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## **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?

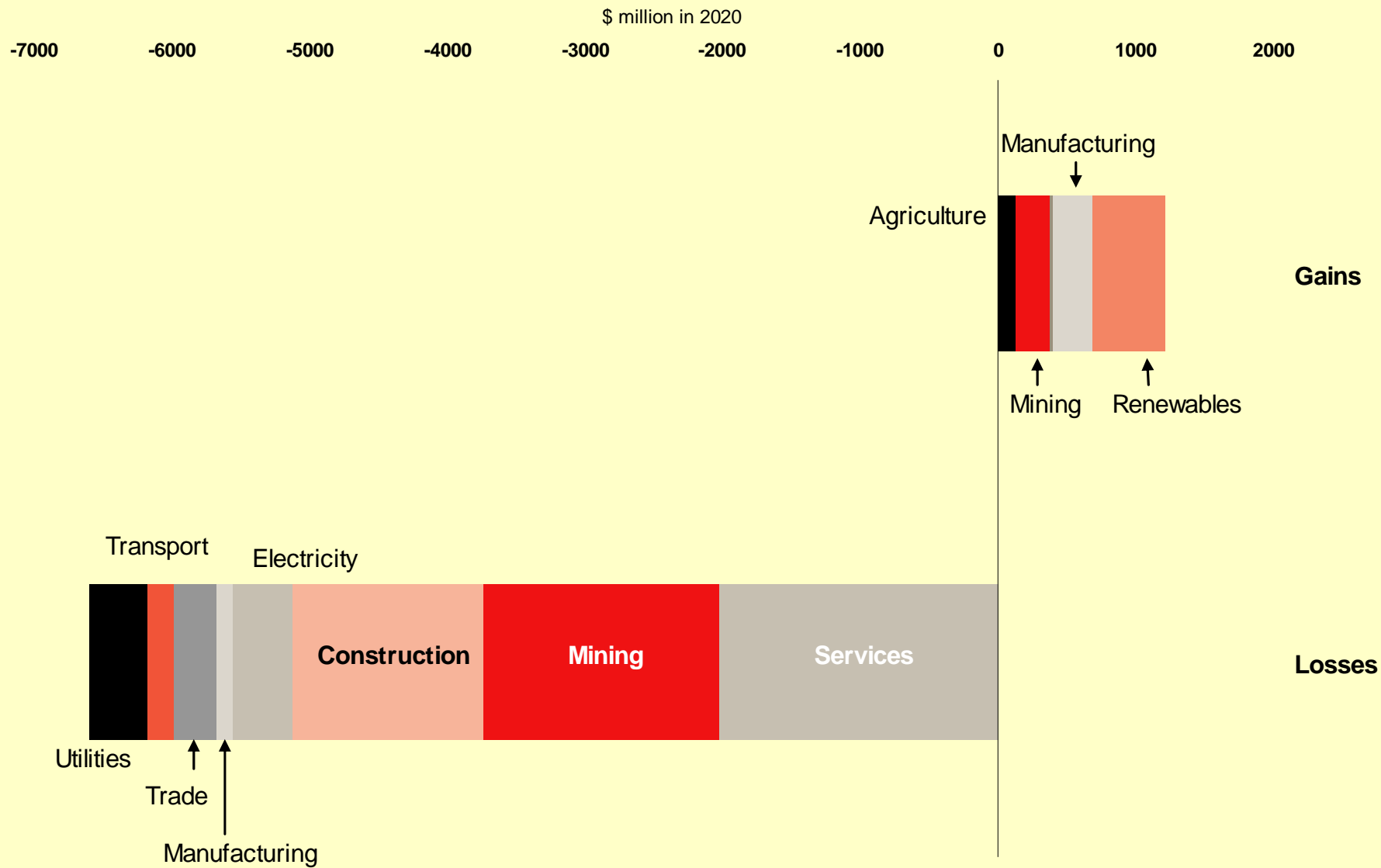
- Most income comes from business
- Everyone has superannuation
- It's business that will create the low carbon economy

