

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 16 & 17 February 2005

Question: Add 47

Topic: Budget Statements – Sensitivity Calculations

Hansard Page: E112

Senator Sherry asked:

What about the budget balance? I do read the budget papers but I cannot recall whether there is a sensitivity table at the back of the budget statements. I cannot recall when it ceased to be included.

Dr Parkinson – Thinking about it, once you move to accrual budgeting – it was a cash balance effect, so it may well have been quite difficult to produce. We will have a look at that and get back to you.

Answer:

The 1996-97 Budget was the first to include a sensitivity analysis, which now can be found in Appendix C to Statement 2 of Budget Paper 1. The sensitivity analysis gives a 'rule of thumb' indication of the impact on the budget of changes in wages, prices and other parameters. The analysis presents the estimated effects of a change in one economic variable only, and does not attempt to capture the linkages between economic variables that characterise changes in the economy more broadly.