

Coalition Senators' Dissenting Report

1.1 The Coalition has opposed Labor's carbon tax at every step of its implementation, based on our concerns about its impact on the competitiveness of Australian industry, consequences for employment in Australia and significant hit to the costs faced by every Australian household and business, as well as its failure to achieve its stated objective and address Australia's domestic emissions.

1.2 We will continue to oppose every aspect of the carbon tax, including by opposing these dramatic changes to a policy that is only a few months old. Our concerns that once again Labor's changes run contrary to what had been promised, are ill considered and will have negative consequences for many parts of the Australian economy were matched by evidence from a range of stakeholders, which is highlighted in this report.

Overall lack of policy transparency/consultation

1.3 Coalition Senators share the concerns expressed by, in particular, industry groups regarding a lack of consultation and lack of policy transparency over what are significant changes to a policy having potentially and intended huge ramifications for the Australian economy.

... the ability to comment in detail on the original significant policy changes was limited by the lack of previous consultation and limited explanatory notes, as well as limited time for appropriate and comprehensive analysis of the issues.¹

APPEA believes the consultation process that has given rise to this package of Bills has been inadequate.²

1.4 This is hardly surprising given the carbon tax was itself borne of a political deal rather than as a result of broad community support and these changes have come just months into its implementation.

1.5 This mismanagement of good public policy process was especially on display in the proposed changes to the treatment of gas liability arrangement, which were highlighted in particular by the Australian Petroleum Production and Exploration Association in their submission:

... changes to the natural gas liability arrangements ... Raise a series of potential commercial distortions, complications and administrative burdens that extend to the entire natural gas liability provisions currently contained in the *Clean Energy Act 2011* ... and appear targeted at a problem that has

¹ Australian Industry Greenhouse Network, *Submission 16*, p. 1

² Australian Petroleum Production and Exploration Association, *Submission 7*, p. 1

not been fully assessed before the first compliance period under the Act has even been completed.³

European control

1.6 Labor ministers have lined up to hail the linkage of Australia's carbon tax to the European ETS, as enabled by this bill. However, evidence indicates this linkage would see the level of Australia's carbon pricing mechanism, or the rate of Australia's carbon tax, effectively set by decisions made in the European Union.

1.7 Decisions made in the European Union will now have a direct impact on the rate of Australia's carbon tax, as a result of the linkage, with evidence indicating that impact will almost certainly be greater than similar policy positions taken in Australia.

Mr Dwyer: Very explicitly, the explanatory memorandum to the bill sets out, at paragraph 1.34, that the intention of the designated limit, for example, is to drive convergence between the two schemes—and, I think, by convergence what we are really talking about is the EU price. So it follows from that that changes to the price in the EU scheme flow directly to the Australian scheme.

Mr Morris: We have already seen with the 12½ per cent decision, which I understand was a policy decision, that that was probably necessary for having a relationship with the EU.

Senator BIRMINGHAM: So Australia is, in a sense, paying a price in its public policy determinations there to get the agreement with the EU?

Mr Morris: There was clearly a relationship, yes.

Senator BIRMINGHAM: And that being a decision—the 12½ per cent subquota—that you have each expressed concerns about because it limits the capacity to achieve lowest cost abatement through this type of process?

Mr Morris: Yes. There is other evidence before the committee in submissions that suggests there will be some \$1 billion and growing each year to buy permits from the EU. That could be a lower sum if there were availability of alternative abatement purchasing options—for example, if the 12½ per cent were a higher figure or if there were opportunities to buy abatement from other areas of the world.⁴

1.8 Evidence regarding Europe's control over Australia's carbon pricing mechanism or carbon tax rate was also given by the Department of Climate Change and Energy Efficiency at the most recent round of Senate Estimates:

Senator BIRMINGHAM: If Europe were to take steps that saw them adopt a more ambitious target than they currently have, that would result in

³ Australian Petroleum Production and Exploration Association, *Submission 7*, p. 3

⁴ Mr Damian Dwyer, Australian Petroleum Production and Exploration Association Limited, and Mr Peter Morris, Australian Coal Association, *Proof Committee Hansard*, pp. 13-14.

a higher carbon price in Europe and therefore a higher carbon price in Australia?

Mr Comley: Other things being equal, that is right.

Senator BIRMINGHAM: If Europe were to, as they are discussing doing, potentially restrict the number of permits that are available, that would result in a higher carbon price in Europe and all other things being equal a higher carbon price in Australia?

