

Carbon price here to stay: Australian research

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The carbon price is set to make its mark, according to a new ANU study. Photo by ArbyReed/flickr.com

The future of the Carbon Tax may be uncertain, but a carbon price is here to stay, according to research from The Australian National University.

The research, by Dr Frank Jotzo of the Crawford School of [Public Policy](#) in the ANU College of [Asia and the Pacific](#), surveyed the views of Australian large emitters, carbon financiers and carbon market experts. The study has been released today with a commentary in Nature.

Dr Jotzo found that 79 per cent think that there will be a carbon price in 2020, but 38 per cent think the current scheme will be repealed by the end of 2015. Of those who expect the scheme to be repealed, half think

that a carbon price will be reinstated in Australia by 2020.

“The research shows a pervasive uncertainty about the future of Australia’s carbon pricing mechanism. But most respondents think that the carbon price is here to stay. The result is a powerful one in light of the current deep political division in Australia between parties supporting carbon pricing, and parties rejecting it, “said Dr Jotzo.

The study also found significant variation of predictions about the future carbon price.

“The average expected carbon price for the first three years of Australia’s scheme is near the fixed price of \$23 per tonne of carbon dioxide equivalent,” said Dr Jotzo. “But it then falls to a predicted \$11 per tonne for 2016, before rising back to \$22 per tonne in 2025. A majority of respondents expect a price floor to be in place.

“Averages, though, mask a huge variation of expected outcomes. While 20 per cent of respondents expect a zero effective carbon price at 2020 and 2025, at the other end of the spectrum 20 per cent of experts expect a carbon price of \$35 tonne or more in 2025.”

Dr Jotzo added that the survey – conducted by the Centre for Climate Economics and Policy - revealed that larger emitters are already taking actions to reduce emissions, despite the political uncertainty.

“The majority of [Australia](#)’s major carbon emitting companies have already taken action to reduce their emissions, and even more expect to make such investments over the next three years.

“Industry is not letting policy uncertainty get in the way of some action to reduce greenhouse gas emissions,” he said.

Provided by Australian National University

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