

## **EXPLANATORY STATEMENT**

Issued by the Authority of the Treasurer and the Minister for Finance and Administration

*Future Fund Act 2006*

### **Future Fund (Crediting of Additional Amounts) Determination 2007**

Paragraph 3(1)(a) of Schedule 1 to the *Future Fund Act 2006* (the Act) provides that, if a target asset level for the Future Fund (for the relevant financial year) has been set, the responsible Ministers may determine by writing that a specified amount is to be credited to the Future Fund Special Account on a specified day in the financial year.

The target asset level declaration for the 2006-07 financial year has been issued by the Designated Actuary in accordance with Schedule 3 to the Act.

The purpose of the *Future Fund (Crediting of Additional Amounts) Determination 2007* is to specify that an amount of \$3.638 billion, which is the remainder of the available 2005-06 budget surplus, should be credited to the Future Fund Special Account (Fund Account) on 16 February 2007.

Section 3 of this Determination revokes the *Future Fund (Crediting of Additional Amounts) Determination 2006*, which provided that the amount of \$3.638 billion would be credited on 28 February 2007. The 2006 Determination also provided for an amount of \$18.639 billion to be credited to the Fund Account on 22 January 2007. Subclause 4(3) of Schedule 1 to the Act provides that the revocation of the 2006 Determination does not affect the \$18.639 billion transaction as it has already been credited.

The Act provides that amounts may be transferred to the Fund, provided that the transfer does not increase the balance of the Fund above the target asset level for the Fund that is in place at the time of the transfer.

To correctly establish the balance of the Fund, a 'balance day' must be declared by the responsible Ministers. The balance day is administrative in nature and is used as a reference date for measurement of the starting position of the Fund. The Determination sets 6 February 2007 as the balance day for this purpose under subparagraph 3(2)(a)(i) of Schedule 1 to the Act.

Subclause 4(1) of Schedule 1 to the Act states that the Determination ceases to be in force at whichever is the earliest of the end of the specified day, the time when the target asset level declaration ceases to be in force and the time of revocation of the Determination (if this occurs).

The Determination is deemed to be a legislative instrument for the purpose of the *Legislative Instruments Act 2003*. However, the Determination, as a ministerial direction, is not disallowable.

The Determination commences the day it is registered on the Federal Register of Legislative Instruments.