

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing
26 February 2009

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Depreciation

REFERENCE: Written Question – Senator Abetz

QUESTION No.: AI-17

Did your agency use any depreciation funding for recurrent expenditure in 2007-08?

Has your agency used any depreciation funding for recurrent expenditure this year?

Has any depreciation funding been used for purposes other than the replacement of capital items in 2007-08?

How much has your department/agency spent on the replacement of capital items in the first six months of 2008-09?

ANSWER

Under the Commonwealth's budget and financial management framework the Department manages its financial position over the long term (taking into account that Departments were not fully funded for all asset and liabilities on the implementation of accrual budgeting). In managing the Department's financial position, capital funding is allocated taking into account the longer term capital requirements of the Department. In addition, the Department seeks to achieve at a minimum a break even financial operating result each financial year. Taking the longer term view of the Department's financial position, in any one year depending on the capital requirements of the Department, the Department may spend less or more on capital acquisitions than the depreciation in that year.

For 2007-08 the Department's depreciation expense was \$18 million and the amount of cash used on the purchase of assets was \$26 million. To 31 December 2008 the Department has spent \$18 million on the purchase of assets.