



GOVERNMENT'S HOLLOW WORDS LEAVE 950,000 MANUFACTURING WORKERS FULLY EXPOSED TO WORLD'S BIGGEST CARBON TAX

The Federal Government's declarations of support for Australian manufacturing have been undermined by new research showing that nine out of 10 manufacturing jobs are in firms that will be exposed to the full impact of the world's biggest carbon tax.

Less than 9 per cent of Australia's 1.05 million strong manufacturing employees are employed by firms likely to receive assistance under the Gillard Government's Jobs and Competitiveness Program.

By contrast, the European Union's carbon pricing scheme will protect 14.6 million manufacturing jobs with up to 100 per cent free permits for 151 industry sectors. That amounts to 42 per cent of EU manufacturing jobs – nearly 5 times the share of Australian manufacturing jobs 'shielded' by the Australian scheme.

The report, prepared by SFS Economics for the Australian Trade and Industry Alliance, is the first to assess the share of manufacturing jobs that will be covered by safeguards designed to ensure that Australian firms are not disadvantaged by the adoption of a carbon tax ahead of overseas competitors.

It shows that 952,156 Australians are employed by manufacturing firms that will face higher electricity costs, higher prices for raw materials and manufactured inputs while trying to compete on global and domestic markets against foreign producers who will pay no such additional costs.

"The new data highlights the risks to manufacturing jobs posed by the carbon tax at a time when firms are already under severe strain as a result of the strength of the Australian dollar," said Peter Anderson, Chief Executive of the Australian Chamber of Commerce and Industry.

"This report flatly contradicts the Government's claim that its carbon tax package contains adequate safeguards to protect manufacturing jobs," he said. "While the strength of the dollar is out of our control, the pain of the carbon tax is completely self-inflicted," he said.

For many manufacturing businesses, the carbon tax burden could represent the final straw.

"The carbon tax will impose higher costs on Australian suppliers of building materials, while imported goods will face no such impost." said Graham Wolfe, Housing Industry Association's Chief Executive-Association. "The end result could be that we not only export jobs but also face higher prices for home building and construction generally," Mr Wolfe said.

"With the current economic conditions migrating steelwork supply offshore, a new tax is the last thing we need," Australian Steel Institute Chief Executive Don McDonald said. "The Government

should be looking at ways to support the industry through increased demand, not drag it down further with a new deadweight cost,” he said.

The report also shows that when it comes to safeguarding manufacturing jobs, the Australian scheme carbon scheme compares poorly with the European Emissions Trading Scheme.

Just 43 industrial processes or ‘activities’ from 25 industry sectors will receive assistance – in the form of partial free permits - under the Gillard Government scheme.

After 2013, when it *begins* to auction permits, the EU scheme will provide assistance – in the form of up to 100 per cent of free permits – to 151 industry sectors.

In other words European manufacturing and mining sectors will receive comprehensive assistance while their Australian competitors will be fully exposed to the highest carbon price in the world.

While the European scheme will protect 14.6 million jobs in manufacturing, the Australian scheme will cover only 93,000 jobs – less than 9 per cent of Australia’s manufacturing workforce.

Contrary to Government claims, Australian manufacturing businesses will bear the burden of the carbon tax whether or not they are one of the so-called 500 ‘big polluters’. In addition to surges in electricity prices, higher input prices, manufacturers will also feel the impact of the new 6.2 cents per litre carbon tax on fuel.

According to ATO data, the carbon tax on fuel will raise fuel costs for 60,000 businesses, including 5,350 manufacturing businesses.

This burden on manufacturers, especially those located in regional Australia, will increase further when the carbon tax on fuel will be extended to road freight in 2014.

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Note to editors:

The Australian Trade and Industry Alliance is a coalition of industry groups that share deep concerns about the Clean Energy Future legislation. The ATIA includes the Australian Chamber of Commerce and Industry, Manufacturing Australia, the Australian Retailers Association, the Australian Steel Institute, the Australian Coal Association, the Housing Industry Association and the Minerals Council of Australia. The report was prepared by an independent economic consultancy, SFS Economics, drawing on the latest available comparable economic and employment data.