

**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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