

Serial 56
Territory Insurance Office Amendment Bill 2006
Mr Stirling

**A BILL
for
AN ACT**

to amend the *Territory Insurance Office Act*

NORTHERN TERRITORY OF AUSTRALIA
TERRITORY INSURANCE OFFICE AMENDMENT ACT 2006

Act No. [] of 2006

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NORTHERN TERRITORY OF AUSTRALIA

Act No. [] of 2006

AN ACT

to amend the *Territory Insurance Office Act*

[Assented to [] 2006]

[Second reading [] 2006]

The Legislative Assembly of the Northern Territory enacts as follows:

1. Short title

This Act may be cited as the *Territory Insurance Office Amendment Act 2006*.

2. Commencement

(1) Sections 4(3) and 6 commence on the day on which the Administrator's assent to this Act is declared.

(2) The remaining provisions of this Act are taken to have commenced on 1 July 2006.

3. Act amended

This Act amends the *Territory Insurance Office Act*.

4. Amendment of section 3 (Definitions)

(1) Section 3, heading

omit, substitute

Interpretation

(2) Section 3(1)

insert (in alphabetical order)

"commercial business" means the part of the Office's business that is not the MAC business;

"Determinations" means the Determinations made under section 33A;

"Fund" means the Motor Accidents (Compensation) Fund established by section 22B;

"MAC business" means the part of the Office's business that relates to the administration of the MAC scheme;

"MAC scheme" means the scheme of compensation established by the *Motor Accidents (Compensation) Act*;

"statement of corporate intent", for a financial year, means a statement of corporate intent prepared for that year that is in force under section 8A.

(3) Section 3(1)

insert (in alphabetical order)

"MAC member", see section 10(2);

5. Repeal and substitution of section 8A

Section 8A

repeal, substitute

8A. Statements of corporate intent – timetable and procedure

(1) The Board must, for each financial year, prepare:

(a) a written statement of corporate intent for the commercial business;
and

(b) a written statement of corporate intent for the MAC business.

(2) In preparing the statements, the Board must:

(a) consult with the Minister; and

(b) make changes to the statements as agreed between the Minister and the Board.

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- (3) The Board must give the statements to the Minister:
 - (a) not later than one month before the beginning of that year; or
 - (b) by another date agreed between the Minister and the Board.
- (4) The Board may, with the Minister's agreement, change a statement at any time.
- (5) The Minister may, by written notice, direct the Board to change a statement as specified in the direction.
- (6) The Office must comply with the direction.
- (7) The Board must give a copy of each changed statement to the Minister as soon as practicable after making the changes.
- (8) The Minister must table in the Legislative Assembly a copy of any of the following within 6 sitting days after receiving it:
 - (a) a statement given to the Minister under subsection (3);
 - (b) a changed statement given to the Minister under subsection (7).
- (9) The Minister must table in the Legislative Assembly a copy of each direction given under subsection (5) within 6 sitting days after giving it.
- (10) Before tabling a document under subsection (8) or (9), the Minister:
 - (a) must ask the Board to consider whether it contains any commercially sensitive information; and
 - (b) may delete from it any such information (whether as a result of the Board's advice or not); and
 - (c) may allow the document (whether including the deleted information or not) to be made available to a specified person or body.

8B. Statements of corporate intent – contents

- (1) A statement of corporate intent prepared under section 8A(1)(a) for a financial year must, for that year and each of the 2 following financial years, specify the following information:
 - (a) the Office's objectives for the commercial business;
 - (b) the nature and scope of the commercial business;
 - (c) the material risks faced by the Office for the commercial business;

- (d) the strategies for minimising the risks;
- (e) the strategies for improving the Office's financial performance for the commercial business;
- (f) the financial targets (including capital targets) and other measures for judging the Office's performance for the commercial business;
- (g) the accounting policies to be applied in the Office's accounts for the commercial business;
- (h) any other matters that the Minister and the Board wish to include in the statement for the commercial business.

