

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 136
Hearing: Additional Estimates
Outcome: Outcome 2
Programme: Climate Change and Renewable Energy (CCARE)
Topic: Savings from repeal of carbon tax - additional question
Hansard Page: N/A
Question Date: 1 April 2015
Question Type: Written

Senator Waters asked:

I refer to the Department's response to Additional Estimates 2014-15 QoN71. The answer was only partially provided as it was limited to electricity prices. Can the department please provide the economy wide savings per household broken down by state, including electricity prices.

Answer:

The Australian Bureau of Statistics (ABS) and the Australian Competition and Consumer Commission (ACCC) have reported their estimates of the impact on household electricity prices associated with the repeal of the carbon tax:

- The quarterly consumer price index figures released by the ABS on 22 October 2014 showed that electricity prices decreased by 5.1 per cent in the period immediately following the carbon tax repeal. While the ABS cannot attribute this price decrease to particular factors, this is the biggest quarterly fall in electricity prices in a quarter since records have been kept in Australia.
- The ACCC's quarterly report to December 2014 on its monitoring of the impact of the carbon tax and its repeal included an estimate of the average fall in household electricity tariffs attributable to repeal. The ACCC's rough estimate was that this impact is in the range of -4.5 per cent to -10.6 per cent (varying across the eight States and Territories). This report did not estimate these price impacts in dollar figures.
- The ACCC's previous carbon tax quarterly report, to September 2014, did include the following dollar figure estimates of the impact of the carbon tax repeal on average household electricity bills. These estimated annual cost savings were given to the ACCC by retailers as part of the substantiation notices they were required to provide under the carbon tax repeal legislation. The savings vary across retailers and jurisdictions, and are averages only; actual individual savings will depend on the customer's tariff structure, location and consumption.

Table1: Estimated savings on household electricity bills

Jurisdiction	Range of estimated annual savings reported by electricity retailers
NSW	\$158-179
VIC	\$132-146
QLD	\$170-174
SA	\$136-159
TAS	No data
ACT	\$189-222
WA	\$46-263
NT	No data

Source: ACCC September 2014, Quarterly Report

- Based on its own internal modelling, The Treasury has estimated that household costs are likely to be around \$550 lower in 2014-15, on average across all Australian households, than they would be with a \$25.40 carbon tax.
- The Treasury has further estimated that the two largest components of this average \$550 saving will be household electricity bills (estimated to be around \$200 lower per year) and household gas bills (estimated to be around \$70 lower per year), compared to what they would be in 2014-15 with a \$25.40 carbon tax.
- The residual amount of around \$280 of estimated saving represents the impact of removing the carbon tax on the price of the wide range of goods that Australian households consume other than electricity and gas.
- These Treasury estimates were generated using the same methodology and data sources used in 2011 to produce estimates of the impact of introducing the carbon tax (from 1 July 2012).
- The Treasury did not model state-by-state cost savings estimates from repeal of the carbon tax.