

Environmental tax reform requires the introduction of regulatory emission standards.

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It was established after the Federal Treasurer Joe Hockey 'poor people' don't have cars, don't drive far' claim, that they are in fact paying more in fuel costs as a proportion of gross income and weekly spending¹. Another issue not addressed is 'poor people' and many other people have no choice but to incur the proposed increase in fuel taxes, as they are not in the financial position to reduce fuel costs by buying a second hand, fuel-efficient vehicle, which are generally higher in cost. Such vehicles have lower carbon emissions, because of the direct correlation between fuel efficiency and carbon emissions.

There is now a call for the Australian Government to relax the importation of second hand passenger cars and light commercial vehicles,² of up to ten years old, which are generally higher carbon emitting vehicles. However, Australian consumers need more affordable fuel-efficient vehicles that emit lower emissions.

Each year, business and government buyers acquire around 47 per cent of new light vehicles³, with running costs and goods and services tax being subsidised by the Australian taxpayer. With no regulated emission standards or targets on new light vehicles, business buyers (198 g/km) and government buyers (210 g/km) are being allowed to acquire new vehicles that have even higher emissions than private buyers (186 g/km)⁴. Some of the business buyers "fleet" vehicles have even higher average emission ranging from 210 g/km to 219 g/km and all levels of government buyers have fleets vehicles with average carbon emissions that can range from 197 g/km to 223 g/km.⁵ Such business and government fleet vehicles will generally be rolled over into the second hand car yard at the end of the three year warranty period.

Environmental tax reform introduced to reduce the above average carbon emission of new light vehicles needs to be designed with the goal of meeting regulatory emissions standards or targets. The European Union mandated emission standards for new passenger vehicles by setting a target of 130 gram/kilometre by 2015, which was met in 2013. Literature finds the introduction

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¹ ABC News, "Fact Check : Joe Hockey's 'poor people' don't have cars, don't drive far claim misleading" sighted <http://www.abc.net.au/news/2014-08-15/joe-hockey-poor-people-cars-claim-misleading/5671168>

² ABC News, "Productivity Commission recommends end to taxpayers support for local car industry" 26 August 2014 sighted <http://www.abc.net.au/news/2014-08-26/productivity-commission-car-industry-assistance-final-report/5697812>

³ National Transport Commission, (2014) "Carbon Dioxide Emissions from New Australian Vehicles" 2013, Information Paper" released May 2014: 60

⁴ Ibid: 4

⁵ Ibid.

of any environmental tax reform will be ineffective in reducing road transport emissions without such targets and standards. However does the Australian Government have the political “will” to introduce emissions standards when it is the buyer of new fleet vehicles with the highest average carbon emissions?