

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

17 October – 18 October 2012

**Question: SBT 111-116**

**Topic: Reviews of Carbon Price Impacts on Industries**

**Written: Received from Committee – 26 October 2012**

**Senator JOYCE asked:**

In late 2011, the Government commissioned the PC to conduct "Reviews of Carbon Price Impacts on Industries" from July 2012, and make recommendations for assistance, where any firm or industry *successfully* submitted a request for such a review to the Government.

111. Has the PC received any such requests from firms or industry (via the Government) for review yet? If so, what industries have made such a request? What progress has been made on reviewing the requests that the PC has received?
112. What process turnaround times are likely?  
That is: from request made to Government, to request processed by Government and sent to the PC for review, to the PC reviewing and making recommendations, to the Government considering, approving and implementing those recommendations, to the firm or industry actually receiving the assistance approved?)
113. How will the results be made public?
114. How will this likely feed into the budget bottom line?
115. With a tight budget this year and next, what will be the chances of assistance being granted, let alone in a timely manner?
116. Do tasks like this make the PC feel a bit like the Industries Assistance Commission all over again (ie like it was actually named in the mid-1970s through to the late 1980s)?

**Answer:**

111. No request has been received.
112. The timing of the outcomes from a Commission inquiry are determined by the Australian Government and are outside the control of the Commission. The time allocated to the Commission to undertake a review is set out in the terms of reference sent by the Australian Government. In general, the time allocated depends on the type of study requested by the Government (Research Study or Inquiry, in accordance with the Productivity Commission Act 1998), as well as its scope. It seems more likely that a review under the Governments Guidelines would be sent to the Commission as an Inquiry as the guidelines refer to the Commission holding public hearings and making recommendations to the government. (These two requirements generally distinguish an inquiry from a research study.) The Productivity Commission Act specifies that an Inquiry report should be tabled in Parliament within 25 sitting days of its receipt by the Australian Government. However, the timing of the policy response is a matter for the Australian Government. If the Commission were to recommend, and the Government agreed to, a reduction in JCP assistance, as set out in the

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Clean Energy Act, this could not be implemented before the later of either 1 July 2017 or 3 years after the policy response of the Government.

113. All Productivity Commission reports commissioned by the Australian Government (Research and Inquiry Reports) are published in hard copy as well as made available on the Commission's website.
114. Implementation of any Commission recommendations could affect government revenues through many channels, including changes in direct assistance to the affected industry and indirect changes in government revenue and expenditure that are triggered by other changes in the economy induced by the changes in assistance arrangements.
115. This is a matter for the Australian Government.
116. As an independent statutory institution, the Commission endeavours to perform its functions using open and transparent processes, and to provide policy advice for the benefit of the whole community, in accordance with its legislation.