

Submission to the Senate Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme

from  
David Kault

It is clear to me that the emission trading scheme is too full of loopholes and too complex and too unambitious to be effective and raises resentment as it sets a floor as well as a ceiling for CO2 emissions. The alternative which I support is a carbon tax. This is of course not original, but the original aspect that I am proposing here is the scope of this tax. I submit that all other taxation be phased out and a carbon tax be phased in, all in a revenue neutral way. The only exceptions allowed to this general phase out of all other taxation, should be situations in which the tax has a specific social purpose in decreasing consumption as for example is the case with tobacco taxes.

I believe that it is part of the responsibility of Government to guide consumption through taxation where there is a pressing public need for this. This responsibility is already accepted in the case of tobacco and alcohol taxes. A related principle was formerly accepted in that until the GST, the Government imposed extra taxation in the form of a considerable wholesale tax for luxury commodities so that where consumption was not necessary for well-being, those able to spend on luxuries were expected to contribute more to the common good. The GST is particularly relevant here in another sense - the GST represented a tax shift of more than 10%, but to my knowledge any economic disruption from it had settled down within a year. Accordingly a shift from income tax to carbon tax at a rate of greater than 10% per year would seem to be feasible without great economic disruption, so that the transition to carbon taxes fully replacing all other taxes ought to be possible well within

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Since the public good in question could well be the desertification of much of arable Australia, flooding of coastal cities and an increase in severe cyclones to say nothing of the effect in the rest of the world, it is clear that the cost of adjustment to the tax change that I propose will be minimal compared to the cost of doing no more than the inadequate ETS that has been proposed.

David Kault