



The Coalition's Policy to Scrap the Carbon Tax and Reduce the Cost of Living

August 2013

Key Points

The Coalition will abolish the carbon tax.

The carbon tax indisputably adds to the cost of living, it makes households and families pay more for electricity and gas, it costs businesses more to operate, and it makes everything in our economy more expensive.

Your cost of living is unnecessarily higher because of the carbon tax.

Average families will be more than \$550 better off next year alone under the Coalition's plan than under Labor's carbon tax. Over the next six years they will be \$3,000 better off under the Coalition than under Kevin Rudd's carbon tax.

And on the Government's own figures, the carbon tax will increase six-fold between mid-2014 and mid-2019 – reaching \$38 a tonne by 2019 and increasing to \$350 a tonne over time.

Only the Coalition will scrap the carbon tax lock, stock and barrel.

This means that under the Coalition, average families will be better off by more than \$550 a year in 2014-15, rising to around \$900 a year in 2019-20.

On 5 August 2013, the Leader of the Opposition, the Hon Tony Abbott MHR, wrote to the Secretary of the Department of Prime Minister and Cabinet to advise him that, should the Coalition form government on 7 September 2013, our first legislative priority will be to scrap the carbon tax.

Only the Coalition will reduce your cost of living by abolishing the carbon tax.

The Coalition could not be clearer: the carbon tax will be gone under a Coalition government and it will be our very first order of business.



Introduction

The Coalition recognises that Australian families are struggling with cost of living pressures. They are seeing their electricity bills increase significantly, even when they have done the right thing and reduced their usage.

Your cost of living is unnecessarily higher because of the carbon tax.

The Government's own figures show that the carbon tax makes electricity at least 10 per cent more expensive and gas bills at least 9 per cent more expensive, rising each year as the carbon tax increases.

The carbon tax is unequivocally a tax that punishes households for using electricity and it is a tax that increases the cost of everyday items, especially essential items.

The Coalition will act immediately to rescind Labor's carbon tax.

This toxic, job-destroying tax punishes successful and hard-working Australian businesses, particularly trade exposed businesses.

The carbon tax only causes jobs and emissions to be exported overseas.

The carbon tax has meant:

- a \$9 billion a year new tax;
- a 10 per cent hike in electricity bills in the first year alone;
- a 9 per cent per cent hike in gas bills in the first year alone; and
- higher marginal tax rates for low and middle income earners.

Australians are now going to yet another election with the Labor leader promising "there will be no carbon tax under the government I lead."

But on Labor's own figures the carbon tax is set to go to \$38 in a few short years and to \$350 over the coming decades. Importantly, it will still be \$24.15 for the next 12 months. Mr Rudd can change the name, but whether it is fixed or floating, it is still a carbon tax.



If Labor is re-elected, Australians will still be paying more – a total of over \$3,000 for the average family over the six years to mid-2020, on top of \$545 this year (on the Government's own figures). It will continue to be a tax on electricity bills which will hurt Australian families and hurt local businesses.

The Coalition will not let the carbon tax destroy Australian industry and Australian jobs. The carbon tax is an act of economic self-harm that unnecessarily adds to the cost of living.

The Plan

1. Abolish the carbon tax

The Coalition will abolish the carbon tax.

We have a clear and definitive action agenda to get rid of the carbon tax as a priority.

The Coalition will honour our promise to the Australian people and make abolishing the carbon tax the first order of business, if elected at the next election.

On 5 August 2013, the Leader of the Opposition, the Hon Tony Abbott MHR, wrote to the Secretary of the Department of Prime Minister and Cabinet to make it clear that, if elected, the first priority of a Coalition government will be the repeal of the carbon tax.

The Leader of the Opposition also wrote to the Clean Energy Finance Corporation on 5 August 2013 to make it clear that the Corporation should desist from making any further determinations in relation to grants, funds or financing.

If elected, the Coalition will take immediate steps to implement our plan to abolish the carbon tax:

- on day one, the Coalition will instruct the Department of Prime Minister and Cabinet to draft legislation that repeals the carbon tax and to have the legislation ready within one month;
- on day one, the Treasurer will notify the Clean Energy Finance Corporation that it should suspend its operations and instruct the Treasury to prepare legislation to permanently shut-down the Corporation;
- within the first month, the Cabinet will approve legislation to repeal the carbon tax;



- on the very first day of a new Parliament, the Coalition will introduce legislation to repeal the carbon tax; and
- within the first sitting fortnight of Parliament, the new government will introduce legislation to shut-down the Clean Energy Finance Corporation.

