

Committee Secretary
Joint Select Committee on Australia's Clean Energy Future Legislation
PO Box 6021
Parliament House
CANBERRA ACT 2600

22 September 2011

Dear Committee Members

Please take into account the following points.

Due the short notice, my submission is mainly extracts from correspondence that I have had with politicians and media personnel over the past few months. Please refer to the attached appendices as they illustrate the means by which I regard that pollution can be reduced. Sorry I have not had the time to make a new paper on this important subject so please accept my improvisation.

Whilst gas is a non-renewable, I have generally regarded it along with reference to renewables due to its energy efficiency and that there is no urgent timeline in regard to this resource.

In so far as the reduction in pollution is concerned, I believe that the necessary alteration of behaviour can be achieved without that application of either a carbon tax or an emissions trading scheme.

I am of the belief (I hope correctly) that the Members of the House of Representatives are people who represent the interests of the Australian people and the Australian Nation as a whole. I find that the current debate on the carbon tax is a somewhat vulgar reproach to our democratic system. At stake is the future of the planet; however the proposal for a carbon tax (and a future emissions trading scheme) seems to have more to do with garnering Australia into a myopic international totalitarian association.

I wish to stress that there is no culture of reform in relation to taxation despite the extensive Henry Review. This is disappointing. It is obvious that a system of taxation where half the moneys are reimbursed or offset is poor architecture.

The recurring themes in my recent correspondence concerning the carbon tax are in short;

1. The consumption of the average person is probably already below the 1995 levels. See appendix 9.
2. Australia has significantly more photosynthesis per capita than Europe and North America.

3. Australia heavily subsidises its Automotive Industry without mandating that 6 and 8 cylinder cars manufactured in Australia be dual-fuelled.
4. The principles of the tax/transfer system can be used by applications within the GST and the LCT.
5. The thresholding principles that already exist within the tax/transfer system can also be used to bring about a threshold to the point of frugal average usage.
6. Mention was also made the concept that each and every dwelling, upon the changeover of tenant or owner, be upgraded in terms of its energy efficiency.
7. My mention of Hans Christian Andersen's "The Emperor's New Clothes" seems to be a close perfect fit for some of the underlying philosophy surrounding carbon taxes. I don't make this point flippantly; I think the Mr Andersen's wisdom might be of some use.

I have often wondered why the electricity consumers in Tasmania and the catchment area of the Snowy Mountains Hydro Electric Scheme should have to pay a carbon tax upon the electricity that they consume.

Best Regards

Richard Hackett-Jones

Appendices

1. **14 July 2011 – Company Profile & bio**
Published on Website www.revenuereview.com.au
2. **13 July 2011 –Multi Party Climate Change Committee**
Sent via Email
3. **12 July 2011 – Senator's MHR's and media**
Sent via Email
4. **5 July 2011 – Climate Change Committee**
Sent via Email
5. **27 June 2011 – Professor Judith Sloan**
Sent Via Email
6. **25 May 2011 – Generation 2050**
Sent to all Senator's, MHR's, Media and circulated throughout the public domain
7. **11 November 2010 – Tony Abbott**
Sent via Email
8. **May 2009**
AFT Submissions
9. **Vehicles**

1.
14 July 2011

Company Profile & Bio
Published on website

Revenue Review Foundation was established in 2006 to act as a catalyst for change to the antiquated Australian Taxation System and subsequently made submissions to the Henry Review in October 2008, February and May 2009. I established the Foundation in the firm belief that the Government can acquire the necessary revenues without undue interference or interruption to normal personal and business activities. Analysis suggests that many of our taxes are retrograde; if lowered they would raise more revenue due to the nature of personal and business interaction.

With the release of the Henry Review in May last year my job should have been over; the Review should have been fait a compli blueprint for social and financial simplicity and equity.

However, the “first born child” of the Henry Review was the mining tax. Currently we are witnessing the carbon tax which comes from the same flawed DNA. Both these taxes indicate that there is no proper architecture or guiding principles in the formation of tax policy despite the Review, therefore my job is far from over.

Consider the following

These policies are not good Fabienism; because honest Fabien theorists are pre-disposed to intelligence or logic. These policies are not good socialism; because the transfer mechanisms are hotchpotch/adhoc and not systematically designed. Nor are they good working class politics; because they disregard the security of the workplace for some of the workforce as well as the cost of living. In fact, there is an attitude of belligerent totalitarianism present.

