

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 70

Topic: Review of Spending Pressures

Hansard Page: E21-E22

Senator Coonan asked:

Senator COONAN—On the basis of your experience of these things in terms of new spending, have you anticipated what spending pressures you might expect to arise by reason of the hundreds of reviews commissioned by the government?

Mr Martine—As part of our normal advice to government, as we have been doing for many years, likely spending pressures are something that we always keep an eye on so we are always in a position to provide the appropriate advice.

Senator COONAN—Notwithstanding what might come forward from these hundreds of reviews, Treasury is always able to respond and advise appropriately?

Mr Ray—As long as I have been in this business there have always been spending pressures and we have provided advice on them.

Senator COONAN—Are there any spending pressures that you anticipate? Can you indicate where they are?

Mr Ray—No. I would not want to chance my arm indicating where they are but there are always spending pressures and we provide advice on them.

Senator COONAN—Except that is not really something that you are advising on; it is something that is a matter of fact. As part of Treasury's operations can you be a bit more specific?

Mr Ray—I do not know that it is a matter of fact because these things do not become fact until the government takes a decision.

Senator COONAN—I understand that but it is a matter of the operations of the department that this is a function and understanding where pressures are and what they are is a function—

Mr Ray—It is a function and—

Senator COONAN—I am just wondering if you could be a bit more specific.

Mr Ray—that is something that we have always done and it is something we will continue to do: to provide advice to the government on our view of the sorts of spending pressures that are around in order to assist them when they are thinking about their budget policy decisions.

Senator COONAN—What spending pressures do you anticipate?

Mr Ray—I would need to take that on notice.

Senator COONAN—You cannot indicate any at this stage?

Mr Ray—That question, as we have been saying, goes to advice to government so I would need to take it on notice.

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Answer:

Pressures are *potential changes* to the existing budget or forward estimates as a result of an event (including policy decisions not yet approved) that may happen.

Treasury monitors spending pressures across all portfolios and policy areas and advises the Government on these on an ongoing basis.

Broad long-term spending pressures are driven by a range of factors including Australia's economic conditions, inter-generational trends and challenges and Government policy. The second Intergenerational Report published in 2007 outlines particular spending pressures in the areas of health, aged care, payments to individuals, education and training, government employee superannuation and the environment.

In the short to medium-term the Government's priorities are the key determinant of spending pressures. The Government has outlined key areas that it intends to focus on and has also announced reviews in some of these areas that may have implications for spending.