



The Hon Greg Hunt MP
Minister for the Environment



Dr Dennis Jensen MP
Chair
Standing Committee on Petitions
Parliament House
CANBERRA ACT 2600

MC14-007348

26 MAR 2014

Dear Dr Jensen

Thank you for your letter of 6 March 2014 concerning a petition (874/1342) received by the Standing Committee on Petitions regarding establishing an inquiry into Government spending on reducing human production of carbon dioxide.

The Australian Government supports the principle of ensuring that policies to achieve the five per cent emissions reduction target by 2020 are efficient. As part of this approach, the Government is repealing the carbon tax to reduce costs for households and businesses and to pave the way for the Direct Action Plan. In line with the removal of the carbon tax impost on businesses, the industry assistance programmes, which attempted to offset the carbon tax cost, will also be wound up.

Emissions can be reduced in an efficient manner without a carbon tax which drives up the cost of living and reduces Australia's competitiveness. The Government will implement its Direct Action Plan, which includes the Emissions Reduction Fund (ERF), to reduce emissions and meet Australia's emissions reduction target. The ERF will have a capped budget allocation, with an initial funding allocation over forward estimates of \$1.55 billion.

The Government will release a White Paper in early 2014 which will incorporate policy decisions on the ERF's design and proposed legislation. As part of the White Paper process a Regulatory Impact Statement (RIS) will be developed that outlines the compliance costs of implementing the ERF. The RIS will be made public with the release of the White Paper.

The Government is also undertaking a review of the Renewable Energy Target in 2014. The review will advise on the appropriateness of the target, its impact on electricity prices, and the range of options available to reduce any price impact on families and businesses, while managing sovereign risk.

Thank you for bringing the petition to my attention.

Yours sincerely

Greg Hunt