

Media release

24 February 2011

Carbon price architecture looks good, but proof will come in construction

The announcement today that the Gillard Government and the Greens have agreed on the broad architecture of a carbon price mechanism for Australia is a welcome sign of progress on what has been a long march towards a comprehensive approach to tackling climate change in Australia, according to The Australia Institute.

The Australia Institute's Executive Director Dr Richard Denniss said: "The pragmatic decision to focus on a starting price in 2012 rather than an emissions target for 2020 is both good politics and good policy. It means that the parliament can focus on what the majority agree on, which is the need to put a price on carbon.

"It also means that business can start to make investment plans with certainty about the price they will pay for pollution," said Dr Denniss.

The so-called 'fixed price emissions trading scheme' will effectively operate as a carbon tax. Rather than give big polluters certainty about the quantity of emissions they can emit, a fixed price scheme will give certainty to energy consumers and renewable energy investors, about the exact cost of carbon pollution.

"Today's announcement is a win for common sense. While there are some who might prefer that Australia jumps straight into a full emissions trading scheme the simple fact is that there is no consensus within the parliament about what the target for any such scheme should be. Having an emissions trading scheme with no target is like having a sports car without an engine, some people might think it looks nice but it is simply pointless.

"The big challenge for the government now is to stand up to the greed and power of the big polluters in Australia. They extracted so much compensation from the Rudd Government that the so-called 'great big new tax' that was the CPRS was actually budgeted to lose money.

"The operators of coal-fired power stations, the coal mines and the other big polluters have seen a carbon price coming for decades. They have no right to be surprised by today's announcement, and they have no right to the kinds of compensation they were promised in 2009," concluded Dr Denniss.

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