

1998
THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Mr Osborne)

**Financial Management (Amendment)
Bill 1998**

A BILL

FOR

An Act to amend the *Financial Management Act 1996*

The Legislative Assembly for the Australian Capital Territory enacts as follows:

1. Short title

5 This Act may be cited as the *Financial Management (Amendment) Act 1998*.

2. Commencement

(1) Sections 1, 2 and 3 commence on the day on which this Act is notified in the *Gazette*.

10 (2) Section 4 commences on a day fixed by the Minister by notice in the *Gazette*.

(3) If section 4 has not commenced before the end of the period of 6 months commencing on the day on which this Act is notified in the *Gazette*, that provision, by force of this subsection, commences on the first day after the end of that period.

Job No 1998/126

3. Principal Act

In this Act, "Principal Act" means the *Financial Management Act 1996*.¹

4. Territory budgets

5 Section 11 of the Principal Act is amended by adding at the end the following subsections:

"(4) A proposed budget for the Territory for a financial year shall be prepared taking into account the principles of responsible fiscal management specified in subsection (5).

10 "(5) The principles of responsible fiscal management are—

- 15 (a) reducing the total liabilities of the Territory to prudent levels so as to provide a buffer against factors that may impact adversely on the level of total Territory liabilities in the future, by ensuring that, until such levels have been achieved, the total operating expenses of the Territory in each financial year are less than its operating levels revenues in the same financial year;
- 20 (b) when prudent levels of total Territory liabilities have been achieved, maintaining these levels by ensuring that, on average, over a reasonable period of time, the total operating expenses of the Territory do not exceed its operating levels revenues;
- (c) achieving and maintaining levels of Territory net worth that provide a buffer against factors that may impact adversely on that net worth in the future, and
- (d) managing prudently the fiscal risks of the Territory.

25 "(6) The Executive may depart from the principles specified in subsection (5), but when it does so—

- (a) any departure shall be temporary, and
- 30 (b) the Treasurer shall cause to be laid before the Legislative Assembly, at the same time as the first Appropriation Bill relating to the financial year to which the departure relates is introduced into the Legislative Assembly—
 - (i) the reasons for the departure;
 - (ii) the approach the Executive intends to take to return to the principles; and
 - 35 (iii) the period of time the Executive expects to take to return to those principles."

NOTE

Principal Act

1 Reprinted as at 31 January 1998

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