

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 97

Topic: Emissions Trading Scheme & Unemployment

Hansard Page: E130, E132

Senator Joyce asked:

Senator JOYCE—Have you factored in any increase in unemployment by reason of the emissions trading scheme?

Dr Henry—There has not been any explicit modelling of that particular effect, but in coming to our forecasts for employment and unemployment we have attempted to take account of everything that we understand is going on in the economy.

Senator JOYCE—Under the model that was provided, where it had the seven- to 10-year levelling out of the process, were those figures inputted into this?

Dr Henry—I do not believe that they were explicitly fed in as such, Senator. Again, I could take that question on notice, but I do not believe so.

...

Senator JOYCE—That would be good. The modelling that was done by Treasury on the emissions trading scheme has not been factored in, in a quantifiable amount, in delivering the numbers into the model for unemployment that comes up with the 8.5 per cent figure—yes or no? Was a number dropped in and you said, ‘Bang, that is the number for unemployment from the emissions trading scheme—we had better factor that in’?

Dr Henry—No, it would not have been factored into chart 17, which terminates at June 2011.

Senator JOYCE—I know it was not factored into chart 17 because, as we have come to the realisation, chart 17 is prior to the emissions trading scheme. Have you factored it out? Without making any assertions or otherwise by the emissions trading scheme, have you factored in the unemployment number from the emissions trading scheme into any projection on unemployment in any, way shape or form in forward figures?

Dr Henry—Not explicitly, I think. As I said earlier, I am taking that question on notice. I do not believe that we have explicitly done so.

Senator JOYCE—If you had factored it in, what would it have increased by?

CHAIR—Senator Joyce, the question was taken on notice. That is contingent on that question being answered.

Answer:

The unemployment projections in Chart 17 of Budget Paper No.1 terminate at June 2011, which is before the commencement of the Carbon Pollution Reduction Scheme (CPRS) on 1 July 2011, as announced by the Government in May 2009. Therefore, the projections do not include any impacts from the CPRS.