



Written by [Michael Tennant](#) on March 22, 2013

Australia's Carbon Tax Contributing to Record Business Failures

Critics of carbon taxes, currently one of the most popular schemes for legally relieving people of their hard-earned money, are often dismissed as crazed doomsayers for suggesting that levies on carbon dioxide emissions — supposedly to save the planet from “global warming” — will have dire economic consequences for those subject to them.



The doomsayers, however, now have real-world evidence to back up their contentions. Australia instituted a carbon tax in the middle of 2012, and already it “is contributing to a record number of firms going to the wall with thousands of employees being laid off and companies forced to close factories that have stood for generations,” according to [News Limited Network](#).

Over the last 12 months, 10,632 Australian companies have gone belly up, a number that is “more than 12 per cent higher than during the global financial crisis,” News Limited writes.

Experts say the strong Australian dollar is a major factor in these closures, but the carbon tax certainly isn't helping.

“Australia has been taxing carbon emissions since July 1 of last year at a rate of \$23AUD per ton,” reports the [Daily Caller](#). “The system will become a full-blown cap-and-trade scheme in three years and will be integrated with the European cap-and-trade system.”

The tax has already hiked the cost of electricity to the average family by 10 percent. For businesses, which use much more energy, it's even worse.

Grant King, head of Origin Energy, “said that up to 30 per cent of small and medium sized enterprises' electricity bills stemmed from carbon pricing and other green schemes,” according to [another News Limited report](#).

“There's no doubt the carbon tax is driving higher electricity prices for businesses across the state,” Mike Baird, treasurer for the state of New South Wales (NSW), told News Limited.

“NSW Treasury analysis for this financial year shows that NSW electricity customers including small businesses and households will be hit with a bill worth an estimated \$580 million due to higher power prices as a direct result of this disastrous tax.”

Australian Chamber of Commerce and Industry chief economist Greg Evans blamed “deliberate policy actions of government designed to increase the cost of doing business” for the rash of insolvencies.



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“Rapidly escalating energy prices caused by the carbon tax and other green programs are taking their toll on many Australian businesses,” Evans told News Limited. “In energy-reliant industries it is already showing up in job losses, deferred investment and in the worst cases, business closure.”

“It defies logic to adopt a policy which even the Treasury acknowledge will lower our standard of living and be harmful to national productivity,” he added.

And harmful it has been.

Grain Products Australia (GPA), for example, was liquidated last year after being socked with additional costs of \$500,000 a year owing to the carbon tax and other environmental levies. About half of the company’s 68 employees will lose their jobs as a result.

The firm’s former managing director, Rob Lowndes, told News Limited that the carbon tax was not the “primary factor” in GPA’s insolvency, but it was “‘certainly an added cost’ which was making it hard for manufacturing to survive in Australia.”

CSR, a building products company, closed its glass factory in Sydney last week, costing 150 jobs. That factory, too, had seen its costs jump by half a million dollars annually because of the carbon tax, according to CSR managing director Rob Sindel.

Penrice Soda is closing its soda ash factory after 70 years, taking away as many as 70 jobs — jobs that will go overseas now that the company will be importing soda ash, which is used to make glass and detergents, instead of manufacturing it.

It’s not hard to figure out why Penrice Soda went under: The carbon tax was soaking the company for a whopping \$8 million a year. The company had negotiated it down to \$1 million, but that was “still effectively the straw that broke the camel’s back,” CEO Guy Roberts told News Limited.

Manufacturing isn’t the only sector that’s suffering because of the tax; tourism is also taking a huge hit. Peter Macks, head of Macks Advisory, a consulting firm for insolvent companies, told News Limited that “the carbon tax was ‘quite debilitating’ for a number of hotel operators who he said had been ‘struggling for a long time.’”

“It is very tough operating at a profit,” he added.

A study commissioned by Tourism Accommodation Australia found that the carbon tax will pile an additional \$115 million a year onto the operating costs of hotels and motels, reducing their profits by 12 percent.

The carbon tax is also discouraging foreign investment, Campbell Jaski, a partner at PPB Advisory, another insolvency consulting firm, told News Limited.

“It’s on the minds of investors — whether it is hedge funds, or Chinese investors looking for resource opportunities, it’s always a comment that is made in terms of Australia’s sovereign risk profile,” he said.

The Australian government, which has bought into the whole global-warming yarn so completely that it even has a [Department of Climate Change](#), naturally pooh-poohed the claims of the private sector, evidence notwithstanding.

Prime Minister Julia Gillard, for instance, stated that the impact of the \$8 million-per-year carbon tax on Penrice Soda’s decision to close its soda ash factory was “very, very, very, very modest indeed.”

Similarly, Climate Change Minister Greg Combet’s spokesman told News Limited: “The Federal



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Government has always been up front that there would be a modest impact on the accommodation industry, such as small electricity price increases flowing through the economy under carbon pricing.” To Combet, it seems, a 12-percent profit cut, like an \$8-million tax, is “modest.”

In addition, both Gillard and Combet personally attacked News Limited for its reporting on the carbon tax’s devastating effects, with Combet pinning all of the manufacturing sector’s woes on “the high value of the dollar and intense competition on world markets.”

Anyone not blinded by climate-change hysteria can plainly see that the carbon tax is doing precisely what its most ardent proponents desire, namely shutting down businesses — especially factories. What else would one expect from a policy that drives energy costs sky high? Taxing energy means less energy will be used, and since businesses use vast amounts of energy, they will be the first to feel the pinch.

Of course, when businesses go, so do jobs and living standards. In the end, as always, the “little guy” will be harmed the most. But at least he’ll be able to sleep soundly — perhaps under a bridge — believing that his suffering has made the planet safe for polar bears again.



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