

**2000**

**THE LEGISLATIVE ASSEMBLY  
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**FINANCIAL MANAGEMENT AMENDMENT BILL 2000 (No 2)**

**EXPLANATORY MEMORANDUM**

**Circulated by authority of**

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TREASURER**

## **FINANCIAL MANAGEMENT AMENDMENT BILL 2000 (No 2)**

### **OUTLINE**

This Bill amends the *Financial Management Act 1996* (the Act).

The Bill provides for several amendments to the *Financial Management Act 1996* to:

- extend the concept of 'net appropriations' to allow agencies to spend GST input tax credits received from the Australian Taxation Office (ATO) as reimbursement of GST paid on the purchase of goods and services or on the purchase or development of assets. The amendment also changes the wording relating to net appropriations to clarify their operation;
- amend the power to make financial management guidelines; and
- extend the sunset clause of section 17A of the Act.

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**Clause 1** cites the Name of Act as the *Financial Management Amendment Act 2000 (No 2)*.

**Clause 2** provides for the Act to commence upon the day it is notified in the *Gazette*.

**Clause 3** states that the Act amends the *Financial Management Act 1996*.

**Clause 4** inserts definitions into the *Financial Management Act 1996* which point to definitions in the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth) dictionary.

**Clause 5** replaces subsection 9(2) and adds subsection 9(3).

The revised subsection 9(2) is a provision to clarify and extend the concept of net appropriations for outputs to allow departments to apply the value of input tax credits to pay the expenses and liabilities incurred in providing outputs.

Subsection 9(3) clarifies the operation of 'zero' appropriations. Where an Appropriation Act either does not state an amount or includes a '0' appropriation for the provision of outputs, this provision declares that the net appropriation applies at no net cost to the Territory.

**Clause 6** inserts section 9A which allows for a limited net appropriation to apply to capital injection appropriations. This will allow agencies to apply the value of input tax credits to pay the expenses and liabilities incurred in purchasing or developing assets.

**Clause 7** extends the sunset provision in section 17A to 30 June 2001. This section allows for an increase in a specified appropriation to make payment to the Commonwealth for the provision of a service.

**Subclause 8(1)** repeals the existing section 19A and replaces it with a provision that will allow the Territory to pay GST liabilities to the Commonwealth whether or not an appropriation exists.

**Subclause 8(2)** provides that the previous subsection 19A(3) continues to have effect as provided by subsection 42(2) of the *Interpretation Act 1967*.

**Clause 9** inserts section 66A which provides that the Treasurer may make financial management guidelines to prescribe matters required or permitted by the Act, or necessary or convenient for the administration of the Act. Subsection 66A(2) provides that such guidelines are disallowable instruments.

**Clause 10** amends section 67 to omit subsection 67(2) and rename the section to reflect that it deals solely with regulation-making power.