

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: SBT 4314-4315

Topic: G20 Forecasts and Modelling

Reference: Hansard page no. 134-136 - 22 October 2014

Senator: Wong, Penny

Question:

Senator WONG: In terms of modelling or calculating a growth dividend from those, has that work been done in Treasury?

Mr Sterland: The modelling is done by the international organisations—the IMF, in consultation with the OECD.

Senator WONG: So we do not do it ourselves as well before we put it up?

Mr Sterland: No.

Senator WONG: Have they modelled ours at two per cent?

Mr Sterland: They would have modelled all the countries in an aggregate sense.

Senator WONG: Do they disaggregate and say, 'We calculate your contribution to be worth approximately this'?

Mr Sterland: They largely present it to ministers in broad categories. They report those broad categories; they report the amount of growth. Because all the countries are doing it together, the sum is greater than the parts. There are positive spillovers to different economies. That is all being finalised for the publication in the summit.

Senator WONG: Regarding the policies that Australia has put on the table, would they lead to a two per cent increase to GDP?

Mr Sterland: There is not a lot of precision around the country modelling, but I think they are broadly proportional to the aggregate, the G20 number in Cairns.

Senator WONG: How broadly proportional are they—1.9, 1.8, 1.7, 2.1?

Mr Sterland: Do you mean to the 1.8 per cent that was announced in Cairns?

Senator WONG: I am trying to get a sense of what you say these policies will lead to in terms of impact on Australia's GDP.

Senator Cormann: Senator Wong, you previously indicated that you were prepared for the question to be taken on notice, and Mr Sterland has been extremely helpful. Then you followed up by saying—

Senator WONG: No, we moved onto a different bit.

Senator Cormann: No, he tried to enter into specifics.

Senator WONG: No, that was in relation to the list of policies. He did a summary and I said, 'Fine, we'll move on to a different bit.' What I am asking about now is what the quantitative impact would be.

Senator Cormann: Sure, but I think you will find—

Senator WONG: He has not asked to take it on notice.

Senator Cormann: You can hardly give the qualitative results of proper and scientific presentation to quantitative that goes beyond—

Senator WONG: I am just asking what percentage of GDP increase there will be as a result of this suite of policies that we presented to the IMF.

Senator Cormann: The answer is that the global target is two per cent.

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates
2014 - 2015

Senator WONG: No, I am asking about the domestic target.

Senator Cormann: I am using my prerogative as the minister at the table—

Senator WONG: To not answer the question.

Senator Cormann: to answer on behalf of the government. As has been indicated, the global target is an additional two per cent growth above the business-as-usual trajectory.

Senator WONG: Thank you for telling me something that we all know.

Senator Cormann: As Mr Sterland has indicated—

Senator WONG: Chair, if this continues—

CHAIR: Senator Wong, I am trying to listen to the minister's answer.

Senator WONG: That's fine. We might have to get macro group back on Friday too if this continues, don't you think?

Senator Cormann: I am providing an answer to the question. The work to assess the specifics, as has been indicated by Mr Sterland, has been done by the IMF and the OECD. There is really nothing else that we can do to assist you on this now other than to take the question on notice.

Senator WONG: If the minister continues to give monologues we may have to get macro back.

CHAIR: He said he would take it on notice.

Senator Cormann: You can be as patronising as you like, Senator Wong. I will use my prerogative to answer questions on behalf of the government as I see fit.

Senator WONG: There is a thing called the royal prerogative too! Can we be clear on what you are now proposing to take on notice. I would not have thought it was controversial. You do not even want to tell the parliament and Australians how much you say your policies will increase GDP by.

Senator Cormann: The work through the G20 is obviously still evolving. The work, in terms of assessing the specifics, is still evolving.

Senator WONG: That is not right. That is not what the evidence is.

Senator Cormann: It is evolving, absolutely.

Senator WONG: Okay, if that is the evidence let the officer give it.

Senator Cormann: The G20 heads of government meeting is yet to happen. As you know, it will happen in Brisbane on the weekend of 15 and 16 November. In order to ensure that the information we provide to you is accurate, we have taken on notice the specific list of measures that is included for Australia. To the extent that we can assist you, we will also provide you with information on the degree to which Australia is contributing, through those measures, to the two per cent additional growth above the business-as-usual trajectory at a global level.

Senator WONG: You want to take all of these questions on notice?

Senator Cormann: That is what I have just indicated.

Senator WONG: Can you also take on notice the additional GDP growth resulting from these policies, over and above the budget forecasts, if any. Mr Sterland, you said to me, 'We would know about most of them.' You gave a little summary. Are there domestic policies, as part of this two per cent target that Australia is putting on the table, which are not yet public?(Q1)

Mr Sterland: I will have to take that on notice because the final submission is going in soon and it has been prepared for the summit.

Senator WONG: You said the IMF do both the aggregate and country-by-country modelling.

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates
2014 - 2015

Mr Sterland: Country-by-country models are not presented to ministers. I will take on notice how much detail there is behind that at the very working level.

Senator WONG: Could we have on notice the IMF aggregate modelling and also the country modelling—obviously just for Australia. **(Q2)**

Mr Sterland: Yes.

Senator WONG: Can

Answer:

Q1. Please refer to SQ14-000980

Q2. IMF-OECD analysis indicates that if fully implemented, the commitments detailed in each country's comprehensive growth strategy will lift the G20's GDP by an additional 2.1 per cent above the business-as-usual trajectory by 2018. For further information please refer to the G20 Leaders' Communique, Brisbane Summit, 15-16 November 2014:

http://www.g20.utoronto.ca/2014/brisbane_g20_leaders_summit_communique.pdf

IMF-OECD analysis of the impact of these comprehensive growth strategies on individual countries' GDP has not been made public.