

From: McKenna, Brendan
Sent: Monday, 21 February 2011 11:15 AM
To: Smith, Kimberley
Cc: Gruen, David; Quinn, Meghan; Wende, Sebastian; Rimmer, Xavier
Subject: Household impacts of CPRS [SEC=UNCLASSIFIED]
Importance: High

Kimberley, attached is publicly available material on the CPRS impacts for David's meeting with the Treasurer.

CPRS Impacts on households

Modelling undertaken by the Treasury estimated that the CPRS would result in a total increase in the cost of living of around 1.1 per cent over the first two years of the CPRS. This rise was made up of 2 components:

- 0.4 per cent in 2011-12 – based on a \$10 per tonne fixed carbon price in 2011-12; and
- 0.7 per cent in 2012-13 – based on a flexible carbon price in 2012-13, which was estimated to be \$26 per tonne.

The average overall increase in cost of living for households was estimated to be \$624 once the CPRS was fully up and running (originally by the middle of 2013), or about \$12 per week. However, the Government's household assistance package was designed to provide 90 per cent of households with assistance worth \$660 on average to offset those costs.

Household food prices were estimated to rise by less than 1 per cent over these two years. Household electricity prices were estimated to rise by 7 per cent in 2011-12 and 12 per cent in 2012-13. Gas prices were expected rise by 4 per cent in 2011-12 and 7 per cent in 2012-13.

Source: <http://www.climatechange.gov.au/government/initiatives/cprs/carbon-price-design/household-assistance.aspx>

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