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| Treasurer's Instruction No | 403 |
| Title | Interest on Accounts in the Special Deposits and Trust Fund |
| Effective date | 1 January 2008 |
| Objective and Background | Provides guidance on the payment of interest on accounts in the Special Deposits and Trust Fund |
| Last Reviewed Date | 1 January 2008 |

Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.

BACKGROUND

Excessive interest paid on accounts in the Special Deposits and Trust Fund (SDTF) reduces the Government's financial management flexibility and poses administrative costs on the State. This Instruction provides guidance on the specific circumstances when interest will be approved for accounts in the SDTF.

Section 13 of the *Public Account Act 1986* provides the Treasurer with the Authority to establish, close and place conditions on the operation of accounts in the SDTF.

PAYMENT OF INTEREST

- (1) Interest will not be paid on an Account in the Special Deposits and Trust Fund (SDTF) unless the Account has a legal entitlement or specific approval from the Treasurer.**
- (2) Eligibility for an Account in the SDTF to earn interest will be determined by the Treasurer subject to the following criteria:**
 - (a) legislation mandates the earning of interest;**
 - (b) the Treasurer approves the earning of interest; or**
 - (c) the Crown has a contractual obligation to pay interest on money it holds, for example, through an inter-governmental agreement with the Australian Government or other jurisdictions.**
- (3) The Head of Agency must seek the Treasurer's approval prior to finalising any legislation or inter-governmental agreements that provide for the establishment of new accounts or the payment of interest in the SDTF.**

(4) If the Treasurer's prior approval of legislative or contractual arrangements is not obtained, the Agency will be responsible for meeting any interest obligations from within the Agency's existing budget allocation and forward estimates.

INTEREST RATE

(5) Where the application of interest to accounts is approved, the rate will be determined by the Treasurer and will not exceed the rate of return on the investment of money in the Public Account, notwithstanding any legislative or contractual arrangements that may apply.

(6) If the Agency determines to pay a rate of interest in excess of that approved by the Treasurer, any additional funding requirements will be met from within the Agency's existing budget allocation and forward estimates.