The tax inducements that are thrown in as a bribe to the compensation mix are only initiatives that would have occurred in any event as these changes were already on the agenda as per the Henry Review which recommended a \$25,000 tax-free threshold.

An average worked on \$65,000 a year receiving an annual CPI wage adjustment of 3.5% ends up paying 5.25% extra tax due to bracket creep which gives the Government \$7-\$8b in extra revenue without have to resort to publically increasing taxes. Should this average worker be a young person moving up the promotional ladder by virtue of experience or qualifications and receive an extra 10%, then this 13.5% rise in salary brings about a 20% increase in taxation.

Due to public awareness over the past couple of decades the population has progressively reduced the amount of Co2 due to more efficient electrical gadgets and more economical motor vehicles amongst other things.

The Prime Minister labours the point that she wants to see Co2 emissions reduced by 5%. She doesn't say what figure the 5% reduction is based on. Because if she did, for example, quote 1995 as the base year which was when the ball started rolling in relation to the Kyoto convention (1997), then she would be challenged by people who would prove to her that our per capita consumption of Co2 is already significantly lower.

Electricity costs have risen by 3 times CPI (or around 65%) in the past 5 years. In real terms this means that the electricity costs have escalated by around 45%. The Prime Minister is only basing her compensation to low income people on the basis of current pricing. The current pricing has occurred due to a number of defacto emissions taxes and transfers.

We have at least 10 times the photosynthesis per capita than North America or Europe. Rather than growing trees, we would be far better off to exert diplomatic influence on countries such as Indonesia and Brazil as they burn more trees in a week than we could grow in a decade. The burnt tree releases Co2 as it disintegrates and it no longer exists to capture Co2.

Extracts from Tuesday 12 July 2011 – Email to Senators & MHR & Media

...The application of the compensation plan in relation to the carbon tax ignores many of the practices that are already established within our tax/transfer system.

The energy companies are merely service providers.

If the pure objective is to reduce emissions then there are many other simpler mechanisms. For example;

- The Government should determine the electricity consumption of a frugal household. In order to be fair to people with extenuating circumstances, a 15% buffer should be added to this figure. No tax what-so-ever should be applied to the accounts until this level is reached. Thereafter, there should be a “spike tax” of around \$100 per quarter. Taxing from that point on should be applied at a rate similar to that which would occur should a \$23 a tonne carbon price be implemented.

This will avoid the bureaucratic “churn” which in a case of a new tax such as this will be very, very costly.

The taxes so raised should be redeemable as a subsidy to the property owners who replace inefficient appliances, such as electric hot water service with gas or solar, electric oven and cook top with gas, inefficient air conditioners with new generation technology, solar panels etc.

- The GST system has been overlooked as a transfer mechanism. There should be no GST on gas ovens, gas hot plates and gas hot water services etc. The GST should be increased to 20% on the less efficient electrical products. The GST system has been in operation for over a decade and the cost of using it as a transfer mechanism, at the point of sale, would be very, very low in terms of other options.
- The Automotive Industry in Australia is heavily subsidised by the Commonwealth Government. The Government should use its powers of persuasion, or its powers of regulation, to insure that all six and eight cylinder petrol engined cars manufactured within Australia are dual fuelled. Again, the GST mechanism can be used as a pricing transfer. Also, Luxury Car Tax should be altered from its current form and used as a price transfer mechanism in favour of energy efficient vehicles.

Extracts from email to Multi-Party Climate Change Committee Thursday, 30 June 2011

...Rather than tax the energy providers and spend a large proportion of the obtained revenues on reimbursing millions of domestic consumers and tens of thousands of business consumers, have you considered that it might be much easier to assume what net price differential would occur if the equivalent of a price on carbon was applied to all energy accounts beyond a pre-determined threshold?

Good tax design and architecture will seek to eliminate or alter taxes that require rebates, reductions and concessions wherever possible.

On the 1st June I sent an email to all Senators and Members of the House of Representatives under the title of “Generation 2050 #3”.

In that email I suggested that no tax what-so-ever be applied to the point of consumption that a frugal household would use plus a margin of 15%, thereafter a “spike tax” of around \$100 per quarter should be applied followed by tax at a rate consistent to the rate would have occurred if there were a carbon price of around \$25 per tonne.

I further suggested that such revenues obtained be reclaimable by the property owners as a subsidy for increasing the energy efficiency of their properties.

