

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2013-2014

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 1/1.1 Budget

Topic: PBO Costings

Senator: Wong

Question reference number: F57

Type of question: Written

Date set by the committee for the return of answer: Friday 17 January 2013

Number of pages: 4

Question:

1. Have you costed any of the Government's proposals that were detailed in the PBO's post-election report?
2. If so, have you found any differences between what you get and what the PBO costed?
3. If there are differences, can you provide a list of all the proposals where there are differences with an explanation for each of them as to why there are differences?
4. If you have not costed any of the Government's proposals that were in the PBO's post election report, why not?

Answer:

1. Yes.
2. Yes.
3. Twenty-three of the Government's proposals costed by Finance and detailed in the 2013-14 MYEFO had different costs to those detailed in the PBO post-election report. The attached table provides details for 22 of these proposals. Details for one of the proposals cannot be disclosed due to Cabinet consideration.

4. Provision for all the Government's election commitments, except the savings associated with the 12,000 headcount reduction in the Australian Public Service, has been made in the 2013-14 MYEFO. Some are shown as measures and others are in the Contingency Reserve pending progression in the 2014-15 Budget process. As indicated in the 2013-14 MYEFO, the Government has indicated it will review the timing and approach to implementing the 12,000 headcount reduction in light of the findings of the National Commission of Audit.

Item	Proposal	Portfolio	Explanation for difference
1	Operation Sovereign Borders - Enhancing People Smuggling and Intelligence Gathering, disruption and joint policing	AGD	The PBO costed this element as part of a suite of eight proposals. A minor difference can be attributed to costing methodologies.
2	Discontinue direct Commonwealth funding to ICT centre of excellence	Communications	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably, different assumptions generate different financial outcomes.
3	Australian Building and Construction Commission - re-establishment	Employment	Finance assumes the difference is due to rounding.
4	Relocation Assistance to Take Up a Job programme - establishment	Employment	The difference can be attributed to higher average income support rates (which implies a greater save as relocation bonus recipients move off income support). This is partly offset by a Government decision to increase eligibility for the relocation bonus.
5	Seniors Employment Incentive Payment - establishment	Employment	The difference in costs is due to different claimant rate assumed for this payment.
6	Jobs Commitment Bonus - establishment	Employment	The difference can be attributed to assumed departmental costs.
7	Repeal of the Carbon Tax - Abolishing Land Initiatives and Unnecessary Bureaucracies	Environment	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.
8	Repeal of the Carbon Tax - Abolishing Energy Market Compensation	Environment	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.
9	Repeal of the Carbon Tax - Abolishing Business Compensation	Environment	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.
10	Water for the Future - rephase four years spending over six years	Environment	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.
11	Repeal of the Carbon Tax - Abolishing other measures	Environment	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.
12	Revert to Pre-2010 Election Non-government Personal Staffing Ratios	Finance	The PBO costing was based on a reduction of 10 staff positions and the PBO assumed an average annual salary cost of \$180,700. The Finance costing was based on the post-2013 election allocated positions (reduction of 12 staff) and the staff cost was based on the relevant classification rather than an 'average' salary cost.
13	Ballina Hospital - upgrades	Health	The costing completed by Finance was consistent with the public commitment.
14	Commonwealth medical internships - additional funding	Health	The costing completed by Finance was consistent with the Coalition's policy statement.

Item	Proposal	Portfolio	Explanation for difference
15	Border security - dividend from stopping the boats	Immigration	The Finance costing used more up to date data than the PBO costing.
16	2013-14 Humanitarian Programme	Immigration	The PBO costed a reversal of the 2012-13 MYEFO measure – <i>Response to the expert panel – Humanitarian Migration Programme – additional places from 2012-13</i> factoring in a pro-rata reduction for the 2013 Economic Statement measure <i>Humanitarian Settlement Services – reduction of support for those already in the community</i> , but did not cost the reprioritisation to provide 11,000 places to offshore entrants as announced in the 2013 election.
17	The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog	Immigration	<p>These commitments were included in 'The Coalition's Policy to Clear Labor's 30,000 Border Failure Backlog'. The Finance costing reflects the current policy and includes the election commitment to withdraw taxpayer funded immigration assistance to illegal boat arrivals.</p> <p>The implementation of the Government's Border Protection Policy is expected to increase cash payments. The increase can be directly attributable to insufficient funding previously provided for offshore processing facilities in Papua New Guinea and Nauru.</p>
18	<p>Operation Sovereign Borders Package</p> <p><i>Engage with local communities in Indonesia</i></p> <p><i>Tighten regional border controls and improve identity management</i></p> <p><i>Enhanced air surveillance capability</i></p> <p><i>Enhanced Indonesian search and rescue capability</i></p> <p><i>Interception and transfer of asylum seekers</i></p> <p><i>Increasing offshore processing capacity</i></p>	Immigration	<p>The difference can be attributed to there being significant policy differences when costed by Finance.</p> <p>The implementation of the Government's Border Protection Policy is expected to increase cash payments. The increase can be directly attributable to insufficient funding previously provided for offshore processing facilities in Papua New Guinea and Nauru.</p>
19	Discontinue Manufacturing Technology Innovation Centre	Industry	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably, different assumptions generate different financial outcomes.
20	Community Cabinet - Discontinue	PM&C	The Finance costing takes account of parameter variations (indexation and ED) since the funding was provided.
21	Cessation of the trial of mandatory pre-commitment technology in the Australian Capital Territory	Social Services	The Finance costing includes departmental resourcing required in 2013-14, whereas the PBO costing did not.
22	Repeal of the Mineral Resource Rent Tax - cessation of certain social security payments	Social Services	The PBO has not published detailed assumptions in their Post Election Report so the explanation for the difference is unknown. Inevitably different assumptions generate different financial outcomes.