



**TASMANIAN
CLIMATE
COLLECTIVE**

Tasmanian Climate Collective Submission to the Inquiry into the Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023

[Tasmanian Climate Collective](#) (TCC) offers this submission in our ongoing efforts to support the necessary actions required to mitigate and adapt to climate change, as recommended by the clear scientific evidence and advice. We ask you to act on this evidence and advice, in the best interests of all Australians, despite any vested interest's lobbying and influence.

TCC is a group of committed organisations and individuals from across lutruwita, Tasmania who advocate for evidence based action on climate change. The Collective is made up of climate action, social and environmental groups and grassroots organisations. Tasmanian Climate Collective has no political affiliation and is composed of scientists, farmers, doctors, teachers, nurses and other concerned citizens calling for more action on climate change and a just transition for all Tasmanians.

TCC makes numerous submissions to inquiries such as this in our efforts to improve the chance of a safe, healthy and fair Tasmania. As a 100% volunteer run organisation, this takes many hours from many people. Even then, our submissions compete with those made by paid employees and lobbyists of powerful industries with vested interests. The David vs Goliath nature of our efforts takes a huge toll on our volunteers who would rather be giving their time to other causes, such as schools, sports, community care, etc. The excessive influence of lobbyists, political donors and powerful industries with vested interests currently prevents politicians and decision makers from acting on the best advice of independent experts in the interests of all Tasmanians. Before we address the enquiry specifics, we would like to make a single clear recommendation:

Recommendation: Politicians and other decision makers in the Federal government should adopt better consultation practices that require expert input as well as meaningful participation from the broader community.

Better consultation practices are more inclusive, transparent and considerate of all stakeholders. They can help improve the quality and legitimacy of decision-making by:

- Ensuring that all stakeholders are informed and involved in the process.
- Respecting the views and values of experts and citizens.
- Providing transparency and accountability for the decisions made.

Improved consultation practices would reduce the workload and stress placed on volunteer groups like TCC, who feel the need to regularly participate in an unfair consultation process that requires us to provide expert, evidence-based recommendations. Tasmanians want more ambitious climate policies based on scientific advice. They also want less influence of vested interests on decision-making. Therefore, TCC demands that the government follows better consultation practices and listens to experts and citizens, not to high greenhouse gas emitters.

1 Fossil fuel emissions impact everyone

Last year was the warmest year on record. The Copernicus Climate Change Service (CCS) reported that 2023 was 1.48C hotter than pre-industrial times [1]. We are already experiencing the effects of climate change, with increased climate-related disasters. In 2022, half of all Australian local government areas were impacted by disaster declarations [2]. These events impact everyone. And they are only going to increase in frequency and severity.

Experts know that the burning of fossil fuels has a significant impact on global warming. The social cost of carbon, which estimates the cost of the damage for a single tonne of carbon, has been estimated to be between \$US 177 and \$US 805 per tonne [3]. Australian gas exports alone result in more than 200 million tonnes of CO₂ being released into the atmosphere each year [4]. This results in very costly damage that everyday Australians are expected to deal with. Instead, the fossil fuel industry should be paying for the damage they cause.

2 Tax fossil fuels fairly

The best thing we can do to mitigate climate change is stop burning fossil fuels. One way of doing that is to leverage more tax from the industry. It is commonly understood that we need to tax the things we don't want and subsidise the things we do. Yet in Australia we subsidise fossil fuel use while accepting little tax earnings from the industry that profits from it [5].

Compared to other countries, such as Norway, which has an effective tax rate of 78% on petroleum [6], Australia has a very low tax rate on oil and gas profits. The Petroleum Resource Rent Tax (PRRT), which is supposed to capture the windfall profits from the exploitation of commonwealth resources, is largely ineffective and brings in very little revenue. As economist Richard Denniss has noted, the oil and gas industry has paid less in PRRT than students pay in HECs – which is an insult to the injury of the climate crisis that this generation of students are burdened with.

We need to end all fossil fuel extraction as soon as possible, and that means ramping up the taxes on this harmful industry. It is time to move on from supporting an industry that doesn't benefit us, and instead invest in clean and renewable energy sources that reduce emissions and enhance our energy security. The Australia Institute published a paper in 2022 estimating that we could be bringing in more than \$20 billion in tax if we implemented a gas windfall profits tax, similar to the one proposed by the UK government [7]. This would provide much-needed revenue for the federal budget, and also discourage further expansion of the gas industry.

The Australian government now needs to aim high to make up for the inaction of previous administrations. Therefore, we urge the government to reform the PRRT system for the oil and gas industry so that they pay significantly more for the damage they cause to our environment, our society, and our future.

Recommendation: The Australian government needs to significantly increase the tax on the gas industry and close loopholes that allow avoidance of this tax.

3 Use the taxes to help people and our environment

If the government reforms the PRRT to ensure the gas industry pays more for the damage they cause, it can generate a significant amount of revenue. This revenue can be used to support ordinary Australians and help repair the widespread destruction to our environment. Some possible ways to spend the money generated from the improved PRRT are:

- **Transitioning to renewables:** The increased revenue from the fossil fuel industry can be used to speed up the transition to 100% renewable energy. By investing in renewable energy projects, the government can reduce greenhouse gas emissions, demand for gas, and create jobs.

- **Retrofitting homes:** Climate change causes extreme weather events. Retrofitting homes can help households cope and reduce their environmental impact. The improved PRRT revenue should fund retrofitting programs that improve resilience, energy efficiency, and renewable energy systems. This would benefit low-income and vulnerable households. It would lower their bills, emissions, and health problems, and make homes more comfortable and resilient. TCC strongly support the “Fair, Fast and Inclusive” measures proposed by ACOSS [8].

- **Environmental restoration:** The gas industry has significantly contributed to climate change, water pollution and biodiversity loss. The increased revenue should be used to fund projects that restore the natural environment. In particular, Tasmania needs more funding to support its threatened species strategy, which aims to conserve the state's endangered flora and fauna.

- **Electrifying everything:** The government can provide grants to households and businesses to electrify their buildings, transport, and other aspects of their life. This will encourage the adoption of clean energy sources and the use of electric vehicles and appliances, which are more efficient and less polluting than fossil fuels.

- **Transition support:** The PRRT revenue could be used to provide more support for people transitioning away from fossil fuels, such as retraining, reskilling, relocation assistance, and income support. The money could also be used to diversify the regional economies and create new industries and jobs that are sustainable and low-carbon.

Recommendation: The Australian government needs to spend the increased tax revenue on ordinary Australians and the environment.

4 References

1:<https://climate.copernicus.eu/copernicus-2023-hottest-year-record>

2:<https://www.canberratimes.com.au/story/7960214/half-of-australia-hit-by-natural-disasters/>

3:<https://www.nature.com/articles/s41558-018-0282-y>

4:<https://australiainstitute.org.au/wp-content/uploads/2021/11/P1163-Undermining-climate-action-the-Australian-way-WEB.pdf>

5:<https://australiainstitute.org.au/wp-content/uploads/2022/03/P1198-Fossil-fuel-subsidies-2022-WEB.pdf>

6:<https://stats.oecd.org/fileview2.aspx?IDFile=9414bc1b-1488-4062-b7c2-5017adce8e8f%20%20>

7:<https://www.abc.net.au/news/2022-10-19/gas-windfall-profits-tax-could-raise-upwards-of-20-billion/101547950>

8:<https://www.acoss.org.au/climate-change-and-social-justice/>