

Australia to ditch pollution levy by 2014

July 16 2013



Australian prime minister Kevin Rudd (C) speaks at parliament's House of Representatives in Canberra, on June 27, 2013. Rudd on Tuesday announced the country's divisive fixed-price carbon tax will be scrapped a year ahead of schedule in favour of a market-driven emissions trading scheme.

Australian Prime Minister Kevin Rudd on Tuesday announced the country's divisive fixed-price carbon tax will be scrapped a year ahead of schedule in favour of a market-driven emissions trading scheme.

As he seeks to build support for his centre-left Labor Party ahead of elections due this year, the newly-reappointed Rudd declared that the

unpopular tax, which charges the country's biggest [polluters](#) for their [carbon emissions](#), will move to a floating price from July 1, 2014.

"The government has decided to terminate the [carbon tax](#), to help cost-of-living pressures for families and to reduce costs for small business," Rudd told reporters in Townsville.

"From July next year, Australia will move to an emissions trading scheme (ETS), one that is used around the world including in countries like Britain, like Germany and soon in China."

Rudd said the result would be that the [carbon price](#), which was to be fixed at Aus\$25.40 (US\$23) per tonne for 2014-15, would drop to about Aus\$6 a tonne, translating into savings of about Aus\$380 for an average household, mainly due to lower gas and [electricity bills](#), in the first year.

But opposition leader Tony Abbott, who earlier this week described an emissions trading scheme as "a so-called market in the non-delivery of an invisible substance to no one", rejected Rudd's claim that he was "terminating" the tax.



Protesters rally in Sydney, on July 1, 2011, against then Australian Prime Minister Julia Gillard's plans to introduce a carbon tax. Gillard's popularity dived after she vowed not to introduce a pollution tax ahead of the 2010 election and then changed her position, bringing in a deeply divisive levy designed to move to an emissions trading scheme within three years.

"He's not the terminator, he's the exaggerator," said Abbott, who has vowed to dismantle the carbon pricing scheme if elected [prime minister](#). "He's changed its name, but he hasn't abolished the tax."

Rudd was reinstalled by the Labor Party last month, three years after his own dumping in favour of Julia Gillard over issues including his inability to pass a much-vaunted emissions trading scheme.

Gillard's [popularity](#) dived after she vowed not to introduce a pollution tax ahead of the 2010 election and then changed her position, bringing in a deeply divisive levy at the end of 2011 designed to move to an [emissions trading scheme](#) within three years.

Bringing forward the start date of [emissions trading](#) from July 2015 will cost the budget about \$3.8 billion over the next four years in lost revenues, which Rudd said would be offset by cuts and a tightening of taxes in some areas.

The prime minister said the changes announced Tuesday would still mean that Australia would play its part in reducing carbon pollution to combat climate change.

"I am certain that we are taking the correct action," said Rudd from Townsville, a city on the doorstep of Queensland's Great Barrier Reef, a natural icon which it is feared will be impacted by global warming.

"We want our kids and our grandkids... to be able to enjoy one of Australia's greatest natural assets. We don't want them to be able to just read about the Great Barrier Reef in some history book in the future."

Greens leader Christine Milne was critical, saying Aus\$1 billion would be slashed from environmental programmes to help manage the early transition to an ETS, including clean energy initiatives for farmers and manufacturing.

Sections of the business community also questioned the changes, which they said added to uncertainty.

"The government is heralding the benefits of a lower price in 2014 but this is far from locked in, and it is reckless to make such predictions where historic prices have been so volatile," said Greg Evans from the Australian Chamber of Commerce and Industry.

© 2013 AFP

Citation: Australia to ditch pollution levy by 2014 (2013, July 16) retrieved 23 April 2024 from <https://phys.org/news/2013-07-australia-ditch-pollution-levy.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.