

Financial Institutions (Victoria) (Amendment) Bill

EXPLANATORY MEMORANDUM

Background

The purpose of this Bill is to amend the **Financial Institutions (Victoria) Act 1992** (“the Act”) so as to enable the Victorian Financial Institutions Commission (“the Commission”) to enter into agreements with the Treasurer or other Ministers under which the Commission would provide on a fee for service basis consultancy, advisory or other services relating to the prudential supervision of specified public authorities or the funds of specified public authorities.

Clauses 1, 2 and 3 contain purpose, commencement and Principal Act provisions.

Clause 4 amends section 41 to enable amounts paid out of the Consultancy Services Fund under the proposed new section 43A to be paid into the Supervision Fund maintained under section 41.

Clause 5 inserts a new division 4A which will comprise a new section 40A. New section 40A will authorise the Commission, with the authority of the Minister, to enter into an agreement with the Treasurer or another Minister for the provision of consultancy, advisory or other services relating to the prudential supervision of a specified public authority or the funds of a specified public authority. However, the Minister is not to give an approval unless the Minister responsible for the administration of Act under which the relevant public authority is established has consented and further unless the Commission has certified to the Minister that the fees payable to the Commission under the proposed agreement will be not less than the cost incurred by the Commission under the proposal.

Clause 6 inserts a new section 43A to establish the Consultancy Services Fund into which is to be paid all money received by the Commission under agreements entered into under the new division 4A, together with any income from the investment of money credited to the Fund and the proceeds of the sale of any such investment. New section 43A also provides that the Commission must pay out of the Consultancy Services Fund into the Supervision Fund, an amount not less than the cost incurred by the Commission in respect of each agreement entered into under division 4A together with the expenses incurred in administering the Consultancy Services Fund. The Commission may also pay from the Consultancy Services Fund into the Supervision Fund any amounts which the Commission declares to be surplus to the requirements of the Fund.

Clause 7 repeals spent provisions of the Act.

