

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 70

Topic: GDP Projections

Hansard Page: E58-59

Senator Abetz asked:

Senator ABETZ—I am sure that that is the case but we had a bit of a similar discussion—I do not want to traverse it again—in relation to the 75,000 jobs and then what the lower figures might be. I am wondering whether, with this line, there were also lower figures and, indeed, higher figures potentially in the mix.

Senator Conroy—We will take that on notice and, if there is any further information the Treasurer would like to provide, we will provide it.

Senator ABETZ—Why can't the officials respond to that question in the event they have the information? I do not know if they have, but why can't they?

Senator Conroy—I have just said we will take it on notice and if there is any information—

Senator ABETZ—Yes, and I am now asking you why you cannot—

Senator Conroy—Our Treasurer—

Senator ABETZ—Are you going to take that question on notice as well?

Senator Conroy—If the Treasurer, who I represent, would like to add any further information, he will do so.

Senator ABETZ—But why can't the officials respond to that particular question now?

Senator Conroy—Your question actually comes through the minister at the table and I have taken the question and I have taken it on notice.

Senator ABETZ—I know that. I am asking you why you are taking this particular question on notice.

CHAIR—I think you have asked that three times and the minister has given the same answer.

Senator ABETZ—And we have not received a response.

CHAIR—It is the same answer.

Senator Conroy—It is because the Treasurer will want to make sure that he gives you an absolutely accurate answer.

Senator ABETZ—Dr Henry can in fact answer this.

Dr Henry—I think I can. If your question is: did we provide the government with a range of alternative scenarios for GDP growth, the answer is no. We provided the

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government with a scenario that reflected our best professional judgement, as was said earlier. As to this chart 3, as I think Mr Ray was indicating earlier, the government in putting together the budget did see a number of versions of this chart 3, but what were changing were the government decisions, not our projections of GDP. We had consistent GDP projections through this period. This was one of the tools, if you like, that the government used in its fiscal policy decision making, but as to the economic parameters underlying this chart we did not provide the government with a set of different economic parameters; we provided them with our best professional judgement on the economic parameters.

Senator ABETZ—I am sure you did. You gave the government a range of GDP projections as well?

Dr Henry—Not a range, no.

Senator ABETZ—I thought that was part of the answer, but I may have misheard.

Dr Henry—We provided the government with economic growth projections for each year. We provided the government with, if you like, a medium-term growth scenario.

Senator COONAN—My understanding was that the Treasurer had actually made a public statement that net debt was going to be \$203 billion. Is that correct? It is a public statement.

Mr Ray—I have not seen it.

Senator COONAN—You have not seen it?

Mr Ray—We can take it on notice.

Answer:

1. The employment impact of 75,000 associated with the Economic Security Strategy was the only estimate provided to the Government. No further modelling was undertaken.
2. Please refer to the following Hansard extract from 3 June 2009 (page E 60) in which Senator Conroy provides a response to the above question.

Senator COONAN—I wanted to come back to Mr Swan's public statements in South Australia when he was asked the exact size of the debt figure in dollar terms. He said, 'People are getting mixed up about gross and net figures.' This is a direct quote; when he was pushed to say 'billion'—you will recall this problem with neither the Treasurer nor the Prime Minister being able to say 'billion'—in relation to the numbers Mr Swan described it as 'playing silly games' before reading from a piece of paper where he said, '\$203 billion, \$315 net and gross'. Is that some advice from Treasury or is that something Mr Swan took upon himself—

Senator Conroy—The PM and the Treasurer both indicated that net debt would be around \$200 billion at its peak of 13.8 per cent of GDP in 2013-14.

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Senator COONAN—Earlier in response to Mr Bushby we seemed to have to take that on notice, if I recall correctly, so at least we are making progress.