

## What's new on the Treasury website

The Treasury's website, [www.treasury.gov.au](http://www.treasury.gov.au), includes past issues of the *Economic Roundup*. Some of the other items posted on the website since the previous issue of *Roundup* that may be of interest to readers are listed in the following section.

## Working Papers

### Child Care Availability, Quality and Affordability: Are Local Problems Related to Maternal Labour Supply?

Robert Breunig and Xiaodong Gong

<http://www.treasury.gov.au/contentitem.asp?NavId=049&ContentID=1781>

This paper examines whether subjective responses to survey questions about child care availability, quality, and cost, aggregated at the local geographical level, have any explanatory power in models of workforce participation and labour supply. This paper finds that married women who live in areas with more reports of lack of availability, low quality, or costly childcare work less than women in areas with fewer reported difficulties with child care. The paper finds this effect on both the hours of labour supplied and on the part-time/full-time choice.

### How Responsive is Female Labour Supply to Child Care Costs — New Australian Estimates

Xiaodong Gong , Robert Breunig and Anthony King

<http://www.treasury.gov.au/contentitem.asp?NavId=049&ContentID=1782>

The degree of responsiveness of Australian women's labour supply to child care cost has been a matter of some debate. There is a view that the level of responsiveness is very low or negligible, running counter to international and anecdotal evidence. This paper reviews the Australian and international literature on labour supply and child care, and provides improved Australian estimates of labour supply elasticities and child care demand elasticities with respect to gross child care price.

This paper finds that the limited literature in Australia has suffered from measurement error problems stemming in large part from shortcomings with data on child care price and child care usage. This paper uses detailed child care data from three recent waves of the Household, Income and Labour Dynamics in Australia (HILDA) Survey (covering the period 2005 to 2007) to address these problems. This paper extends the standard labour supply and child care model to allow for separate effects of different child care prices for children in different age ranges and calculates regional child care prices based upon child-level information. The salient finding is that child care prices do have statistically significant effects on mothers' labour supply and child care demand. The new estimates are in line with international findings, and their robustness is supported by a validation exercise involving an alternative technique and an earlier time period.

## Publications

### 2010 Costing of Election Commitments Guidelines

<http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1831>

The Charter of Budget Honesty Act 1998 (the Charter) outlines arrangements under which the Secretaries to the Departments of the Treasury and of Finance and Deregulation may be requested to cost Government and Opposition election commitments during the caretaker period for a general election.

This document aims to inform those requesting policy costings of the general methodology that is to be applied, what information will need to be supplied upon requesting a policy costing, and what will be produced.

### Portfolio Budget Statements 2010-11

<http://treasury.gov.au/contentitem.asp?NavId=035&ContentID=1791>

The purpose of the 2010-11 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2010-11. In this sense the PBS are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the Acts Interpretation Act 1901.

The PBS provides information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

### 2010-11 Commonwealth Budget

<http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1807>

2010-11 Commonwealth Budget website includes the following papers: Budget Speech, Budget Strategy and Outlook, Budget Measures, Federal Financial Relations and Agency Resourcing.

Two Budget Overviews were released with the 2010-11 Budget: Budget Overview; and A National Health and Hospitals Network for Australia's Future.

What's new on the Treasury website

## Australia's Future Tax System

<http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1405>

On 13 May 2008 the Australian Government announced the review of Australia's tax system. The review was tasked with looking at the current tax system and make recommendations to position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century.

The review encompassed Australian Government and State taxes, except the GST, and interactions with the transfer system.

The final report was released by the Review Panel on 2 May 2010.

The Government's response entitled *Fairer, Stronger, Simpler: Tax Plan for Our Future* is located at <http://www.futuretax.gov.au>.

## Speeches

### Forecasting in the Eye of the Storm — Address by Dr David Gruen to the NSW Economic Society

<http://treasury.gov.au/contentitem.asp?NavId=008&ContentID=1828>

This address, entitled 'Forecasting in the Eye of the Storm', was delivered by Dr David Gruen, Executive Director (Domestic), Macroeconomic Group, to the NSW Economic Society on Friday 4 June 2010.

### Cross-Country Analysis of Economic Growth and Fiscal Stimulus — Statement by Dr David Gruen to the Senate Economics Legislation Committee

<http://treasury.gov.au/contentitem.asp?NavId=008&ContentID=1822>

This statement, entitled 'Cross-Country Analysis of Economic Growth and Fiscal Stimulus', was tabled by Dr David Gruen, Executive Director (Domestic), Macroeconomic Group, at Senate Estimates for the Senate Economics Legislation Committee on 2 June 2010.

## Housing Supply and Affordability — Address by Dr Steven Kennedy to the Towards a National Urban Policy Summit

<http://treasury.gov.au/contentitem.asp?NavId=008&ContentID=1818>

This speech, entitled 'Housing Supply and Affordability', was given by Dr Steven Kennedy, General Manager, Infrastructure, Competition and Consumer Division, Markets Group, to the Council of Capital City Lord Mayors' Towards a National Urban Policy Summit on 27 May 2010.

## Consultations

<http://treasury.gov.au/content/consultations.asp?ContentID=1013&titl=Reviews,%20Inquiries%20%26%20Consultations>

Treasury conducts many consultations on behalf of the Government. The following consultations are open for public comment:

- Consultation Paper – Review of Elections in the Income Tax Law
- Exposure Draft – Tax Laws Amendment (2010 Measures No. 5) Bill 2010: Extending CGT exemption for certain compulsory acquisitions
- Discussion Paper – Improvements to Running Balance Accounts and Related Provisions
- Issues Paper – Ticket Scalping: Ticket onselling and consumers
- Consultation Paper – Native Title, Indigenous Economic Development and Tax
- Review of Australia's Superannuation System

