

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates Hearing 27 May-6 June 2013

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet

Outcome/Program: 1.1 Prime Minister and Cabinet

Topic: Gross debt

Senator: Senator Sinodinos

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Question:

Senator SINODINOS: I understand that, but this relates to comments that the Prime Minister's former economic adviser, Mr Stephen Koukoulas, made on Lateline on Friday, 3 May 2013. He stated among other things:

The problem with the Australian level of gross debt now and this is the Basel three requirements for looking after banks in the post GFC world is we don't have enough debt. Australia is one of two countries, the other one being Singapore, that got special dispensation because they don't have enough debt to look after the banks and the RBA is guaranteeing the bank deposits. So we've got gross debt that's ridiculously low.

Do you agree with that statement? Do you understand that statement?

Senator Conroy: Sorry, I am not sure you can ask the opinion of officers.

Senator RYAN: He was asking you.

Senator Conroy: Oh, me. I will have to take that on notice and pass it on to the Treasurer for an answer. What I can absolutely guarantee you is that Australia does not have a debt problem. You are not an illiterate, and I know you understand the difference between gross debt and net debt.

Answer:

As advised by Senator Conroy, this question has been referred to the Treasurer for response.