As soon as the carbon tax is repealed, the Environment Minister will introduce legislation to enact the Coalition's Direct Action Plan on climate change and carbon emissions.

We cannot make it clearer: the carbon tax is gone under a Coalition government and it will be our very first order of business from day one.

2. Average Families will be Better Off by \$3,000 under the Coalition

With the carbon tax gone, families will be more than \$550 better off next year alone under the Coalition's plan than under Labor's carbon tax. Over the next six years they will be \$3,000 better off under the Coalition than under Kevin Rudd's carbon tax.

The Coalition will provide income tax cuts without a carbon tax.

The Coalition will keep the current income tax thresholds and the current pension and benefit fortnightly rates while scrapping the carbon tax.

This means that Australian workers, families and pensioners will keep the tax cuts and fortnightly pension and benefit increases provided in Labor's carbon tax package, but without the carbon tax.

As a result these tax cuts and fortnightly benefit increases will become genuine cost of living relief, worth around \$4 billion a year, rather than partial compensation for Labor's damaging carbon tax hit.

Australians will have tax cuts funded by smaller government, not by taking money out of one pocket to put it in the other. And people's weekly and fortnightly budgets will be under less pressure as electricity prices fall and gas prices fall and the carbon tax no longer cascades through our economy.

This will also strengthen our economy, because there'll be less tax hitting Australian businesses but not their overseas competitors – as even Labor now concedes.



Households will be able to plan their futures with confidence, the financial pressure on Australian families will be dramatically eased, and there will be more incentive for ordinary Australians to 'have a go' and get ahead.

Companies and small businesses will be much better off without a carbon tax.

We will remove the carbon tax and the cost burden it has placed on businesses which make it difficult to compete internationally when other companies are not paying the same tax.

The Choice

The Government's own figures show that the carbon tax makes electricity at least 10 per cent more expensive and gas bills at least 9 per cent more expensive, rising each year as the carbon tax increases. The carbon tax is unequivocally an electricity tax that punishes households for using electricity.

There is abundant evidence of households and businesses paying more for electricity because of the carbon tax.

For the past three years the Government has simply been wrong to say households would not be worse off under the carbon tax, because the Government's own figures showed that millions of households were not fully compensated under the carbon tax scheme.

And now even Labor, in a complete repudiation of everything they said for three years, have conceded that the carbon tax is hurting average families.

Kevin Rudd has announced that – in 11 months' time, *after* the next election – he promises to make a change to the carbon tax which would affect the tax rate in just a single year.

In so doing he has declared that cutting the carbon tax rate would “help cost of living pressures for families” and “reduce costs for small business” – exactly what the Coalition has been saying all along.

But under Kevin Rudd's minor tweaking, the carbon tax will still be a \$58 billion tax through to 2020 instead of a \$64 billion tax.



Kevin Rudd's carbon tax will still cost average families \$3,000 over the next six years, on top of \$545 this year.

And on the Government's own figures, the carbon tax will increase six-fold between mid-2014 and mid-2019 – reaching \$38 a tonne by 2019 and increasing to \$350 a tonne over time.

Only the Coalition will scrap the carbon tax lock, stock and barrel.

Electricity is not a luxury – it is an essential part of daily life. If the Rudd-Gillard Government was even half sincere about taking the pressure off electricity, gas and other utility prices it would start by scrapping its carbon tax.



The Coalition will Abolish the Carbon Tax

	COALITION – relative to Labor	LABOR – relative to the Coalition
An economy-wide carbon tax	No	Yes
Impact on families	More than \$3,000 better off	More than \$3,000 worse off
Tax cuts without a carbon tax	Yes	No
A carbon tax that rises to \$350/tonne	No	Yes
Billions of taxpayer dollars spent on foreign carbon credits	No	Yes
A massive carbon bureaucracy	No	Yes
Australia's carbon emissions	Down	Up
Your cost of living	Lower	Higher
Electricity prices	10 per cent lower	10 per cent higher
Gas prices	9 per cent lower	9 per cent higher
Cost to make an Australian-made car	Up to \$400 cheaper	Up to \$400 more expensive
Impact on aluminium production	61 per cent higher	61 per cent lower
Impact on coal production	17 per cent higher	17 per cent lower
Impact on steel and iron production	21 per cent higher	21 per cent lower
Local councils better off	Yes	No
Emergency services better off	Yes	No
Hospitals better off	Yes	No
Public transport better off	Yes	No
Schools better off	Yes	No
Small businesses better off	Yes	No
Taxpayers better off	Yes	No



The Coalition's Policy to Scrap the Carbon Tax and Reduce the Cost of Living

Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au