

Capital Measures introduced since the 1999-2000 MYEFO^(a)

Agriculture, Fisheries and Forestry

Creation of a new Horticultural Service Company

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Agriculture, Fisheries and Forestry:	-	-	-	-

Explanation

The Government has decided to establish a new marketing and research and development service delivery company for horticulture. The key function of this company will be to deliver world class marketing and research and development services to the horticulture industry under a purchaser-provider model of service delivery. This single company will replace two statutory authorities: the Australian Horticultural Corporation and the Horticultural Research and Development Corporation.

The establishment of a single corporation will provide efficiencies to the industry in terms of streamlined delivery of administration services, resulting in efficient use of company resources and lower operating costs.

The creation of the new Horticulture Service Company outside the General Government Sector involves the Commonwealth divesting its \$16.3 million interest in two current statutory authorities (which is classified as a financial asset). For this reason, this measure is shown as having a zero impact on fiscal balance.

(a) Capital in this section is defined as 'net capital investment', the capital component used in the calculation of the fiscal balance. This includes: purchases of capital equipment, less any proceeds from their sale, and any reduction in the value of capital equipment (as measured by depreciation) plus net investment in other non-financial assets, including inventories. Capital policy decisions that involve only financial assets will not affect the fiscal balance and are therefore reported in this section as having no impact on the fiscal balance.

Attorney-General's

Establishment of the Administrative Review Tribunal

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Attorney-General's Department:	-	-	-	-

Explanation

The Government is providing a capital injection of up to \$15 million to establish a single federal merits review tribunal, the Administrative Review Tribunal (ART), by merging four existing merits review tribunals, namely the Administrative Appeals Tribunal, the Social Security Appeals Tribunal, the Refugee Review Tribunal and the Migration Review Tribunal. It is anticipated that the ART will commence on 1 February 2001.

This measure provides working capital to establish the ART. The capital injection will be used primarily to fund lease breaks and transitional staffing costs (including the engagement of consultants) involved in establishing the ART.

Establishing the ART will achieve administrative efficiencies, a more efficient and accessible merits review structure, and will introduce more flexible, cost-effective and non-legalistic procedures. Increased economies of scale, administrative efficiencies and structural reforms will result in annual cost reductions of some \$9.0 million in a full year from the merger of the existing tribunals.

Further Information

This measure affects the Commonwealth's investment in financial assets through the application of a capital injection to the ART. For this reason it is shown as having a zero impact on fiscal balance.

See also the related expense measure titled *Establishment of the Administrative Review Tribunal*, in the Attorney-General's portfolio.

Microwave video link capacity for law enforcement agencies

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Federal Police:	1.1	-	-	-
Australian Security Intelligence Organisation:	0.2	-	-	-
Total:	1.3	-	-	-

Explanation

The Government will provide additional funding to Commonwealth and State law enforcement and security agencies to purchase new equipment following the Government's decision to reallocate part of the radio frequency spectrum.

This is a cross agency measure between the Attorney-General's Department, the Australian Federal Police and the Australian Security Intelligence Organisation.

Further Information

See also the related expense measure titled *Microwave video link capacity for law enforcement agencies* in the Attorney-General's portfolio.

Communications, Information Technology and the Arts

Digital broadcasting — resourcing for digital equipment

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Broadcasting Corporation:	20.0	7.9	2.5	-4.4
Special Broadcasting Service Corporation:	18.3	2.2	1.5	3.8
Total:	38.3	10.1	4.0	-0.6

Explanation

The Government will provide a capital injection of \$66.2 million over four years for the Australian Broadcasting Corporation (ABC) and Special Broadcasting Service Corporation (SBS) to purchase capital equipment required for digital broadcasting. This will enable these public broadcasters to meet the Government's legislated requirement for the introduction of digital television broadcasting from 1 January 2001.

This measure affects the Commonwealth's investment in non-financial assets through the purchase of capital equipment.

