



Australian Government
Department of the Environment

Mr Jason McNamara
Executive Director
Office of Best Practice Regulation
Department of Prime Minister and Cabinet

Dear Mr McNamara

White Paper - Emissions Reduction Fund

I am writing in relation to the Emissions Reduction Fund (ERF) White Paper. I have attached estimates of the change in regulatory burden associated with two of the measures proposed in the White Paper - the ERF crediting and purchasing arrangements, and changes to the Carbon Farming Initiative. An offset of \$85.3 million is provided from the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and associated legislation. The remainder of the savings are expected to contribute to the Government's \$1 billion Deregulation target or contribute to future offsets. The estimates have been agreed with your Office.

I note that the introduction of a safeguard mechanism requires the preparation of a Regulation Impact Statement and certify that the development of the White Paper has followed a similar process to that required for a Regulation Impact Statement (RIS). I certify that the White Paper contains a level of analysis equivalent to an early stage RIS for the safeguard mechanism.

The change in regulatory burden arising from introduction of the safeguard mechanism cannot be quantified at this stage. There is no change in regulatory burden associated with the initial decisions on coverage of a safeguard mechanism, as these will not impose new obligations on business, introduce new reporting requirements or require compliance with baselines. The final change in regulatory burden will be estimated following further consultation with business on flexible compliance arrangements and other policy detail. Those estimates will be incorporated into a RIS that will inform the Government's final decisions on the design of the safeguard mechanism. Those estimates will be agreed with your Office when the final RIS is submitted for your assessment in accordance with the Australian Government's Guide to Regulation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Kennedy', written over a large, faint, diagonal watermark or signature.

Dr Steven Kennedy
Deputy Secretary
Department of the Environment

26 March 2014

Regulatory Burden and Cost Offset (RBCO) Estimate Table - Emissions Reduction Fund

Average Annual Compliance Costs (from Business as usual)

Costs (\$m)	Business	Community Organisations	Individuals	Total Cost
Total by Sector	\$4.68	\$	\$	\$4.68

Cost offset (\$m)	Business	Community Organisations	Individuals	Total by Source
Agency	-\$4.68	\$	\$	-\$4.68
Within portfolio	\$	\$	\$	\$
Outside portfolio	\$	\$	\$	\$
Total by Sector	-\$4.68	\$	\$	-\$4.68

Proposal is cost neutral?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Proposal is deregulatory	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Balance of cost offsets	\$80.62 million