



Media Release

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Chair of Senate Carbon Tax Inquiry

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The Carbon Tax: All economic pain for no environmental gain

Release of Senate Carbon Tax Inquiry Report

The carbon tax will cost Australia at least \$1 trillion or \$40,000 for every Australian.

It will not reduce emissions but will push up the cost of everything while shifting jobs and emissions overseas.

Under Labor's carbon tax real wages will be lower than they otherwise would be, prices will go up and up and up and both domestic and global emissions will continue to grow.

Lower emission Australian businesses which will be forced to pay Labor's carbon tax will become less competitive than their higher emitting international competitors.

Even on Treasury's own figures the economic cost of the carbon tax amounts to \$1 trillion between now and 2050. Australians will effectively have to work for nothing for a whole year to pay for Labor's carbon tax between now and 2050.

These are some of the findings of the most comprehensive parliamentary inquiry into the government's carbon tax.

The committee's main recommendation is clear: this legislation should not be passed.

If Julia Gillard was serious about achieving more local content she would scrap this job destroying carbon tax, which will make locally manufactured goods more expensive.

Every Labor MP was elected on a mandate not to introduce a carbon tax. They should remember that promise made before the last election and vote against the Gillard-Brown carbon tax.

There is no foreseeable prospect that Australia's major trade competitors will have comprehensive carbon pricing schemes in place anytime soon.

Yet the Treasury modelling the government relies on to justify its assertions about the impact of the carbon tax is predicated on concerted global action in the next few years.

The Treasury modelling underestimates the impact of the carbon tax on the economy, the cost of living and jobs and should be independently reviewed before the Parliament deals with the carbon tax legislation.

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RECOMMENDATIONS – SENATE CARBON TAX INQUIRY REPORT:

Recommendation 1

It is the Committee's view that the carbon tax should be opposed and the legislation defeated in the Parliament as:

- there is no electoral mandate for the carbon tax;
- the modelling that supports it is based on a number of highly contestable assumptions;
- it is likely to undermine Australian businesses' ability to compete in the global economy;
- it will have significant adverse effects on particular sectors and regions, with a particularly disproportionate impact on regional Australia;
- the effect of the policy on the cost of living, and on jobs is likely to be higher than the government's current estimates indicate;
- there is considerable evidence that the carbon tax will not result in any real environmental gain, despite imposing a significant cost on the economy over the next thirty years.

The Committee recommends that the carbon tax be opposed by the Parliament.

Recommendation 2

The Committee recommends that if the Parliament believes that it should proceed with the carbon tax that it does so once current global economic circumstances have improved and there is a legally binding global agreement on tackling climate change.

Recommendation 3

The Committee recommends that, should the government remain committed to proceeding with its carbon tax, before any vote the Senate should demand that:

- the government release all of its modelling, including the actual models, datasets and specifications used by the Treasury, to allow third party review;
- the government establish an Independent Expert Panel to review its modelling approach and framework;
- the Productivity Commission be asked to undertake a cost-benefit analysis of the proposed carbon tax;
- the legislation should be amended to ensure that any increase in the tax or lowering of the emissions cap be made a disallowable instrument and to ensure that carbon permits are not private property.

The Committee recommends that if the Parliament believes that it should proceed with the carbon tax, any provisions in the legislation designed to bind future governments seeking to prevent them from amending or rescinding the scheme be removed.

FULL REPORT CAN BE ACCESSED HERE:

http://www.aph.gov.au/Senate/committee/scrutinynewtaxes_ctte/carbontax/index.htm