

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Additional Estimates Hearings 2002-2003 – 11 February 2003

Question: F2

Outcome Improved and More Efficient Government Operations, Output Asset Sales

Topic: Sale of AIDC Ltd

Hansard Page: F&PA 121

Senator Conroy asked:

It should be page 44 – sorry about that: ‘derivative investments are trading portfolios and positions and notes all such positions are revalued on a daily basis to reflect market movements’. Can you just explain what that means?

Answer:

Derivative investments are financial instruments whose value derives from the value of an underlying asset, reference rate or index. Where they are held in a trading portfolio the value of these can be calculated from their underlying base. On any financial reporting date the value of the derivative in the market on that day is the figure used. Any variation of that value from the previous reporting period is recognised as a profit or loss in the Financial Statements.