

Attn: Chiefs of Staff

Dud Deal for the Environment

Analysis by the Australia Institute shows that the GST Package agreed between the Government and the Australian Democrats will cause serious damage to the environment and public health. In net terms, the revised GST package will see an extra \$7 billion over three years spent on polluting activities.

While some of the compromises won by the Democrats will reduce urban air pollution significantly below levels in the original Government proposals, the revised package will still be responsible for a sharp increase in urban air pollution, and greenhouse gases will be barely affected.

“The critical environmental factor is the fuel price cuts, and the Government got almost everything it wanted”, said Institute Executive Director Dr Clive Hamilton. “Mr Howard declared that the Government secured 85-90% of the original GST package. The revised package will also deliver 85-90% of the environmental damage.”

In addition, some of the offsetting environmental measures are beset by serious problems. The extra \$400 million greenhouse gas program is more of a disguised handout to the bush while the new diesel credit scheme is a compliance nightmare and will be massively rorted.

The implications for greenhouse gas emissions are especially serious. The Institute’s analysis shows that greenhouse gas emissions from the commercial transport sector will receive at least a 5% stimulus from the GST Package by 2010. The Government’s own analysis shows that it expects greenhouse gas emissions from commercial transport to rise by 60% between 1997 and 2015, while the Kyoto Protocol requires Australia to limit emissions growth to 8% above 1990 levels by 2010.

“In bringing down this tax package the Government will be sending a clear message to the rest of the world – Australia has no intention of abiding by its commitments under the Kyoto Protocol”, said Dr Hamilton.

“While the Government and the Democrats are declaring the revised GST package to be a victory for the environment, in reality it will lead to a large increase in both greenhouse gases and urban air pollution. The Democrat’s declared goal entering the negotiations was to win a demonstrable environmental benefit from the GST Package. They failed.”

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