# The point?

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

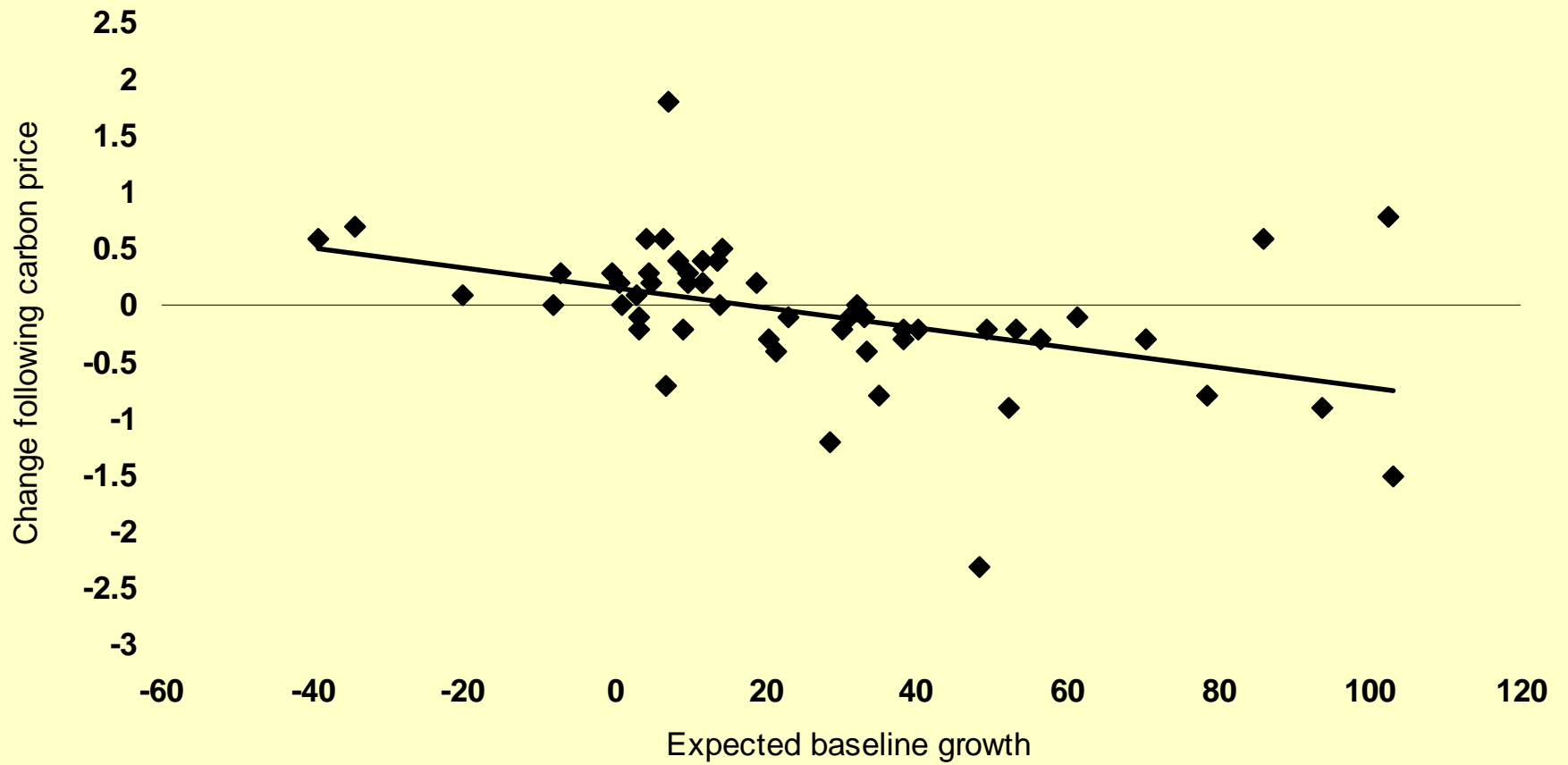
# Some numbers

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



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# 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**

