

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 100

Topic: ETS – Formal Modelling Process

Hansard Page: E51-E52 (11/02/2010)

Senator JOYCE asked:

Senator JOYCE—Mr Ewing, was your modelling process a formal modelling process?

Mr Ewing—I am sorry, I am not entirely sure what it is about our modelling process you are referring to.

Senator JOYCE—Was your modelling process peer reviewed?

Mr Ewing—We engaged a range of consultants with our modelling, including some of the foremost experts in this sort of modelling in Australia, and they reviewed many aspects of our modelling, yes.

Senator JOYCE—Was it holistically peer reviewed, across all facets of it?

Mr Ewing—I believe that every substantive facet of the modelling was peer reviewed, yes.

Senator JOYCE—Every substantive facet, but not all of it?

Mr Ewing—I would have to take that on notice. There were a lot of aspects of our modelling—

Senator JOYCE—There were a lot of aspects that were not formally modelled?

Mr Ewing—No, I am saying that there were a lot of aspects which go into assembling our formal modelling and I would have to take on notice the extent to which all of those aspects were peer reviewed. As you may be aware, we used a suite of models, there were different consultants and experts involved in each stage of the process, so I would need to take on notice the exact status of every single piece of the modelling.

Answer:

The design of the Government's CPRS policy has benefited from a substantial body of analysis, including economic modelling, in Australia and overseas, dating back over two decades.

The Government has undertaken the largest and most detailed modelling project in Australia in order to assess the economic implications of the CPRS. The Government's *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* report along with the Green and White Papers all place substantial information in the public domain to inform the public of the likely economic implications of introducing emission pricing.

The following parties were consulted by Treasury as part of the Climate Change Modelling Program:

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Domestic parties

| | |
|--|---|
| A3P | Dow Chemicals (Australia) Limited |
| ACIL Tasman | Energy Development Limited |
| Alstom Power Systems | Energy Supply Association of Australia (ESAA) |
| Anglo coal | Energy Users Association of Australia (EUAA) |
| Asciano | Environment Business Australia |
| Australasian Railway Association Inc | Frontier Economics |
| Australia Petroleum Production and Exploration Association (APPEA) | Future Fuels Forum participants |
| Australian Aluminium Council | Geodynamics |
| Australian Bureau of Agricultural and Resource Economics (ABARE) | Government Relations Australia |
| Australian Bureau of Statistics (ABS) | Graeme Pearman |
| Australian Coal Association (ACA) | Griffin Energy |
| Australian Conservation Foundation (ACF) | Hawker Britton |
| Australian Energy Regulator (AER) | Heuris |
| Australian Gas and Light Company (AGL) | Hydro Tasmania |
| Australian Industry Greenhouse Network (AIGN) | InterGen |
| Australian Institute of Petroleum | International Power |
| Australian Vinyls Corporation Pty Ltd | Lawrence Berkeley National Laboratory (LBNL) |
| Basell Australia | Master Builders Association |
| BHP Billiton | McKinsey |
| Bluescope steel | McLennan Magasanik Associates (MMA) |
| British Petroleum (BP) | National Generators Forum |
| Bureau of Infrastructure, Transport and Regional Economics (BITRE) | NEMMCO |
| | NSW Treasury |
| | NT Treasury |

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| Bureau of Rural Sciences (BRS) | OneSteel |
| Business Council of Australia (BCA) | Orica Australia Pty Ltd |
| Carbon Trust | Origin Energy |
| Carnegie | PB power |
| Cement Industry Federation (CIF) | Plastics and Chemicals Industry Association |
| Centre of Policy Studies (COPs) | Price Waterhouse |
| Chevron | Productivity Commission |
| Climate Institute | Qantas |
| COAG Complementary Measures Sub-Committee | Qenos Pty Ltd. |
| Commonwealth Scientific and Industrial Research Organisation (CSIRO) | Queensland Treasury |
| Coogee Energy Pty Ltd | Reserve Bank of Australia |
| CPR Communications | Rio Tinto |
| CRA International | Santos |
| CSR | Tasmanian Treasury |
| Deloitte | The Centre for International Economics (CIE) |
| Department of Climate Change roundtable consultations: industry, non-government organisations and agriculture/forestry sector | TruEnergy |
| Department of Environment, Water, Heritage and the Arts | Victorian Treasury |
| Department of Foreign Affairs and Trade | Warwick McKibbin |
| Department of Innovation, Industry, Science and Research | Will Steffen |
| Department of Resources, Energy and Tourism | Woodside Petroleum |
| | World Wildlife Fund – Australia |

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International parties

EPRI

Resource for the Future

IMF

US EPA

Congressional Budget Office (US)

National Centre for Energy Policy

World Resources Institute

King Review

OECD

Centre for European Policy Studies

IEA

Office of Climate Change

IETA

UK DEFRA

Eurelectric

Bank of England

EC Environment DG

UK Dept for Business Enterprise &
Regulatory Reform

EC Enterprise and Industry DG

LSE

UK Dept for Transport

Point Carbon

HM Treasury

Cambridge University

Chatham House

Centre for Clean Air Policy