

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 98

Topic: Comparison of GDP Ratios

Hansard Page: E41-E42 (11/02/2010)

Senator JOYCE asked:

Senator JOYCE—Just to provide a comparative analysis, what is the spending to GDP ratio of the United States?

Dr Henry—It is certainly higher than ours—a good deal higher than Australia’s spending to GDP ratio. Because we are both federal systems, a meaningful comparison would take the federal government here—

Senator JOYCE—And add the states.

Dr Henry—and add to it the states, and do the same in the United States. When you do that, I have seen OECD figures that show that the total with respect to the United States public sector is significantly higher than here. I know their tax to GDP ratio is broadly similar, but they have a budget deficit of about 11 per cent of GDP—so their spending to GDP must be much higher than ours.

Senator JOYCE—While you are looking for that—

Dr Henry—I may have to take it on notice. I am not sure whether we have that here.

Answer:

According to the OECD (November 2009 *Economic Outlook*), the ratio of total United States general government outlays to GDP is projected to be 41.5 per cent of GDP in 2009.

Based on information reported in Commonwealth, state and territory budget documents, the ratio of total Australian general (Commonwealth, State and local) government outlays to GDP was 34.7 per cent in 2008-09, and is projected to be 36.2 per cent in 2009-10.