

Senate Select Committee on COVID-19
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Coronavirus Business Liaison Unit
Topic: Knowledge of the NCCC report
Reference: Hansard page 8, 21 May 2020, IQ20-000092

Question:

Senator WHISH-WILSON: Dr Kennedy, speaking of not getting too far ahead of ourselves, I understand there was an interim draft report commented on in the media this morning from the manufacturing task force. Have you seen a copy of that report?

Dr Kennedy: Is this the NCCC, Senator Whish-Wilson?

Senator WHISH-WILSON: That's correct.

Dr Kennedy: I've seen the news reports, but I was preparing myself for meeting with you this morning, so I haven't had a chance to have a look at that. Apologies—I haven't seen it, no.

Senator WHISH-WILSON: That's okay. You probably would have known I would ask you about this. I'm just wondering if it was leaked to the media or if you're aware of the source of the report.

Dr Kennedy: No.

Senator WHISH-WILSON: This committee still hasn't established whether we have got access to that yet, but it has been given to the media.

Dr Kennedy: Look, I have not seen it. I'll confirm on notice that it hasn't been in my office or in the department to make that complete for you. I do attend some of the meetings of the commissioners, but, unfortunately, I've missed the last couple of meetings. I've just been busy with other things. So the short answer is no, but I'll confirm on notice in a more complete way, if you like, my involvement and my department's involvement if that's helpful to you, Senator.

Answer:

The report was received by Treasury on 14 May 2020.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Coronavirus Coordination Team
Topic: Costing of specific policy proposals for other bodies
Reference: Hansard page 8, 21 May 2020, IQ20-000093

Question:

Senator WHISH-WILSON: Yes, it would be. There are obviously suggestions in that report of a whole range of different advice provided around government partnering in large infrastructure projects through to other incentives—deregulation et cetera. I know there's a bit of to and fro with the committee at the moment on getting access to any modelling you may have done for the NCCC, but can you just tell us: have you been asked to cost specific policy proposals by industry associations, such as the Business Council of Australia or the Australian Industry Group, or by other departments or the Department of the Prime Minister and Cabinet?

Dr Kennedy: No to all those bodies, including the NCCC. In terms of PM&C, they don't commission work from us, and they haven't asked us to commission work, but we do share with them what we're doing, so I need to be transparent about that. The economic modelling about opening, and other issues, we've done through the Treasurer for cabinet and national cabinet. So we haven't been commissioned by any of those parties that you spoke about. We haven't been asked to model their proposals either. I'll confirm all of this on notice, but I'm quite certain we haven't been asked to do any of that. We've been simply doing our own work and advice for the government.

Answer:

Treasury has not been asked to cost specific coronavirus related policy proposals by industry associations such as the Business Council of Australia or the Australian industry Group or by other bodies.

Treasury works with various government departments on whole-of-government policy proposals.

Treasury provides economic modelling through the Treasurer for Cabinet and National Cabinet.

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2019 - 2020

Division: JobKeeper Division
Topic: Timing of JobKeeper Payment review
Reference: Hansard page 12, 21 May 2020, IQ20-000094

Question:

Senator KENEALLY: Thank you. We might follow up on that with some questions on notice, but I'm mindful of the time. Dr Kennedy, I would like to go back to the review that you are doing. I note that that review wasn't mentioned when JobKeeper was announced on 30 March. Could you just tell us when you were asked to do the review and what the terms of reference are for it?

Dr Kennedy: I'm not certain about the announcement of the review. But, as part of the agreement of policy in government, when the policy was developed we understood that we would be doing a review at three months. Frankly, that was our advice, so we've always understood that we would be doing that. It goes with monitoring the program as well. But we're not running it like a PC review with terms of reference and a call for public submissions. We're certainly talking to external parties, academics, businesses, the ATO—

Senator KENEALLY: Can I interrupt you there? I apologise, because I'm getting the sense of what you think you're doing, but the only review that we're aware of is in the act. As part of the Coronavirus Economic Response Package Omnibus Bill there is a review required into the Fair Work changes that are in the act. Is that your review or is that a separate review?

