

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 25

Topic: Carbon Tax Modelling #4

Hansard Page: Written

Senator Birmingham asked:

How will the Government ensure equity between emissions-intensive trade-exposed (EITE) industry that use the revenue methodology and value add and what studies has Government done to ensure those industries are not disadvantaged by the proxy method adopted?

Answer:

The calibration of value added thresholds to be consistent with those for revenue, reflected data from the Australian Bureau of Statistics National Accounts Input Output Tables, 2004-05, as described in the Carbon Pollution Reduction Scheme White Paper in 2008 (p.12-35). These data show that, on average, revenue is around three times higher than value added for the most emissions intensive industries in the economy, and that this ratio has remained relatively stable over time. Across the whole economy, revenue is a little higher than three times the value added, reflecting the higher level of intermediate inputs used in non-emissions intensive sectors such as retail and wholesale trade and accordingly the three to one ratio is at the generous end of the range determined from the ABS tables.