

Department of Finance

Response to Question on Notice

SENATE SELECT COMMITTEE ON COVID-19

Inquiry into the Australian Government's response to the COVID-19 pandemic

Hearing of 10 September 2020

Question on Notice 1 (Proof Hansard page 4)

CHAIR: In terms of announcements to date, can you give me a total figure of the direct budget support for the COVID-19 response? I've seen different figures, so I'm coming to Finance to give me the correct one.

Ms Huxtable: Across both direct measures and balance sheet measures, there's \$314 billion over the forward estimates. There are a whole range of things that are included in that.

CHAIR: Perhaps you can provide that on notice.

Ms Huxtable: We can provide on notice the detail of that, but that includes the measures taken in response to the health elements, which total \$9.4 billion, \$179.7 billion in economic measures and in addition there's a further \$125 billion in balance sheet support.

Response

Further detail on the \$9.4 billion in funding for health measures and \$125 billion in balance sheet support are provided on page 8 of the *Overview fact sheet* supporting the *Economic and Fiscal Update July 2020*, released 23 July 2020. The fact sheet also provides information on economic measures included in the *Economic and Fiscal Update July 2020*, which totalled \$164.1 billion (see page 7). The fact sheet can be found at https://budget.gov.au/2020-efu/downloads/fact_sheet_overview.pdf.

On the 7 August 2020, the Government announced a \$15.6 billion increase in funding to the JobKeeper Program (<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/more-support-businesses-and-workers> refers), bringing the total value of economic response measures to \$179.7 billion and the total support (including balance sheet support and health measures) to \$314 billion.

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Question on Notice 2 (Proof Hansard pages 4-6)

CHAIR: But you don't have available today information about the tracking, the spending that's been announced to, say, the end of June or end of July?

Ms Huxtable: I think, as Mr Yannopoulos is saying, that Economic and Fiscal Update figure will be very close to where we expect the Final Budget Outcome would be because it was released actually after the end of June. But, as Mr Yannopoulos said, there will be some toing and froing on that.

CHAIR: Surely you're tracking it beyond that as well, aren't you? Isn't part of the information about how quickly support is getting out into the economy? Surely, you would be watching what's happening in July and into August about how these massive programs are actually rolling out or getting the reports back. Isn't one of your jobs to track expenditure and to make sure that what the government's agreed to is happening?

Mr Yannopoulos: And we do but only on some specific programs, and that's actually a relatively new thing we've been doing.

CHAIR: What programs are they?

Mr Yannopoulos: I haven't got the figures with me, but JobSeeker, for instance. The big programs that the government announced that are demand driven that the secretary talked about—JobKeeper.

CHAIR: So you're tracking those.

Mr Yannopoulos: We track those, because they are—

CHAIR: What about the cash flow boost? Do you track that?

Mr Yannopoulos: I think I do have that—it's Treasury's program because it's done through the tax system.

CHAIR: I understand it's Treasury's program, but I'm just trying to understand your kind of monitoring, or checking, of that expenditure—not so much how the program operates or what's happening but how much is being spent against that announcement.

Ms Huxtable: We could come back on notice and look at what is the most recent data we could provide

...

CHAIR: ... We've had people appear here, though, where the government has announced a significant infrastructure stimulus, say of nearly \$4 billion, and, when you get the agency here, you get, 'We've spent 0.5 per cent of that at this point in time.' With JobTrainer, I'd be surprised if any of that money has gone out as of yet. With the \$500 million for HomeBuilder, we got a similar story. There hadn't been any of that money spent. If announcements are made and then, two months later, there isn't any money going out the door, then that's a problem. I'm trying to understand if you have the role of advising the Finance Minister: 'We're tracking this and it isn't tracking as we had expected.' Is that something that the Finance department would do—alert the Finance Minister so that then there's a push to get that money out the door?

Ms Huxtable: I don't think that, in any of the programs that we've been focusing on, we've identified that as an issue. With the programs that we've been focusing on, which are really the big aggregate demand projects like JobKeeper and JobSeeker and the health expenditure, that has all been pretty much getting out the door—in some cases exceeding estimates. In other cases, through the reconciliation processes in Health, it evens out a bit. It's a bit swings and roundabouts. But my recollection—and we can come back on notice with this—is that there is really nothing where we're seeing that there is a big deficit or a mismatch between the expectation and what's happening.

Response

In addition to the normal process of agencies providing data to Finance for the monthly financial statements process, Finance has sought additional reporting from agencies on COVID-19 measures.

Finance is collecting actual expenditure information weekly from agencies for the items listed at Table 1 below. The authoritative source for each program is the relevant portfolio departments.

