

**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: F4**

**Outcome 1 Output 1.1.1**

**Topic: Consolidated Revenue Fund**

**Hansard Page: F&PA 136**

**Senator Conroy asked:**

Are you able to provide a reconciliation between the CRF and its components and the budget balance between 1998-99 and 2001-02?

**Answer:**

For practical purposes, total Commonwealth general government sector cash, less cash controlled and administered by *Commonwealth Authorities and Companies Act 1997* entities, represents the Consolidated Revenue Fund referred to in Section 81 of the Constitution.

On this basis, the estimated and projected balance of the Consolidated Revenue Fund was reported in Budget Paper No. 1 at page 10-7. This information was reliant on obtaining additional financial information from agencies.

The major component of the CRF is represented by the Official Public Account, which comprises the balances in the Commonwealth's core bank accounts held with the Revenue Bank of Australia. The balances of these bank accounts for 1998-99 to 2001-02 are summarised in Table 1.

In regard to reconciling these balances with budget balances for the years 1998-99 to 2001-02, it is possible to show a reconciliation between the bank account balances and underlying cash. As shown in the answer to Question F3, the 2001-02 core bank account balance of \$1.523b is able to be reconciled to the reported Consolidated Financial Statements cash balance of \$2.231b. And this cash balance is able to be then reconciled to the 2001-02 underlying cash balance of (\$1.259b) through the cash movement in 2001-02 as follows:

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	<u>\$b</u>
Closing cash balance as at 30 June 2002 (Consolidated Financial Statements for the year ended 30 June 2002, page 62)	2.231
Closing cash balance as at 30 June 2001 (Consolidated Financial Statements for the year ended 30 June 2002, page 62)	1.179
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Movement in cash balance 2001-02 (Final Budget Outcome 2001-02 Table 9, page 163 – attached).	1.052

The link between the movement in the cash balance for 2001-02 of \$1.052b and the underlying cash balance of (\$1.259b) for 2001-02 is shown in Table 9 on page 16 of the Final Budget Outcome 2001-02 (attached). That is, Table 9 shows a net increase in total cash flows of \$1.052b, while the underlying cash component of this total cash movement is reported as (\$1.259b).

This same reconciliation could also be undertaken for the years 1998-99 to 2000-01. However, a significant amount of work is needed to reconcile the official bank account to the cash balance reported in the Consolidated Financial Statements for these earlier years mainly because of the need to obtain from agencies details of un-presented cheque information, which is the main difference between the OPA and agency reported cash balances and the OPA and the CRF.