

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Supplementary Estimates Hearings - 1 November 2005

Question: F47

Outcome 1, Output 1

Topic: Future Fund

Written Question on Notice

Senator Sherry asked:

1. What are the processes for moving money held as deposits by the Reserve Bank to the Future Fund?
2. Provide the projected cash call on the fund for each year out to 2041-42.
3. Provide the projected earnings of the fund out to 2041-42.

Answer:

1. The Australian Office of Financial Management (AOFM) manages the daily cash balances of the Australian Government in the Official Public Account (OPA). When required, the AOFM will ensure sufficient funds are available within the OPA for the Future Fund Management Authority (FFMA) to draw down agreed transfer amounts into the FFMA's official bank accounts.
2. Information concerning the projected cash call on the fund is not available at this point in time.
3. The projected earnings of the fund will be dependent on the contributions by the Australian Government and the investment performance of the Fund (which in turn is determined by the investment strategy adopted by the Future Fund Board of Guardians).

The 2005-06 Budget estimates included Future Fund interest cash receipts of \$462 million in 2005-06, \$943 million in 2006-07, \$997 million in 2007-08 and \$1,054 million in 2008-09. While the estimates assumed that the Fund received Government contributions of \$16 billion by 30 June 2006 and earns 5.54% per annum, updated assumptions will be made as the Fund evolves, in particular as decisions are taken on the investment strategy for the Fund.