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## **Tax Reform to Benefit Jobs and the Environment**

A new study details sweeping changes to Australia's taxing and public spending systems that would result in a dramatically improved environment as well as an additional 250,000 jobs.

The report, entitled *Ecological Tax Reform in Australia: Using taxes, charges and public spending to protect the environment without hurting the economy*, has been written by three of Australia's most respected environmental economists – Professor John Quiggin of James Cook University, Professor Tor Hundloe of the University of Queensland and formerly a commissioner at the Industry Commission and Dr Clive Hamilton of the Australia Institute and ANU.

The study is being jointly published by the Australian Conservation Foundation and has attracted strong political interest in Federal Parliament.

The reform package relies on recycling of tax revenue to produce a 'double dividend' – a reduction in environmental damage and increasing economic well-being.

A key component of the package is a \$6.3 billion carbon tax with the revenue used to abolish pay-roll taxes. Combined with additional measures to increase vehicle fuel efficiency, the study estimates that up to 150,000 extra jobs would be generated by these measures alone and greenhouse gases would be cut by 40% by the year 2020 putting Australia well ahead of likely targets to be set at the Kyoto climate change negotiations in December.

The package also details taxing, charging and spending measures in the areas of water use, solid wastes, natural amenities and native forests. Among other measures, the study calls for a doubling of the departure tax on foreign tourists to \$54, with the extra \$100 million in revenue devoted to protection and repair of Australia's national parks and wilderness areas.

The study estimates that household wastes could be cut to just 10% of current levels and changes to irrigation systems could save the ecosystems of the Murray-Darling Basin from devastation.

"The new proposals undermine the often-heard argument that environmental protection costs jobs. The 'ecological tax reform' package brings to Australia the latest thinking on environmental policy in Europe, and would put Australia ahead of the world in environmental performance", said Dr Hamilton.

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