



AUSTRALIAN CHAMBER OF  
COMMERCE AND INDUSTRY

# MEDIA RELEASE

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## AUSTRALIAN CARBON TRADING SCHEME MUST ALIGN WITH MAJOR ECONOMIES

Statement by Mr Greg Evans, Acting Chief Executive

The Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business organisation, considers the principal priority of the Government must be to align the general design, coverage and timing of the Carbon Pollution Reduction Scheme with proposals adopted by other major economies and in particular the USA.

The ACCI membership have already been major contributors to energy efficiency initiatives and have expressed willingness to participate in efforts to further mitigate greenhouse gas emissions. However they remain cautious and unprepared to deal with those adjustment costs should Australia adopt a scheme that imposes obligations upon local business which may not be faced by their overseas competitors.

An area which has received less focus is the effect of the CPRS on small business and SME's account for nearly 50% of domestic output. We encourage the Government to further consider the findings of ACCI's independent study *Securing SMEs in Australia's Low Carbon Future*.

The study found that SMEs, particularly those involved in manufacturing, face prices set in international markets due to import price parity. As a consequence, trade-exposed SMEs have limited opportunities to pass on higher direct and indirect energy costs to their customers, and they are generally not eligible for assistance under the proposed CPRS transition package.

The study also shows that the CPRS in its current form will generate additional economic costs that would erode firm profitability, impact employment and more adversely affect regional Australia. In the case of an energy intensive manufacturing enterprise the potential reduction in profitability may be substantial.

However the results of this study show that there are opportunities to improve the design of the CPRS to achieve the right balance between the intended environmental benefits, and the unintended economic consequences. To achieve this, it is critical the scope and operation of our scheme does not go beyond the commitments of other major economies.

We welcome the study by Frontier Economics released this week as a contribution to the national debate and we will be considering the impact of the proposal on the competitiveness of Australian business. The proposal does indicate a stronger unilateral reduction in overall emissions which would suggest an even more challenging adjustment task for business. This is a matter we need to examine more fully together with the practicality and effectiveness of other approaches identified in the report.

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