

NORTHERN TERRITORY OF AUSTRALIA

TERRITORY INSURANCE OFFICE
AMENDMENT ACT (NO. 2) 1993

No. 13 of 1993

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NORTHERN TERRITORY OF AUSTRALIA

No. 13 of 1993

AN ACT

to amend the *Territory Insurance Office Act* with the object of enhancing the commercial efficiency, net worth and social role of the Office while ensuring that it remains answerable to government; and providing for a greater financial and performance scrutiny of the Office and for disclosure, prudential, monitoring and other standards

[Assented to 22 April 1993]

BE it enacted by the Legislative Assembly of the Northern Territory of Australia, with the assent as provided by the *Northern Territory (Self-Government) Act 1978* of the Commonwealth, as follows:

1. SHORT TITLE

This Act may be cited as the *Territory Insurance Office Amendment Act (No. 2) 1993*.

2. COMMENCEMENT

(1) Sections 10 and 11 shall come into operation on 1 July 1993.

(2) The remaining provisions of this Act shall come into operation on the day on which the Administrator's assent to this Act is declared.

3. PRINCIPAL ACT

The *Territory Insurance Office Act* is in this Act referred to as the Principal Act.

4. DEFINITIONS

Section 3 of the Principal Act is amended -

(a) by inserting after the definition of "insurance" the following:

"member" means a member of the Board and includes the Chief Executive Officer on and from his or her appointment to the Board;

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(b) by adding at the end the following:

"(2) A person is an associate of another person if -

(a) they are partners;

(b) one is a spouse, parent or child of the other;

(c) they are both trustees or beneficiaries of the same trust, or one is a trustee and the other is a beneficiary of the same trust;

(d) one is a body corporate or other entity (whether inside or outside Australia) and the other is a director or member of the governing body of the body or entity;

(e) one is a body corporate or other entity (whether inside or outside Australia) and the other is a person who has a legal or equitable interest in 5% or more of the share capital of the body or entity; or

(f) a chain of relationships can be traced between them under any one or more of the paragraphs of this subsection."

5. FUNCTIONS OF OFFICE

Section 5(b) of the Principal Act is amended by omitting "*Workers' Compensation Act*" and substituting "*Work Health Act*".

6. DIRECTIONS OF MINISTER

Section 7 of the Principal Act is amended by adding at the end the following:

"(2) The Minister shall, within 6 sitting days of the Legislative Assembly after giving a direction under subsection (1), lay a copy of the direction before the Assembly.

"(3) A record of all directions given under subsection (1) in a financial year shall be included in the report of the Office for that year prepared under section 68 of the *Financial Administration and Audit Act*, as applying by virtue of section 27."

7. NEW SECTION

The Principal Act is amended by inserting after section 8 the following:

"8A. BOARD TO PREPARE STATEMENT OF CORPORATE INTENT

"(1) In relation to those of its functions in respect of which it has administrative discretion, the

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Board shall, before the commencement of each financial year, prepare a statement of corporate intent for the Office, in a form approved by the Minister, for the ensuing period of 3 financial years.

"(2) A statement prepared under subsection (1) shall set out the objectives of the Office for the period and include an outline of the means by which the Board proposes to achieve the objectives and the criteria against which its performance should be measured.

"(3) For the purposes of subsection (2), the objectives of the Office shall include performance and financial targets and estimates (including revenues, costs, profitability and gearing), plans for the acquisition or disposal of assets and such other information, if any, as is prescribed or the Minister, in writing, directs.

"(4) As soon as practicable after it is prepared the Board shall give a copy of the statement of corporate intent to the Minister."

8. REPEAL AND SUBSTITUTION

Section 17 of the Principal Act is repealed and the following substituted:

"17. DECLARATION OF INTEREST

"(1) A member of the Board who is or becomes in any way (whether directly or indirectly) interested in a contract, or proposed contract, with the Office shall declare the nature and extent of the interest to the Board under this section.

Penalty: \$5,000 or imprisonment for 2 years.