Mr Comley: That is right.

Senator BIRMINGHAM: If the Australian dollar were to deteriorate relative to the euro, that would result in the relativity of the Australian carbon price being higher once those transactions occurred?

Mr Comley: Assuming, again, that the thing that caused the Australian dollar change was not either linked or had a consequence for the carbon price in Europe, which I think is an important caveat here, then that would be the case.⁵

1.9 Submissions by industry groups have also noted with the concern the level of control that rests with decision making in Europe and over which Australia has little if any influence.

Of concern to Qantas is that the EU will have the ability to artificially control the price of carbon in Australia and the impact on Australian industries through the EU carbon price.⁶

... it appears that Australia has very little say over any major scheme changes that are contemplated by the European Union.⁷

The CIF is concerned that Australia's future scheme design, the setting of caps and the inclusion of allowable offsets may be unduly influenced by the European Union...⁸

1.10 It should also be noted that, at present, only a one-way linkage with Europe has been negotiated, where Australian entities may utilise European permits, but this cannot occur in reverse. Full linkage still needs to be negotiated, with witnesses suggesting Australia may have to further compromise its policy objectives to achieve this outcome:

Mr Jackson: The commission now needs to get a mandate from the member states to negotiate a full treaty to have full linkage. This is why we have pointed out, for example, that our [Australia's] posture on the Kyoto Protocol over the next few months will be important ... it is also critical to understand the decision-making processes in the EU. We have an

⁵ *Senate Environment and Communications Legislation Committee Proof Hansard*, 15 October 2012, pp. 20-21

⁶ Qantas Airways Limited, *Submission 15*, p.2

⁷ Cement Industry Federation, *Submission 4*, p. 5

⁸ Cement Industry Federation, *Submission 4*, p. 6

agreement with the European Commission but that needs to be ratified by member states in terms of a mandate to negotiate a treaty. If Australia is not playing ball in Doha and not playing ball in Kyoto, that will have an impact on how European member states view the negotiation of the links between the two schemes...⁹

1.11 It was also suggested that other changes, particularly limits this legislation will place on the use of other international permits by Australian entities through a sub threshold mechanism, would not only result in higher prices (as discussed elsewhere) but also see Australia having already traded away a potential negotiating point in future discussions with the European Commission over full linkage:

It is ... difficult to see how a sub threshold during the one way linking period could impact negatively on the European scheme to an extent greater than the negative impact of losing access to lower cost abatement for Australian liable entities. The sub threshold serves only to prop up the European price, while giving away a point of negotiation with respect to the scheme design at the two way linking stage.¹⁰

Integrity

1.12 Given the importance placed by the Government on this link with Europe, Coalition Senators are concerned at the evidence provided to the inquiry, including by Professor Paul Frijters of the University of Queensland, regarding doubts about the integrity of the EU ETS and scope within it for fraud and manipulation:

If we then look at the verification mechanisms, the crucial aspect of the scheme whereby you see how much a company has actually used, this is to a large extent self-reported. The verification scheme is that you have almost like a yearly account, you say on the books how much you have used, how much of the various fuels, what your efficiency factor is, and then you have a verifier come in to look at your reports. So all that the verifier in principle needs to do is just look at the documentation that you have provided. Nominally, they are supposed to do spot checks, but as yet there are still no operational peer review mechanism for these verifiers and hence there is a strong possibility that people choose the verifiers who go easy on them. This is, of course, an unverifiable statement in itself precisely because there is no peer review mechanism as yet—it is a murky world of verifiers.¹¹

...

If you then think about further worries about the enforcement mechanisms, you look at the actual verification documents. We went through some of the actual documents which verifiers have to send in and there was a lot of room for interpretation or manoeuvring in what we saw. So there is a lot of room to manoeuvre on what you actually count as the fuel that went into a

⁹ Erwin Jackson, The Climate Institute, *Proof Committee Hansard*, p. 28

¹⁰ Cement Industry Federation, *Submission 4*, p. 4

¹¹ Professor Paul Frijters, University of Queensland, *Proof Committee Hansard*, p. 4

company, as to the efficiency factors that you would allocate and the level of cross-border trades that had these carbon components in them. This then falls back to the local national legal system to enforce proper accounting mechanisms. Of course the incentives to, as it were, penalise your own companies are very limited within the European Union. So those were the main concerns we had.¹²

... there has been some room for concern recently as a result of it becoming known that the EU emissions trading scheme being exposed to various integrity issues around registry security and fraud.¹³

