

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 94

Topic: Australia's Debt – Private Sector

Hansard Page: E27 (03/06/2010)

Senator JOYCE asked:

Dr Kennedy—Excuse me, Senator, but, as John was saying, there is some information on the maturity of foreign debt that is held that the Reserve Bank regularly publishes an assessment of the maturity of. My understanding in broad terms is that it has gone out in more recent times as people have tended to borrow on a longer basis through the global financial crisis. But John is right: to get the details we will have to go to macroeconomic group and talk to them about that. Off the top of my head, I think foreign debt as a proportion of GDP is—

Senator JOYCE—Fifty-six per cent or something.

Dr Kennedy—Yes, I thought around 60 per cent of GDP.

Senator JOYCE—What I am trying to break down is when people say, ‘Oh well, that’s all invested in mining projects,’ I do not think it is. I think the vast majority of it is invested in houses. What proportion of Australian debt is for the purchase of domestic housing?

Mr Lonsdale—So private-sector debt?

Senator JOYCE—Yes.

Mr Lonsdale—Again, I would have to check that. I do not have that data.

Senator JOYCE—From what I recollect, it is about \$1.3 billion—sorry, \$1.3 trillion in total debt—

Senator Cameron interjecting—

CHAIR—Senator Joyce, sorry about that. Please keep going.

Senator JOYCE—of which \$850 billion is held by the bank sector. Half of that again is just for housing, and about the same amount that is in housing is on terms of 90 days. I just want to clarify that, because this is part of correspondence that is going around. I want to get to the bottom of it.

Mr Lonsdale—Sure, we are happy to talk to our macroeconomic colleagues and come back to you.

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Answer:

There are no official data on what expenditure foreign debt has financed. The Australian Bureau of Statistics publishes data on the financial transactions, assets and liabilities of each sector of the economy in the Financial Accounts and the Annual National Accounts. The Reserve Bank of Australia also publishes data on the assets and liabilities of financial institutions and the composition of credit. It is not possible, however, to identify the specific use to which a given source of funds is put because finance is fungible: in effect, funds from all sources (domestic and foreign) jointly finance all uses of funds.