Julia Gillard’s Carbon Tax Speech At The National Press Club

July 14, 2011  3 Comments

Prime Minister Julia Gillard addressed the National Press Club today on the government’s carbon tax policy.

The Prime Minister stressed that the policy was a major and difficult reform. “And in reform, what matters is having the right vision for the country’s future, making the big decisions which get us there, bringing people together to get it done. So now we have had the debate. Now we move from words to deeds. We’re going to get this done.”

Gillard momentarily lost her composure when speaking about her feelings: “It doesn’t come easy to me to expose my feelings as I make these decisions. I was the shy girl who studied and worked hard, and it took time and effort but I got from Unley High to the law and as far as here, where I am today. I’ve brought a sense of personal reserve to this, the most public of professions. And the rigours of politics have reinforced my innate style of holding a fair bit back in order to hang pretty tough.”

In response to a question from Channel 7’s Mark Riley about the responsibility of the media, Gillard suggested a starting point would be to “stop writing crap”.

Listen to Julia Gillard’s speech (30m)

Listen to Questions and Answers (34m)

Listen to Gillard’s “Don’t write crap” response (4m)

This is the prepared text of Julia Gillard’s address to the National Press Club.

The issues that have brought me here to the Press Club as Prime Minister have been big ones. Laying out my vision for Australia in a national election campaign and making my case in the leaders’ debate. Reflecting on the formation of a new Government and announcing our plan to rebuild Queensland.

I come here again today because pricing carbon is surely as important as these. As Joe Biden no doubt wishes he’d said: this is a big deal.

In my own service in Government, I stand on my record as a reformer. A new workplace relations system which locked in modern Labor values: fairness at work and flexible enterprise bargaining. Education reforms which gave parents information and offered them choices they’d never had before.

Difficult reforms – reforms I knew were in the long term national interest, and under our Fair Work Act, employment is growing. Under our school reforms, school performance is improving. Time has vindicated the reform case. It always does.

Now, pricing carbon is this Government’s biggest reform yet.

When I look at this decision in the context of Australia’s post-1983 reform project it does take on interesting dimensions. Compared with a change like the GST, it’s smaller in the short term and more important in the long term. Vastly less complex, applying to hundreds
of businesses – not millions. Modest in its impact on household budgets, estimated to add 0.7 per cent to CPI – not 2.5 per cent as did the GST.

But for the long term it achieves a change of far greater structural significance: decoupling the growth of carbon pollution from the growth of our economy.

Amara’s law is the idea that when we think about a new technology, we tend to overestimate its effect in the short run and underestimate its effect in the long run.

Real structural reform is often like that.

The dollar float is the paradigm example: the big enabling decision, the big change which sets the ball rolling for all the others, the big call for the future which demands courage at the time ... and which when we look back, no one would seek to undo.

The carbon price is our dollar float.

A vital economic reform which will build our clean energy future.

So I want every Australian to know why I am pursuing this.

Yes, climate change is a threat to our environment. Yes, being left behind as the world moves is a threat to our economy. But I am not just doing this to protect Australia against threats.

I am doing this because I see a great opportunity we can seize.

I see a great clean energy future for our great country.

Within a few years, we’ll be seeing big changes on the energy supply side, big changes in industrial production, changes among consumers and households as well.

Energy producers investing more and more in gas and in renewable, manufacturers and commercial buildings and hospitals converting boilers from coal-fired to gas. Tenants chasing space in energy-efficient buildings and chemical plants installing “scrubbers” to reduce nitrous oxide emissions.

The capture and use – or “flaring” – of emissions from mining and gas extraction, industry installing more efficient motors. And yes, we’ll see smart light bulbs in every home and probably every beer fridge in the country will have a five star rating too.

These are the changes we can already predict.

And I know these changes are upon us because I have seen them beginning already.

This week I’ve seen geothermal power at work in Brunswick in Melbourne’s inner north. Where a source of energy which we usually associate with hot rocks in the central desert is at work in a city we hardly think of as hot in July.

This week I’ve seen energy being produced from landfill in suburban Brisbane. Where rubbish from households and businesses generates methane gases – gases which in the past have been carbon pollution released into the atmosphere. Gases which are now being captured for power to feed the city’s electricity grid.

These are the changes we can already see – and there are changes coming which we can hardly imagine today.

In our lifetimes, think of how information technology has transformed itself and transformed our lives. I wrote my first university essays on a manual typewriter.

