

**NORTHERN TERRITORY OF AUSTRALIA**

**FISCAL INTEGRITY AND TRANSPARENCY ACT 2001**

As in force at 26 March 2020

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# NORTHERN TERRITORY OF AUSTRALIA

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As in force at 26 March 2020

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## FISCAL INTEGRITY AND TRANSPARENCY ACT 2001

### An Act to provide a framework for the conduct of government fiscal policy

#### **1 Short title**

This Act may be cited as the *Fiscal Integrity and Transparency Act 2001*.

#### **2 Fiscal Integrity and Transparency Framework**

- (1) The Fiscal Integrity and Transparency Framework is the Framework for the conduct of Government fiscal policy set out in the Schedule.
- (2) Nothing in the Fiscal Integrity and Transparency Framework creates rights or duties that are enforceable in judicial or other proceedings.

#### **3 Special exception for 2020**

For the year 2020, the Under Treasurer need not publicly release or table a pre-election fiscal outlook report under clauses 2(7) and 17 of the Schedule if an Act to authorise an amount to be paid from the Central Holding Authority for the financial year ending 30 June 2021, other than on an interim basis, is not enacted before the issue of the writ for the election.

## **Schedule Fiscal integrity and transparency framework**

section 2(1)

### **Part 1 Purpose and overview**

#### **1 Purpose of Framework**

- (1) This Framework provides a framework for the conduct of Government fiscal policy.
- (2) The purpose of this Framework is to improve fiscal policy outcomes.
- (3) This Framework provides for this by:
  - (a) requiring fiscal strategy to be based on principles of sound fiscal management;
  - (b) facilitating public scrutiny of fiscal policy and performance; and
  - (c) strengthening accountability for the economic and financial projections underlying fiscal reporting and decision-making.

#### **2 Overview of obligations**

##### *Principles of sound fiscal management*

- (1) The Government's fiscal strategy is to be based on the principles of sound fiscal management.

##### *Fiscal strategy statements*

- (2) The Government's fiscal strategy is to be set out in a fiscal strategy statement publicly released and tabled by the Treasurer with each budget.
- (3) The first fiscal strategy statement for a particular Government may be publicly released and tabled before its first budget.
- (4) A particular Government may publicly release and table a new fiscal strategy statement at any time.

##### *Annual fiscal outlook reporting*

- (5) The Treasurer must publicly release and table fiscal outlook reports as follows:
  - (a) there is to be a fiscal outlook report with each budget;

- (b) there is to be a mid-year fiscal outlook report by the end of February in each year or within 6 months after the last budget, whichever is later.

*Annual final fiscal results report*

- (6) The Treasurer must publicly release and table final fiscal results reports within 4 months of the end of each financial year.

*Pre-election fiscal outlook report*

- (7) The Under Treasurer must publicly release a pre-election fiscal outlook report once an election is called.

*Sources of information*

- (8) The Under Treasurer is responsible for preparation of all financial projections contained in the statements and reports required to be published under this Framework.

## **Part 2 Interpretation**

### **3 Interpretation**

- (1) In this Framework, unless the contrary intention appears:

**Australian accounting standards** means the Australian Accounting Standard 31 (Financial Reporting by Governments) issued by the Australian Accounting Standards Board, as in force from time to time.

**budget** means the annual Territory budget.

**budget year** means the financial year to which a budget relates.

**election** means a general election of members of the Legislative Assembly.

**external reporting standards** means:

- (a) the concepts and classifications set out in GFS Australia; and  
(b) the Australian accounting standards.

**GFS Australia** means the publication of the Australian Bureau of Statistics known as Government Finance Statistics Australia: Concepts, Sources and Methods, as in force from time to time.

**Government** means the Territory Government.

***principles of sound fiscal management*** means the principles set out in clause 5.

***Territory public sector body*** means an Agency or other entity that is within the Territory non-financial public sector.

***Uniform Presentation Framework*** means the minimum set of statistics that Commonwealth, State and Territory Governments have agreed to present in their budget and related documentation, as in force from time to time.

- (2) Other words and expressions used in this Schedule and in the GFS Australia have the same meaning as they have in the GFS Australia.

*Note for clause 3*

*The Interpretation Act 1978 contains definitions and other provisions that may be relevant to this Framework.*

### **Part 3 Principles of sound fiscal management**

#### **4 Formulation of Government fiscal policy**

- (1) The Government's fiscal policy is to be directed at maintaining the on-going economic prosperity and welfare of the people of the Territory and is therefore to be set in a sustainable medium-term framework.
- (2) To meet this objective, the Government's fiscal strategy is to be based on the principles of sound fiscal management.

