

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2016 - 2017

Division/Agency: Office of the Secretary

Question No: 233

Topic: Makin Paper

Reference: Written

Senator: Ketter, Chris

Question:

1. For how long did the contract with Professor Makin in relation to “The Effectiveness of Federal Fiscal Policy: A Review” run for, when did it start and when did it finish?
2. Who were the two external reviewers who provided comment on this paper? Were they paid as well to do this? If so, how much were they paid?
3. Which officials in the Treasury were consulted with regards to this paper? Which officials provided comments on this paper?
4. Were any drafts of this paper provided to the Treasurer’s, Minister for Revenue’s, Minister for Small Business or the Assistant Minister to the Treasurer’s offices? If so, which office? When were these drafts provided? Did these offices provide any feedback or changes to the paper? If so, what were they?
5. Did the final paper go to the Treasurer’s office prior to public release? If so, when?
6. Are you able to explain the differences between what Professor Makin put forward in this 2016 paper, and the 2014 document? Or are they fundamentally the same when it comes to fiscal stimulus?
7. Looking at the detailed responses from the 2014 response by Treasury, isn’t the case that every single one of the points that was debunked by Treasury actually in this 2016 Makin paper? For example, the first one on saying that the imposition of fiscal stimulus will have no effect due to the Mundell-Fleming approach – wasn’t that debunked in the 2014 response?

Answer:

1. The contract began 20 June 2016 and ended 31 August 2016.
2. The paper was reviewed by two academics. The reviewers were not paid.
- 3-4. Some earlier versions of the paper were circulated for information and the opportunity to comment to a number of Treasury officials and the Treasurer’s Office as part of their work duties.
5. A final version was provided to the Treasurer’s Office on 7 December 2017.
6. Professor Makin’s 2016 paper for the Treasury Research Institute is focussed on fiscal policy and engages in a broad discussion of theoretical frameworks and levels of public debt. His prior work was focussed on Australia’s competitiveness.
7. Treasury’s response to Professor Makin’s 2014 work highlighted the question of what framework should best be applied to assess fiscal policy, which remains unresolved. Professor Makin’s 2016 paper expanded on these questions and his perspectives.