



14 October, 2011

Senator Mathias Cormann  
Chair  
Senate Select Committee on the Scrutiny of New Taxes  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Senator Cormann,

**INQUIRY INTO A CARBON TAX: QUESTION ON NOTICE – MODEL AVAILABILITY.**

I am writing in response to the letter I received from the Committee Secretary of the Senate Select Committee on the Scrutiny of New Taxes regarding the availability of the models used in producing the reports *Australia's Low Pollution Future: the Economics of Climate Change Mitigation (ALPF)* and *Strong Growth, Low Pollution: Modelling a Carbon Price (SGLP)*.

Your letter sought answers to the following Questions on notice:

1. Is the version of the GTEM model and the data and assumptions actually used by Treasury in its carbon pricing scheme work released in 2008 and 2011 publicly available? If so, where can it be purchased from?
2. Can you provide any other information that would assist interested stakeholders purchase the models used in the 2008 and 2011 carbon pricing modelling?

The GTEM model, in common with other complex models, encompasses four components: model code, database, exogenous assumptions including scenario design assumptions; and software. The access arrangements for the GTEM model differ across the four components reflecting intellectual property and licensing arrangements.

- The intellectual property of the GTEM model code rests with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) within the Commonwealth Government. Treasury worked with ABARES during the ALPF modelling exercise and more recently. A version of the GTEM model code was released in 2000 and documentation for the GTEM model code was released in 2007; both are available free of charge from the ABARES website. In undertaking the 2008 and 2011 modelling, further refinement was made to the GTEM model.
- The underlying GTEM database is a joint product of ABARES and the Global Trade and Analysis Project (GTAP). Release of the GTEM model database is therefore subject to licensing arrangements being made for the GTAP component.
- The exogenous assumptions used in the ALPF and SGLP modelling exercise are explained in detail in the two published modelling reports.

- The software required to use the GTEM model is available for purchase from Monash University.

Any request for further information associated with the GTEM model is a matter for government, subject to licencing arrangements in the case of GTAP, and should be directed to the Deputy Prime Minister.

Yours sincerely

David Gruen  
Executive Director  
Macroeconomic Group