I remember the first mobile phone I saw, as big as a brick, and I wondered why anyone would want such a thing. Now I visit classrooms where children use a phone to take a photo of me and share it with the world via the internet before I’m in the car and on the way back to the office.

We walk around with more computing power in our purses and jacket pockets than NASA used for the moon landings. And we apply that technology to new purposes which were never thought of until the power to do them existed.

Information technology has given us the productivity and prosperity which means our children can afford to travel before they’ve even really started a career. It has given us social networks which let us look at the photos they took of themselves in Thailand an hour
ago and then we can send them an instant message saying “is that another tattoo?” And it has created whole new occupations and industries for them to work in when they come home and settle down in life.

Clean energy is sure to transform itself and in turn transform our lives in just such extraordinary ways.

We talk about “baseload power” today but smart grids and distributed energy production may fundamentally reshape the way we move energy from the production point to the power point. In less time than we can know, millions of homes may be powered by renewable energy.

Tidal in WA, solar in Queensland, wind in New South Wales, geothermal in South Australia, clean coal in Victoria, cogeneration in Tasmania. But behind all those changes, behind what we do see, will be the big reform – the price on carbon pollution.

Revenue from the carbon price will be funding new investments in clean technology.

The economic incentive the price creates will be driving private investment.

We can already forecast $100 billion going into renewables by 2050, the power of a market mechanism driving investment in the power of the earth, wind, water and sun.

We’ve heard a bit of talk about how carbon permits are “an invisible product”.

They’re not – they’re just the “invisible hand”.

This decision, to put a price on carbon, is a major reform to build a clean energy future, and because I lead a Labor Government, it is a reform done fairly.

Economic and environmental reform, with help for those who need it most.

Because that is how Labor does reform, that is how Australia does reform, that is the way that reform works best.

As we did with currency and trade liberalisation, as we did with indirect taxation, we have had a long debate about the clean energy future of this country. Barry Jones and Bob Carr – overseas, even Margaret Thatcher! – spoke about this in the 1980s. We debated Rio and then Kyoto in the 1990s. And through the 2000s, there was growing public support for action on climate change, public support which did ultimately lead to bipartisan support for pricing carbon.

To the then-Coalition Government and the then-Labor Opposition both taking carbon pricing plans to an election.

To 2007 when John Howard decided to price carbon, supported by Tony Abbott, Julie Bishop, Joe Hockey and Greg Hunt, to 2008 and 2009 when Kevin Rudd tried to negotiate with Malcolm Turnbull in good faith to get a bipartisan reform.

Now in the final weeks of 2009, the last Parliament had its Maxwell Smart moment, we missed it by that much. And what followed was the 2010 campaign as difficult and divisive as any we have known.

It has been a long debate.

And as I said on Sunday, no government – no political party or leader – can claim to have got everything right during this time. But the Parliament the people elected in 2010 has found the path to the clean energy future our country so badly needs.

Some were sceptical, but from the day I formed Government I had no doubt this Parliament would prove capable of the task.

I know that for the aficionados the mechanics of how we got here are fascinating: the cross-party nature of this process is unusual and the makeup of the House of Representatives in particular is novel.

I accept that’s interesting to the commentators.

But for me, this is a reform.

And in reform, what matters is having the right vision for the country’s future, making the big decisions which get us there, bringing people together to get it done.
So now we have had the debate.

Now we move from words to deeds.

We're going to get this done.

This will be the package that comes to the Parliament and this will be the package that goes through the Parliament.

And there will be a price on carbon from 1 July 2012.

And here's how it works.

I wanted a modern policy approach with efficient allocation and incentive to innovate.

So the price on carbon operates as a market mechanism, creates incentives we need.

For the first three years, the price for each tonne of pollution will be fixed at $23 per tonne then rise by 2.5 per cent in real terms, effectively a carbon tax. I wanted the end point to be a flexibly priced emissions trading scheme.

So from 1 July 2015, there'll be a “cap and trade” market creating the incentive to cut pollution at the lowest cost. I knew there was no environmental benefit in emissions intensive, trade exposed production simply moving offshore.

So we will allocate some permits to some businesses without charge, supporting jobs and competitiveness, and helping strongly affected industries make the transition to a clean energy future.

I also wanted to link our carbon price to the emerging international market, keeping Australian industry competitive. So Australian business will be to be able to buy permits which represent credible, additional, offshore pollution reductions.

I wanted our emissions reduction targets to be based on the best expert advice.

