

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Budget Policy Division

Question No: 164

Topic: Budget Paper No.1 - Fiscal Balance

Reference: Hansard page 52 (29 May 2017)

Senator: Ketter, Chris

Question:

Senator KETTER: Can you tell us when was the decision made to replace the presentation of fiscal balance in table 1 of statement 1 in Budget Paper No. 1 with the net operating balance?

Senator Cormann: That was obviously part of the budget process. It was a decision taken by the government. If you are looking for a specific date, I would have to take that on notice for you.

Senator KETTER: Minister, who was consulted on this decision?

Senator Cormann: Well, it went through the usual budget process, which means that it went through the Expenditure Review Committee and ultimately was signed off by the cabinet.

Senator KETTER: What about outside of government?

Mr M Brennan: I would have to cast my mind back as to whether there was any consultation, but I do not think there was much consultation. It was essentially a submission that went to the Expenditure Review Committee. It might actually have been co-sponsored by the Treasurer and the Minister for Finance, and that has the usual ERC processes around it. That was the basis for this decision.

Senator Cormann: You are not in the Finance estimates, but we went through these in some detail in the Finance estimates too. Of course, the net operating balance has always been reported in the budget papers. We have just chosen to give it more prominence because we believe that it is an important indicator of the forecast and projected financial performance of the government over the forward estimates period. We believe it is more useful as a complementary indicator to the underlying cash balance than, in ordinary circumstances, the fiscal balance was—which is, of course, still also separately reported.

Answer:

Cabinet endorsed the Expenditure Review Committee's decision to present the net operating balance as a key aggregate.