Warren Truss REPORTS

CARBON TAX Special Edition

Dear Wide Bay Resident

Labor's proposed carbon tax will cost jobs and add to the cost of everything we buy - but do nothing to improve our environment.

At the 2010 election, Labor Leader Julia Gillard and her Deputy Wayne Swan promised the Australian people that Labor would not introduce a carbon tax.

"There will be no carbon tax under the Government I lead," Julia Gillard said.

Julia Gillard broke her promise and in doing so she betrayed the trust of the Australian people and denied them their right to have a say on the carbon tax.

Labor has spent $25 million of taxpayers money on booklets and advertising to try and sell its carbon tax - but it now wants to change the subject.

This special edition of my newsletter addresses some of the real questions about the impacts of Labor's carbon tax.

Regards

WARREN TRUSS

Warren speaking at an anti-carbon tax rally outside Parliament House, Canberra, to highlight the flaws and anomalies in Labor's carbon tax.

Households and businesses in Wide Bay will be hit hard by the Gillard Labor Government's carbon tax which will increase the price of everything.

Families, retailers, manufacturers and primary producers have raised serious concerns about the impact of the tax which has been developed as a deal between the Labor Party, The Greens and Independents.

"People tell me that they are worried about how the carbon tax will increase their cost of living and make local businesses uncompetitive. They do not believe Julia Gillard's claim that "only the big polluters will pay," or that the compensation offered will be adequate," Federal Member for Wide Bay, Warren Truss said recently.

"The reality is that everyone, every pensioner, every family, every charity and club and every business will pay the carbon tax as business and industry passes the cost of the tax on to consumers.

"Business is already struggling under the weight of rising costs and falling consumer confidence, so they will have no choice but to pass the cost of the tax on to consumers by charging higher prices for the goods and services they produce. The carbon tax will hit at every point along the supply chain, building up costs until the consumer comes to pay."

Mr Truss said the Government had confused people about the compensation package, by suggesting that most Australians will be better off after a carbon tax.

"The truth is that many Australian's will be worse off from the beginning, and the tax will get bigger every year without any new compensation.

"This is a tax that is designed to change behaviour by increasing the cost of goods and services so we use them less and so reduce emissions.
The Government wants to make the price of electricity so expensive that people will not be able to afford to turn on their heaters in winter or their air conditioners in summer. The option is to use different types of energy which will cost six times as much to produce."

Mr Truss said the carbon tax will increase Australian costs of production, but overseas companies will have no such tax on the goods they sell to Australia.

"Labor's carbon tax will be the harshest in the world but it will achieve nothing for the environment. There are better ways of reducing emissions without hurting Australia."

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CARBON TAX QUESTIONS & ANSWERS

What is a carbon tax and who will pay it?

Carbon is present in all forms of life and is also present in the ocean and in the air. When fuels are consumed to produce energy, carbon is emitted as carbon dioxide. Carbon dioxide is a greenhouse gas and traps heat in the atmosphere. Without it and other greenhouse gasses our earth would be frozen. Because we burn fuel there is now more carbon dioxide in the air than there was 150 years ago.

A carbon tax is a tax that is levied on carbon dioxide emissions to try and reduce those emissions. So any practice that creates emissions – whether it's turning on a light, driving a truck or manufacturing food and other products – will incur a carbon tax.

Labor says that under their plan, the carbon tax will be imposed directly only on the biggest 500 emitters, though at least 100,000 more will pay directly through higher taxes on fuel. Indirectly, all consumers and businesses will pay as companies increase their prices to recover the tax.

What prices will rise?

Prices for most goods and services will go up. A key target of the carbon tax will be power stations because electricity generation is a big emitter of carbon dioxide. The Government plans to close 90% of Australia's coal fired power stations by 2050 and replace them with much more expensive renewable fuels.

Electricity is used in making and delivering virtually all goods and services, so the cost of Labor's carbon tax will be passed on to consumers and small business. It requires electricity to chill milk and meat and process our food. It requires electricity to make steel and aluminium or to saw timber, build cars or operate computers. Every product delivered to a shop will be more expensive.

Local Government says the cost of garbage disposal will rise by $200 million in Australia and roads will be more expensive to build. State Governments say it will cost $100 million more to run hospitals, public transport fares will rise by $150 per person per year, and electricity bills for schools will rise by $57 per student.

