From:
Sent: Friday, 13 January 2012 10:25 AM
To:
Subject: FW: Attention: - Correspondence from the Senate Select Committee on
Scrutiny of New Taxes dated 27 September 2011
Attachments: Letter to SSCSNT re Availability of models.docx

From:
Sent: Friday, 30 September 2011 6:15 PM
To:
Cc: - ABARES;
Subject: RE: Attention: - Correspondence from the Senate Select Committee on Scrutiny of New Taxes
dated 27 September 2011

Hi   ,

Your email raises several issues that need to be clarified ahead of Treasury responding to the committee.

a) Who within the commonwealth administers the GTEM model code

It has always been clear to Treasury over the period since 2007 that the intellectual property for the GTEM model
code rests with ABARES as the responsible commonwealth agency. This issue was raised and clarified in 2007 and
again in 2009. I sought clarification on this issue in our recent phone call and my recollection is that it was confirmed
once again in that discussion. As such, the administration of the GTEM model code, such as public release would be
a matter for the Government, and ABARES would be the administrative agency.

Your email suggests that ABARES is no longer the administrative agency? I would have thought that there would
need to be some agreement/decision to make such a change in administrative arrangement? Treasury is not aware
of any such change?

b) Public release of the GTEM model code and database

Our understanding is that this has always been a matter for the government and that no decision for release of the
code has been made in recent times.

c) The question of whether ABARES has the code used by Treasury.

ABARE did have the code used by Treasury in 2008. It was provided to ABARES on several occasions and was used by
ABARES for the work with the Garnaut Review and subsequently in 2009. Treasury has made one change to the
model code for the core simulations in the 2011 exercise at the instigation of ABARES. This change (to correct for a
coding error regarding the MAC curves) was raised by and discussed with an ABARE officer and our understanding is
that that change has been implemented in a version of the ABARE GTEM model code, although perhaps not the
2008 version used by Treasury.

Treasury is very happy to once again provide the model code used in 2008 if ABARES is unable to easily identify
exactly which version was used from your internal records. We are also willing to provide the change to the model
code previously identified by ABARES.

It would not be a correct inference that ABARES does not have the 2008 version of the model code used in the ALPF
exercise because Treasury did not provide it.

d) Database

Your characterisation of the GTEM database is correct. It is more than the GTAP database. However, our understanding is that GTEM is not in a position to release the full database as this would breach the GTAP licensing arrangements. For example, for ABARES to provide the database to Treasury, Treasury had to hold its own GTAP license. Is this your understanding?

Please see that attached redrafted letter to reflect these points.

Could you please clearly articulate if ABARES agrees with the wording of this draft letter and that ABARES agrees to the content being provided to the senate committee. It is important that here is clarity on these points prior to the letter being provided to the committee.

Regards,

From: @abares.gov.au]
Sent: Friday, 30 September 2011 5:27 PM
To:
Cc: ABARES;
Subject: RE: Attention: - Correspondence from the Senate Select Committee on Scrutiny of New Taxes dated 27 September 2011

Dear   and   ,

I have just received advice from our Deputy Secretary, suggesting that ABARES is not in a position to release the GTEM codes as it does not have the codes used by the Treasury. Also, given that GTEM is a Commonwealth property, Treasury can release it if it so wishes.

Regarding the GTEM data may I suggest that the GTEM database is lot more than just the GTAP database, and includes data sets on emissions, electricity and transport technology bundles and population. The emissions database has been developed by ABARES for the Treasury (with ABARES co-founding) and the other additional data sets have been developed by former ABARE or ABARES.

Thanks for the opportunity to put forward ABARES views on the Treasury's draft response to the Correspondence from the Senate Select Committee.

Happy to discuss further on Tuesday.

Regards,

From: @TREASURY.GOV.AU]
Sent: Thursday, 29 September 2011 6:27 PM
To:
Cc:
Subject: RE: Attention: - Correspondence from the Senate Select Committee on Scrutiny of New Taxes dated 27 September 2011

Dr   ,

Please find attached a draft version of the response we plan to send to the Senate Committee **tomorrow** – pending clearance.

If someone from ABARES could have a quick read through checking that it is OK on your end, that would be greatly appreciated.

A note: we will probably make some small stylistic changes, however the version I am sending will contain the key thrust of the argument. Apologies for this and for the tight time-frame.

Happy to discuss,

International & CGE Model Development Unit
Macroeconomic Modelling Division
The Treasury, Langton Crescent, Parkes ACT 2600
phone: (02) 6263
mobile:
email: @treasury.gov.au

From: @abares.gov.au]
Sent: Thursday, 29 September 2011 4:48 PM
To:
Cc:
Subject: RE: Attention: - Correspondence from the Senate Select Committee on Scrutiny of New Taxes dated 27 September 2011

Hi   ,
This is to confirm that the version of GTEM codes that we have received for the 2008 Garnaut Review work is dated 12 March 2008. Not sure if the codes were updated later leading up to the finalisation of the ALPF work at your end. Look forward to receiving your response to the Senate Committee correspondence. Your response letter will be helpful for finalising our own Senate Estimates brief on the same issue. As discussed earlier, we need to be consistent in this regard.
Thanks,

From: @TREASURY.GOV.AU]
Sent: Wednesday, 28 September 2011 5:56 PM
To:
Cc:
Subject: RE: Attention: - Correspondence from the Senate Select Committee on Scrutiny of New Taxes dated 27 September 2011

Hi   ,

Thanks for the chat this afternoon. We will draft a reply letter to the correspondence and will send it to you for comments.
We will then see whether a teleconference is needed.

In terms of GTEM code, ABARE should have a copy of GTEM code used for ALPF report. This should be the same code which GIAM was based on for the impact analysis for 2008 Garnaut Review.
Please let me know if you still could not identify which version of GTEM ABARES has was used for ALPF.

Kind regards,

Section 22

X September, 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 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 such that ABARES has the model code used in both exercises. A version of the GTEM model code released in 2000 and a documentation of the GTEM model code released in 2007 are available free of charge from the ABARES website. When and how the GTEM model code is made available is a matter for Government, and would be actioned through ABARES.

•   The underlying GTEM database is a joint product between ABARES and the Global Trade and Analysis Project (GTAP). When and how the GTEM model database is made available is a matter for Government, and would be actioned through ABARES subject to licensing arrangements being made around the GTAP component.

•   The exogenous assumptions used in the ALPF and SGLP modelling exercise are comprehensively explained in the two published modelling reports. When and how information around the exogenous assumptions are made available is a matter for Government, and would be actioned through Treasury.

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

Yours sincerely

Executive Director
Macroeconomic Group