Dr Kennedy: No, ours is a separate review. Ours is a review of the operation of JobKeeper.

Senator KENEALLY: Right. We the public and the parliament became aware of this on 14 May when the Prime Minister and Treasurer talked about it at a videoconference. You can take this on notice in the time constraint, but are you able to tell us when you were instructed to do it, the terms of reference or whatever term you might use to describe it, when it will be completed and whether it will be made public?

Dr Kennedy: I'll definitely take the last two bits on notice. We don't have a formal terms of reference; we were simply asked to do a review, and I've always understood that we would be reviewing it at the three-month phase from the policy's inception.

Answer:

Treasury will complete its review into the operation and effectiveness of the JobKeeper Payment in June 2020. It will then be considered by the Government.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Retirement Income Policy Division
Topic: Super fund liquidity issues
Reference: Hansard page 12, 21 May 2020, IQ20-000095

Question:

Senator PATERSON: Has Treasury been contacted by any super funds advising that there are any liquidity issues?

Ms Wilkinson: We've had lots of discussions with different superannuation funds as we do as part of our normal course of business. I'm happy to take that on notice. I'm not aware that we have been advised by any super fund that there are particular liquidity issues that they're facing on account of these withdrawals, but I'm very happy to take that on notice.

Answer:

Treasury has not been contacted by any superannuation funds advising that there are any liquidity issues from the early release of superannuation measure since its commencement on 20 April 2020.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Macroeconomic Conditions Division
Topic: Ongoing costs of state border closures
Reference: Hansard page 13, 21 May 2020, IQ20-000096

Question:

Senator PATERSON: Thank you. I'll look forward to that. I want to revisit an issue that I previously asked about when Treasury appeared before the committee on 28 April. I think it was Ms Quinn who assisted me in that instance. That was about an estimate of the ongoing costs of state border closures. I note in asking about this that the AHPPC has never recommended state border closures as medically necessary. It's not the position of the federal government that states should close their borders. But I'm interested in whether Treasury has an updated estimate of that ongoing cost?

Ms Quinn: We haven't released a number such as that. It's quite difficult to do analysis on the border closures. Borders are open for the flow of trade, goods and services. It's more the domestic tourism industry and business travel aspects of movement. It's very difficult to get a direct estimate of that. I'm not aware of one that's in the public domain.

Senator PATERSON: But not having released it and one not being in the public domain is not the same as not being aware of or not having done any work on it. I might give you another opportunity. Do you have any sense of that?

Ms Quinn: I'm not aware of specific microanalysis of the specific border closures aspect. We have certainly looked at domestic tourism aspects, but that's a combination of border closures, availability of flights and also people's desire to travel in relation to general lockdowns. I'm not aware of us having passed all the way down to closures, but I am happy to take it on notice in case I'm not aware of something.

Answer:

The Treasury has not undertaken analysis to separately identify the economic cost of State and Territory border closures. Analysis on the economic effects of easing restrictions to step 3, including the estimated 850,000 jobs recovered, is based on State and Territory borders being open.

There are a number of difficulties in estimating the cost of border closures. While State and Territory borders remain open for the flow of trade in goods and services, restrictions on interstate travel vary by jurisdiction. In addition, the cost of state border closures will also depend on broader confidence in the economy and people's willingness to travel.

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2019 - 2020

Division: Macroeconomic Conditions Division
Topic: Impact on tourism industry of lack of international tourists compared to domestic tourists
Reference: Hansard page 14, 21 May 2020, IQ20-000097

Question:

Senator PATERSON: Presumably, though, to arrive at that net export/net import figure for tourism, you have to have at least a rough idea of the value of international tourists coming to Australia?

Ms Quinn: Yes.

Senator PATERSON: You also have to know the size of the tourism industry generally in Australia, and, if you subtract from that the international tourism amount, you are left with another number.

