

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

November Estimates Hearings 2003-04 – 4 November 2003

Question: 23B

Outcome 1 Sustainable Government Finances, Output 1.1.1 Budget Advice

Topic: Forex Risk Management

Hansard page: N/A

Written Question on Notice: 4 November 2003

Senator Forshaw asked:

Can the Department quantify the exposure that these agencies are externally managing?

Answer:

The agencies have advised Finance that as at 31 October 2003 (all figures in \$A):

- National Gallery of Australia had a total external exposure of \$3.2 million, all of which was hedged.
 - These hedges were entered into in March 2001, which was prior to the implementation of the Government's foreign exchange risk management policy on 1 July 2002;
- Australian Broadcasting Corporation had an estimated net external exposure over the following 12 months of \$17.1 million, of which \$3.6 million was hedged;
- Australian Nuclear Science and Technology Organisation had an external exposure of \$47.5 million, none of which was hedged;
- Commonwealth Scientific and Industrial Research Organisation had a total revenue exposure of \$12.7 million, of which \$2.8 million was hedged. (The hedges were entered into before the Government implemented the policy.) In addition, CSIRO had a total expense exposure of \$10.7 million, none of which was hedged;
- Export Finance and Insurance Corporation's total foreign currency loan exposures amounted to \$2.6 billion of which \$74 million was unhedged; and
- Indigenous Business Australia (IBA) enters into coal sales ventures with commercial partners. Typically, IBA has a total foreign exchange exposure of about \$17.8 million (at the 31/10/03 exchange rate of \$US0.70) of which \$9.1 million is hedged.

Date: 1 December 2003

Cleared by (SES): Ian McPhee

Group/Branch: FMG/Finance & Banking

Contact Officer: Ed Lekawski

Telephone: 6215 3340