

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 121**

**Topic: Debt in 1949**

**Hansard Page: E71**

**Senator Abetz asked:**

**Senator ABETZ**—Dr Henry, can you confirm that, in 1949, the debt was the equivalent of \$83 billion in today's money? Can you also remind us that at that time we had just fought a world war? That is more of a rhetorical question.

**Senator Conroy**—It is good of you to admit that is the case.

**Dr Henry**—I do not need to take the second part of the question on notice. But, if you do not mind, I will take the first part of the question on notice, as you have used a rather precise figure.

**Senator ABETZ**—Thank you very much.

**Answer:**

Levels of Australian Government debt in different years are best compared as a percentage of GDP, as it takes account of growth in the size of the economy and population. Hence, debt as a percentage of GDP (national income) provides an indication of the relative debt burden on the national economy.

As at 30 June 1949, Australian Government public debt was approximately 85.3 per cent of GDP. Using 2008 GDP figures, this equates to approximately \$1,010 billion.