

Financial and Performance Management Amendment Standard (No. 1) 2015

Explanatory notes for SL 2015 No. 111

made under the

Financial Accountability Act 2009

General Outline

Short title

Financial and Performance Management Amendment Standard (No. 1) 2015

Authorising law

Section 57 of the *Financial Accountability Act 2009*

Policy objectives and the reasons for them

The *Financial Accountability Act 2009* (FA Act) was amended by inserting section 88A to address the change in ownership of companies transferred between departments as a result of a machinery of Government change. When a company is transferred between departments, the receiving department must obtain the Treasurer's approval, within four months after the company has transferred, for the department's proposed action in relation to the company. If the proposed action is to retain membership in the company, the receiving department must prepare a business case outlining reasons for this.

In preparing the business case, section 60 of the *Financial and Performance Management Standard 2009* (Standard) requires departments to have regard to the document titled *Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies* (Company Guidelines). The Company Guidelines outline the information to be included in a business case when applying for the Treasurer's approval in relation to sections 88 and 88A of the FA Act.

The objective of the amendment to section 60 of the Standard is to ensure there is consistency and clarity regarding the requirements of the FA Act and the Standard so that departments will have regard to the Company Guidelines in obtaining the Treasurer's approval under sections 88 and 88A of the FA Act.

Achievement of policy objectives

The objective of the amendment to section 60 of the Standard is achieved by inserting that a department must have regard to the Company Guidelines when preparing a business case to obtain the Treasurer's approval in relation to section 88A of the FA Act. It is reasonable and appropriate for the amendment to the Standard as this will ensure consistency in the application of the Company Guidelines when obtaining the Treasurer's approval under sections 88 and 88A of the FA Act.

Consistency with policy objectives of authorising law

The amendment Standard is consistent with the main objects of the FA Act which is to ensure that a department has regard to the Company Guidelines when preparing the business case to obtain a Treasurer's approval in relation to the change in ownership of companies transferred between departments as a result of a machinery of Government change.

Inconsistency with policy objectives of other legislation

The Standard is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

The benefit of amending section 60 of the Standard is to enable consistency in the application of the FA Act so that a department has regard to the Company Guidelines when preparing the business case to obtain a Treasurer's approval in relation to the change in ownership of companies transferred between departments as a result of a machinery of Government change. This will ensure that the business case contains all relevant information in relation to the company to assist the Treasurer in deciding whether to provide the relevant approval.

The amendment Standard will not directly result in additional expenditure as departments would need to provide the Treasurer with information to obtain approval for the action in relation to the company. The amendment ensures departments have regard to the Company Guidelines which details the information to be provided in a business case to obtain the Treasurer's approval.

Consistency with fundamental legislative principles

The amendment Standard is consistent with fundamental legislative principles.

Consultation

Consultation was undertaken with the Queensland Audit Office on the amendments to the Standard. A letter was forwarded to the Auditor-General of the Queensland Audit Office requesting feedback on the proposed amendments to the Standard in relation to amending section 60 to ensure that the Company Guidelines apply when a department's involvement in a company is transferred to another department. The Queensland Audit Office raised no objection to the amendments.

Notes on Provisions

Clause 1 sets out the short title of the Standard.

Clause 2 sets out that the *Financial and Performance Management Standard 2009* is being amended.

Clause 3 (1) amends the existing section 60 by inserting section 88A of the *Financial Accountability Act 2009* in the heading.

Clause 3 (2) amends the existing section 60 by inserting sub section (d) which requires a department to have regard to the document “*Guidelines for the formation, acquisition and post approval monitoring of companies*” in applying for the Treasurer’s approval where section 88A of the *Financial Accountability Act 2009* applies.