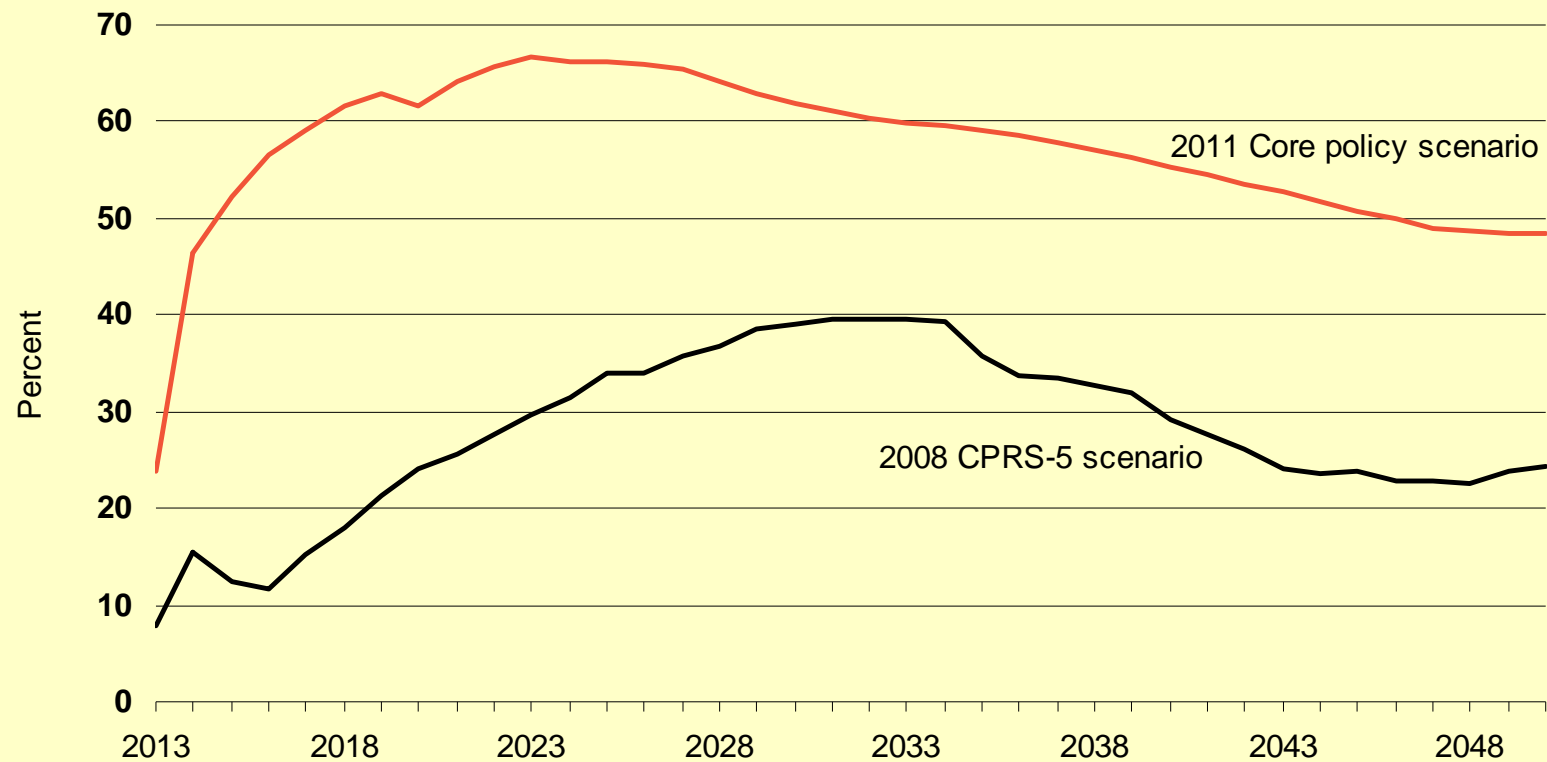
Year	Industry	Sub-Industry	Product	Value	Volume	Price	Weight	CO2 Emissions
2000	Agriculture, Forestry and Fishing	Agriculture	Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2001			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2002			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2003			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2004			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2005			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2006			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2007			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2008			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2009			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000

Year	Industry	Sub-Industry	Product	Value	Volume	Price	Weight	CO2 Emissions
2000	Manufacturing	Food and Beverage	Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2001			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2002			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2003			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2004			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2005			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2006			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2007			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2008			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2009			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000

Year	Industry	Sub-Industry	Product	Value	Volume	Price	Weight	CO2 Emissions
2000	Manufacturing	Textiles, Clothing and Footwear	Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2001			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2002			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2003			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2004			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2005			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2006			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2007			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2008			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2009			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000