1.13 These integrity issues and question marks over the effective operation of the European scheme also bring into doubt the level of available permits, the impact on actual emissions and highlight the exposure to risk faced by Australian industry, as identified by various witnesses:

Because of these reserve over---allowances, Australia could be sold EU permits without any change to the price or volume for any emitter in Europe, implying that we would buy 'spare' permits from the EU, without anything happening to overall carbon emissions.¹⁴

... the overall levels of permits will be determined by an intra-EU game of transfers and limited enforcement.¹⁵

the EU ETS involves substantial assistance to industry. In the EU the majority of permits have been, and continue to be, allocated without charge to the traded sector during a lengthy transitional period. The linkage with the EU ETS highlights the disadvantage imposed on Australian coal producers.¹⁶

Removal of floor price

1.14 The Coalition is concerned at the policy confusion and apparent hypocrisy of the Gillard Government in removing the floor price. Labor have, on no fewer than eleven occasions, affirmed their commitment to the floor price as a crucial element of their carbon tax legislation:

The bill also provides for a price cap and a price floor to apply for the first three years of the floating price period.

¹² Professor Paul Frijters, University of Queensland, *Proof Committee Hansard*, p. 4

¹³ Institute of Chartered Accountants Australia, *Submission 10*, p. 2

¹⁴ Professor Paul Frijters and Cameron Murray, University of Queensland, *Submission 6*, p. 1

¹⁵ Professor Paul Frijters and Cameron Murray, University of Queensland, *Submission 6*, p. 7

¹⁶ Australian Coal Association, *Submission 17*, p. 2

This will limit market volatility and reduce risk for businesses as they gain experience in having the market set the carbon price.

Julia Gillard, House Hansard, 13 September 2011

Well we have set a floor and cap so that there can be stability in pricing but by internationally linking the scheme we will see the Australian price linked to the global price when we move to the emissions trading scheme in three years time, but we did think it was appropriate, because people are making very long term investments, to have a band in which the price will move so that we've got the benefits of linking with the international price but also the benefits of stability.

Julia Gillard, Doorstop Interview, 9 November 2011

PM: There is a price ceiling and price floor which we announced yesterday. The price ceiling is \$20 more than the international price.

JOHN LAWS: Why?

PM: Well we just thought for stability, particularly when we move to an emissions trading scheme where the market is setting the price that it was wise for a period to have bands, a ceiling and a floor.

Julia Gillard, Radio 2SM, 11 July 2011

GREG COMBET: We have legislated the floor price, that's quite well-known. I am discussing with the European Union the linkage of our schemes, it is an issue that's in those discussions but we are committed to the arrangements we have legislated.

DAVID SPEERS: At \$15.

GREG COMBET: That's the floor price.

Greg Combet, Sky News, 21 August 2012

This bill imposes the charge payable by a person to the Commonwealth for the surrender of an international unit in the years beginning on 1 July 2015, 2016 and 2017, as a tax within the meaning of section 55 of the Constitution.

The bill imposes the charge, but only to the extent the charge is neither a duty of customs nor a duty of excise. The charge will ensure that a minimum charge—or in economic terms, a 'price floor'—applies to all units that are surrendered by liable entities for the first three flexible charge years of the carbon pricing mechanism, whether they are domestic units or international units. I commend the bill to the House.

Greg Combet, House Hansard, 13 September 2011

Well we've put in a floor price and a price cap to provide some confidence over the first few years about the potential variability of the price.

Greg Combet, ABC Radio National, 12 July 2012

Mr Combet told *The Australian* last night that the federal government had negotiated the price floor as part of the Multi-Party Climate Change Committee agreement "and we have legislated a three-year fixed price period". "We are committed to the whole package," he said.

Greg Combet, *The Australian*, 5 July 2012

Climate Change Minister Greg Combet said yesterday the price floor and ceiling would avoid sharp price spikes or plunges.

"This will reduce risks for businesses as they gain experience in having a market set the carbon price," Mr Combet said.

Greg Combet, *The Australian Financial Review*, 28 September 2011

It is the case that our policy does include a price floor which acts as a safety valve for investors in low-emissions technology by establishing a minimum price for the first few years of a flexible price period.

