

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 636 - 639

Topic: Clean Energy Future Plan

Hansard Page: Written

Senator Birmingham asked:

636. In what year will the government's clean energy package become budget positive?
637. What will the budget impact of the government's clean energy future plan be in each year to 2020 (inclusive)?
- a) What assumptions are made about changes to industry or household assistance in this model?
638. Has the Treasury modelled the budget impact of the government's clean energy future plan beyond 2014-15? If so, what is the impact of that modelling?
- a) If not, how can the government claim the package will operate in a revenue neutral way?
639. In the total period of operation of the government's clean energy future plan to 2020 will the package produce a net budget surplus, a net budget deficit or be revenue neutral?
- a) Please quantify the estimates of that impact.
- b) If unable to say, what factors will impact on its budget implications?
- In the total period of operation of the government's clean energy future plan to 2050 will the package produce a net budget surplus, a net budget deficit or be revenue neutral?
- a) Please quantify the estimates of that impact.
- b) If unable to say, what factors will impact on its budget implications?

Answer:

636. The most recent fiscal estimates of the Clean Energy Future Package are contained in the explanatory memorandum to the Clean Energy Bill 2011. The package is expected to have a positive cash impact in 2014-15.
637. Treasury has not projected the budget impact of the Clean Energy Future plan beyond the forward estimates. Longer term costings have a low reliability and can be influenced by a number of uncertain factors including variations in international carbon prices, the terms of trade and the value of the Australian dollar.

Given the uncertainty regarding medium to long term forecasts, the Government has produced estimates of the fiscal impact of the scheme over the forward estimates period only.

The most recent estimates are contained in the explanatory memorandum to the Clean Energy Bill 2011. A full economic update will be published in the 2011-12 Mid-Year Economic and Fiscal Outlook. The budget impact of the Clean Energy Future plan will be reflected in the published budget balances.

The Government has stated the Clean Energy Future plan will be delivered in a manner that is consistent with the Government's overall fiscal strategy.

638. See answer to 637.

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