

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates – 25–26 February 2009

**Question: aet 54**

**Topic: Carbon Pollution Reduction Scheme - Distribution**

**Hansard Page: E83 (25 February 2009)**

**Senator EGGLESTON asked:**

**Senator EGGLESTON**—What is the estimated take-up of the measure and what will be the distribution of the grants?

**Mr Ray**—That is a question that you should probably ask the relevant department, which is Environment. We did not do the costing. That was done between the department of environment and the department of finance.

**Senator EGGLESTON**—Did you do any assessment of whether you think the benefits from installing solar hot water and insulation outweigh the costs?

**Mr Ray**—Again, I am happy to take that on notice, but that is really going to the nature of what advice we might have provided to government when it was considering the measure.

**Senator EGGLESTON**—I am quite happy for you to take that on notice. Perhaps you could add in why you think households in general do not avail themselves of these technologies if there are cost benefits to be had?

**Answer:**

Information barriers can inhibit households from appropriately valuing energy efficiency options and making well-informed decisions. Households may also have less capacity to respond to energy price signals than businesses. In addition, split incentives can be a problem in this sector. For example, landlords may be disinclined to pay for energy efficiency improvements as they do not benefit from the reduced energy bills.