MAIN

6th April 2009

Committee Chairman
Senate Select Committee on Fuel and Energy
PO Box 6100
Parliament House
Canberra ACT

RE: Inquiry into Fuel and Energy
Additional Document submitted Monday 6th April 2009

Further to the MAIN document submitted to the Committee on 4th February 2009 we herby submit some additional points with regards to the proposed Carbon Pollution Reduction Scheme and its affect on MAIN's 90 members.

Although he cost of Carbon Pollution Reduction Scheme (CPRS) remains to be quantified, there are legitimate concerns in the mining support services industry that the CPRS will have a negative impact on jobs in the Mackay region. The estimates we are aware state these additional costs to be in the order of billions of dollars. This potentially will have an immense adverse impact on the Mackay companies that supply services to the mines themselves.

Along with the actual direct costs of the CPRS, we are seen estimates that the inflationary effect of the CPRS will be in the order of 1% to 1 ½%. The additional inflationary effect will of course be passed on the consumers and to the working families of Australia.

We believe that the current level of uncertainty with regards to the CPRS has resulted in the Government introducing an increase in sovereign risk and that this is negatively affecting overseas and domestic funding decisions with regards to investments in power generating plants. This will have a flow on effect through to our Industry.

Other uncertainties arise with regards to the investment that may be required in terms of additional staff to ensure regulatory compliance, the possible introduction of new software and hence quality control expenses. In general what will be the cost and time impacts of compliance and reporting.

The Government will surely have additional expenses to ensure reporting and compliance requirements will be met.

The result of the uncertainty in the cost of the CPRS is currently affecting potential job growth in the region and it remains to be seen if the CPRS in fact will result in job losses in the longer term.

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The Government has chosen and ETS and not a Carbon Tax. We make not claim to be expert is this area, but are aware that there are benefits of both, along with some proposed "Green Initiatives". We would ask if some consideration would be given to a combination of Carbon Taxes, ETS, Tax Credits for Carbon friendly business, investment in energy efficient public transport and housing, investments in R&D, etc.

What would suggest is:

- Clearer explanation of the costs to industry and the public.
- More education as to the effects of the CPRS for businesses and the community.
- Greater Explanation of the Assistance Packages.
- Greater emphasis on Clean Coal Technology and Carbon Storage.

In summary we request consideration be given for more clarity in the cost and the method of implementation of the CPRS, without precluding the possibility of combining the best elements of the CPRS, a Carbon Tax and Green Initiatives.

Yours faithfully,

Narelle Pearse
Managing Director