



Proposed Coalition

Climate Tax Shift

- ✓ *Reduce Greenhouse Emissions*
- ✓ *Increase Employment*
- ✓ *Cost & Revenue Neutral*
- ✓ *Abolishes Bad Taxes*
- ✓ *Replaces Labor's CPRS*

20th April 2009

Climate Change: Highly Likely But Not Proven

While the great bulk of scientists believe human release of Carbon and Methane is causing significant and potentially catastrophic global warming, this is not totally proven.

Any measure taken should be:

- Quick, cheap & easy
- No regrets if it turns out global warming isn't happening
- Quick to revoke without having to pay compensation

Carbon Pollution Reduction Scheme Problems

Labor's CPRS (Carbon Pollution Reduction Scheme) legislation should be voted down because:

- Emission reduction limited to the cap of 5%
- High cost and complexity
- Manipulation through use of dubious carbon credits
- No incentives for voluntary reductions
- Opportunity for Tax Cuts is missed
- Difficult to revoke if later found to be not required

Bad Taxes

- **Jobs Tax** *Payroll Taxes levy \$14 Billion on Jobs*
- **Low Incomes Tax** *Australia's Tax Free Threshold is only \$6,000*
- **Vehicle Tax** *Registration is charged at a flat rate, irrespective of usage*
- **Electricity & Gas Service Tax** *The flat charge on gas & electricity bills irrespective of usage*

Proposed Tax Cuts

- **Abolish Payroll Tax** *States compensated with **Climate Tax** revenue*
- **Abolish Vehicle Registration** *States compensated with **Climate Tax** revenue. States in turn directly fund third party insurance schemes where these were included in the 'rego'. (E.g. Victoria)*
- **Increase the Tax Free Threshold** *Funded with **Climate Tax** revenue and removal of tax breaks on vehicle use*
- **Cut Tax on Farmers** *Instead of diesel fuel rebate and to offset **Climate Tax**.*
- **No Electricity & Gas Service Charges** *By agreement with the States, full cost of electricity or gas to be recovered from usage charges only.*

New Climate Taxes

These taxes will quickly act to encourage efficiency and renewables.

- **Carbon Tax** *Levied at the power station or refinery*
- **Methane Tax** *Levied on livestock on a per head basis depending on the type of stock*
- **Logging Tax** *Increase the price of logs to reflect their value as a carbon store*

Notes:

1. *There is no set 'cap' on emissions – these taxes keep working to drive down emissions.*
2. *Tax levels set to make this change revenue neutral.*

Climate Tax Rebate

A Climate Tax Rebate should be paid to no/low income earners based on the estimated average cost of the Climate Taxes to no/low income earners in each region.

This preserves an incentive to conserve energy while removing the financial burden of Climate Taxes from non-taxpayers.

Compensation & Exemptions

Since this is a revenue-neutral tax shift the net tax burden on Australian business does not change. Therefore there is no need to compensate any industry.

There is also no need for exemptions and special deals.

How to Fund Lower Tax Rates

- Remove Petroleum Exploration Tax Concessions
- Remove Concessional Rate of Excise for Fuel Oil, Heating Oil and Kerosene
- Remove Concessional Rate of Excise for Aviation Fuel
- Remove Excise Free Status for Condensate
- Remove tariff discounts for SUVs.

No Regrets

Unlike CPRS, the Climate Taxes can quickly be revoked without compensation.

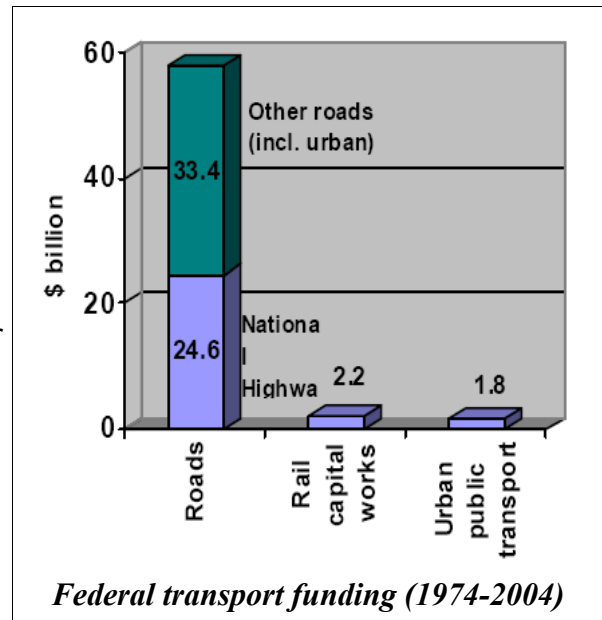
If most of the World's scientists are wrong and global warming is not happening the above proposal will leave Australia with:

- The same overall level of taxation.
- An “unnecessarily energy efficient” economy.
- More employment than if we had kept taxing jobs.
- Reduced reliance on imported oil.
- More coal left to burn if we need to avert an unexpected ice age!

Shifting Spending & Cutting Subsidies

Current spending programs should be re-balanced to **cut taxes** or help address the climate change problem:

- 50% of Federal transport spending should be spent on Public Transport and Rail.
- Re-direct fossil fuel subsidies to renewable energy and energy conservation projects.
- Departments should recover costs from fossil industries (E.g. Geoscience Australia, DITR)
- Research and development subsidies for fossil fuel industry unrelated to efficiency should be cut or re-directed.
- CSIRO funding for fossil fuel industry should be shifted to renewables and efficiency.
- Direct subsidies such as those to Stuart Oil Shale Project in Queensland should be re-evaluated.
- State electricity consumption subsidies should be removed or re-directed.



Climate Change Consequences

If global warming does happen as predicted there will be severe consequences:

- Large areas of South East Asia and most of Australia become uninhabitable
- Hundred of millions of refugees – some will be armed
- Increased defence costs
- Loss of land due to sea level rises
- Increased storm damage
- Likely sudden global imposition of emergency climate measures

By comparison the tax shift proposed here is:

- Quick, cheap and easy
- Creates employment
- Makes Australia more energy self-sufficient
- Simplifies the tax system
- Easily reversed if required

Notes

Document: Word: www.NewAustralia.net/CCTS.doc PDF: www.NewAustralia.net/CCTS.pdf