

2001

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

FINANCIAL MANAGEMENT AMENDMENT BILL 2001 (NO. 4)

EXPLANATORY MEMORANDUM

Circulated by the authority of the Treasurer

Ted Quinlan MLA

Financial Management Amendment Bill 2001 (No. 4)

Outline

The *Financial Management Act 1996* provides the regulatory framework for the Territory's fiscal operations.

The purpose of this Bill is to amend the provisions relating to Supplementary Budget Papers (section 13) and Treasurer's Advance (section 18) of *the Financial Management Act 1996*.

Amendments to the supplementary budget papers provisions (section 13) will clarify what information is to be published in supplementary budget papers.

Amendment to the Treasurer's Advance provisions (section 18) will address concerns raised regarding the use of Treasurer's Advance in parallel with the introduction of Supplementary Appropriation Bills.

The changes proposed in this Bill are designed to provide clarification and encourage efficient financial management practices.



Details of the Financial Management Amendment Bill 2001 (No. 4)

Formal Clauses

Clauses 1, 2 and 3 are formal requirements. They refer to the name of the Act, the commencement date of the Act and declare that it is the *Financial Management Act 1996* which is being amended by this Act

Supplementary Budget Papers

Clause 4 proposes amendment to section 13.

Current provisions simply require that the supplementary budget papers include details of the variations proposed, without specifying what the “variations” are to include. The proposed sub-section 13 (2) specifies what information is required to be published in the supplementary budget papers.

Supplementary Budget Papers will need to include a reconciliation of appropriation for each department affected by the supplementary appropriation. The reconciliation will show:

- the original appropriation, as published in the budget papers;
- any variations to that appropriation authorised under other provisions of the *Financial Management Act 1996* (such as s14, s16, s17, s19A etc);
- the amount of appropriation provided by the proposed supplementary Appropriation Bill; and
- the revised appropriation amount for the department.

These amendments also require that supplementary budget papers include an indication of the impact of the proposed variation (proposed paragraph 13 (2) (b)). It is envisaged that this will show the impact on the financial statements of each affected department, for such things as increases and decreases in revenue, expenses, assets, liabilities and cashflows.

The amendments clarify that this will not necessarily require original or revised financial statements for the affected departments to be published in the supplementary budget papers (proposed sub-section 13 (3)). Rather, simply the variation to financial statements will be published. It does not preclude the publication of revised financial statements.

Where supplementary budget papers do not include fully revised financial statements, the proposed sub-section 13 (4) provides that reasons for not including such a statement must be published in the supplementary budget papers and that revised financial statements must be tabled in the Assembly as soon as practicable.

The revised financial statements must include the impact of all authorised variations to appropriation at the time of passage of the supplementary Appropriation Bill (proposed paragraph 13 (5) (a)). The proposed amendments also allow the inclusion of the impact of revisions other than appropriation, such as economic forecasts

(paragraph 13 (5) (b)). The inclusion of these additional revisions is not mandatory under these amendments.

Treasurer's Advance

Clause 5 proposes amendment to paragraph 18 (1) (c).

This clause proposes to remove the requirement that the Treasurer may only authorise expenditure from the Treasurer's Advance provided the need for that expenditure could not have been foreseen at the time of the *passing* of *any* Appropriation Act. The proposed provision will require that the Treasurer may authorise expenditure from the Treasurer's Advance provided the need for that expenditure could not have been foreseen at the time of the *presentation* of the *first* Appropriation Act for the financial year.

