

Carbon pricing: industry issues

Australia's Carbon Price: Good Policy or Not?

Crawford School Dialogue

ANU

5 September 2011

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Points to cover...

- Disclaimer
- Unsolicited philosophy
- Some numbers
- Two observations

In the long term..

- And on average...
- Policies are more successful when they have a very clear articulation of costs and benefits
- Policies falter particularly where benefits are not well articulated or costs are unanticipated

A 'business' category?

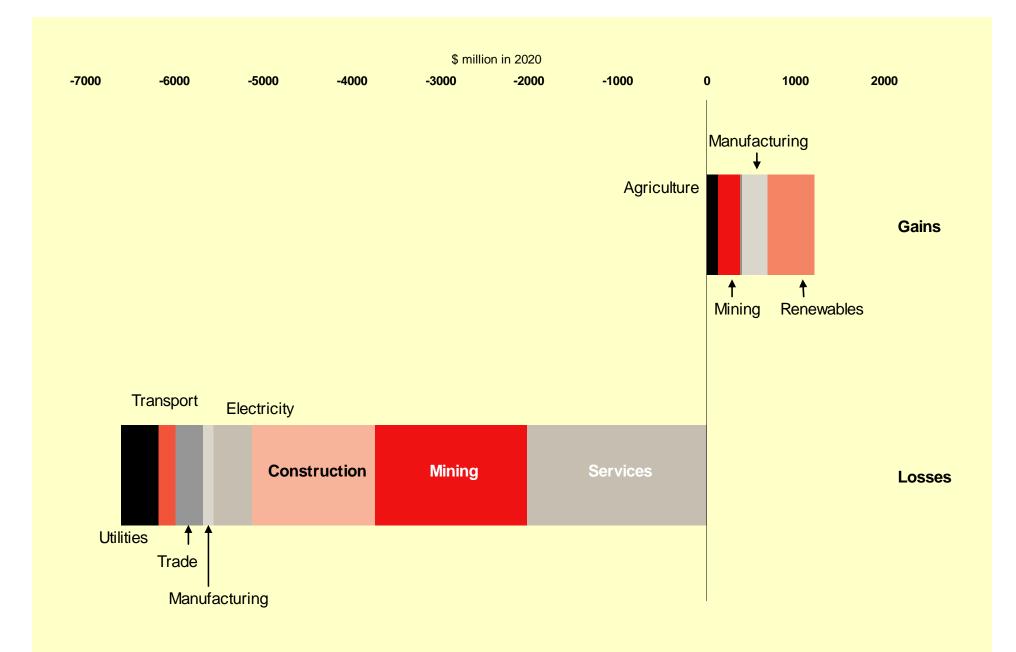
- Most income comes from business
- Everyone has superannuation
- It's business that will create the low carbon economy

The point?

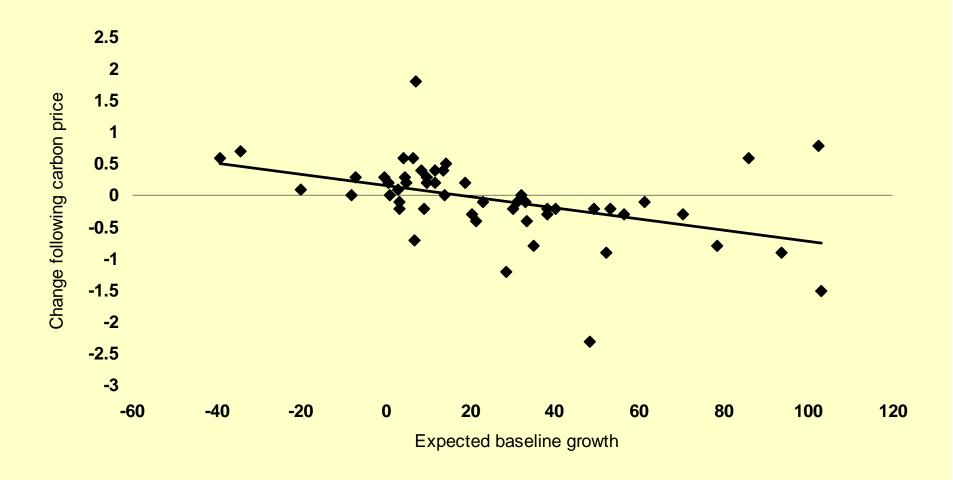
- Not punishment: but to create institutions to harness creativity
- The ultimate test of the policy is whether it does that

Some numbers

- Treasury modelling
- \$ change in value added in 2020
- 'With' carbon price versus 'without' carbon price



Source: CIE estimates and chart derived from *Strong Growth, Low Pollution* Table 5.6 and Charts 4.8, 4,13 and 5.13. Treasury modelling results Licensed from the Commonwealth of Australia under a Creative Commons Attribution 3.0 Australia Licence. The Commonwealth of Australia does not necessarily endorse the contents of this slide.



