

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: F4, F5, F6, F28

Outcome 1, Output 1.1.1 and 1.1.2

Topic: Consolidated Revenue Fund

Hansard Page: F&PA 7, 8, 9 and 39

Senator Conroy asked:

Can you provide revenue and expenditure for the CRF and each component of the CRF for the financial years 1998-99 through to 2002-03? The last one may not be possible yet, but I suspect it is. Could you actually give us that information?

Could you also provide the closing cash balance for the CRF and each component of the CRF for the financial years 1998-99 through to 2002-03 inclusive?

Senator, you asked a question earlier in the day about the components of the CRF. I would like to take that question on notice because, again, the answer is fairly complicated. The major component of the CRF is the official public account, which is reported in the budget documentation, but there are a number of other components and it is probably useful if I give you a complete answer.

Answer:

Section 81 of the Constitution establishes a Consolidated Revenue Fund (CRF) that is formed from “the revenue and money raised and received by the Executive Government of the Commonwealth”. The accounting for “revenue and money” was undertaken through fund reporting arrangements under the *Audit Act 1901* (Audit Act) until 31 December 1997 and then under the *Financial Management and Accountability Act 1997* (FMA Act) until 30 June 1999.

The essence of fund reporting was to record receipts and payments as the “revenue and money” was deposited into and withdrawn from a group of central accounts that were managed and reconciled by the Department of Finance and Administration. Since 1 July 1999 and the end of fund reporting, the Commonwealth has likewise held cash in a group of core bank accounts at the Reserve Bank of Australia (RBA). The Department of Finance and Administration continues to reconcile daily the Commonwealth’s cash-at-bank, held in the core bank accounts at the Reserve Bank of Australia. The closing balance and flows in to and out of the aggregate of the core bank accounts are shown in Table 1, while the closing balances of the individual accounts that constitute the core bank accounts are shown at Table 2.

The Consolidated Revenue Fund is constituted under section 81 of the Constitution and includes:

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- money held in the core bank accounts of the Commonwealth at the Reserve Bank of Australia;
- money held in transactional bank accounts, on behalf of *Financial Management and Accountability Act 1997* (FMA Act) agencies;
- money that is special public money for the purposes of section 16 of the FMA Act;
- money and other financial instruments received by FMA Act officials that have not yet been banked in an official bank account of the Commonwealth; and
- money received by an “outsider” under section 12 of the FMA Act, on behalf of the Commonwealth, that has not yet been banked in an official bank account of the Commonwealth.

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Table 1: Cash Flows of the Core Bank Accounts of the Commonwealth

	1999-00 ⁽¹⁾	2000-01	2001-02	2002-03 ⁽²⁾
	(\$)	(\$)	(\$)	(\$)
Opening Balance	0	3,709,915,874.84	838,487,306.30	1,522,666,542.63
Receipts	248,661,681,707.06	250,903,737,416.27	263,904,680,991.89	119,881,791,045.48
Payments	244,951,765,832.22	253,775,165,984.81	263,220,501,755.56	121,095,669,307.44
Closing Balance	3,709,915,874.84	838,487,306.30	1,522,666,542.63	308,788,280.67

(1) The cash balance of the Commonwealth Public Account was transferred into the Official Public Account on 1 July 1999. This amounted to \$351,339,484.93.
(2) As at 30 November 2002.

Table 2: Closing Balances of the Core Bank Accounts of the Commonwealth

	1999-00	2000-01	2001-02	2002-03 ⁽¹⁾
	(\$)	(\$)	(\$)	(\$)
Official Public Account ⁽²⁾	10,188,443,915.18	12,567,672,033.87	8,994,009,104.26	3,787,335,437.93
Official Overnight Account ⁽³⁾	1,501,136,959.66	646,927,272.43	794,135,564.37	1,242,396,222.74
Official Term Deposit Account ⁽⁴⁾	1,220,335,000.00	1,023,888,000.00	2,134,521,874.00	2,379,056,620.00
Official Consolidated Receipts Account ⁽⁵⁾	-	-	-	-
Official Interest Account ⁽⁶⁾	-	-	-	-
Official Commonwealth Deposit Contra Account ⁽⁷⁾	(9,200,000,000.00)	(13,400,000,000.00)	(10,400,000,000.00)	(7,100,000,000.00)
Cash at bank	3,709,915,874.84	838,487,306.30	1,522,666,542.63	308,788,280.67

- (1) As at 30 November 2002.
(2) Official Public Account: The principal funding account of the Commonwealth.
(3) Official Overnight Account: The account that holds the FMA Act agencies' aggregate departmental and administered payments account balances transferred from transactional bankers at close of business each day. Funds held in this account are returned to transactional bankers at the start of the next Business Day.
(4) Official Term Deposit Account: The account that records the aggregate value of term deposits held by FMA Act agencies.
(5) Official Consolidated Receipts Account: A transit account for FMA Act agency administered receipts from transactional bankers. The Bank sweeps the end-of-day balance to the Official Public Account. It, therefore, maintains a zero closing balance.
(6) Official Interest Account: The account that records all interest paid by the RBA to FMA Act agencies on behalf of DOFA. The RBA sweeps the end-of-day balance to the Official Public Account. It, therefore, maintains a zero closing balance.
(7) Official Commonwealth Deposit Contra Account: The balance of this account reflects the value of Commonwealth funds invested in term deposits with the RBA. The account balance will be either zero or negative.