

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: 3021

Topic: MYEFO Projections

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Senator DASTYARI asked:

Senator DASTYARI: Sure. We had a debate this morning about methodologies that are and are not being used at the moment, the difference between PEFO and MYEFO. In the Commission of Audit report, what methodologies have been used? Are the same methodologies, projections and forecasts that were used in MYEFO making the basis of the Commission of Audit report?

Senator Sinodinos: Not having seen the report, I cannot give you a first-hand view of that. However, if I look at the terms of reference for the Commission of Audit, the commission is looking at specific proposals for changes in spending, size of government, and efficiencies in the delivery of government services, whereas I thought the discussion this morning was around the methodology for things like economic parameters. The officials can correct me if I am wrong, but I am not sure that the Commission of Audit in its terms of reference was looking at those methodological issues.

Mr Ray: When Mr Shepherd gave evidence to the select committee—I do not want to put words into his mouth—he did stress that the commissioners are independent and they could choose to use whatever methodology they wanted.

Senator DASTYARI: That is the point I am getting at.

Senator Sinodinos: No, but methodology in relation to, what, costing proposals? I just want to get clear what—

Mr Ray: It was specifically, probably in answer to a question from Senator Dastyari, about forecasts and projection—

Senator DASTYARI: The question I asked—and this is before we were given the figure for 2023-24, which was taken on notice and provided as a surplus of \$26 billion based on MYEFO projections—was whether they were using the projections that had been supplied by Treasury and whether they were using—I think I went further, Mr Ray, and the record may stand to be corrected on this—whether they were using some of the parameters and what-not that was used in MYEFO as the basis for the decisions they were making, and for the report they were producing, and they did make the point that they were reserving the right to independently do their own forecasting, which struck me as a bit odd, because why would you not just use Treasury figures?

Mr Ray: I think that is a question for Mr Shepherd.

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Senator DASTYARI: It will be. Are you able to that on notice, Minister? I assume I will probably have seen the report by the time the—

Senator Sinodinos: I will be fascinated in the answer.

Answer:

The Treasury provided the National Commission of Audit ('the Commission') with economic and fiscal parameters.

As an independent body, the Commission is free to make its own decisions and assumptions, including on methodology and use of projections.