Table 1

July Economic and Fiscal Update measures
Aviation Support
Boosting Cash Flow for Employers
Communications, Cyber Safety and the Arts
Ageing and Aged Care
Emergency Response
Guaranteeing Medicare and Access to Medicines
Supporting our Hospitals
Income Support for Individuals
Infrastructure Stimulus
JobKeeper Payment
Payments to Support Households
Prioritising Mental Health and Preventive Health
Relief and Recovery Fund
Supporting Apprentices and Trainees

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Question on Notice 3 (Proof Hansard page 8)

Senator DAVEY: I have a couple of brief questions about recent changes, post the onset of COVID, for parliamentarians. For many years, there has been a ban on parliamentarians using office expenses for broadcasting content on regional radio, but this ban has now been lifted. Can you provide some context for that and give us the reasoning behind that decision, and how the changes actually operate?

...

Senator DAVEY: Have you as yet got any oversight as to the level of take-up of this key provision amongst those regional MPs' offices? I know a lot of the print media advertising budget has been used on getting COVID messages out from offices. It would be interesting to see what level of take-up there has been for regional radio services.

Ms Walsh: I don't have that information with me, but I'm very happy to take that on notice and see if we do have any claims come through that would give us a sense of that.

Response

Information relating to the use of office expenses for regional radio broadcasting services was first announced by the Minister for Finance on 15 May 2020 through a circular which can be located at <https://maps.finance.gov.au/circulars/use-office-expenses-regional-radio-broadcasting-services>. Please also refer to Ms Walsh and Mr De Silva's responses at Page 8 of the Senate Select Committee on COVID-19 Proof Hansard from the hearing of 10 September 2020.

As at 10 September 2020, 88 work expense claims have been paid in relation to regional radio broadcasting services, including commercial and community stations in regional electorates, since the amendments to the *Parliamentary Business Resources Regulations 2017* came into effect on 15 May 2020.

Department of Finance

Response to Question on Notice

SENATE SELECT COMMITTEE ON COVID-19

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Hearing of 10 September 2020

Question on Notice 4 (Proof Hansard page 9)

Senator SIEWERT: I go first to JobSeeker. How much to date—I presume you'd have to go to the end of August—has been spent on the COVID supplement element of JobSeeker?

Ms Huxtable: Are you saying just the supplement element of JobSeeker?

Senator SIEWERT: Is it possible to have both? Have you got it broken down?

Ms Huxtable: I don't have both or either. Mr Yannopoulos can assist you.

Mr Yannopoulos: I've got it for two financial years, but I can do a quick calc. The COVID supplement itself was \$4,138,000,000 in 2019-20 and \$6,006,900,000 in 2020-21. That is \$10.1 billion.

Senator SIEWERT: Is that \$10.1 billion to the end of August?

CHAIR: You're just doing from the update?

Mr Yannopoulos: Yes, I'm doing what has been budgeted for.

CHAIR: I think Senator Siewert's question is what has been spent.

Mr Yannopoulos: If you're asking for actual, I'm sorry; I'll have to take that on notice.

CHAIR: I think that goes to the questions I had too.

Ms Huxtable: We can take that on notice.

Response

The Department of Finance has confirmed with the Department of Social Services that, as at the end of August 2020, the Government had spent \$7.3 billion on the Coronavirus Supplement for the Jobseeker Payment. This is in addition to the base Jobseeker Payment and does not include other payments receiving the supplement.

Department of Finance

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SENATE SELECT COMMITTEE ON COVID-19

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Question on Notice 5 (Proof Hansard page 9)

Senator SIEWERT: ... On aged-care funding, what is the total that has been committed through all the new initiatives, and how much has actually been spent? Are you able to tell me now or will you have to take it on notice?

Ms Huxtable: I think we can do the former. I think we can do the total committed through all the initiatives. The latter, we would probably need to take on notice. These are in two parts: there are non-COVID measures that have been announced and then there are also COVID measures that have been announced.

Mr Yannopoulos: The total for non-COVID measures is \$617.7 million; and for COVID measures, \$1.5 billion.

Senator SIEWERT: What do you define as non-COVID?

Mr Yannopoulos: They were additional home-care packages, changes to improved transparency and regulatory standards that were building on the reforms the government announced at MYEFO. We could come back on notice and break down the elements for you.

Ms Huxtable: Can I just add onto that? The \$617.7 figure is a six-year figure from 2019-20, so it includes one year beyond the forward estimates. As a forward estimates figure as we would understand it, it's \$596 million. So \$596 million of that is over the forward estimates period. The \$1.5 billion is over four years, the COVID-related figure.

Senator SIEWERT: Can you take on notice a rundown of what counts as non-COVID and COVID? There's non-COVID and COVID as well. But also how much of that has been spent.

