



Australian Government

Department of Sustainability, Environment,
Water, Population and Communities

HOW THE EQUIVALENT CARBON PRICE WILL AFFECT SYNTHETIC GREENHOUSE GASES

The synthetic greenhouse gases comprise hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). Under the Australian Government's Clean Energy Future Plan these gases will have an equivalent carbon price applied to them through the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

Liability for the equivalent carbon price will accrue at the point of import of these gases or manufacture in Australia. As a result, importers of these gases (in bulk and contained in products and equipment), will be required to pay an equivalent carbon price. These gases are not manufactured in Australia but any manufacturer would also be required to pay the equivalent carbon price.

The equivalent carbon price per tonne of synthetic greenhouse gas will be based on the carbon dioxide equivalence of these gases (calculated by multiplying the quantity of gas in metric tonnes by its global warming potential) multiplied by the carbon price.

Important: Only businesses importing these gases or manufacturing them in Australia will be required to pay the equivalent carbon price. However, some or all of the equivalent carbon price may be passed on through the supply chain to businesses dealing with products or services containing these gases.

What industries are affected by the new arrangements?

Downstream products which are likely to be affected by the proposed changes include:

- air conditioners (domestic, commercial and vehicle)
- refrigerators and freezers (domestic and commercial)
- specialty aerosol products
- some fire protection equipment
- high voltage switchgear used by the electricity industry
- specialty solvents.





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Will the equivalent carbon price apply to all products containing synthetic greenhouse gases?

The equivalent carbon price will apply to all products containing synthetic greenhouse gases, subject to exemptions which may be provided where:

- the minister determines it would be impractical to impose the equivalent carbon price on a product containing a synthetic greenhouse gas, or
- the product is for medical, veterinary, or health or safety purposes.

Export of synthetic greenhouse gases

Licence holders may claim an offset to the equivalent carbon price if they export synthetic greenhouse gases. Importers will also be able to seek an offset if they on-sell to a business which will export these gases (or products containing these gases, such as for the air conditioning in a car) within 12 months of the gas being imported.

Incentives for recycling and destruction

Incentive payments will be provided for destruction of waste synthetic greenhouse gases and ozone depleting substances, recovered at end of life, for example when an air conditioning unit is decommissioned by a licensed technician. These payments will be made after verification of destruction of the gas and will start from 1 July 2013. This program will be developed in consultation with industry.

Administration

The scheme will use the existing administrative levy payment system under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* to apply the equivalent carbon price.

Compliance and audit

There will be additional investment by the Government in compliance and audit functions to ensure compliance with the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

When does the equivalent carbon price commence?

These arrangements will commence on 1 July 2012. The levy will be due and payable 60 days after the end of the quarter to which it relates.

More information

For more information about the carbon price package visit the Clean Energy Future website: www.cleanenergyfuture.gov.au/clean-energy-future/our-plan/

For more information about the government's administration of synthetic greenhouse gases visit: www.environment.gov.au/atmosphere/ozone/sgg

or call the Department of Sustainability, Environment, Water, Population and Communities on 1800 803 772.