My organisation does not involve itself in saying whether any particular tax or revenue stream is either good or bad. I merely seek to make suggestions that can simplify the system both for the bureaucracy as well as the taxpayer. As we all know, taxes are necessary, but it is also desirable that the objectives are reached in the most practical and cost efficient way.

Extracts from AFTS Submission May 2009

Luxury Car Tax

Revenue Review does not accept that the Luxury Car Tax (LCT) is ethically justifiable. We advocate the abolition of LCT.

This tax should be phased out at the rate of 5% per annum, because to remove the tax immediately would have a negative effect on current asset values.

Many people have suggested that in the current eco-friendly environment that this tax should be substituted with a tax on either the size of a car's engine or its fuel consumption rating. Naturally LPG and hybrid cars would be exempt.

The recent increase of this tax is nothing more than a case of the politics of envy. There is no space for such politics in a socially competitive global economy.

Carbon Taxes

This review should be primarily concerned with streamlining a complicated and outmoded personal and corporate system and should not attempt to deal directly with environmental issues.

However, there is much consternation in the community about the creation of third party securities with a licence over land and vegetation that produces no more photosynthesis than that which occurred at the time of the First Fleet.

Revenue Review supports the concept of transfers from inefficient to efficient technologies and from inefficient products to efficient products. These transfers can occur without third party securities being created.

Australia has a small population, relative to its large landmass and has several times more photosynthesis per capita than Europe or North America. The time-honoured law of Comparative Advantage, or of Least Comparative Disadvantage is being ignored in the debate about the Emissions Trading Scheme. We should fully exploit our natural advantages, such as gas reserves and sunlight. The objective should be to achieve a target not to create ambiguous securities.

2.

13 July 2011

To the Multi-Party Climate Change Committee

Dear Prime Minister and others

Re: Price on Carbon

I have been following this issue with some interest over recent weeks.

I seek to put to you the following solution in relation to energy costs.

Rather than tax the energy providers and spend a large proportion of the obtained revenues on reimbursing millions of domestic consumers and tens of thousands of business consumers, have you considered that it might be much easier to assume what net price differential would occur if the equivalent of a price on carbon was applied to all energy accounts beyond a pre-determined threshold?

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I further suggested that such revenues obtained be reclaimable by the property owners as a subsidy for increasing the energy efficiency of their property.

Ladies and Gentlemen, I put it to you that none of us individually have definitive scientific expertise. None of us know whether, in the course of the next 12 months, we will have a car accident, a burglary, fire or flood damage but nether-the-less we are willing to pay an insurance premium against these unlikely events.

My organisation does not involve itself in saying whether any particular tax or revenue stream is either good or bad. I

merely seek to make suggestions that can simplify the system both for the bureaucracy as well as the taxpayer. As we all know, taxes are necessary, but it is also desirable that the objectives are reached in the most practical and cost efficient way.

Thanking you for taking the time for considering my suggestions.

I look forward to hearing from you.

3.

12 July 2011

Extracts from email to Senators & MHR & Media

...The application of the compensation plan in relation to the carbon tax ignores many of the practices that are already established within our tax/transfer system.

The energy companies are merely service providers.

If the pure objective is to reduce emissions then there are many other simpler mechanisms. For example;

- The Government should determine the electricity consumption of a frugal household. In order to be fair to people with extenuating circumstances, a 15% buffer should be added to this figure. No tax what-so-ever should be applied to the accounts until this level is reached. Thereafter, there should be a "spike tax" of around \$100 per quarter. Taxing from that point on should be applied at a rate similar to that which would occur should a \$23 a tonne carbon price be implemented.

This will avoid the bureaucratic "churn" which in a case of a new tax such as this will be very, very costly.

The taxes so raised should be redeemable as a subsidy to the property owners who replace inefficient appliances, such as electric hot water service with gas or solar, electric oven and cook top with gas, inefficient air conditioners with new generation technology, solar panels etc.

- The GST system has been overlooked as a transfer mechanism.

There should be no GST on gas ovens, gas hot plates and gas hot water services etc. The GST should be increased to 20% on the less efficient electrical products.

The GST system has been in operation for over a decade and the cost of using it as a transfer mechanism, at the point of sale, would be very, very low in terms of other options.