"(2) In the case of a proposed contract, the member shall make the declaration -

- (a) at the meeting of the Board at which the question of entering into the contract is first considered; or
- (b) if the member was not at that time interested in the proposed contract - at the next meeting of the Board held after the member becomes interested in the proposed contract.

"(3) If a member becomes interested in a contract with the Office after it is made, the member shall make the declaration at the next meeting of the Board held after the member becomes interested in the contract.

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"(4) For the purposes of this section, a general written notice given to the Board by a member to the effect that the member -

- (a) is a member of a specified entity; and
- (b) is to be regarded as interested in any contract which may, after the giving of the notice, be made with the entity,

is a sufficient declaration.

"(5) A member who holds an office or has an interest in property whereby, whether directly or indirectly, duties or interests might be created that could conflict with the member's duties or interests as a member shall, under subsection (6), declare at a meeting of the Board the fact and the nature, character and extent of the possible conflict.

Penalty: \$5,000 or imprisonment for 2 years.

"(6) A declaration required by subsection (5) in relation to holding an office or having an interest must be made by a person -

- (a) if the person holds the office or has the interest when he or she becomes a member - at the first meeting of the Board held after -
 - (i) the person becomes a member; or
 - (ii) the relevant facts as to holding the office or having the interest come to the member's knowledge,

whichever is the later; or

- (b) if the person starts to hold the office or acquires the interest after the person becomes a member - at the first meeting of the Board held after the relevant facts as to holding the office or having the interest come to the person's knowledge.

"(7) A declaration under this section shall be recorded in the minutes of the meeting at which it was made and, unless the Board otherwise determines, the member shall not -

- (a) be present during any deliberation of the Board in relation to the matter; or
- (b) take part in any decision of the Board in relation to the matter.

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"(8) For the purposes of the making of a determination of the Board under subsection (7) in relation to a member who has made a declaration under this section, the member shall not, unless the Board has determined otherwise under that subsection -

- (a) be present during any deliberation of the Board for the purpose of making the determination; or
- (b) take part in the making by the Board of the determination.

"(9) A determination of the Board under subsection (7) shall be recorded in the minutes of the meeting at which it was made.

"(10) Every declaration shall be reported by the Board to the Minister immediately after the making of the declaration.

"(11) The Board shall, within 3 months after the end of its financial year, lodge with the Minister a return specifying -

- (a) all declarations made to the Board during that financial year; and
- (b) all declarations in force at the end of the financial year.

"(12) This section is in addition to any rule of law restricting a member from having an interest in contracts with the Office or from holding offices or having interests involving duties or interests in conflict with the member's duties or interests as a member.

"(13) In this section, a reference to a contract does not include a contract between a member and the Office relating to insurance or the depositing of money with the Office entered into in the normal course of business and subject to the terms and conditions normally imposed by the Office.

"17A. GENERAL DUTY TO MAKE DISCLOSURE

"(1) A member shall, within the time specified in subsection (2), give written notice to the Board -

- (a) of such particulars relating to -
 - (i) deposit accounts (including term deposits) with the Office; and
 - (ii) directorships of companies,
as are necessary to enable the Board to comply with section 17B; and

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(b) of particulars of -

(i) any prescribed change in a deposit account;
or

(ii) any change in a directorship of a company.

Penalty: \$5,000 or imprisonment for 2 years.

"(2) A notice under subsection (1) shall be given -

(a) if the notice is under subsection (1)(a) -
within 14 days after the person -

(i) becomes a member;

(ii) opens a deposit account with the Office or
is appointed a director of a company; or

(iii) becomes aware that an associate has opened
a deposit account with the Office or is
appointed a director of a company,

whichever happens last; and

(b) if the notice is under subsection (1)(b) -
within the prescribed period after the person
becomes aware of the happening of the event
giving rise to the change.

"(3) The Board shall, within 7 days after receiving
a notice under subsection (1), send a copy to each of the
other members.

"17B. REGISTER OF MEMBERS INTERESTS, &c.

"(1) The Board shall keep a register showing, in
relation to each member -

(a) the present given name and surname, any former
given name or surname, the date and place of
birth, the usual residential address and the
business occupation (if any) of the member; and

(b) particulars of -

(i) deposit accounts with the Office of; and

(ii) directorships of companies held by,

the member or an associate of the member.

