

RESPONSE TO WRITTEN QUESTION

Mr Elferink to Treasurer – Transfer of money from Health Department

Background

Question: On the 30th June 2008, \$30, 617, 000 was transferred from the Department of Health, primarily into the Central Holding Authority.

1. Why was that money transferred out of health.

The Budget Papers include updated estimates of revenue and expenditure for the current financial year. The Estimate is based on updated information as at one month before the Budget is introduced, usually around early April. However funding arrangements for some agencies may vary subsequent to April and prior to the end of financial year if they receive additional unexpected Commonwealth revenue or have unanticipated one-off expenditure commitments.

During 2007-08 the Department of Health and Community Services (DHCS) received significant additional funding from the Commonwealth, largely related to the Northern Territory Emergency Response. It was not clear during April and May that an agreement would be reached with the Commonwealth about these additional funds. However when the agreement was finalised the Commonwealth determined it would provide its funding in 2007-08.

It was acknowledged at the time that these funds would not be spent in 2007-08, but would be transferred to 2008-09. The extent of the additional cash capacity within DHCS could not be quantified until June when the expenditure requirements and additional revenue was known. Issues similar to this which are linked to the timing of Commonwealth payments occur each year.

In addition, at the end of 2007-08 some agencies required one-off additional funding to meet unexpected costs in 2007-08. Given the cash was available in DHCS, but not required until 2008-09, appropriation was transferred from DHCS to Treasurer's Advance, within the Central Holding Authority, for distribution to agencies as required.

2. From what budget areas of the Department of Health was that money taken.

Appropriation is provided at a whole of agency level, rather than to specific budget areas, or outputs. This transaction did not affect expenditure levels in 2007-08 in DHCS. This cash will be returned to DHCS during 2008-09 to meet approved commitments.