Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: **AET 80**

Topic: **Carbon Tax – Agricultural Sector**

Hansard Page: **Written**

Senator COLBECK asked:

80. Has Treasury undertaken any modelling of the impacts of the carbon tax on the agricultural sector?

    a. If so, please provide a copy.

    b. What were the major outcomes and how did they compare with the modelling undertaken by the Australian Farm Institute?

    c. If not, are you aware of any part of Government that has undertaken modelling of the impacts of the carbon tax on the agricultural sector?

Answer:

Treasury modelling of the economic impacts of climate change mitigation examines five agricultural sectors as detailed in the *Strong growth, low pollution* (SGLP) report (available at http://www.treasury.gov.au/carbonpricemodelling/content/default.asp). This analysis found that all five agricultural sectors grow more rapidly under a carbon price. Agricultural output is 0.4 per cent higher in 2020 under a carbon price compared to a world without carbon pricing.

The Australian Farm Institute report assumed that 100 per cent of processors' carbon costs would be passed back to farmers and that farmers cannot pass on any costs from higher input prices.

In December 2011, ABARES released the report *Possible short-run effects of a carbon pricing scheme on Australian agriculture*.