

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: 1705

Topic: Public Debt Interest

Written: 7/03/2014

Senator BUSHBY asked:

According to MYEFO the net interest payments for debt held by the General Government Sector for the current financial year total \$8.8 billion, while the total interest cost is \$12.4 billion. Both figures rise to be \$12.8 billion and \$16.7 billion respectively in the final out-year.

1705. What would the Government be able to do with the equivalent amount of money in this portfolio if these billions were spent on programs and outcomes instead of on debt?

Answer:

1705. The 2013-14 Mid-Year Economic and Fiscal Outlook estimated Public Debt Interest expenses to be \$13.5 billion in 2013-14, equivalent to 0.9 per cent of GDP and 3.3 per cent of total Government expenses in 2013-14.

This means that Public Debt Interest expenses were equivalent to around 60 per cent of estimated expenses on the Defence function in 2013-14, or 21 per cent of the estimated expenses on the Health function in 2013-14.