

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Tourism and Resources Portfolio  
2006-07 Additional Budget Estimates Hearing  
15 & 16 February 2007

---

**AGENCY/DEPARTMENT:** INDUSTRY, TOURISM AND RESOURCES

**TOPIC:** *Syntroleum Depreciation*

**REFERENCE:** WRITTEN QUESTION

**QUESTION No.** AI-90

**Senator EVANS asked:**— The Department's 2006-07 PBS (page 39) refers to "Syntroleum depreciation"—  
Provide an explanation as to the \$1m allocated to this item in 2005-06 and 2006-07?

**ANSWER**

The Australian Government announced in February 2000 that it would provide a \$70m investment incentive to Syntroleum Corporation Ltd, under the Strategic Investment Incentive process. As part of this incentive, the Government acquired a Gas-to-Liquids (GTL) fuel production technology license at a cost of \$15m. In accordance with the Australian Accounting Standards the Department recognised an intangible asset for the purchase of a licence. These standards also require intangible assets to be depreciated over their useful life. In this case the depreciation expense is \$1m per year.

**QUESTION No.** AI-91

**Senator EVANS asked:**— Was this a project that has previously been funded by the Commonwealth? If so indicated the total amount of Commonwealth funding provided to date and when that funding was provided?

**ANSWER**

See AI-92. In addition to the license, all other funds which were provided to Syntroleum have been repaid following Syntroleum's decision not to proceed with its project in Australia. The Government may recover the license fee through sharing in fees paid for the use of the Syntroleum technology anywhere in Australia, East Timor, Indonesia, or PNG.

**QUESTION No.** AI-92

**Senator EVANS asked:**— Why is the Commonwealth liable for the depreciation associated with this project?

**ANSWER**

In accordance with the Australian Accounting Standards the Department is required to depreciate intangible assets over their useful life.

**QUESTION No.**                      **AI-93**

**Senator EVANS asked:**— What other organisations, both government and commercial, are involved in this project?

**ANSWER**

None.