

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 84**

**Topic: Sectoral Modelling - CPRS**

**Hansard Page: E100**

**Senator Eggleston asked:**

**Senator EGGLESTON**—....I would like to ask you some other questions about sectoral modelling. The aim of these questions is to try to determine whether or not Treasury's modelling does assess sectoral impacts. Firstly, the work of Concept Economics for the Minerals Council of Australia, who appeared before this committee last Friday, included a table showing the impact of the CPRS on output in key sectors of the Australian economy by 2020. To enable a simple comparison of this work with Treasury modelling, has Treasury a similar table of the impact of the CPRS on key sectors of the Australian economy by 2020 that could be used as a comparison?

**Ms Quinn**—I can take that question on notice.

**Senator EGGLESTON**—Thank you very much.

**Answer:**

The table that Senator Eggleston refers to appears to be in the report prepared by Concept Economics for the Minerals Council of Australia (MCA) *The Employment Effects in the Australian Minerals Industry from the Proposed Carbon Pollution Reduction Scheme in Australia*, specifically table 3 on page 10. This table reports the sectoral impacts on production in terms of deviation from an unspecified reference scenario. Given that the reference scenario is not documented in the report, it is difficult to precisely compare the sectoral output results.

The Government's *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* report contains sectoral results in table 6.11 which presents deviations from a well documented reference scenario with detailed results for four policy scenarios. Table 1 below provides the same calculation as table 6.11 for the year 2020. The results across sectors are broadly similar to the MCA report, except for the mining and smelting industries. The MCA report notes that they have made 'off-model' adjustments to the mining and smelting industries to take account of 'the lumpy nature of the long lived assets in these industries'. The MCA report provides no further details on what those adjustments are, or how important they are for the results.

**Table 1: Gross output, by sector, 2020**

<b>Industry</b>	<b>Change from reference scenario CPRS -5 per cent</b>	<b>Change from 2008 CPRS -5 per cent</b>
Sheep and cattle	-2.6	31
Dairy cattle	0.2	37
Other animals	-0.3	41
Grains	0.9	41
Other agriculture	0.6	49
Agricultural services and fisheries	1.1	58
Forestry	36.5	93
Coal mining	-6.5	35
Oil	-0.1	1
Gas mining	-2.8	37
Iron ore mining	1.6	68
Non-iron ore mining	-1.8	28
Other Mining	0.4	27
Meat Products	-1.1	48
Other Food	0.4	44
Textiles, Clothing and footwear	0.9	33
Wood Products	1.9	44
Paper Products	0.6	39
Printing	-0.2	36
Refinery	-6.7	34
Chemicals	-0.1	-17
Rubber and plastic products	-0.2	11
Non-metal construction products	-0.4	26
Cement	-1.8	21
Steel	-0.5	18
Alumina	-4.4	58
Aluminium	-19.3	22
Other metals manufacturing	-0.1	-44
Metal Products	-1.2	23
Motor Vehicle and Parts	0.4	31
Other Manufacturing	0.0	30
Electricity Coal	-36.7	-12
Electricity Gas	17.5	43
Electricity Oil	15.9	16
Electricity Hydro	10.4	35
Electricity: Non-hydro renewables	347.4	531
Electricity Supply	-14.7	14
Gas Supply	-0.8	26
Water Supply	-1.1	24
Construction	-2.0	25
Trade	-0.8	35
Accommodation & Hotels	-1.5	43
Road Passenger	-1.5	61
Road Freight	-0.3	48
Rail Passenger	1.5	80
Rail Freight	-0.6	60
Water Transport	-0.6	44
Air Transport	-1.4	156
Communications	-0.8	68
Financial Services	-0.4	52
Business Services	-0.5	70
Dwelling	-0.5	35
Public Services	-0.2	46
Other Services	-1.2	37

Note: Output of the forestry sector is based on land area.  
Source: Treasury estimates from MMRF.