

Statutory Bodies Financial Arrangements Regulation 2019

Explanatory notes for SL 2019 No. 148

made under the

Statutory Bodies Financial Arrangements Act 1982

General Outline

Short title

Statutory Bodies Financial Arrangements Regulation 2019 (the Regulation)

Authorising law

Section 78 of the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act)

Policy objectives and the reasons for them

Section 54 of the *Statutory Instruments Act 1992* provides that subordinate legislation expires on 1 September first occurring after the tenth anniversary of the day of its making, unless it is sooner repealed or expires, or a regulation is made exempting it from expiry.

The *Statutory Bodies Financial Arrangements Regulation 2007* (2007 Regulation), which is due to expire on 31 August 2019, crucially defines those statutory bodies which can borrow and the type and quality of investments that can be entered into by a statutory body. As the Regulation achieves risk management and facilitates financial arrangements it is proposed to be remade.

The proposed amendments included in the Regulation are largely administrative in nature and reflect current practice or updated references to legislation and the bodies they prescribe. A change to section 4 of the 2007 Regulation (Financial accommodation) is required, to specify that operating leases are a type of borrowing for all statutory bodies, excluding universities and grammar schools. This is necessary to bring the SBFA Act in line with current Australian accounting standard requirements.

Achievement of policy objectives

The 2007 Regulation has been amended regularly to reflect changes to statutory bodies as well as the creation of new ones. Statutory bodies change regularly, thereby requiring subsequent legislative change. Having the financial arrangements provisions for the bodies located in a regulation and not an Act is vital for administrative ease and the

meeting of strict timeframes. Hence, it is necessary to remake the 2007 Regulation as opposed to letting the Regulation lapse, or moving the provisions into the SBFA Act.

Remaking the 2007 Regulation with no amendments would mean incorrect and redundant references to statutory bodies and their enacting legislation would remain in the Regulation. Further, without amending section 4 of the 2007 Regulation, the SBFA Act would no longer be in line with current Australian accounting standard requirements. The administrative burden of amending the SBFA Act itself as opposed to amending section 4 of the Regulation would be sizeable. Further, if the accounting standards were to be amended again, the Regulation would provide the easiest method of effecting that change in a timely manner.

Consistency with policy objectives of authorising law

The Regulation is consistent with the main objectives of the SBFA Act, that is, to ensure statutory bodies can enter into financial arrangements as prescribed in the SBFA Act, and to define those statutory bodies which can borrow, and the type and quality of investments that can be entered into by a statutory body, to ensure risk management.

Inconsistency with policy objectives of other legislation

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

Benefits and costs of implementation

The amendments to the 2007 Regulation will bring the Regulation in line with current practice and update references to legislation and the bodies they prescribe. The more significant change, being to section 4 of the 2007 Regulation, will bring the SBFA Act in line with current Australian accounting standard requirements.

The Regulation will not directly result in additional expenditure and as a result will not require allocation of additional funds for its implementation.

Consistency with fundamental legislative principles

The Regulation is consistent with fundamental legislative principles.

Consultation

Consultation was undertaken with Queensland Treasury Corporation (QTC) and Queensland Investment Corporation (QIC) in relation to the provisions of the 2007 Regulation that make reference to them. QTC and QIC noted that some of their investment products had been withdrawn or renamed. The amendments to the 2007 Regulation were drafted to reflect this.

The Queensland Productivity Commission (QPC) was consulted regarding the need to prepare a Regulatory Impact Statement. QPC advised that a Regulatory Impact Statement was not required. A sunset review of the 2007 Regulation was undertaken and approved by QPC as satisfactorily meeting the objectives for sunset reviews under *The Queensland Government Guide to Better Regulation*.