

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: AET 2985

Topic: Unemployment forecasts

Hansard Page: page 24-25, 26 February 2014

Senator MARK BISHOP: You were very careful to reject any suggestion that a range of forecasts would be presented by Treasury to the government.

Dr Parkinson: The reason I did that is that, as you will recall last year, there was nonsense appearing in the press from so-called informed commentators that suggested that is exactly what we did, when it has never been done.

Senator MARK BISHOP: Let me ask the question in a different way because I certainly did not intend the question to be received as it was.

Dr Parkinson: No, we did not—

Senator MARK BISHOP: I appreciate your clarification. I do not think you presented the six options. As to how unemployment is forecast, the approach flagged in PEFO was the one adopted by government. Was a range of scenarios presented to the Treasurer as to how unemployment should be forecast?

Dr Parkinson: Do you mean projected not forecast?

Senator MARK BISHOP: Yes.

Dr Parkinson: I honestly cannot recall whether we had multiple; it was a free-ranging discussion about how we are doing this, what are we doing and the different ways to do it. This was in the context of: 'We've already made some changes. We'd like to make more changes. We're not ready to do some of that yet.'

Senator MARK BISHOP: In that case, can you take on notice and revisit your notes, and advise whether a range of scenarios were presented to the Treasurer with respect to how unemployment would be forecast? If the answer is yes, can you provide us with the broad outline of that.

Dr Parkinson: That is advice to government. I do not think we could take that on notice. What we can do is inquire of the Treasurer whether he wished to provide you with any information.

Senator MARK BISHOP: Okay. So you are confirming there was a discussion, advice was made to government and you do not feel you are able to provide it the committee but you will check with the Treasurer.

Dr Parkinson: No, let me be clear. I said a moment ago, I cannot actually recall now whether we provided different approaches and said, 'In this, you could do A or B at this time.' What I do recall is we had a free-ranging discussion about the fact that we made some changes and we would like to be making some more but we were not quite ready to do that yet.

Senator MARK BISHOP: In that case, can you take on notice and provide us with the broad response outlining the areas in which you are currently examining changes—

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Dr Parkinson: I have already told you—that is, do we explicitly move to a situation where we close the output gap over a particular period of time and if so what period of time and what methodology should be used to determine the point at which the output gap begins to close.
Senator MARK BISHOP: I understand. You did say that.

Answer:

As was indicated, questions about advice to Government cannot be taken on notice.