



Australian Government
The Treasury



Stimulus Behavioural Economic Impact Study (SBEIS)



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The Treasury



Part I

Macroeconomics and the Household Stimulus

THE TARGETED EFFECT OF THE STIMULUS?

- \$12bn Household Stimulus Package met all three fiscal criteria
- Supplementing private sector spending with public sector spending
- Kick start economic growth
- Stabilise consumer and business confidence

WHO DID IT TARGET?

- Low to middle income earners, students and farmers who were most susceptible to the downturn and have a high propensity to spend.

WHO PRIMARILY RECEIVED IT?

- Families on middle income (only 18.5% of low income families benefited) *
- Families with children

“Out of 11 million families in Australia, 66% or nearly 7.3 million families benefited from the Household Stimulus” *

*Tanton, R. (2010). Who gained the most from the Household Stimulus Package? *Catholic Social Services Australia National Conference*. Canberra: National Centre for Social and Economic Modelling.

WHAT WAS IN THE PACKAGE?

1. A tax bonus payment on a sliding scale for Australian resident taxpayers who lodged a tax return in the 2007-2008 financial year.
 - \$900 for those with taxable income less than \$80,000
 - \$600 for those with taxable income between \$80,001 and \$90,000
 - \$250 for those with taxable income between \$90,001 and \$100,000
2. A bonus payment of \$900 to every family entitled to Family Tax Benefit Part B (FTB-B)
3. A bonus payment of \$950 to assist farmers experiencing hardship due to drought conditions and others receiving Exceptional Circumstance related income support
4. A bonus payment of \$950 to eligible student social security recipients to assist with the costs for the 2009 academic year
5. A bonus payment of \$950 to every family with children of school age eligible for Family Tax Benefit Part A (FTB-A)



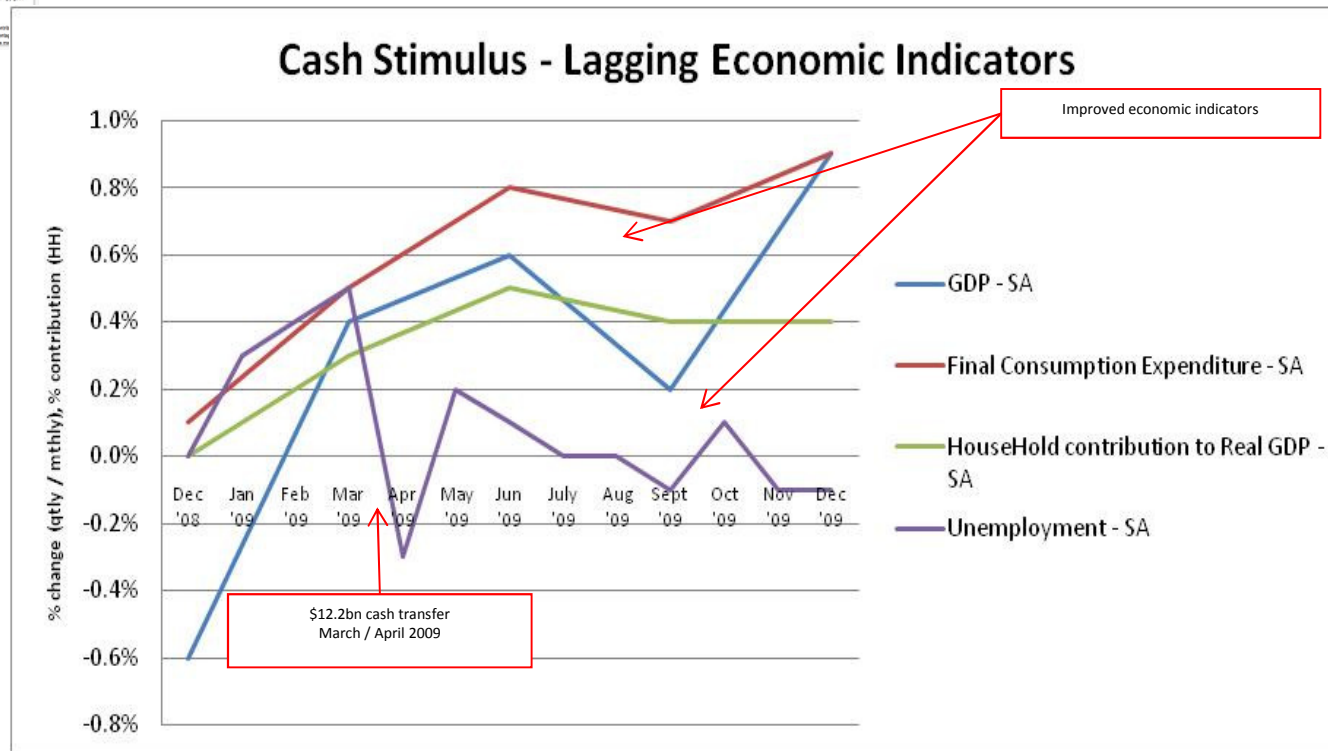
A screenshot of a web browser displaying a BusinessDay article. The browser's address bar shows the URL: www.businessday.com.au/business/australia-dodges-recession-20090603-... The article title is "Australia dodges recession" by Chris Zappone, dated June 3, 2009. The article text states that Australia has dodged a recession, with data showing the economy expanded in the first three months of the year. It mentions that Gross domestic product for the March quarter grew a seasonally adjusted 0.4 per cent from the previous three months, bouncing back from a revised 0.6 per cent decline in the final three months of last year. Analysts had expected the Australian economy to have risen 0.2 per cent in the first quarter, with many revising their predictions to growth from a contraction after yesterday's surprisingly good trade figures for the period. A quote from Kevin Rudd is visible: "I don't think we're out of the woods yet". The article also includes a video link titled "VIDEO Rudd: Not out of the woods yet" and a section titled "Have your say: do the numbers make sense?".

