

## GENERAL CLIMATE – ECONOMIC ARGUMENTS

### 1. A PRICE ON CARBON IS A KEY ECONOMIC REFORM THAT IS NEEDED TO GIVE BUSINESS CERTAINTY TO INVEST AND CREATE GREEN JOBS

- A carbon price is a fundamental economic reform that business leaders - like the head of BHP - say will help protect our future global competitiveness.
- Just as the economic reforms of the 1980s put us in a strong position to withstand the impacts of the global financial crisis, this economic reform will help ensure our competitiveness in a low-carbon global economy.
- Certainty about a carbon price will bring on investment in renewables and low emission technologies. Treasury modelling shows that as the world moves to tackle climate change, pricing carbon strengthens the economy by:
  - Locking-in low emissions infrastructure, which will deliver reduced costs for households and businesses in the long-term
  - Keeping our industries at the forefront of emerging technologies, attracting global investment and supporting new jobs
- Many in the Coalition agree a carbon price is necessary and inevitable, and Coalition policy is to review it in 2015. We are all in screaming agreement.

Comment [NHO1]: MQ/BM to check

### 2. A CARBON PRICE IS THE BEST AND CHEAPEST WAY OF MOVING TO A LOW POLLUTION FUTURE

- A price on carbon allows individual businesses to choose the cheapest ways to reduce emissions, rather than relying on government to pick winners.
- Direct action alternatives (like regulation or taxpayer-funded grants) look easier, but as Treasury have confirmed they impose higher and often hidden costs and they won't be able to deliver the reductions needed.

'A carbon price sends business a price signal to invest in clean stuff, not dirty stuff. It doesn't involve micromanaging businesses, which regulations do. It doesn't impose a burden on taxpayers, or require governments to pick winners, which subsidies do.'

*The Economist* - 5 December 2009

### 3. ELECTRICITY PRICES ARE RISING IN THE ABSENCE OF A DUE TO UNCERTAINTY ABOUT A PRICE ON CARBON, AND THE LONGER WE WAIT THE WORSE THIS WILL GET

- In the absence of a carbon price business must build more risk into investment calculations, leading to less investment taking place.
- We have already seen five-year investment forecasts in energy generation fall from \$18 billion in 2009 to \$8 billion in 2010.
- ~~Opposition Delaying to~~ a carbon price will simply increase electricity prices ~~more than is required unnecessarily~~.

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