

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Budget Estimates Hearing – May 2007

Question: F26

Outcome 1, Output 1

Topic: Additional appropriations necessary to fund asset replacements

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Senator Nick Sherry asked:

Also, could you take on notice the additional appropriations that have been necessary to fund asset replacements, where they have occurred?

Answer:

Under the existing financial framework arrangements, agencies are appropriated for depreciation expenses through the Budget process to fund asset replacement. While there is no necessary equivalence between the accumulated depreciation expense and the cost of capital or asset replacement, agencies have the opportunity to prepare a business case for supplementation in line with the budget rules.

Additional appropriations provided by the Government to fund asset acquisition are detailed in the Capital Measures part of Budget Paper No. 2 and Appendix A of the Mid-Year Economic and Fiscal Outlook.