

THE CARBON TAX ON REFRIGERANTS - HOW WILL IT AFFECT YOUR BUSINESS FROM 1ST JULY 2012

The new Clean Energy Future Plan comes into effect on 1 July 2012. It will have an effect on the price of refrigerants.

Under the plan, synthetic greenhouse gases such as hydrofluorocarbons, perfluorocarbons (excluding gases produced from aluminium smelting) and sulfur hexafluoride (including equipment or products which contain these gases) will have an equivalent carbon price applied through the existing Ozone Protection and Synthetic Greenhouse Gas Management legislation.

"HFCs are non-toxic but classified as having global warming potential. Their use is widespread in cooling and heating buildings, in preserving food and in transport."

Steve Irons (MP), Federal Parliament debate on Carbon Tax

How will the carbon tax on refrigerants affect businesses?

"In basic terms the price impact of this levy on refrigerant gases is to be in the region of 300 per cent to 500 per cent.

... such a large impost will have to be passed down the supply chain to ultimately be paid by small businesses and consumers. The industry is made up of many small-scale businesses across the country. Many other small businesses rely heavily on services provided by the industry so that they too can operate in the business world. Think of butchers needing refrigeration; hotels and aged-care facilities requiring heating; or in fact any business that needs air-conditioning during the 40-plus-degree days of the Australian summer. Your local deli or milk bar requires refrigeration."

Steve Irons (MP), Federal Parliament debate on Carbon Tax

For more information on how this may affect your business, contact AC-TEC Services on 07 5549 2700 or email info@ac-tecservices.com.au

How will the pricing change?

The Climate Change Plan provides these fixed carbon prices for the first three years:

Time Period	Price
1 July 2012 – 30 June 2013	\$23.00
1 July 2013 – 30 June 2014	\$24.15
1 July 2014 – 30 June 2015	\$25.40

The global warming potential which must be applied to each of these prices are as follows:

HFC	GWP
R134A	1300
R404A	3260
R410A	1725
R407C	1525.5

Multiply the price of carbon by the global warming potential of each gas to calculate the price. So, for example, 1 tonne of R134a equates to 1.3 tonne of carbon. So the carbon prices per kg for each HFC listed in the three years specified would be:

HFC	July 2012-June 2013	July 2013-June 2014	July 2014-June 2015
R134A	\$29.90	\$31.40	\$33.02
R404A	\$74.98	\$78.73	\$82.80
R410A	\$39.68	\$41.66	\$43.82
R407C	\$35.09	\$36.84	\$38.75

The above pricing examples only relates to the carbon element. The pricing does not take account of product price, financing costs or any other taxes or levies which may be applicable.

Read the full Reece HVAC Degrees article titled, "The big chill - How will the Carbon Tax affect refrigerant rebates?" <http://www.reece.com.au/degrees/2012/Apr/carbontax.html>

Read Steve Irons (MP) full speech in Federal Parliament on Carbon Pricing. <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CHAMBER;id=chamber%2Fhansard%2F2a23625b-4f80-4806-bdea-cf22f74e9fac%2F0319;query=id%3A%22chamber%2Fhansard%2F2a23625b-4f80-4806-bdea-cf22f74e9fac%2F0318%22>



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Sources: Extracts from Reece HVAC Degrees article titled, "The big chill - How will the Carbon Tax affect refrigerant rebates?" and Steve Irons (MP) speech in Federal Parliament on Carbon Pricing.