

IN CONFIDENCE

Treasury QTB

Category – Liaison to enter

WHAT WILL THE GOVERNMENT DO ABOUT THE IMPACT ON HOUSEHOLDS OF INTRODUCING A CARBON PRICE?

THE GOVERNMENT IS COMMITTED TO TAKING ACTION ON CLIMATE CHANGE.

- There is currently bipartisan support for Australia's emissions reduction targets.
- This Government is committed to backing our emissions reduction targets with a credible long-term policy framework.
- Australia is one of the countries most threatened by climate change.
- Introducing a carbon price will help ensure a smooth and gradual transformation of the economy, as opposed to relying on ad hoc measures that will require steep and costly adjustments in the future.
- Pricing carbon is the lowest cost way of reducing emissions while sustaining strong economic growth and securing our future prosperity.
- The Government will work with the new Multi-Party Climate Change Committee in considering how Australia can introduce a carbon price.

KEEPING GROWTH STRONG AS WE MOVE TOWARDS A LOW EMISSIONS FUTURE IS THE BEST WAY OF SUPPORTING EMPLOYMENT AND SECURING OUR PROSPERITY.

- Putting a price on carbon gives business greater certainty, enabling firms to plan future investment and grow their businesses.
- The Government will keep the economy strong and support employment as we move towards a low emissions future.
 - Alongside responsible action on climate change, enhancing incentives to work and encouraging job creation through sound economic management will help ensure our future prosperity.

THE GOVERNMENT WILL PROVIDE APPROPRIATE SUPPORT TO HOUSEHOLDS AS WE MOVE TO A LOW POLLUTION FUTURE.

- A carbon price will mean the price of carbon-intensive goods will rise.
- The Government will provide appropriate support to households to help them adjust to a low emissions economy.
- The Government will examine how the options for introducing a carbon price will affect households.

OPPOSITION POLICY

- The Coalition does not support a price on carbon and instead has announced its own carbon abatement measures.
 - However, the Hon Malcolm Turnbull MP and two Coalition senators crossed the floor to support the former Government's last attempt to pass the Carbon Pollution Reduction Scheme (CPRS), early in 2010.
- The lower house independents have contrasting views on a carbon price.
 - The Hon Bob Katter MP does not support a price of carbon, has voted against the CPRS and has also praised the 'direct action' of the Coalition (Second Reading Speech, 4 February 2010 refers).
 - Mr Tony Windsor MP voted against the CPRS in May and November 2009, however, he made a commitment to the then Minister for Climate Change "that if agriculture was to be exempted in the Senate, he would be supportive of the legislation" (*The World Today*, ABC Radio, 17 November 2009).
 - Mr Rob Oakeshott MP has supported a price on carbon and previously voted in favour of the CPRS in 2009 and 2010.

BACKGROUND FACTS

- Modelling has shown that taking action to reduce carbon emissions will lower annual economic growth by one-tenth of one per cent (0.1%).
- Taking early action to reduce carbon pollution costs less than delaying action and smoothes the transition to a low pollution economy.
- Introducing a price on carbon is a long-term pro-growth strategy.
- By introducing a price on carbon, the Government will transform the economy and build the low emissions jobs of the future.
- A price on carbon will have a modest impact on carbon-intensive prices.
- Australia is not the only country taking action to reduce carbon pollution. Many developed and developing countries have already introduced measures.