Penny Wong, Senate Hansard, 28 February 2012

For the first three years of a flexible price emissions trading scheme there will be a price floor mechanism that aims to ensure the price of permits do not fall below a pre-determined level. A price floor provides participants with greater certainty upon which abatement decisions to make. For those investing in abatement technologies whose value is sensitive to the level of the carbon price, a price floor helps reduce downside risk.

Mark Dreyfus, Address to Carbon Expo 2011, 8 November

1.15 These arguments advanced by the Government in very recent times either make a case against the Government's own actions now in abolishing the floor price, or stand testament to the lack of credibility attached to any arguments advanced by the Government over its carbon tax and climate change mitigation policies.

1.16 While Coalition Senators note some evidence to the inquiry in favour of the abolition of the floor price, we note also evidence provided by The Climate Institute conversely in favour of a price floor extension:

... the Institute's preference is for an extended price floor because of the predictability it provides investors and the economic efficiencies it could deliver.

The signal sent by a gradually rising price floor has three beneficial effects:

it helps deter investment in highly emission intensive technologies that would become stranded under the stronger policies needed in the future.

it reduces downside financial risk premiums associated with low carbon investments thereby reducing the costs of investments.

it encourages investment in low emissions technologies through more predictable price signals. This brings down their costs through 'learning by doing' and economies of scale.

Among others, these are the reasons why the UK and California have implemented price floors and why China is considering floors in its emerging pilot schemes.¹⁷

1.17 Removal of the floor price is among significant and substantial changes given effect by this bill to the carbon tax, itself implemented despite express commitments taken to the most recent election, in 2010, that there would be no carbon tax under a government led by the current Prime Minister.

1.18 There is already substantial community angst at the carbon tax itself and the manner of its implementation against express election promises to the contrary.

1.19 For the Government to seek to make such a major structural change to its carbon tax inside three months of its operation gives little comfort to those who opposed its original introduction in its original form, and gives rise to Coalition Senators' serious concerns about the soundness of the Government's policy development processes and all arguments it prosecutes for their implementation.

Policy and budgetary uncertainty

1.20 Consideration of the Government's significant carbon tax policy changes is done against a backdrop of enormous uncertainty over what the carbon price will be in just a few years. The Government has provided no updated modelling, insisting previously released modelling completed years ago remains current, despite the changes to the policy or the many global economic factors its assumptions were built upon.

1.21 At recent Senate Estimates hearings, the Department of Climate Change and Energy Efficiency refused to endorse the Government's estimated carbon price in 2015-16 of \$29, not even ruling out a rise to \$50:

Senator BIRMINGHAM: We will come to some of the policy rationale or otherwise behind that decision shortly. What is the estimated carbon price meant to be in 2015-16?

¹⁷ The Climate Institute, *Submission 1*, p. 2

Mr Comley: The number that is, I believe, in the budget papers is round \$29 in 2015-16.

Senator BIRMINGHAM: Is that an accurate reflection?

Mr Comley: It is the current government estimate of the price in 2015-16.

Senator BIRMINGHAM: Is the current government estimate of the price in 2015-16 an accurate estimate of the price in 2015-16?

Mr Comley: I am not going to revise the estimate, Senator.

Senator BIRMINGHAM: Is it the best available estimate?

Mr Comley: This is where I think again we are straying a little bit into Treasury's territory which is responsible for that price. We obviously provide advice to them. It is longstanding government practice that at each point where you have a major economic publication you put out your best estimate of a particular parameter at that point in time and it is also longstanding practice to not speculate about the change of the parameters between releases of major economic updates.

Senator BIRMINGHAM: Does that mean you are standing by the \$29 price as the best estimate?

Mr Comley: The point I am making is that it is not my position or accountability to stand by a particular estimate or to revise that estimate between major updates. I would comment that much of the commentary about what is happening with carbon prices tends to have a very short-term focus. We are talking about a price which is three years away. We are also talking about a price in a market where there is current regulatory action by the European Union to directly influence that price. I suppose what I would say is that while I am not going to say that this is the best estimate or move away from the estimate in any way, I think there are quite reasonable arguments that that is not an implausible estimate of the price in 2015-16.

Senator BIRMINGHAM: Was it updated in this year's budget papers, in the last major economic statement of the government?

Mr Comley: I think it is fair to say that it was in with a range of parameters. They were all reconsidered. Whether there is any change made is a matter for the Treasury. My understanding is that there was not a change made in the budget from the previous parameter estimate in the previous major economic release. **Senator BIRMINGHAM:** Is that because the government believed it was still the best estimate or is it because it was too hard to model or estimate an update?

