

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: Finance

Outcome/Program: 2/2.7

Topic: Future Fund earnings – underlying table data

Senator: McAllister

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Question:

Senator McALLISTER: These are from the budget pack, Minister?

Senator Cormann: This is part of the presentation that the Treasurer and I made around the country after the budget. I am sharing that with you. That is something that we have presented around Australia at budget breakfasts and budget lunches. The next graph—

Senator McALLISTER: Can I suggest, before we move on from this very helpful graph—

Senator Cormann: I am always keen to be helpful.

Senator McALLISTER: I know. Is the underlying data for these charts available?

Senator Cormann: I will have to take that on notice but am happy to see what we can do to assist you there.

...

Senator McALLISTER: What is the assumption in these charts of the return for the department?

Senator Cormann: What it says at the bottom in the note is that the liability matching charges assumes calibration of drawdown to match assets and liabilities. Once the target asset level has been reached—if you want to go into more specifics on it, as we have indicated before, we probably have to take that to Treasury in terms of their medium- and long-term forecasts, but given the conversation we had about the Future Fund earlier I thought that you would find this helpful. If we look at the gross and net debt chart—and I think this is a number that you have asked for—you see that in the 2017-18 budget the number is slightly above the 2016-17 MYEFO line, and principally that is because of our decision not to start the drawdown on the Future Fund from 2020-21, so there is an additional debt impact, which means there is an additional public debt interest impact, though that is more than covered by the expected additional earnings. The number that you are looking for, which I would like to think we will be providing on notice over the next few days, is the gap between the two lines.

Answer:

Medium and long-term modelling is the responsibility of Treasury.