Further Information

See also the related expense measure titled *Digital broadcasting — resourcing for digital distribution and transmission*, in the Communications, Information Technology and the Arts portfolio.

Loan facility to the Australian Broadcasting Corporation

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Broadcasting Corporation:	-	-	-	-

Explanation

The Government will provide a loan facility of up to \$150 million over four years to the Australian Broadcasting Corporation (ABC). The loan will assist the ABC to finance the construction of additional purpose built accommodation at its existing Sydney headquarters at Ultimo, NSW, as well as refinance a number of existing commercial debt facilities. The total cost of the Ultimo building project is estimated at \$130 million. Loan funds are to be repaid and the building debt free by November 2010.

Further Information

This building project will enable the co-location of the majority of ABC Sydney staff in modern digitally equipped facilities. The majority of the ABC's current television facilities at Gore Hill will be sold and the proceeds used to assist in the ABC's conversion to digital technology.

The provision of a loan facility to the ABC affects the Commonwealth's financial asset position. For this reason, this measure is shown as having a zero impact on fiscal balance.

Defence

Achievement of improved submarine capability

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Defence:	128.0	-	-	-

Explanation

The Government will provide additional funding to the Department of Defence for the enhancement of two Collins Class Submarines. This reflects the Government's acceptance of the McIntosh/Prescott Report that further remedial work be undertaken on the Collins Class Submarines as a matter of priority. The enhancement is due to be completed by December 2000.

Additional resourcing for logistic support and corporate management systems

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Defence:	80.0	-4.0	-4.0	-4.0

Explanation

The Government will provide additional funding to the Department of Defence to meet budget pressures in the areas of logistic support and information systems, in particular:

- capital funding of \$40 million for logistic support activities such as remediation of Reserve unit equipment that was used in the East Timor operation and ship refit works; and
- capital funding of \$40 million to be used on expenditure on corporate management systems, which support the introduction of the new resource management framework, including purchaser provider arrangements.

Further Information

The increase for 2000-01 in the non-financial assets of the Department of Defence is to meet budget pressures in the areas of logistic support and information systems. The net value of these assets is reduced by depreciation over the following years. This depreciation expense is funded by the Government, and included in the Department of Defence's departmental resourcing.

See related expense measure, *Increasing operational availability of Reserves* in the Defence portfolio.

Sale of Defence property

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Defence:	-480.2	-7.9	-50.0	-2.5

Explanation

The Government has agreed to a programme of Defence property sales. The sales mainly involve metropolitan office sites and are being sold in accordance with the Commonwealth Property Principles. The proceeds from the sale of these properties will be returned to the Budget under this measure. Certain properties will be leased back and Defence will be provided with rental supplementation in respect of the commercial rental rates charged (see the related expense measure titled *Supplementation for commercial rents* also in the Defence portfolio).

Defence will retain proceeds from other property sales (\$324.2 million over four years) to help offset budgetary pressures. This is in addition to the usual on-going assets sales programme undertaken by Defence.

Family and Community Services

Family Assistance Office review mechanism

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Centrelink:	1.1	-0.1	-0.1	-0.1

Explanation

The Government will provide \$1.1 million to the Family Assistance Office for capital acquisition including computer software and systems development for the administration of the Family Assistance Office review mechanism for the new Family Assistance arrangements and the Goods and Services Tax (GST).

Further Information

See also the related expense measure *Family Assistance Office review mechanism* in the Family and Community Services portfolio.

Revised means test treatment of private trusts and private companies

Capital (\$m)

	2000-01	2001-02	2002-03	2003-2004
Centrelink:	4.0	-	-	-

Explanation

The Government will provide \$4 million to Centrelink for capital acquisitions including internally developed software and office fitout. This will allow Centrelink to assess and review eligibility for entitlements under the new means testing arrangements. These arrangements will now include consideration of assets held in discretionary and non-discretionary trusts and private companies.

Further Information

See also the related expense measure *Revised means test treatment of private trusts and private companies* in the Family and Community Services portfolio.

