Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 95

Topic: **State & Territory Interest Payments**

Hansard Page: **E128-129**

Senator Joyce asked:

Senator JOYCE—From what I can gather, it is further assistance to the states and territories and higher interest payments. I just want to know what component of other purposes is determined to be interest payments and does that assistance to the states and territories include the states and territories' interest payments to external parties?

Mr Ray—The public debt interest is $6.264 billion—the estimate in 2009-10.

Senator JOYCE—Sorry.

Mr Ray—The public debt interest estimate in 2009-10 is $6.264 billion and the other purposes assistance to the states is general revenue assistance.

Senator JOYCE—Does that cover the interest payments that the states are required to make on their subprefecture debt?

Mr Ray—The interest in here is the Commonwealth's debt and the payments to the states are general revenue assistance.

Senator JOYCE—Does that include allowing the states to use that general revenue assistance to pay their own interest bill?

Mr Ray—It is general revenue assistance. They can do what they like with it.

Senator JOYCE—Ipso facto they could be paying their own interest bill. Of all the factors there, that one is the one that is sort of racing ahead.

Mr Ray—Sorry?

Senator JOYCE—As an expense item, on 55-58, I suppose that is a six per cent increase and then you have close to a seven or eight per cent increase—I am just doing this off the top of my head, so do not hold me to it—

Senator CAMERON—I think you are doing a lot off the top of your head.

Senator JOYCE—then probably around 12 to 14 per cent. Not only is it increasing, but the percentage of the increase is increasing.

Senator CAMERON—This is good!

Mr Ray—General revenue assistance to the states is actually falling between 2008-09 and 2009-10.

Senator JOYCE—2008-09 and 2009-10?

Mr Ray—If you look on page 6-40 and at table 17, you will find a summary by subcategory.

Senator JOYCE—Given that all funds ultimately flow from the Commonwealth, is there any anticipation of what it actually costs to run the states?

Mr Ray—The states publish that in their budget documents.

Senator JOYCE—Is there any anticipation of it?

Mr Ray—I think you would have to go to the individual state budget papers.

Senator JOYCE—Is it possible to take that one on notice?

Mr Ray—I am happy to take it on notice.

Answer:

All funding for the States does not flow from the Commonwealth as States raise their own revenue in addition to receiving funds from the Commonwealth.

The Commonwealth does not forecast State expenditures.