

Financial Management (Amendment) Bill

EXPLANATORY MEMORANDUM

PART 1—PRELIMINARY

Clause 1 states the purposes of the Act.

Clause 2 states the commencement date of the Act.

Clause 3 refers to the **Financial Management Act 1994** as the Principal Act.

PART 2—SUPPLY MANAGEMENT

Clause 4 inserts a new Part in the Principal Act to provide for supply management in Government departments.

The clause inserts new provisions relating to:

- (1) The establishment of the Victorian Government Purchasing Board as a body corporate with all the characteristics of a body corporate.
- (2) The functions of the Board.
- (3) The powers of the Board.
- (4) The membership of the Board and the terms of office.
- (5) The payment of members other than officers and employees of the public service.
- (6) The procedure of the Board.
- (7) The validity of Board decisions.
- (8) Member's pecuniary interests.
- (9) The improper use of information.
- (10) Delegation of certain powers of the Board.
- (11) Directions of the Minister, including the need for the Board to publish any directions of the Minister in the Board's annual report.
- (12) The preparation, making, amending and revoking of instruments, to be known as "supply policies", by the Board.
- (13) An annual report of the Board.

PART 3—AMENDMENT OF THE PRINCIPAL ACT

Clause 5 provides for amendments to the Principal Act as follows:

- (1) Amends the definition of "accountable officer" as it relates to section 42 of the Act.
- (2) Defines the term "Board" for the purposes of the Act.
- (3) Amends the definition of "financial year" for the purposes of the Act.
- (4) Omits paragraph (d) of the definition of "public body" and repeals section 4 of the Act, as the requirements of the Australian Accounting Standards, which are applicable to all public bodies, adequately cover subsidiary bodies.

(5) Redefines the term “the relevant Minister” for the purposes of the Act.

Clause 6 provides for the report of operations and the financial statements of a public body, in the first and final year of operation, to be for a period other than 12 months.

Clause 7 makes the following provisions:

- (1) (a) Redefines the liabilities to be reported in the Annual Statement of Financial Operations. The redefinition does not reduce the current information provided in the Finance Statement. Ultimately the Government will adopt “Whole of Government Reporting” and the total assets and liabilities of bodies comprising the public sector will be reported and will be subject to audit by the Auditor-General.
- (b) Allows for annotated appropriation of specific purpose payments from municipal councils.
- (c) Allows for a temporary application of money to be made to a public body.
- (d) Widens the application of section 41 of the Act to encompass Part 7A inserted by the Bill.
- (2) Requires the financial statements of an Administrative Office within the meaning of the **Public Sector Management Act 1992** to be incorporated in those of the relevant department.
- (3) Corrects a reference to the relevant Minister.
- (4) Further facilitates the introduction of “Whole of Government Reporting”.
- (5) Clarifies the application of section 54 of the Principal Act.
- (6) Corrects a reference in a consequential amendment to the **Local Government Act 1989** made by the Principal Act.

Clause 8 inserts Part 7B of the Principal Act.

The new Part provides that the Minister may acquire land for public works or any related purpose. It empowers the Minister to take on lease land or premises required for the purposes of any department or Minister. The Minister may also grant a lease or licence of a structure on Crown land that is not required for the purposes of a department or a Minister or any other public purpose.

Clause 9 provides for other amendments to the Principal Act including amendments relating to the recovery of overpayments, regulation making powers and allowing for the continuance of contracts entered into by the Tender Board, which is to be replaced by the Victorian Government Purchasing Board.

PART 4—AMENDMENT OF OTHER ACTS

Clause 10 provides for an amendment of the **Alcoholics and Drug-dependent Persons Act 1968** consequent to the repeal of related sections in the **Health Services Act 1988**.

Clause 11 amends the **Cemeteries Act 1958** to enable the Minister administering that Act to acquire land and provides that the **Land Acquisition and Compensation Act 1986** applies for that purpose. Currently that power resides with the Minister for Finance.

Clause 12 repeals section 17 (7) of the **Crown Land (Reserves) Act 1978** as a consequence of amendments to the **Public Lands and Works Act 1964**.

Clause 13 provides for an amendment of the **Financial Management (Consequential Amendments) Act 1994**.

Clause 14 amends the **Health Services Act 1988** to enable the Minister administering that Act to acquire land and provisions that the **Land Acquisition and Compensation Act 1986** applies for that purpose. Currently that power resides with the Minister for Finance.

Clause 15 provides for an amendment of the **Housing Act 1983** to omit the need to provide a report by the Director of Housing, which is provided for in the **Financial Management Act 1994**.

Clause 16 amends the **Land Act 1958** to update redundant references to the Minister for Public Works and to repeal Part VII, which is replaced by Part 7B of the **Principal Act**.

Clause 17 amends the **Parliamentary Committees Act 1968** to omit current legislative requirements of that Act which impose inefficiencies on the operation of the financial management processes of the Parliament.

Clause 18 amends the **Petroleum Act 1958** to enable the Minister administering that Act to acquire land and provisions that the **Land Acquisition and Compensation Act 1986** applies for that purpose. Currently that power resides with the Minister for Finance.

Clause 19 repeals a number of sections of the **Public Lands and Works Act 1964** which are no longer required or are restated in this Bill.

Clause 20 repeals paragraphs (a) and (b) of section 66 (3) of the **Transport Act 1983** to allow for global appropriation to transport authorities.

Clause 21 repeals sections 38, 39 and 40 of the **University of Ballarat Act 1993** to allow for accounting and reporting by the University under the **Financial Management Act 1994**.

