

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: 3015

Topic: MYEFO – Policy decisions

Hansard Page: Page 80-81, 26 February 2014

3014 - Senator WONG asked:

Senator WONG: Here you do not even get back to balance. Can you tell me what has changed.

Mr Ray: There is the cash reconciliation table on page 29 of MYEFO which summarises the changes. There are a range of things. There are a number of policy decisions on both the receipts and payments sides and then there are changes in economic parameters and other things which have affected both the receipts and payments sides.

Senator WONG: I think you said there were four components of the policy decisions?

Mr Ray: The policy decisions had a net negative impact across the forward estimates of \$13.7 billion.

Senator WONG: And these are policy decisions of government?

Mr Ray: Yes, that is correct. Then the total parameter and other variations had a net negative impact of \$54.4 billion across the forward estimates.

Senator WONG: Can you give me a list of what the parameter and other variations were that made up that?

Mr Ray: It is material in the papers.

Senator WONG: It only identifies some. I want all.

Mr Ray: I will take that on notice.

Senator WONG: I want to understand all of the components of the \$54.4 billion.

Mr Ray: I think all the policy decisions are identified in MYEFO in the appendix.

Senator WONG: In the equivalent of BP 2?

Mr Ray: Yes.

Senator WONG: If they are not, I want to understand everything that makes up the \$13.7 billion and everything that makes up the \$54.4 billion.

Answer:

In the period between the 2013 Pre-Election Economic and Fiscal Outlook (PEFO) and the 2013-14 Mid-Year Economic and Fiscal Outlook (MYEFO), total policy decisions had a negative impact on the underlying cash position of \$10.3 billion in 2013-14 and \$13.7 billion over the forward estimates (2013-14 to 2016-17).

A full breakdown of the policy decisions taken between the 2013 PEFO and 2013-14 MYEFO is provided at Appendix A in the 2013-14 MYEFO.

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In the period between the 2013 PEFO and the 2013-14 MYEFO, total parameter and other variations had a negative impact on the underlying cash position of \$6.6 billion in 2013-14 and \$54.4 billion over the forward estimates.

Receipt Estimates

Parameter and other variations decreased total receipts by \$6.2 billion in 2013-14 and \$36.8 billion over the forward estimates period. An explanation of the main drivers of this change is provided on pages 33-34 of the 2013-14 MYEFO.

Payment Estimates

Parameter and other variations increased cash payments by \$453 million in 2013-14 and \$17.8 billion over the forward estimates period. The major changes in cash payment as a result of parameter and other variations are listed on pages 38-39 of the 2013-14 MYEFO and summarised in the table below.

A further breakdown of the parameter and other variations between the 2013 PEFO and the 2013-14 MYEFO is not available. It would require significant resources to undertake this work.

Title	Impact (cash payments)				
	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total ^{a)} \$m
Family Tax Benefit	368	385	112	143	1,009
Child Care Benefit and Child Care Rebate	303	530	756	1004	2,594
Private Health Insurance Rebate	237	239	196	200	873
National Disaster Relief and Recovery Arrangements	198	1	-413	0	-214
Unclaimed Monies - refunds	176	0	0	0	176
Medicare Benefits Schedule	164	176	171	148	659
Disability Support Pension	145	143	147	152	587
Research and Development Tax Incentive	128	134	128	-129	519
Age Pension	75	161	206	278	721
Residential Care Subsidies	-26	113	222	168	479
Pharmaceutical Benefits Scheme	-526	-694	-728	-764	-2,712
Immigration Detention Network	-358	-687	-512	-549	-2,106
Annual revision to schools funding	-125	0	0	0	-125

a) Totals may not add due to rounding

b) A positive number for cash payments indicates a decrease in the underlying cash balance.