > Wind Forecasting Capability
- > ARC Centre for Solar Energy Systems
- > Renewable Energy Equity Fund
- > CRC for Greenhouse Gas Technologies (CO2 CRC)
- > CRC for Coal and Sustainable Development
- > CSIRO Energy Transformed Flagship

### Improving Energy Efficiency

- > Action on Energy Efficiency
- > Phase out of Inefficient Light Bulbs
- > Energy Efficiency Opportunities
- > Challenge Plus – Industry Partnerships (Generator Efficiency Standards)
- > Solar Cities

### Supporting households and communities to reduce emissions

- > Green Vouchers for Schools
- > Photovoltaic Rebate Program
- > Solar Hot Water Rebates
- > Local Greenhouse Action
- > Renewable Remote Power Generation Program
- > Small Business and Household Action Initiative
- > Greenhouse Action in Regional Australia
- > Green Vehicle Guide

### Adaptation and science

- > National Climate Change Adaptation Program
- > Climate Change Science Program
- > Australian Centre for Climate Change Adaptation
- > CSIRO Prediction and Adaptation Flagship
- > Managing Climate Variability

### Other International Programs

- > Global Initiative on Forests and Climate
- > Asia-Pacific Forestry Skills and Capacity Building Program
- > Engagement in other Climate Change Forums

The review will not examine the following:

- > fuel taxation arrangements;
- > support provided to the biofuels industry for purposes other than climate change objectives; or
- > nuclear related programs.

## ANNEX B

### Election Commitments

- > International Climate Change Strategy
- > Adaptation in the South Pacific
- > Global Deforestation Initiative
- > National Adaptation Plan and Iconic Areas
- > Climate Change Adaptation for Coastal Communities
- > Plan for Primary Industries
- > Climate Change Adaptation Partnerships Program
- > Climate Change Productivity Research Program
- > Climate Change Adjustment Program
- > Solar Homes – Solar Schools
- > Green Loans
- > National Solar Schools Plan
- > Solar Homes and Community Plan – photovoltaic rebates
- > Climate Friendly Hot Water
- > One Stop Green Shop
- > Expanded Solar Cities
- > Green Precincts
- > Sustainable housing tool
- > Greenhouse and Energy Minimum Standards – 10 star
- > Solar Green Energy and Water Renovations Plan – Green Loans
- > National Rainwater/Greywater Plan
- > Low emissions plan for renters – insulation rebate
- > Mandatory Renewable Energy Target 45,000GWh in 2020
- > Clean Government
- > National Standard for Carbon Offsets
- > Australia as the Clean Energy Hub of the Asia-Pacific Region
- > Clean Energy Enterprise Connect Centre
- > Clean Energy Export Strategy
- > Green Car Innovation Fund
- > Green Car Challenge
- > Clean Energy Plan
- > Renewable Energy Fund
- > Clean Business Australia – Green Building Fund
- > Clean Business Australia – Retooling for Climate Change
- > Clean Business Australia – Climate Ready
- > Energy Innovation Fund
- > National Clean Coal Fund