

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates Hearing 2013-14
21 November 2013

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Carbon price and the impact on the auto industry

REFERENCE: Written Question – Senator Carr

QUESTION No.: SI-63

Regarding the carbon price and the impact on the automotive industry:

1. Has the Department modelled the cost impost per vehicle of the carbon price on Australian made cars?
2. What was the cost?
3. What carbon price is this modelling based on?
4. Has that cost per vehicle changed since any previous calculations undertaken prior to the election?
5. Is the claim that the carbon tax adds an extra \$400 to the cost of every Australian made vehicle substantiated by any calculations undertaken by the Department?

ANSWER

1. Modelling was undertaken by the Climate Change Division of the former Department of Industry, Innovation, Science, Research, Climate Change and Tertiary Education.
2. The modelling estimated the carbon price would add around \$50 to the cost of manufacturing a vehicle in Australia. There would be a similar impact on the supply chain but this would not be passed through to the motor vehicle producers due to their trade exposure.
3. \$24.50 a tonne.
4. No.
5. The estimate that the carbon price will add \$400 to the price of an Australian-made vehicle is based on a report by PricewaterhouseCoopers Australia that placed the price impact between \$220 and \$412 per vehicle based on a carbon price of \$20 to \$30 a tonne. This study, which was commissioned by the Federal Chamber of Automotive Industries and the Federation of Automotive Products Manufacturers, was released prior to the introduction of the carbon price and did not take account of assistance to industries which supply inputs to automotive production.