

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 137

Topic: Carbon Price Scheme and the European ETS

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Senator BIRMINGHAM asked:

Senator Birmingham: Given the way this package is structured, isn't the government effectively gambling on the European price and the European scheme recovering to not end up with some type of black hole in the carbon price scheme?

Senator Wong: Do not talk to us about black holes, really! Have a look on your own side.

Senator BIRMINGHAM: I am looking very closely at your carbon price scheme, and you seem to have put it all on Europe, essentially.

Senator Wong: These are our budget updates. We have made decisions to fund policy. You make promises without funding policy, which is why you are in the mess you are. It is an embarrassment for the party of Peter Costello to be in the position you are.

Senator BIRMINGHAM: And, without recovery in the European ETS, you are going to run a multibillion-dollar black hole in the first year of flexible mechanisms.

Senator Wong: You can go out and explain to people—I am happy to take that question. If the coalition want to be upfront in this estimates that their policy is to increase taxes on working Australians and to lower pensions, please do so.

Senator BIRMINGHAM: You forget that estimates is about government scrutiny, Minister.

Senator Wong: Please do so, because I am sure you do not want to answer that question.

Answer:

From 1 July 2015 the carbon price will transition to a fully flexible price under an emissions trading scheme, with the price determined by the market. The scheme will be linked to credible international carbon markets from the commencement of the flexible price period.

Consistent with the Charter of Budget Honesty, any changes to the carbon price estimates will be reflected in future budget updates.