Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Office of Financial Management
Question No: 67
Topic: Bonds Maturity
Reference: Hansard page 83 (29 May 2017)
Senator: McAllister, Jenny

Question:

Senator KETTER: The debt statement indicates that there is a peak of $649 billion, on page 7-8. Can you explain why there is a $43 billion difference in that year? The end-of-year figure is $606 billion.
Senator Cormann: These are questions that should probably go to the Australian Office of Financial Management. It is a matter of the timing of when certain bonds mature and when new borrowings have to be undertaken in order to make up the difference.

Answer:

The level of Commonwealth Government Securities (CGS) on issue increases when securities are issued, and decreases when securities mature or are repurchased and cancelled. On current projections, most of the within year increase in the level of outstanding CGS issuance for 2020-21 is either to fund a Treasury Bond maturity, or is a reflection of short-term borrowing for cash management purposes.
The peak level of $649 billion of CGS on issue in 2020-21 is expected to occur late in the financial year (mid-May 2021). Following this peak, the volume of CGS on issue will fall significantly when:

- a Treasury Bond matures on 15 May 2021; and
- Treasury Notes issued to finance part of the above Treasury Bond maturity will also mature between 15 May 2021 and 30 June 2021.