

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance and Administration

Financial Management and Accountability Act 1997

Determination 2005/46 to establish a Special Account

Purposes of Determination 2005/46

The attached instrument makes a determination under subsection 20 (1) of the *Financial Management and Accountability Act 1997* (FMA Act) to establish a Special Account entitled, *International Aid Special Account*. It also specifies the nature of amounts that may be credited to, and the purposes for which amounts may be debited from, the International Aid Special Account.

Special Accounts Generally

In accordance with the Constitution, all revenues or moneys raised or received by the Executive Government of the Commonwealth form one Consolidated Revenue Fund (CRF) and may not be used unless in accordance with an appropriation by the Parliament for the purposes of the Commonwealth. This determination establishes a Special Account, and sets out the amounts that may be credited to the Account 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 specified amounts from the CRF to be expended for a particular specified purpose.

The Finance Minister must table a copy of a determination relating to a Special Account 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*.

The notes to the determination identify legislation and other laws that allow or require amounts to be credited to, or debited from, the Special Account.

Operation of the Determination 2005/46

Purpose of the International Aid Special Account

The determination is required to establish a Special Account, enabling the Department of Communications, Information Technology and the Arts (DCITA) to manage the funding provided for international aid projects.

The International Aid Special Account is for activities undertaken in the Asia-Pacific region that assist countries to liberalise their communications markets. Activities cover telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security. The account relates only to funding from the Australian Agency for International Development (AusAID), as DCITA does not receive any other aid funding.

AusAID funding programs provide support for projects between Australian Government agencies and their counterparts in developing countries to undertake work consistent with Australia's broader development objectives. AusAID runs a number of funding rounds throughout the year that DCITA may access through participation in a transparent, competitive application process.

Given the funding arrangements, the Special Account can provide:

- transparency in, and timely access to, financial status reports for all parties involved;
- an assurance to AusAID that contributions have been set aside for the agreed purposes; and
- a standing appropriation to allow DCITA to approve spending proposals requiring payments across financial years.

Clause 6(1) specifies the purposes for which a Special Account can be debited.

- Paragraph 6(1)(a) describes the activities for which expenditure can be made from the Special Account. Items (i) to (iv) are examples of the activities that assist countries to liberalise their communication markets. The list is not exhaustive.
- Paragraph 6(1)(b) allows administration costs, including such items as auditing, reporting, budgeting, accounting and information technology services incurred in the course of operating the Special Account, to be debited from the Special Account.
- Paragraph 6(1)(c) gives the ability to reduce the balance of the Special Account without a corresponding payment. It does not allow amounts to be transferred to another Special Account, or to be allocated for any other purpose, that is not consistent with the purposes of the Special Account.
- Paragraph 6(1)(d) allows the Special Account to be debited, in a manner that would otherwise be permitted by section 28 of the FMA Act. It is included to simplify accounting for these transactions.

Consultation

The Department of Communications, Information Technology and the Arts is the agency affected by this instrument. The agency was provided with drafts of the instrument before it was finalised and agree with the form of the instrument. No community consultation was carried out as the instrument is for machinery of government purposes only (see sections 17 and 18 of the *Legislative Instruments Act 2003*).

Estimates of transactions on the International Aid Special Account

	Opening Balance 2006-07 2005-06 \$'000	Credits 2006-07 2005-06 \$'000	Debits 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
International Aid Special Account	0 0	300 272	300 272	0 0