

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 41

Topic: GST Revenue

Hansard Page: E44 (22/10/09)

Senator JOYCE asked:

Senator JOYCE—The next issue that I want to go to is whether you received a spike in GST revenue that correlated with the stimulus package?

Mr Konza—We would have to take that on notice, if you require details. I recall that it had always been forecast by the Treasury Department that there would be a spike in GST revenue flowing from it.

Senator JOYCE—I know it was forecast. I want to know whether it happened.

Mr Konza—I will have to take that on notice.

Senator JOYCE—Can you take on notice whether it happened and how much it was above the base, excluding the stimulus package? Can you tell us how much it was above trend?

Mr Quigley—I can take that on notice.

Mr D'Ascenzo—You need to take into account in that calculation that, with a downturn, often the shift in spending habits tends to be in terms of rent or food type activities rather than luxury type activities, and a lot of those foods and rents are either input taxed or GST free, so you are not going to necessarily get an exact correlation. Other than that we will get the figures.

Senator JOYCE—I am not asking for an exact correlation. Are you inferring there was not a correlation?

Mr D'Ascenzo—I am just saying that I would expect that some of the increased consumption might be in areas that were not necessarily subject to GST.

Mr Butler—You mentioned the stimulus before. Did you mean the tax bonus in particular?

Senator JOYCE—What was the anticipated spike in GST? You gave an anticipated spike in GST in your forward projections due to the stimulus package, did you not?

Mr Butler—As a whole, and not just the tax bonus component.

Senator JOYCE—I would like to know how we tracked to trend on that and how much there was a spike in GST revenue overall above trend which would have to be attributable to the stimulus package.

Mr Butler—Thank you.

Answer:

The effect of the Government's fiscal stimulus on GST revenues cannot be assessed by looking at GST collections, particularly in the period of sharply changing economic circumstances that occurred through late 2008 and early 2009 when the effects of the global

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

financial crisis on the Australian economy were having negative effects on most government revenues, including GST.

In the *Mid-Year Economic and Fiscal Outlook 2009-10*, the fiscal stimulus is estimated to have added around 1 percentage point to real GDP growth (in year average terms) in 2008-09. This additional economic growth from the fiscal stimulus will have generated increased GST collections in 2008-09 compared with an alternative scenario of no fiscal stimulus.