

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

Supplementary Estimates Hearings - 1 November 2005

**Question: F49**

**Outcome : 1 Output: 1.1**

**Topic: Charter of Budget Honesty Processes**

**Written Question on Notice:**

**Senator Sherry asked:**

1. Advise the number of written and verbal requests made by the Department of Finance and/or the Department of the Treasury for additional information for the Investing for the Future Coalition policy from the date of receipt on 10 September 2004 of the costing request and the date non-completion was advised on 8 October 2004.

In accordance with the *Charter of Budget Honesty Act 1998* (the Charter), the Department of Finance and Administration (Finance) was responsible for costing the Government's Investing for the Future election commitment.

Consistent with the Charter and the *Charter of Budget Honesty – Costing Election Commitments Guidelines 2004* (the Guidelines), released on 30 July 2004, the Secretary of the Department of Finance and Administration (Secretary) made one written request for additional information in relation to this costing. Finance did not make any verbal requests for additional information in relation to this costing.

2. Advise who each request for further information was made to and on what date(s)?

In accordance with the Charter and the Guidelines, every request for additional information in relation to election costings was sent in writing from the Secretary to either the Prime Minister or Leader of the Opposition.

In relation to this costing, the Secretary wrote to the Prime Minister requesting further information on 15 September 2004.

Consistent with the Charter and the Guidelines, the Secretary also issued media releases where there was a delay in completing a costing due to the need for additional information or where a costing was unable to be completed due to insufficient information being received.

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In relation to this costing, the Secretary issued a media release on 16 September 2004 advising that Finance had sought further information and, as a result, there had been a delay in completing this costing.

On 8 October 2004, the Secretary issued a media release in relation to all outstanding requests for additional information from the Government advising that as the requested additional information had not been received, Finance was unable to complete five Government costings, including costing the Government's Investing for the Future election commitment.

In relation to outstanding requests for additional information from the Opposition, the Secretary issued another media release on 8 October 2004 advising that Finance was unable to complete three Opposition costings due to requested additional information not being received.

3. What additional information was requested?

Consistent with the costing conventions outlined in the Guidelines, Finance requested additional information on the assumptions the Government had made in relation to the proposed investment fund.

4. Which request(s) was/were responded to?

The Government did not provide a response to this request.

5. How many phone calls were made to follow up this request?

Consistent with the routine follow-up procedures Finance undertook with both the Government and Opposition to manage the costings process, between 15 September 2004 and 8 October 2004, Finance sought advice on the status of the request for additional information sought in relation to this costing.

6. When was the decision taken that the costing could not be completed and on what basis was that decision made.

The decision that the costing could not be completed before polling day was taken on 8 October 2004, on the basis that Finance did not receive the requested information to complete the costing.

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7. What advice did the General Manager Budget Group and/or the General Manager Financial Management Group tender to the Secretary of Finance to inform that decision?

General Manager Budget Group advised the Secretary that it was not possible to complete the costing, as there was insufficient information to form a judgement as to the full cost of the policy. The then General Manager Financial Management Group did not tender any advice to the Secretary in relation to this costing.

8. Cite relevant provisions of the Guidelines issued jointly by the Secretaries to the Department of the Treasury and of Finance and Administration to come to that decision and the officer(s) that took the decision.

All election commitments submitted to Finance by the Government and Opposition were costed in accordance with both the Charter and the Guidelines released by the Finance Secretary and the Secretary to the Department of the Treasury on 30 July 2004.

Parts 2 and 4 and Appendix A of the Guidelines informed the decision that it was not possible to complete the costing. These sections of the Guidelines relate to the Aims and Broad Methods, Reporting and Costing Conventions.

The Secretary made the decision that it was not possible to complete the costing on the basis of advice from General Manager Budget Group.

9. Advise the number of written and verbal requests made by the Department of Finance and/or the Department of the Treasury for additional information for the Medicare Gold policy from 1 October 2004, the date of receipt of the costing request, to 8 October 2004 when Finance advised the costing was complete.

In accordance with the Charter, Finance was responsible for costing the Opposition's Medicare Gold election commitment.

Consistent with the Charter and the Guidelines, the Secretary made one written request for additional information in relation to this costing.

Rather than responding to this request for additional information in writing, the Opposition chose to discuss the costing with Finance, including in several meetings and phone conversations held between 3 October and 8 October 2004.

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10. Advise during this period to whom each request for further information was made to and on what date(s)?

In accordance with the Charter and the Guidelines, every request for additional information in relation to election costings was sent in writing from the Secretary to either the Prime Minister or Leader of the Opposition.

