

Serial 88
Financial Management Amendment Bill 2002
Ms Martin

**A BILL
for
AN ACT**

to amend the *Financial Management Act*

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NORTHERN TERRITORY OF AUSTRALIA
FINANCIAL MANAGEMENT AMENDMENT ACT 2002

No. of 2002

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NORTHERN TERRITORY OF AUSTRALIA

No. of 2002

AN ACT

to amend the *Financial Management Act*

[Assented to 2002]
[Second reading 2002]

The Legislative Assembly of the Northern Territory enacts as follows:

1. Short title

This Act may be cited as the *Financial Management Amendment Act 2002*.

2. Principal Act

The *Financial Management Act* is in this Act referred to as the Principal Act.

3. Interpretation

Section 3 of the Principal Act is amended –

- (a) by omitting from subsection (1) the definition of "Accountable Officer" and substituting the following:

" 'Accountable Officer' –

- (a) in relation to an Agency – means the chief executive (however described) of the Agency or a person who the Treasurer declares in writing to be the Accountable Officer for the purposes of this Act; or

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- (b) in relation to the Central Holding Authority – means the person who the Treasurer declares in writing to be the Accountable Officer of the Authority;";
- (b) by omitting from subsection (1) the definition of "Activity";
- (c) by omitting from subsection (1) the definition of "Allocation" and substituting the following:
- " 'Allocation' means –
- (a) an amount authorised to be paid from the Central Holding Authority pursuant to an Appropriation Act and includes any variation of that amount authorised in accordance with this or any other Act; or
- (b) an amount required by any other Act to be provided from the public moneys of the Territory;";
- (d) by omitting from the definition of "Appropriation Act" in subsection (1) "to an Activity" and substituting "to a Purpose";
- (e) by omitting from subsection (1) the definitions of "Estimated Receipts", "expenditure" and "forward estimates of expenditure" and substituting the following:
- " 'expenditure' means the payment of money for either actual or accrued expenses and includes an advance or transfer from an Operating Account;";
- (f) by omitting from subsection (1) the definition of "Government Business Division" and substituting the following:
- " 'Government Business Division' means an Agency, or a part of an Agency, that –
- (a) recovers a significant proportion of its operating costs through charges on users; and
- (b) is determined by the Treasurer to be a Government Business Division;";
- (g) by omitting from subsection (1) the definition of "official bank account" and substituting the following:
- " 'official bank account' means an official bank account opened by the Treasurer in pursuance of section 27;";

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- (h) by inserting after the definition of "Operating Account" in subsection (1) the following:

" 'Purpose' means an appropriation to a Purpose (which may be designated as Outputs, Capital, Treasurer's Advance or another designation) that is specified in an Appropriation Act and includes a Purpose specified in a direction, determination or approval under section 18, 20 or 21 (whether or not the Purpose is specified in, or in a schedule to, an Appropriation Act) or created since the previous annual Appropriation Act;"; and

- (i) by omitting from subsection (2) ", Activity".

4. Public Account

Section 4 of the Principal Act is amended by omitting from subsection (2)(a) "Consolidated Revenue Account" and substituting "Central Holding Authority".

5. Central Holding Authority

Section 5 of the Principal Act is amended –

- (a) by omitting from subsection (1) "Consolidated Revenue Account" and substituting "Central Holding Authority"; and
- (b) by omitting subsection (2) and substituting the following:

"(2) Money must not be paid from the Central Holding Authority except as authorised under an Appropriation Act or another Act."

6. Operating Accounts

Section 6 of the Principal Act is amended –

- (a) by omitting from subsection (1)(b) "Activities" and substituting "functions";
- (b) by omitting subsection (2)(a) and substituting the following:
- "(a) payments from the Central Holding Authority in respect of the functions for which the Agency is responsible;";
- (c) by omitting from subsection (3) "Accountable Officer for the Activity or Activities" and substituting "Accountable Officer of the Agency that performs the functions";
- (d) by omitting from subsection (4) "Consolidated Revenue Account" and substituting "Central Holding Authority"; and

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- (e) by omitting from subsection (5) "Each Accountable Officer" and substituting "The Accountable Officer of an Agency".

