

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 145

Topic: Permanent Tax Cuts

Hansard Page: Written

Senator Bushby asked:

1. The Budget seeks to deliver permanent tax cuts. What impact will this have on the economy? Has it been modelled? How quickly will the stimulatory impact take effect?

Answer:

The package of tax cuts in the Budget are implicitly accounted for in the Budget economic forecasts but are not separately identified.

Treasury has modelled the total impact of the package on workforce participation and hours worked. The results of the analysis were for the total impact in 2010-11. The analysis concluded that 85,000 people will be encouraged to enter the workforce and an increase in average weekly hours worked equivalent to an extra three million hours worked per week.