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The budget surplus won't be known until next year

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ON Tuesday evening, the Treasurer is expected to announce a budget surplus for 2012-13. But his speech will be a statement of intent.

The budget is based on a plan and many complex assumptions. We will not know whether 2012-13 will be in surplus or deficit until the final budget outcome is published. That will be in late September 2013, the best part of 17 months from now.

Since the adoption of fiscal balance as a measure of the budget's surplus or deficit, the average dollar variance between the budget night announcement and the outcome is a \$1.2 billion lower surplus. When the year of the global financial crisis is removed, the variance is, on average, a \$3.5bn greater surplus than that announced on budget night.

Peter Costello delivered, on average, a \$5.6bn greater surplus than announced. Wayne Swan has delivered, on average, a \$5.9bn greater deficit than announced on budget night.

The other key budget measure, underlying cash balance is no better. The average dollar variance since 1999-2000 is \$4.4bn, excluding the year of the global financial crisis.

What does this mean? We must wait until September 2013 before we judge the effectiveness of achieving the Treasurer's stated intent of a budget surplus for 2012-13. Seventeen months is a long time in politics, but an even longer time in an uncertain economic environment.

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