Financial Management Amendment Bill 2003 (No 3)

Presented to the ACT Legislative Assembly on 26 November 2003

EXPLANATORY STATEMENT

Circulated by the authority of Roslyn Dundas MLA

Overview

The Treasurer's Advance is an amount that does not exceed 1% of total monies appropriated by the Assembly, which the Treasurer can authorise for use on any unforseen expense.

The purpose of this Bill is to clarify the circumstances in which the Treasurer's Advance may be used, by limiting its use to situations where it is not possible to raise an appropriation Bill because of the urgency of the required expenditure.

The Bill also specifies that if money allocated from the Treasurer's Advance is not spent in that same financial year, the money must be returned to the Territory Banking Account for allocation in the next budget. The Bill makes it clear that the mere transfer of money from the Territory Banking Account to another account does not prevent the application of this section. The money must be repaid unless it has actually been spent on the approved item.

Finally, the Bill clarifies the meaning of the requirement that the expenditure be "unforseen". The Auditor-General has observed that it has not been clear who needed to be unable to forsee the need for the expenditure. The amendment makes it clear that if the Treasurer, or a Minister, a Chief Executive of a Department, or a Chief Executive Officer of a Territory Authority knew of the need for the expenditure, then the use of the Treasurer's Advance is not appropriate.

Details of the Financial Management Amendment Bill 2003 (No. 3)

Formal Clauses

Clause 1

Names the Act.

Clause 2

States that the Act will commence on the day after notification.

Clause 3

States that this Bill amends the existing Financial Management Act 1996.

Substantive Clauses

Clause 4

Splits the existing subsection 18 (1) of the Act into two parts – 18 (1A) and 18 (1).

18 (1A) Copies the wording of the existing Act, which says that this section applies to expenditure that exceeds the amount of money already appropriated for that purpose.

18 (1) (a) Introduces a new requirement that the need for the expenditure must be urgent before the Treasurer's Advance can be used.

18 (1) (b) This clause substantially copies the existing provisions of 18 (1) (c), which says the need for the expenditure must not have been reasonably forseeable at the time of the first Appropriation Act. This clause introduces a new requirement that the need for the expenditure was not reasonably forseeable at the time of tabling the most recent Appropriation Bill. This moves the date for knowledge of the need for use of Treasurer's Advance to the date of the presentation of the latest supplementary appropriation bill.

18 (1) (c) Introduces a new requirement that the need for the expenditure of the Treasurer's Advance must be so urgent that there is no time to prepare and pass a supplementary Appropriation Act.

18 (1) (d) Copies wording of the existing clause 18 (1) (d).

Clause 5

Introduces three new subsections.

18 (5)	Requires repayment of any monies from the Treasurer's Advance that have not been spent on the authorised purpose by the end of the financial year.
18 (6)	Specifies that for the purpose of subsection 18 (1), an item can only be considered to be unforseen if neither the Treasurer, nor a Minister, nor the Chief Executive of a Department, nor a Chief Executive Officer of a Territory Authority, knew of the need for the expenditure.
18 (7)	Clarifies the meaning of subsection 18 (5), so it is clear that the mere transfer of funds from the Central Financing Unit to another Agency does not constitute expenditure for the purposes of the section.