The Climate Sceptics
PO Box 721
Mt Gambier SA 5290
Phone: (08) 87 255 504
Mob: 0435 423 636
Email: climatesceptics@westnet.com.au

Committee Secretary
Select Committee on the Scrutiny of New Taxes
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Committee Secretary,

Enclosed is a copy of our submission to the Carbon Tax Pricing Mechanisms inquiry, entitled 'Pricing Carbon: A scientifically justifiable taxation policy?'. This submission has been prepared in response to Terms of Reference (b),(d) and (h) for this inquiry, regarding the impact and effectiveness of a carbon tax. We have also considered the additional matter of whether an environmental tax should be based upon verifiable science.

The recommendations produced in this submission are the result of extensive research on the area of carbon dioxide emissions and climate change. As an organisation with great interest in carbon pricing mechanisms, we feel our submission provides valuable insight into areas of climate change policy and proposed legislation that are failing to reflect the changing scientific evidence regarding human-produced carbon dioxide emissions.

If you have any questions and/or comments regarding the information provided in this submission please contact us using the details provided at the top of this page.

Sincerely,
Leon Ashby, *on behalf of:*
The Climate Sceptics

Senate Inquiry into Carbon Tax Pricing Mechanisms

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# Pricing Carbon:

## A scientifically justifiable taxation policy?

Prepared by Leon Ashby, *on behalf of:*
The Climate Sceptics Party

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# 1.0 Introduction

This submission has been prepared in response to the second and fourth Terms of Reference for this inquiry, focusing our discussion on the impacts and effectiveness of a carbon tax. We are of the opinion that a key issue regarding a carbon pricing mechanism is the underlying scientific justification for such a measure. Furthermore, we are concerned about the effects that a carbon price may have on the economy and jobs. Any tax should be implemented with the confidence that it will achieve the underlying policy objectives and we believe that there is a lack of evidence to show that this will be the case with a carbon tax. Therefore it has been our intention in this submission to address:

- the lack of scientific justification for a carbon tax;
- the negative impacts that a carbon tax would have on society, particularly focusing on jobs; and
- the lack of certainty that a domestic carbon tax will actually be effective in altering global temperatures and climate change.

# 2.0 Background

Australia is a great country. It has been ranked the fourth best country in the world (Newsweek, 2010). We have reefs, rainforests, deserts, bushland, lakes, beaches and many other beautiful habitats. As Australians, and also as global citizens, we need to be mindful of the environment and give consideration to the state of the planet. Sometimes it is necessary to create policies that seek to better humanity's relationship with the environment. However, all policies and legislation should emerge from a balanced and objective assessment of available information.

The formulation of a mechanism to price carbon is directly linked to the alarmist view that human-based carbon emissions will most likely have a catastrophic impact on global temperatures, particularly in terms of warming. Despite having any real proof that this will occur, the global community is seeking to base carbon pricing mechanisms on the 'precautionary principle'. This principle suggests that where there

is lack of scientific certainty, but rather the possibility of serious or even irreversible damage, measures should be taken to seek to alleviate the potential for such damage. This is the prevailing ideology behind the ongoing talks amongst the international political community, particularly regarding carbon pricing mechanisms. In the absence of any proof of catastrophic climate change, the precautionary principle has been used to justify political 'insurance policies' that seek to protect against perhaps the most elusive 'threat' of the twenty-first century- global warming. The proposed carbon pricing mechanisms are silhouetted against this background.

# 3.0 Carbon Tax Pricing Mechanisms

## 3.1 Scientific evidence for the introduction of a carbon tax

Term of Reference (h)
*Any other related matter.*

(SCSNT, 2010)

Before we address the impacts and effectiveness of carbon pricing mechanisms, we believe it is important to address the fact that there must be a solid scientific justification underpinning the introduction of a tax on carbon emissions. Any environmental tax should be based upon science that is factually verifiable and we believe that this is one reason why a carbon tax is unjustifiable.

Over the past decade there has been an escalation in claims that scientists have reached a 'consensus' regarding the connection between human emissions and global warming: it has been said that 'the science is settled'. However, pure science is not based on 'consensus' or belief. It must be based on a rigorous process of inquiry, on verifiable fact.

