

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1279-1280

Topic: Estimated budget surpluses out to 2020-21 in dollar terms which would be required to repay debt by 2020-21?

Hansard Page: 25 (Thursday 16 Feb)

Senator Cormann asked:

Can Treasury confirm the size of the estimated budget surpluses out to 2020-21 in dollar terms which would be required to repay debt by 2020-21?

Mr Ray: I do not think those numbers are published in dollar terms.

Senator Cormann: That is why I am asking. You have published them as a graph of percentage of GDP.

Mr Ray: I am happy to take the question on notice.

Senator Cormann: So you do not have the figures in dollar terms?

Mr Ray: No.

Senator Cormann: What are your trends in revenue and expenditure over that period from 2011-12 to 2020-21?

Mr Ray: Again, I do not have that information in front of me so I would need to take it on notice. If you look at chart 3.2 on page 52 of MYEFO, you can see that the underlying cash balance flattens out in 2020-21. That is going to be driven by receipts reaching the government's tax to GDP ratio.

Answer:

	2011-12	2012-13	2013-14	2014-15	2015-16
Underlying cash balance (\$b)	-44.4	1.5	2.0	5.3	7.5
Per cent of GDP	-3.0	0.1	0.1	0.3	0.4
	2016-17	2017-18	2018-19	2019-20	2020-21
Underlying cash balance (\$b)	14.8	22.0	28.2	31.6	31.1
Per cent of GDP	0.8	1.1	1.3	1.4	1.3

The projections for the underlying cash balance and net debt reflect modelled receipts and spending over the medium term.

Across the medium term, receipts are projected by revenue head in a similar way to the forward estimates, although some simplifying assumptions have been made. In accordance with the Government's medium-term fiscal strategy, the projections for tax receipts remain below the 2007-08 level (23.7 per cent of GDP), on average. In the 2012-13 Budget,

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tax receipts were projected to rise gradually from 22.9 per cent of GDP in 2015-16 to 23.7 per cent of GDP towards the end of the medium term.

Spending is projected to grow at 2 per cent per annum in real terms until the budget reaches a surplus of at least 1 per cent of GDP, in accordance with the Government's fiscal strategy. Thereafter spending is projected in accordance with the methodology used in intergenerational reports.