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Taxation Review Submission

Greetings,

There has been much media coverage and discussion of the proposed 'carbon pollution' tax and we have been assailed by those who think it is just another revenue raiser and will ruin Australia's economy. It's time for a different climate change initiative. What about removing taxes instead of increasing them or inventing new ones?

If we want to combat climate change, we must reduce our dependence on fossil fuel-derived energy. That includes all fossil fuels – coal, gas and oil – because all are finite and all contribute to global warming. Why not:

- completely remove all taxes on photovoltaic panels, solar hot water flat panel and evacuated tube systems, regulators, inverters, transformers, deep cycle batteries for renewable energy systems and domestic wind turbines, for private residences and small businesses,
- make their installation tax deductible, and
- allow write-downs on taxable incomes of licensed and registered installers working full-time in the industry for, say, five years, to encourage more people into the business?

Removing taxes should be seen as overwhelmingly positive and a clear demonstration that the government, in forgoing revenue, is genuinely committed to climate change abatement. It would not be a grant, nor means-tested, nor would it disproportionately affect those on pensions and low incomes as additional taxes invariably do, and it is interesting to note that prior to the introduction of the GST, this equipment was tax-free under some circumstances.

Where solar collectors can replace roofing or cladding materials, as has happened to some degree in Europe and America, zero tax should mean a reduction in the cost of building and make it easier for builders to comply with regulations requiring five star energy efficiency.

There is so much in the current greenhouse debate that is negative. The concentration at the moment is on reduction. Turn off those lights. Switch off appliances at the wall. Don't drive your car. Feel guilty all the time. It is very difficult to progress if all progress means 'just don't do it'. Progress shouldn't be perceived as taking backward steps. People rapidly tire of all the guilt and say 'stuff it' instead.

We need to replace all the negatives with positives which achieve the desired outcome. Want to reduce greenhouse gases from coal-burning power stations? You can tax everyone into submission, introduce stringent regulations relating to every facet of power use and make everyone feel bad about not freezing in the dark, but nobody is going to be happy about it.

Better to aim for goals which do not require people to look backwards. Aim to have X amount of electricity generated by rooftop photovoltaics by 2010. Aim to have X% of Australian households producing solar hot water (preferably via evacuated tube systems, which are far more efficient than

flat panels) by 2010. Aim for a certain area of photovoltaic panels on the rooves of public buildings by ... whenever. The roof area of Australian homes and public buildings, including sports ground grandstands, is an immense, untapped resource. Every forward-thinking company would want to be a part of the tax-free market.

The zero tax initiative could allow the government to phase out diesel fuel subsidies in remote areas, reducing greenhouse gas emissions both in transport of fuel and in generator operation. Although generators would always be required for emergency backup, it may well be possible to run them on bio-diesel, quite possibly derived from plant material grown on the affected properties.

It is possible that companies manufacturing renewable energy equipment might try to increase prices under such a scheme, but they could be warned that any unjustifiable increase would make them ineligible for continued participation in the zero tax market. The ACCC could keep an eye on prices to ensure there was no price gouging.

To ensure that those who are grid-connected and installed PV systems or domestic wind turbines (unlikely in urban areas) could gain some return on their investments, three rules must be enshrined in legislation:

1. they must be permitted to connect their systems to the grid,
2. grid operators must purchase the electricity supplied by these small systems, and
3. grid operators must pay a reasonable price for the electricity thus supplied.

This does not mean we need large feed-in tariffs, which can make the expansion of such domestic-scale installation dependent upon governments subsidies, but these small scale suppliers should receive a reasonable payment for their excess power. Renewable input means less power must be generated through the burning of fossil fuels.

This system might be more attractive to conventional suppliers if there was a mandatory goal for renewable energy production. The responsibility for meeting this goal should be indisputably with power companies and substantial penalties should apply should any fail to meet the goal. The goals must be clear and must increase over time.

It may be that paying a fair price for feed-in could prove to be more economical for power companies, who would otherwise have to source green power through substantial investment in and ongoing maintenance of wind farms or other non-fossil sources. That would obviously depend upon the number of people who decided to invest in tax-free renewables for their homes and small businesses, but reasonable feed-in prices might encourage more people to participate.

Next you could consider tax reductions or even elimination for hybrid or, particularly, plug-in electric cars. Toyota has made a plug-in Prius and although it is not yet available, a version with the option of being plug-in should be available when the third generation Prius is introduced late next year. Toyota is also researching hydrogen fuel cell vehicles. Honda has the FCX Clarity and is refining the Home Energy Station, which would provide adequate hydrogen to power your house and a couple of FCXs. The Home Energy Station is being modified to operate on solar power.

The locally made plug-in which is on the roads already is the Blade Runner, made by Ross Blade of Blade Electric Vehicles (www.bev.com.au). Mr Blade takes 2002-2007 Hyundai Getz four door hatchbacks, removes the motor and spare tyre, fits an electric motor and batteries and you have an electric car with a range of 100km between recharges and a top speed of 110km/hr. Taxes, including registration, should be minimal on these vehicles and this innovative small business should be encouraged by government in any way possible.

Sure the government would be forgoing tax revenue if it removed taxes on renewable power generating equipment and reduced taxes on hybrid and electric vehicles, but the income reduction would pale into insignificance in comparison with the potential costs if we do not act swiftly to reduce greenhouse gas emissions and minimise the effects of climate change. According to the latest research, the world is now facing a climate change emergency. We cannot afford to wait.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Helen', followed by a long, sweeping horizontal line that extends to the right.

Helen Moss