



AUSTRALIAN PETROLEUM MARKETER NEWS

**PUBLISHED BY HEH AUSTRALIAN PETROLEUM
CONSULTANCY**

EDITION (88) JULY 2011

THIS ISSUE PUBLISHED 1ST August 2011

APMN FIRST PUBLISHED JULY 2003



8TH ANNIVERSARY EDITION

**LATEST NEWS!
THE WORLD WILL NOT END
SOMETIME SOON**



**In spite of the vigorous
colourful announcements and scaremongering of our political leaders we have it on
good authority, (totally scientific) that the world is not going to end any time soon.**
We have been told how urgent it is that we act against climate change, that the proposed carbon tax is an
essential element of achieving that change, that we will be left behind in the world economy if we do not impose

the tax, that thousands of jobs will be lost as a result of the carbon tax, the mining industry is likely to collapse, with the Greens predicting that the Great Barrier Reef is about to be destroyed unless we act immediately. Now, before some of our readers go scurrying off to write or phone an abusive message, because it seems in the carbon debate that other people's views are simply not listened to or are just ridiculed. For what it is worth, our unscientific and absolute layman view is:-

- **There is climate change occurring.**
- **Humans are undoubtedly large contributors to greenhouse gas emissions and are therefore making a contribution to climate change.**
- **We do need to take action to reduce our emissions.**

Our further view, from what we have read and discussing the issue with a wide variety of Australians, particularly petroleum wholesalers, is that they would all overwhelmingly agree with our layman's view of the above three dot points.

So, why do around 60% of Australians disagree with the Australian Government's proposed implementation of a carbon tax at \$23 per tonne?

The hard questions are simply not being sufficiently answered, or realistically, the real answers are not yet known.

The industries which are currently the backbone of our economy are being demonised as the "big bad polluters." Obviously, the thousands of Australians who work in those industries are nervous. Senator Bob Brown, the leader of the Greens, recent pronouncement that the coal industry should be shut down, is certainly not going to win him or Labor, votes from the thousands of coal and other mining workers.

Our simplistic view is that the government is failing in their attempts to convince average Australians of the value of a national carbon tax and whether or not it will have a significant influence on reducing greenhouse emissions, when in fact Australia is contributing less than 1% to the world's carbon pollution. Now, once again, before people go scurrying off to tell us that we have the highest world pro-rata per head of population of emissions, the fact still remains, we are a small country with a small population and one would have thought as a result, it is our total emissions that really count.

Prime Minister, why do we need to gallop ahead of the rest of the world with a tax regime that the public perception is it has serious risks for our economy and is not going to make any significant dent in world emissions?

Our Oil & Gas industry is certainly under the spotlight. LNG producers will receive 66% of permits needed, free of charge, which will diminish to 50% over three years. The gas industry is alarmed it is now going to be encumbered with significant additional costs which it cannot recover.

Caltex has received 94.5% transitional assistance but has said it needs 100% to maintain international competitiveness. This is a serious problem for our local petroleum refiners – also including Shell, Mobil & BP, which will all have to compete with imported refined petroleum products which will not be inflicted with the carbon tax. It should also be of concern to the government that this imposition will also place greater viability pressure on local refineries which are struggling against competition from the much larger more modern Asian refineries.

Finally, we do need to take firm action to reduce our emissions.

However, to impose a tax that runs the risk of making us less competitive when the rest of the world is nowhere near moving ahead at such a rate as we are, seems to lack common sense.

The Business Council of Australia recommendation to the government, which seemed eminently sensible and commercially logical, was to introduce a carbon tax of around \$10 per tonne and progressively move up in sync with the rest of the world.

The Labor government now has a serious problem with credibility. It is facing the backlash of removing a duly elected first term Prime Minister and the major broken promise by the new Prime Minister prior to the last election that a carbon tax would not be introduced during her term. Labor has also rejected going to the people by referendum or general election to seek a mandate for the introduction of such a radical major change to our taxation regime.

It is hard to see how under these circumstances, Labor can survive in government at the next election – what then will happen to the carbon tax?