

During the election campaign Prime Minister Gillard announced a Climate Change Commission to *'explain the science of climate change and to report on progress in international action'* and a Citizens' Assembly to *'examine over 12 months the evidence on climate change, the case for action and the possible consequences of introducing a market-based approach to limiting and reducing carbon emissions'*.

This is breathtakingly irresponsible and unnecessary!

The Democrats-initiated comprehensive Senate inquiry into greenhouse back in 2000 explained the science, made the case for action and unanimously recommended a market based approach. Professor Ross Garnaut was commissioned by government to do this work in 2008 and recommended an emissions trading scheme to bring down emissions by 80% by 2050.

The dumping of the ETS has however generated interest in a carbon tax. The main arguments in favour are that it is simpler and predictable, unlike the volatile cost of emissions under an ETS, and would allow business to plan in such a way as to substantially change to our economy. Whatever scheme is adopted it must be designed in such a way as to substantially bring down greenhouse emissions while avoiding unnecessary costs to Australian people and damage to the economy.

..... getting it right on a **Carbon Tax**

Sweden introduced a carbon tax in 1991, transforming their economy and reducing emissions by more than 7% of 1990 levels. Without it, the Swedes say their emissions would be +20% higher today. Several US states and Canadian provinces, Finland, Britain and Ireland have brought in carbon taxes or levies and other countries are in the process of doing so. John Daley of the Grattan Institute calculates that a carbon price of \$35/tonne would increase costs by just 1.5% for 92% of the economy.

Our Plan

The Democrats say the following principles should apply in designing a **carbon tax**:

- It should apply to CO2 emissions from the consumption of **all fossil fuels and industrial processes** such as oil refining and those using chemical reactions such as chemical fertiliser and cement production
- It should be **revenue neutral** with the revenue raised rebated to households at a flat rate low income earners and/or to fund programs supporting greenhouse emission reduction opportunities not adequately captured by the carbon tax such as public transport
- The price should start in 2011 at **\$20/tonne** and be ramped up at \$5/yr to \$45/tonne in 2016 as a firm recommendation. This rate of increase would be expected to continue up to **\$70/tonne** in 2021 but with a review each year after 2014
- Imports** should be subjected to an equivalent charge
- Australia should press for a **global system** of carbon taxes in which each country levies an internationally harmonised carbon price or carbon tax on emissions