

Chapter 6

Community understanding of the carbon tax reforms

Introduction

6.1 This chapter addresses the community's understanding of the carbon tax.

6.2 It details the speed with which the government has introduced the policy and the money it has spent on advertising and public education campaigns. It also examines the concern about this raised by the Joint Select Committee on Australia's Clean Energy Future legislation (the Joint Committee), which attributes the community's lack of awareness of the details of the tax to the media's coverage of the debate.

Undue haste

6.3 As detailed extensively in the Interim Report of this committee, *The Carbon Tax: Economic pain for no environmental gain* (the Interim Report), the process surrounding the development of the government's carbon tax package was characterised by a lack of detail, transparency and unnecessary haste.

6.4 Following a commitment to the Australian people prior to the 2010 federal election that there would be no carbon tax, as part of its deal with the independents to form government, the Gillard Government announced the establishment of the Multi-Party Climate Change Committee (MPCCC) to explore how Australia would introduce a carbon tax.¹ Less than six months later, on 24 February 2011, the MPCCC released its report and the government announced that it would move to introduce a carbon tax to commence on 1 July 2012.²

6.5 At the time of announcing that the proposed carbon tax would be introduced effective from 1 July 2012, the government did not provide any of the detail of the tax to the public. It was not until 10 July 2011 that the key features of the proposed tax were announced. This was followed by the release of some of the draft legislation outlining the scheme for public consultation on 28 July 2011, less than 12 months before its proposed commencement. The public was then given just over three weeks to provide comment on the 19 bills comprising the Clean Energy Future legislative package. The legislation to establish the Australian Renewable Energy Agency

1 The Hon. Julia Gillard MP, Prime Minister, the Hon. Wayne Swan MP, Deputy Prime Minister and Treasurer, and the Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Prime Minister establishes climate change committee', Joint Media Release, 27 September 2010, p. 1.

2 Senate Select Committee on the Scrutiny of New Taxes, *Interim Report – The Carbon Tax: Economic pain for no environmental gain*, October 2011, pp 31–36.

(ARENA) was not a part of this package – that legislation, the two ARENA Bills, were only introduced into the House of Representatives on 12 October 2011.³ The provisions of the two bills have been referred to the Senate Environment and Communications Legislation Committee for inquiry and report by 7 November 2011.⁴ The committee notes that the legislation to establish the Clean Energy Finance Corporation, which will invest \$10 billion in businesses that are seeking funds to 'get innovative clean energy proposals and technologies off the ground'⁵ and will invest in the transformation of existing manufacturing businesses, has not yet been introduced into parliament. Nor has an exposure draft of the bill been released for public comment.

6.6 The Clean Energy Future legislative package was introduced into the House of Representatives on 13 September 2011. The 19 bills were then referred for inquiry following the establishment of the Joint Committee.⁶

6.7 In its report to the Parliament, the government, through the Joint Committee, claims that the lack of awareness within the community is due to the media's coverage of the matter:

Given the highly contested nature of the policy debate, this is, to some extent, understandable, as many Australians have only heard about the general policy issue, as set out in news media reports and advertisements which have tended to focus on specific elements of the bills, but not the totality of issues. While this is not unusual in the development and implementation of public policy, it is also a matter of concern, given the intended commencement of the mechanism on 1 July 2012.⁷

6.8 Such a claim, however, does not acknowledge that just 422 days separated the government's assertion that there would be no carbon tax, and the passage of the Gillard Government's Clean Energy Future legislative package through the House of Representatives.

3 The Hon. Martin Ferguson MP, Minister for Resources and Energy, Minister for Tourism, The Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Legislation Introduced to Establish ARENA', Joint Media Release, 12 October 2011, <http://minister.ret.gov.au/MediaCentre/MediaReleases/Pages/LegislationIntroducedtoEstablishARENA.aspx>, (accessed 19 October 2011).

4 http://www.aph.gov.au/Senate/committee/ec_ctte/arena/info.htm, (accessed 19 October 2011).

5 <http://minister.ret.gov.au/MediaCentre/MediaReleases/Pages/InnovationandRenewableEnergy.aspx>, (accessed 19 October 2011).

6 The Joint Select Committee was established on 14 September 2011 in the House of Representatives, the decision to establish the committee was ratified by the Senate on 15 September 2011.

7 Joint Select Committee on Australia's Clean Energy Future Legislation, *Advisory Report on the Clean Energy Bills and the Steel Transformation Bill 2011*, October 2011, pp 58–59.

