

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 (No. 3)

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 (the Fund) has been set for the relevant financial year, the responsible Ministers may determine by writing that a specified amount is to be credited to the Future Fund Special Account (Fund Account) on a specified day in the financial year.

The target asset level declaration for the 2007-08 financial year has been issued by the Designated Actuary in accordance with Schedule 3 of the Act.

The purpose of this *Future Fund (Crediting of Additional Amounts) Determination 2007 (No. 3)* is to specify that \$7.0 billion is to be credited to the Fund Account on 24 August 2007. The amount to be credited to the Fund Account is part of the realised surplus from 2006-07.

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. This Determination sets 20 August 2007 as the balance day for this purpose under subparagraph 3 (2) (a) (i) of Schedule 1 to the Act.

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force at whichever is the earliest of the end of the specified day, the time when the target asset level declaration is no longer active and the time of revocation of the Determination (if this occurs).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 on the day it is registered on the Federal Register of Legislative Instruments.