

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2020 - 2021

Division: Macroeconomic Conditions Division
Topic: Coronavirus-related lockdowns - \$4 billion per week figure
Reference: Written Question from Senator Gallagher – 17 July 2020, IQ20-000166

Question:

1. In relation to the Treasurer's comments in May that Coronavirus-related lockdowns cost the Australian economy \$4 billion per week:

- a. Did Treasury conduct any modelling to inform this figure
- b. If no to (a), what assumptions were used to arrive at this \$4 billion figure
- c. Please provide any modelling and/or assumptions behind the \$4 billion figure

Answer:

- a. Yes.
- b. Not applicable.
- c. The \$4 billion per week figure was derived by comparing Treasury's forecasts for economic activity pre-pandemic to updated estimates of economic activity based on the health restrictions that were in place from late March to mid-May. The updated economic forecasts have been constructed based on the usual suite of sector analysis and macro-econometric modelling that the Treasury undertakes.