

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: 418

Topic: Exogenous assumptions in the GTEM modelling

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Senator Cormann asked:

Senator CORMANN: I am asking the question here, Minister. Ms Quinn before said how exogenous assumptions in some models can be endogenous in other models. I am asking specifically: in the GTEM model, exogenous assumptions are made by Treasury—and this is Treasury's own work; nobody else is involved—have all of these exogenous assumptions in the GTEM model made by Treasury been publicly released?

Ms Quinn: I would have to take that question on notice.

Senator CORMANN: So you do not know that off the top of your head?

Senator Wong: She is entitled—

Ms Quinn: I do not have the full list of exogenous variables before me so I cannot answer that question.

Answer:

The Australian Government has released a large amount of information on the modelling for the *Strong Growth, Low Pollution: Modelling a Carbon Price* (SGLP) report. To ensure transparency, the report includes detailed information about the assumptions and frameworks used and the range of scenarios modelled to explore different environmental targets and design features of a carbon price scheme. All of the data behind the charts from the report have been made available on the Treasury website, for the reference scenarios and for the four alternative policy scenarios modelled.

Details of exogenous assumptions in the GTEM model used by Treasury are in Appendix B of the SGLP report (pages 149-180). Where the assumptions used are the same as those in Treasury's 2008 modelling, further information can be found in Annex B of the *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* (ALPF) report (225 – 261).

As the exogenous assumptions cover 13 regions and 19 sectors (with further disaggregated technologies for electricity, transport and iron and steel sectors) over the whole modelling period in GTEM, the data are generally published as an average over relevant periods, an aggregate across sectors or published only for the most relevant sectors.