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OECD CALL TO TAX COAL MAKES NO SENSE

The OECD's call to increase taxes on coal is a deeply disappointing development from what is supposed to be the world's leading economic organisation, according to free market think tank the Institute of Public Affairs.

In two reports released in the last fortnight, the OECD has suggested increasing taxes on property, car use, electricity generation, depreciating assets, diesel and particularly coal, in order to discourage growth in carbon dioxide emissions.

"Coal is the world's leading source of electricity and an indispensable component in the making of steel," says Brett Hogan, Director of Energy and Innovation Policy at the Institute of Public Affairs.

"It makes no sense for the world's leading economic organisation to be calling for increased taxes that make it more expensive for the developed and developing world to participate in a modern, global economy."

"In December 2014, the International Energy Agency predicted that global coal demand will continue to rise to 2040, with India poised to overtake the USA as the world's second biggest coal consumer by 2020."

"Approximately 830 million people around the world gained access to electricity for the first time between 1990 and 2010 due to coal-fired generation."

"Just last month, an IPA report found that increasing the supply of Australian coal to India could help at least 82 million Indian people each year access a regular and reliable source of electricity."

"Coal and other fossil fuels have remained the bedrock of electricity production around the world, including Australia, not only because they are cheap, but also because they are reliable."

"Rather than telling businesses and consumers that are currently benefiting from lower coal and oil prices to pay more taxes, and condemning profitable oil companies for returning dividends to their shareholders, the OECD should be helping coal and other fossil fuel companies to adopt new technologies that consume less fuel for comparable output."

"Economic growth should be the number one priority for the OECD and for all nations. Affordability and reliability should determine choice of energy in the developing world," says Mr Hogan.

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