

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 3

Topic: \$9 Billion New Financing Requirement

Hansard Page: pg 116-17, Wednesday 17 October 2012

Senator BUSHBY asked:

Senator BUSHBY: ... In terms of the \$9 billion new financing requirement that you referred to earlier, I understand that the AOFM is not responsible for detailing why that finance is required. Can you detail how this figure has varied between financial years? That is, going back to 2009-10, what was the forecast for the 2012-13 financial requirement, and again in 2010-11 and again in 2011-12? How has that changed over the forecasts?

Mr Bath: For the 2011-12 year?

Senator BUSHBY: For the 2012-13 year.

Mr Bath: I do not know that I have each year's projection for financing tasks in front of me. I think I would have to take that on notice.

Senator BUSHBY: No indication?

Mr Bath: For the 2012-13 financial year, I do not think we have the planned financing task all the way back to 2009-10.

Senator BUSHBY: Do you have that information for the 2011-12 year, looking back to the forecast for that year?

Mr Bath: We might. I do not know if we have it on us at the moment.

Senator Wong: Just take it on notice.

Mr Bath: I think we will have to take it on notice.

Senator BUSHBY: Please also take on notice the two years before that as well: 2012-13, 2011-12 and the two years before that.

Mr Bath: Yes, but are we talking about—

Senator BUSHBY: What I want to see is the trend of how the forecasts actually then move into the actual.

Mr Bath: For the actuals, do you just want the 2012-13 year, or do you want the 2011-12 and 2012-13?

Senator BUSHBY: No, the actuals and then the forecast period for the three or four years beforehand as well.

Mr Bath: I understand, but which actual years do you need?

Senator BUSHBY: All the years, including 2012-13 if you can do it. You said you were not sure, but at least 2011-12, 2010-11, 2009-10 and 2008-09.

Mr Bath: I think that we can probably dig something up for you.

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Senator BUSHBY: Thank you.

Answer:

In formulating each annual issuance program (the face value of debt to be issued) to meet the financing task, the AOFM's focus is on the current financial year. During the year the financing task can change daily due to the potential for movements in expenditure, revenue and market conditions. Movements in each component at anytime can combine to increase, decrease or leave the financing task for the year unchanged. AOFM monitors movements continually to ensure that at the end of the year the Government's cash requirements have been met in full.

Beyond the current financial year, the AOFM bases its expectations of future financing tasks broadly on projections of the Headline Cash Balance (HCB). The following table, which has been compiled on the basis of Budget Paper information for the years 2005-06 to 2012-13 demonstrates how estimates for the HCB have changed over time.

Table 1: Headline Cash Balance Outcomes and Projections (\$ millions)

	2008-09	2009-10	2010-11	2011-12	2012-13
<u>Outcomes</u>					
FBO	-31,336	-56,517	-51,106	-47,023	
<u>Projections or Estimates</u>					
MYEFO 2012-13					-7,325
Budget 2012-13				-48,406	-8,715
MYEFO 2011-12				-43,334	-6,377
Budget 2011-12			-54,092	-31,903	766
MYEFO 2010-11			-48,539	-15,095	-1,125
PEFO 2010			-49,175	-12,552	52
Budget 2010-11		-59,194	-48,007	-14,621	-2,174
MYEFO 2009-10		-63,064	-51,501	-33,313	-11,956
Budget 2009-10	-35,939	-59,751	-58,943	-48,520	-25,087
MYEFO 2008-09	7,078	5,454	4,481	8,456	
Budget 2008-09	23,648	20,863	20,500	20,516	
PEFO 2007	18,277	19,114	16,331		
MYEFO 2007-08	18,354	19,132	16,399		
Budget 2007-08	15,487	14,802	13,292		
MYEFO 2006-07	14,640	14,778			
Budget 2006-07	11,359	12,258			
MYEFO 2005-06	11,198				
Budget 2005-06	19,360				