

# Chapter 1

## Introduction

### Conduct of the inquiry

1.1 On 10 December 2013, the Senate referred the following matter to the Environment and Communications References Committee (the committee) for inquiry and report by 24 March 2014.<sup>1</sup> On 18 March 2014, this report date was extended to 26 March 2014.<sup>2</sup>

- (a) An inquiry into the Abbott Government's Direct Action Plan and the Abbott Government's failure to systematically address climate change, including:
  - (i) whether the Direct Action Plan has the capacity to deliver greenhouse gas emissions reductions consistent with Australia's fair share of the estimated global emissions budget that would constrain global warming to Australia's agreed goal of less than 2 degrees,
  - (ii) whether the Direct Action Plan has the capacity to reduce greenhouse gas emissions adequately and cost effectively,
  - (iii) the effect of technical issues that arise for measuring abatement under the Direct Action Plan, including additionality and establishing emissions baselines for emitting entities and long-term monitoring and reporting arrangements,
  - (iv) the impact of the absence of policy certainty derived from the Direct Action Plan to encourage long-term business investment in the clean, low carbon economy,
  - (v) the impact of the abolition of the Clean Energy Finance Corporation on the availability of capital for clean technology and industry investment,
  - (vi) the repeal of the Clean Energy Package and the Direct Action Plan's impact on, and interaction with, the Carbon Farming Initiative,
  - (vii) the fiscal and economic impact of the Direct Action Plan,
  - (viii) the impact of repealing the Clean Energy Package on Australia's ability to systemically address climate change,

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1 *Journals of the Senate*, No. 9, 10 December 2013, pp 310–311.

2 *Journals of the Senate*, No. 20, 18 March 2014, p. 634.

- (ix) the impact of repealing the Clean Energy Package on Australia's carbon pollution cap,
  - (x) the impact of repealing the Clean Energy Package on international efforts to reduce carbon pollution,
  - (xi) the impact of abandoning linkage with the European Union on international cooperation to reduce emissions,
  - (xii) the ability of the Government and the Australian people to receive expert independent advice on an appropriate carbon pollution cap for Australia following the abolition of the Climate Change Authority,
  - (xiii) the impact of cuts to funding for the Australian Renewable Energy Agency, and
  - (xiv) any other related matters; and
- (b) in undertaking this inquiry the committee must have regard to the Climate Change Authority's draft report, *Reducing Australia's Greenhouse Gas Emissions – Targets and Progress Review*, dated October 2013.<sup>3</sup>

1.2 In accordance with usual practice, the inquiry was advertised nationally in *The Australian* and on the internet. The committee also wrote to relevant organisations inviting submissions by 20 January 2014. The committee received 106 submissions, listed at Appendix 1.

1.3 The committee held five public hearings as follows:

- Perth on 31 January 2014;
- Melbourne on 5 February 2014; and
- Canberra on 28 February, 7 March and 18 March 2014.

1.4 A list of witnesses appearing at the public hearings is contained in Appendix 2.

## **Acknowledgements**

1.5 The committee would like to thank all the individuals, organisations and Government departments that contributed to the inquiry.

## **Note on references**

1.6 Hansard references in this report are to the proof committee Hansard. Page numbers may vary between the proof and the official Hansard transcript.

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3 *Journals of the Senate*, No. 9, 10 December 2013, pp 310–311.

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## Structure of the report

1.7 This chapter outlines the conduct of the inquiry.

1.8 Chapter 2 provides background to the inquiry, including a brief summary of the need for action on climate change, and Australia's international and domestic commitments to limit greenhouse gas emissions.

1.9 Chapter 3 provides an overview of the Clean Energy Package and discusses the implications of the Government's proposals to repeal key elements of that package.

1.10 Chapter 4 examines the role of three key institutions that form part of Australia's policy response to address climate change: the Climate Change Authority, the Clean Energy Finance Corporation and the Australian Renewable Energy Agency.

1.11 Chapter 5 examines the Direct Action Plan and the proposed Emissions Reduction Fund, and whether they have the capacity to reduce Australia's greenhouse gas emissions adequately and cost-effectively.

1.12 Chapter 6 considers technical issues related to the design of the Emissions Reduction Fund which will impact on its ability to reduce Australia's greenhouse gas emissions.

1.13 Chapter 7 considers related issues, including the Renewable Energy Target, other components of the Direct Action Plan, and interaction with the Carbon Farming Initiative.

