Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 91

Topic: Net Foreign Debt of OECD Countries

Hansard Page: E22 (11/02/2010)

Senator JOYCE asked:

Senator JOYCE—Compared to other nations, where does that put us?

Dr Gruen—On net foreign debt?

Senator JOYCE—Yes.

Dr Gruen—I think we have one of the higher ratios to GDP of net foreign debt of many countries. It is lower than some. New Zealand is significantly higher than we are. There are a few other countries that are. But it is relatively high.

Senator JOYCE—So there are a few other countries that are higher than ours?

Dr Gruen—Yes.

Senator JOYCE—Who is lower than us on net foreign debt? Is the United States lower than us?

Dr Gruen—Yes.

Senator JOYCE—Is Japan lower than us?

Dr Gruen—Yes. They are a surplus country in terms of net foreign assets.

Senator JOYCE—Is Singapore lower than us?

Dr Gruen—I think so, yes.

Senator JOYCE—Apart from New Zealand being higher than us, who else is higher?

Dr Gruen—We can find that out. There are a few OECD countries that are higher than us.

Senator JOYCE—Such as?

Dr Gruen—As I said, we can find that out for you.

Senator JOYCE—The United Kingdom?

Dr Gruen—No. I think they are a net creditor.

Senator JOYCE—So they are lower than us as well?

Dr Gruen—On the national net foreign debt, yes.

Additional Hansard page reference E64.

Answer:

In 2008, there were six countries in the OECD that had higher net foreign debt as a proportion of GDP than Australia. These countries are Iceland (355 per cent of GDP), Portugal (72 per cent of GDP), Hungary (72 per cent of GDP), Greece (68 per cent of

GDP), Spain (66 per cent of GDP) and New Zealand (60 per cent of GDP). In the same year, Australia's net foreign debt amounted to 56 per cent of GDP.

Around 10 per cent of Australia's net foreign debt is held by the public sector. In the US, around 64 per cent of its net foreign debt is held by the public sector while in Greece, the public sector holds more than 100 per cent of the stock of net foreign debt.