

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Supplementary Budget Estimates Hearing – October 2009

Future Fund Management Agency

Finance and Deregulation Portfolio

Outcome 1, Program 1.1

Topic: Growth forecasts

Question reference number: F58

Type of Question: Hansard, F&PA 69, 20 October 2009

Date set by the committee for the return of answer: 4 December 2009

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Senator Bernardi asked:

Are you willing to provide me with an update on your forecasts of global economic growth in the near term?

Answer:

We focus on a range of possible global growth rates for modelling purposes and our forecasts for 2009-14 are for annual average growth in the range of 0.8% to 3.7%

We consider a number of macro-economic scenarios and factors when formulating asset allocation decisions over the longer term, consistent with our obligation to maximise returns with acceptable but not excessive levels of risk.

Any particular rate of growth can be accompanied by combinations of other variables including rates of inflation, fiscal and monetary positions, productivity rates and currency values. Accordingly we construct a portfolio we believe will be robust to a range of scenarios.