

**Senate Standing Committee on Finance and Public Administration**

**ANSWER TO QUESTION ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**Budget Estimates Hearing – May 2006**

**Question: F48**

**Outcome 1, Output 1.1**

**Topic: Identification of policy announcements made in the 2001 and 2004 election campaigns that consequently came out of the Contingency Reserve**

**Written Question on Notice**

**Senator Sherry asked:**

Itemise all the announcements in the 2001 and 2004 election campaign that had their funding included in the contingency reserve prior to announcement in the relevant election campaign, and detail that funding.

Provide a reconciliation by function and sub-function between Budget and MYEFO of changes for each of those two years.

On Wage Cost Indexes, on what basis have the forward estimates been set?

Have the forward estimates provided for a reduced rate of indexation than would otherwise be the case if the AIRC/SNA indexation arrangements had continued to apply?

Quantify these amounts for the forward estimates by program.

**Answer:**

2001 election campaign

Details of any policy announcements contained in the contingency reserve at the time of the 2001 election campaign are not readily available. Retrieving and reconstructing the data would require an extensive amount of resources and time to be redirected by the Department of Finance and Administration.

2004 election campaign

The following election policy announcements had their funding in the contingency reserve prior to their announcement in the election campaign:

*Scoresby Freeway – additional funding* provided an additional contribution of \$120.0 million over three years from 2004-05 to 2006-07 reflecting a decision of the Government to make provision for additional funding, subject to the Victorian Government reversing its decision to impose tolls on the road. While this decision was taken it was not announced prior to the issuing of the writs for the 2004 election.

**Senate Standing Committee on Finance and Public Administration**

**ANSWER TO QUESTION ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

Budget Estimates Hearing – May 2006

*Regional Arts Fund – additional funding* provided an additional contribution of \$5.4 million over four years from 2004-05 to 2007-08 reflecting a decision of the Government which had not been announced by the time of the issuing of the writs for the 2004 election.

Reconciliation of contingency reserve

The contingency reserve makes allowance for a range of anticipated impacts on the Budget including commercial-in-confidence and security-in-confidence items. Accordingly, it is not possible to publicly release a reconciliation or breakdown of the reserve.

Wage Cost Index

Wage cost indexation has been applied to the forward estimates in the 2006-07 Budget on the same basis as in previous years. In calculating the 2006-07 Budget indexation factors, the wage growth component was based on the Safety Net Adjustment decision in June 2005. This is consistent with previous practice where the most recent minimum wage decision is applied to the indexation factors for the budget.

The forward estimates do not provide for any reduced rate of indexation as a result of the change in minimum wage setting arrangements.