

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET311

Topic: Iron Ore

Reference: Hansard page no. 43 and 44 - 6 May 2016

Senator: Chris Ketter

Question:

Senator KETTER: I might just run through a couple of these questions so people listening can take note of them and hopefully we can get responses this afternoon. Are there any temporary factors responsible for the current price returning to a long-term average? Have short-term supply disruptions driven iron ore prices higher? Does Treasury consider that the fundamental demand for iron ore will continue to sustain the current price? What guidance did the Treasurer's office give about the projections for commodity prices? What assumptions underpin the strong increase? I have a similar problem with respect to wage growth. There might be somebody here who can explain to me: when was the last time wage growth was this low in Australia? That would be a worthwhile thing to look at. I would also like further explanations as to why wages are growing so slowly. What is the impact of that sluggish wage growth on consumption? What is the long-term impact of low wage growth on consumption?

Answer:

Refer to page 44 of the Hansard of 6 May 2016.