

Serial 186  
Territory Insurance  
Office Amendment  
(No. 2)  
Mr Ortmann

NORTHERN TERRITORY OF AUSTRALIA

TERRITORY INSURANCE OFFICE  
AMENDMENT BILL (NO. 2) 1992

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## NORTHERN TERRITORY OF AUSTRALIA

# A BILL for 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

**B**e 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) 1992*.

### 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.

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4. DEFINITIONS

Section 3 of the Principal Act is amended by inserting after the definition of "insurance" the following:

"'member' means a member of the Board, and includes the Chairman and the Chief Executive Officer;".

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 inserting, after "the Minister", the words ", and a record of all directions so given shall be included in the annual report of the Office".

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 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."

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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: \$75,000 or imprisonment for 10 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.

"(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: \$75,000 or imprisonment for 10 years.

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"(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.

"(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 -

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

"(10) 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

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- (b) all declarations in force at the end of the financial year.

"(11) 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.

"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 rights, options and contracts as are necessary to enable the Board to comply with section 17B; and
- (b) of particulars of any change relating to the particulars mentioned in paragraph (a), including the consideration (if any) received because of the event giving rise to the change.

Penalty: \$25,000.

"(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) became a member;
  - (ii) became aware that the person, or an associate, had acquired the rights or options; or
  - (iii) entered into the contracts, whichever happens last; and
- (b) if the notice is under subsection (1)(b) - within 14 days 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

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- (b) particulars of directorships held by the member in bodies corporate that are public companies or subsidiaries of public companies.

"(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) of this section, including contracts to which the notice relates and, in relation to contracts entered into after he or she became a member -

- (a) the price of other consideration for the transaction (if any) because of which an entry is required to be made in the register; and
- (b) the date of -
  - (i) the agreement for the transaction or, if it is later, the completion of the transaction; or
  - (ii) if there was no transaction, the happening of the event because of which an entry is required to be made in the register.

"(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 register kept under this section shall be open for inspection by any other person, on payment of the prescribed amount (if any) for each inspection.

"(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."

9. REPEAL AND SUBSTITUTION

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

"27. AUDIT AND ANNUAL REPORT

"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 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:

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"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 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 Corporation 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;
- (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.



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"(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.

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