- The Automotive Industry in Australia is heavily subsidised by the Commonwealth Government. The Government should use its powers of persuasion, or its powers of regulation, to insure that all six and eight cylinder petrol engined cars manufactured within Australia are dual fuelled. Again, the GST mechanism can be used as a pricing transfer. Also, Luxury Car Tax should be altered from its current form and used as a price transfer mechanism in favour of energy efficient vehicles.

4.

5 July 2011

Letter to Climate Change Committee

Re: Transfer pricing against non-renewables in favour of renewable.

I appreciate that it is late in the day regarding the proposal to price carbon.

However, I believe that the points that I am making in this letter are of benefit to the Australian people.

The Henry review made much comment on the "architecture" of the taxation system. The word "architecture" implies design, engineering, foundations, permanency, accommodation and aesthetics. I have a long held belief that it is bad architecture to collect on one hand and then give back a significant proportion to other sectors when those sectors can be isolated from the tax in the first instance through thresholding as is already common in our existing taxation system.

I accept that the Government is not intending to engage in "a big new tax"; but is to the best of its ability attempting to reduce the use of non-renewable energy in favour of renewable resources.

The energy providers themselves are primarily service providers. The price of a packet of cigarettes or a bottle of alcoholic beverage is taxed after the manufacture and not at the raw material stage, apart from normal GST provisions. I would urge you to contemplate this analogy in the interest of good tax architecture.

My email to all Senators and Members of the House of Representatives (1st June 2011) stated;

“The Government’s proposal to put a price on Carbon and then to use half the proceeds to reimburse the consumer who can ill-afford the increase in their electricity costs can be improved upon considerably.

“The Government should determine what an average frugal household requires in terms of electricity. It should then set a benchmark at about 15% above this average. No taxing should apply to the energy accounts up to this point. But thereafter, there should be an immediate “spike tax” of about \$100 per quarter, followed by the rate of tax based upon the carbon price of around \$25 per tonne that is being proposed. This will eliminate the “churn” of taxing everybody and giving half of it back to those who can least afford it.”

It is my belief that human behaviour has changed over the last 10-15 years and such behaviour coupled with advances in technology should comfortably bring Co2 emissions on a per capita basis down to well below the 1995 levels by 2020.

There is already a very significant amount of taxation built into electricity accounts. These accounts over the past 5 years have increased by around 3 times CPI due to premium prices paid for surplus power sold back to the grid by the solar powered consumer and the dealings in renewable energy certificates which are the subsidy for the purchase of solar panel equipment.

There is also considerable evidence, aided by the advances in technology, that many future new body corporate structures and housing estates will be powered off the grid.

I closed my email with the following paragraph which I repeat here;

“There should also be a complete and immediate audit of all current pollution taxing, discounting and crediting initiatives that are already in place. This is to ensure that there is no further wastage of the monies raised into things such as the ill-fated Pink Batts scheme. Furthermore the taxes that are paid on each dwelling should be redeemable by the property owner in order to subsidise upgrades in energy efficiency upon the property.”

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...Rather than tax the energy providers and spend a large proportion of the obtained revenues on reimbursing millions of domestic consumers and tens of thousands of business consumers, have you considered that it might be much easier to assume what net price differential would occur if the equivalent of a price on carbon was applied to all energy accounts beyond a pre-determined threshold?

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I further suggested that such revenues obtained be reclaimable by the property owners as a subsidy for increasing the energy efficiency of their properties.

My organisation does not involve itself in saying whether any particular tax or revenue stream is either good or bad. I merely seek to make suggestions that can simplify the system both for the bureaucracy as well as the taxpayer. As we all know, taxes are necessary, but it is also desirable that the objectives are reached in the most practical and cost efficient way.

5.
27 June 2011

Judith Sloan

Dear Professor,

I appreciated your contributions to the ABC Q&A program last night.

I'm a self appointed, self styled and self funded taxation reform advocate.

Through my Revenue Review Foundation I made a submission to the Henry Review.

Of the 480 or so initial respondents, my submission was one of the very few that holistically addressed the entire taxation and Social Security system.

My submission can be viewed by clicking on from my homepage at www.revenuereview.com.au.

Both the major parties are playing the game of pretending that taxation reform is a 10 year project.

In terms of "retail" politics reform proves too difficult for the quick TV news grab. The memory is still fresh in terms of Dr Hewson's foray into GST differentials associated with wedding cakes.

