



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

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Labor plans to raid Future Fund irresponsible

Gillard government plans to start raiding the Future Fund to help manufacture its claim of an early surplus in 2012/13 are reckless, fiscally irresponsible and unprecedented.

The secret plan was revealed in answers to questions taken on notice by Finance Department head David Tune during the most recent Senate Estimates hearings.

Mr Tune had been asked to explain why government revenue from the sale of non-financial assets was expected to increase from about \$383 million in 2010/11 to a high of \$4.9 billion in 2012/13 – the same year the government was forecasting a \$3.5 billion surplus.

During the hearing Mr Tune had pointed to the expected sale of digital spectrum as one of the reasons for the spike when Finance Minister Wong sought to shut down any further questioning.

In his latest answer Mr Tune revealed that the Gillard government's revenue estimates for 2012/13 also included revenue from the "*expected sale of assets from the Future Fund*".

"That is an extraordinary revelation," Shadow Assistant Treasurer Mathias Cormann said.

"The government is not supposed to withdraw funds from the Future Fund," he said.

"The Future Fund was set up by the Coalition back in 2005 to fully fund the government's unfunded public service superannuation liability by 2020. It is supposed to continue to grow until the unfunded superannuation liability is completely under control.

"Under the rules governing the Future Fund, withdrawals may only happen once the superannuation liability – as determined by an independent actuary – is fully offset, or after 1 July 2020.

In his most recent advice the government's actuary determined that the relevant target asset level to cover the unfunded superannuation liability for 2012/13 is \$110.3 billion.

"Given the Future Fund currently holds assets of about \$75 billion, there is no way that target asset level will be met by 2012/13," Senator Cormann said.

"As such, consistent with that independent actuarial assessment, no withdrawals should be made from the Future Fund for some time," he said.

"The government has been very secretive about its plans to withdraw funds from the Future Fund, and its decision to allocate that revenue against its Budget bottom line in 2012/13.

"The government must come clean today about exactly how much money they plan to withdraw from the Future Fund each year over the forward estimates," Senator Cormann said.

“If the plan really is to return the funds to the Future Fund at a later date, the government must confirm when that is expected to be and where that information is contained in the budget papers.

“The government has reached a new low in fiscal recklessness, combined yet again with a complete lack of openness and transparency about significant budget matters.

“Incredibly, the Gillard government did not volunteer this information. It had to be dragged out of the government in the face of deliberate obfuscation.

“Even now the government is not telling us the full story about the reasons for the dramatic spike in revenue from the sale of non-financial assets in 2012/13.

“The real concern is that if Labor gets away with plans to raid the Future Fund now, they will do it again and again, every time they need more cash to fund their wasteful spending,” Senator Cormann said.

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