Two observations

- Multitude of measures
- Purchase of foreign abatement

Carbon price

Core carbon price
Transport
HFCs and S-Hex

Renewable energy

Clean Energy Finance Corporation (\$10b)
Australian Renewable Energy Agency (\$3.2b)
Clean Technology Innovation Program
(\$200m)

Renewable Energy Target Existing programs (including CCS)

Development of national energy savings initiative

Low Carbon Communities Program (\$330m)

Remote Indigenous Energy Program (\$40m)

Household programs
Business programs
Tax Breaks for Green Buildings (\$1b)
Building regulations

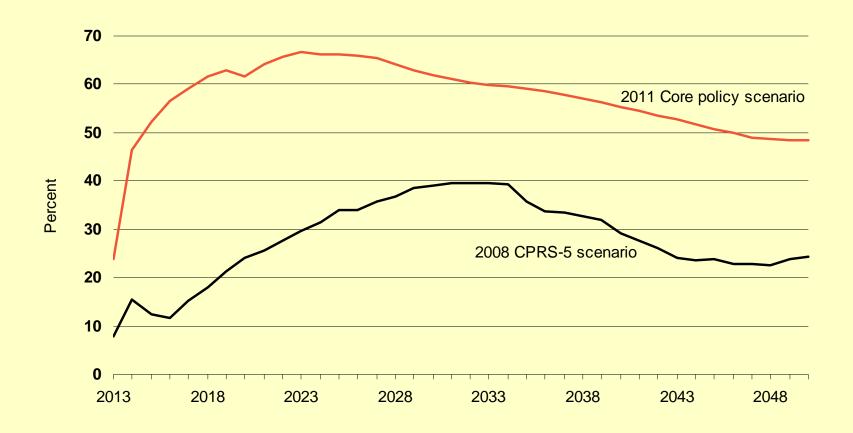
Energy efficiency

Carbon Farming Initiative
Biodiversity Fund
Carbon Farming Futures

Land based measures

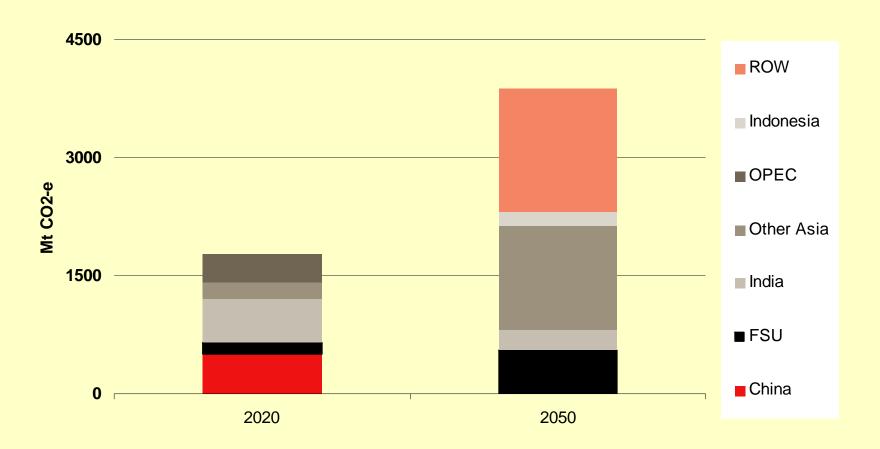
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Purchase of international abatement



Source: CIE chart with data from Strong Growth, Low Pollution Chart 5.2 and Australia's Low Pollution Future Charts 6.2 and 6.4. Treasury modelling results Licensed from the Commonwealth of Australia under a Creative Commons Attribution 3.0 Australia Licence. The Commonwealth of Australia does not necessarily endorse the contents of this slide.

Net sellers of abatement



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Issues

- Knowledge of cost of abatement
- Well publicised problems with CDM
- Paying to transform other economies

Thank you

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