

Inquiry: Add. EstimatesDate/Time: 12:30pm, 22/2/11Witness Name: Minister WongOrganisation: DFD

SENATOR THE HON PENNY WONG

Minister for Finance and Deregulation

Senator the Hon Michael Ronaldson
 Senator for Victoria
 Parliament House
 CANBERRA ACT 2600

Dear Senator Ronaldson,

I am writing in regard to the following private members bills which are scheduled for debate tomorrow, 10 February 2011:

- *Social Security Amendment (Income Support for Regional Students) Bill 2010*
- *Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010*

Prior to these Bills coming on for debate, and possible vote, I believe it is important that Senators are aware of the financial implication of legislation before the Senate.

The Government is committed to fiscal responsibility and has committed to offset all new spending as part of the Budget process. We will be returning the Budget to surplus in 2012-13.

As far as I am aware, no offsetting saves have been put forward by Senators Nash and Ronaldson respectively. This legislation will therefore negatively impact the Commonwealth Budget.

Attachment A sets out the costs of the proposed legislation. These costs have been provided by the Department of Finance and Deregulation and the Australian Government Actuary.

I also believe it is important that the Government's position on the constitutionality of the two bills is known to the Senate. Advice from the Attorney General, which has previously been tabled in the Senate, makes clear that: 'a proposed law that would appropriate revenue or moneys cannot originate as a private member's bill. A bill for such a law cannot, in any event, originate in the Senate.' This advice is applicable to the legislation listed above, and therefore the bills are unconstitutional.

I have written in similar terms to the Leader of the Australian Greens, Senator Xenophon, Senator Fielding, the Leader of the Opposition in the Senate and Senator Nash.

Yours sincerely

Penny Wong

Parliament House, Canberra ACT 2600 ~ Telephone: (02) 6277 7400 ~ Facsimile: (02) 6273 4110

INSERT CLASSIFICATION

INSERT CLASSIFICATION

Attachment A

Social Security Amendment (Income Support for Regional Students) Bill 2010

Start date of 1 July 2011

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Underlying Cash	\$0.0m	\$60.9m	\$83.1m	\$85.5m	\$87.6m	\$317.1m
Fiscal Balance	\$0.0m	\$61.0m	\$83.3m	\$85.4m	\$87.5m	\$317.2m

Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Underlying Cash	\$0.0m	\$14.0m	\$33.0m	\$53.0m	\$75.0m	\$175.0m
Fiscal Balance	\$0.0m	\$388.0m	\$407.0m	\$426.0m	\$446.0m	\$1,667.0m

Note that the costing includes the DFRB scheme, which is likely to be included in the Bill via an amendment in debate. The Bill as introduced excludes the DFRB.

The Defence Force Retirement and Death Benefits Amendment (Fair Indexation) Bill 2010 will also immediately increase the Commonwealth unfunded liability by \$6.2 billion.