Ms Huxtable: We can take that on notice, yes.

Response

COVID-19 measures specifically respond to the impact of COVID-19 on the aged care sector, while non-COVID-19 measures respond to other policy needs in the aged care sector.

Details of the ageing and aged care non-COVID-19 measure (*Ageing and Aged Care*) and COVID-19 measure (*COVID-19 Response Package – ageing and aged care*) were published in the July 2020 Economic and Fiscal Update on pages 130-132 (<https://budget.gov.au/2020-efu/downloads/JEFU2020.pdf>).

Details of additional COVID-19 response measures were announced by the Prime Minister on 21 August 2020 (<https://www.pm.gov.au/media/reinforcement-australias-aged-care-sector>) and by the Minister for Health and the Minister for Aged Care and Senior Australians on 31 August 2020 (<https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/additional-funding-to-reinforce-australias-aged-care-sector>).

Finance is not tracking the non-COVID-19 aged care measure actuals, consistent with the normal practice of monthly reports to Finance which occurs at the program level only. Finance has sought additional reporting from agencies on COVID-19 measures.

Actual expenditure by the Department of Health (administered only) for the *COVID-19 Response Package – ageing and aged care* measure, which provided an estimated \$415.2 million in 2019-20 and \$401.5 million 2020-21 (with a positive revenue impact of \$3.4 million in 2021-22 and \$0.5 million in 2022-23), is \$532.5 million to 11 September 2020. Actual expenditure for the measures announced on 21 and 31 August 2020 is not yet available.

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Question on Notice 6 (Proof Hansard page 10)

Senator SIEWERT: I go to then any work that you have done looking at what impact the cut to the COVID supplement, the reduction by \$300 a fortnight, will have? Have you done any work on what impact that will have on recipients?

...

Senator SIEWERT: In doing the costings that you did, was that type of information included? In other words, going up from the individual recipient, of the over 1.6 million recipients of JobSeeker, what assumption was made on the numbers that would therefore be using the \$300 new income threshold?

Ms Huxtable: I think we have to take that on notice. Deep in the costing model, there will be assumptions around a whole range of factors around part payments and where people sit on the income-free area, et cetera. We can take that on notice and see what we can provide to you. I don't have that information with me and I wouldn't expect anyone would have that because it's down in the depths of the costing model.

Response

The costing for the extension of the Coronavirus Supplement at \$250 per fortnight and the change in the income free area to \$300 for JobSeeker and Youth Allowance (other) payments agreed by Finance included the number of new recipients (grants) and the associated variations to payments.

Further questions on the detail of relevant cohorts and impacts should be directed to the Department of Social Services, which is responsible for administration of the program.

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SENATE SELECT COMMITTEE ON COVID-19

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Question on Notice 7 (Proof Hansard pages 18 and 19)

Senator SIEWERT: What are the estimated numbers of jobseekers that you are projecting for the end of December, the end of March and the end of June?

Ms Huxtable: I think we would have to take that on notice. We don't have that information. The only information we've got is the current recipient numbers, which is that 1.62 million that I mentioned before. But we can take it on notice.

Senator SIEWERT: Even for December, you have to take it on notice? **Ms Huxtable:** Yes, I just don't have it here.

Senator SIEWERT: Thank you. Have you been providing advice to the government in terms of those projections and any modelling or work that has been done on the future of the JobSeeker payment beyond December? Have you been providing any advice to government or doing any work on costings of any future payments or changes to payments for the JobSeeker payment and/or the supplement?

Ms Huxtable: I think we have to take that on notice, Senator. Obviously we're in the middle of the budget process, and we've been working through a whole range of proposals right across government. That's obviously subject to cabinet in confidence, but if we can take it on notice we could look at what we can provide you.

Response

Projections of the future number of unemployed is performed by the Department of Treasury as part of its parameter forecasts. This information will be updated in the 2020-21 Budget.

Department of Finance

Response to Question on Notice

SENATE SELECT COMMITTEE ON COVID-19

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Hearing of 10 September 2020

Question on Notice 8 (Proof Hansard page 19)

Senator SIEWERT: Have you been doing any work with the Department of Social Services on the ERO supplement and its future beyond when it runs out next year?

Ms Huxtable: I have to answer that the same way I answered the previous question. If we can take it on notice we can let you know what we can provide you on that regard.

Response

The Department of Finance regularly provides advice to Government on the estimates and operation for Commonwealth payments. Any work undertaken by the Department of Finance on the future of the Equal Remuneration Order supplement as part of the Budget process is provided on a Cabinet-in-confidence basis and therefore the Department of Finance is unable to provide further details.