

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Estimates 22-23 October 2008

**Question: sbt 54**

**Topic: Australian Economy – Stimulus Package**

**Hansard Page: E57 – E58**

**Senator BUSHBY asked:**

Senator BUSHBY —Can I take you back, please, to the statement that was made earlier this morning that discussions were held with the government in February this year relating to the measures that might need to be put in place to address or to protect the Australian economy to the maximum extent possible, I guess from the effects of the international financial crisis? I have read somewhere in a newspaper report—and I confess I do not have it with me—that one of the government members was alleged to have been working on the stimulus package at that point or that a stimulus package was canvassed as an option at that point.

Dr Henry —I would not confirm or deny something like that. I do not wish to go into the subject matter of any of those discussions that I had with the government in February. In these committees we do not discuss the detail of policy—

Senator Conroy —If you are indicating that that was a comment from the—

CHAIR —Can I ask senators on the left here to carry on their conversation outside the room. I am trying to follow this conversation.

Senator Conroy —I was just indicating that, if you were suggesting it was the Treasurer who made that comment, I am happy to take that on notice and seek his advice, but I do not know if you were quite that specific. I am not sure how we go—

Senator BUSHBY —No, I was not that specific—

Senator Conroy —I know you do not have the article with you. I am not sure how I answer a question on behalf of the government about something you think you remember.

Senator BUSHBY —I am asking because of the comments that were made earlier today that there were discussions held in February relating to the need or the possible need to take measures to address the impact. I think that was in Dr Gruen's statement, and I think Dr Henry said something similar to that earlier today as well. At what point did Treasury consider it necessary to consider that there might be a need for some form of package to stimulate the economy?

Dr Henry —That goes to advice to the government.

Senator BUSHBY —I am not asking—

Senator Conroy —You did; you were asking when did Treasury think—

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Senator BUSHBY —No, I am asking for a date. I am saying at what point did Treasury feel that there may be some need for a package to stimulate the economy. I am not asking for advice. I am just saying when did it become apparent to you, looking at the state of international affairs, that there may be some need for a stimulus package?

Dr Henry —It seems to me that it is the same question.

Senator Conroy —You have cutely changed it around but it fundamentally goes to advice to government.

Senator BUSHBY —With respect, I am not asking at all about what the advice was—

Senator Conroy —Yes, you are. You say, ‘After you formed the opinion that they needed to, when did you tell the government?’ That is exactly what you are attempting to do.

Senator BUSHBY —Did Treasury ever form an opinion that the state of international affairs required a stimulus package for the good of the Australian economy?

Senator Conroy —We will take that on notice.

#### **Answer:**

As noted in Dr Gruen’s opening statement to the Committee, the Treasury was constantly updating the Treasurer and his staff, and through them the government, on events as they unfolded and their likely implications for the Australian economy.

Following receipt of this advice, the Government decided that the ‘least regret’ policy was to introduce a significant short-term fiscal stimulus package to support economic activity at the end of 2008 and into early 2009. It is not Treasury’s practice to disclose the nature or timing of specific advice to government.