

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 63

Topic: Pulping of Budget Paper No.1

Hansard Page: E41-43, E61

Senator Abetz asked:

Senator ABETZ—Back to the PBSs, what was the reasoning or rationale as to why no hard copies would be delivered to lockups?

Mr Ray—To cut down on the number of hard copies printed.

Senator ABETZ—That was the only reason?

Mr Ray—Yes, that is correct.

Senator ABETZ—What would have been the cost to the taxpayer if these extra copies of the hard copy had been made, which a lot of people would have found convenient to have? As I said, I was not in the lockup, but the feedback has been, at least from the opposition lockup, that hard copies of PBSs would have been very helpful and assisted in Operation Sunlight taking full effect.

Mr Ray—Both the media and the opposition were given access to hard copies. Our officers offered to print them off for them. I understand that offer was taken up.

Senator ABETZ—That was after the lockup had commenced?

Mr Ray—Yes.

Senator ABETZ—Because there was no prior warning that there would not be any hard copies, as had been the experience and exercise, I would assume, for years and years under successive governments?

Mr Ray—We can go back and check. The PBSs have only been available in hard copy in the lockup for a number of years and if we go back far enough they were not available until after budget night. We can check when that was.

Senator COONAN—Do you know why the Defence PBS was not available at all, even electronically?

Mr Ray—Our advice is that it was, but we can check.

Senator COONAN—How much did it cost to pulp Budget Paper No. 1?

Mr Ray—The pulping would not have cost that much. It was the reprint which cost \$61,314.

Senator ABETZ—When was the decision taken to pulp?

Mr Ray—During the evening of 11 May.

Senator ABETZ—Was it a Finance or Treasury initiated discussion about the pulping? Somebody must have come up with the idea first. Do not tell me, Dr Henry,

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they were both of a like mind, because we might get into a discussion that neither of us wants to go back to. I had to get that line in somewhere.

Mr Ray—The department of finance was talking to its office and we were talking to our office. We were also talking to the department of finance. The two offices were talking.

Senator ABETZ—Somebody came up with the idea.

Mr Ray—I cannot remember who came up with the idea first.

Senator ABETZ—I have to accept that on face value. Can you please take it on notice? With something as serious as this, somebody must have known who said: ‘There’s something in here that ain’t flash. We’d better deal with it.’ I just want to know whether that occurred in Finance or in Treasury. You are not going to tell me it happened simultaneously in both departments.

Mr Ray—The nature of the error—

Senator ABETZ—Blame it on Finance.

Mr Ray—No. The balancing between Budget Paper No. 1 and Budget Paper No. 2 meant that in Budget Paper No. 2 there was an incorrect fiscal estimate for one measure and a double count of another measure and those fed through to the fiscal balance estimates in Budget Paper No. 1. They did not affect the budget bottom line in any way, but they did affect the split between policy decisions and parameter and other variations.

Senator ABETZ—Who was responsible for preparing those figures? Was it Finance or Treasury?

Mr Ray—The budget measure system which does Budget Paper No. 2 is a Treasury system, but the errors were in expense estimates. The Central Budget Management System, which does Budget Paper No. 1, which had the correct numbers in it, is a Finance system. I think—

Senator ABETZ—I am not quite sure that I can follow through all of that—

Mr Ray—We all check those numbers and I do not—

Senator ABETZ—Yes, but who prepares them?

Mr Ray—We are quite happy—

Senator ABETZ—Who prepares them? I accept that you check them. I accept you check each other’s figures, but somebody must actually prepare the figures initially.

Mr Ray—The numbers are entered in the system by agencies.

Senator ABETZ—By which agency? Is it by an agency in Finance or an agency in Treasury?

Mr Ray—No, the agencies throughout the Commonwealth.

Senator ABETZ—Where did the errors occur?

Mr Ray—It is one in the Treasury portfolio.

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Senator ABETZ—I was thinking I was going to give you a tick here and say, ‘Blame it all on Finance,’ but it was the Treasury.

