

Carbon price impact likely to be 7% smaller in regional Australia, says new CSIRO-AECOM research

New independent analysis by CSIRO and AECOM has found that the effect of the carbon price will be around 7 per cent smaller for people living in regional Australia.

The national report, *The Carbon Price and the Cost of Living*, launched in Melbourne today, was commissioned by independent research organisation The Climate Institute with input from consumer advocate CHOICE and the Australian Council of Social Service.

“The 7 per cent difference is explained by regional Australians tending to consume less than city households, on average, and particularly because they use less energy. This means the carbon price will have less of an impact and most regional households will end up with more money in their pocket after government assistance is factored in,” said Climate Institute CEO John Connor.

“It’s nice to know those living in regional Australia are getting some reward for their resourcefulness.”

While the research found that the average family living outside of a capital city will see their weekly costs rise by around \$8.70 per week compared to \$9.40 for city dwellers, this will be fully offset for many households by tax cuts and other assistance introduced as part of the reform. The CSIRO-AECOM report also confirms many households will be better off.

CHOICE, ACOSS and the Climate Institute also launched a new website and online calculator today to help households weigh up their own costs, financial support and potential savings. The household calculator can be found at the yourcarbonprice.com.au website, which also offers advice on energy efficiency savings.▣

“After such a ferocious political debate, it’s no surprise Australians feel confused about what the carbon price will really mean for everyday items such as food and electricity. This confusion also increases the risk of businesses passing on unrelated costs to unsuspecting consumers. That’s why this research is so important: allowing households to work out costs and savings for themselves, with figures and information independently and rigorously researched by the CSIRO and AECOM,” said CHOICE spokesperson Matt Levey.

The CSIRO-AECOM research shows the effects on households are likely to be smaller than anticipated. It calculates Australia’s carbon pollution price will add 0.6 per cent to inflation in 2012-13. This is less of an impact on the economy than estimated by Treasury modelling, and may be even smaller as the modelling assumes a 100 per cent pass-through of costs by businesses to consumers – unlikely in most cases.

“Communities are looking for real information about their day-to-day costs and savings. For example, the carbon pollution price initially translates into 2 cents extra for bread and a litre of milk, 11 cents for a leg of lamb and 14 cents for a weekly spend on fruit and vegetables. But once you factor in ongoing government

assistance, those weekly costs are largely covered and most people end up with money in their pocket," said ACOSS CEO Dr Cassandra Goldie.#

"Energy efficiency can put households even further ahead. The latest estimates* show many families could be another \$12.75 better off per week – that is, \$663 per year– by making just four small changes in the home," said Climate Institute CEO John Connor.

The CSIRO-AECOM study also compares the effect of the carbon pollution price with other inflationary events such as the introduction of the GST, Cyclone Yasi and the mining boom.

It finds that the impact on prices of the 2001 GST was more than four times bigger (2.5 per cent) than the carbon price, while fruit prices, led by bananas, spiked by a massive 70 per cent after the damage of Cyclone Yasi.

The study reports that without domestic and global action to slow down climate change, extreme weather is likely to have an impact on basic food prices twenty times greater than the carbon price by 2050.

"Potentially, Australia can cut up to 1 billion tonnes of pollution by 2020 with a carbon price and limits on pollution. This report demonstrates that the nation will continue to prosper while achieving an environmentally strong outcome – helping to manage the risks of climate change," said Mr Connor.

**(energy efficiency figures supplied by Sustainability Advice Team p/l; Pitt&Sherry)*

**(These figures have been calculated based on the CSIRO-AECOM results.)*

‡The CSIRO-AECOM research underpins the figures used in the new online savings calculator at yourcarbonprice.com.au, as well as a national information program available to councils, schools, faith groups, business groups and other organisations.

Download Full Report (CSIRO/AECOM):

http://www.climateinstitute.org.au/images/reports/csiroaecom_carbonpriceandcostofliving_report_nov2011.pdf

Download Summary (CSIRO/AECOM):

http://www.climateinstitute.org.au/images/reports/csiroaecom_carbonpriceandcostofliving_summary_nov2011.pdf

Download Spotlight Report (The Climate Institute/CHOICE/ACOSS):

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