#### **5 Principles of sound fiscal management**

- (1) The following principles are the principles of sound fiscal management:
- (a) the Government must formulate and apply spending and taxing policies with consideration to the effect of these policies on employment and the economic prosperity and development of the Territory;
  - (b) the Government must formulate and apply spending and taxing policies so as to give rise to a reasonable degree of stability and predictability;
  - (c) the Government must ensure that funding for current services is to be provided by the current generation;

- (d) the Government must manage financial risks faced by the Territory prudently (having regard to economic circumstances), including by maintaining Territory debt at prudent levels.
- (2) The financial risks referred to in paragraph (1)(d) include the following risks:
- (a) risks arising from excessive debt;
  - (b) commercial risks arising from ownership of public trading enterprises and public financial enterprises;
  - (c) risks arising from erosion of the Territory's revenue base;
  - (d) risks arising from the management of assets and liabilities.

## **Part 4 Fiscal strategy statement**

### **6 Public release and tabling of fiscal strategy statements**

- (1) The Treasurer must publicly release and table the first fiscal strategy statement for a particular Government at or before the time of the Government's first budget.
- (2) The Treasurer must publicly release and table a fiscal strategy statement for the Government at the time of each of the Government's subsequent budgets.
- (3) If the Government wants to change its fiscal strategy statement, it may do so at any time by the Treasurer publicly releasing and tabling a new fiscal strategy statement.
- (4) If the Legislative Assembly is not sitting when a fiscal strategy statement is publicly released:
  - (a) the statement still takes effect from its public release; and
  - (b) the Treasurer must table the statement in the Legislative Assembly when it next sits (or as soon as practicable after then).

### **7 Purpose of fiscal strategy statements**

The purpose of fiscal strategy statements is to increase public awareness of the Government's fiscal strategy and to establish a benchmark for evaluating the Government's conduct of fiscal policy.

**8 Fiscal strategy statement to be based on principles of sound fiscal management**

A fiscal strategy statement is to be based on the principles of sound fiscal management.

**9 Contents of fiscal strategy statement**

- (1) A fiscal strategy statement is to:
  - (a) specify the Government's medium-term fiscal objectives;
  - (b) explain the broad strategic priorities on which the budget is or will be based;
  - (c) specify the key fiscal indicators that the Government considers important and against which fiscal policy will be set and assessed;
  - (d) specify, for the budget year and the following 3 financial years:
    - (i) the Government's fiscal objectives and targets; and
    - (ii) the expected outcomes for the specified key fiscal indicators; and
  - (e) explain how the fiscal objectives and strategic priorities specified and explained as required by paragraphs (a), (b) and (d) relate to the principles of sound fiscal management.
- (2) If particular information required to be included in the statement is unchanged from information set out in full in an earlier statement, the statement may instead summarise the information and state that it is unchanged from what was set out in the earlier statement.

**Part 5 Annual fiscal outlook reporting****Division 1 Contents of fiscal outlook reports****10 Contents of fiscal outlook reports**

- (1) Each fiscal outlook report required under this Part is to contain the following information:
  - (a) updated financial projections for the budget year and the following 3 financial years, along with the financial result for the year preceding the budget year, for the Territory general government sector and the Territory non-financial public sector;



- (b) an account of the economic and other assumptions on which the updated financial projections are based;
  - (c) an analysis of the degree to which the updated financial projections are likely to be affected by changes in the circumstances on which the economic and other assumptions are based;
  - (d) an overview of the estimated tax expenditures for the budget year and the following 3 financial years;
  - (e) a statement of the risks, quantified as far as practicable, that could materially affect the updated financial projections, including any contingent liabilities and any Government negotiations that have yet to be finalised;
  - (f) an explanation of the factors and considerations that contributed to any material differences between the updated financial projections and the equivalent projections published in the last fiscal outlook report;
  - (g) an explanation of the factors and considerations that contributed to any material differences between the updated financial projections and the expected outcomes for the key fiscal indicators as specified in the Government's fiscal strategy statement.
- (2) The information in each report is to take into account, to the fullest extent possible, all Government decisions and all other circumstances that may have a material effect on the fiscal outlook.
- (3) Each report is to:
- (a) be based on external reporting standards;
  - (b) identify, in general terms, the external reporting standards on which it is based and any ways in which the report departs from those standards; and
  - (c) publish the financial projections in at least the level of detail required by the Uniform Presentation Framework.
- (4) The reports do not have to include information that the Treasurer considers should not be included because it is confidential commercial information.
- (5) If information that is otherwise required to be included in a report is excluded because of subclause (4), the report must contain a general description of the excluded information.