Finance and Administration

Future of Employment National

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Finance and Administration:	-	-	-	-

Explanation

The Government will provide equity funding to support the continued operation of Employment National Limited over the next three years. It is estimated that equity funding of around \$56 million will be required. Some \$35 million will be provided in 2000-01, \$14 million in 2001-02 and \$7 million in 2002-03 to facilitate a major organisational restructure to maintain the company's solvency.

Further Information

Equity injections to agencies outside the General Government Sector affect the Commonwealth's investment in financial assets. For this reason, this measure is shown as having a zero impact on fiscal balance.

Immigration and Multicultural Affairs

Response to the Review of Illegal Workers in Australia

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Immigration and Multicultural Affairs:	0.5	-0.1	-0.1	-0.1

Explanation

The Government has responded to the recommendations of the recently released Review of Illegal Workers in Australia by implementing a range of initiatives that will make it easier for employers to identify people without work rights.

The increase for 2000-01 in the non-financial assets of the Department of Immigration and Multicultural Affairs provides for additional office and equipment facilities. The net value of these assets is reduced by depreciation over the following years. This depreciation expense is funded by the Government, and included in the Department of Immigration and Multicultural Affairs' departmental resourcing.

Further Information

The Review of Illegal Workers in Australia was compiled by an External Reference Group and released by the Minister for Immigration and Multicultural Affairs on 17 December 1999. The review found that additional measures were required to make Australia less attractive to people seeking to work illegally to ensure that Australia's labour markets operate efficiently and fairly.

See also the related expense and revenue measures, titled *Response to the Review of Illegal Workers in Australia*, in the Immigration and Multicultural Affairs portfolio.

Unauthorised Arrivals in Australia — establish a new detention facility at Darwin and close the Curtin facility

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Immigration and Multicultural Affairs:	2.8	-0.2	-0.2	-0.2

Explanation

The Government has decided to establish a new permanent Immigration Reception and Processing Centre (IRPC) in the Darwin region when the current temporary detention facility at the Curtin Air Force Base in Western Australia is returned to defence use. Locating a new IRPC near a major regional centre will reduce costs in a number of areas, such as transport for unauthorised arrivals from the point of interception, travel and accommodation for relevant departmental and legal staff, and the general costs of running the facility.

The measure provides for an increase in net capital of \$2.8 million in 2000-01, reflecting the Government's decision to provide a capital injection of \$3 million in 2000-01 for the capital costs of establishing a new immigration detention facility in the Darwin region. The net value of these assets is reduced by depreciation, which is also funded as an expense through departmental resourcing. The facility will incorporate core accommodation for 500 people with significant additional places to be provided through flexible demountable accommodation, allowing for expected surges in capacity requirements.

Further Information

See related expense measure titled *Unauthorised Arrivals in Australia — establish a new detention facility at Darwin and close the Curtin facility* in the Immigration and Multicultural Affairs portfolio.

Industry, Science and Resources

CSIRO Property Review – proceeds from sales

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Commonwealth Scientific and Industrial Research Organisation:	-23.0	-31.0	-53.0	-

Explanation

Following an independent review of the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) property holdings, six properties (in Canberra, Sydney, Brisbane and Perth) will be sold and leased back over the next three years. CSIRO will make equity repayments to the Budget of the proceeds from the sale of these properties.

Further Information

A sub-committee of the CSIRO Board will undertake the sale and leaseback arrangements. Leasing arrangements will ensure, under commercial arrangements, that CSIRO retains appropriate management and operational control so that the special needs and risks of research are covered and that no inappropriate risks are imposed on the Commonwealth.

See also the related expense measure titled *Supplementation for commercial rents and sales costs* in the Industry Science and Resources portfolio.

Support for the development of Gas to Liquids Technology

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Industry, Science and Resources:	-	-	-	-

Explanation

Capital funding of \$70 million (\$42 million in 1999-2000, \$8 million in 2000-01, and \$20 million in 2001-02) has been approved to facilitate the development of Gas to Liquids (GTL) fuel technology and add value to Australia's currently under-utilised gas resources.

