

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance and Deregulation

Financial Management and Accountability Act 1997

Determination 2009/05 to establish a Special Account

Purposes of Determination 2009/05

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 *Comcover 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 *Comcover 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 may be 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 the 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 Determination 2009/05

Purpose of the Comcover Special Account

The Special Account will allow Comcover to provide risk management and insurance services to approximately 160 Australian General Government Sector entities. Premiums collected from Fund Members will be credited to the Special Account, accumulating reserves to fund claims (which will be debited from the Special Account).

Reasons for establishing a new Special Account

The Comcover Special Account is required in order to give effect to changes that are required to the existing Comcover Account ('the existing Account'), which was established by the *Determination to Establish Component of the Reserved Money*

Fund (the initial determination), signed on 7 April 1998. It is not practical to make these changes to the existing account because of the way in which the initial determination was structured. The existing Account will be abolished when the new Comcover Special Account is established.

The purpose clauses of the new Comcover Special Account provide a more accurate description of Comcover's activities. The purpose clauses also enable payments to be made for otherwise uninsured superannuation liability claims.

Consultation

The Department of Finance and Deregulation is the agency affected by this instrument. The agency was provided with drafts of the instrument and agrees with the form of the instrument. 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 *Comcover Special Account*

	Opening Balance 2009-10 2008-09 \$'000	Credits 2009-10 2008-09 ⁽¹⁾ \$'000	Debits 2009-10 2008-09 \$'000	Closing Balance 2009-10 2008-09 \$'000
<i>Comcover Special Account</i>	291,910	98,830	117,918	272,822
	0	327,592	35,682	291,910