



2009

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

FINANCIAL MANAGEMENT AMENDMENT BILL 2009

EXPLANATORY STATEMENT

**Presented by
Ms Katy Gallagher MLA
Treasurer**

FINANCIAL MANAGEMENT AMENDMENT BILL 2009

Overview

The Territory currently provides appropriation for the payment of Goods and Services Tax (GST) administration costs to the Australian Taxation Office.

On 29 November 2008, an Intergovernmental Agreement (IGA) was agreed which implements a new framework for federal financial relations. Under the IGA, the Commonwealth Government will net GST administration costs from the Territory's monthly receipt of GST revenue. In accordance with the IGA and accounting requirements, the 'gross' revenue and expenditure will still however be separately reflected in the Territory's financial statements.

As a result of the new netting arrangement, from 2009, appropriation is no longer required in order to fund the GST administration cost payment.

This Bill contains provisions to allow the netting of the Territory's GST administration costs from the Territory's GST revenue without an appropriation being required.

Notes on Clauses

Clauses 1 Name of Act

This clause is a formal provision setting out the name of the proposed Act.

Clause 2 Commencement

The Act commences on 1 July 2009, the start of the next financial year.

Clause 3 Legislation amended

This clause is a formal provision to identify that the legislation being amended by this Bill is the *Financial Management Act 1996*.

Clause 4 New Section 19AA

This clause inserts a new section that allows GST administration costs payable by the Territory to be netted from GST revenue whether or not there is an appropriation for the purpose.