

Dear Mr Combet,

It is now more than two weeks since I emailed the attached letter with my questions regarding the content of the booklet you sent to every Australian household. To date I have not received any answers to any of those questions from you or a member of your department. The Prime Minister made a pledge that she would be wearing out her shoe leather going around Australia talking to Australian's and answering their questions about the Governments proposed Carbon Tax legislation. I understood this to be a priority of the Government. As the proposed legislation is due to be introduced to parliament soon, I hope you will keep this commitment and answer my questions.

CARBON TAX and ATO and/or other Penalties

In addition to the questions already asked, I have some questions regarding the overseas purchase of carbon credits.

Treasury modelling indicates it is expected \$650 Billion in carbon credits will be purchased from overseas between 2020 and 2050. In light of the known multi billion Euros frauds in the European carbon credit market in just a few short years, how will Australian purchasers of carbon credits be assured that they won't be exposed to fraud when purchasing carbon credits from overseas?

Further to the above question; I am aware that it is Australian Tax Office practice to disallow tax deductions made by individuals and companies where claimed deductible expenditure is found to not have taken place. If the company or individual took reasonable steps to ensure there was a reasonable expectation of the deductible expenditure being made, the ATO often exercises discretion by not adding penalties to the tax and interest which is calculated to still be owed by the company or individual, but the tax bill and interest is still expected to be paid. There have been examples of this type of problem occurring for investors in agricultural schemes which had Government approval for instance.

How can the Government assure purchasers of overseas carbon credits which are later found to be fully or partially deficient, that they won't be hit with massive tax and penalty bills in retrospect for not meeting their emissions obligations?

If no assurance can be given, and if the burden of ensuring there is no fraud in the provision of carbon credits falls solely on the Australian purchaser of those carbon credits, has the Government made any estimate as to the compliance costs involved in due diligence and audit which will be required to be undertaken by the carbon credit purchaser?

My fear is that the equivalent of dodgy solar panel and roof insulation installers will crop up overseas providing carbon credits for the multibillion dollar market the Australian Government plans to create for CO2 emissions and purchasers will have little or no control over the quality of those carbon credits, but will carry full responsibility for them.

I look forward to your detailed answers as a matter of urgency.

Yours Sincerely

James Doogue