

# Our Vision – The Big Eco Tax Swap

AUSTRALIAN  
**DEMOCRATS**<sup>TM</sup>

## Our Vision

**Create a carbon price** - encouraging gas and renewables to lower our massive carbon footprint.

**Create a higher water price** - eliminating the need to use the north-south pipeline or the desalination plant & increasing river flows.

**No Payroll Tax or Vehicle Rego Fee!** - fully offsetting the higher price of electricity and water.

## No Net Tax Increase!

Unlike the Greens we do **NOT** propose to increase overall taxation. In real terms overall taxation revenue per head will be kept the same.

Each new tax is offset by a cut in existing taxation.

## Setting An Example

Victoria is probably the 'worst and dirtiest' region of the world when it comes to carbon emissions per head.

If we can significantly reduce our emissions by having a Revenue Neutral Green Tax Swap then this will set a shining example to the rest of the world.

## Avoiding the Carbon Shock

Decades of delay and inaction on climate change and peak oil is likely to come back to haunt us in the near future. As the climate catastrophe unfolds the superpowers will suddenly demand drastic cuts in emissions.

Victoria needs to act now to reduce its reliance on dirty brown coal.



## The Tax Cuts

- **No Vehicle Registration Fee** – removing the flat \$600 regressive tax on vehicles irrespective of usage, value or efficiency.
- **Slash Payroll Tax** – cutting the tax on jobs. (One condition applies – see below.)
- **No Property Stamp Duty on purchase** – removing a tax on first home buyers and new businesses.
- **Reduced Stamp Duty on the new efficient vehicles.**
- **No Council Rates or Land Tax** on farms in irrigation areas.

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## The New Eco Taxes

- **Increased Brown Coal Royalties** – the main de facto Carbon Tax.
- **Higher Excess Water Use charges** - to limit water use to 155 litres per household and stop wastage by industry.
- **Much Higher Charges** for Irrigation water. Proceeds to replace local government rates and land tax in irrigation areas.
- **Congestion Tolls** - on major government roads, ideally using e-tag system or similar. The more you drive the more you pay. Most toll points on inner Melbourne arterials and narrow tram roads. Higher tolls for heavier vehicles.
- **Increased Stamp duty on new inefficient vehicles** – effecting the choice of vehicle as they enter the vehicle fleet. (Efficiency to consider carrying capacity and be relative to other vehicles in the same class.)
- **Higher Land Tax** – on fossil fuel assets & land used for car parking.
- **Logging Tax** – to reflect the total value of timber on public land.

*These new taxes work indirectly to create a carbon and water price and drive the change to sustainability.*

## Land Transfer Stamp Duty Reform

- **Moving stamp duty to the sale** of property automatically favours first home buyers and new businesses. This would make no difference to people or businesses selling one property and buying another.
- **Home owner discount** - The rate of tax applied would be substantially discounted where the property was the principal place of residence for the owner and increased where it was not.

## Technical Details

**Purchase of some transmission assets** may be needed to prevent a net inflow of cheap fossil power being imported from other States that don't have a 'carbon tax' coal royalties.

**Gas** is mostly subject to commonwealth royalties so Victoria could not increase gas royalties as it can with coal.

**Excises** such as fuel excise cannot be levied by State governments.

**A phase in period** would be needed for the stamp duty change from purchase to sale a phase in period would be needed to avoid people who were in transition at the time of the change being taxed twice.

**TAC to be funded** out of road toll revenue once current flat registration & TAC insurance fee phased out. So the more you drive the more you pay.

**Special Compensation** would be needed for the few households that don't own a car to compensate them for the higher Green taxes.

**No Net Tax Increase – All Tax Increases Balanced by Tax Cuts!**

## The Payroll Tax Reduction Condition

Payroll tax reductions should only flow to companies that have not reduced the total number of staff in the preceding 12 months.

The hours worked by staff and hence their total salary may have been reduced by up to 20% - but not the overall headcount. This measure is to preserve employment in an economic downturn while still providing significant employer flexibility.

In the event that employee unions prevent the hours reduction then this condition does not apply.