

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Additional Budget Estimates Hearings – 14 February 2006

Question: F10

Outcome 1 Output 1.1

Topic: Utilities Allowance

Hansard Page: F&PA 35-36

Senator Sherry asked:

Senator SHERRY—I want to go to one issue specifically at the moment: the utilities allowance that was announced at the last election. The original cost—\$82 million in 2004-05, \$169 million in 2005-06, \$176 million in 2006-07 and \$183 million in 2007-08—would be an obvious issue on which the long-term growth in retirees and pensioners would impact. Did you do any forward costing on that beyond the forward estimates?

Ms Wilson—We costed the forward estimates period only. That is my understanding.

Senator SHERRY—I am a little surprised at that, given your earlier statement. It seems to me to be an obvious one where the cost would accelerate beyond the forward estimates at a greater rate.

Mr Bowen—I think we would need to have a look at that. There are a number of demographic factors coming into play there. Some may be suggesting an increase; others may not. It depends on the cohort.

Answer:

Consistent with the 2004 *Charter of Budget Honesty Costing Election Commitments* guidelines the Utilities Allowance was costed for the period 2004-05 to 2007-08. Appendix A of the guidelines states that “costs will be on a June Financial year basis and costings will be provided for the current financial year and the following three financial years.”

There is likely to be only a relatively minor increase in expenditure beyond the forward estimates period related to the ageing of the population, which did not justify the provision of advice to Government on longer term cost implications of this proposal.