Just because it is widely believed that something may be true, this may not necessarily be the case. There is a need for substantive evidence to support any claims of scientific truth. For example, the prevailing 'consensus' in the seventeenth century

was that the sun revolved around the earth. However, the scientific evidence no longer suggests this and, as a result, this notion has been put aside. Scientific truth can never be determined by 'consensus' alone.

Many scientists are not convinced that there is a causal connection between human-generated carbon emissions and harmful global warming. The Global Warming Petition Project has over 31000 signatures from qualified scientists, over 9000 of whom have PhDs in their scientific field. Each signature is a declaration that:

> *There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate…there is substantial evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural plant and animal environments of the Earth*.
>
> (The Petition Project 2007)

While the need for 'consensus' has been aforementioned, if one was looking for such a thing, it could be found in the thousands of scientists who have signed the declaration. Nevertheless, the declaration does bring out a point that is rarely dealt with by alarmists and is barely touched by the media: carbon dioxide has many beneficial effects on the environment.

Carbon dioxide emissions are the main greenhouse gases that this tax will aim to reduce, as it is widely believed that increases in carbon dioxide have an effect on the Earth's temperature. In 2007 Dr Ferenc Miskolczi published a peer-reviewed paper, showing that the greenhouse effect is saturated and that extra carbon dioxide emissions will not have a radical effect on the Earths temperature (Miskolczi, 2007). This paper has not been academically refuted. Professor Robert Carter has presented evidence to refute the climate alarmist argument that during the twentieth century a close correlation existed between the increase in atmospheric carbon dioxide and global average temperature:

> *While there was an overall increase in both temperature and carbon dioxide…the two curves are very different and include the conspicuous mismatch that carbon dioxide recorded its highest rate of increase between 1940 and 1975, at almost precisely the time that global temperatures decreased for three decades*.
>
> (Carter, 2010, p.77)

We believe that more scientific evidence, not 'consensus' is required to demonstrate the damaging effects of carbon dioxide, particularly on temperature increase outside of natural cycles, before there is a major restructuring of society through a carbon tax. If not, it may be very difficult to reverse the momentum that has been generated from such a major economic restructuring.

## 3.2 The impact of a carbon tax

Term of Reference (b)
*The short and long term impact of those new taxes on the economy, industry, trade, jobs, investment, the cost of living, electricity prices and the Federation.*

(SCSNT, 2010)

One of the main concerns we hold regarding the impact of a carbon tax is the effect that it may have on jobs in industries that currently emit large amounts of carbon (ie. electricity, coal and steel). It has been frequently promised that jobs lost in industries with high carbon emissions will be replaced by new opportunities in an expanding renewable energies market. Similar promises have been made in other countries where governments have sought to create economies based on 'green jobs'. However, in both Spain and Denmark where the optimism for a 'green' workforce is high, the government support for green industries has cost more than they create (Franko and Sterling Burnett, 2010).

It has been suggested that if a carbon tax was introduced, 'cleaner' energies such as wind and solar power would be more heavily relied upon. However, the experience of

other countries attempting to do similar things provides evidence of the negative economic impacts that such a transition can have, particularly on jobs.

In 2009, The Danish Centre for Political Studies (CEPOS) released a report looking into Denmark's wind energy development and operation. It found the following:

- The Danish government spent $90 000 to $140 000 to create each wind job.
- Of the 28,400 people employed by the Danish wind industry, only one in ten were new jobs.
- From 1999 to 2006, the average government-subsidized clean energy technology worker added $10,000 less to the Danish economy than did the average employee in other industrial and manufacturing sectors.
- As a result, Danish gross domestic product was about $270 million less than it would have been if the wind industry work force were employed in other sectors.

(Franko and Sterling Burnett, 2010)

There are many modelling estimates regarding the economic impacts of a carbon tax that offer both positive and negative outlooks. However, the case of Denmark's wind power industry is a real life example of the costs that accompany 'green' energy options at this point in time.

Similar experiences can be identified in Spain and Germany, where large amounts of government subsidies have had to be paid for each new green job (Álvarez, 2009; Institue of Energy Research, 2009). It has been shown that in Spain (which is converting to a renewable economy) 2.2 jobs are lost for every green job created and the 'green' jobs cost over $700,000 each to create (Álvarez, 2009). While we think renewable energy is a good thing, there is no need to destroy any economy with highly subsidised renewable options that cannot provide reliable base load power. As jobs disappear in the industries that are taxed, it has been alleged that more will be

created in renewable energy sectors. However, in Spain only one in ten of the new jobs created were permanent. Thus, despite an increase in jobs at the beginning of a sustainable energy 'boom', it is likely that the resulting jobs will **not** be sustainable. When the jobs are no longer available in both the 'dirty' and 'clean' sectors, who will provide for those who can no longer afford the cost of living? This is one of our major concerns.

