

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 70**

**Topic: Component costs of fiscal balance**

**Hansard Page: E31-33**

**Senator SHERRY asked:**

Estimated impact on underlying fiscal balance of proposed plan. Let me get this straight: you will not answer questions about the component costs of that \$6.2 billion?

**Mr Callaghan**—I would take it on notice. What the government chooses to publish is a matter for the government. I would have to take any question about the components on notice.

**Senator SHERRY**—Could I have this from the minister? We have a \$6.2 billion costing. I have a series of questions about the costings and how they are derived. There are a range of proposals. Obviously, you would accept that in order to come up with an aggregate figure, they have been costed. You would accept that, wouldn't you, Minister?

**Senator Minchin**—Yes.

**Senator SHERRY**—And we are not going to be given details about the breakdown of the aggregate cost of this plan at this estimates?

**Senator Minchin**—No, not at this estimates.

**Senator SHERRY**—That is what has been signalled.

**Senator Minchin**—Yes, the question of what, if any, breakdown is given at the time that these measures ultimately come into effect is a matter that the government will consider, I guess.

**Senator SHERRY**—You are not going to provide the breakdown of those cost estimates now. This is what is being indicated. Are there going to be any answers given on the measures themselves, when I put questions? Put aside the cost issue, are we going to get answers to any questions, or has that been ruled out as well?

**Senator Minchin**—No, it has not been ruled out. We will receive your questions and answer them to the best of our ability.

**Senator SHERRY**—Good.

**Senator Minchin**—Noting that the plan is a plan and it is out there for consultation.

**Senator SHERRY**—Yes, but with regard to the costing of each component, no. That is the attitude you are taking at the moment.

**Senator Minchin**—That is correct.

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**Senator SHERRY**—Why?

**Senator Minchin**—We have published an estimate of the total impact.

**Senator SHERRY**—Yes, \$6.2 billion.

**Senator Minchin**—We are not, at this stage, proposing to publish details of that, but, at the time that plan is finalised and becomes legislation and we bring it to the parliament, then I leave open the possibility that we may give further information on the costings. I will refer that obviously—

**Senator SHERRY**—Come off it. You are not going to present a bill to parliament with a number of proposed changes without providing the details and the impact.

**Senator Minchin**—I am just not in a position to answer that question here and now on behalf of the Treasurer.

**Senator SHERRY**—Could you take that on notice?

**Senator Minchin**—I would be happy to.

**Senator SHERRY**—Frankly, I find it extraordinary you cannot answer questions today.

**Senator Minchin**—I am inferring that I would expect that, at the time we actually bring this in, there would be greater detail, but I am not in a position to commit to that. I think it is reasonable for you to expect further detail on that when we bring it into the parliament.

**Senator SHERRY**—There is a budget announcement that the exit tax will be abolished, isn't there?

**Senator Minchin**—There is an announcement of the government's proposal to do so as of 1 July next year.

**Senator SHERRY**—And there is an announcement to abolish—

**Senator Minchin**—And the budget figures reflect that. This is in the contingency reserve.

**Senator SHERRY**—Yes. That is exactly my point: the budget figures reflect this. Why can't we be told the loss to revenue and, therefore, the benefit to taxpayers of the abolition of the exit tax? Why can't we be told that?

**Senator Minchin**—The public and you are being told the current estimated impact of the plan on government revenue of \$6.2 billion over the first three years of this proposal.

**Senator SHERRY**—But why deny us, and deny the Australian community, particularly the taxpayers, knowledge of what the level of benefit is going to be? Take the exit tax, for example.

**Senator MINCHIN**—The public is being told what the estimated fiscal consequence will be of the proposal to effectively remove the exit tax on superannuation.

**Senator SHERRY**—Are you suggesting the \$6.2 billion cost of this package is the exit tax?

**Senator Minchin**—That is the broad plan, but obviously there are additional components of this and additional consequences of it that go to make up that figure. As I said, I imagine that, at the time we seek to legislate this and bring it into parliament, further detail on the costings will be

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made available. But that is a matter to be developed. I cannot commit to that here and now, but it is reasonable for you to assume that is likely to be the case.

**Answer:**

The fiscal impacts of the components of the \$6.2 billion figure have not been published. The Government's proposals are currently subject to consultation prior to the proposals being finalised.