

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates 2004-05 –Additional written questions February 2005

Question: F39(1)

Outcome: 1.1

Topic: Budget advice

Written Question on Notice: 21 February 2005

Senator Murray asked:

Can you explain what is the budgetary impact of the Tsunami Aid package, announced as the Australia-Indonesia Partnership for Reconstruction and Development?

Answer:

The \$1 billion Australia-Indonesia Partnership for Reconstruction and Development package comprises \$500 million in grants and \$500 million in loans. The grant component of the package is expected to reduce the fiscal balance and the underlying cash balance by \$500 million over the five years 2004-05 to 2008-09. The loan component will have no direct impact on the fiscal balance or the underlying cash balance as transactions in financial assets have no impact on budget balances under the Government Finance Statistics (GFS) framework.

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates 2004-05 –Additional written questions February 2005

Question: F39(2)

Outcome: 1.1

Topic: Budget advice

Written Question on Notice: 21 February 2005

Senator Murray asked:

Specifically, does the \$500m 40-year interest free loan have any direct impact on the underlying cash surplus and/or the fiscal surplus for the year ended 30 June 2005 or 30 June 2006?

Answer:

The \$500 million loan component of the Australia-Indonesia Partnership for Reconstruction and Development package has no direct impact on the fiscal balance or the underlying cash balance as transactions in financial assets have no impact on budget balances under the Government Finance Statistics (GFS) framework.

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates 2004-05 –Additional written questions February 2005

Question: F39(3)

Outcome: 1.1

Topic: Budget advice

Written Question on Notice: 21 February 2005

Senator Murray asked:

The other component is reported to be \$500m in grants. Can you confirm that the fiscal surplus for the year ended 30 June 2005 will be reduced by this \$500m expense?

Answer:

No. The reduction in fiscal balance will occur when the grant expenses are recognised. The exact timing of the grant payments is still to be determined. It is expected that grant payments will be spread over five years, with estimated expenditure of \$10 million in 2004-05.

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates 2004-05 –Additional written questions February 2005

Question: F39(4)

Outcome: 1.1

Topic: Budget advice

Written Question on Notice: 21 February 2005

Senator Murray asked:

Will the underlying cash balance, for the relevant financial year, recognise an expense only when payments are made to the Australia-Indonesia Partnership for Reconstruction and Development? When are those payments anticipated?

Answer:

The grant payments will have an impact on the underlying cash balance when the grants are paid to recipients for approved projects. The exact timing of the grant payments is still to be determined. It is estimated that \$10 million in grants will be paid in 2004-05.