

Australian PM faces toughest test on carbon tax

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Supporters of a controversial carbon tax gather at a rally in Sydney, Sunday, June 5, 2011. Australia's Prime Minister Julia Gillard faces her toughest political test to date as she tries to sell the nation on a carbon tax that would lead to higher power prices while reducing greenhouse gas emissions. (AP Photo/Rick Rycroft)

(AP) -- Australia's leader faces her toughest political test to date as she tries to sell the nation on a carbon tax that would lead to higher power prices while reducing greenhouse gas emissions.

An increasingly vociferous debate on the issue is dominating headlines

and talk radio and could make or break the center-left government of Prime Minister Julia Gillard, who ruled out putting a price on pollution during her campaign and has slumped in opinion polls since she floated the proposal in February.

The conservative opposition has relentlessly attacked the proposal in parliament in recent weeks. Supporters hit back in the past week with a \$1 million advertising campaign featuring Oscar-winning actress Cate Blanchett and other celebrities endorsing a carbon tax.

Backers demonstrated in major cities across Australia on Sunday, which was World Environment Day.

The back-and-forth is confusing voters rather than helping them understand the issue, said Australian National University [political scientist](#) Norman Abjorensen.

"The problem with the public debate is it's just full of static, half measures, half truths and distortion," he said. "The poor old average voter out there trying to get a clear message on this is really struggling. The waters are very muddy and getting muddier every day."

The government has struggled to fend off criticism, even as it negotiates with various interest groups and independent lawmakers to try to hammer out the details of the plan by early July.

The proposal is complex. It would make major polluters pay for every ton of carbon dioxide that they emit from July next year. The revenues would be used to help businesses convert to cleaner energy and to give pension increases and income tax cuts to low- and middle-income households to help offset anticipated higher costs - both for electricity and for groceries and other goods that would become more expensive to produce.

Opposition leader Tony Abbott's portrayal of the plan as "a great big tax on everything" that would cost coal miners and steel workers their jobs has proved easier for the public to grasp and won favor with most of Australia's highest-rated radio talk show hosts.

Blanchett became a target after appearing in the advertising campaign funded by environmental groups and unions. Opponents of the tax called the Sydney-based actress a multimillionaire who is out of touch with the concerns of average Australians.

Blanchett said she expected the attacks in the bitterly divided political environment.

"Yes, I've been fortunate in my career, but that's no reason not to stand up for something that I deeply believe in," she told The Sydney Morning Herald newspaper.

"I can't look my children in the face if I'm not trying to do something in my small way and to urge other people," the mother of three said.

The public debate is heating up. At the Canberra campus of Australian National University, for instance, several leading climate scientists, economists and policy researchers who support a carbon tax have been relocated to more secure buildings due to anonymous threats against them, The Canberra Times reported Saturday.

On Sunday, several thousand people turned out in central Sydney to show support for putting a price on pollution. Some said they felt had to counter the increasingly negative tone of the debate.

"It can be quite intimidating to hold these views," said Michael Rowland, 47, a television director who held a sign that read, "The meek will inherit a warm earth." "If we're all together, we know it's normal," he said.

Rallies were also held in a handful of other Australian cities as the government negotiates with the Green party and independent lawmakers on key aspects of the plan.

Business groups have warned they could not withstand a carbon tax higher than 10 Australian dollars a metric ton (\$12 a U.S. ton). The Greens, whose support is essential to the tax being endorsed by the Senate, argue for a rate four times higher.

The government's chief climate change adviser, economist Ross Garnaut, recommended a price of AU\$26 a metric ton (\$31 a U.S. ton) in a recent report.

He also said that 55 percent of the carbon tax revenue should be given to households. The government is not obliged to follow Garnaut's advice and immediately ruled out his recommendation to restrict compensation to people earning less than AU\$80,000 (\$85,000) a year.

The Greens also oppose business demands for billions of dollars to help the worst polluters make the transition to a cleaner economy.

Gillard's deal must win the approval of at least three independent legislators if it is to become law. "We probably haven't seen Julia Gillard display extraordinary political skill, and this is going to require political skills of a very high order," Abjorensen said.

Abbott's conservative coalition vows to repeal the [carbon tax](#) if it wins the next election in 2013, but analysts say that might prove difficult if many voters would lose tax cuts and pension increases.

Australia is one of the world's highest greenhouse gas emitters per person, because of its heavy reliance on coal for electricity. The government has vowed to reduce Australia's [greenhouse gas emissions](#) by

2020 to 5 percent below 2000 levels.

Associated Press writer Sarah DiLorenzo contributed to this report from Sydney.

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