Mr Comley: Again, I think that is really a matter for Treasury.

Senator BIRMINGHAM: Mr Comley, I have given you numerous chances to say that the carbon price that will apply now in less than three years' time is an accurate price or a best estimate, and you are going to great lengths to avoid using anything that might sound remotely like a convincing endorsement of that price.

CHAIR: Senator Birmingham, this is a commentary on the response that you got. I do not think that is appropriate. Mr Comley—

Senator BIRMINGHAM: Mr Comley is quite able to respond.

CHAIR: It is not my view of what Mr Comley said. If you want to keep up the commentary, that is fine but, Mr Comley, you do not need to respond to any commentary.

Mr Comley: Thank you, Chair. I suppose what I am trying to do, Senator, is be very careful between two things. One thing is the institutional accountability within the government as to who makes and puts within the budget the estimate of the carbon price. I am probably taking a little bit of licence in going to areas of Treasury to be helpful to the committee but trying to draw that clear distinction between the institutional accountability for the carbon price into the budget, which is the Treasury, in the same way that the Treasury has institutional accountability for a range of estimates that figure in budget reckoning. The second thing—and where I think there is a slight distinction but it is related to the first—is what is actually happening in carbon markets at the moment and what that may mean for the future.

It is the case that in the institutional accountabilities within government we take great interest and monitor what is happening in carbon markets at the moment and what implications that may have for further budget estimates. We then provide that information to Treasury. What I have said to you is that it is not my role to stand by and endorse or reject any particular budget parameter and, given my understanding of carbon markets—particularly the European carbon market—I do not think the current market estimate is implausible.

Senator BIRMINGHAM: You do not think that the current estimate of \$29 is implausible?

Mr Comley: No.

Senator BIRMINGHAM: Okay. If that is the best endorsement we can get for it, that is what I will take—the not implausible \$29.¹⁸

...

Senator BIRMINGHAM: Indeed, which I appreciate is the nature of those markets. As to the changing variability of such prices, then, is it plausible that by 2016 the European carbon price could be \$50?

Mr Comley: It is an interesting figure to pluck. Is it plausible? It is not what is in the budget papers as the current estimate, and I am not aware of any market commentators even outside the futures market that have picked that number. It is true, though, that in the recent past the European Union allowances did trade up to \$50.

My recollection is that probably before the global financial crisis was the last time we saw a trade of around the \$50 mark. In the sense that European

¹⁸ Senate Environment and Communications Legislation Committee Proof Hansard, 15 October 2012, pp. 7-8

Union units have traded at that price so is it completely conceivable, it is not completely inconceivable.¹⁹

1.22 Professor Paul Frijters and Cameron Murray gave evidence of a potential revenue variation of \$6 billion based on differences between Treasury carbon price projections and their own expectations²⁰, while The Climate Institute highlighted that the totality of these latest changes by Labor would likely result in higher prices than would otherwise have been the case:

Note that the EU price has been over \$30 in the last three years. ... What can be predicted with confidence is that based on the proposed linkage and limits, Australian carbon prices in 2020 will likely be substantially higher than the recent forecasts...²¹

1.23 The simple fact is that if Labor's estimates of the future rate of the carbon tax prove too low, Australian households and businesses will face even higher electricity and other bills as a result, while if it is lower than forecast it will blow yet another hole in Labor's budget predictions.

Surrender limits for Kyoto units

1.24 Coalition Senators acknowledge concerns by submitters that sub-limits applying to Kyoto permits as a result of this legislation are at odds with the Government's stated intention to achieve lowest cost abatement:

If the Australian coal producers are to reduce their emissions at least cost, they should be allowed unrestricted access to international permits. If Australia is happy to link with the European Union, why impose a constraint on the proportion of permits being purchased overseas? Why not go all the way to secure the lowest cost abatement solutions? There is also a policy determined quota of 12½ per cent for CDMs which represents a high cost to be paid as a trade-off for linkage with the EU price.²²

...businesses can still only use international permits to acquit 50 per cent of their carbon tax liability. This restriction has been made more onerous by limiting the use of low-cost Kyoto carbon units to 12.5 per cent.²³

The limit proposed in the Bill is 12.5 per cent. ... the limitation ... introduces additional cost and uncertainty for liable entities and is inconsistent with the policy goal of reducing greenhouse gas emissions at least cost.²⁴

¹⁹ Senate Environment and Communications Legislation Committee Proof Hansard, 15 October 2012, pp. 10-11

