

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

**Budget Estimates Hearing – May 2008
Department of Finance and Deregulation
Finance and Deregulation Portfolio**



Outcome 1, Output 1.2

Topic: Building Australia Fund

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Type of Question: Written

Date set by the committee for the return of answer: 11 July 2008

Number of Pages:1

Senator Fifield asked:

I refer to the Building Australia Fund, to be established by 1 January 2009.

What are the key differences with how the Building Australia Fund, Education Investment Fund and Health and Hospitals Fund will be administered compared with the Future Fund?

Answer:

The new Funds will be managed by the Future Fund Board of Guardians in accordance with legislative requirements and the Investment Mandate provided to the Future Fund Board of Guardians by the Government.

The Building Australia Fund will fund future investment in transport and communications infrastructure in areas such as roads, rail, ports and broadband.

The Education Investment Fund will fund capital expenditure and renewal and refurbishment in universities and vocational education institutions, including research facilities and major research institutions. In the future, funding could also be extended to school infrastructure as further contributions are made to this Fund.

The Health and Hospitals Fund will help to fund health infrastructure priorities including capital expenditure, renewal and refurbishment of hospitals, new medical technology equipment, and major medical research facilities and projects.

The Future Fund is investing to accumulate assets to offset the Government's unfunded superannuation liabilities by 2020.

Disbursements from the new Funds will need to satisfy rigorous evaluation criteria, assessed by independent bodies, with final decisions on disbursements subject to budget consideration. Disbursements from the Future Fund may occur after 1 July 2020 or prior to this if the Fund is sufficient to meet the unfunded superannuation liability at that time, measured by the target asset level.