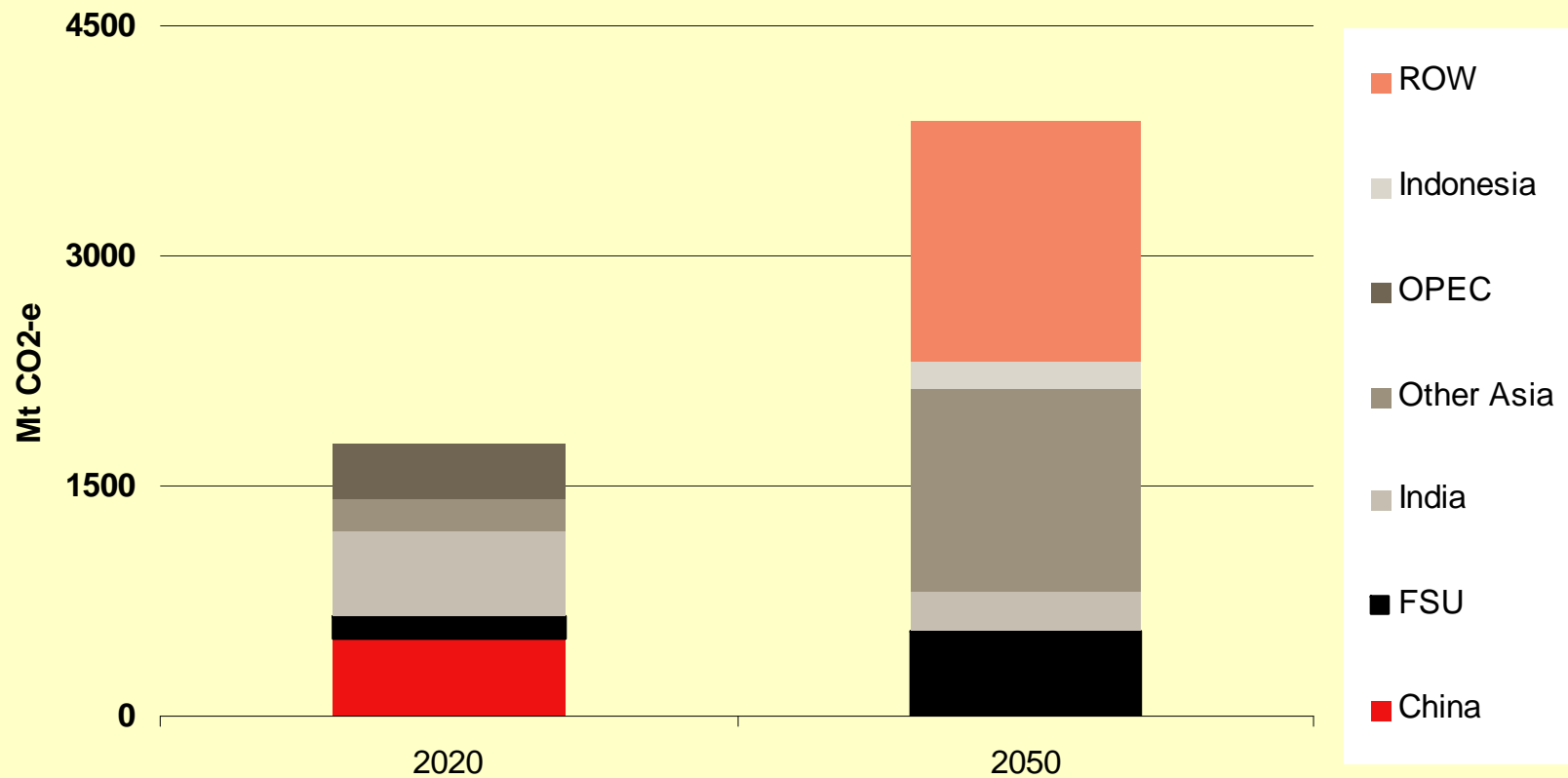
Year	Industry	Sub-Industry	Product	Value	Volume	Price	Weight	CO2 Emissions
2000	Manufacturing	Chemical and Allied Products	Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2001			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2002			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2003			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2004			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2005			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2006			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2007			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2008			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000
2009			Wheat	1000000000	1000000000000	1000000000000	1000000000000	1000000000000

# Purchase of international abatement



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# 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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