

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 2014
3 June to 5 June 2014

Department/ Agency: Treasury

Question: BET 35

Topic: Iron Ore

Reference: Hansard pg 88, 4 June 2014

Senator: Wong

Question:

Senator WONG: That is public; what I am asking is the difference. You made the statement, which is that it has fallen by more than you would anticipate. I am just trying to get some metrics around it. Perhaps tell me in the way you think you can, without us getting into a long argument, some metrics around that proposition—by what proportion? By what percentage? Is it lower than you anticipated?

Dr Gruen: To give you a proper answer, I would need to take it on notice. But it is certainly the case that it has fallen—Mr Allford, do you have the order of magnitude that it has fallen since the budget?

Mr Allford: I do not know the exact numbers, but we can get them for you. I think the order of magnitude is more than 10 per cent below what our forecast had it at now.

Senator WONG: Where the spot price is now?

Mr Allford: Yes.

Senator WONG: Taking into account all the variability matters that Dr Gruen raised?

Mr Allford: Yes.

Answer:

35. Treasury forecasts an average free-on-board (FOB, i.e. excluding freight costs) iron ore spot price for each quarter. On 4 June 2014, the daily FOB industry benchmark iron ore spot price was US\$86.4/tonne. This was below Treasury's June quarter forecast average spot price.