



STANDING COMMITTEE ON ENVIRONMENT, CLIMATE CHANGE AND BIODIVERSITY
Dr Marisa Paterson MLA (Chair), Ms Jo Clay MLA (Deputy Chair), Ms Leanne Castley MLA

Inquiry into Annual and Financial Reports 2020-2021
ANSWER TO QUESTION TAKEN ON NOTICE
25 February 2022

Asked by Ms Clay on 25 February 2022: Dr Sophie Lewis took on notice the following question(s):

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In relation to:

MS CLAY: Commissioner, I am looking up the recommendation number because I do not have it in my notes, but you might have it off the top of your head. I am interested in your recommendation about the social cost of carbon. EPSDD has been identified as the lead agency on that, and I am looking forward to asking Minister Rattenbury some questions about it next week. It is recommendation 12. We have it listed that, with the social cost of carbon, we want to do further engagement, and we are apparently quite well advanced on programs and activities under that. Have you been tracking that progress? Are you satisfied with the progress on that social cost of carbon work?

Dr Lewis: Again, is this from the implementation status report, or are you talking about the *State of the Environment Report*?

MS CLAY: The implementation status report. I will look for a page number reference while you are speaking.

Dr Lewis: We are tracking all recommendations and we have responses to information provided by government in our annual report. Again, I will take that implementation status report question on notice.

Dr Sophie Lewis: The answer to the Member's question is as follows:–

Recommendation 12 from the 2019 State of the Environment Report (SoER) is as follows:

“engage the community in consultation about and the design of the Social Cost of Carbon mechanism under consideration in the Climate Change Strategy 2019–25.”

This Recommendation was ‘Agreed’ in the Government response to the SoER. Directorates responsible for delivery are: Environment, Planning and Sustainable Development Directorate (EPSDD); Transport Canberra and City Services (TCCS); Health; Chief Minister, Treasury and Economic Development; Education; Justice and Community Safety; and Community Services.

Information provided by lead agency EPSDD on progress towards this recommendation for the 2020-21 Annual Report included the following details:

- To undertake this action, the ACT Government engaged leading climate economist Nicki Hutley to provide advice on the theory and practice of the use of a social cost of carbon in Government decision making.
- The advice included the application and limitations of a social cost of carbon and an estimated social cost of carbon for the ACT Government's decision making, based on best practice and experience globally.
- In 2021, the ACT Climate Change Council also updated their earlier 2018 advice about the value of social cost of carbon for use in ACT Government decision making.
- TCCS collaborates with EPSDD in the design of the Social Cost of Carbon in delivering on the Zero Emissions Government Target to ensure that future funding accommodates any additional cost pressures.
- TCCS contributes to the initiatives practically, in particular providing data/information that contributes to the environmental recommendations.
- Under Action 5.11 of the Climate Change Strategy 2019-25, 'Invest an interim price of \$20 per tonne of emissions from Government operations into measures to meet the Zero Emissions Government target from 2020–21, and arrange for an independent body to develop a social cost of carbon for application from 2025.'
- TCCS notes that this recommendation represents a significant financial impact for TCCS with over 60% contribution (~69kT) of ACT emission profile. The social cost of carbon, payable annually represents an estimated cost of \$1.4m (based on \$20/ tonne) to \$3.7m (based on \$54 per tonne as costed in 2017 in US)

The Office of the Commissioner for Sustainability and the Environment notes that there is insufficient evidence provided from directorates to comprehensively assess progress on this action within the last reporting year (2020-21). Further evidence of consultation with community is required.

Approved for circulation to the Standing Committee on Environment, Climate Change and Biodiversity

Signature: 

Date: 7 March 2022

By the Commissioner for Sustainability and the Environment, Dr Sophie Lewis