

Section 22

From: Section 22
Sent: Monday, 27 October 2014 12:48 PM
To: Section 22

Cc: RG TAD Personal Tax and Transfers Unit
Subject: RE: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Thanks everyone for your fast response.

From: Section 22
Sent: Monday, 27 October 2014 12:40 PM
To: Section 22
Section 22
Cc: RG TAD Personal Tax and Transfers Unit
Subject: RE: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Overall QTB looks good to us. S22 comment is also relevant to the Gas dot point, given that the prices rose overall in the quarter (if comparison is made to the point that gas prices should be 7 per cent lower than they otherwise would be).

Cheers,
Section 22

From: Section 22
Sent: Monday, 27 October 2014 12:17 PM
To: Section 22
Section 22
Cc: RG TAD Personal Tax and Transfers Unit
Subject: RE: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Section 22

I'd just note the potential for the 9 per cent estimated fall in electricity prices to be contrasted with the 5.1 per cent observed fall, which might cause some confusion. The answer is that the 9 per cent figure was against a benchmark of what electricity prices would have been with a carbon tax in 2014-15 (and not a fall in prices from 2013-14 levels). The underlying point is that there are factors other than the carbon price affecting electricity prices (which seem to have resulted in rising prices in eg Brisbane). Would be it possible to add something like the words in green?

Regards

Section 22

While it is not possible to quantify the full impact of the removal of the carbon price on the CPI, the immediate effect appears to be a decrease in electricity prices, which fell 5.1 per cent in the quarter (noting that electricity prices are affected by a range of factors, some of which would at least partially offset the impact of removing the carbon price).

From: Section 22
Sent: Monday, 27 October 2014 11:35 AM
To: Section 22
Section 22
Subject: RE: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Sorry – with revised version.

From: Section 22
Sent: Monday, 27 October 2014 11:27 AM
To: Section 22
Section 22
Subject: RE: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Hi all

S22 has asked whether we could add this material to our QTB on the carbon price impacts.

Does this look OK to everyone?

Thanks
Section 22

From: Section 22
Sent: Thursday, 23 October 2014 1:39 PM
To: Section 22
Cc: Section 22
Subject: Dot points on CPI and Carbon price [SEC=UNCLASSIFIED]

Hi Section 22

As requested, please find some dot points on yesterday's CPI release and related carbon price information.

Any questions please let me know

Cheers,
Section 22

- While it is not possible to quantify the full impact of the removal of the carbon price on the CPI, the immediate effect appears to be a decrease in electricity prices, which fell 5.1 per cent in the quarter.
 - Electricity price growth in the September quarter was the weakest since ABS electronic records began.
 - Electricity prices would otherwise normally rise in the September quarter, as states usually adjust their prices at the start of the financial year.
- The ABS point out that electricity prices 'fell mainly due to the removal of the carbon price'.
 - Falls in electricity prices detracted 0.14 percentage points from overall inflation.
 - Electricity prices fell in Sydney (-7.3 per cent), Melbourne (-8.5 per cent), Perth (-4.5 per cent), Hobart (-7.8 per cent), Darwin (-5.8 per cent) and Canberra (-7.9 per cent), but rose in Brisbane (3.4 per cent) and Adelaide (0.3 per cent).
- Gas prices rose 1.2 per cent in the quarter, but this would have been higher had it not been for the removal of the carbon price.

- Some states had already announced rises in gas prices prior to the removal of the carbon price.
- Gas prices fell in Melbourne (-5.3 per cent), Perth (-0.9 per cent), Hobart (-0.9 per cent) and Darwin (-7.9 per cent).
- Gas prices rose in Sydney (12.0 per cent), Adelaide (8.7 per cent), Brisbane (3.9 per cent), and Canberra (7.8 per cent).
- Treasury estimates that ending the carbon tax will reduce the Consumer Price Index (CPI) by around 0.7 percentage points in 2014-15 (compared to a carbon tax of \$25.40 legislated by the previous Government).

