



The Hon Barry O'Farrell MP

Premier of NSW

Minister for Western Sydney

MEDIA RELEASE

Thursday 4 August 2011

CARBON TAX A DISASTER FOR NSW ECONOMY REVENUE AND JOBS TO BE SLASHED

The Federal Labor Government's carbon tax will cost NSW at least 31,000 jobs and deliver a \$3.7 billion annual hit to the State's economy, a NSW Treasury review has found.

It will also force up electricity prices for NSW households by up to \$498 a year. Businesses will pay \$927 to \$4191 more a year, depending on usage.

NSW Premier Barry O'Farrell and Treasurer Mike Baird said today NSW would be hit harder by the carbon tax than any mainland State.

He said the NSW Government was already planning to seek compensation from the Federal Government for priority issues, such as the loss of dividends from electricity generators.

Mr O'Farrell said a full review of the impact of the carbon tax by the NSW Treasury found that it would push up prices, cut jobs and slash the growth of many industries.

He said the Hunter, Illawarra and Central West would be most savagely hit by the carbon tax.

"A carbon tax will result in the loss of more than 18,500 jobs in the Hunter region alone," Mr O'Farrell said.

"This is an area which needs more jobs – not a crippling tax which is going to push up the unemployment rate."

Mr O'Farrell said Treasury estimates that about 7,000 fewer jobs would be created in the Illawarra region as a result of the carbon tax and a further 1,000 jobs will be lost in the Central West of NSW.

He said coal fired generators and aluminium smelters will be hardest hit. Output is expected to decline by nearly 50 per cent in these industries up to 2050.

"It is beyond belief that Labor can even contemplate a tax which will tear the heart of many industries and rob these areas of so many jobs," Mr O'Farrell said.

"In round numbers, the carbon tax will reduce the NSW mining industry's growth to about 60 per cent of what it otherwise would have been."

Mr Baird said the carbon tax would have a major impact on electricity prices which had already been forced up by incompetent management under the former NSW Labor Government.

He said power prices are expected to rise by at least 15 per cent under a carbon tax.

He said the tax would also reduce the dividends from NSW electricity generators by about \$45 million this financial year, rising to \$290 million in 2014-15.

In addition, NSW government agencies will face power price hikes of up to \$71 million a year.

Mr O'Farrell said Cabinet had agreed to seek compensation from the Commonwealth for the loss of dividend revenue from the State's electricity generators.

"We cannot stand by and allow the Federal Labor Government to continually damage the State's economy and revenues," he said.

"We have a duty to seek compensation from the Commonwealth so the revenue earmarked by new rail, road, hospital, and school projects is not lost to NSW."

ENDS

MEDIA: Brad Burden or Cameron Hamilton 9228 5239