

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates – 25–26 February 2009

Question: aet 36

Topic: Modelling That Supports 50,000 Construction Jobs

Hansard Page: E34 (25 February 2009)

Senator COONAN asked:

Senator COONAN—What was the modelling that supports 50,000 construction jobs?

Mr Morling—The modelling is basically mapping changes in activity historically to what has happened with employment. There are roughly 150,000 people employed in the commercial property sector. Typically in historical downturns, the activity decreases by about 30 per cent so that would give you a number around 50,000. It may be a little bit less this time because the extent of the downturn in our forecast is less than some of the major ones that we have benchmarked it against. Having said that, the prospect of tighter financial conditions in the past could exacerbate that.

Senator COONAN—When was the modelling actually carried out?

Mr Morling—I am not sure of the exact date, but it would have been in mid-January, approximately.

Senator COONAN—When in relation to the date of the announcement? Could you take that on notice?

Mr Morling—We can, yes.

Senator COONAN—Was the modelling done by Treasury or by consultants?

Mr Morling—This was just internal Treasury work looking at our historical relationships.

Senator COONAN—Was this the subject of a cabinet submission?

Senator Conroy—That goes to discussion of internal processes. I am not sure—

Senator COONAN—Internal process is not policy, at least it was not in my day. Maybe it has morphed into something different.

Senator Conroy—Maybe we have a more rigorous process than you had previously.

Senator COONAN—Come on, Senator Conroy.

Senator Conroy—I am happy to take that on notice to see if there is any information we can provide you.

Answer:

The estimate was made on 23 January 2009.