

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2015-16

Finance Portfolio
20 October 2015

Department/Agency: Department of Finance

Outcome/Program: 1/1.1

Topic: Rule of thumb scenarios

Senator: Wong

Question reference number: F61

Type of question: Written

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Number of pages: 1

Question:

What is the illustrative sensitivity of the budget balance (impact on receipts and payments) due to a:

1. 0.5 per cent decrease or increase in unemployment;
2. 0.5 per cent decrease or increase in the consumer price index;
3. 0.5 per cent decrease or increase in the wage price index;
4. 0.5 per cent decrease or increase in employment

Answer:

Illustrative sensitivity analysis is undertaken jointly by the Department of Finance and the Treasury and presented in published budget documentation (for example, in the 2015-16 Budget Paper No. 1, pages 7-14 to 7-19). The analysis includes two scenarios that show the sensitivity of the budget balance to economic shocks involving changes in a number of key parameters, including employment (increase or decrease of ½ per cent), the consumer price index (¼ per cent) and wages (¼ per cent).

These illustrative scenarios present the sensitivity of the budget to changes in economic parameters in an integrated way in the context of specific economic shocks. Sensitivity analysis based on changes in individual economic parameters is not available.