

# WENTWORTH GROUP

OF CONCERNED SCIENTISTS

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Tax White Paper Task Force  
The Treasury  
PARKES, ACT, 2600

4th June 2015

Dear Task Force members,

Thank you for involving the Australian community in a national conversation on tax reform. Our submission is in two parts: a *"Blueprint for a Healthy Environment and a Productive Economy"*, which sets out five long-term institutional and economic reforms, and a second more detailed paper titled *"Using Markets to Conserve Natural Capital"*. These papers describe how we believe economic instruments (including taxation policy) can deliver a growing economy, create jobs and at the same time contribute to maintaining the nation's natural capital for the benefit of people today and future generations.

The intention of the government's Federation and taxation reforms are to reduce and, if possible, end duplication and make interacting with government simpler. We support these objectives, but believe much more can be done. Tax and federation reforms should have an overarching objective to promote the long-term well-being and prosperity of the Australian community. Well-being is the total stock of capital (human, physical, social and natural) that is maintained or enhanced for current and future generations.

To support economic growth and fund the range of public services that people desire, the tax system should be as efficient as possible. Tax reform should minimise negative effects on economic growth, accepting that almost all taxes distort economic behaviour in one way or another. Tax reform should also minimise negative effects on the long term conservation of natural capital. This requires policy settings that conserve natural capital, and eliminate or reduce taxes that either work against environmental goals or generate perverse incentives that would undermine desirable environmental outcomes.

Successive Australian State of the Environment reports (1996, 2001, 2007, 2011) have described the destruction of native vegetation, over-extraction of water, degradation of agricultural soils, and poorly planned urban and industrial development, that are driving the continued, long-term degradation of the Australian landscape. As our population and incomes continue to grow, these assets will come under even more pressure. Climate change will exacerbate many existing challenges.

While there are thousands of examples across Australia every day where individuals, communities and businesses strive to live sustainably, too often, despite best intentions, we place short-term interests over

long term benefits. The consequence is that as a nation, we are taking more from our environment than can be replenished, and that by any definition is unsustainable.

In many cases people are either unaware of these impacts because they are hidden in production processes, or they do not value the impacts as highly as others would, particularly future generations. If we are to maintain the stock of natural capital to enhance the wellbeing of people today and future generations, we need to transform the economy so that everyday actions contribute to the long-term conservation of the nation's natural capital.

Opportunities include eliminating fossil fuel subsidies that cause pollution and their replacement with a broad-based land tax to finance the conservation of Australia's environmental assets, and setting an effective long-term emissions reduction target with a price on carbon which will encourage carbon farming that could transform the way we farm and manage the Australian landscape.

These and other reforms set out in our submission present a once in a generation opportunity to embed sustainability throughout the economy. We would be pleased to discuss these opportunities with you.

Yours sincerely,



Peter Cosier

On behalf of the Wentworth Group of Concerned Scientists