Ms Quinn: That's correct, yes, but what we don't know is how much of the domestic tourism per se is interstate versus within a state. That's a much harder calculation to make.

Senator PATERSON: Indeed, but for our purposes that's not really important, because a number of states have got intrastate travel restrictions as well, so that's clearly an artificial government restriction on travel both within states and between states. I'm just trying to get somewhere close to a number here so that we can have a rough idea of what the ongoing costs are to the tourism industry of, effectively, restricting domestic tourism?

Ms Quinn: I'm very happy to take that on notice and provide what information we can.

Answer:

The Treasury has not undertaken analysis to separately identify the economic cost of restricting domestic tourism on the tourism industry.

In 2018-19, direct GDP from all tourism (international and domestic) was around \$61 billion, or 3.2 per cent of total GDP. Of this, domestic tourism accounted for around 71 per cent of total tourism (\$42.9 billion or 2.3 per cent of total GDP).

Source: ABS cat. no. 5249.0, Australian National Accounts: Tourism Satellite Account, 2018-19.

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2019 - 2020

Division: Retirement Income Policy Division
Topic: Emptied super accounts as a result of access to early super
Reference: Hansard page 18, 21 May 2020, IQ20-000098

Question:

Senator WATT: On the early access to superannuation program, which we were discussing before, I think you said that, to date, 1.65 million Australians had accessed their superannuation early and a total of \$13.2 billion has been withdrawn. How many superannuation accounts have been emptied as a result of that?

Ms Wilkinson: I don't have that information. I don't know whether that information is available. That would come to what the balance in superannuation accounts is, and my recollection is that those data are only updated quite late in the year. So I can take it on notice and see whether the ATO can provide that information, but I don't know the answer to that question.

Answer:

The information on the number of superannuation accounts with a zero balance as a result of the temporary early release of superannuation measure cannot be accurately estimated at this time.

Historically, data on superannuation balances has been collected on a financial year basis. The ATO is in the process of moving to collecting data on superannuation balances under a reporting system that collects data more regularly.

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2019 - 2020

Division: Macroeconomic Conditions Division
Topic: Employment and underemployment labour force figures
Reference: Hansard page 21, 21 May 2020, IQ20-000099

Question:

Senator SIEWERT: Yes, and I'm interested particularly in that cohort. I'm interested in everybody, and particularly that cohort. I'm interested in people such as carers and people on DSP who have been in the labour force and have had to leave the labour force for various reasons—so because they're caring for someone or because they're vulnerable. There are other cohorts that have left as well. I'm trying to find out whether there has been an analysis done, and, if so, what it is, of the different groups, particularly those that have left the labour force.

Ms Quinn: I'm happy to take on notice what's available and to try to provide you with as much detail as we've got. My understanding is that we will certainly get more on this going forward than what we have now, because we have more detailed surveys and the ability to join together different data sets to match people and find out what's happening. I'm very happy to take that on notice, because it is a bit about matching people in the social welfare system to the ABS Labour Force Survey and the different types—the characteristics of the Labour Force Survey that the ABS does as well. So there are different data sources, and we get the richness of our understanding by matching those together. It's a little early, given we had the Labour Force Survey released last week, but I'm happy to take it on notice.

Answer:

Data available to date provides preliminary information about the initial impacts of Coronavirus on the labour market. However, the situation has evolved rapidly and is subject to change. 14 May saw the release of the Labour Force Survey (LFS) for the month of April, the first month of data after the introduction of significant restrictions in response to the virus. These data showed that the unemployment rate increased to 6.2 per cent in April from 5.2 per cent in March, with employment decreasing by around 594,300 persons. The participation rate decreased to 63.5 per cent in April from 66.0 per cent in March, reflecting a net reduction in the labour force of 489,900 persons. Declines in participation were larger for females than for males, with the female participation rate declining by 2.9 percentage points to 58.4 per cent and the male participation rate declining 1.9 percentage points to 68.9 per cent. By industry, higher frequency data suggests the most significant employment impacts to date have occurred in accommodation and food services and arts and recreation.

