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### New carbon tax in Australia to up costs at airlines

By Ghim-Lay Yeo

A new carbon tax in Australia that will come into effect in a year has forced the country's carriers to raise cost estimates and issue warnings that these could be passed on to customers in the form of higher fares.

The government-imposed carbon tax forces Australia's top 500 polluters to pay A\$23 (\$24) for each metric tonne of carbon they emit, and will be imposed from 1 July 2012.

While international aviation fuel will be excluded from the scheme, domestic carriers would have to bear the tax through an increase in domestic fuel excise.

[Qantas Airways](#) estimates the tax would lead to a cost impact of about A\$110-115 million on its group financial results for the fiscal year ending 30 June 2013, and expects a hike of about A\$3.50 on the price of a single domestic flight sector.

"In the context of the significant challenges facing the global aviation industry, the Qantas group will be unable to absorb the additional costs associated with the carbon price and there will be a full pass-through to customers," the [Oneworld](#) carrier said.

[Virgin Australia](#) forecasted an impact of A\$45 million and a A\$3 rise on each flight sector.

Regional carrier [Regional Express](#) has spoken out strongly against the tax, saying it and other earlier-announced government measures would lead to a cost impact of A\$6 million a year.

Chris Hine, the airline's chief operating officer, said the measures could force smaller regional operators out of business.

"We call on the federal government to consult with regional aviation with the hope that the government will strongly reconsider its position on regional air services before it is too late," he said.