(2) A statement of corporate intent prepared under section 8A(1)(b) for a financial year must, for that year and each of the 2 following financial years, specify the following information:

- (a) the Office's objectives for the MAC business;
- (b) the nature and scope of the MAC business;
- (c) the material risks faced by the Office for the MAC business;
- (d) the strategies for achieving the Office's objectives for the MAC business;
- (e) the strategies for minimising the risks mentioned in paragraph (c);
- (f) the financial targets (including solvency targets) and other measures for judging the Office's performance for the MAC business;
- (g) the accounting policies to be applied in the Office's accounts for the MAC business;
- (h) any other matters that the Minister and the Board wish to include in the statement for the MAC business.

8C. Statements of corporate intent – reports

(1) The Office must, within 3 months after the end of each financial year or by a later time approved by the Minister, give the Minister a report for each statement of corporate intent for that year.

- (2) The report must:
 - (a) specify the Office's performance by reference to the statement; and
 - (b) identify any significant departures from the statement; and

(c) specify the reasons for the departures.

(3) The Minister must table in the Legislative Assembly a copy of the report within 6 sitting days after receiving it.

(4) Before tabling a copy of the report, the Minister:

(a) must ask the Board to consider whether it contains any commercially sensitive information; and

(b) may delete from it any such information (whether as a result of the Board's advice or not).

6. Amendment of section 10 (Composition of the Board)

(1) Section 10, heading

omit, substitute

Composition of Board

(2) Section 10(1)

omit

5

substitute

6

(3) Section 10(2)

omit, substitute

(2) One member (other than the Chief Executive Officer) must be appointed solely for the MAC scheme (the "MAC member").

(3) The Minister may appoint a person (the "nominee") to attend a Board meeting on behalf of the MAC member.

(4) In a Board meeting, the MAC member or nominee may only deliberate and vote on a matter relating to the MAC business.

(5) Subject to subsections (6) to (8), the exercise of a power or the performance of a function by the Board is not affected by the vacancy in the office of a member or the absence of a member in a Board meeting.

(6) The Board must not deliberate or vote on a matter relating to the MAC business in a Board meeting unless the MAC member or nominee is present in the meeting.

(7) A decision of the Board on that matter made in a Board meeting is invalid if the MAC member or nominee is not present in the meeting.

(8) In addition, a decision of the Board on that matter is invalid if:

(a) the matter involves a conflict between managing the Fund and other assets of the Office; and

(b) the decision is not supported by the MAC member or nominee.

7. Amendment of section 22 (Moneys of the Office)

(1) Section 22, heading

omit, substitute

Moneys of Office

(2) Section 22(a) to (e), at the end

insert

and

(3) After section 22(f)

insert

(fa) moneys in the Fund; and

8. New sections 22B to 22E

After section 22A

insert

22B. Motor Accidents (Compensation) Fund

(1) The Motor Accidents (Compensation) Fund is established.

(2) On the commencement of this section, all the assets allocated for the MAC business under the Determinations immediately before that commencement becomes part of the Fund.

- (3) In addition, the Fund includes:
 - (a) amounts paid to the Office under section 46 of the *Motor Vehicles Act*; and
 - (b) other amounts received by the Office for the MAC scheme; and
 - (c) assets purchased with amounts in the Fund.

22C. Application of Fund

(1) Assets of the Fund must be applied solely for the following purposes:

- (a) the Office's obligations under the *Motor Accidents (Compensation) Act*;
- (b) the operation of the MAC scheme;
- (c) the promotion of road safety;
- (d) the acquisition of assets for the Fund;
- (e) the discharge of liabilities in relation to the MAC business.

(2) Assets of the Office that are not part of the Fund must not be applied for a purpose mentioned in subsection (1)(a), (b), (d) or (e).

22D. Fund not trust fund

To avoid doubt:

- (a) a trust is not created in relation to the Fund; and
- (b) the Office and the members are not trustees in relation to the Fund.

22E. Conflict of interests policy statement

(1) The Board must prepare for the Minister's approval a written policy statement for resolving conflicts between managing the Fund and other assets of the Office.

(2) In exercising its powers and performing its functions, the Board must have regard to the policy statement as approved by the Minister.

