EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance and Deregulation

Financial Management and Accountability Act 1997

Determination 2008/08 to establish the Coordinated Procurement Contracting Special Account

Purposes of Determination 2008/08

The attached Determination is made under subsection 20 (1) of the *Financial Management and Accountability Act 1997* (FMA Act) to establish the *Coordinated Procurement Contracting 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 Coordinated Procurement Contracting 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 Special Account.

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. The determination may prescribe a later date upon which the Special Account can be relied upon.

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 the standard disallowance provisions 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 2008/08

Purpose of the Coordinated Procurement Contracting Special Account

The Coordinated Procurement Contracting Special Account is established to facilitate centralised procurement and contracting activities of the Australian Government and to provide a high degree of transparency for those activities. It will be administered by the Department of Finance and Deregulation and cover both the procurement processes associated with establishing the whole of government standing offers and the ongoing contract management of those arrangements for all departments and agencies subject to the FMA Act.

A business purpose Special Account will provide greater transparency for centralised procurement arrangements than a departmental appropriation in a whole of government coordinated procurement environment, in line with the declared purpose clauses. Costs will be centrally and publicly reported, distinct from the normal activities of the Department of Finance and Deregulation.

Reasons for establishing a new Special Account

A new Special Account is required to effectively administer the operations of the centralised procurement initiatives of the Australian Government. The non-lapsing nature of a Special Account is appropriate for the management of central procurement activity as it is a discrete business activity which will extend over a number of years. In addition, the special account provides substantive accountability for costs incurred when undertaking centrally coordinated supply arrangements for selected property and services which are to be accessed by all FMA agencies.

Over time, the Special Account will become self funding, with an administrative charge related to the use of the Coordinated Procurement Contracting Special Account being applied to agencies. During the establishment phase, the balances of the Account will be reduced to cover the scoping studies and the approaches to market required for the establishment of any whole of government procurement arrangement.

Upon commencement, the balances of the existing departmental special accounts associated with central procurement activity, namely the entire balance of the Campaign Advertising Special Account and the fleet monitoring component of the Business Services Special Account, will be deposited into the Coordinated Procurement Contracting Special Account.

A clause has been inserted to allow the crediting of the Special Account with the closing balances of the above named Special Accounts.

Consultation

The agency affected by this instrument is the Department of Finance and Deregulation. As the instrument is for internal machinery of government purposes only, no consultation was considered necessary with other persons (in accordance with the provisions of section 18 of the *Legislative Instruments Act 2003*).

Estimates of transactions on the Centralised Procurement Coordination Special Account

	Opening Balance **2007-08** $'000	Credits **2007-08** $'000	Debits **2007-08** $'000	Closing Balance **2007-08** $'000
Coordinated Procurement Contracting Special Account	*****	*****	*****	*****

* Estimates cannot be established at this time.