7. Treasurer's quarterly financial statements

Section 8 of the Principal Act is amended by omitting all the words after "thinks fit," and substituting "financial statements in respect of the Public Account".

8. Other financial statements

Section 11 of the Principal Act is amended –

- (a) by omitting subsection (1) and substituting the following:

"(1) Subject to any other law of the Territory, the Accountable Officer of an Agency must, if the Treasurer directs him or her to do so, prepare a financial statement in respect of the operations of, or specified functions of, the Agency for a financial year or another financial reporting period determined by the Treasurer."; and

- (b) by omitting from subsection (3) "to submit the financial statement" and substituting "of an Agency to submit the financial statement directed to be prepared under subsection (1)".

9. Duties of Accountable Officers

Section 13 of the Principal Act is amended –

- (a) by omitting subsection (1) and substituting the following:

"(1) The Accountable Officer of an Agency is responsible for the financial management of the Agency.

"(1A) The Accountable Officer of the Central Holding Authority is responsible for the financial management of the Central Holding Authority.";

- (b) by omitting from subsection (2) "An Accountable Officer shall" and substituting "The Accountable Officer of an Agency must";

- (c) by inserting after subsection (2) the following:

"(2A) The Accountable Officer of the Central Holding Authority must ensure that –

- (a) proper records of all transactions affecting the Central Holding Authority are kept and that the requirements of this Act, the Regulations and the Treasurer's Directions are observed; and

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- (b) the Central Holding Authority's procedures are such as will at all times afford a proper internal control of the Central Holding Authority."; and
- (d) by omitting from subsection (3) all the words after "a direction to" and substituting "the Accountable Officer of an Agency in relation to the financial management of the Agency".

10. Money to be committed by Accountable Officer

Section 14 of the Principal Act is amended –

- (a) by omitting subsection (2) and substituting the following:

"(2) The Accountable Officer of an Agency must not commit money for expenditure unless satisfied that, when payment in respect of the transaction falls due, there will be sufficient funds available in the relevant Operating Account to make the payment.

"(2A) The Accountable Officer of the Central Holding Authority must not commit money for expenditure unless satisfied that, when payment in respect of the transaction falls due, there will be sufficient funds available in the Central Holding Authority to make the payment."; and

- (b) by omitting from subsection (3) "an Accountable Officer to commit money for a purpose incidental to an Activity" and substituting "the Accountable Officer of an Agency to commit money for an objective incidental to a function".

11. Internal audit

Section 15 of the Principal Act is amended –

- (a) by omitting from subsection (1) "An Accountable Officer" and substituting "The Accountable Officer of an Agency"; and
- (b) by inserting in subsection (2) "of the Agency" after "Officer".

12. Accounting and property manuals

Section 16 of the Principal Act is amended by omitting "Each Accountable Officer" and "his or her" and substituting "The Accountable Officer of an Agency" and "the" respectively.

13. Use of Treasurer's Advance

Section 18 of the Principal Act is amended –

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- (a) by omitting from subsection (1) "to an Activity" and "to the Activity" and substituting "to a Purpose" and "to that Purpose" respectively; and
- (b) by omitting from subsection (2) "to an Activity" and substituting "to a Purpose".

14. Increase or replenishment of Treasurer's Advance

Section 19 of the Principal Act is amended –

- (a) by omitting from subsection (1) "balance in the Consolidated Revenue Account" and substituting "funds available in the Central Holding Authority"; and
- (b) by omitting from subsection (3) "to an Activity" and substituting "to a Purpose".

15. Transfer of Allocations

Section 20 of the Principal Act is amended –

- (a) by omitting subsection (1) and substituting the following:

"(1) An excess Allocation available to a Purpose of an Agency may, in accordance with a written direction of the Treasurer, be transferred to one or more Purposes of another Agency, if the Treasurer is of the opinion that it is necessary to do so for the administration of government.

"(1A) An excess Allocation available to a Purpose of an Agency may, in accordance with a written direction of the Treasurer, be transferred to another Purpose of the Agency, if the Treasurer is of the opinion that it is necessary to do so for the administration of government.";

- (b) by omitting from subsection (2) "(1)(a) or (b)" and substituting "(1) or (1A)"; and
- (c) by omitting subsection (3).

