

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 311

Topic: Budget Deficit

Hansard Page: Written

Senator EGGLESTON asked:

1. The 2009-10 is estimated to result in a \$57 billion deficit.
 - a) When did Australia last have a bigger budget deficit as a proportion of its GDP?
 - b) In 2010-11, the estimate is \$41 billion. Given the Reserve Bank has recently been increasing rates to ward off inflation, is this prudent?
2. How much discretionary expenditure can be cut back?

Answer:

1) a) This information is presented in the Budget. Please refer to Budget Paper No. 1, Budget Statement 10 *Historical Australian Government Data*.

1) b) The Reserve Bank of Australia has been lessening the degree of monetary stimulus put in place when the economic outlook appeared to be much weaker.

The scheduled withdrawal of stimulus is set to detract from growth over this year.

2) The allocation of funding to and between programs is a matter for the Government. The Government decides on new spending and savings proposals via the budget process. The results of this process are then published as policy decisions in the budget or in the mid-year economic and fiscal outlook, as appropriate.