

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Budget Policy Division

Question No: 175

Topic: Underlying Cash Balance Estimates

Reference: Hansard page 76-77 (29 May 2017)

Senator: Gallagher, Katy

Question:

Senator GALLAGHER: Thank you for that. If we go to table 6 on 3-27, the difference in payments from 2018-19 to 2019-20 is split into \$3.9 billion on decisions and a saving of \$4.4 billion on parameter variations. Then, if you turn to 3-30, 3-31 and 3-32 there are the major decisions causing movements in payments due to policy decisions and parameter variations. Can you outline the impact of these major movements specifically for 2019-20?

Senator Cormann: We might have to take that on notice.

Senator GALLAGHER: Okay.

Mr M Brennan: On that, Senator, are you referring specifically to the fact that on, say, 3-27 in table 6 the effective parameter variation jumps in 2019-20 from \$979 million?

Senator GALLAGHER: Yes.

Senator Cormann: We will provide that on notice.

Answer:

- In the 2017-18 Budget, the impact of parameter and other variations since the 2016-17 MYEFO decreased total cash payments in each year of the forward estimates (see Budget Paper No. 1, Table 6 page 3-27).
- The major decreases in payments in 2019-20 as a result of parameter and other variations include:
 - payments related to the provision of Goods and Services Tax (consistent with a reduction in GST receipts; see Budget Paper No.1, page 3-32);
 - payments related to public debt interest (see Budget Paper No. 1, page 6-6 for an accrual equivalent); and
 - the regular drawdown of the Conservative Bias Allowance (see Budget Paper No. 1, page 6-45).
- The decrease in payments in 2017-18 and 2018-19 as a result of parameter and other variations is smaller than the decrease in 2019-20 and 2020-21. This is largely a result of the decrease in payments in 2017-18 and 2018-19 being partially offset by increases in payments related to:
 - Defence operations (increasing payments in 2017-18 by \$817 million, see Budget Paper No. 1, page 3-32);
 - Natural Disaster Relief and Recovery Arrangements (increasing payments in 2017-18 by \$254 million, see Budget Paper No. 1, page 3-32); and
 - Infrastructure Investment Programme (increasing payments in 2018-19 by \$558 million, see Budget Paper No. 1, page 3-31).