Power prices will increase by about $150 a year for most households - probably more.

The food industry expects prices to rise by about 5%. The housing industry estimates a typical house and land package will go up by about $5,000 and the Master Builders Association says a carbon tax will add $480 a year to the cost of the average mortgage. Car makers expect the cost of popular Australian cars to go up by about $400 each.

How much will it cost?

The Government will set the carbon tax for the first three years, beginning at $23 a tonne, rising by 2½ percent plus inflation each year. The Government plans to put the carbon tax on fuel used by trucks from 2014.

When the Government introduces an Emissions Trading Scheme (ETS) from 2015 the increase in the price of carbon dioxide will be determined by trading in the market above a Government set minimum price.

The Government expects the carbon price to be over $350 a tonne by 2050 (2050 prices).

The Gillard Government's chief climate change adviser Professor Ross Garnaut has conceded that *"Australian households will ultimately bear the full cost of a carbon price."*

Will the carbon tax impact on jobs?

As costs go up, employers will not be able to afford to employ as many people. Australian businesses that produce goods for the Australian market and compete against imports from countries that don't have a carbon tax will be disadvantaged. Jobs in export businesses will also be at risk. Exporters will find it harder to match the prices offered by their foreign competitors, because they will have to factor in the cost of the carbon tax in their prices. Travel in Australia will be more expensive, hurting our tourism industry.

The resources sector is also a big user of energy and will be at risk, along with our manufacturing, cement, and minerals processing industries. Coal miners say the tax will add $18 billion to their costs by 2020, mostly for fugitive emissions which they can not control.

Supermarket operators say the increased cost of power alone will affect prices and jobs. Farmers will be hit with higher costs for electricity, and products such as fertilisers. Farm incomes will be reduced by the double whammy of the increase in farm production costs and lower farm gate prices when food processors try to pass back the impact of the carbon tax to meet import competition.

Treasury modelling on the carbon tax is based on real wage reductions of almost 1 percent by 2020 and 5½ percent by 2050.

CARBON TAX QUESTIONS & ANSWERS

Why is Labor introducing a carbon tax?

The Gillard Government says Australia must introduce a carbon tax to help prevent climate change and to keep up with the rest of the world. But no other country has a comprehensive carbon tax like this, or has any plans to introduce one.

While the carbon tax will raise billions of dollars a year, the Government's key advisers admit the tax will do nothing to save polar bears or the Great Barrier Reef or lower the temperature.

Can Australia really make a difference?

Australia emits just 1.4% of all the man-made greenhouse gases globally. Other energy rich nations produce far greater emissions per capita than Australia, including Qatar, Saudi Arabia, United Arab Emirates, and Kuwait.

If we stopped emitting all greenhouse gases tomorrow, and never emitted any more, the growth in emissions by much bigger countries like China, India and the USA would make it all up in a few months, and global emissions would continue to grow very strongly.

For example, China recently overtook the USA as the largest source of man-made greenhouse gases in the world. Its emissions are expected to grow by 7 billion tonnes per year from 2005 to 2020. Over the time that Australia reduces its emissions by 5 percent, China will increase its emissions by 496%.

China, India, Brazil and Russia, which will be big emitters of greenhouse gases into the future, have no plans to move to an economy wide carbon trading scheme.

What about regional Australia?

Regional Australia will be hardest hit by Labor's carbon tax. Transport will be more expensive, increasing industry costs. Access Economics has found that a $26 per tonne price on carbon will cost more than 126,000 jobs in regional Australia alone.

Most of this impact will be felt in regions that specialise in electricity generation, mining or manufacturing. While most Australians live in capital cities, the majority of the jobs lost will be outside of the capital cities, in regional Australia.

What do The Greens and the Independents want?

The Government commitment is to reduce Australia's greenhouse emissions by 5% from 1990 levels by 2020.

The Greens' policy is for a "minimum" 40% reduction in greenhouse gas emissions between 2000 and 2020. A 40% cut would be the equivalent of shutting down Australia's entire coal and gas fired electricity generating system, our entire transport sector and all agriculture – forever.

The Member for New England, Tony Windsor, proposed a law in Federal Parliament for a 30% reduction in emissions by 2020. The Member for Lyne, Rob Oakeshott, has repeatedly called for a price on carbon and urged the Government to *"let the market rip."*

The Government plans to legislate to reduce Australia's emissions by 80% by 2050.

