

Submission to Climate Change Authority on Global Warming Tax (GWT)

This submission is made by an individual Australian to the Climate Change Authority (CCA) after review of the CCA paper titled "Australia's Climate Policy Options". I recommend that the Authority consider and propose a **Global Warming Tax (GWT)** as an efficient and equitable means of assessing and reducing emissions of greenhouse gases.

I recognize that a mixture of tools will be necessary to achieve the large reduction in greenhouse gas emissions that is necessary. For example, improvements in vehicle fuel economy are probably best achieved by regulation. Even so, the GWT would still apply to vehicle (or fuel) use even for regulated vehicles. The GWT has the additional advantages of reflecting emissions of nitrogen oxide (which are important but might otherwise be missed in mandating fuel economy measures) and, equally important, providing some 'measure' of the benefit that has been achieved (in terms of reducing greenhouse gas emissions).

A GWT has the following advantages:

- Identifies the sources and rates of emissions of greenhouse gases and charges accordingly in a fair and transparent manner;
- Distributes the cost burden equitably across the community;
- Is consistent and effectively co-ordinated across all jurisdictions throughout Australia.
- Strongly promotes research by companies, agencies and individuals who have a dual incentive to reduce their GWT (save money and help save the world);
- Is comprehensive in its coverage of countries, greenhouse gases, sources and sinks;
- Is consistent with the principles of sustainable development;
- Is consistent with national policies on economic growth, population growth, international trade, energy supply and demand, and environmental and social responsibility;
- Takes a long term perspective;
- Does not discriminate against new entrants to Australian industry nor disadvantage "early movers" in Australian industry who have previously implemented greenhouse gas abatement measures (it rewards past efforts to reduce GHG emissions)
- Is based on market measures;
- Addresses all greenhouse gases;
- Addresses all emission sources and sinks; and
- Encourages improvements in cost-effective abatement and adaptation strategies – reflecting developments in science and risk management.

I envisage the GET being applied in the same manner as the GST, with a credit for exports (other countries can levy their own GWT) and a debit for the implied GWT for imports. In this way Australian exporters are not discriminated against.

Like income tax, I envisage a threshold below which the GWT need not be paid (but would still be calculated or estimated).

There are several reasons for making a GWT the centrepiece of Australia's plan to reduce the emission of GHG:

- A GWT imposes a cost on the polluters (which is almost all of us) in proportion to the pollution that we emit or cause;
- A GWT raises funds for the broader community that can be spent on adaptation strategies and actions;
- A GWT raises awareness of every individual, company and agency to the very important issue of reducing GHG emissions;
- A GWT takes the focus away from the 'carbon' debate, which has probably been lost in the community;
- A GWT allows great freedom and does not discriminate for or against any activity or person;
- A GWT will encourage an explosion of activity in obtaining precise measurements of the rate of emissions of CO₂, CH₄ and N₂O.

I envisage universal application of the GWT to all emissions of GHG – both anthropogenic and natural. From examining a series of studies and assessments of GHG inventories, I consider that there is a large range of sources of CH₄ and N₂O emissions that are ignored or not even identified. As a result, we have a limited view of our options to limit climate change and this lack of understanding increases the risk of failure (and also means that we do not appreciate a range of potentially very useful control strategies).

By imposing a charge, and providing a preliminary assessment of the likely GWT, large emitters will be strongly encouraged to research the sources, develop more accurate and appropriate measurement techniques and seek mitigation strategies. In a broader sense, I expect that many of the discoveries made 'along the way' from implementing a GWT will be of long term scientific, social and commercial benefit to Australia.

I envisage starting in 2017 with a small charge – perhaps \$1/t of CO₂, \$25/t of CH₄ and \$310/t of N₂O. This appears to be bearable – less than a cent per litre of fuel on the basis of CO₂. Yet the unit GWT on fuel will increase when N₂O emissions are taken into account.

There are very large emissions of CH₄ and N₂O from wetlands, rivers, treatment ponds and estuaries – the rate depends on catchment and discharge practices. With a GWT we will think about these issues and start to take actions to work with nature to reduce unnecessary emissions – without a GWT we will remain in ignorance.

Even with the apparently small charges listed above, the nation will gather about \$10 billion per year, which would fund a substantial research program and abatement strategy.

I have not calculated the appropriate rate to achieve various reduction (or atmospheric temperature) targets – this is a task for the future. The important point is that we proceed with an equitable and fair method of controlling GHG emissions.

I envisage the same GWT rates would apply to all persons and corporate structures (no differences based on size, gender, race, whether left handed or not, income level or any other factor). The charge reflects the degree of risk imposed to the earth's climate. I reject the suggestion that low income groups should be allowed a discount to pollute – this does not make any sense – equal pollution should be charged equally – low consumption groups derive a benefit by their actions (and the benefit is available to all).

Through various GHG reporting initiatives that are already operating, we are well advanced towards the implementation of a GWT system.

One of the main advantages is that a GWT will open a discussion about the implications of urban wetlands – which create significant emissions of methane, and how we should manage them to reduce this emission. We can address the carbon cycle in cereal and wood production, and develop a scientific basis to judge what is, or is not, a significant emission of a GHG in any particular circumstance. The GWT creates a strong incentive to undertake this research – the alternative may be to pay the tax.

I could write a great deal more in favour of a GWT, and make a comparison with other options where a GWT shows up favourably. The reader can be spared this extensive description – it is more important that the reader thinks about the advantages (and drawbacks) of a GWT and makes a decision as to whether they can support a GWT having a central role – or they prefer an alternative course of action.

In my view, a GWT can be rolled out across Australia and subsequently around the world – to achieve a GHG reduction strategy that treats everyone equally – directly in proportion to the size of the problem they are causing. What could be fairer than that?

Yours sincerely

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