- (3) The Board:
 - (a) must review the policy statement before the end of each financial year; and

- (b) may, following the review, prepare a new policy statement for the Minister's approval.

(4) The new policy statement must be given to the Minister not later than when the statements of corporate intent for the next financial year are given to the Minister for approval.

9. Amendment of section 23 (Application of moneys)

- (1) Section 23(1)

omit

The moneys

substitute

Subject to section 22B, the moneys

- (2) Section 23(2)

omit

- (3) After section 23(4)

insert

(5) An arrangement of an inter-account loan or equity contribution mentioned in subsection (4) that affects the Fund must not be made without the Minister's approval.

10. Amendment of section 25A (Reimbursement of certain motor accidents scheme expenses)

- (1) Section 25A, heading

omit, substitute

Reimbursement of MAC expenses

- (2) Section 25A(1)

omit

motor accident scheme established by the *Motor Accidents (Compensation) Act*

substitute

MAC scheme

- (3) Section 25A(2)

omit, substitute

(2) An amount determined under subsection (1) must be paid by the Office from the Fund to the Central Holding Authority.

11. Amendment of section 26 (Payment of surplus moneys to the Territory)

- (1) Section 26, heading

omit, substitute

Payment of surplus moneys to Territory

- (2) Section 26(1)(a)

omit, substitute

(a) for amounts in the Fund – be paid into a fund maintained within the appropriate Agency Operating Account under the *Financial Management Act*; and

12. Amendment of section 27 (Audit and annual report)

After section 27(1)

insert

(1A) The report must consist of:

- (a) a report for the Office as a whole; and
- (b) a separate report for the commercial business; and
- (c) a separate report for the MAC business.

13. Amendment of section 28 (Office to pay taxes)

Section 28(1)

omit

all the words after "doing so)"

substitute

income tax under:

- (a) the *Income Tax Assessment Act 1936* (Cth); and

(b) the *Income Tax Assessment Act 1997* (Cth).

14. Amendment of section 30 (Territory to guarantee contracts of insurance and deposit, &c.)

(1) Section 30, heading

omit, substitute

Guarantee by Territory

(2) Section 30(1)(b)

omit

agreement,

substitute

agreement; and

(3) After section 30(1)(b)

insert

(c) the liabilities of the Office in relation to the MAC business;

15. Amendment of section 30A (Fee for guarantee)

Section 30A(1)

omit

section 30

substitute

section 30(1)(a) or (b)

16. Amendment of section 33A (Treasurer's Determinations)

After section 33A(1)

insert

(1A) To avoid doubt, the Determinations may make specific provisions for the commercial business and MAC business.

17. Amendment of section 33B (Prudential supervision fee)

After section 33B(2)

insert

(2A) To avoid doubt, the fee may relate to:

- (a) the commercial business; or
- (b) the MAC business; or
- (c) both the commercial business and MAC business.

18. New Part VII

After section 36

insert

PART VII –TRANSITIONAL MATTERS FOR *TERRITORY INSURANCE OFFICE AMENDMENT ACT 2006*

37. Application of amendments

(1) The amendments made to this Act by the *Territory Insurance Office Amendment Act 2006* apply to the financial year beginning on 1 July 2006 and each subsequent financial year.

- (2) Subsection (1):
 - (a) has effect subject to section 38; and
 - (b) does not apply to the amendments made by sections 4(3) and 6 of the *Territory Insurance Office Amendment Act 2006*.

38. Period for preparation of documents

(1) The first statements of corporate intent prepared for section 8A must be given to the Minister for approval:

- (a) not later than 6 months after the beginning of the commencement of that section; or
- (b) by another date agreed between the Minister and the Board.

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(2) The first report prepared for section 8C must be given to the Minister for approval:

- (a) not later than 3 months after the beginning of the financial year beginning on 1 July 2007; or
- (b) by another date agreed between the Minister and the Board.

(3) The first policy statement prepared for section 22E must be given to the Minister for approval:

- (a) not later than 6 months after the beginning of the commencement of that section; or
- (b) by another date agreed between the Minister and the Board.