What is the alternative to Labor's carbon tax?

The Liberal and Nationals Coalition are strongly opposed to the carbon tax and are fighting to stop its introduction.

The carbon tax will not lower global temperatures – but it will cost Australian jobs and hit every household budget.

The best way to reduce emissions is to take direct action. Our Direct Action plan will deliver a better environment without the great big new tax that Labor, The Greens and Independents want to introduce.

For example, improving the carbon content of soil helps improve soil quality, farm productivity and water use efficiency. Known as "bio-sequestration", this is also the single largest opportunity for reducing carbon emissions in Australia.

Direct action to replenish soil carbons is a major part of our plan, which also includes incentives for business and industry to reduce their emissions – while protecting jobs.

Renewable energy, energy efficiency, building insulation, forestry and recycling are other important measures a Coalition Government would implement.

With our Direct Action plan, a Liberal and Nationals Coalition Government will improve the environment and achieve our goal of reducing Australia's carbon emissions by 5% by 2020 without the need for Labor's carbon tax.

FACT

NO ENVIRONMENTAL GAIN

The carbon tax will not reduce Australia's emissions below today's levels.

The Government's figures reveal that even with the tax, Australia's emissions are forecast to rise from 578 million tonnes a year to 621 million tonnes a year by 2020.

The tax will result in industry closures in Australia, shifting emissions offshore as energy intensive industries relocate to other countries which do not impose such harsh taxes.

Global emissions will actually increase as a result of Labor's carbon tax, as other countries do not have the same level of environmental regulation that is present in Australia.

FACT

THE CARBON TAX WILL GO UP AND UP

The Gillard Labor Government's carbon tax will start at $23 a tonne and increase each year by 2.5% plus CPI. After three years the tax will change to an Emissions Trading Scheme and the price will fluctuate according to market value, subject to a minimum price set by the Government.

No other country in the world proposes a carbon tax of this scale and scope.

The Government's own modelling forecasts that the carbon tax will increase to: $29 per tonne in 2016; $37 per tonne in 2020: and over $130 per tonne in 2050 ($350 in 2050 prices).

FACT

LABOR CANNOT MANAGE MONEY

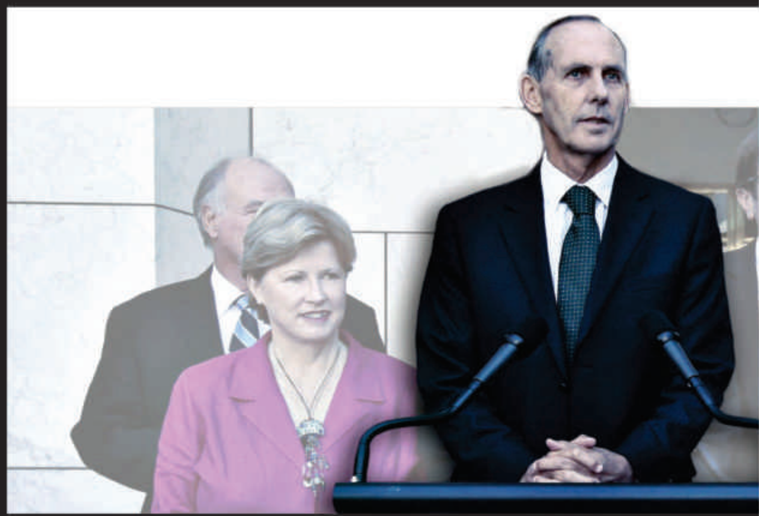
Since it was elected the Rudd/Gillard Government has squandered a $20 billion budget surplus and raided $60 billion from the previous Government's dedicated investment funds in education, health, communication and infrastructure.

Having wasted billions on its bungled home insulation scheme and over-priced school halls and many other programs that came to nothing, Labor has plunged the budget into deficit and the nation deep into debt.

Labor's carbon tax will raise $9 billion in its first year alone. Yet in a typical piece of Labor economic incompetence, the Gillard Government will punch a new $4.3 billion black hole in its budget because they will collect less than what they are planning to spend. In addition, no funds have been provided for the multi-billion dollar compensation bill for closing coal fired power stations.

The Government's modelling says Australia will forego $1.4 trillion in national income as a result of its carbon tax regime.

