15 August 2011

Committee Secretary
Select Committee on the Scrutiny of New Taxes
newtaxes@aph.gov.au

Dear Committee Secretary

re: Secondary Submission to the Inquiry into the Carbon Tax Pricing Mechanisms

Thank-you for your invitation to make an additional submission to the Parliamentary Inquiry into the Carbon Tax Pricing Mechanisms.

The Robin Hood Tax Australia coalition maintains our original submission authored by Jubilee Australia and dated 29 April 2011 as our primary submission to this inquiry.

We take this opportunity to further press the case for financial transaction taxes (FTTs) to compliment existing taxation reform in Australia as FTTs are innovative, administratively feasible, high yielding and a progressive tax.

We note that that the current carbon pricing proposal does not, at this stage, include allocation of any revenue for international climate finance. This underscores the importance of progress on other   new and additional sources of revenue to meet this international financial obligation.

Since our original submission, there has been further progress internationally on the case and political support for FTTs, namely:

- José Manuel Barroso, the President of the European Commission, announced in June 2011 that the Commission will introduce legislation to the European Union for the implement financial transaction taxes. The legislation is expected after the European Union's summer sitting break and will coincide with the release of the Commission's feasibility study on FTTs. Barroso has stated that it is appropriate to introduce at the European level, and then followed at the G20.
- The European Commission's proposed multi-year budget released in June 2011, forecasts budget revenue from FTTs to the value of €30billion a year by 2020.
- Also in June 2011, the French and German Parliaments voted in favour of introducing legislation for financial transaction taxes at the EU level and the EuroZone.
- On 15 June, the Brazilian parliament has adopted a resolution calling for the Brazilian Government to support a financial transaction tax. In late July, the Brazilian government introduced a 1% transaction tax on currency derivatives in order to limit foreign exchange speculation.

- At the UN climate negotiating session in Bonn in early June, the Bolivian Government called for an international FTT to cover the costs of the impacts of climate change, protect forests and finance the clean low carbon future for developing countries.
- In recent weeks, the International Monetary Fund's (IMF's) fiscal affairs department posted a new working paper entitled "Taxing Financial Transactions: An Assessment of Administrative Feasibility", which examines the practical issues countries should deal with in the introduction and application of a financial transactions tax (FTT). The report states that "in principle, an FTT is no more difficult and, in some respects easier, to administer than other taxes" and discusses in considerable detail the administrative challenges for applying an FTT and the ways to resolve them.

We believe that this significant progress internationally, further highlights the need for Australia to consider the benefits of financial transaction taxes and support international co-operation on this initiative and the G20 Leaders Summit in November, 2011.

Sincerely,

Stephanie Long
on behalf of the Robin Hood Tax Australia Coalition