

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Supplementary Estimates Hearings 2002-2003 – 20 November 2002

Question: F34

Outcome 1, Output 1.1.3

Topic: Capital use charge

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Senator Conroy asked:

Senator CONROY—That is an annual flow, not the stock.

Mr Bowen—That was, yes. We would have to isolate depreciation from the balance sheet.

Senator CONROY—If you could, that would be great. I would appreciate it if you would take it on notice. I am trying to move quickly, so I will not make you ponder. How much money was appropriated with a capital use charge in 2002-03? I think it was about \$6.5 billion. Are those funds held in the agency bank accounts as well?

Answer:

Estimated Capital Use Charge (CUC) payments for 2002-03 are \$6,310 million (see page 12-31 of *Budget Strategy and Outlook – Budget Paper 1 2002-03*). Note that this total excludes the Defence Housing Authority, which pays a dividend rather than the CUC.

These funds are appropriated to agencies as part of their departmental appropriations. Agencies generally receive this funding (in their bank accounts) in equal instalments over the financial year and pay the CUC at year end. This arrangement does not apply to agencies where the CUC makes up a significant portion of their total appropriation (for example, Defence and some collection agencies)— in these cases, cash is held centrally during the financial year and is drawn down by the agency in one amount just before the time of payment of the CUC.

The Government has decided that the CUC will no longer be applied, with effect from 1 July 2003.