So called tax professionals deal with matters of review and reform in a setting that is convoluted in that they do not have the will to draw issues back down to there basic substance.

The mining tax came as the first child of the Henry Review; which demonstrates that the review is conceived out of bastardry and not out of the essence of architecture which the preamble went to great lengths to accentuate. Most of the contributors to the review lacked any inkling as to the purpose and discipline of architecture and design demanded.

The current debate rages in terms of the carbon price. It seems to be that people who can come up with such a concept also have taken no effort what-so-ever to understand the need for proper design in taxation.

Emissions taxing should not, in any way, alter the time-honoured tax/transfer system, and should be dealt with differently in its entirety.

There are already many, many emissions taxes or transfers which have escalated the cost of electricity by over 60% in the past 5 years. As inflation for the same period is less than 20%; the real cost had escalated by net 45% or so.

To tax society \$11b per year and then give half of it back is a complete waste in terms of unnecessary bureaucratic involvement and expenditure.

I am attaching an article I wrote; "Generation 2050".

I have long advocated the changing of the tax points within the Superannuation arrangements. I have received very little respect for making the observations that I outlined in my article "The Aging Population". Whilst his office acknowledged receipt of my correspondence, Paul Keating has not replied. His chief economic adviser whilst Treasurer, and his Departmental head whilst Prime Minister, Dr Michael Keating, (the probable architect of the Superannuation Guarantee) has replied that he is not even interest in reading my material.

I would really appreciate your critique of my work.

6.
25 May 2011

Generation 2050

Australians born after 2050 will not condemn their parents and grandparents for inaction in relation to either a carbon price or an emissions trading scheme. They might well condemn their past generations for a debt burden that inhibits their ability to live life to the full. Also they may condemn their forbears for having depleted the supply of non-renewable resources. This might well be the case even if the climate change sceptics are proven right. May I suggest to both sides of the climate change debate that the conservation of non-renewable resources for future generations is the core issue, regardless of the particular bias of any one person or groups of persons. The by-product of conserving non-renewables and replacing these power sources with renewable alternatives is obvious and achieves a result favourable to the grandchildren of both sides of the current debate.

2020 Vision

A couple of years ago a survey indicated that 78% of respondents were in favour an Emissions Trading Scheme. The same survey found that only 1% of people knew how an Emissions Trading Scheme was meant to operate. We have moved forward to the current debate which resembles something out of Hans Christian Andersen's "The Emperor's New Clothes". I am not sure what the Government's current objectives are, but they are loosely stated at reducing emissions by 5%. However, I think considerable discussion took place some years ago about reducing emission to the 1995 levels by 2020. In 1995 I had a motor car which, if driven carefully, would consume 10 litres of fuel per 100 kilometres. Nowadays I drive a motor car with better performance that achieves 5.8 litres per 100 kilometres. By 2020 I will probably drive a hybrid motor car that will consume about 3.5 litres per 100 kilometres. My current car is just about to have its first oil change at 33,000 kilometres. The car that I owned in 1995 would have required an oil change every 5,000 kilometres. I would probably think of making the change to a hybrid much sooner if the Luxury Car Tax was removed on such vehicles. No doubt hybrids will become more affordable over time.

In the early nineties my mobile phone needed a battery the size of a house brick which had to be religiously charged every night in order to provide for the next day's calls, and even then, it would sometimes run out before the end of the day. My current mobile phone will last about 3 days on about a 1 hour charge from the mains.

My previous golf buggy had to be recharged after a couple of trips, usually 2-3 times a week. My current golf buggy requires charging only about once a fortnight, or once in 10 weeks if left stationary.

Battery technology is something that has improved greatly over the past decade or so and will no doubt continue to improve.

Recently I purchased a flat screen television set. The picture turns off if there is no physical movement in the room for 30 minutes, and then turns itself off completely if there is no further physical movement in the next 30 minutes.

Recently I bought a light globe made by a reputable international manufacturer and the packaging indicated that it provides an 80% savings in energy compared to a standard light globe.

In 1995 the only air conditioner I had in my home was a wall mounted box type in my living room. The split units had only just come onto the market and were over twice as expensive. My current home has fully ducted, reverse cycle air conditioning, which is inefficiently zoned to such a point that the open living spaces automatically run even if the only need for cool air is either in the master bedroom or the study. It is doubtless to say that the next home that I build will have a system where such rooms are zoned independently of the open living spaces.

