

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

Additional Estimates Hearings 2002-2003 – 11 February 2003

**Question: F6**

**Outcome 1 - Sustainable Government Finances, Output 1.1.2 - Financial Reporting**

**Topic: Use of proceeds from asset sales**

**Hansard Page: F&PA 138**

**Senator Conroy asked:**

So why is it that, if the Government has raised \$58 billion from asset sales and has \$10 billion on deposit, leaving \$48 billion, it only paid down \$37 billion of liabilities over the corresponding time period? Where is the other \$11 billion? I have not noticed an asset purchase program of around \$11 billion.

**Answer:**

The \$58 billion in asset sale proceeds since 1 July 1996 includes \$47 billion from the Commonwealth's asset sale programme, \$9 billion from the sale of property, plant and equipment and \$3 billion from the sale of investments. These proceeds, however, were not the only source of cash available to Government.

In conjunction with cash surpluses from operating activities of nearly \$33 billion, the Government has been able to repay borrowings of some \$48 billion, purchase nearly \$28 billion in new property, plant and equipment; and increase investments by over \$19 billion.

A full reconciliation of the aggregate Australian Accounting Standard 31 (AAS31) cash flows for the General Government Sector on a source and application of funds basis for the period 1 July 1996 to 30 June 2002 is shown in Table 1.

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**Table 1: Reconciliation of Aggregate AAS31 Cash Flows, 1 July 1996 to 30 June 2002**

	<b>\$b</b>
<b>Sources of funds</b>	
Proceeds from the asset sales	58.1
- <i>proceeds from asset sales program</i>	46.5
- <i>proceeds from the sale of property, plant and equipment</i>	8.9
- <i>proceeds from the sale of investments</i>	2.7
Surpluses from operating activities	32.9
Net advances, loans and other investing cash received	4.0
<b>Total cash received</b>	<b><u>95.1</u></b>
<b>Application of funds</b>	
Purchase of property, plant and equipment	27.7
Purchase of investments	19.4
Net repayment of borrowings	47.7
<b>Total cash used</b>	<b><u>94.8</u></b>
<b>Difference</b>	<b>0.3</b>
Cash balance at 1 July 1996	2.0
Cash balance at 30 June 2002	2.2
<b>Net increase/decrease in cash</b>	<b><u>0.3</u></b>