

15<sup>th</sup> August, 2011

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

**Re: Inquiry into the Carbon Tax Pricing Mechanisms**

Hon Members of the Senate,

This submission is in response to a request for No to Carbon tax group's input into an enquiry into the proposed carbon tax legislation and any other mechanisms of taxing carbon dioxide.

As a precursor to the group's position on this particular legislation, I would wish to highlight that in the current economic scenario, which has recently witnessed the downgrade of US economy and a stag fall in European union, any additional measure of taxation, be it carbon dioxide or mining will be counterproductive to our economy.

The No to Carbon tax group is a grassroots group that came together to express our disapproval of the proposed Carbon Dioxide Tax legislation by the government. In the course of interaction with the general public at various events, I have further seen embodiment of the core sentiments of feeling deceived, mistrust, economic futility and frustration in general being associated with this particular initiative.

These feeling are further strengthened with the arguments that since the collapse of world initiative at Copenhagen and subsequent indifference at Cancun, Australia is harming the competitiveness of its industry by going alone and thus this legislation then becomes an exercise in futility with a huge cost to the average taxpayer. Thus unless similar measures are taken by major economies such as India, China and US with the same relevant economic impact as opposed to symbolic gestures, Australia should not follow this path.

In course of this enquiry I would further wish to highlight, that in this precarious period of economic convalescence following the GFC, the small and medium businesses need encouragement in form of

tax breaks and deregulation. This legislation, while purporting to tax just the major emitters of carbon dioxide, fails to take into account the subsequent impact that will be passed on to various small and medium business sectors. This is particularly evident in energy reliant industries such as logistics and small manufacturers. Thus it is my view that at a precarious time of economic recovery, such draconian policies that seek to increase costs both in a direct and indirect manner are not just ill formed policies but border on ideologically driven indifference.

I would thus like to thank the committee for wishing to seek the opinion of general public. I further wish to sum up that irrelevant of the debate on Carbon Dioxide, if we need to further evolve as a society, we will need to innovate much more efficient and renewable sources of energy than we have at present. However, innovation is a measure that cannot be and should not be driven by Orwellian and restrictive approaches of taxation and regulation, rather should be encouraged by incentives for research and free market mechanisms. The past can be referenced to observe that all major innovations be it steam engine, electricity, petrol etc., were not achieved by government driven regulatory schemes, but rather by human intellect wanting to innovate, driven by the free market to capitalise on the new found discoveries.

Thanking you.

Yours Sincerely,

Tarun Singh

Co-Founder – No to Carbon tax group

# Scrutiny of Carbon Tax Legislation

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## Introduction

There is a growing anger and fear within the communities of Melbourne's west, and undoubtedly shared across the nation, that many people will be unable to meet their most basic financial commitments in regards to power, fuel and groceries under a carbon dioxide tax, and we believe that the implementation of such a tax will push millions of Australian families, already reeling under 'cost of living' pressures, to the financial brink.

This tax will affect every transaction in the economy. It is going to hurt every single Australian, and we at the No to Carbon Tax Protest Group believe that it is a democratic right of every eligible Australian to vote on such significant reform as part of any party's electoral platform, before such a significant reform is presented to the parliament.

## Lack of a Mandate

We have significant issue that this tax was not presented to the Australian electorate as part of a campaign pledge during the 2010 election campaign, and as such believe that the government does not have an appropriate mandate from the Australian people to implement such a significant reform to this nation's taxation system.

Even more damning in this regard is that at multiple times during the 2010 election campaign the newly appointed Prime Minister Julia Gillard, and Treasurer Wayne Swan, promised repeatedly that there would be "no carbon tax", with the Prime Minister now infamously quoted as saying "there will be no carbon tax under a government that I lead" within hours of the 2010 federal election.

Such clear statements from senior levels of the Labor party during an election campaign should have ensured comfort to those opposed to the tax, and undoubtedly led too many Australian's casting a vote for the government on such a cast iron guarantee.

