



Letters

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Benefits of carbon tax

Eloise Gibson's article *Hidden Heating* (March 29) puts into stark relief the reporting loopholes and corporate greenwashing that prevail under the present climate-change policy regime.

The difficulty that she describes of tracking carbon emissions through the supply chain is yet another reason why it was always a mistake to opt in 2008 for emissions trading rather than a simple carbon tax modelled on GST.

GST automatically tracks, and taxes, added-value at each stage of the supply chain. So each stage's contribution is automatically recorded. A carbon tax could work exactly the same way, slicing through the lack of transparency that Gibson identifies.

Also in common with GST, a carbon tax can incorporate border adjustments to ensure that New Zealand business operates on a level playing field with overseas competitors. And making it a tax-and-dividend arrangement would have progressive redistributive effects in favour of lower-income households.

In short, preferring a carbon tax over emissions trading should always have been a no-brainer – except that Winston Peters blocked the tax option in 2005 and big business then took the chance in 2008 and 2009 to shape an Emissions Trading Scheme tailored to their interests.

Geoff Bertram, Karori

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