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2019 - 2020

Division: Macroeconomic Conditions Division
Topic: Modelling on the jobseeker payment
Reference: Hansard page 21, 21 May 2020, IQ20-000100

Question:

Senator SIEWERT: That would be very much appreciated, thank you. I want to go to the issues around jobseeker payments. Are you doing any ongoing modelling about (a) the cliff—we call it the cliff—of jobseeker dropping back to \$40 a day, and (b) what impact that would have? Are you doing any or have you been asked to do any modelling on what jobseeker would look like with an increase to the payment or on keeping the current supplement going?

Ms Quinn: This is a question that the secretary answered earlier. We are looking at what's happening in the labour force and government policy in relation to putting together our forecasts, which we'll provide to the government and which the government will release as part of the June economic statement. So we are looking at the current government policies, which is what we include in our economic outlook process, and that work is ongoing at the moment.

As Ms Wilkinson and the secretary mentioned, the relationship between jobseeker and JobKeeper, the state of the economy and what's happening in relation to government policy are all things that we'll be looking at as part of the review of JobKeeper and as part of our advice to government going forward. So we are looking at lots of different options and thinking about the economy. I'm not sure whether we've specifically been asked about the jobseeker payment rate.

Senator SIEWERT: I am specifically asking about the jobseeker payment rate. I was quite clear: I want to know about the jobseeker payment rate and whether you are including that. Have you been asked to include going back to the old \$40 a day, maintaining the current rate or looking at another rate?

Ms Quinn: In terms of updating our economic baseline, we do that on the basis of current government policy, which would be the legislative reductions. That's what we would do, subject to any other change to government policy, in our economic analysis for the forecast underpinning the June statement. I'm happy to take on notice whether we've been asked specifically on other items, but, from a Treasury perspective, we're certainly looking at the different options and providing broad spectrum advice to the government.

Answer:

Treasury provides advice to the Treasurer on a range of policy scenarios. Advice to the Treasurer that informs Cabinet deliberations is Cabinet in confidence.

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2019 - 2020

Division: Macroeconomic Conditions Division
Topic: Modelling advice to NCCC regarding gas-led recovery
Reference: Hansard page 22, 21 May 2020, IQ20-000101

Question:

Senator SIEWERT: Thank you. I want to pursue, very briefly, the issues that Senator Whish-Wilson raised about the manufacturing subcommittee of the COVID-19 Coordination Commission. You said you hadn't provided any modelling on their suggestions about the gas-led recovery.

Ms Quinn: I think Senator Whish-Wilson was asking questions that were about whether they'd commissioned us to do things. We have not been commissioned to do things by the National COVID-19 Coordination Commission. We do discuss various things with them. We haven't, as far as I know, undertaken any modelling on the gas issue. We did take on notice any things that we've been doing with the national COVID commission. I'm happy to take it on notice, but I'm certainly not aware of anything relating to gas or the manufacturing task force or various other things that have been in the public domain.

Senator SIEWERT: So just to be clear, you haven't been commissioned, but you haven't actually given any other advice separately to being asked to provide it?

Ms Quinn: Not that I'm aware of, no.

Senator SIEWERT: If you could take that on notice, that'd be appreciated. Are you aware of where they are getting their advice on a gas-led recovery from?

Answer:

Treasury has not been asked for or provided modelling to the National COVID-19 Coordination Commission (NCCC) on the role of gas in supporting manufacturing.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: JobKeeper Division
Topic: Publication of JobKeeper analysis
Reference: Hansard page 22, 21 May 2020, IQ20-000102

Question:

Senator SIEWERT: I want to go to the issue that we briefly touched on before about the fact that you're only just starting to get information coming through, as I understand it, around JobKeeper and the figures on JobKeeper. We're trying to look at that interaction that we've been talking about between jobseeker and JobKeeper. When we asked the Department of Education, Skills and Employment the other day, they said they weren't getting information coming through from Treasury and the ATO. Do I take it from your earlier answers that that is because that information is only just starting to be made available because of the time frames of people applying for JobKeeper?

