

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates, 2 June – 4 June 2009

Question: bet 98

Topic: Trade Balance

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Senator Joyce asked:

Senator JOYCE—Markets group, are we in a recession?

Mr Murphy—No.

Senator JOYCE—We are not in a recession?

Mr Murphy—That is what the national accounts demonstrate.

Senator JOYCE—Will we go into recession?

Mr Murphy—At the present time, from all the indicators, it seems that the stimulus packages which the government put in place and the other measures which the government has taken have steered Australia clear of a recession at the present time.

Senator JOYCE—So, the stimulus package is the key mechanism that we are not in a recession?

Mr Murphy—I think, yes, the stimulus packages—if you compare us with countries overseas—demonstrate that the actions that the government have taken have been effective.

Senator JOYCE—Can you just tell me what was the trade balance in the quarterly figures?

Mr Murphy—I have not got that with me. We can get that for you, Senator.

Senator Sherry—We can get the figure but this is not the area for the trade balance. That is a Treasury rather than a markets group area.

Senator JOYCE—Because it is the fact that the pre 31 March shipping figures, which deal with contractual obligations made at a time when there was a more robust payment for resources, are the absolutely overwhelming mechanism that has determined the current figures that have come out. I want to know what is the connection between a stimulus package and the capacity to get coal onto a ship and send it over to Asia?

Mr Murphy—I think I would be better off taking that on notice, Senator.

Answer:

1. Australia's trade balance for the March quarter was a surplus of \$5.1 billion.
2. The stimulus package was designed to stimulate domestic demand. Real household consumption rose 0.6 per cent in the March quarter 2009, contributing 0.3 of a percentage point to quarterly GDP growth. Without the Government's stimulus payments to households, Treasury estimates the Australian economy would have contracted in the March quarter by around 0.2 per cent.

The positive contribution from household consumption along with a positive trade balance resulted in GDP rising by 0.4 per cent in the March quarter to be 0.4 per cent higher through the year.