In a commercial arrangement with the US based Syntroleum Corporation, a research consortium will develop synthetic fuel products for the Australian market free of sulphur and other contaminants.

Further Information

A \$30 million licence agreement with Syntroleum Corporation to be reached in 1999-2000 will give the Commonwealth access to its technology. A \$40 million conditional loan to Syntroleum will facilitate further research and development, leading to the commercialisation of the GTL technology in Australia. Synthetic fuel products free of sulphur and other contaminants are expected to be produced for the Australian market.

The arrangement with Syntroleum will put Australia at the forefront of innovation in this field, with the possibility of greatly expanding the commercial potential of Australia's gas resources.

The Prime Minister's Strategic Investment Coordinator has facilitated this arrangement with Syntroleum Corporation.

The provision of a loan facility to the Syntroleum Corporation affects the composition of the Commonwealth's financial assets, and for this reason, this measure is shown as having a zero impact on fiscal balance.

Prime Minister and Cabinet

Systems and desktop replacement for the Office of the Commonwealth Ombudsman

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Office of the Commonwealth Ombudsman:	0.2	-0.1	-0.1	-0.1

Explanation

The Government will provide an equity injection of \$0.3 million in 2000-01 to the Office of the Commonwealth Ombudsman for the development of an enhanced case management system (CMS). After taking depreciation into account, this will provide for a net capital investment of \$0.2 million. The development of a new CMS will facilitate the maintenance and improvement of complaint handling performance.

The increase for 2000-01 in the non-financial assets of the Office of the Commonwealth Ombudsman provides for systems and desktop replacement. The net value of these assets is reduced by depreciation over the following years. This depreciation expense is funded by the Government, and included in the Office of the Commonwealth Ombudsman's departmental resourcing.

Further Information

See also the related expense measure titled *Systems and desktop replacement for the Office of the Commonwealth Ombudsman*, in the Prime Minister and Cabinet portfolio.

Transport and Regional Services

Indian Ocean Territories Infrastructure Development Programme

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Transport and Regional Services:	21.9	15.7	15.7	15.7

Explanation

The Government will undertake a programme of capital works in the Indian Ocean Territories. This will bring infrastructure in the Indian Ocean Territories up to a standard similar to that found in comparable communities in the rest of Australia. Projects include:

- public housing;
- improvements to marine and port facilities; and
- replacement of sewerage and water supply infrastructure.

This measure implements the recommendations contained in the Commonwealth Grants Commission's 1999 report on the Indian Ocean Territories.

Further Information

See also the related expense measure titled *Improvement in services to the Indian Ocean Territories* in the Transport and Regional Services portfolio.

Treasury

Administration of the Fuels sales grants scheme

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	1.7	-	-	-

Explanation

From 1 July the Government will introduce a tiered grants scheme which will be paid to retailers of petrol and diesel. This scheme will be administered by the Australian Taxation Office (ATO).

The Government will provide the ATO with funding for computer software and systems development for the administration of the Fuels sales grants scheme. This funding includes \$5.2 million in 1999-2000.

Further Information

See also the related expense measures *Fuels sales grants scheme* and *Administration of the Fuels sales grants scheme* in the Treasury portfolio.

Business tax reform

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	17.2	21.1	-	-

Explanation

The Government will provide the Australian Taxation Office (ATO) with a capital injection to meet the costs of developing the necessary information technology systems required to implement the Business Taxation Reform measures. A range of ATO business processes and computer systems will need to be redeveloped, including significant changes to many of the ATO's major mainframe computer systems such as Electronic Lodgement Service and the National Taxpayer System which generates income tax assessments.