CARBON T



What Labor hasn't tol

FACT

CARBON TAX MONEY GO ROUND

The carbon tax is a futile money-go-round, which will employ hundreds of public servants to administer the tax. There are at least three new bureaucracies and twenty programs associated with the tax.

Under the carbon tax, the Government taxes business and industry and gives or sells permits. Business then recovers these costs by charging consumers more. Then the Government pays some of its tax back to households and to some industries to allow them to continue to "pollute". These households and industries would not need compensation if there was no carbon tax.

Because the carbon tax will not lower emissions by the amount the Government has promised by 2020, carbon permits will be purchased from overseas carbon traders, creating a new industry based on the sale of pieces of paper.

FACT

THE HARSHEST SCHEME OF ITS KIND IN THE WORLD

Labor's Australian carbon tax will be, by far, the biggest carbon tax in the world.

It will take only four months for Australia's carbon tax to collect as much money as the European scheme has raised since it began six years ago.

The European scheme covers thirty countries and 500 million people and Europeans pay on average $1 per person per year for their emissions trading scheme. Under Labor's carbon tax, Australians will pay $400 per person in the first year alone. Yet European emissions are ten times greater than those from Australia.

It will take only one month for the Australian scheme to raise the same amount of money that the limited scheme in the United States has raised since its commencement.

FACT

FORCES UP THE COST OF LIVING

Australians are already struggling with the ever-increasing costs of living and the carbon tax will only make things worse.

Since December 2007, national electricity prices have increased by an average of 50%; gas prices by 30%; water and sewerage rates have increased by an average of 46%; health costs by an average of 20%; education costs by an average of 24%; and rent by 21%.

The carbon tax will increase all of these costs even further. Electricity will rise by at least 10% and gas will increase by 9%, in the first year alone - some studies say much more.

FACT

HOUSEHOLDS WILL BE WORSE OFF

The tax raises $9 billion a year, which will ultimately be paid by consumers. The Government is offering compensation to some households, claiming it will make them on average 20 cents per week better off. There will also be higher tax free thresholds but tax rates will be increased from 15% to 19% and 30% to 33% and the low income rebates will also be reduced.

The Government has admitted that its modelling of the price impacts of the carbon tax was based on a carbon price of $20 per tonne but the tax will start at $23 per tonne and increase every year. Consequently, none of Labor's compensation or living cost forecasts can be believed.

AX FACTS

d you about its new tax

FACT

NO HELP FOR SMALL BUSINESS

Small business will receive little compensation for the impact of the carbon tax on their business.

The cost of the electricity they use will rise, their production and transport costs will increase, the cost of their supplies will rise, and they will have no choice but to increase the cost to consumers of the goods and services they sell. Their sales will fall and therefore carbon emissions will decline - Labor and The Greens will have achieved their objective!

The tax will make Australian businesses uncompetitive as imported goods and services become relatively cheaper, placing our industry at an economic disadvantage.

Labor's carbon tax will particularly hurt the retail sector as people increasingly turn to the internet to buy products from countries that do not impose a carbon tax.

American Congressman Jim Sensenbrenner described Australia's go-it-alone carbon tax as *"unilateral economic disarmament."*

FACT

NO IMPACT ON GLOBAL EMISSIONS BUT JOBS LOST

Australia produces less than 1.4% of total global carbon emissions. Our emissions are tiny in comparison with the United States and the growing economies of China, India and Russia.

Our efforts to address climate change will be futile unless the major emitters take comparable action to reduce their emissions. For example, between 2005 and 2020 Chinese carbon emissions will increase from approximately 5 billion tonnes per year to over 12 billion tonnes per year. Over the time that Australia reduces its emissions by 5 percent, China will increase its emissions by 496%.

There is no environmental value in Australia implementing a harsh carbon tax that damages our economy and exports Australian jobs and industry to other parts of the world which do not impose these taxes on their industries.

FACT

SENDS AUSTRALIAN MONEY OVERSEAS

In the future, Australian businesses will be forced to buy carbon permits from overseas carbon traders. By 2020 they will be spending $3.5 billion buying permits from other countries to cover our emissions.

By 2050, the cost of overseas permit purchases will have reached $57 billion per year.

Most of these permits have been created for activities which reduce or sequester carbon in ways that are not eligible to be counted if they were undertaken in Australia. We will simply be sending money to countries like Russia and China that do not even have a carbon tax of their own.

