

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 40

Topic: **Climate Change –
Emissions Trading**

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Senator FIELDING asked:

Senator FIELDING—The next step, once emissions trading is sorted through, is to put in place government policy. I assume the model is being done in parallel with that work in some way?

Mr Tune—Yes, that is correct. We will be feeding in the results for the impacts of the target that we were talking about earlier, and the trajectory to get to that target and the impacts on the economy, different sectors of the economy, including the agricultural sector and the distributional consequences. It is a process whereby we are feeding in material to that review and that will help inform the government's decision making, and try to put some numbers against some of the impacts.

Senator FIELDING—You articulated before that the assumptions around that model are critical. Will we see those assumptions? When they are finally worked through, will we see those assumptions? Those will be critical.

Mr Tune—We are wanting to be as open as we possibly can on this stuff, yes.

CHAIR—Are there any other questions on this climate change area?

Senator FIELDING—Are you going to take that on notice? Can I have an answer 'yes' or 'no'?

Mr Tune—The assumptions are changing. They are not settled.

Senator FIELDING—I assume it will always be ongoing, but it will be completed enough to be input to the economy?

Mr Tune—That is correct.

Senator FIELDING—Will we see those assumptions? It is very important that we see those assumptions.

Ms Mrakovcic—The report is to the government so it will be a matter for the government to determine.

Senator FIELDING—The output is but I think the assumptions behind them are important.

Senator Sherry—I will take that on notice and speak to the Treasurer about that.

Answer:

Yes. Detailed, comprehensive accounts of the methodologies, assumptions and results of the Treasury's economic modelling will be published. The results will also form part of the report of the Garnaut Climate Change Review.