

Senate Select Committee on State Government Financial Management

Questions on Notice

1. *Referring to Budget Paper No. 3 on Australia's federal relations, Senator Bushby asked about the consolidated state and local general government sector. 'It goes from receipts of 16.9 per cent of GDP in 19992000 to 17.1 per cent in 200607 and an estimate of 16.6 in 200708. The highest over that period was 17.5 per cent of GDP in 200506.' Officials said that they could take it on notice to see whether there is anything that they could meaningfully add to those numbers.*

The Treasury has no additional commentary to that provided to the Committee on the 25th of July.

2. *Senator BUSHBY then asked about whether officials could look at the New South Wales submission by the shadow Treasurer. 'You will see a table, which has been put together off the state government budget papers, showing how they calculate the windfall. If you could look at that and comment on whether you think that is a relevant way of looking at windfalls, it would be good.' Officials agreed to do so.*

Differences between estimated budget revenue and actual revenue reflect the effect of new policy decisions announced since the budget and the effect of parameter and other variations. Parameter and other variations capture differences in the expected and actual economic outcomes (e.g. nominal gross state product or employment) and errors in translating the economy to revenue. It is the parameter and other variations that are normally thought of as a revenue windfall (or loss) to a jurisdiction. The submission from the New South Wales shadow treasurer does not exclude revenue decisions since the budget in its calculation of unforecast tax windfall. In addition, parameter variations, such as population growth, may impact on both revenue collected and expenses which may make a straight comparison between budgeted and actual revenue an oversimplification.

3. *Officials agreed to provide details of the timing of the Uniform Presentation Framework.*

The Uniform Presentation Framework arose from the uniform presentation agreement (UPA) reached at the May 1991 Premiers' Conference. The primary objective of the UPA is to ensure that a common 'core' of financial information is provided by the Commonwealth, State and Territory governments in their budget papers. The resulting increased uniformity in the presentation of public sector financial information facilitates the analysis of this information on a consistent and comparable basis.

4. *Officials agreed to provide background details of the Uniform Presentation Framework, including indicators are mandated for reporting, and which methods are used to arrive at figures.*

Attached is the most recent UPF publication. This publication can also be accessed on the website of the Treasury (http://www.treasury.gov.au/documents/1371/PDF/2008_UPF.pdf). The publication outlines the reporting requirements, including key fiscal indicators to be reported, and the standards to be applied in producing this data.

5. *Are all states on track to meet to 200809 implementation deadline for the latest iteration?*

Most jurisdictions moved to the new UPF framework in their 2008-09 budgets. The adoption timeline agreed by the Treasurers of all jurisdictions was that the new framework would be adopted prior to 2009-10 budgets. There is no indication that this timeline will not be met.

6. *Is it difficult to collate and publish comparison between states' performance?*

All Australian governments individually publish their budget information in the Uniform Presentation Framework format. Collation and publication of this data would require significant effort in the periods when jurisdictions have only just finished the publication of their own reporting products.

Budget Paper 3 currently provides some key fiscal indicators at an aggregate state level.

7. *Mr McDonald agreed to provide the committee with any further thoughts he may have on natural monopolies.*

Budget Statement 4 of the 2008-09 Budget examined the role of infrastructure and skills in boosting Australia's productive capacity. Among other things, Statement 4 set out broad principles for public infrastructure investment, noting (at page 4-15):

[E]fficient public infrastructure investment requires the development of coordinated, objective and transparent processes for decision-making based on thorough and rigorous cost-benefit analysis. Adoption of high level best practice principles to inform the development of these processes will help governments achieve this.