



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

CLIMATE POLICY COLLAPSE HIGHLIGHTS NEED FOR RE-THINK ON CARBON TAX

Reports that there will be no global climate treaty before 2020 confirm that Australia will be paying the world's biggest carbon tax for no environmental gain.

The reports coincide with analysis from global investment bank UBS forecasting that the European carbon price could plummet to just 3 Euros in 2012. That means that Australian business could be paying a carbon price 4 to 5 times higher than their European counterparts in 2012, while their competitors in the US, Canada and other developed nations face no direct carbon costs.

It also destroys the foundations of the Government modelling on the impact of the world's biggest carbon tax on the Australian economy.

This modelling, and the supposed benign impact of the carbon tax, is predicated on the world agreeing to a binding climate treaty by 2016. No-one expects that to happen.

The Clean Energy legislation should be withdrawn. The Treasury modelling effort should be re-done and canvass a variety of scenarios of global action, not just the most unrealistic one.

Furthermore, Treasury should make all of the models publicly available so that the Australian public can assess the economic costs of a carbon tax in the real world, not simply in a make-believe world where universal global action is underway by 2016.

The results from the Treasury modelling prove that Trade Minister Craig Emerson was right about Government economic modelling when he said:

"Modellers are handed the assumptions by government officials and the computer models produce the results sought. This process is best described as an expensive farce designed to hoodwink the public."

Research by the Centre for International Economics using more realistic assumptions of global action shows that Australia's Gross Domestic Product will have plummeted by \$180 billion in 2020 as a result of the carbon tax if there is patchy international action on climate change rather than the global action assumed by the Government.