

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: **bet 90**

Topic: **Real Wage Growth – CPRS Model**

Hansard Page: **E115-116**

Senator Fisher asked:

Senator FISHER—Ms Quinn, can I take you to the table to which you referred me—and thank you for the copy in the break—at page 151, chart 6.12, which refers to real wages. I want to refer to the note underneath which, I guess consistent with what you suggest, says that, in part, real wages continue to grow under all scenarios. But doesn't that note miss something out, consistent with what you have also said? In saying that real wages continue to grow under all scenarios, doesn't it really mean real wages continue to grow compared with today, when there is no CPRS, but not compared with what they would otherwise would be by, say, 2050 were there no CPRS?

Ms Quinn—No. Under all scenarios real wages continue to grow. In a world with emission pricing they grow slightly more slowly than they otherwise do, but they still continue to grow.

Senator FISHER—Than they otherwise would, you have said earlier?

Ms Quinn—Yes, that is right. They grow slightly slower than they otherwise would, but in all scenarios real wages continue to grow.

Senator FISHER—By how much would real wages continue to grow were it not for any of these models of a CPRS?

Ms Quinn—I do not have the average growth rates for real wages in front of me. I can take that on notice.

Answer:

Average consumer real wages are projected to grow by 1.4 per cent per annum between 2010 and 2050 in the reference scenario (in the absence of a Carbon Pollution Reduction Scheme) in the Government's *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* report.