

# Australia to scrap carbon tax for trading scheme

July 14 2013

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This file photo shows Hazelwood power station billowing smoke from its exhaust stacks in the Latrobe Valley, 150 km east of Melbourne, on August 13, 2009. Key greenhouse gas emitter Australia on Sunday announced it will scrap its carbon tax in favour of an emissions trading scheme that puts a limit on pollution from 2014, a year earlier than planned.

Key greenhouse gas emitter Australia on Sunday announced it will scrap its carbon tax in favour of an emissions trading scheme that puts a limit on pollution from 2014, a year earlier than planned.

The move is set to cost the government billions of dollars but Treasurer Chris Bowen said cuts would be made elsewhere to compensate with the Labor Party sticking to its plan to return the budget to surplus in 2015-2016.

Bowen confirmed media reports that the fixed Aus\$24.15 (\$21.90) per tonne [carbon tax](#) would be dumped in favour of a floating price of between Aus\$6 and Aus\$10 per tonne from July 1, 2014, to ease cost of living pressures for families and help support the non-mining sectors of the economy.

With [national elections](#) later this year, Labor is hoping the change will see a drop in soaring [electricity prices](#).

"There is a substantial impact on the budget of doing this, of course there is, and it is several billion dollars, but we will be financing that in a fiscally responsible way," Bowen told the Ten Network, adding that full details would be announced over coming days.

"It means ensuring that our strategy of returning to surplus over the economic cycle is adhered to, so it is a challenge."

He added: "I think families will see a big benefit in what we are bringing forward".



Australia's Treasurer Chris Bowen, pictured as he attends a swearing-in ceremony at Government House in Canberra, on June 27, 2013. Bowen on Sunday confirmed media reports that the fixed Aus\$24.15 per tonne carbon tax would be dumped in favour of a floating price of between Aus\$6 and Aus\$10 per tonne from July 1, 2014, to ease cost of living pressures for families.

Australia is among the world's worst per capita polluters due to its reliance on coal-fired power and mining exports and introduced a "carbon tax" in 2012, charging big polluters for their emissions.

The government has always said it would move to an [emissions trading scheme](#) after three years with a floating price set by the market, but new Prime Minister Kevin Rudd has now moved that forward a year.

The issue of a carbon tax has been hotly debated in Australia.

Former Labor prime minister Julia Gillard's popularity sunk after she announced plans for the carbon tax in early 2011—after pledging before her 2010 election that it would not be introduced by a government she led.

The policy backflip prompted protests around the country and conservative opposition leader Tony Abbott, who opinion polls suggest will narrowly win the 2013 election, has vowed to abolish it.

Abbott on Sunday said the shift to 2014 was "just another Kevin con job".

"Mr Rudd can change the name but whether it is fixed or floating it is still a carbon tax," he said, adding that "it's a bad tax, you've just got to get rid of it".

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