

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 89

Topic: Australia's Peak Debt Position

Hansard Page: Wednesday 30 May 2012, page 33

Senator JOYCE asked:

Senator JOYCE: With it in May. So with a peak in the debt position in May of \$260 billion, you could do it completely legitimately with the current limit you have by use of the temporary revenue deficits act. If you backed \$260 billion and said, 'Well, maybe we cannot get May and June paid down', why would you not just ask to increase the limit to \$270 billion?

Mr Ray: Well, it is not for me to answer as to an increase in the limit.

Senator JOYCE: Whose advice was it to ask for an increase in the limit to \$300 billion and how did they come up with that number?

Mr Ray: The advice from the AOFM chief executive officer is that it is prudent from an operational perspective to set it at a level \$40 billion to \$60 billion higher than the peak projected within year CGS on issue.

Senator JOYCE: Let us go back. What was the peak debt position predicted in the year just—

CHAIR: Senator Joyce, in a couple of minutes I will move back to Senator Cormann.

Senator JOYCE: What was the peak debt position predicted in the year just gone?

Mr Ray: Within year, I do not know.

Senator JOYCE: In the previous 12 months, what did Treasury predict the peak debt position to be?

Mr Ray: I do not have that. We would have to take that on notice.

Answer:

In 2011-12, the peak in Commonwealth Government Securities on issue subject to the debt limit was around \$235 billion. This is broadly in line with the expected peak of CGS on issue subject to the limit.