

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: 1/1.1

Topic: Subscriptions to the International Development Association and Asian Development Fund

Senator: McAllister

Question reference number: F105

Type of question: Written

Date set by the committee for the return of answer: Friday, 7 July 2017

Number of pages: 1

Question:

In Budget Statement 7 (P 7-6) there is a change to the treatment of subscriptions to the International Development Association and Asian Development Fund, could you explain the change?

Answer:

The Australian Government contribution to international aid includes participation in the International Development Association and the Asian Development Fund (IDA/ADF), by agreeing to provide subscriptions. Part of the subscription is classified as a government financial asset, because they create a right of the Government to have the subscriptions returned in the future.

The IDA/ADF assets are classified in accordance with the requirements of Government Finance Statistics (GFS), which are issued by the Australian Bureau of Statistics (ABS). The ABS GFS requirements have changed with effect from 2017-18 due to changes to the international GFS standards, issued by the International Monetary Fund. These changed GFS requirements reclassify the subscriptions as an equity investment, rather than as a loan, and record them at fair value.

The net debt calculation does not include equity assets (see Budget Paper No.1 10-36), accordingly this reclassification has increased net debt.

This classification change in reporting does not result in the Australian Government incurring additional borrowings.