

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 57**

**Topic: Forecast for Net Debt**

**Hansard Page: E28, E57**

**Senator Bushby asked:**

**Senator BUSHBY**—One final question for now on a slightly different subject. The budget papers show a net debt of \$188 billion in 2012-13, which is the last year to which net debt is projected. However, projections are made further than this for government revenues and expenditure. Given this, what is Treasury's forecast for the figure at which net debt will peak in dollar terms? Essentially, what will happen to net debt in 2013-14?

**Mr Ray**—In dollar terms that has not been released, Senator.

**Senator BUSHBY**—It has been calculated?

**Mr Ray**—As a proportion of GDP it is published in BP1, Statement 3. It peaks as 13.8 per cent of GDP.

**Senator BUSHBY**—You have not released that in dollar terms?

**Mr Ray**—The government has not, no.

**Senator BUSHBY**—But presumably that is higher than \$188 billion?

**Mr Ray**—I am happy to take that on notice.

....

**Senator BUSHBY**—There are a couple of points about that but, firstly, of course that assumes the forecast that we discussed this morning of up to 4.5 per cent in growth and is based on the assumptions that those are based on and the risks to those being achieved as we discussed this morning?

**Dr Henry**—Sure.

**Senator BUSHBY**—In dollar terms, how high is the net debt likely to be at the peak of that chart?

**Mr Ray**—We took that on notice this morning.

**Senator BUSHBY**—I take it from that answer that the highest point on that chart is actually higher than \$188 billion?

**Mr Ray**—Yes.

**Senator BUSHBY**—It is? Yes. To achieve the reductions between the highest point on that graph and 2018- 19, in dollar terms how much are you going to have to pay off every year?

**Mr Ray**—We will have to take that on notice.

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**Answer:**

Net debt peaks as a proportion of GDP in 2013-14. The reduction between net debt in that year to the level projected in 2018-19 will involve an average annual reduction in total debt liabilities of \$14.2 billion.