6.9 It is also noted that in its report the Joint Committee set out (at Appendix D) the specific changes to the legislation that were made following the consultation on the exposure draft. In respect of the more broader concerns raised by submitters to their inquiry however, the Joint Committee stated:

The committee acknowledges that some businesses have concerns about the policies implemented by the legislation. However, these issues reflect a disagreement with the underlying policy, which was announced on 10 July 2011, rather than the drafting of the bills, and are therefore beyond the scope of the committee's consideration.⁸

6.10 The Joint Committee's report noted that the Commonwealth Parliament, since 1992, had completed 35 committee inquiries into how to respond to climate change (excluding the Joint Committee's inquiry into the clean energy future legislative package).⁹ However, after all of those parliamentary inquiries and related debates informing community attitudes over many years, it is important to note that community opinion is strongly against the introduction of a carbon tax or an emissions trading scheme in Australia. The community understands that a price on carbon in Australia outside an appropriately comprehensive global agreement to price emissions will be all economic pain for Australia for no global environmental gain. Moreover, the Australian community was entitled to expect that the Prime Minister had reached the same conclusion as they had given her emphatic pre-election promise that there would be no carbon tax under the government she leads. After all, many of those inquiries, in particular those during the 42nd Parliament, had identified the many flaws of a carbon tax or an emissions trading scheme as proposed by the government in the absence of an appropriately comprehensive global agreement to price emissions.

Committee comment

6.11 The committee takes the view that the legislative design process that occurs following the policy development stage should not be rushed. How a policy is translated into legislation requires much consideration and discussion and during that process consideration should be given to concerns raised with the underlying policy rationale. This cannot occur when the public and key stakeholders are not given adequate time to consider the detail of the legislation that is proposed to implement the government's scheme.

Government advertising and promotion

6.12 Similarly, the government's claims that the lack of community understanding of the Clean Energy legislative package is due to the media's coverage of the issue

8 Joint Select Committee on Australia's Clean Energy Future Legislation, *Advisory Report on the Clean Energy Bills and the Steel Transformation Bill 2011*, October 2011, p. 68.

9 Joint Select Committee on Australia's Clean Energy Future Legislation, *Advisory Report on the Clean Energy Bills and the Steel Transformation Bill 2011*, October 2011, pp 6–10.

does not recognise the government's extensive efforts to advise the community of the changes through the millions of dollars spent advertising the carbon tax initiative.

6.13 On 10 February 2011, the Minister for Climate Change and Energy Efficiency, the Hon. Greg Combet AM MP, announced the establishment of the Climate Change Commission. According to the Minister, the purpose of the Commission is to 'provide expert advice and information to the Australian community on climate change'.¹⁰

6.14 The Climate Commission is lead by Professor Tim Flannery.¹¹ Its establishment was an election commitment announced in July 2010. The Government has set funding at \$6.5 million (over four years).¹²

6.15 In addition to referring to grants which appear to have been paid to environmental groups supportive of the government's policy, *The Australian* recently reported that a special 'propaganda' unit was established on 4 July 2011, before the government even announced the details of its carbon tax plan, to sell the tax.¹³

The ten-person carbon price implementation team was quietly formed on July 4 – five days before details of the carbon pricing scheme were revealed.

It came to light this week in a one-line entry in documents presented to a Senate committee. The document, revealed by *The Australian Online* yesterday, said five staff had been appointed to the team, which is based in an office next to that of Climate Change Minister Greg Combet.

Further documents reveal another five staffers have been assigned to the unit from the offices of the Prime Minister, the Treasurer and other senior ministers.

The unit, headed by a senior staffer from Julia Gillard's office, will cost taxpayers more than \$1 million a year.

Its senior adviser-level head earns up to \$170,000 a year, while the nine adviser-level staffers draw salaries of up to \$115,000.

The Prime Minister defended the establishment of the unit yesterday, saying it would better inform the public of the details of her carbon tax.

10 Media Release, the Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Launch of the Climate Commission', 10 February 2011.

11 Media Release, the Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Launch of the Climate Commission', 10 February 2011.

12 Media Release, the Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Launch of the Climate Commission', 10 February 2011.

13 James Massola, Secret spin cell dwarfs Howard's GST transition sell', *The Australian*, 20 October 2011, <http://www.theaustralian.com.au/national-affairs/carbon-plan/secret-spin-cell-dwarfs-howards-gst-transition-sell/story-fn99tjf2-1226171159201>, (accessed 20 October 2011).

"We've been bringing information to people about carbon pricing and we will continue to do so," she said.

...

A spokesman for Mr Combet said: "The carbon policy implementation team was established to provide information in support of the implementation of the carbon price."¹⁴

6.16 On 16 July 2011, Minister Combet, released a media statement detailing that a national advertising campaign to educate the community about the Clean Energy Future package would commence on Sunday, 17 July 2011.¹⁵ In that statement, the Minister detailed that the government had committed \$12 million to the campaign, which would provide information on what the government's plan would mean for households, businesses and communities.¹⁶ The public awareness campaign included the creation of a specific purpose website: www.cleanenergyfuture.gov.au, a direct mail out campaign to Australian households (*What a carbon price means for you: The pathway to a clean energy future* – a 19 page document promoting the government's policy) and provided information via the websites of both the Climate Change Commission and the Department of Climate Change and Energy Efficiency.