- (6) The reports are to include the certifications required under clause 21(3).

## **Division 2 Budget fiscal outlook report**

### **11 Public release and tabling of budget fiscal outlook reports**

The Treasurer must publicly release and table a fiscal outlook report at the time of each budget.

### **12 Purpose of budget fiscal outlook reports**

The purpose of budget fiscal outlook reports is to provide information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.

## **Division 3 Mid-year fiscal outlook report**

### **13 Public release and tabling of mid-year fiscal outlook reports**

- (1) The Treasurer must publicly release and table a mid-year fiscal outlook report by the end of February in each year, or within 6 months after the last budget, whichever is later.
- (2) If the Legislative Assembly is not sitting when a mid-year fiscal outlook report is publicly released under subclause (1), the report does not have to be tabled in the Legislative Assembly until it next sits (or as soon as practicable after then), even if that is after the end of the period specified in that subclause.

### **14 Purpose of mid-year fiscal outlook reports**

The purpose of mid-year fiscal outlook reports is to provide updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.

## **Part 6 Final fiscal results report**

### **15 Public release and tabling of final fiscal results reports**

- (1) The Treasurer must publicly release and table a final fiscal results report for each financial year no later than 4 months after the end of the financial year.
- (2) If the Legislative Assembly is not sitting when a final fiscal results report is released under subclause (1), the report does not have to

be tabled in the Legislative Assembly until it next sits (or as soon as practicable after then), even if that is after the expiry of 4 months after the end of the financial year.

- (3) The final fiscal results report for a financial year may be incorporated in the fiscal outlook report for the next financial year if the next financial year's budget is brought down within 4 months after the start of that financial year.
- (4) The final fiscal results report for a financial year may be incorporated in the Treasurer's Annual Financial Statement required by section 9 of the *Financial Management Act 1995* if the next financial year's budget is brought down before the start of that year.

## **16 Contents of final fiscal results report**

- (1) A final fiscal results report is to include:
  - (a) the financial result for the Territory general government sector and the Territory non-financial public sector for the financial year ending on the preceding 30 June;
  - (b) an explanation of the factors and considerations that contributed to any material differences between the financial result and the equivalent projections published for that year in the last fiscal outlook report; and
  - (c) an explanation of the factors and considerations that contributed to any material differences between the financial result and the expected outcomes for the key fiscal indicators for that year as specified in the Government's fiscal strategy statement at the beginning of the financial year in question.
- (2) The report is to:
  - (a) be based on external reporting standards;
  - (b) identify, in general terms, the external reporting standards on which it is based and any ways in which the report departs from those standards; and
  - (c) publish the financial projections in at least the level of detail required by the Uniform Presentation Framework.

## **Part 7                    Pre-election fiscal outlook report**

### **17                    Public release of pre-election fiscal outlook report**

The Under Treasurer must publicly release a pre-election fiscal outlook report within 10 days after the issue of the writ for an election.

### **18                    Purpose of pre-election fiscal outlook reports**

The purpose of pre-election fiscal outlook reports is to provide updated information on the fiscal outlook.

### **19                    Contents of pre-election fiscal outlook report**

- (1) A pre-election fiscal outlook report is to contain the economic and fiscal information, and is to be prepared on a basis, that is the same in all respects as is required for a fiscal outlook report under clause 10.
- (2) A pre-election fiscal outlook report is also to contain the following signed statements:
  - (a) a statement, signed by the Treasurer, to the effect that the disclosure requirements under clauses 20 and 23 have been complied with;
  - (b) the statement signed by the Under Treasurer required under clause 21(3).

### **20                    Treasurer to disclose information**

To help the Under Treasurer to prepare a pre-election fiscal outlook report, the Treasurer must disclose to the Under Treasurer the details of any Government decision, or any other circumstance, as is required under clause 23 within 2 days of the issue of the writ for an election.

## **Part 8                    Sources of information for statements and reports**

### **21                    Under Treasurer responsible for preparing all financial projections**

- (1) The accuracy, completeness and reliability of all financial projections and associated information contained in the statements and reports required to be published under this Framework are the responsibility of the Under Treasurer.

