

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 23

Topic: Carbon Tax Modelling #2

Hansard Page: Written

Senator Birmingham asked:

- a) Has the Department conducted any studies to demonstrate how many emissions will be saved by a carbon tax between 1 July 2012 and 1 July 2017 or whenever the scheme goes into its trading form?
- b) If it is in 2014 and the target remains at 24 per cent below 'business as usual' by 2020, how much would the tax have to be meet this target if Australia 'goes it alone' or how many international permits will have to be acquired in the last three years by industry or government to meet the obligation?

Answer:

(a) The report *Strong growth, low pollution: modelling a carbon price* projects that cumulative abatement of domestic emissions over the first three years of the scheme will be around 60 Mt of CO<sub>2</sub>-e in the core policy scenario modelled.

(b) The report *Strong growth, low pollution: modelling a carbon price* projects that the target of a 5 per cent cut in emissions below 2000 levels by 2020 will be met through both domestic and internationally-sourced abatement. Over the three years to 2019-20, the report projects that around 250 Mt of CO<sub>2</sub>-e abatement will be sourced overseas in the core policy scenario modelled. Note that in all scenarios in the report, foreign countries undertake some action to reduce emissions in line with their international commitments.