

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Finance
Outcome/Program: 1/1.1
Topic: Medical research funding

Senator: Di Natale
Question reference number: F7
Type of question: Hansard, F&PA Committee, Page 31, 28 May 2014
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Question:

Senator DI NATALE: So it might be slightly lower. If we are talking about a co-payment of \$5, a 2.7 per cent return over the next four years is about 13c in \$5. We are talking about a \$5 co-payment to fund it and yet, over the next four years, only 13c out of that \$5 is going to be invested in medical research.

...

Senator Cormann: But you are making a correlation that is not able to be made between the disbursements, which have also a one-year lag effect, and the savings over the same period of time. That cannot be made in the way that you are making it. I am happy to provide more detail of that on notice ...

Answer:

Table 3.1.2.3 in Finance's Portfolio Budget Statements shows estimates of the Medical Research Future Fund balances, including the estimated inflows and expenses for 2014 and the forward estimates period. The calculation of 2.7 per cent as a return is not accurate, as the fund is designed to distribute net earnings from the previous financial year i.e. given a 1 January 2015 commencement date, only two and one-half years of earnings distributed are represented in the Portfolio Budget Statements, giving effect to a one-year lag.