

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: BET 117

Topic: Asset Recycling Initiative

Reference: written - 12 June 2015

Senator: Sterle, Glenn

Question:

117. a) Do you acknowledge that your profile for the 15% Asset Recycling Initiative has slipped, such that \$570M less will be paid to States this year and next?
b) And that the agreements you have signed include payment on milestones that are defined in the agreement (eg ACT agreement), and not before?
c) And that, since this payment represents 15% of project cost, the delay in this one proposal you have to fund infrastructure means over \$4 billion in projects slipping?

Answer:

117(a)

Demand for the Asset Recycling Initiative is dependent on the decisions of state and territory governments, not the Commonwealth. The original expenditure profile for the Asset Recycling Initiative was a forecast of possible Commonwealth payments, and was therefore subject to change depending on the actual pattern of demand for the Initiative.

117(b)

The schedules that have been agreed with the ACT and NSW Governments include milestones that are required to be met before Commonwealth payments can be made under the National Partnership Agreement on Asset Recycling. The milestones were proposed by the state and territory governments based on their likely asset sale and infrastructure construction timetables, and subsequently agreed by the Commonwealth. The revised payment profile contained in the 2015-16 Budget papers is partly based on these milestones, as well as a forecast of likely future demand for the Asset Recycling Initiative.

117(c)

The Asset Recycling Initiative is only one element of the Government's Infrastructure Growth Package announced in the 2014-15 Budget. Other aspects of the package were an additional \$3.7 billion for the Infrastructure Investment Programme and \$2.9 billion for the Western Sydney Infrastructure Plan. Together, these initiatives are designed to: expedite critical infrastructure; create real activity at a time when the economy is going through a significant transition; and boost long term productivity and living standards.

The changed profile for the Asset Recycling Initiative does not mean that projects have slipped. As noted in response to question 117(a), the original expenditure profile for the Asset Recycling Initiative was a forecast of possible Commonwealth payments, and was therefore subject to change depending on the actual pattern of demand for the Initiative from state and territory governments.