

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 59

Topic: Interest Payments on Public Debt

Hansard Page: E35

Senator Coonan asked:

Senator COONAN—Thank you. Just sticking with Budget Paper No. 1, would you kindly look at table 2 on page 6-4, because I just want to ask some questions about interest payments on public debt. I want to ask you about the interest rates on public debt in 2008-09 compared to the projection for interest payments on public debt in 2011-12. Does it show there that there will be something in the order of a 1,800 per cent increase in interest payments over the next years from \$170 million to \$3.2 billion?

Mr Ray—The numbers are \$177 million and \$3.2 billion, I cannot do the calculation in my head.

Senator COONAN—It is a big increase. What about the years after that which are not published? Can we have estimates of those figures for interest payments in those years, please?

Mr Ray—We will take that question on notice and see if the Treasurer wishes to provide further information to the committee.

Answer:

Table 2 on page 6-4 of Budget Paper No.1 reconciles the 2009-10 Budget expenses back to previous estimates updates. The reference to public debt interest is an estimate of the change since UEFO and is not an estimate of the level of public debt interest. It therefore cannot be used to calculate the change in public debt interest between 2008-09 and 2011-12.

In the medium term projections published in Budget Paper 1 interest payments are projected to peak at \$14.4 billion in 2015-16 before falling to \$11.6 billion in 2019-20.