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MEDIA RELEASE

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Combet confirms no carbon tax compensation for small business

Climate Change minister, Greg Combet has confirmed that small business will be ignored in any compensation package for cost increases that will flow from the Gillard Labor government's carbon dioxide tax plan.

Clearly, the Gillard Labor Government is not on the side of Australian small businesses who lack the market power to push back on input cost increases, are in no position to absorb more costs and have been completely left out in the cold by the government compensation plans.

Labor's attitude is that small business needs to either suck up the cost impacts or pass them on to consumers, ignoring the fact that very difficult trading conditions small businesses are facing will be made even worse by the imposition of a carbon tax that will push up costs at each and every stage of business inputs.

On Melbourne radio today when asked how small businesses would deal with the carbon tax Mr Combet said;

Well this is where you expect price impacts in the hands of households and consumers in the economy because those costs that small businesses are passed on in the form of higher prices and that is why the assistance package is targeted at the consumer or the household level because where there are price impacts they will be passed through the economy.

Re-affirming Labor's disinterest in small business, no mention was made by Mr Combet of small business compensation in his speech today at the National Press Club.

The Gillard government's 'climate change framework' announcement failed to make any mention of the harm Labor's carbon tax will cause to small business viability and ability to employ and once again completely ignored small business in any public statement about compensation.

On the back of the Prime Minister's emphatic statement '*there will be no carbon tax under the government I lead*', almost 80 per cent of small businesses took Labor at its word and have not factored carbon pricing into their business plans.

The carbon tax compounds at each stage of a production process and service system and small businesses do not have the luxury of vertical integrated supply chains and big business market power to push back on cost increases on vital business inputs.

Consumers seeking to avoid further increases to their cost of living will be encouraged by Labor's carbon tax to embrace imports where the cost impact of Labor's carbon tax is minimised.

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The Gillard government's carbon tax will cause significant cost increases, viability concerns and job losses for Australian small businesses.

With 300,000 jobs lost in small business since the election of Labor and continuing concerns about deteriorating trading conditions, Julia Gillard's carbon tax will make already difficult conditions even worse for small business, the engine room of the Australian economy.