In relation to this costing, the Finance Secretary wrote to the Leader of the Opposition requesting further information on 3 October 2004.

Further information was provided in discussions between Finance officers and advisors from the then Shadow Treasurer's Office, the Shadow Health Minister's Office, and the Leader of the Opposition's Office on 6, 7 and 8 October 2004.

11. What additional information was requested and which request(s) was responded to?

Consistent with the costing conventions outlined in the Guidelines, Finance requested additional information on the supporting data and assumptions the Opposition had made in relation to Medicare Gold. In discussions with Finance, the Opposition provided information in relation to this request.

12. How many phone calls were made to follow up this request?

Opposition advisers and Finance officers had a number of phone conversations in relation to this costing between 3 October and 8 October 2004. In addition the Secretary had three phone conversations with the Hon Bob McMullan MP, the then Shadow Minister for Finance, between 3 October and 8 October 2004.

13. When was the decision taken that the costing could be completed and on what basis was that decision made.

On 7 October 2004, the Secretary wrote to the Leader of the Opposition advising that he anticipated releasing the Medicare Gold costing on 8 October 2004 on the basis that Finance was in a position to form a judgement about the costs associated with the Medicare Gold election commitment.

14. What advice did the General Manager Budget Group and/or the General Manager Financial Management Group tender to the Secretary of Finance to inform that decision?

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General Manager Budget Group advised the Secretary that it was possible to complete the costing, as there was sufficient information to form a judgement as to the full cost of the policy. The then General Manager Financial Management Group did not tender any advice to the Secretary in relation to this costing.

15. Cite relevant provisions of the Guidelines issued jointly by the Secretaries to the Department of the Treasury and of Finance and Administration to come to that decision and the officer(s) that took the decision.

As noted above, all election commitments submitted to Finance by the Government and Opposition were costed in accordance with both the Charter and the Guidelines.

Parts 2 and 4 and Appendix A of the Guidelines informed the decision that it was possible to complete the costing. These sections of the Guidelines relate to the Aims and Broad Methods, Reporting and Costing Conventions.

The Secretary made the decision that it was possible to complete the costing on the basis of advice from General Manager Budget Group.

16. On the Medicare Safety net, indicate the number of phone calls, oral briefings and written briefings that were made to the Office of the Minister for Finance in the two months prior to 31 August 2004.

Finance had phone discussions and email contact with the Office of the Minister for Finance and Administration (Minister's Office) on the Medicare Safety Net estimates shortly before 31 August 2004. There were no formal written briefings provided to the Minister for Finance and Administration or the Minister's Office on this matter.

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17. What was the cut-off date for preparation of the 2004 PEFO?

In accordance with the requirements under the Charter, the cut-off date for the 2004 *Pre-Election Economic and Fiscal Outlook* (PEFO) was 10 September 2004. The 2004 PEFO was released on 10 September 2004.

The cut-off date for agencies to enter updated estimates for PEFO was 4pm on 1 September 2004.

18. When were the Medicare Safety net estimates validated on 2 September 2004 first entered? Were they modified before validation on 2 September? If so on what dates did those modification(s) take place? Who authorised the final validation?

Medicare Safety Net estimates were entered into the Accrual Information Management System by the Department of Health and Ageing on 1 September 2004, agency authorised on 2 September 2004 and validated by Finance on 2 September 2004. The entries were not modified before validation. The authorisation to validate the entries was provided by the then Branch Manager, Health and Ageing Branch, Budget Group.

19. What briefings, oral or written, were made by the Department to the Office of the Minister for Finance two weeks before the cut-off for PEFO?

No oral or written briefings were made by Finance to the Minister's Office during the caretaker period. Information relating to the period prior to the caretaker period is provided under question 16.

20. What briefings were prepared or given after the cut-off and before the commencement of the caretaker mode on 31 August 2004 to the Office of the Minister for Finance?

In relation to the Medicare Safety Net, no briefings were prepared for the Minister's Office during the caretaker period.

21. What advice did the General Manager Budget Group and/or the General Manager Financial Management Group tender to the Office of the Minister for Finance in the two months before the commencement of the caretaker period and after that time?

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Neither General Manager Budget Group, nor the then General Manager Financial Management Group, provided any advice to the Minister's Office on the Medicare Safety Net in the two months before the commencement of the caretaker period or after that time.

22. Did any Interdepartmental Committees meet to discuss cost increases in the Medicare Safety Net during July, August, September or October 2004?

No Interdepartmental Committees met to discuss cost increases in the Medicare Safety Net during July, August, September or October 2004.

23. If so, on what dates and which Departments and officers were present at each meeting of the IDC?

Not applicable.