

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2015-16

Finance Portfolio
20 October 2015

Department/Agency: Department of Finance

Outcome/Program: 2/2.7

Topic: Asset Recycling

Senator: Wong

Question reference number: F81

Type of question: Written

Date set by the committee for the return of answer: Friday, 4 December 2015

Number of pages: 2

Question:

1. Is it still the Government's intention to pass the legislation relating to the Asset Recycling Fund?
2. How is the Asset Recycling Fund/Initiative working in the absence of the legislation passing?
3. What effect has the non-passage of legislation to essentially put the funding from the Building Australia Fund and Education Investment Fund had on the funding available for the Asset Recycling Fund / Initiative?
4. Can the Department provide details of planned investments from the Asset Recycling Fund / Initiative that are to be funded from the proceeds from the Education Investment Fund and the Building Australia Fund?
5. Which planned investments were funded from the funding from the sale of Medibank Private?
6. Which investments were funded from appropriations?
7. What role does the Future Fund play in relation to the Asset Recycling Fund / initiative at present?
8. What is the anticipated rate of return for the Asset Recycling Fund?

Answer:

1. Yes, the Government remains committed to the passage of legislation to establish the Asset Recycling Fund.

2. Until the establishment of the Asset Recycling Fund, the Government is funding its commitments under the Infrastructure Growth Package (including the Asset Recycling Initiative) via alternative appropriation mechanisms including the *Federal Financial Relations Act 2009* and the Appropriation Acts (No.1 and No.2).
3. Refer to the response to Question 2 above.
4. The Asset Recycling Fund will be established as a single source of funding and specific investments will not be attributable to the source of the funds.
5. The proceeds from the sale of Medibank Private are not available to meet investments from the Asset Recycling Fund until the sale proceeds are credited on 1 July 2016, subject to the establishment of the Fund. In the interim, the Australian Office of Financial Management is using the Medibank Private sale proceeds to reduce the Government's borrowing requirements. As with the uncommitted balances from the Building Australia Fund and Education Investment Fund, the proceeds from the sale of Medibank Private will not be differentiated within the Asset Recycling Fund, and specific investments will not be attributable to the source of the funds.
6. Payments have been made toward the following investments:
 - East West Link in Victoria
 - Perth Freight Link in Western Australia
 - Toowoomba Second Range Crossing in Queensland
 - North-South Road Corridor in Adelaide
 - Northern Territory Road upgrades
 - National Highway Upgrade Programme
 - Black Spot Programme
 - Roads to Recovery Programme
 - Western Sydney Infrastructure Plan
 - WestConnex Stage 2

Payments are also being made under the Asset Recycling Initiative.

Further questions about specific investments should be referred to the Treasurer or the Minister for Infrastructure and Regional Development.

7. The Future Fund has no role in relation to the Asset Recycling Initiative and has no role relating to the proposed Asset Recycling Fund. Once established, the Asset Recycling Fund will be managed by the Future Fund Board of Guardians in accordance with the enabling legislation and the investment mandate issued by the Treasurer and Minister for Finance.
8. An investment mandate for the Asset Recycling Fund, that will include a rate of return, will be developed when the legislation to establish the Asset Recycling Fund passes Parliament.