

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 75

Topic: Emissions Trading Scheme

Hansard Page: E35

Senator Eggleston asked:

Senator EGGLESTON—What are the short to medium-term costs that you anticipate to the Australian economy from an ETS, including effect on growth rate, productivity growth, employment and, as previously mentioned, inflation? Are you able to comment on any of those points?

Ms Mrakovcic—Only to the effect that they will depend on the design of the emissions trading scheme.

Senator BUSHBY—You mentioned that you could not comment on the timetable that has been set because that is properly in another department's hands. Presumably you are aware that there has been a timetable set, even though you cannot confirm what the time lines are. Has Treasury been asked to deliver its part of the overall ETS regime presumably based around the modelling by a certain time to fit in with that timetable?

Ms Mrakovcic—You would have to ask that question of other areas of Treasury that are more directly associated with that.

Senator BUSHBY—Maybe the minister can answer that. Has Treasury been asked?

Senator Sherry—I would need to take that on notice.

Answer:

Treasury is undertaking a comprehensive economic modelling exercise of the macroeconomic, sectoral and distributional impacts of greenhouse gas emissions reduction targets and trajectories on the Australian economy. The Treasury modelling is expected to be released in October 2008, and will be an input into the Government's decision on medium-term emissions reduction targets.

The Treasury modelling also underpins the Garnaut Climate Change Review's analysis of the costs of reducing emissions (that is the costs of mitigation). This modelling will be published in the Garnaut Review's Supplementary Draft Report in August 2008.