

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 458

Topic: Peak Projected Gross Debt

Hansard Page: Written

Senator BUSHBY asked:

458. In each year until net debt is repaid (or where net debt reaches zero) what is the peak projected gross debt that will be on issue subject to the limit under the *Commonwealth Inscribed Stock Act 1911*, and in which month will the peak projected gross debt occur?

Answer:

The AOFM focuses on the budget year when determining the within-year financing task. As detailed in the AOFM's Executive Minute to the Treasurer on 3 May 2012, Commonwealth Government Securities on issue subject to the limit are expected to peak at around \$260 million in May 2013.

For the forward estimates years, the within-year timing of cash outlays and revenue are not known, therefore estimates of peak projected gross debt for the forward years are subject to considerable uncertainty. However, the AOFM uses projections of year beginning and year ending gross debt and applies a historical financing task profile (together with estimates of bond maturities) to those projections to derive peak gross debt projections for the forward years. These projections are detailed below.

Projections are not available for the period beyond the forward estimates years.

| Financial year | Projected peak face value amount of CGS on issue subject to limit under <i>Commonwealth Inscribed Stock Act 1911</i> | Month |
|----------------|--|---------------|
| 2012-13 | Around \$260 billion | May 2013 |
| 2013-14 | Around \$270 billion | December 2013 |
| 2014-15 | Around \$280 billion | April 2015 |
| 2015-16 | Around \$270 billion | October 2015 |