The money that companies spend buying overseas carbon permits will add to the cost of the goods they produce, which will then be passed on to households and small business.

You'll get hit again...and again!

Julia Gillard's Carbon Tax trick...

Will drive up prices

- ✘ **$515 a year hit** on families' cost of living – and this is just the start.
- ✘ **Electricity bills up 10% & gas 9%** – and prices will continue to rise.
- ✘ **Inadequate compensation** for families – 60% of Australians will be worse-off or will break-even at best.

SAY NO!

Will disadvantage Australia

- ✘ The Carbon Tax will place **extra costs on Australian industries**, making us less competitive.
- ✘ No other country has an economy-wide Carbon Tax or ETS.

SAY NO!

Nothing for the environment

- ✘ **Australia's emissions will still increase!**
- ✘ Australia will now spend $3 billion a year purchasing abatements from overseas.
- ✘ **Australia produces 1.4% of global emissions**, with the world's major emitters set to significantly increase their carbon emissions.

SAY NO!

Threatens jobs & industries

- ✘ **Increases in electricity, gas and transport costs** put more strain on business and will cost jobs.
- ✘ **Small business costs will increase**, with no direct support.
- ✘ Jobs in regional Australia will disappear.

Hurts Australia's economy

- ✘ **A $9 billion new tax** that will flow through to and damage all parts of the national economy.
- ✘ **Personal income tax rates to rise** for the first time since the 1980s.
- ✘ **A $4.3 billion hit on the Budget**, with higher debt and more taxes.

More Labor taxes.
More Labor waste.
More Labor lies.

SAY NO! Stop Labor's Carbon Tax.

What others say about Labor's carbon tax

"If the world as a whole cut emissions tomorrow, the average temperature of the planet is not going to drop for several hundred years, perhaps over 1,000 years."
Labor's Chief Climate Commissioner Professor Tim Flannery, 17-3-2011

There will be "no global environmental benefit" in imposing a carbon tax. "To tax Australian industry is to tax Australian jobs."
One Steel CEO, Geoff Plummer, 16-4-2011

"Most of us can not see why we would have a carbon tax in Australia in advance of the rest of the world. It would just impact on our competitiveness and would do nothing, absolutely nothing for emissions."
Former Queensland Labor Treasurer, Keith Delacey, 26-9-2010

"Grocery prices will increase by between 3% and 9% (average 5%) based on a carbon tax of $25 per tonne."
Food and Grocery Council, 18-3-2011

"You would have to have your head in the sand to say there are not going to be cost of living increases. That's not fair."
Tasmania's Labor Premier, Lara Giddings, 7-3-2011

"Australian households will ultimately bear the full cost of a carbon price."
Labor's Climate Change Adviser Professor Ross Garnaut, 31-5-2011

The Northern Territory Labor Government passed a resolution in Parliament calling on "the Australian Government to exempt the Northern Territory from proposed carbon emissions taxes for at least 50 years or until such time as global consensus has been reached on a worldwide carbon emissions reduction plan."
Northern Territory Parliament, 4-5-2011

The carbon tax "won't change the world but it could change the Government."
Former NSW Labor Premier Morris Iemma, 22-7-2011

Labor's coal hypocrisy

Coal fired power stations have given Australia a strategic advantage with low cost electricity, but now the Government says that ninety per cent of these power stations must close by 2050.