16. Allocation accompanies transfer of business after redistribution

Section 21 of the Principal Act is amended –

- (a) by omitting subsection (2) and substituting the following:

"(2) For the purposes of accounting –

- (a) receipts and expenditure relating to the public business redistributed under subsection (1) that are incurred before the redistribution occurred are taken to have occurred in the Agency to which the business is redistributed; and

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(b) payments in relation to the redistributed business that were made from the Central Holding Authority before the redistribution occurred are taken to have been provided to the Purpose of the Agency to which the business is redistributed that is the same category of Purpose as the Purpose to which the payments were made."; and

(b) by omitting from subsection (3) "and expenditure deemed under subsection (2) to have occurred" and substituting "under subsection (1)".

17. Repeal

Sections 23 and 25 of the Principal Act are repealed.

18. Expenditure unclaimed

Section 26 of the Principal Act is amended by omitting "Consolidated Revenue Account" and substituting "Central Holding Authority".

19. Official bank accounts

Section 27 of the Principal Act is amended by omitting subsection (1) and substituting the following:

"(1) The Treasurer must open an official bank account under the name 'Northern Territory Government Account' and may, as he or she thinks fit, open other official bank accounts.

"(1A) An official bank account may only be opened under subsection (1) with an authorised deposit-taking institution within the meaning of the *Banking Act 1959* of the Commonwealth."

20. Investment of money

Section 29 of the Principal Act is amended –

(a) by omitting from subsection (2)(c) "a bank, building society or credit union" and substituting "an authorised deposit-taking institution within the meaning of the *Banking Act 1959* of the Commonwealth"; and

(b) by omitting from subsection (2)(d)(iv) "recognised futures exchange" and substituting "prescribed financial market (as defined in section 9 of the *Corporations Act 2001*)".

21. No allocation needed for investment or repayment of debt

Section 30 of the Principal Act is amended –

(a) by omitting "Payments" and substituting "(1) Payments"; and

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(b) by adding at the end the following:

"(2) Payments of money from the Central Holding Authority for the repayment of the principal owing on a debt may be made without Allocation of money for the payments."

22. Capital structure and dividends

Section 36 of the Principal Act is amended –

- (a) by omitting from subsection (1) "a Government Business Division" and "repaying equity," and substituting "an Agency or a Government Business Division" and "increasing equity, withdrawing equity," respectively; and
- (b) by omitting from subsection (2) "a Government Business Division" and "the Government Business Division" and substituting "an Agency or a Government Business Division" and "the Agency or Government Business Division" respectively.

23. Treasurer's Directions

Section 38 of the Principal Act is amended by omitting subsection (2) and substituting the following:

"(2) The Accountable Officer of an Agency, the Accountable Officer of the Central Holding Authority and each employee of an Agency must comply with the Treasurer's Directions."

24. Offences

Section 40 of the Principal Act is amended by omitting "\$10,000" and substituting "100 penalty units".

25. Regulations

Section 41 of the Principal Act is amended by omitting from paragraph (s) "\$5,000" and substituting "50 penalty units".

26. New section

The Principal Act is amended by inserting after section 45 the following:

"46. Transitional matters

"(1) In this section –

'commencement day' means the day on which the *Financial Management Amendment Act 2002* comes into operation;

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'current Act' means this Act as in force immediately after commencement day;

'former Act' means this Act as in force immediately before commencement day.

"(2) A reference in an instrument of a legislative or administrative character to the Consolidated Revenue Account is taken to be a reference to the Central Holding Authority.

"(3) An official bank account within the meaning of the former Act continues in existence under the current Act as if it were an account opened under section 27 of the current Act.

"(4) An action taken on or after 1 July 2002 but before commencement day that would have been authorised if the current Act had been in force on the day the action was taken is taken to have been authorised under the former Act.

"(5) The Under-Treasurer is taken to have been appointed under section 4 of this Act as the Accountable Officer of the Central Holding Authority for the period on and from 1 July 2002 until commencement day."

