

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

10 – 11 February 2010

**Question: aet 99**

**Topic: Future Emissions Trading Scheme Modelling**

**Hansard Page: E50-E51 (11/02/2010)**

**Senator BOSWELL asked:**

**Senator BOSWELL**—That is okay. As Senator Sherry suggests, and I take him on his word, I cannot argue with you, but I think this will be revisited on your answers as long as you are prepared to stand by them. Copenhagen has turned to custard, as I have said, and that has reduced the likelihood of an international agreement to participate in an ETS. Does Treasury intend modelling a realistic scenario of Australia proceeding with an ETS in the absence of an international agreement?

**Mr Ewing**—The modelling that Treasury does is at the direction of the government so Treasury intends nothing. It is entirely at the government's direction what we will model in the future.

**Senator BOSWELL**—Then I will direct my question to Senator Sherry.

**CHAIR**—You might want to repeat your question, Senator Boswell.

**Senator BOSWELL**—Sure. The modelling assumptions were based on the rest of the world going into an ETS. That is clear and I have read your assumptions out as it was all explained to me. Now I am asking that, since it is well established that the major emitters—India, China, the US and Brazil—are not going ahead with an ETS, are you prepared to do remodelling on the assumptions and put in the assumptions that these people are not going in?

**Senator Sherry**—What I will do, Senator, is I will take that on notice. I have to take that on notice. I am sure the Treasurer would want to consult with Senator Wong, so I will have to take that on notice.

**Answer:**

No further modelling of international scenarios has been undertaken by the Treasury.

The Government has undertaken the largest and most detailed modelling project in Australia in order to assess the economic implications of the Carbon Pollution Reduction Scheme (CPRS). The Government's *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* (ALPF) report focuses on the global and Australian costs of climate change mitigation.

In the ALPF report, the CPRS scenarios assume a multi-stage approach. Australia's level of mitigation effort is taken as the starting point. Developed economies take comparable action, and developing economies join the scheme over the period 2015 to 2025.

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The proposals eventuating from the United Nations Framework Convention on Climate Change conference in Copenhagen last year are broadly consistent with the ALPF's multi-stage approach outlined above.