²⁰ Professor Paul Frijters and Cameron Murray, University of Queensland, *Submission 6*, p. 1

²¹ The Climate Institute, *Submission 1*, p. 5

²² Peter Morris, Australian Coal Association, *Proof Committee Hansard*, p. 8

²³ Australian Coal Association, *Submission 17*, p. 2

... the limit reduces our flexibility to meet our liabilities under the schemes and artificially increases our cost of compliance.²⁵

Sub thresholds are a major concern for the CIF. ... There has been little justification or rationalisation for this feature other than it was a condition of achieving an agreement.²⁶

1.25 Once again the Gillard Government has been exposed through these changes of saying one thing, but doing another, to the detriment of Australian businesses and industry.

Carbon Tax is hurting Australian industry

1.26 Ultimately, while there are many concerns about specific detail within this legislation, the Coalition's greatest concerns remain those about the total cost of Australia's carbon tax, which is imposing greater costs on more of Australia's economy than any other vaguely similar scheme worldwide.

1.27 Submitters to the inquiry highlighted that these proposed changes do nothing to alter the bad fundamentals that lie at the heart of this policy, especially its costs and its impact on Australia's economic competitiveness:

Despite the changes proposed in the Amendment Bill, Australia will still lock-in the world's highest economy-wide carbon tax for the next three years. While the EU permit price is currently around AUD\$9 a tonne, the carbon tax locks in fixed carbon prices, starting at \$23 a tonne and rising to \$25.40 plus inflation over the next three years. This cost is simply not borne by competitors to Australia's coal export industry.²⁷

Imposing an additional cost on Australia's coal industry in the form of a carbon tax that is not imposed by our trade competitors simply diminishes our competitive advantage. ... Any loss in coal supply from Australia will be made up by one of our competitors in countries such as Canada, Colombia, Indonesia, Mongolia, Mozambique, Russia, South Africa and the US. ... Australia risks losing investment, export and taxation revenue and jobs, without actually realising the concomitant reduction in global emissions.²⁸

The current amendments, and the yet to be released regulations, create considerable uncertainty and disquiet for all gas market participants. ... AIGN does not support the approach taken in the Bill and we recommend further industry consultation on these matters. ... many of Australia's trade competitors are outside of the EU. Concerns with respect to international

²⁴ Australian Petroleum Production and Exploration Association, *Submission 7*, p. 2

²⁵ Qantas Airways Limited, *Submission 15*, p.1

²⁶ Cement Industry Federation, *Submission 4*, p. 6

²⁷ Australian Coal Association, *Submission 17*, p. 1

²⁸ Australian Coal Association, *Submission 17*, p. 3

competitiveness have not reduced as a result of the decision to legislate and operationalise a unilateral link with the EU ETS. ... Australian industry has concerns as to how will Australian competitiveness be 'preserved' if the EU continues to use policy drivers to change their scheme. The EU will do that in their interest which will not necessarily be in ours. It will simply drive up our costs and should be addressed in both the bilateral agreement and the regulation.²⁹

In terms of cement manufacturing, our major competitors are based in South East Asia.

Australia is at risk of losing competitiveness against countries that do not have market based mechanisms to deal with carbon of a similar design to Australia's scheme.³⁰

.. the competitive challenge to Australian liquefied natural gas (LNG) projects continues to be from countries that are not taking action to introduce carbon pricing. Most importantly, a link between the Australian and EU schemes will do little to alter the fundamental cost/competitiveness issues facing the Australian LNG industry. Indeed, in the medium-term, should a higher EU-ETS price eventuate, this will place additional competitive pressure on trade-exposed industries, like LNG.³¹

1.28 Put simply, the carbon tax is a bad tax, which has a seriously negative impact on Australia's economic competitiveness and the cost of living pressures faced by all Australians. In some instances these changes look set to compound these problems, with no demonstrable improvement in the meagre environmental outcomes this tax purports to achieve.

Recommendation

1.29 That the Senate does not pass the bill; and, further, that it repeal the Clean Energy legislative package.

Senator David Bushby
Deputy Chair

²⁹ Australian Industry Greenhouse Network, *Submission 16*, p. 3

³⁰ Cement Industry Federation, *Submission 4*, p. 4

³¹ Australian Petroleum Production and Exploration Association, *Submission 7*, p. 2

Senator Alan Eggleston
Senator for Western Australia

Senator Simon Birmingham
Senator for South Australia