I recently sought quotations from the suppliers of solar electric panels and have observed the following;

1. There was a substantial subsidy. (If we don't already have energy taxes, then this subsidy must have come from thin air.)
2. The power supplier will pay me for my surplus power at a rate of around 2.5 times what they charge me. (Again, if we don't already have energy taxes and transfers, then these moneys must also come out of thin air.)

Obviously these above scenarios are unsustainable even in the medium term.

Moving forward to 2020; I am certain that my carbon footprint (whatever that means) will be less than it was in 1995, due in part to the above mentioned statements and also due to the initiatives taken by people who provide services to me.

I am not a climate change sceptic, but I am a carbon tax and emissions trading scheme sceptic. I believe we should share our non-renewable resources with our future generations. None of us has a clue as to how many future generations there will be. I believe in price transfers such as the example I used for the hybrid vehicle/Luxury Car Tax. Each and every price transfer results in a direct action that affects only the consumer and the service provider individually without putting a blanket of ambiguous revenue raising over the whole community.

I have more immediate concern about the environmental degradation that has occurred and is continuing to occur through the deforestations in Brazil and Indonesia, the Gulf of Mexico oil spill and other such events around the globe, gas fracking and nuclear radiation than I am with so called "climate change".

It is interesting to note that the term "global warming" was used for several years and then we went through a period where there was no further evidence of "global warming", so we stood by while the term was surreptitiously altered to "climate change". If the climate stabilises over the next few years; what new manipulation of the English language are we going to give in to?

May I request that you ask your listeners/constituents whether their so-called carbon footprint is as substantial as it was in 1995 and what they see as their continuing contribution to Co2 reduction by the year 2020.

I feel certain that most respondents will report similar examples to those that I have outlined and that their future reduction in Co2 emissions can be achieved without a blanket tax. By 2020, I feel that many new housing estates and large body corporates will provide their own power needs without resorting to the coal-powered grid.

At the end of the day our energy producers are service providers, and if the service they provide has the potential to cause a problem, then the cost of problem solving should fall squarely on the consumer. In levying or taxing the consumer, account must be taken of the alternatives that are available. If the consumer has no alternatives, then the philosophical basis of charging or taxing such a consumer has little if any output, in terms of altered consumer/customer behaviour.

The Government's proposal to put a price on Carbon and then to use half the proceeds to reimburse the consumer who can ill-afford the increase in their electricity costs can be improved upon considerably. The responsibility for conserving our non-renewable resources should be shared equally amongst the community regardless of individual means.

The Government should determine what an average frugal household requires in terms of electricity. It should then set a benchmark at about 15% above this average. No taxing should apply to the energy accounts up to this point. But thereafter, there should be an immediate "spike tax" of about \$100 per quarter, followed by the rate of tax based upon the carbon price of around \$25 per tonne that was then being proposed. This will eliminate the "churn" of taxing everybody and giving half of it back to those who can least afford it. There should also be a complete and immediate audit of all current pollution taxing, discounting and crediting initiatives that are already in place. This is to ensure that there is no further wastage of the monies raised into things such as the ill-fated Pink Batts scheme. Furthermore the taxes that are paid on each dwelling should be redeemable by the property owner in order to subsidise upgrades in energy efficiency upon the property.

7.

11 November 2010

Dear Mr Abbott

I attended last night's public forum. Congratulations on remaining firm on ETS and Carbon pricing. My approach to "being kind to the planet" is to use transfer pricing rather than either of the above. Recently I purchased a TV set and soon found that if I was out of the room for more than 30 minutes the picture would turn off and if I was out of the room for a further 30 minutes the set would totally turn off; the buyers of such a product should be rewarded with a rebate of the GST applicable. The revenue short-fall could be made up by increasing the GST to 15-20% on equipment that is less efficient. These structures would only have to be in place for a very short number of years as the manufacturers and consumers would quickly adjust.

Similarly the GST system could be used to "over-tax" vehicles that are not fuel efficient and eliminate tax on vehicles that are either dual petrol/gas or hybrid/electrical. The costings of these initiatives would only affect those people who are buying appliances or vehicles and would not spill over into a cost burden on the entire community as is the case with ETS or Carbon pricing.

I am willing to prophesy that within a short number of years a gas powered V8 will win the Bathurst 1000 race. If Holden Special Vehicles (HSV) have formally introduced gas power to their cars as an option, then there should be very little doubt about its performance and practicability. Currently such an option costs around \$6,500 on an \$80,000 motor car so that a rebate of GST should more than pay for this option and the short fall in revenue could easily be picked up on V8 motor cars that do not have this option.

