

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 16 & 17 February 2005

Question: Add 6

Topic: AOFM – Debt Retirement Reserve Trust

Hansard Page: Written

Senator Sherry asked:

Page 127 of the Annual Report 2003-04 shows receipts and payments for the Debt Retirement Reserve Trust:

1. What was the source or sources of the receipt from other sources of \$290,118,475; and
2. To whom and for what purposes was the payment of \$297,552.493 made.

Answer:

1. The Debt Retirement Reserve Trust Account (DRRTA) is established under the *Financial Agreement Act 1994* for the redemption of Commonwealth Government Securities (primarily in the nature of Treasury Bonds) on issue for the States and the Northern Territory (NT). Funding is from State and Territory contributions, Commonwealth contributions and interest paid by the Commonwealth on cash balances.

The 'Receipts from other sources' (\$290,118,475) item represents the total State and NT contributions made into the DRRTA. This is exclusive of Commonwealth contributions and interest earnings.

2. The 'Available for payments' (\$297,552,493) item represents the total funds available in the DRRTA to meet State and NT debt redemptions for the year. This figure includes 'Receipts from other sources', the DRRTA balance carried forward from the previous financial year, Commonwealth contributions and interest paid by the Commonwealth.

The 'Payments Made' (\$297,348,403) item represents the total funds paid to stock holders to redeem Commonwealth Government Securities on issue for the States. These comprised mainly Treasury Bonds and State Domestic Raisings.