Instead the government are in fact doing the complete opposite, and despite 149 out 150 members of the House of Representatives elected on a platform of “no carbon tax”, we are now being told that we will in fact have one prior to another election being called.

This is not how a democracy should work, and it is certainly not the ideal of the Australia I grew up in, nor that created by our forefathers, and is a clear betrayal of this nation’s democratic values.

We in general, many time unfairly, expect the worst from our politician’s, and have regularly seen ‘back flips’, ‘broken promises’ which we accept as part of the rigor of politics. We as a nation can even live with politicians changing their minds. What is unacceptable is when a political party takes a policy to the electorate and then within weeks of winning office not only breaks the promise on that policy but seeks to implement what they said they would not.

This is not good enough, and is a clear breach of the faith that our constitution places within our elected representatives, and we say clearly to the government if you want to change policy, then, take it to the People. To do anything less is to treat the electorate as fools and attacks the very fabric of what has made the Australian democracy such as a success.

We challenge the government to fulfil their responsibility as elected representatives of the Australian democracy and to restore faith with the Australian people by calling an election, so the people they represent can decide on whether this tax is the best course of action for Australia to tackle its carbon dioxide emissions.

## **The hidden cost – Jobs**

Paul Howes (Australian Workers Union) is on the record stating he does not want workers being the first victims of this tax, and his fears are well founded, as a carbon dioxide tax will cost Australian’s jobs as our industries will become uncompetitive against those many nations of the world who do put a price on carbon dioxide.

It is then a viscous cycle, as we see costs of doing business increases high emissions intensive industries move operations off shore, others cut staffing levels to mitigate costs increases, and as a result unemployment goes up, and consumer spending decreases.

As consumer spending falters more people will lose their jobs, which will place further pressure on small businesses, with thousands more closing their doors. From there, mortgage repayments cannot be met, homes lost and families torn apart.

Put simply, everybody will hurt, even the government as their tax take is cut and the costs of social services increases. And as the pressure builds they are forced to cut their assistance packages to families, as a result more jobs are lost – it will truly be viscous circle.

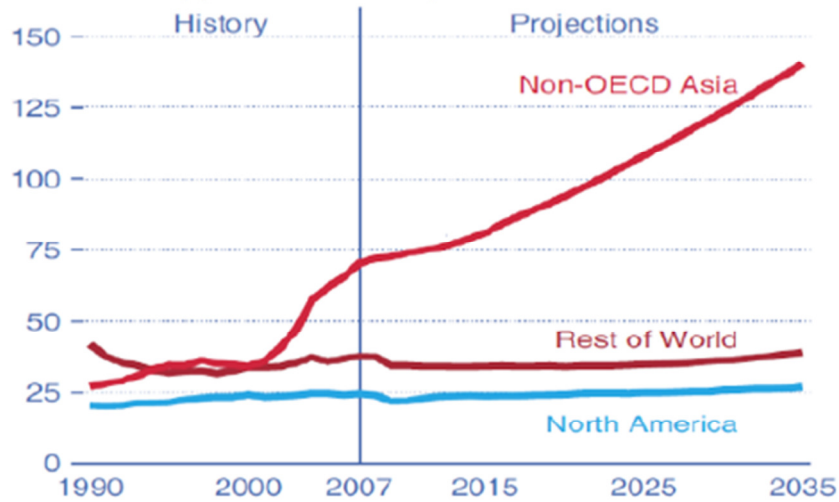
How do we know such things will occur, because we have seen it firsthand across the globe, with nations effectively bankrupting themselves in search of a 'Greens' style utopia. Just look at countries such as Spain, Ireland, Greece (in fact right across the EU), and then closer to home New Zealand, and we all know that California (the greenest US state) is an economic basket case. The reality is that anywhere where the cost of doing business has been artificially affected by governments, financial disaster is just around the corner.

So, to what end are we making such a sacrifice, why is it so critical to put Australian families and our jobs at risk, what is this gain that causing such pain will present to us?

