Agenda and background for meeting with Mr. Oakeshott

- **Impacts of the carbon tax on refrigerant prices**
  - R134a that is used in all automotive air conditioning systems, refrigerators, hotels, drink cabinets etc, will rise from a bit less than $20 per kilogram today to around $60.
  - R410A that is used in most new domestic air conditioning units will rise from about $20 to day to around $80.
  - R404A that is used in freezer cabinets in supermarkets and corner stores will rise from about $25 today to around $120.

- **Increase in the prices for basic services**
  - The price of a standard auto air conditioning service is going to rise from $150 to more than $200.
  - Repair and service of a domestic air conditioner is going to rise by around $150.
  - Repair and service work in large supermarkets, IGA's, and corner stores is going to increase greatly in proportion to the amount of refrigerant needed.

- **Impact the price of new equipment**
  - The tax does not have enough impact on the pricing of new equipment to drive consumer change.
  - New motor vehicles will increase by less than $30.
  - New refrigerators will increase by less than$7.
  - New air conditioners will increase by less than $100.
  - The tax will not change behaviour – just cost everyone more.

- **Impact of the carbon tax on refrigeration and air conditioning business**
  - Experience of R12 phase-out indicates that [people will not have the AC serviced.
  - The lack of service and maintenance will results in systems failing and the emission of the refrigerant.
  - AC systems, domestic and automotive, will not be repaired or replaced and left inoperative
  - Service and maintenance business will decline dramatically

- **What to tell my customers**
  - What reason do I give my customers for increasing service prices by 30%?
  - If I say it the carbon tax will they believe me?
  - The government says only some big companies have to pay it, but I will have to pay and so will my customers.
  - Will you or the government give me a letter that explains why prices are going up so much?

- **Where is the benefit**
    - There will be no change to the refrigerant used in automotive air conditioning systems until the major overseas manufacturers change.
    - They are going to change, soon in Europe and in a few years in the USA, but not because of any carbon taxes.
    - They are changing because of regulations requiring a shift to low GWP refrigerants.
    - Here in Australia we will just have to pay a massive tax for no benefit, and then change will occur due to actions overseas.

- **It is already illegal to emit, and compulsory to recover – why pay the tax**
    - The Ozone Protection and Synthetic Greenhouse Gas Management Act prohibits preventable emissions of ozone depleting and synthetic greenhouse gas refrigerants.
    - Our trading authorisations and licences require us to recover, return and safely dispose of any contaminated, unwanted and unusable refrigerant.
    - Australia has one of the best product stewardship organisations in the world, Refrigerant Reclaim Australia (RRA) that has received awards from the US EPA and the United Nations Environment Programme.
    - The only country that does better than Australia is Japan and that is because they have proper recycling and recovery programmes for refrigerators, air conditioners, and motor vehicles that do not exist locally, despite long-term encouragement by RRA.

- **The government says only 500 companies have to pay but there are more than 800 refrigerant importers**
    - The government says only 500 companies will have to pay the tax but what about the more than 800 importers of refrigerant – there are eight bulk importers and more than 800 that import refrigerant contained in equipment.
    - Not only do they have to pay licence and import fees they will now have to pay the carbon tax.
    - Of course they are going to pass it on to the their customers because the value is so high – this is $270 million tax on refrigerant worth less than $100 million at the import level.
    - And it is always going to be a tax – no trading, no offsets.

- **The Montreal Protocol is an already proven option that provides much greater environmental benefits**
    - Global efforts are underway to have synthetic greenhouse gases managed by the Montreal Protocol.
    - The current proposal envisages an 85% reduction in HFC emissions by 2033 – far in excess of any Australian targets.
    - Last year 90 countries including Australia signed a declaration indicating their intent to seek the inclusion of HFCs in the Montreal Protocol.