

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 22

Topic: Carbon Tax Modelling

Hansard Page: Written

Senator Birmingham asked:

Please detail all research, reports, modelling and similar that the Department has since the 2010 election commissioned or requested, whether of its own accord or on behalf of any Minister and/or the Multi-Party Climate Change Committee, and detail whether it has been commissioned or requested of the Treasury, other agencies or external consultants. In each case, please outline the scope of work commissioned or requested, when it was commissioned or requested and by whom, when it was provided or will be due to be provided and how much the work has cost and/or is expected to cost.

Answer:

On 7 October 2010, the Government commissioned The Treasury to update the climate change mitigation modelling conducted by the Department in 2008 for inclusion in the modelling report *Strong growth, low pollution: modelling a carbon price* (SGLP).

- Treasury engaged four external consultants to provide detailed modelling of the electricity generation sector (SKM MMA and ROAM Consulting), the road transport sector (CSIRO) and reforestation (ABARES). These contracts have a total cost of \$588,808 (including GST).
- Treasury also engaged the Centre of Policy Studies (CoPS) at Monash University to provide expert technical advice. This contract had a total cost of \$37,230 (including GST).

Preliminary estimates of carbon price impacts on CPI and household items such as electricity, gas and fuel were released following an FOI request in early 2011. This preliminary analysis provided updated household impact estimates according to CPRS design and policy settings from the then Government's negotiations with the Opposition in November 2009.

- Subsequently, updated modelling of the carbon price impacts on CPI and household spending were requested by the Government for inclusion in the SGLP.

The SGLP report is available on The Treasury website at the following location:

www.treasury.gov.au/carbonpricemodelling. Reports from consultants will also be published on the website.

On 15 November 2010, the Productivity Commission received the Government's terms of reference for a study into Emissions Reduction Policies and Carbon Prices in Key Economies.

- In the 2011-12 Budget, the Government provided \$2.6 million for the Productivity Commission to undertake this study, with the cost offset from the existing provision for the Renewable Energy Future Fund.
- The Productivity Commission provided the report to the Government on 31 May 2011 and published the report on 9 June 2011. Further information on the study, including the terms of reference and final report, is available from the Productivity Commission website (www.pc.gov.au/projects/study/carbon-prices).