As the auto industry is already heavily subsidised by the Commonwealth, there is no significant reason why the Commonwealth shouldn't mandate that 6 and 8 cylinder cars be produced in dual-fuel form.

The Rudd Government's failure to understand natural economics was the core of the home insulation programme's problems. They instantly over-heated demand for services to such a point that gross inefficiencies were the norm rather than the exception. An approach factoring natural economics would have been to mandate that each and every dwelling upon a change of either ownership or tenancy undergo some environmental upgrading. This would have transferred the total cost to the landlord or vendor, and not the tax payers at large, and would have spread the demand over a large number of supply alternatives. The costs borne by vendors and landlords overseas have been shown to increase market valuation or selling price by more than the cost of the dwelling upgrades.

Also the cost of equipping domestic dwellings and units need not be borne by the population at large. By applying laws of natural economics guided by regulation or legislation, dwellings that have roof space for solar electricity should not have to be subsidised out of the Commonwealth's pocket as it is currently. These dwellings can produce excess electricity in excess of their own requirements and any subsidy should be paid with moneys that are acquired from unit developments that have no roof or other space to facilitate the installation of sufficient solar panels.

I am sorry that you experienced traffic congestion on your way to last night's meeting but some of this may have been due to the fact that the Howard Government didn't spend a significant proportion of the fuel excise revenue on Main Roads and Transport Infrastructure. Let's take for example a hypothetical transit corridor where the average vehicle travels 50km each way, twice a day or 500km per week consuming 50 litres of fuel. The Fuel Excise including GST totals 42c per litre or \$21 per week. If the said corridor carries 100,000 vehicles per day which yields over \$2m per week or \$100m per year without bringing to account the weekend traffic. While the above is a "Geoffrey Robertson QC hypothetical", I am sure that you can cast your mind on many areas throughout Australia where serious remedial work needs to be undertaken and that such work is already pre-paid by the users of the transport corridor in question, provided that ear-marking of fuel taxes is applied to those regions.

I took the liberty to give to your comcar driver a copy of a recent radio interview. I hope you had time to listen to it on the way to the airport. If you did not find this opportunity the link is http://blogs.abc.net.au/queensland/2010/09/tax-reform-richard-hackett-jones.html?site=brisbane&program=612_evenings. This interview touched on the following:-

- Company tax
- Mining tax
- Communist Manifesto
- Uniform taxation
- Integration of taxation and social security
- Superannuation taxation
- Transport and congestion taxes

I look forward to your response.

8. May 2009

Extracts from AFTS Submission

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Revenue Review does not accept that the Luxury Car Tax (LCT) is ethically justifiable. We advocate the abolition of LCT.

This tax should be phased out at the rate of 5% per annum, because to remove the tax immediately would have a negative effect on current asset values.

Many people have suggested that in the current eco-friendly environment that this tax should be substituted with a tax on either the size of a car's engine or its fuel consumption rating. Naturally LPG and hybrid cars would be exempt.

The recent increase of this tax is nothing more than a case of the politics of envy. There is no space for such politics in a socially competitive global economy.

Carbon Taxes

This review should be primarily concerned with streamlining a complicated and outmoded personal and corporate system and should not attempt to deal directly with environmental issues.

However, there is much consternation in the community about the creation of third party securities with a licence over land and vegetation that produces no more photosynthesis than that which occurred at the time of the First Fleet.

Revenue Review supports the concept of transfers from inefficient to efficient technologies and from inefficient products to efficient products. These transfers can occur without third party securities being created.

Australia has a small population, relative to its large landmass and has several times more photosynthesis per capita than Europe or North America. The time-honoured law of Comparative Advantage, or of Least Comparative Disadvantage is being ignored in the debate about the Emissions Trading Scheme. We should fully exploit our natural advantages, such as gas reserves and sunlight. The objective should be to achieve a target not to create ambiguous securities.

9.

Previously owned vehicle type in 1995 as referenced in appendix 6.



Fuel Economy (Combined) 8.5L / 100km (Petrol)

Currently owned vehicle type as referenced in appendix 6.



Fuel Economy (Combined) 5.2L / 100km (diesel)

Is this 95% as much?

No it's 61%.