Mr Ray—I would not—

Senator ABETZ—We all make mistakes and errors. I can accept that these things do come to light. But I would have thought, with respect, Mr Ray, that you would have said, ‘Yeah, it was an error in Treasury that came to light and we dealt with it.’ Tell me: did Treasury pick it up or did Finance pick it up?

Mr Ray—I have a feeling Finance picked it up but I—

Senator ABETZ—I am sorry—you think?

Mr Ray—We would need to check exactly who picked it up. I do not think it much matters, to be honest.

Senator ABETZ—I agree with you—it does not much matter—but it is a question and, with great respect, I know that there are people giving certain facial signals that would have indicated that Finance picked it up. But if you could—

Mr Ray—I will take it on notice.

Senator ABETZ—If you have to take it on notice, I cannot do anything about it, but I find it—

Mr Ray—I have advice it could have been the tax office.

Senator ABETZ—I was wrong on both counts, then. It was neither Finance nor Treasury. Is the tax office seen as an agency of Treasury?

Mr Ray—It is an agency of the Commonwealth.

Senator ABETZ—Is that where the agencies come into it?

Mr Ray—No. The agencies of the Commonwealth, of which there are 100-plus, enter estimates into the system. For example, the minister’s department enters its own estimates in the system. We do not and Finance does not enter them. There were other errors in Budget Paper No. 1 to do with the ASL tables in budget statement No. 6.

Senator ABETZ—Who picked up those errors?

Mr Ray—The department of finance. And it is their table.

Senator ABETZ—Finance picked up one and the ATO picked up another, it would seem?

Mr Ray—We can check who picked it up. It was a tax office measure.

Senator ABETZ—As I said, we all make mistakes and that is fine. I thought with Operation Sunlight beaming brightly from the Rudd government we would have had these things disclosed a lot easier than we just encountered. I just put this on notice: what were the total savings of not printing the PBSs for the lockups?.....

Dr Henry—We will take that question on notice.

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Senator ABETZ—I was inquiring about that for Senator Cormann. Mr Ray, you seem to have a detailed brief; I was getting at this piecemeal and I do not want to delay things any further. In relation to the pulping of Budget Paper No. 1, could you provide, on notice, the areas in which the errors occurred, who was responsible for the errors and who discovered the errors. When I say ‘who’, I mean the department or the specific agency. For example, I understand that the ATO either made or discovered an error. Please set that out in a form and indicate just how many errors were located in Budget Paper No. 1.

Mr Ray—I think I have explained that there were one or more areas—I think more than one—at the ASL tables in budget statement No. 6. Also, an error flowed out of Budget Paper No. 2 into Budget Paper No. 1. I think I have given you all the information, but we can collate it into one spot.

Senator ABETZ—If you could, that would be helpful; thank you.

Answer:

1. When were hard copies of PBSs first provided at Budget Lock ups?

Prior to 1999-2000, Portfolio Budget Statements were published 48 hours after the Budget.

2. Do you know why the Defence PBS was not available, even electronically?

The Department of Finance and Deregulation (Finance) asked agencies to provide the Treasury with an electronic copy of their Portfolio Budget Statements. The electronic Defence Portfolio Budget Statements was not received. Consequently was not provided electronically during the Budget Lock-up. Printed hard copies were available after 5:30 PM.

3. Who is responsible for making the decision to pulp BP1?

The Treasurer and the Minister of Finance jointly agreed that, following the discovery of the error and given that there was time to reprint the document, Budget Paper No. 1 should be reprinted.

4. In relation to the pulping of Budget Paper No. 1, could you provide, the areas in which the errors occurred, who was responsible for the errors and who discovered the errors.

An expense measure administered by the Australian Taxation Office (ATO) was incorrectly transposed into the Treasury managed Budget Measures System (BMS) from the Finance managed Central Budget Management System (CBMS). Finance and Treasury continue to improve budget systems to minimise the risk of similar errors occurring in future years. The error was discovered as part of a checking process involving all agencies.

5. What were the total savings of not printing the PBSs for the lock-up?

The Treasury is not in a position to provide an answer because the cost of printing Portfolio Budget Statements is the responsibility of individual agencies.