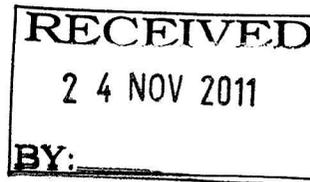




COPY

Minister for Climate Change and Energy Efficiency

Mr Robert Oakeshott MP
Member for Lyne
PO Box 1112
PORT MACQUARIE NSW 2444



C11/10419

21 NOV 2011

Dear Mr Oakeshott *RO*

Thank you for your personal representation of 19 September 2011 on behalf of Mr Ian Higgins concerning the carbon price and its effect on the automotive air conditioning industry.

Scientists advise that the world is warming and high levels of carbon pollution risk environmental and economic damage. No responsible government can ignore this advice.

The Australian Government has developed a comprehensive plan to move to a clean energy future. Central to that plan is the introduction of a carbon price which is the most environmentally effective and cheapest way to cut pollution. This is a fact that is well recognised by economists from around the world and respected institutions such as the Organisation for Economic Co-operation and Development and the Productivity Commission.

Currently, releasing carbon pollution is free despite the fact that it is harming our environment. A carbon price changes this. It puts a price on the carbon pollution that we produce. This creates a powerful incentive for all businesses to cut their pollution by investing in clean technology or finding more efficient ways of operating.

It encourages businesses across all industries to find the cheapest and most effective way of reducing carbon pollution rather than relying on more costly approaches, such as government regulation.

Every dollar raised by the carbon price will be used to assist households, support jobs and tackle climate change. Support for small businesses include the instant asset write-off for small businesses with turnover of less than \$2 million per year which will be increased to \$6,500, and the \$40 million Energy Efficiency Information Grants program which will empower small to medium businesses to improve their energy efficiency. There is also a \$1.2 billion Clean Technology Program to help manufacturing and food processing businesses adjust and support innovation.

Synthetic greenhouse gases used in refrigeration typically have very high global warming potentials. Around 6 million tonnes carbon dioxide equivalent of synthetic greenhouse gases were estimated to have been released in 2009 (Australian National Inventory Report of 2009).

Imposing an equivalent carbon price on synthetic gases ensures that there is a price signal throughout the supply chain to encourage equipment manufacturers, consumers and technicians to make decisions which reduce emissions. It has been successful overseas in

reducing synthetic greenhouse gas emissions in countries such as Denmark and Norway and complements the existing arrangements which have been put in place.

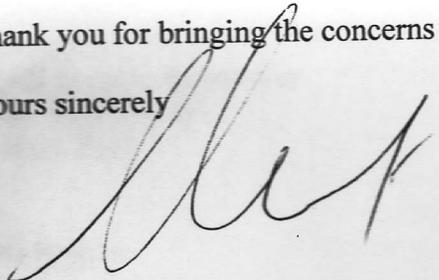
The carbon price will provide incentives to shift behaviour and consumer choices over time towards lower emitting technologies and equipment as they become available, and provides incentives to improve handling practices, increase recycling, collection and destruction of synthetic greenhouse gases.

The equivalent carbon price is being imposed in a competitively neutral way across the industry and is expected to flow through to customers. The impact of these cost increases has been taken into account in the design of the household assistance package.

The revenue from the carbon price will also be used to provide a cash incentive for destruction of waste synthetic greenhouse gases and ozone depleting substances, recovered at end of life. This payment will be made after verification of destruction of the gas. The Department of Sustainability, Environment, Water, Population and Communities will develop this program in consultation with industry. It will start on 1 July 2013.

Thank you for bringing the concerns of Mr Higgins to my attention.

Yours sincerely



GREG COMBET