

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Additional Estimates
2014 - 2015

Department/Agency: Treasury

Question: AET383-384

Topic: Intergenerational Report - Terms of Trade

Reference: written - 16 March 2015

Senator: Wong, Penny

Question:

383. Terms of trade were predicted to fall in MYEFO 2014-15 by 13.5 per cent in 2014-15 – what is the current status of the terms of trade?
384. Why is the availability of foreign capital important for the Australian economy?

Answer:

383. The terms of trade fell 1.7 per cent in the December quarter 2014, and are tracking broadly in line with the MYEFO forecast for 2014-15.

384. Australia's investment has exceeded our domestic saving for most of the past 50 years. Without access to foreign capital, investment would have been lower, resulting in lower economic growth and living standards.