
27 March 2023

FEDERAL GOVERNMENT MAKES BAD POLICY WORSE WITH SAFEGUARD MECHANISM CONCESSIONS

"The Federal Government's deal with the Greens to pass its safeguard mechanism reform through parliament will only put further upward pressure on energy prices, risk gas supplies, and destroy jobs in regional Australia," said Daniel Wild, Deputy Executive Director of the Institute of Public Affairs.

The radical concessions agreed to today by the Federal Government from the Greens include a 'pollution trigger' for new all projects, which allows the government to place arbitrary caps on new projects, in effect, providing a Ministerial backdoor to cancel all future coal and gas projects.

"It is no secret the Greens are committed to destroying Australia's resource sector, yet today, the Federal Government chose higher energy bills for every Australian household and the destruction of jobs in regional communities to get a political deal done to save face," said Mr Wild.

Previous IPA analysis showed under the proposed safeguard mechanism reforms, Australia's 215 top emitting facilities will have a carbon tax cap and trade system imposed upon them. Should they emit above the cap, they must trade carbon credits or pay the government.

"Make no mistake, Labor's safeguard mechanism reform is nothing more than the reintroduction of a carbon tax that targets industries critical to Australia's prosperity and national security," said Daniel Wild.

"These reforms threaten much needed investment in production of reliable power at a time when the Australian Competition and Consumer Commission and resource industry leaders have issued stark warnings to Australia's leaders about the perilous state of the east coast's energy security."

IPA analysis into the safeguard mechanism found that 84% of the facilities targeted are in regional Australia, and 88% are in sectors critical to Australia's economic prosperity and national security, including Coal, Gas, or Oil, Other Mining, and Manufacturing.

"The deal to pass these reforms again highlights the ever-growing divide between inner-city elite and the political class and mainstream Australians in the regions and outer suburbs," said Mr Wild.

Previous IPA research also found that the policy of net zero and the cancellation of all future fossil fuel projects would cancel 473,000 jobs in regional Australia, destroy \$268.5 billion in direct and indirect economic activity, and double annual retail energy prices.

"The concession agreed to today by the Federal Government will destroy the future of so many regional workers. The 'safeguard mechanism' is a nasty, sneaky tax on regional Australians, plain and simple," said Mr Wild.

"Worse still, today's concessions provide the backdoor mechanism required to achieve the Greens' ultimate demand of banning all future coal and gas projects in Australia, making the future of Australia's critical resource sector even more susceptible to political deal making at the expense of jobs."

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