

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Additional Budget Estimates Hearing – February 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 1, Output 1.1

Topic: Budget Deficit Projections

Question reference number: F63

Type of Question: Written

Date set by the committee for the return of answer: 9 April 2009

Number of Pages: 1

Senator Coonan asked:

Given that Outcome 1 for Finance is ‘sustainable government finances’, can you please explain why the Budget will be in deficit of \$60 billion in the last two years of the current estimates period when the UEFO document projects GDP growth of 3 per cent?

Answer:

The Government’s fiscal strategy and projections are detailed in the February 2009 Updated Economic and Fiscal Outlook. The Government’s medium-term fiscal strategy is built around a commitment to achieve budget surpluses, on average, over the economic cycle. This allows for deficits in periods of economic slowdown and recognises that the budget will take time to return to surplus once economic recovery occurs.