

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Finance and Administration

*Financial Management and Accountability Act 1997*

Determination 2007/05 to vary and abolish a Special Account

### **Purposes of Determination 2007/05**

The attached instrument makes a determination under section 20 of the *Financial Management and Accountability Act 1997* (FMA Act) to vary and subsequently abolish the *PSS Special Account*. This instrument varies the determination entitled *Determination by the Minister for Finance and Administration under section 20 of the Financial Management and Accountability Act 1997* made on 14 June 2002, that established the PSS Special Account.

### ***Special Accounts generally***

In accordance with the Constitution, all revenues or moneys raised or received by the Government of the Commonwealth form one Consolidated Revenue Fund (CRF) and may not be spent unless under an appropriation by the Parliament for the purposes of the Commonwealth. A Special Account is established by a determination that sets out the amounts that may be credited and the purposes for which it may be debited. Special Accounts established by determination are supported by an appropriation under section 20 of the FMA Act. In effect, Special Accounts allow amounts from the CRF to be spent on a purpose specified in the determination.

Determinations that establish Special Accounts, or vary determinations that establish Special Accounts, are subject to section 22 of the FMA Act. Section 22 of the FMA Act requires the Finance Minister to table a copy of the establishing or varying determination in each House of Parliament. Either House may disallow a determination within five sitting days of tabling. If the determination is not disallowed, it comes into effect on the calendar day after the last day on which it could have been disallowed.

Regulation 10 of the *Legislative Instruments Regulations 2004* preserves the disallowance provisions under section 22 of the FMA Act by exempting Special Account determinations from subsections 57(2) and 57(5) of the *Legislative Instruments Act 2003*.

Special Accounts can be abolished by a determination of the Finance Minister. However, there is no requirement to table such a determination.

### **Operation of the Determination 2007/05**

#### ***Reasons for varying the Special Account***

The PSS Special Account currently enables the administration and management of two of the Australian Government's civilian superannuation schemes, the Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation Accumulation Plan (PSSAP).

The *Financial Management and Accountability Determination 2007/04 — Australian Reward Investment Alliance Special Account* will establish a single Special Account for the Australian Reward Investment Alliance, to replace the two existing Special Accounts which currently enable the administration and management of the three Australian Government civilian superannuation schemes: the Commonwealth Superannuation Scheme (CSS), the PSS and the PSSAP.

The new Special Account for ARIA is also required to reflect the fact that instead of three prescribed agencies administering these schemes (the CSS Board, the PSS Board, and ComSuper), there will be only two: ARIA, and ComSuper.

Once the new ARIA Special Account has been established, it will no longer be necessary to credit amounts to the PSS Special Account. Accordingly, this variation removes the crediting clauses from the Special Account. Once the balance of the PSS Special Account reaches zero, it will no longer be required and clause 4 will abolish it.

### ***Changes required***

The crediting clauses of the Special Account have been omitted from the Determination.

### **Effect of this determination**

The PSS Special Account is being varied by this determination (Determination 2007/05) to prevent further amounts being credited to the Special Account. Once the balance of the PSS Special Account reaches zero, clause 4 of the determination will abolish the PSS Special Account.

### **Consultation**

ComSuper and ARIA are the agencies affected by this instrument, and were provided with drafts of the instrument and agree with its form. As the instrument is for internal machinery of government purposes only, no consultation was considered necessary with other persons (see sections 17 and 18 of the *Legislative Instruments Act 2003*).

### **Estimates of transactions on the PSS Special Account**

	Opening Balance 2006-07 \$'000	Credits 2006-07 \$'000	Debits 2006-07 \$'000	Closing Balance 2006-07 \$'000
PSS Special Account	986	17,555	15,926	2,615