

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 64

Topic: Bad and doubtful debt - provisions

Hansard Page: 124

Senator Cormann asked:

Senator CORMANN: In your bad and doubtful debts, you are expecting a decline by \$473 million for the next financial year in the provision for bad and doubtful debts.

Mr D'Ascenzo: I do not have the specific details for that, but I can provide them on notice.

Answer:

Based on the figures published in the ATO's Budget Statement for 2011-12, the estimated expense for the write down and impairment of administered assets in 2011-12 (\$6,392.8 million), is \$472.2 million less than the expected expense for 2010-11 (\$6,865 million). This is a reduction of expense, not a reduction of provision.

The primary driver of the estimated reduction in this expense is a decline in the forecast value of debts expected to be written off as the impacts of the global financial crisis on debt recoverability diminish.