



28 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 and Strong Growth*, *Low Pollution: Modelling a Carbon Price*.

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?

My answers to these questions are as follows.

The intellectual property of the GTEM model rests with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). Treasury has worked with ABARES over time to refine the GTEM model, both during the 2008 modelling exercise and more recently. [Was there any further refinement after the 2008 exercise?]

The GTEM model code has been made available by ABARES (then called ABARE) in both 2002 and 2007. However, when and how ABARES put their GTEM model in the public domain is a matter for ABARES in conjunction with the Government, rather than a matter for Treasury.

**We need to say exactly which version of GTEM ABARES has. Is it the version used for the 2008 exercise? If so, can we say that they can recreate the 2011 version using information known to them (from the SGLP report or from other sources)? Or can we say that the 2011 version is virtually identical to the 2008 version?** Section 22

The version of GTEM used in both the 2008 and 2011 modelling exercises can be broken down into three parts: the model code, the data, and the parameters and assumptions.

- The release of the model code used for both reports is a matter for ABARES in conjunction with Government.

- The data used for the modelling exercises is wholly owned by a third party and available for purchase from the Global Trade and Analysis Project (GTAP).
- The parameters and assumptions used in the modelling exercises are explained in detail in the two published reports: *Australia's Low Pollution Future: the Economics of Climate Change Mitigation and Strong Growth, Low Pollution: Modelling a Carbon Price*.

Yours sincerely

Executive Director  
Macroeconomic Group