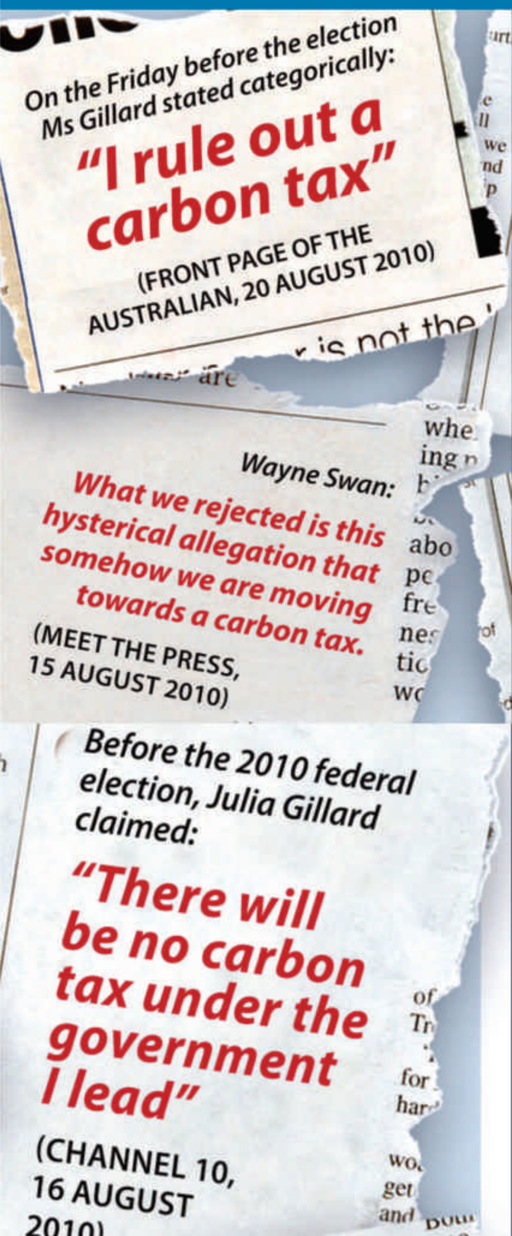
The Greens insist that these power stations be replaced with renewable alternatives, like wind and solar.

This will at least quadruple our electricity generating costs, giving us some of the most expensive electricity in the world.

Yet the Government insists that Australia's coal exports will double – mainly to help fuel hundreds of new coal fired power stations in Asia.

This is hypocritical and exposes one of the lies in Labor's carbon tax; to say that we must stop using use coal here but then increase our exports to power stations in Asia is economic and environmental madness.

Only a global approach to controlling emissions will have any environmental benefit.



Labor's carbon tax anomalies

ROADS

A more efficient road network helps to reduce carbon dioxide emissions from trucks and motor vehicles but the carbon tax will increase road construction costs by at least 5%.

This will add millions of dollars to the cost of rebuilding the Bruce Highway, and means that road projects will be delayed or not built at all. Council rates will also rise.

IMPORTS

When Queensland sugar is shipped from Mackay to Melbourne, it will incur the carbon tax, but if sugar is imported from Thailand or Brazil, it will not (even though the carbon footprint will be much larger).

AIR TRAVEL

If you fly to Tasmania, Cairns or the Sunshine Coast for your holiday, you will pay carbon tax, but if you fly to Vanuatu, USA or Fiji, you will not.

NEW VEHICLES

If you buy an imported car, you will not pay a carbon tax on its manufacture, but if you buy an Australian made Holden, Falcon or even a hybrid Toyota, you will.

PUBLIC TRANSPORT

If you take a bus or a train to work, you will pay a carbon tax on the fuel, but if you drive your own car to work, it will be tax free (unless it is electric).

FOOD

If you buy New Zealand butter, canned Thai pineapples, Brazilian juice concentrate, you will not pay a carbon tax, but if you buy a "Product of Australia" you will.

HOW THE COALITION'S ALTERNATIVE

DIRECT ACTION PLAN

WILL BENEFIT AUSTRALIA

- ✓ Will achieve the same emissions reduction target at a lower cost
- ✓ No new carbon tax & no additional costs for families
- ✓ Solar rebates to help households make a practical contribution to emissions reduction

	COALITION	LABOR
Does not impose a great big new tax	✓	✗
Protects Australian jobs	✓	✗
Will deliver practical environmental benefits	✓	✗
Will achieve 5% target at a lower cost	✓	✗
Direct incentives to reduce CO2 emissions	✓	✗
No additional costs to households	✓	✗
Small business spared punishing and uncompensated cost increases	✓	✗
No impact on electricity prices	✓	✗
No impact on grocery prices	✓	✗
Delivers a Climate Action policy that will be easily implemented	✓	✗
Delivers better water efficiency for our farmers	✓	✗
Protects Australian businesses from sudden and massive rising costs	✓	✗
Direct incentives for improved soil carbon that supports farming productivity	✓	✗
Direct incentives for the planting of 20 million trees	✓	✗
Direct incentives for retro-greening buildings for reduced emissions	✓	✗
Direct incentives to reduce emissions through solar technology	✓	✗
Incentives to allow Australian households to make a practical contribution to reductions of CO2 emissions	✓	✗
Benefits of emissions reductions will remain in Australia	✓	✗
Fund a study into underground electricity lines	✓	✗

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