

From: McKenna, Brendan
Sent: Wednesday, 23 February 2011 4:12 PM
To: Brine, Matthew
Cc: Quinn, Meghan; Smith, Dan; Brown, Colin (RG TAD); Malycha, Kym; Preston, Robb; Hart, Holly; Gallagher, John; Robinson, Marty
Subject: Impact of carbon price on petrol prices [SEC=UNCLASSIFIED]

Importance: High

Security Classification: UNCLASSIFIED

Matt, as requested in relation to the impact of a \$10/tonne carbon price on petrol prices is around:

- * 2.4 cents per litre (excluding GST) – based on direct emissions only (that is, tailpipe emissions). This is what the Government was offsetting under the CPRS package.
- * 2.6 cents per litre (excluding GST) – in total, if you also factor in indirect emissions (ie emissions that occur in the extraction, production and transport of those fuels).

The estimates assume that the cost is passed on in full. The GST would apply to any price increases to the final consumer occurring due to any of the factors above.

Note that the impact will be different for other fuels such as diesel and petrol-ethanol blends (i.e. e10).

Cheers
Brendan

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