Evidence the Stimulus Worked

Australia avoided two consecutive quarters of negative real GDP following the full Stimulus Package – however the effectiveness of each component part of the Stimulus requires more clarity, scrutiny and analysis

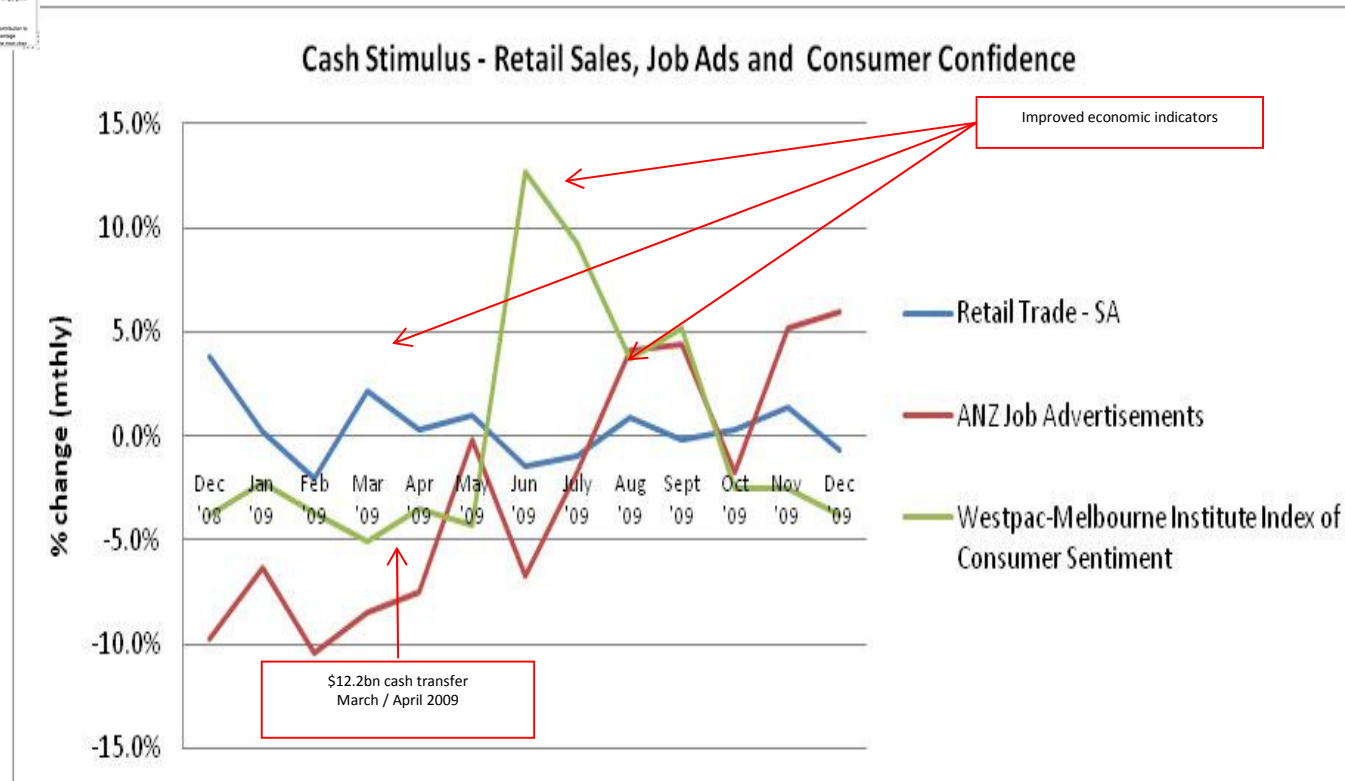


Cash Stimulus - Lagging Economic Indicators



Evidence the Stimulus

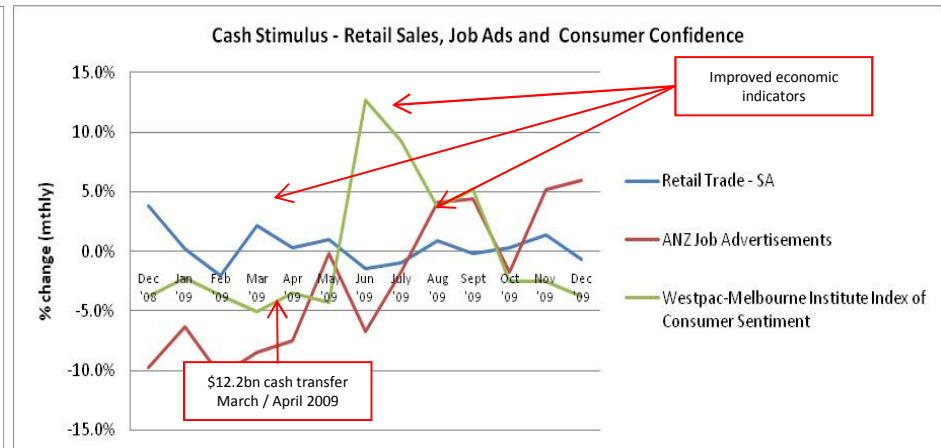
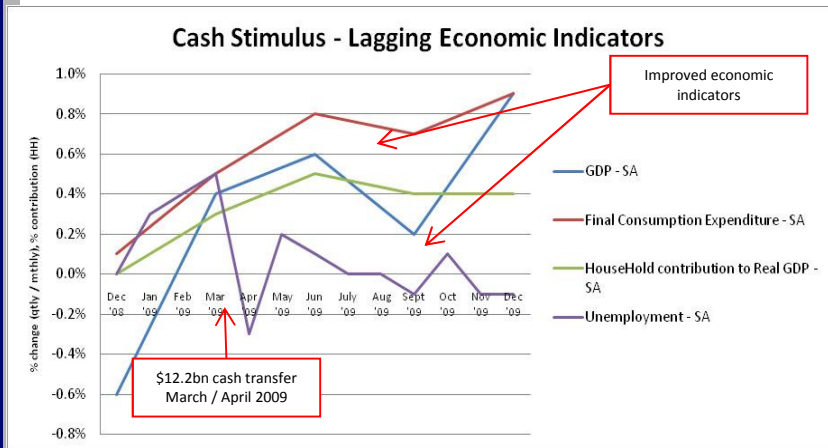
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Evidence the Stimulus



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Lagging Indicators

- ❖ Unemployment levels
- ❖ Corporate profits
- ❖ Inflation



Leading Indicators

- ❖ Westpac Consumer Confidence Survey
- ❖ ANZ Job Survey
- ❖ Credit Markets
- ❖ Equity Markets
- ❖ Credit Approval Growth
- ❖ Construction Pipeline/Activity

Consumer Behaviour