

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance and Deregulation

Financial Management and Accountability Act 1997

Determination 2009/16 – Abolition of Special Accounts 2009

Purposes of Determination 2009/16

The attached instrument makes a determination under section 20 of the *Financial Management and Accountability Act 1997* (FMA Act) to abolish ten Special Accounts.

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 the purposes 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, such a determination is not subject to parliamentary disallowance.

Operation of Determination 2009/16

Reasons for abolishing the Special Account

The Special Accounts to be abolished are administered by the Administrative Appeals Tribunal (AAT), the National Native Title Tribunal (NNTT), the Department of Agriculture, Fisheries and Forestry (DAFF), the Department of Finance and Deregulation (Finance), and the Department of Foreign Affairs and Trade (DFAT).

The AAT and NNTT have each advised that their respective *Services for other Governments and Non-agency Bodies Accounts* (SOG Accounts) are no longer required, as they have not been used and there is no intention to use these Special Accounts in the future.

After reviewing the Special Accounts that it administers, DAFF has advised that the *Meat and Inspection Service Account* (MIS) is now redundant. This Special Account was created for expenditure relating to the provision of export meat inspection services. This function is now included under the Australian Quarantine and Inspection Service Account, and the MIS Account is no longer required by DAFF.

The *Telstra Sale Special Account* was established to set aside moneys received from the sale of the Commonwealth's shareholding in Telstra Corporation Limited (Telstra). The purpose clauses of the Special Account allow for the balance of the Special Account to be reduced without making a real or notional payment, and thereby to extinguish the Special Account by releasing the balance within the Consolidated Revenue Fund. This Special Account will be abolished at the time at which its balance reaches zero.

Following a change in the internal financial management arrangements for its Foundations, Councils and Institutes (FCI), DFAT has advised that six of its Special Accounts are now redundant. These are the *Australia-China Council Special Account*, *Australia-France Endowment Special Account*, *Australia-India Council Special Account*, *Australia-Indonesia Institute Special Account*, *Australia-Japan Foundation Special Account* and *Australia-Korea Foundation Special Account*. Each of these Special Accounts will be abolished at the time at which their balances reach zero.

Effect of this determination

The SOG Accounts managed by the AAT and NNTT, the MIS Account managed by DAFF, the Telstra Sale Special Account managed by Finance and the FCI Special Accounts managed by DFAT are abolished by this determination (Determination 2009/16).

Consultation

The AAT, NNTT, DAFF, Finance and DFAT are the agencies affected by this instrument. The agencies were provided with drafts of the instrument and agree 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 in the Special Accounts

	2008-09 (\$'000)			
	Opening Balance	Credits	Debits	Closing Balance
<i>Administrative Appeals Tribunal- Services for other Governments and Non-agency Bodies Account</i>	0	0	0	0
<i>National Native Title Tribunal- Services for other Governments and Non-agency Bodies Account</i>	0	0	0	0
<i>Meat and Inspection Service Account</i>	0	0	0	0
<i>Telstra Sale Special Account</i>	2,686,622	14,814	2,701,436	0
<i>Australia-China Council Special Account</i>	66	15	81	0
<i>Australia-France Endowment Special Account</i>	5	53	58	0
<i>Australia-India Council Special Account</i>	87	4	91	0
<i>Australia-Indonesia Institute Special Account</i>	34	412	446	0
<i>Australia-Japan Foundation Special Account</i>	615	18	633	0
<i>Australia-Korea Foundation Special Account</i>	111	6	117	0