

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Supplementary Estimates Hearings 2002-2003 – 20 November 2002

Question: F24, F25, F26

Outcome: 1 **Output:**1.1.1

Topic: Special Accounts

Hansard Page: F&PA 29, 30

Senator Conroy asked:

This \$1 Billion was subsequently transferred from the Prime Minister and Cabinet (PM&C) special account to other special accounts at other agencies. Is that correct? (F24)

We are here talking about the accounting arrangements rather than anything else. We are not aware of that mechanism. My recollection – and this is no more than my recollection – is that this money was certainly expended by other agencies on Federation Fund projects. But, as I said, I am not aware of the mechanism by which money was moved from the trust fund to the agencies, so we will have to take that on notice. (F25)

To assist, because you went away to look at not just your own but the general transfers, could you look at other departments, if you are able to: industry, education, environment, transport, veterans' affairs and agriculture. They have all made annual reports that they also received those funds. (F26)

Answer:

The PM&C Federation Fund Special Account was originally established in June 1997 as a Group 3 Trust Account under the *Audit Act 1901*. Its purpose was '[f]or expenditure on substantial capital projects throughout Australia which will mark the centenary of Federation and make a significant and lasting contribution to the Australian community.'

On 1 January 1998, the *Audit (Transitional and Miscellaneous) Amendment Act 1997* converted the PM&C Federation Fund Trust Account to the PM&C Federation Fund Reserve.

On 9 November 1998, under section 20 of the *Financial Management and Accountability Act 1997*, the delegate of the Finance Minister made Determination 1998/10. This determination, tabled in Parliament on 12 November 1998, established a further eight Federation Fund Reserves for the following agencies:

- Department of Agriculture, Fisheries and Forestry;

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- Department of Communications, Information Technology and the Arts;
- Department of Education, Training and Youth Affairs;
- Department of Environment and Heritage;
- Department of Finance and Administration;
- Department of Industry, Science and Resources;
- Department of Transport and Regional Development; and
- Department of Veterans' Affairs.

The eight Federation Fund Reserves were for the same expenditure purposes as the PM&C Federation Fund Reserve. Determination 1998/10 also provided that 'the purposes of the *Federation Fund Reserve* controlled by the Department of Prime Minister and Cabinet include transfers to the new components established by this determination.'

Then on 1 July 1999, the *Financial Management Legislation Amendment Act 1999* converted the respective Federation Fund Reserves to Federation Fund Special Accounts.

The 1997-98 Appropriation Act No.2 appropriated \$1.0 billion to the Federation Fund. This was credited to the PM&C Federation Fund Trust Account on 2 July 1997. Of this, \$86,871,937 was paid directly from the PM&C account, with a further \$913,128,063 transferred from the PM&C account to the eight other Federation Fund accounts between March 1999 and July 2000.