

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2013-2014

Finance and Deregulation Portfolio

Department/Agency: Future Fund

Outcome/Program:

Topic: Growth of operating costs

Senator: Cormann

Question reference number: F41

Type of question: Hansard, F&PA Committee, Page 10, 29 May 2013

Date set by the committee for the return of answer: Friday 12 July 2013

Number of pages: 2

Question:

Senator CORMANN: The operating costs of the Future Fund have grown quite substantially in recent years. We have gone through this before. Can you give us on notice a brief summary of how costs have grown, how they are expected to grow over the forward estimates, and the key reasons behind the increasing growth, just to give us a flavour of what is driving your cost pressures?

Mr Burgess: We could give you an answer on notice.

Answer:

The estimated actual Departmental and Administered expenses relating to the Future Fund for 2012-13 together with the Budget and Forward estimates are detailed in the Portfolio Budget Statements 2013-14, Budget Related Paper No. 1.7 and are summarised below.

	Estimated actual expenses 2012-13 \$,000	Forward estimate expenses 2016-17 \$,000
Departmental	44,589	58,269
Administered	566,882	764,036

Both Departmental and Administered expenses have increased since the creation of the Fund in 2006 reflecting the establishment and development of the Agency and the implementation of the Board's investment strategy.

Departmental expenditure increases over the forward estimates in line with maintaining and developing the Agency's ability to support the Board in managing the Future Fund and other Australian Government Asset Funds.

Administered expenditure increases over the forward estimates as a result of the expected growth of the portfolio and the evolution of the asset allocation in line with the Board's investment strategy.

The Board and Agency monitor costs across the organisation on an ongoing basis and have in place a number of mechanisms to maintain effective control within the agreed investment strategy. The Fund's financial statements and annual report include extensive reporting on and discussion of the costs of operating the organisation and Fund.