

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 90

Topic: Spike in Revenue from Dividends from Public Sector Entities

Hansard Page: Wednesday 30 May 2012, page 34

Senator CORMANN asked:

Senator CORMANN:... In the budget papers, you identify two sets of special one-off dividends from government agencies which the government has required to be paid in 2012-13. There is \$200 million from the Export Finance Insurance Corporation and \$100 million from the Australian Reinsurance Pool Corporation. Note 5 on page 9-19 of Budget Paper No. 1 records that, in 2012-13, the government is banking on receiving around \$700 million more in dividends from other public sector entities than it expects to receive either this financial year or in 2013-14, 2014-15 or 2015-56. Essentially, the figure in 2012-13 is \$1.126 billion compared with figures between \$370 million and \$470 million for all of the other years around it. What is causing that spike in revenue from dividends from other public sector entities?

Mr Ray: I think the best thing is for us to take the detail of the question on notice. We will consult with our colleagues in the department of finance because it is partly their responsibility, not just ours.

Senator CORMANN: It is always the game that we play, Senator Wong and me. In finance, I get told to ask Treasury and told it is a Treasury model. Senator Wong says, 'Next week you will still have me here to ask these questions of.'

Senator Wong: No. You did not ask this in finance.

Senator CORMANN: I did ask it.

Senator Wong: Well, you asked generally and Mr Tune answered it.

Senator CORMANN: I was actually asked to come and talk to Treasury.

Mr Ray: About what?

Senator CORMANN: About these sorts of issues.

Senator Wong: I thought it was—

Mr Ray: It may be the ARPC dividend.

Senator CORMANN: So you are not able to tell us what is causing that spike.

Mr Ray: There are a number of things that are affecting that line in the note. I think the best thing is for us to consult with the department of finance and come back with a considered response.

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Answer:

'Other dividend payments from commercial entities' in Note 5 of Statement 9 in the 2012-13 Budget Paper No. 1 (page 9-19) are generally not separately disclosed.

Dividend payments in this note are based on recommendations by entities' respective boards, who consider the entity's profitability forecasts over the forward estimates and other considerations in forming their views. These dividend forecasts are generally commercial-in-confidence and therefore cannot be disclosed separately in the budget.

Exceptions that were disclosed in the 2012-13 Budget as a result of the decisions taken by Government are:

- a special one-off dividend payment of \$100 million from the Australian Reinsurance Pool Corporation, in addition to annual dividend payments of \$75 million commencing from 2012-13 (Budget Paper No. 2, pages 17-18); and
- a special dividend payment of \$200 million from the Export Finance and Insurance Corporation (EFIC) (Budget Paper No. 2, page 14).