Further Information

The Review of Business Taxation led by Mr John Ralph AO titled *A Tax System Redesigned* (the Report), was released to the public on 21 September 1999. The Government's response was announced in two stages on 21 September 1999 and

11 November 1999. The reforms arising from this Report will be implemented primarily by the ATO.

See also the related expense measure, *Business tax reform* in the Treasury portfolio.

Australia's policy towards Papua New Guinea

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the Treasury:	-	-	-	-

Explanation

The Government has indicated to the Government of Papua New Guinea (PNG) that it will consider providing a longer-term government-to-government loan (under the *International Monetary Agreements Act 1947*) in support of the International Monetary Fund (IMF) Board's approval on 29 March 2000 of a Stand-by Arrangement for PNG. This is on the understanding that agreement would also soon be reached on a Structural Adjustment Loan with the World Bank. This loan would help meet PNG's external financing needs and would be provided in tranches covered by separate loan agreements, over 1999-2000 and 2000-01, on terms that more than cover the Commonwealth's cost of funding.

The provision of a loan facility to Papua New Guinea affects the Commonwealth's investment in financial assets, and for this reason, it is shown as having a zero impact on fiscal balance.

Capital payment to the European Bank for Reconstruction and Development

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the Treasury:	-	-	-	-

Explanation

The Government will participate in a capital payment or General Capital Increase (GCI) to the European Bank for Reconstruction and Development (EBRD) by subscribing to an additional 10,000 shares, through the provision of \$46 million in cash contributions over a period of ten years and \$159 million at call. By participating in the GCI, Australia will increase its participation in the region, which has increasing demands arising particularly from the war in Kosovo and the Russian crises.

Further Information

The EBRD seeks to help its 26 countries of operations to implement structural and sectoral economic reforms, promoting competition, privatisation and entrepreneurship, taking into account the particular needs of countries at different stages of transition.

The purchase of shares affects the composition of the Commonwealth's investment in financial assets, and for this reason, it is shown as having a zero impact on fiscal balance.

Capital payment to the Multilateral Investment Guarantee Agency

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of the Treasury:	-	-	-	-

Explanation

The Government will participate in a capital payment or General Capital Increase (GCI) to the Multilateral Investment Guarantee Agency (MIGA) by subscribing to an additional 1,306 shares. Participation in the GCI will involve the provision of two cash contributions: \$1.96 million in both March 2001 and March 2002, and \$19.0 million at call.

Further Information

Australia became a member of MIGA in February 1999, securing its investment by subscribing to 1,713 shares. MIGA is an affiliate of the World Bank and it provides political risk insurance in developing countries.

The purchase of shares affects the composition of the Commonwealth's investment in financial assets, and for this reason, it is shown as having a zero impact on fiscal balance.

Veterans' Affairs

Bradbury Aircraft Hall exhibition fit-out

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian War Memorial:	1.0	-	-	-

Explanation

The Government will provide funding to complete exhibition fit-out of Bradbury Aircraft Hall. The total cost is \$3 million, which was to be raised by the Australian War Memorial Foundation. However, fundraising difficulties have resulted in a \$1 million shortfall, which the Government will contribute.

Change the date of effect for grants and variations to compensation payments

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Veterans' Affairs:	2.9	-	-	-

Explanation

The Government is changing the way that disability and war widows' pensions are calculated to more accurately reflect pensioners' true entitlements. This funding contributes to the purchase of required information technology, as well as other set-up costs.

Further Information

See also the related expense measure titled *Change the date of effect for grants and variations to compensation payments*, in the Veterans' Affairs portfolio.

Managing health care information

Capital (\$m)

	2000-01	2001-02	2002-03	2003-04
Department of Veterans' Affairs:	5.1	4.5	4.3	4.4

Explanation

The Government will provide a capital injection for the third stage in the development of a data warehouse system to better manage financial and management information on veterans' health. Services to the veteran community will be improved through collection of data to allow analysis of linked health care activities and assessment of the impact of treatment.

Further Information

See also the related expense measure, *Managing health care information*, in the Veterans' Affairs portfolio.