

# Chapter 1

## Introduction

### Terms of reference

1.1 On Thursday, 30 September 2010, the Senate established the Select Committee on the Scrutiny of New Taxes (the committee) to inquire into a broad range of matters relating to taxation, such as:

- (a) New taxes proposed for Australia, including:
  - (i) the minerals resource rent tax and expanded petroleum resource rent tax,
  - (ii) a carbon tax, or any other mechanism to put a price on carbon, and
  - (iii) any other new taxes proposed by Government, including significant changes to existing tax arrangements;
- (b) the short and long term impact of those new taxes on the economy, industry, trade, jobs, investment, the cost of living, electricity prices and the Federation;
- (c) estimated revenue from those new taxes and any related spending commitments;
- (d) the likely effectiveness of these taxes and related policies in achieving their stated policy objectives;
- (e) any administrative implementation issues at a Commonwealth, state and territory level;
- (f) an international comparison of relevant taxation arrangements;
- (g) alternatives to any proposed new taxes, including direct action alternatives; and
- (h) any other related matter.

1.2 Given the extensive scope of the terms of reference the committee resolved to report to the Senate on a subject by subject basis as each matter referred had been inquired into.

1.3 This report is a further and final report setting out the committee's findings of its inquiry into a carbon tax.

## **Conduct of the inquiry to date**

1.4 The committee tabled its very comprehensive interim report on the carbon tax, *The Carbon Tax: Economic pain for no environmental gain*, on Friday 7 October 2011. On the same day the Labor-Green dominated Joint Select Committee on Australia's Clean Energy Future Legislation also released its report about the carbon tax legislative package.

1.5 This final report of the committee on carbon pricing mechanisms provides some further assessments of the government's carbon tax and emissions trading scheme proposal in the context of issues that have emerged since the reports by those two committees have been released. This further report draws upon information that emerged during public discussions and evidence received by the Senate Supplementary Estimates Committees in the week of 17 October 2011.

## **Acknowledgement**

1.6 The committee extends its appreciation to those who helped the inquiry.

## **Structure of the report**

1.7 This report has 6 chapters:

- Chapter 2 provides further information about the government's failure to release all the necessary information about its carbon tax modelling preventing proper public scrutiny in the process;
- Chapter 3 provides further information issues related to the international carbon permit trading markets;
- Chapter 4 discusses the ongoing uncertainty surrounding the status of emissions units as personal property rights and the risks this poses to the planned future emissions trading scheme;
- Chapter 5 considers administrative issues associated with implementation of the government's proposed carbon tax, especially the rise of a new green bureaucracy to oversee the carbon tax and its administration; and
- Chapter 6 relates to the community's awareness and understanding of the carbon tax and emissions trading scheme and to government expenditure to promote its latest new tax.