

Senate Standing Committee on Finance and Public Administration
ANSWER TO QUESTION ON NOTICE
Prime Minister and Cabinet Portfolio
Department of Climate Change
Additional Budget Estimates Hearing—February 2009

Written question reference: CC1

Outcome/Output: Response to climate change

Topic: Emissions Trading

Hansard Page: F&PA 118-119

Question: (Senator Xenophon)

Senator XENOPHON—But it is uncharted territory—in a sense—with the WTO. Isn't it?

Mr Comley—The WTO has not looked at a precise Australian scheme for assistance to a set of industries— that is true. But the WTO implications of this were in the mix of considerations when the policy was designed. Can I just add something on the previous question. A colleague has brought to my attention that the IEA and the OECD have both produced reviews on the Australian ETS design compared with the European system. We would be happy to forward that material to you for your information.

Senator XENOPHON—Perhaps it would be more appropriate if you forwarded it to the committee.

Answer:

There are a number of Organisation for Economic Co-operation and Development (OECD) and International Energy Agency (IEA) studies that have compared emissions trading schemes around the world, including the Australian and European emissions trading schemes. This is part of ongoing analysis by the OECD and IEA of emissions trading schemes either being planned or implemented. The Department and the Australian Government drew on these and other studies in learning lessons from other countries and examining design features that would be suitable for the Australian scheme (for example, use of price caps and banking).

IEA 2005 New Commitment Options: Compatibility with Emissions Trading

<http://www.oecd.org/dataoecd/62/40/35798709.pdf>

OECD 2006 Linking Greenhouse Gas Emission Trading Systems and Markets

<http://www.oecd.org/dataoecd/45/35/37672298.pdf>

IEA 2007 Emissions Trading Trends and Prospects

http://www.iea.org/textbase/papers/2007/ET_Trends&Prospects.pdf

OECD 2008 Climate Change Mitigation - What do we do?

<http://www.oecd.org/dataoecd/31/55/41751042.pdf>

The OECD also undertook an Economic Survey of Australia in 2008 (Attachment A). The box on page 114 of this document provides analysis of key elements of the Carbon Pollution Reduction Scheme Green Paper design.