6.17 In addition to these advertising and public education initiatives, information has also recently been made public that suggests environmental groups supportive of the government's carbon tax and clean energy future policy were provided with funding to run community campaigns supporting it:

Details of the grants were revealed during Senate estimates today and the opposition immediately seized on them, claiming the groups were being rewarded for their political support of the government and its carbon scheme.

Grants to the Australian Conservation Foundation, the Climate Institute and the Australian Youth Climate Coalition...were approved by Climate Change Minister Greg Combet only weeks before the government announced details of its climate change package in July.¹⁷

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- 14 James Massola, 'Secret spin cell dwarfs Howard's GST transition sell', *The Australian*, 20 October 2011, <http://www.theaustralian.com.au/national-affairs/carbon-plan/secret-spin-cell-dwarfs-howards-gst-transition-sell/story-fn99tjf2-1226171159201>, (accessed 20 October 2011).
- 15 Media Statement, The Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Clean energy future public information campaign', 16 July 2011, p. 1.
- 16 Media Statement, The Hon. Greg Combet AM MP, Minister for Climate Change and Energy Efficiency, 'Clean energy future public information campaign', 16 July 2011, p. 1.
- 17 Marcus Priest, 'Mud-slinging over climate group grants', *Australian Financial Review*, 18 October 2011, p. 10.

6.18 At a Senate Estimates hearing on 17 October 2011, the Department of Climate Change and Energy Efficiency provided further information concerning some of the grants that have been paid:

Table 6.1: Details of grants paid by the government to organisations supportive of the government clean energy future policy¹⁸

| Organisation | Amount of grant | Activities to be funded |
|---|-----------------|--|
| Australian conservation foundation (ACF) | \$398 000 | Public education campaign involving a series of 2000 workshops around Australia. |
| Australian Youth Climate Coalition (AYCC) | \$271 000 | Two AYCC Power Shift Summits held in Perth and Brisbane. |
| Shmeco.com | \$15 000 | Sustainable House Day 2011 |
| Carbon Expo 2011 | \$55 000 | Sustainable House Day 2011 |
| Climate Institute | \$250 000 | To work with the Australian Council of Social Service and Choice to compare carbon price impacts for consumers compared to other government reforms. |
| CSIRO | \$500 000 | Public engagement including \$100 000 for a summer study on energy efficiency and carbon mitigation. |
| Climate Works Australia | \$460 000 | Grant not yet finalised – still being negotiated. To raise community awareness of how to reduce carbon emissions in the most cost-effective way possible, using regional or local low-carbon growth plans as a guide. |

Committee comment

6.19 The committee takes the view that the government's lack of transparency around the extent of its education and implementation expenditure for this policy initiative demonstrates the lack of respect it has for the community.

6.20 Further, given that it has since been revealed that the government spent \$24 million on advertising the clean energy future package,¹⁹ the committee takes the view that any failure on the part of the community to understand the detail of the proposed tax cannot be attributed to the media but rather an ineffective media and direct public education campaign by the government. The committee considers that as this is the

18 Ms Harinder Sidhu, First Assistant Secretary, Adaptation, Science and Communications Division, Environment and Communications Legislation Committee, *Draft Estimates Hansard*, 17 October 2011, pp 27–31.

19 David Wroe, 'Labor accused of giving grants to groups backing carbon tax', *Sydney Morning Herald*, 18 October 2011, p. 4.

case, the government should answer for the further waste and mismanagement that has occurred throughout this hurried process.

6.21 The committee also suggests that by paying grants to environmental groups supportive of the government's policy, the government was able to side step the requirements of the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*.²⁰ The committee considers that this is inappropriate and calls the government to account for these inappropriate actions.

6.22 The committee takes the view that all of the evidence supports its view that any lack of community understanding that surrounds the government's Clean Energy Future package is the result of the rushed legislative development process, the hasty introduction of the legislation into parliament and an ineffective advertising campaign. Most importantly, the Australian public understand a bad tax when one is put in front of it.

Recommendation 8

6.23 The committee calls upon the government to carefully consider further expenditure on its so-called community education for the carbon tax and suspend further unnecessary advertising if the government's legislation passes the Parliament.

**Senator Mathias Cormann
Chair**

20 See <http://www.finance.gov.au/advertising/docs/Guidelines-on-Information-and-Advertising-Campaigns-by-Australian-Government-Departments-and-Agencies-March-2010.pdf>, (accessed 26 October 2011).