Ms Quinn: That's right. There is a whole sequence of time lines which we've outlined to the committee before. Once applications are processed and information is collected, then there's the need to put them in a form in which you can actually analyse them. So quite a lot of work has been done behind the scenes to make sure that we can capture all the information we would like to do program evaluation, to analyse what's happening. But that information's only just starting to come through, and it's early days in terms of being able to have any insights at this point. My expectation is that we will, over time, be able to do that analysis.

Senator SIEWERT: Is there a plan to make that information publicly available? Will you be publishing that information on a regular basis?

Ms Quinn: I'm not aware—I don't know 'yes' or 'no' on that. I'm very happy to take that on notice.

Answer:

The Department of Treasury has been providing updated JobKeeper data through its appearances at the Senate Select Committee on COVID-19.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

Division: JobKeeper Division
Topic: Publication of employers receiving JobKeeper
Reference: Hansard page 23, 21 May 2020, IQ20-000103

Question:

Senator SIEWERT: Has a determination been made? Given this is public money, why isn't it classed as being in the public interest to release that information?

Ms Brown: It's probably more a question of the usual arrangements that apply under the Tax Administration Act.

Ms Quinn: I'll just take you back—the way JobKeeper has been implemented is by using the existing administrative infrastructure of the tax office in order to be able to ensure this program could be rolled out in a timely and efficient way. In many cases, the usual operation of the tax office has been used to administer this program, and so they would be applying similar information-sharing disclosure arrangements as per usual. That would have been the legislative and regulatory framework under which the JobKeeper program was created. I'm happy to take on notice your question about which specific aspects of the usual operations apply in this case to clarify this question.

Answer:

The JobKeeper Scheme was established under existing mechanisms to allow a timely response to the economic impact of COVID-19. For this reason, the existing tax administration framework applies to the program and the interaction between businesses and the Australian Taxation Office (ATO). This includes in relation to the use of information provided by businesses to the ATO. Provisions in the *Tax Administration Act 1953* prohibit the disclosure of protected information about the tax affairs of a particular entity, with a limited number of exceptions provided in the legislation.

Division 355 of Schedule 1 contains the limited circumstances in which protected information can be disclosed by the ATO. The exceptions are designed having regard to the principle that disclosure of information should be permitted only if the public benefit derived from the disclosure outweighs the entity's privacy.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

Division: JobKeeper Division
Topic: JobKeeper eligibility complaints
Reference: Hansard page 23, 21 May 2020, IQ20-000104

Question:

Senator SIEWERT: But you might not necessarily hear that on the hotline. They may just be ringing up to ask questions about eligibility. What processes have employees got to actually challenge their eligibility if employers say 'no'?

Ms Brown: I think it might be best to direct some of those questions to the ATO to talk through the exact processes that they would go through. But, certainly, there are requirements under the JobKeeper payment rules that require employers to offer a nomination form to all employees who they reasonably consider to be eligible. There are a lot of requirements there, and penalties apply under the Tax Administration Act if employers haven't abided by their obligations.

Senator SIEWERT: Could you take on notice the up-to-date figures on the number of calls the hotline has received, what those questions have been in relation to and the number of people who have actually been deemed ineligible by their employers.

Ms Quinn: We can take that on notice and talk to the tax office about what's available in that regard.

Answer:

As at 20 May 2020, 2,609 tip-offs have been received via the JobKeeper tip-off line.

The JobKeeper Tip-off line has received calls about a range of JobKeeper related topics including:

- Disagreement about employee eligibility
- Issues related to termination, redundancy and stand downs
- Allegations that employers are claiming for ineligible employees
- Issues related to increasing or decreasing employee hours of work or location
- Allegations that employees are being forced to take annual leave
- Allegations of payment issues, and
- Allegations that businesses that do not meet the eligibility criteria are claiming JobKeeper.

Treasury is not able to quantify at this time the number of people who been deemed ineligible by their employers.