We also feel that if a carbon pricing mechanism is put into place, that it would be unfair if it becomes a 'double tax' based on both Scope 1 and Scope 2 emissions (Department of Climate Change and Energy Efficiency, 2010). If it is the case that a carbon tax will not just apply to emissions from the production of the energy, but also to the emissions from the consumption of the energy produced, we believe that this will be detrimental economically and will have wide-reaching effects on society.

## 3.3 The effectiveness of a carbon tax in achieving stated policy objectives

Term of Reference (d)
*The likely effectiveness of these taxes and related policies in achieving their stated policy objectives*

(SCSNT, 2010)

There is a possibility that a carbon tax may effectively reduce Australia's carbon dioxide emissions. However, this will be superficial, particularly in light of the sluggishness of the international community to implement similar carbon pricing mechanisms. If a price is placed on carbon, it will be passed on to consumers who are always looking to pay the least amount for a product. Consequently, consumers will look to overseas imports for the best price, destroying the competitiveness of Australian industry. There may be less emissions in Australia but that will correlate with the death of industry and the same emissions will be released from overseas factories who will benefit from the demand of Australian consumers. In this way the tax will be superficially effective as it will reduce emissions in Australia. Unless other countries introduce the same measures the reductions will be countered by increases

in other non-taxed regions. This negates any benefit achieved by Australia in reducing emissions.

However, even if a carbon tax would result in reducing emissions, the central question becomes: 'what effect will this have on the environment and will it prevent global warming?' Professor Bob Carter claims:

> *The reality is that cutting Australia's carbon dioxide emissions, even altogether, will confer no measurable environmental benefit. Computer models suggest that a cut in emissions of, say, 20% by 2050 will (hypothetically) prevent warming by less than one-thousandth of a degree.*
>
> (Atkins, 2011)

We believe that the cost of a carbon tax renders it ineffective, as said cost will outweigh the benefits to the environment.

## 4.0 Conclusions

This submission has been prepared to address some of the issues surrounding environmental taxation policy, particularly regarding carbon tax pricing mechanisms. We believe that any environmental tax should be based on accurate scientific information that is verifiable and is not primarily based on 'consensus'. There is a problem if policies with such great impacts on society are instigated as a 'precaution' regardless of the cost:benefit factor. A carbon tax that will restructure the economy and have an effect on every Australian family in one way or another needs to be carefully thought through and should not be brought in as 'insurance' against a problem that may not even eventuate. 'Present public policy on global warming remains where the science was at in 1990- looking for, and reacting to, ghosts' (Carter, 2010, p.246). In light of these issues, we submit that the Government should not proceed with any mechanism to price carbon.

# 5.0 Recommendations

1. **That there should be public debates outlining both sides of the argument.**

A variety of views have not been put forward in a public setting, largely because they have been stifled by the media and the political and scientific community. Essex and McKitrick point out:

> *Governments around the world have made the staggering error of treating the Intergovernmental Panel on Climate Change [and climate alarmists] as if it is the only side we should listen to in the adjudication process…they [governments] label alternative views "marginal" and those who hold them "dissidents"*[1]
>
> (Essex and McKitrick, 2010, p.12)

As part of our stable democratic state, both sides of the climate debate should be given the opportunity to present their scientific evidence, rather than silencing a large group of scientists who claim that the evidence does not point towards catastrophic anthropogenic climate change. This is the only way that the public can be fully informed on the issue.

2. **That there should be a Commission into the certainty of the science that carbon dioxide emissions are connected to significant climate change.**

This submission has briefly addressed a few pieces of evidence to suggest that the science guiding current public policy is not based on current verifiable fact. Al Gore's film *An Inconvenient Truth* was heralded by both the scientific and political community as being compelling scientific evidence to demonstrate man-made climate change. However, when scrutinised by a High Court judge in England it was found to have at least nine scientific inaccuracies (Peck, 2007). We believe that judicial commissions into the state of climate science will help to shed light on some of the inaccuracies that are being perpetuated as the backbone of current public policy.

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