On the statistics that we have seen thus far, even if we switched off every light, closed every business, dispersed the population of Australia, and moved every flatulent animal on we would, according to the IPCC save **0.015°C** and **2mm of sea level rise**.

We are also aware that whatever Australia does, China will more than eat away at whatever cuts to emissions that this country makes. In his submission under oath to the American Subcommittee on Energy and Power Committee on Energy and Commerce, dated 8 March 2011, John Christy advised that “developing countries in Asia already burn more than twice the coal that North America does, and that discrepancy will continue to expand.” (See graph from his submission below). Asia is already a major contributor to world wide emissions. Australia by comparison only contributes 1.5%.

**Figure 5. World coal consumption by region, 1990-2035 (quadrillion Btu)**



International Energy Outlook 2010  
Energy Information Agency  
<http://www.eia.doe.gov/oi/af/ieo/index.html>

There has been no tangible reason given for Australia to implement this policy, as alone we will make no discernable difference to either global temperature or sea level, and our competitor's nations across Asia will take advantage of the loss of competitiveness of Australia's industry.

This policy simply makes no sense, how can we tax only our own industries which in turn forces up the cost of them doing business globally, yet allow our global competitors access to the same emission intensive fuels and natural resources carbon dioxide tax free.

At best this is policy on the run, at worst; it is a way to destroy our current high standard of living and way of life. And for absolutely no gain at all, not financially nor for the environment.

## Lack of Lateral Thinking

Someone aptly put it, “We have heard a lot from the government, stating that big polluters will pay the tax, when what they should be saying is that big polluters will pass on the tax to Australian families, and it is Australian families who will bear the brunt of this - tax on everything - that will do nothing.”

The No to Carbon Tax Protest Group does not have an agenda whereby we seek to not implement action on climate change, rather we believe that world governments should be taking a more proactive approach to actually bring the price of renewable energy down, rather than increase the costs of fossil fuels, and we refer you to the research of Bjørn Lomborg in this regard:

The below quotes Bjørn Lomborg and where published 9<sup>th</sup> December 2010 in regards to his view on the EU ETS.

“Prof Tol examined this policy for the Copenhagen Consensus Center and found that it will cost [Emissions Trading] \$250bn. And what will it achieve? Standard climate models show that, by the end of this century, the EU’s approach will reduce temperature rises by approximately 0.05°C – almost too small to measure.”

“After repeated failures, we will again hear calls for Europe to toughen its carbon reduction target to 30 per cent below 1990 levels, from those who believe that this would demonstrate “leadership” on climate change. This is incredibly misguided. Prof Tol calculates this would cost roughly \$550bn a year, twice as much as the existing plans. The effect, over the next 90 years, would be to reduce temperatures by an additional one hundredth of a degree.”

“There is a better option. We will never succeed in making fossil fuels so expensive that no one wants them. The reason it costs so much to reduce emissions is that the green alternatives are not close to being ready to replace oil and other fossil fuels. Instead, we should make green energy so cheap that everyone wants it. This requires much bigger investments in green energy. Research by McGill University’s Professor Chris Green for the Copenhagen Consensus Center shows that an investment on the order of 0.2 per cent of global gross domestic product – amounting to about \$100bn – would help us create the needed breakthroughs. If we had affordable green energy sources, everyone – including China and India – would buy them, and long-term emissions would drop dramatically.”

We are supposed to be the 'clever country', but time and again we simply follow the world instead of forging ideas that the world embraces. Carbon pricing is not an Australian innovation and has been demonstrated to do next to nothing for the environment, so why are intending to embrace this as a legislative framework?

If you truly believe in taking effective action in regards to man-made climate change, then there is no point in Australia (and a few other places) going it alone, or for that matter in different directions, and we need a global solution that genuinely looks to reduce emissions.

