

AT A GLANCE:

Important changes to the Financial Management Framework for Tasmania's General Government Sector will take effect on 1 July 2019.

The *Financial Management Act 2016* replaces existing legislation, will introduce a new structure for the Public Account, a new series of Treasurer's Instructions and clarify responsibilities for managing the State's finances.

The FMA will improve financial and budget management processes, and strengthen the quality of information provided to Parliament and other stakeholders.

What is the new structure of the Public Account?

The dual-fund model established by the PAA, comprising the Consolidated Fund and the Special Deposits and Trust Fund, will no longer exist from 1 July 2019.

The FMA establishes a new Public Account that comprises:

- receipts and expenditure of the General Government Sector that do not form part of a Specific Purpose Account or an Agency Trust Account; and
- Specific Purpose Accounts established under the Act.

Specific Purpose Accounts set aside money in the Public Account to be applied for purposes approved by the Treasurer.

Money held by the Government in trust is kept in Agency Trust Accounts, outside of the Public Account.

Which Acts will be replaced?

The FMA replaces the *Public Account Act 1986* and the *Financial Management and Audit Act 1990*.

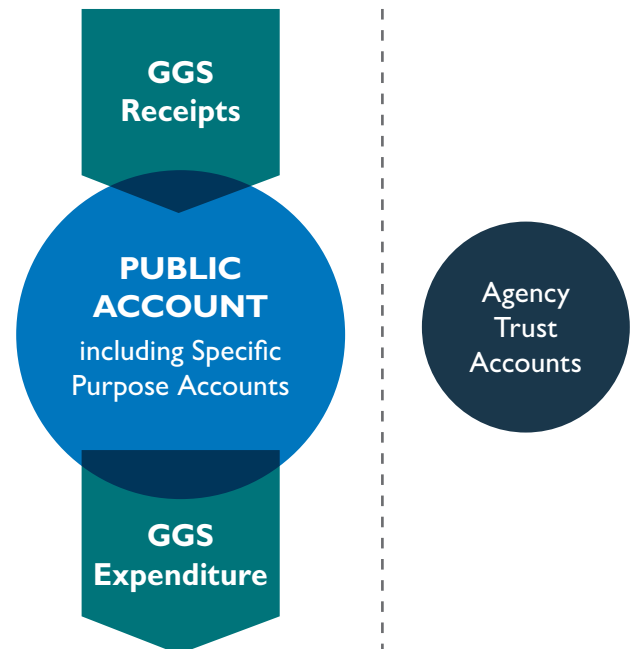
Why are the Acts being replaced?

The existing Acts have governed public financial management for around 30 years. The FMA simplifies and reforms Tasmania's financial management legislation to support a modern financial management framework for the State's General Government Sector.

Which entities does the FMA apply to?

The FMA applies to all General Government Sector Agencies scheduled in the Act. This includes Government departments, State authorities and legislative agencies. The Act does not apply to Government Business Enterprises or State-owned Companies.

Where an Agency has an enabling Act that contains financial management provisions, the FMA suspends those provisions, unless the Treasurer determines otherwise.



What authority is required to spend money from the Public Account?

Only Parliament can authorise the appropriation of money from the Public Account. Appropriations are made either by Appropriation Acts, or by Acts that contain standing appropriations for Reserved by Law expenditure. The FMA provides authority for the Treasurer to vary appropriations (including for unforeseen and necessary expenditure, the rollover of unexpended appropriations and for emergency expenditure).

An Accountable Authority can only draw money from the Public Account in accordance with a Treasurer's Expenditure Control Authority, estimated expenditure approved by the Treasurer in relation to Specific Purpose Accounts, or any other written law.

What are the responsibilities of an Accountable Authority?

An Accountable Authority is the person responsible for the efficient, effective and economical financial management of an Agency. This term is consistent with the *Audit Act 2008* and is broader than the term "Head of Agency" that applies under the FMAA. Accountable Authorities are scheduled in the FMA and are responsible to the appropriate Minister for the financial management of the Agency.

The FMA requires an Accountable Authority to undertake the financial management of an Agency in a manner consistent with the principles of sound fiscal management set out in the *Charter of Budget Responsibility Act 2007*. The FMA also sets out specific financial management responsibilities for Accountable Authorities, with further requirements included in Treasurer's Instructions.

Will the Treasurer's Instructions change?

On 1 July 2019, a new series of Treasurer's Instructions will be issued in accordance with the FMA. These new Instructions reflect the outcome of a substantial review of the existing Treasurer's Instructions and increase the clarity of the Instructions, reduce their complexity, remove duplication and consolidate related matters.

The new Treasurer's Instructions will be issued under the following categories:

- Financial Control;
- Financial Reporting;
- Budget;
- Procurement Framework;
- Procurement Processes;
- Contracts; and
- Disposals.

Will the information in the Budget Papers change?

While much of the information presented in the 2019-20 Budget Papers will remain unchanged, a key difference will be the removal of information on the Consolidated Fund. This will be replaced with information on the estimated receipts and expenditure of the Public Account, making the overall financial position of the Government more transparent.

The terms "Recurrent Services" and "Works and Services", to describe a purpose of appropriation, will be replaced by "Operating Services" and "Capital Services" respectively.

The 2019-20 Budget Papers will also include additional information on the estimated receipts, expenditure and balances for each Specific Purpose Account established in the Public Account.

Will the reporting requirements change?

The reporting requirements in the FMA are consistent with existing Treasurer and Agency reporting requirements.

The FMA provides for the Treasurer to publish a:

- September Quarterly Report;
- Revised Estimates Report;
- December Quarterly Report;
- March Quarterly Report;
- Preliminary Outcomes Report (under certain circumstances); and
- Treasurer's Annual Financial Report.

The FMA also requires an Accountable Authority of an Agency to prepare annual financial statements of the Agency, and requires those statements to be prepared in accordance with relevant Treasurer's Instructions and submitted to the Auditor-General for audit.