

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

Department/Agency: Treasury

Question: SBT 4260

Topic: Budget savings passed through the Senate

Reference: Hansard page no. 12 - 22 October 2014

Senator: Canavan, Matthew

Question:

Senator CANAVAN: I want to ask some questions about an article in the Australian Financial Review year last week by John Kehoe. I think he was an alumnus of your organisation; he is a good, fine financial correspondent. He reported last week that the Obama Administration had reported a budget deficit of 2.8 per cent for their last financial year. As you would be aware, Mr Ray, I think our deficit in the financial budget outcome is 3.1 per cent of GDP. Why does the US have a lower budget deficit than we do?

Senator Wong interjecting—

CHAIR: Order!

Senator WONG: I'm just making a quiet joke.

Mr Ray: The short answer is because, as a proportion of GDP, the gap between their spending and revenue is smaller than ours. If you want to go to questions in detail about the state of the US economy, it would be better to ask—

Senator CANAVAN: Sure.

Senator WONG: Their unemployment rate is lower, isn't it?

Senator CANAVAN: It is; that is right, Senator Wong. Our GDP growth, I think, is higher. I remember a few years ago the former Treasurer, Wayne Swan, saying that, if we are going to be Keynesians in the downturn, we should be Keynesians in the upturn. Are we there yet?

Are we Keynesians in the upturn?

Mr Ray: I think a better way to put it is: are there Keynesian elements in the 2014-15 budget? The answer to that is probably yes.

Senator CANAVAN: If we are going to get back to a better budget deficit situation, we obviously have to pass savings. What proportion of the savings announced in the budget have been passed by the Senate?

Mr Ray: That is not a number that we track in that form, so I would need to take that question on notice.

Senator CANAVAN: Okay; take that on notice.

Answer:

As at the end of the 2014 Spring Sittings, 48 per cent of improvements in fiscal balance through measures announced in the 2014-15 Budget to reduce government expenditure and/or increase government revenue, had been passed by the Senate.