So the independent Climate Change Authority, headed by Bernie Fraser, a great servant of the Australian public, will recommend on the year-by-year steps, as well as the longer-term path, that Australia should take towards the 2050 target.

This is how our carbon price will work.

A fixed price for the first years, a well designed market from 2015, assistance for emissions intensive, trade exposed industries.

Evidence-based emissions targets, abatement at the lowest economic cost.

A new bottom line, where polluters pay.

Our plan makes polluters pay but we know some of the costs will be passed through, and while the price impact will be modest we do know family budgets are always tight.

So in the last few days, as many people have asked me how their family will benefit, I've said this often.

People who need help most will get the help they need.

That's why 9 in 10 households will get a combination of tax cuts and payment increases. For almost 6 million households this will fully meet the average extra costs. And of these, more than 4 million Australian households – including every older Australian who relies solely on the pension – will get a “buffer” for the budget, with the extra payments being 20 per cent higher than their average extra costs.

Because delivering this help to households meant cutting tax and lifting payments, I decided at the outset we would take the opportunity for tax reform as well.

I saw an opportunity to use a new tax on pollution to cut an old tax on work.

Just as I did in the Budget, so in this household assistance package, I wanted to reward work.

So we've more than tripled the tax free threshold – lifting it from $6 000 per year to $18 200 per year. And combined with other changes, this means that 450 000 people – who earn between $16 000 and $20 500 – will have all their tax cut.
They will now pay no tax.

This doesn’t just help people moving from welfare to work.

It also helps women who work part-time as well.

Take a family where the kids are at primary school and mum is working part time earning, say, $16 000 a year. Currently she has no net tax liability. But she does have some tax withheld from her take home pay – and she can’t claim it back until after the end of the financial year. What’s more, if she gets an extra shift or takes on extra regular hours worth, say, an extra $4 000, that’ll lift her over the tax free threshold and cost her $600 a year in tax. Now, because of our tax cuts, she’ll pay no tax at all on that extra income and have very little tax withheld as well.

She’s among half a million people who go from having to pay tax to paying no tax – and of those, three hundred thousand are women. And while forty four per cent of taxpayers are women – sixty per cent of the people who get this tax cut are women.

This is a tax cut for working women.

A tax reform which rewards work.

And it builds on our Budget reforms to lift workforce participation and build the capacity of our economy to grow faster over time.

And because we do want to reward work, we’ve also made special provision for self-funded retirees.

I think by now many people will know that our plan will help pensioners – but our plan also ensures that many self-funded retirees – all those who have a Commonwealth Health Care Card – receive a payment equivalent to the pension increase. And some others will also benefit from our tax cuts and other payment increases as well.

Australians understand the importance of cutting carbon and understand how their own household budget works, so the best question I’m often asked is this: If so many households are compensated, how does the price signal work – isn’t the shoe meant to pinch?

There are two key points here.

First, the price signal operates on the polluters.

They compete against each other and if they pollute less they’ll pay less tax compared to other polluters. And they compete against producers who don’t pay the tax, so if they pollute less their disadvantage will be less. That means there is a very significant incentive effect on the “supply side” of carbon emissions.

Second, the price signal operates on consumers through the relative costs of goods.

So yes, the overall increase in consumer prices is just under ten dollars per week, and yes, the average household assistance is just over that. But that help is provided in cash and it can be used to buy relatively lower carbon products which will cost relatively less.

So yes, you may be no worse off if you stay with your existing basket of goods, but you do have an incentive to save by switching to other products.

And the bottom line: with this price signal in place, we will cut at least 160 million tonnes of carbon out of our atmosphere in 2020.

That’s the equivalent of taking 45 million cars off the road.

Or put another way: in just nine years’ time, that is a cut in every Australia’s carbon footprint of almost one quarter, compared to where we would be without a price on carbon.

That’s why we’re doing it.

To cut our carbon pollution, to build the clean energy future we need.

I’ve met some interesting people and heard some interesting things in the last few days.
When you give Australians a chance, they give it to you pretty straight. I love that about our country. I enjoy the scepticism and respect the scrutiny. And I also love that Australians in our suburbs and towns are taking on the serious task of judging what is the best approach for our country’s future.

Everyone involved in politics and government can learn something from that.

And if we listen to Australians, we’re going to learn a lot more in the coming months, we’re going to learn about more than the carbon price.

We’re going to learn something about this country’s capacity for reform.

