

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**FINANCIAL MANAGEMENT
(AMENDMENT) BILL 1999**

EXPLANATORY MEMORANDUM

**Circulated by authority of
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United Canberra Party**

BACKGROUND

- *Current arrangements*

Section 67 (2) of the *Financial Management Act 1996* provides that the Minister administering the Act (the Treasurer) may unilaterally issue financial management guidelines, not inconsistent with the Act or regulations made under the Act, for the purposes of the Act or the regulations.

The financial management guidelines may be prescriptive in the case, for instance, of the investment of public monies as permitted under the Act; for example, subsection 38 (1) (e) provides for a “prescribed investment”, in which case “prescribed” means prescribed by the financial management guidelines.

- *The Bill*

The purpose of this Bill is to put in place a provision which ensures that in the event the responsible Minister exercises his or her authority under subsection 67 (2) to issue financial management guidelines, the financial management guidelines as prescribed shall be classed as regulations made for the purposes of the Act.

This is similar in intent to subsection 67 (1) of the Act, which provides that the Executive (in contrast to a Minister acting alone) may make regulations for the purposes of the Act. The *Subordinate Laws Act 1989* provides that regulations shall be instruments disallowable by the Legislative Assembly.

CLAUSE NOTES

Clauses 1, 2 and 3 are formal requirements. They refer to the short title of the Bill; specify that the Bill will be taken to have commenced on the date of commencement of the Principal Act (1 July 1996); and identify the title of the Act being amended.

Clause 4 highlights the amendment of the Principal Act. The Bill corrects an anomaly whereby the responsible Minister may determine financial management guidelines unilaterally rather than by a disallowable instrument as provided by the *Subordinate Laws Act 1989*. Effectively, the amendment returns control over the Act to the Legislative Assembly as a whole rather than to an individual Minister, in this case the Treasurer.