Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Supplementary Budget Estimates 18-21 October 2010

Question: PM63

Asked By: Senator Humphries

Topic: National Gallery of Australia - Debt Waiver

Type of Question: FPA 20, 19 October

Date set by the committee for the return of answer: 3 December 2010

Number of pages: 2

Senator HUMPHRIES-So where does the debt waiver come in in those circumstances? It says here: Included in total revenue is a debt waiver of $3 million.

Is the Commonwealth waiving some of that debt?

Mr Froud-I do not understand that, to be honest, Senator. We have borrowed $9 million and we will repay $9 million. I am not quite sure of the debt waiver. I could certainly take some advice and provide that on notice.

Senator HUMPHRIES-It is on page 348 of the PBS in the middle of the page. If you can just explain how that works, that would be great.

Mr Froud-Thank you.

Senator HUMPHRIES-I assume on top of all of that you still have to deal with the efficiency dividend?

Mr Froud-We do.

Senator HUMPHRIES-What is the extent of that for this financial year?

Mr Froud-I will take it on notice and provide the specific number.

Answer:

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The Department of Finance and Deregulation (DOFD) provided advice in regard to the accounting treatment of loan repayments for the Stage 1 building project. The advice was that the NGA's appropriation revenue would be reduced by $3 million each year in 2010/11, 2011/12 and 2012/13 to repay the $9 million debt with a return to normal levels of funding from 2013/14. The Commonwealth is not waiving the debt on the loan, rather deducting the repayment from appropriation revenue for the period of repayment. The full statement on p348 of the PBS explains that the appropriation has been reduced by $3.0 million which is balanced by the $3.0 million debt waiver (ie they cancel each other out).

The impact of the 1.25% efficiency dividend in 2010/11 is a reduction in appropriation of $567,650.