"(2) The Board shall, within 7 days after receiving
notice from a member under section 17A(1)(a), enter in the
register, in relation to the member, the particulars
specified in subsection (1) in the notice.

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"(3) The Board shall, within 3 days after receiving a notice from a member under section 17A(1)(b), enter in the register the particulars of the change specified in the notice.

"(4) The Board shall, on entering a particular in the register under this section (including a change of a particular), provide the Minister with a copy of the entry.

"(5) The register shall, at the request of any member, be produced at a meeting of the Board and be open and accessible during the meeting to the members present.

"17C. LOANS TO MEMBERS

"(1) The Office shall not provide a loan -

(a) to a member, unless it is -

(i) provided in the ordinary course of business;

(ii) subject to the terms and conditions normally imposed by the Office in similar dealings; and

(iii) approved by a majority of the members (other than the member to whom the loan is to be provided) present and voting on the matter at a meeting of the Office; or

(b) to an associate of a member, unless it is -

(i) provided in the ordinary course of business; and

(ii) subject to the terms and conditions normally imposed by the Office in similar dealings.

"(2) A member or an associate of a member who obtains a loan from the Office knowing that it does not have the power under subsection (1) to provide it is guilty of an offence.

Penalty: \$5,000 or imprisonment for 2 years."

9. REPEAL AND SUBSTITUTION

Section 27 of the Principal Act is repealed and the following substituted:

"27. AUDIT AND ANNUAL REPORT

"Subject to this Act, sections 67 and 68 of the *Financial Administration and Audit Act* apply to and in relation to the Office as if the Office were a prescribed

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statutory corporation within the meaning and for the purposes of those sections."

10. REPEAL AND SUBSTITUTION

Section 33 of the Principal Act is repealed and the following substituted:

"33. OTHER REPORTS

"The Minister may require the Board to submit to the Minister such reports, at such times and in such a form as the Minister from time to time requires, and the Board shall prepare and submit the reports accordingly."

11. APPLICATION OF CORPORATIONS LAW

Section 28A of the Principal Act is amended -

- (a) by omitting "Except" and substituting "(1) Subject to subsection (2), except"; and
- (b) by adding at the end the following:

"(2) The Regulations may prescribe that all or specified accounting and reporting obligations and standards imposed or required by the Corporations Law of or in relation to a public company incorporated under the Corporations Law apply to and in relation to the Office as if -

- (a) the Office were a public company so incorporated; and
- (b) the Territory were the shareholders of the company,

and the Corporations Law, with the necessary changes, shall apply to the extent necessary to enforce those standards."

12. REGULATIONS

Section 34 of the Principal Act is amended by adding at the end the following:

"(2) Without limiting the generality of subsection (1), the Regulations may prescribe -

- (a) prudential and other standards to be applied in the affairs of the Office and by or in relation to members and specified officers;
- (b) procedures for the monitoring and enforcement of such standards, including the appointment of persons to carry out such monitoring;

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- (c) procedures in relation to the preparation, amendment and approval of statements of corporate intent required by section 8A to be prepared; and
- (d) penalties, not exceeding a fine of \$10,000, for an offence against the Regulations.

"(3) For the purposes of subsection (2)(a) and (b), the Regulations may adopt by reference, with or without modification, standards and procedures applied by or under an Act of the Commonwealth or of the Territory and they shall be construed and applied as if they were specifically incorporated in the Regulations.".

13. FURTHER AMENDMENTS

The Principal Act is further amended by omitting from sections 11(1) and (2), 12(1) and (3), 13(1), 14, 15(1) and (2) and 16(1) "members of the Board" and substituting "member".

14. TRANSITIONAL

Notwithstanding the repeals effected by sections 10 and 11, sections 27 and 33 of the Principal Act, as in force immediately before the commencement of sections 10 and 11, shall be deemed to remain in force for the purposes of enabling an auditor to complete any matter commenced in respect of a period before that commencement and to prepare and submit the annual reports in respect of the financial year to 30 June 1993.
