

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1236

Topic: Expected size of the increases in transfer payments over the forward estimates to 2014-15

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Senator Cormann asked:

In the original carbon tax package, the expected size of the increases in transfer payments over the forward estimates to 2014-15 was \$6.9 billion, but from the figures on page 159 of MYEFO it is now only \$6.3 billion.

Senator Wong: Sorry, what do you mean by 'the original'?

Senator Cormann: What do I mean by the original carbon tax package? The original announcement post budget.

Mr Ray: The clean energy future package?

Senator Cormann: Yes. The original announcement stated that the expected size of the increases in transfer payments over the forward estimates to 2014-15 was \$6.9 billion. In MYEFO at page 159 it is now only \$6.3 billion. The figures for 2011-12 and 2013 have not changed but they are \$350 million lower for 2013-14 and 2014-15. Can you tell us what accounts for this change and why the fiscal impact is now expected to be noticeably lower in the final two outyears?

Ms McCulloch: I will have to take that on notice. I do not know the answer.

Senator Cormann: But you can see what I am talking about?

Senator Wong: We will take it on notice. It is probably an explanation around data.

Mr Ray: We will take it on notice.

Answer:

The table on page 159 of the 2011-12 Mid-Year Economic and Fiscal Outlook (MYEFO) does not include \$769 million over the forward estimates associated with automatic CPI indexation of household assistance payments, which has been reflected against individual agency estimates as parameter variations (see page 31 of 2011-12 MYEFO).