



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2011-12 Financial and Performance Outcomes
Questionnaire on the Annual Financial Report**

Further Clarification Points

Department of Treasury and Finance

April 2013

CLARIFICATION QUESTIONS RELATING TO THE QUESTIONNAIRE ON THE ANNUAL FINANCIAL REPORT

Question 1

In Question 7(a), the Committee sought details of the Government's plan to reduce net debt as a proportion of GSP by 2022. The Committee noted the Government's plan and sought details of the year and percentage relative to which a reduction is sought. While the Department confirmed the Government's plan, no detail was provided as to whether net debt would be reduced compared to the 2011 level, the 2012 level, the predicted peak in 2014 or some other point. Please identify the specific point (i.e. month and year) against which the planned reduction will be assessed.

The measure states the intent that general government net debt is reduced as a percentage of GSP over the decade to 2022. The Budget Update notes that net debt is projected to decline as a percentage of GSP from June 2014. (eg. Page 29 2012-13 Budget Update).

Question 2

In Question 8, the Committee noted the Government's intention in the 2011-12 Budget to reduce net liabilities as a proportion of GSP by 2014-15. This was included under the heading of 'fiscal strategies and objectives' in the 2011-12 budget papers.¹ The Committee sought details of the level against which the reduction was planned to occur.

The Department's response indicated that this objective was not a measure adopted for the medium-term fiscal strategy in the 2012-13 Budget. The Committee understands this and appreciates this information. Nonetheless, the Committee wishes to understand the intentions set out in the 2011-12 budget papers. Please identify the level of liabilities against which the expected reduction was planned.

The 2011-12 Budget strategy included a reduction to net financial liabilities as a percentage of GSP by 2014-15. This was reflected in the 2011-12 Budget papers with forecast net financial liabilities trending down from 13.9 per cent of GSP in June 2014 to 13.5 per cent of GSP in June 2015. The 2012-13 Budget continues to forecast a reduction in June 2015 net debt compared to June 2014 levels.

¹ Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.25