

**Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**ADDITIONAL ESTIMATES – 25 FEBRUARY 2014**

Finance Portfolio

**Department/Agency:** Department of Finance

**Outcome/Program:** 1/1.1

**Topic:** Defence and Foreign Exchange

**Senator: Dastyari**

**Question reference number:** F27

**Type of question:** Hansard F&PA Page 57, 25 February 2014

**Date set by the committee for the return of answer:** Friday, 11 April 2014

**Number of pages:** 1

**Question:**

**Senator DASTYARI:** Okay, I will put them on notice for you. We want to ask about the foreign exchange implications for Defence. Is there funding on a no win no loss with regard to the forex? Also, the PAES shows a positive adjustment resulting from forex changes of \$1.8 billion. I just want to get an explanation of how this adjustment is constructed. And if there is movement up or down in the foreign exchange rate, what would the impact be on Defence, all other things being constant? I understand from what the minister is saying that questions relating to the decision making are questions that should be directed towards Defence. But, more in the space—

**Senator Cormann:** Sorry—questions in relation to the Defence portfolio additional budget statements should go to Defence.

**Senator DASTYARI:** But the questions regarding the impact of foreign exchange implications on Defence spending: are they questions that are appropriate for Finance?

**Mr Tune:** We can assist you on the approach that is taken. If you start to get into specifics about what is causing what, you will need to go to Defence.

**Answer:**

As stated in the Department of Defence Annual Report of 2012-13, “Defence is subject to a ‘no win/ no loss’ funding arrangement for foreign exchange gains and losses”.