Carbon pricing: industry issues

Australia’s Carbon Price: Good Policy or Not?
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Points to cover…

- Disclaimer
- Unsolicited philosophy
- Some numbers
- Two observations
In the long term..

- And on average…
- Policies are more successful when they have a very clear articulation of costs and benefits.
- Policies falter particularly where benefits are not well articulated or costs are unanticipated.
A ‘business’ category?

- Most income comes from business
- Everyone has superannuation
- It’s business that will create the low carbon economy
The point?

- Not punishment: but to create institutions to harness creativity
- The ultimate test of the policy is whether it does that
Some numbers

- Treasury modelling
- $ change in value added in 2020
- ‘With’ carbon price versus ‘without’ carbon price

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Two observations

- Multitude of measures
- Purchase of foreign abatement
Carbon price

Core carbon price
Transport
HFCs and S-Hex

Renewable energy

Clean Energy Finance Corporation ($10b)
Australian Renewable Energy Agency ($3.2b)
Clean Technology Innovation Program
($200m)
Renewable Energy Target
Existing programs (including CCS)

Development of national energy savings initiative
Low Carbon Communities Program
($330m)
Remote Indigenous Energy Program
($40m)
Household programs
Business programs
Tax Breaks for Green Buildings ($1b)
Building regulations

Energy efficiency

Land based measures

Carbon Farming Initiative
Biodiversity Fund
Carbon Farming Futures

Land based measures
Purchase of international abatement

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Net sellers of abatement

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Issues

- Knowledge of cost of abatement
- Well publicised problems with CDM
- Paying to transform other economies
Thank you

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