- (2) The accuracy of financial projections is to be judged by reference to the normal tolerances expected of economic forecasts.
- (3) All statements and reports required to be published under this Framework that contain financial projections and associated information for which the Under Treasurer is responsible must include a statement signed by the Under Treasurer certifying that, to the fullest extent possible, the financial projections and associated information for which the Under Treasurer is responsible:
  - (a) reflect the best professional judgment of officers of the Northern Territory Treasury;
  - (b) take into account all relevant information available to the Under Treasurer on the date set out in the certificate; and
  - (c) incorporate the fiscal implications of all relevant Government decisions and circumstances that were known or disclosed to the Under Treasurer on the date set out in the certificate.

## **22 Territory public sector bodies to provide information**

- (1) To help the Under Treasurer to prepare financial projections for which he or she is responsible under this Framework, the Under Treasurer may request a Territory public sector body to provide information.
- (2) A Territory public sector body must comply with a request in time to allow the information to be taken into account in the preparation of the financial projections, unless it is not practicable for the body to do so. The body does not have to provide information if doing so would contravene another law of the Territory.
- (3) The Under Treasurer may issue written guidelines to help Territory public sector bodies to provide the information needed to prepare financial projections under this Framework.

## **23 Treasurer to provide information**

To help the Under Treasurer to prepare financial projections for which he or she is responsible under this Framework, the Treasurer must disclose to the Under Treasurer details of any Government decision, or any other circumstance, that the Treasurer knows about:

- (a) that has, or could have, material fiscal or economic implications; and

- (b) that the Under Treasurer could not reasonably be expected to know about.

## **Part 9 Transition to accrual reporting**

### **24 Omissions and delays permitted**

- (1) If aspects of the financial projections and related information required to be published in reports are not available because of progressive implementation of accrual reporting by Territory public sector bodies, the reports may omit such aspects for up to 12 months from the date of commencement of this Framework.
- (2) If aspects of the financial projections and related information required to be published in reports are not available in the time frames necessary to meet a due date under this Framework because of progressive implementation of accrual reporting by Territory public sector bodies, the reports may be delayed for up to 2 months during the 12 month period following the date of commencement of this Framework.
- (3) The reasons for any omissions permitted under subclause (1) are to be explained and certified as correct by the Under Treasurer in a statement to be included in the affected report.
- (4) The reasons for any delay permitted under subclause (2) are to be explained and certified as correct by the Under Treasurer in an explanatory statement to be publicly issued before the due date of the affected report.

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**ENDNOTES**
**1 KEY**

Key to abbreviations

<b>amd = amended</b>	<b>od = order</b>
<b>app = appendix</b>	<b>om = omitted</b>
<b>bl = by-law</b>	<b>pt = Part</b>
<b>ch = Chapter</b>	<b>r = regulation/rule</b>
<b>cl = clause</b>	<b>rem = remainder</b>
<b>div = Division</b>	<b>renum = renumbered</b>
<b>exp = expires/expired</b>	<b>rep = repealed</b>
<b>f = forms</b>	<b>s = section</b>
<b>Gaz = Gazette</b>	<b>sch = Schedule</b>
<b>hdg = heading</b>	<b>sdiv = Subdivision</b>
<b>ins = inserted</b>	<b>SL = Subordinate Legislation</b>
<b>lt = long title</b>	<b>sub = substituted</b>
<b>nc = not commenced</b>	

**2 LIST OF LEGISLATION*****Fiscal Integrity and Transparency 2001 (Act No. 67, 2001)***

Assent date	21 December 2001
Commenced	21 December 2001

***Interpretation Legislation Amendment Act 2018 (Act No. 22, 2018)***

Assent date	8 November 2018
Commenced	pt 2 and ss 19, 20 and 25 to 27: 18 February 2019 ( <i>Gaz</i> S11, 18 February 2019); rem: 11 December 2018 ( <i>Gaz</i> S101, 11 December 2018)

***Fiscal Integrity and Transparency Amendment Act 2020 (Act No. 9, 2020)***

Assent date	25 March 2020
Commenced	26 March 2020 (s 2)

**3 GENERAL AMENDMENTS**

General amendments of a formal nature (which are not referred to in the table of amendments to this reprint) are made by the *Interpretation Legislation Amendment Act 2018* (Act No. 22, 2018) to: Sch.

**4 LIST OF AMENDMENTS**

s 3	ins No. 9, 2020, s 4
sch	amd No. 22, 2018, s 35