The only real way of doing that, is to create alternative fuels that are cost competitive and would see solar, wind, geothermal, hydrogen, whatever, as cheap (or near enough to) fossil fuels, this would lead to zero impact on our economic prosperity as we switch to cleaner forms of energy.

To do this as Lomborg points out would take far greater investment than we see now and needs the will of all leading nations on earth to truly invest in such technologies, and if implemented properly across a global scale would provide emissions free energy for generations to come, without bankrupting nations who now rely so heavily upon fossil fuels to power their industries.

It would also ensure that third world nations are not left in the dark as the costs of power on a global scale continues to increase, putting the basic rights of these nations for access to cheap forms of power out of their reach for generations.

### **A Clean Energy Future – how?**

One of the key planks to the government's proposed legislative framework, is that it is to somehow create a drive or incentive for businesses to innovate towards a clean energy future. However we note that businesses that are being taxed, having their costs driven up, will have less capacity to fund research into a clean energy future.

When we look at modern technological developments, such as cleaner cars, cleaner coal fired power plants, the evolution of Computers, Mobile phones, air craft, and most of the modern world, we see



developments that have occurred to increase productivity without the “encouragement” of increased taxation.

We consider the model created by Labor to be significantly disingenuous. It will act as a deterrent to technological development, and will have a detrimental effect on productivity. Money that could have been invested into advances in our manufacturing and mining techniques, will simply be consumed by a tax system administered by persons not at the forefront of innovation. This will lead to governments “picking winners” as opposed to allowing businesses to take the risks.

The move to the government being responsible for technological development decisions will in turn move the risk from business and to the people of Australia. This will skew development, as it will be government policy not commercial viability that will direct how such activities proceed. And as has been demonstrated recently with the series of over costed projects delivered by Government, from Pink Batts, B.E.R., Green Loans, and the various Desal plants around Australia, we are of the view that it is better served for Australians everywhere, that Business be allowed to innovate and explore technological advances on their own accord.

We also note that at an individual level, compensation and an ambiguous “500” biggest emitters, creates a significant level of uncertainty. This is in our experience, reduced spending in the domestic economy, creating pressures on jobs, and the economy as a whole. This sadly comes at a time where the world is facing another downturn. In light of this uncertainty, we implore the government to make wise decisions for the good of the nation, and hold off any major changes to our economy or taxation system until after such uncertainties pass.

## **Conclusion**

Before we as a country, implement a wide ranging fundamental change to our economy, we must first as a nation follow the basic democratic principles, and ensure that the people of this nation have the right to voice their opinion at an election.

This has not occurred, and as we have demonstrated in the above correspondence there are many views in how tackle the issue of man-made climate change, and this policy needs to be assessed by public debate, with the below key questions fundamental to whether this is the best policy in regards to this

1. How much will the carbon tax actually cost?
2. By how far will world temperature fall?

It is the view of the No to Carbon Tax Protest Group, and its many thousands of supporters across the country, that the government's policy of a carbon tax fails in delivering on these very key points, and that it will have no substantive effect upon dealing with the issue of climate change, yet it will carry a very hefty price tag for the Australian people.

Further we say that if the objective is for Australia to lead the way in reducing carbon dioxide emissions, would it then not make more sense for Australia to develop technology that actually drives the cost of renewable energy down.

The people of Melbourne west, and indeed the whole of Australia, are sitting on an economic knife edge, with 'cost of living' pressures already threatening their quality of life, and the carbon tax will drive many of these families to financial ruin. We must also consider the broader world economy, and how this too will effect the people of Australia.

Surely this committee can look at the failures overseas that clearly show that inflicting such pain upon these families for zero gain is pointless and begin to view this issue from a different perspective. One only needs to look at Ireland, Spain, or Greece, to see the potential risks.

It is clear that carbon pricing has failed around the globe and it is time to protect this nation and embrace alternate polices that seek the same outcome that as has been espoused for a cleaner future, but does so in a way where the interests of this nation are protected.

Kind regards,

Tony Hooper

Spokesman

No Carbon Tax Protest Group

