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Wednesday 15th June 2011

CARBON TAX WILL CRIPPLE AUSTRALIAN COAL INDUSTRY: NEW STUDY

The federal government's carbon tax will cripple Australia's coal industry forcing jobs offshore and closing many existing coal mines according to free market think tank the Institute of Public Affairs. A new report released Monday by ACIL-Tasman found that the carbon tax will cost the Australian industry over \$18 billion dollars within the first nine years.

'This is yet another warning to the government that it needs to reconsider its proposed carbon tax' said IPA Director of the North Australia Project, Hugh Tobin.

The ACIL-Tasman report assessed the introduction of a carbon price at \$20 dollars per tonne. Based on this estimate, over 4,000 jobs are at risk within the first three years of a carbon tax being introduced. In addition, the model states that up to 18 existing mines would be forced to close within nine years, and up to 37 per cent of employment relating to new mining developments is also at risk.

'There is no doubt that a carbon price imposed by government will harm the Australian economy and the coal industry,' Mr Tobin stated.

The ACIL-Tasman report comes just weeks after internationally renowned journal *The Economist* warned that Australia faces growing competition within the commodities market.

'Australia's ability to compete is at risk. The cost of moving minerals around the world is dramatically decreasing. We need to put in place policies that make Australia an attractive destination for investment now and in the future.'

Last week the ABS released data that indicated unadjusted mineral exploration expenditure fell in March 2011. Chief Executive of the Association of Mining and Exploration, Simon Bennison has said that this decline is part of a larger, alarming trend throughout the mining sector as a result of the MRRT and carbon tax.

'What the ABS data shows is that the carbon tax is undermining mining investment in Australia. The carbon tax is an unnecessary cost that no other country has to pay in order to produce commodities.'

'What Australia needs are innovative policies to stimulate the economy, not ones that undermine it. Much of the nation's mineral wealth lies in the North, which is why we are advocating for a Northern Special Economic Zone to be established with low taxes and streamlined regulation, necessary to take full advantage of the Australia's natural resources,' Mr Tobin concluded.

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