

Senate Standing Committee on Finance and Public Administration

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Budget Estimates Hearing 26 May – 27 May 2008



Question: PM43

Outcome 1, Output 1.1

Topic: government policy to include the revenue effects of immigration decisions

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Senator Minchin asked: Minister, are you able to enlighten us as to whether it is now government policy to include the revenue effects of immigration decisions? Is this a one-off or are we now in a situation where the formal position of the government is that whenever the official immigration intake changes, either up or down, the revenue implications of that decision will be recorded as revenue decisions of the government?

Senator Faulkner-I am not sure that I will be able to enlighten you greatly on this, but let me just check with the officials. In the circumstances, I think it would be a question that I would best take on notice. I also think that it is probably one best directed to the Treasurer as opposed to the Prime Minister. I will ensure that that occurs.

Answer:

- The 2008-09 Budget migration program costings have only included the first round effects on expenses and revenue. For expenses, it includes the family tax benefit, PBS and others. The revenue included relates to income tax, GST and excise receipts.
- These impacts are direct first round effects as they reflect the assumption that when a skilled migrant comes to Australia, that person will get a job, pay income tax and purchase goods and services. This corresponds to the assumptions made on the expenditure side of the budget.
- Those first round revenue effects have not been included in budget papers in the past, but they have been incorporated into the budget estimates through parameter and other estimates variations. For the migration program costings, it is more transparent to include it as part of the costing rather than for it to be taken in the parameter variations. This change in the reporting approach has no effect on the Budget bottom line.
- Any future changes in the migration program will be costed in accordance with Budget costing conventions.