

Accounts for Defined Purposes

AT A GLANCE:

- The *Financial Management Act 2016* provides for the Treasurer to establish two types of accounts for defined purposes.
- Specific Purpose Accounts are established to set aside funds to be applied for purposes approved by the Treasurer.
- Agency Trust Accounts are established for the receipt of money that is to be held in trust by the Government.

This Fact Sheet should be read in conjunction with the [legislation](#).

Specific Purpose Accounts

Section 17 of the FMA provides for the Treasurer to establish Specific Purpose Accounts for any money kept in the Public Account. A Specific Purpose Account is used to set aside funds to be applied for specific purposes, as approved by the Treasurer. Under this section, the Treasurer also determines the Agency that is responsible for administering a Specific Purpose Account.

From 1 July 2019, each Agency will have a Financial Management Account that is established as a Specific Purpose Account to record the receipts and expenditure associated with the management of operational activities of the Agency. Other Specific Purpose Accounts will also be established by the Treasurer, where appropriate.

Agency Trust Accounts

Section 18 of the FMA provides for the Treasurer to establish Agency Trust Accounts for the receipt of money that is to be held in trust by the Government. Agency Trust Accounts do not form part of the Public Account under the FMA. This recognises the nature of the money and the limited, if any, discretion for expenditure of the money.

The *Financial Management Better Practice Guidelines* outline the criteria and process that agencies must follow in order to request the establishment of a Specific Purpose Account or an Agency Trust Account.

Expenditure from Specific Purpose Accounts

In accordance with section 17(10) of the FMA, as part of the development of annual Appropriation Acts, the Treasurer is required to approve the estimated receipts and expenditure in relation to each Specific Purpose Account and to report these estimates to Parliament in the Budget Papers.

Under section 25 of the FMA, Accountable Authorities are authorised to expend money from a Specific Purpose Account in accordance with the estimates approved by the Treasurer. After an annual Appropriation Act is given Royal Assent, section 17(11) of the FMA provides for the Treasurer to vary the estimated receipts and expenditure in relation to a Specific Purpose Account.

Approved expenditure estimates for each Specific Purpose Account administered by an Agency will be communicated to the Accountable Authority of the Agency in a Public Account Expenditure Summary, issued quarterly by the Secretary of the Department of Treasury and Finance. Where relevant, the Summary will communicate any variations to estimated expenditure from a Specific Purpose Account that is approved by the Treasurer under the FMA.

The Accountable Authority of an Agency is responsible for ensuring that each Specific Purpose Account, administered by their Agency, is not overdrawn at any time. The Accountable Authority must also ensure that expenditure from a Specific Purpose Account does not exceed the current estimated expenditure approved by the Treasurer for that year.

Expenditure from Agency Trust Accounts

The money in an Agency Trust Account may only be expended for the purpose of the trust to which the money relates or for a statutory purpose. Expenditure from an Agency Trust Account cannot exceed the balance of the funding available in the Account at any time.

Other relevant information

Please also refer to:

- Treasurer's Instructions;
- *Financial Management Better Practice Guidelines*;
- *Overview - Tasmania's Financial Management Framework*; and
- Other FMA Fact Sheets.