

## **What is the role of economists at the Department of Treasury and Finance?**

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The Department of Treasury and Finance (DTF) plays a leading role in economic, financial and resource management in Victoria. It assists the Treasurer and the Minister for Finance and WorkCover in delivering the Victorian Government's financially responsible and socially progressive policy platform. Although commonly associated with its role of advising and supporting the Treasurer in preparing the State Budget, DTF also advises its ministers on the economic, budgetary and commercial implications of policy and legislative changes.

As an economist within the Economic Social and Environmental Group at DTF, I work in a team advising on energy and environment issues. The nature of our work provides me with an opportunity to collaborate with other departments and to contribute to policy development on a diverse range of issues, including waste management, greenhouse abatement and energy efficiency. In dealing with such a variety of issues, my job is less about being the 'expert' and more about asking the right questions to provide balanced briefings for senior management and ministers.

Economists are concerned about the implications of policy proposals for economic efficiency, or the efficient operation of markets for the benefit of households and businesses, of policy proposals. For example, a given level of greenhouse gas abatement can be achieved through various combinations of increased renewable energy, demand management, research and development, regulation or market-based instruments such as emissions trading. However, the combination chosen may have different implications for economic efficiency.

Economists also have a role to examine the equity implications of policy proposals. For example, differential vehicle registration charges have been introduced in the UK to promote the uptake of more 'greenhouse friendly' vehicles. While such a policy can be successful in lowering greenhouse gas emissions, it could also lead to unintended financial implications for large families and lower income earners.

From my perspective, economics is a tool to better understand how environmental policies can impact the economy and community. Although economists, scientists and policy analysts don't always see eye-to-eye on the tools used, their objectives are often similar.

For further information refer to: <http://www.dtf.vic.gov.au/>