I don’t agree with those who say this country is not up to it and I certainly don’t agree with those who say we were a better country thirty years ago. No – I just believe this is what the reform road is. What reform is always like for Labor. If change was easy, a conservative government would already have done it.

I talk a lot about walking the reform road.

About the fact our country should be walking it together, with government bringing business, workers and communities along with us. About the fact it's a long walk, not a short sprint, a road toward long term goals for the good of our nation, where the measure is in the years. But I still think some of you picture the reform road as an easy way through a wide gate. It is anything but.

The reform road has many obstacles, potholes to get around and hard hills to climb, the wind is not always at your back.

But I’ve got my walking shoes on.

Because as I think about Australia at the end of this year, and beyond in the decade ahead, I don’t only see a country which will be building a clean energy future, I see a country which will have rebuilt its faith in its own capacity to reform.

It'll be a realistic faith – which knows what the reform road is like.

It'll be a determined faith – an optimistic and activist creed – that drives us forward.

And it will be a faith shared between a creative and confident people and a Government ambitious for the future we share.

I’ve been Prime Minister for a year now and as well as governing and reforming, it has been a period of learning.

I’m learning more about Australians, meeting people and getting to know them.

It’s really a great privilege.

Australians do want to know more about me and how I’ll lead this government in coming years.

Especially when confronted with new challenges in the future, and that means they do want to know what kind of person I am. And look, I’m a decision-maker by nature and I have tended to let the decisions speak for themselves.

It doesn’t come easy to me to expose my feelings as I make these decisions. I was the shy girl who studied and worked hard, and it took time and effort but I got from Unley High to the law and as far as here, where I am today. I’ve brought a sense of personal reserve to this, the most public of professions. And the rigours of politics have reinforced my innate style of holding a fair bit back in order to hang pretty tough.

If that means people’s image of me is one of steely determination, I understand why.

But I don’t forget where I come from, why I’m here, or what I’ve learned along the way. I don’t forget Unley High, where I saw kids who sat at the back of the room and did “make work” and were left behind. I don’t forget how I felt at Slaters when I won my first case on behalf of an outworker, I got her paid what she deserved, and she just said, quietly, “thanks”.

I don’t forget September 2008 when the world stood on the brink of economic disaster and it took a Labor Government and urgent action, decisions right in the moment, to save jobs and businesses.
What I learned and believed through all of that was that it’s one thing to hang tough and hold a bit of yourself back.

But nothing hard ever gets easier by putting it off to later.

And because of that, in the moment I truly believed I was going to be Prime Minister I told myself: don’t ever put off a hard call, because it will only get harder every day.

Be a Prime Minister, a leader, who sees the future our country can have and has the strength to put in place the plan to get us there, that’s the leader I’m determined to be for you.

So I’m walking that road now, walking the road of reform.

This reform is necessary for our country.

We must look beyond the next opinion poll and the next election to the clean energy future of the next generation.

It is time to get on with it.

This has been an issue in Australia for a decade.

There have been plenty of missteps and false starts, no leader of Government has been perfect, I take my share of responsibility for that.

And I said what I said before the election and I can’t unsay it.

But when it became clear the only way to achieve action on climate change was to introduce a temporary carbon tax moving to an emissions trading scheme, the choice was this: I either stuck exactly to what I said just before the election, got no action on climate change, and did the wrong thing for the nation or I found a way to get climate change action, to do right for the country and to deal with the consequences.

And what I knew in my heart was this.

Nothing hard ever gets easier by putting it off.

And if you don’t do what is right for the nation, then you shouldn’t be Prime Minister.

So it’s now time to get in and get this done, time to deliver the action on climate change we need.

Time to focus on the crucial debate now facing this country, because in reality, the choice I faced after the election is the same choice Australia faces.

To do what is best for Australian families, what is best for future generations, what is best for this country.

To act on climate change. To cut carbon pollution. To build a clean energy future.

I can’t – I won’t – just say no.

That’s why I’m putting a price on carbon.

I know this is a big change for our country, I know we have the courage to do it together.

And as we do it together, I think we’re going to prove to ourselves that the courage to reform isn’t beyond us and that there are more opportunities for us to seize together.

I see a great clean energy future for our great country and a great reform agenda for this country’s government too. I know we can get there.
Honesty, 10000 days from 1984, and i have to ask all what is the score? Did George Orwell get it wrong by 10000 days, as we sit having our minds filled, day after day.

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