

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio
Supplementary Budget Estimates
19 October 2011

Question: SR34
Topic: Tourism Australia – Cash on Hand
Proof Hansard Page: Written

Senator Bushby asked:

1. On page 87 of the Tourism Australia Annual Report cash on hand appears to have almost doubled from \$12 million in 2009 to over \$20 million 2010.
 - (a) What is the current holding of cash on hand for tourism Australia?
 - (b) Why the large increase in cash on hand for the period?
 - (c) Why does Tourism Australia need such a large amount of cash on hand?
 - (d) Does this represent an under spending in Marketing?
 - (e) Are you signalling to Government that your budget could be reduced?

Answer:

- (a) The cash holding at June 2011 is \$25 million.
- (b) The cash balance as at 30 June 2010 was \$20 million, a net increase of an approximately \$8 million compared to 30 June 2009, mainly as a result of foreign exchange gains. This means that Tourism Australia (TA) spent less to meet foreign currency commitments than the previous year due to the strengthening of the Australian dollar. The cash balance is subject to the foreign exchange management guidelines where all gains in excess of 1% of TA's cash expenditure is to be refunded to the government. TA refunded the Government \$12.5 million in June 2011, in line with requirements.
- (c) The cash balance is required to fund all commitments on the books and also provides for capital expenditure and employee provisions. The higher than usual cash balance at 30 June 2010 incorporated foreign exchange gains for the year of \$12.5 million which was recorded but not refunded to Government in that same financial year.
- (d) No this does not reflect marketing spend. This allows funding all year end trade creditors. TA spends its marketing allocation in local currency and this expenditure was maintained per plan. TA's marketing spend is expected to increase as a proportion of overall expenditure.
- (e) No.