

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Additional Estimates Hearings 2002-2003 – 11 February 2003

**Question on Notice F14**

**Outcome 2, Output 1**

**Topic: Trust Monies**

**Hansard Page: F&PA 156**

**Senator Conroy asked:**

**Senator CONROY**— Could you explain why the consolidated financial statements show \$170 million being held in trust by the Commonwealth on 30 June 2001 while the Auditor-General showed that almost \$500 million was being held in trust on the same date?

Could you explain where the other \$330 million not included in the table on page 1.7 is in the report?

**Answer:**

The question above relates to both special public money and trust money. Special public money is defined in section 16(4) of the *Financial Management and Accountability Act 1997* (the FMA Act) as 'Public Money that is not held on account of the Commonwealth or for the use or benefit of the Commonwealth'. Trust Money is a subset of special public money

The ANAO in its audit on The Management of Trust Monies indicated that a trust existed when a person who has legal ownership of property (trustee) is obliged to deal with property not for the trustee's own benefit, but for the benefit of another person (the beneficiary) or for the advancement of certain purposes permitted by law.

The ANAO found that, in a Commonwealth context, agencies often use of the terms 'trust', 'held in trust' and 'trustee capacity', to classify trusts, which do not always reflect their legal meaning. It is against this context that the ANAO's figure of almost \$500 million should be considered.

The \$500 million reported in the audit report reflected trust monies held both **inside** and **outside** the OPA by FMA Act Agencies, and the one CAC entity reviewed as part of the audit.

The \$170 million reported in note 41 of the Consolidated Financial Statements reflects the special public money that was held **outside** the OPA by various FMA Act Agencies and CAC entities. It does not include special public money held inside the OPA.

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Thus coverage of Note 41 of the Consolidated Financial Statements (\$170m) and the ANAO figure for Trust Monies (\$500m) are different for the reasons explained above.

This answer has been prepared in consultation with officers of the ANAO.