

PUBLIC FINANCE AND AUDIT (AMENDMENT) ACT 1988
No. 19

NEW SOUTH WALES



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THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

LABORATORY OF ORGANIC CHEMISTRY

REPORT OF RESEARCH

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PUBLIC FINANCE AND AUDIT (AMENDMENT) ACT 1988 No. 19

NEW SOUTH WALES



Act No. 19, 1988

An Act to amend the Public Finance and Audit Act 1983 to provide for the establishment and use of a Revenue Equalisation Account within the Special Deposits Account and for the audit of subsidiary organisations of certain statutory bodies. [Assented to 28 June 1988]

Public Finance and Audit (Amendment) 1988

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Public Finance and Audit (Amendment) Act 1988.

Commencement

2. This Act commences on the date of assent.

Amendment of Public Finance and Audit Act 1983 No. 152

3. The Public Finance and Audit Act 1983 is amended as set out in Schedule 1.

Transitional provision

4. (1) Section 63B (3) of the Public Finance and Audit Act 1983, as amended by this Act, applies in relation to a corporation, association or trust that was in existence immediately before the date of assent to this Act, and that becomes a privately audited subsidiary organisation of a statutory body by virtue of the enactment of this Act, as if the corporation, association or trust had become such an organisation on that date.

(2) In this section, the expressions "association", "corporation", "privately audited subsidiary organisation" and "statutory body" have the same meanings as they have in section 63B of the Public Finance and Audit Act 1983, as amended by this Act.

SCHEDULE 1—AMENDMENTS

(Sec. 3)

(1) Section 22A—

After section 22, insert:

The Revenue Equalisation Account

22A. (1) The Treasurer may establish a Revenue Equalisation Account within the Special Deposits Account.

(2) The Treasurer may, with the approval of the Governor, transfer from the Consolidated Fund to the Revenue Equalisation Account such sums as the Treasurer may determine.

(3) The sums that may be transferred from the Consolidated Fund to the Revenue Equalisation Account pursuant to this section are in addition to any sums that may be so transferred pursuant to any Act appropriating money from the Consolidated Fund.

SCHEDULE 1—AMENDMENTS —*continued*

(4) Details of the sums transferred from the Consolidated Fund to the Revenue Equalisation Account pursuant to this section shall be included in any Bill introduced with the object of appropriating sums of money for the ordinary annual services of the Government or capital works and services of the Government during the financial year next succeeding that in which the transfer occurs.

(5) Money shall not be drawn from the Revenue Equalisation Account otherwise than by way of transfer from that Account to the Consolidated Fund.

(2) Section 39 (**Application and interpretation**)—

Section 39 (1) (e), (f)—

At the end of section 39 (1) (e), insert:

; and

(f) any other corporation, association or trust that is a subsidiary organisation (within the meaning of section 63B) of the statutory body,

(3) Section 63B—

After section 63A, insert:

Subsidiary organisations of statutory bodies

63B. (1) In this section—

“association” includes partnership and joint venture;

“corporation” means a corporation within the meaning of the Companies (New South Wales) Code;

“privately audited subsidiary organisation” means a subsidiary organisation whose auditor (being the auditor appointed in accordance with the law relating to the appointment of auditors for such organisations) is not the Auditor-General;

“statutory body” means—

(a) a person, group of persons or body specified in Schedule 2; or

(b) a person, group of persons or body (not being a person, group of persons or body specified in Schedule 3) whose funds are held in an account within the Special Deposits Account;

SCHEDULE 1—AMENDMENTS —*continued*

“subsidiary organisation”, in relation to a statutory body, means—

- (a) a corporation which, if the statutory body (or that and some other statutory body or bodies, considered as one body) were a corporation, would be a subsidiary, within the meaning of the Companies (New South Wales) Code, of the statutory body (or of that and such other statutory body or bodies, considered as one body); or
- (b) an association, not less than 50 per cent of the property of which is owned by the statutory body (or by that and some other statutory body or bodies) or not less than 50 per cent of the voting rights of which are controlled by the statutory body (or by that and some other statutory body or bodies); or
- (c) a trust of which the statutory body is a trustee or manager or from which the statutory body is entitled to benefit.

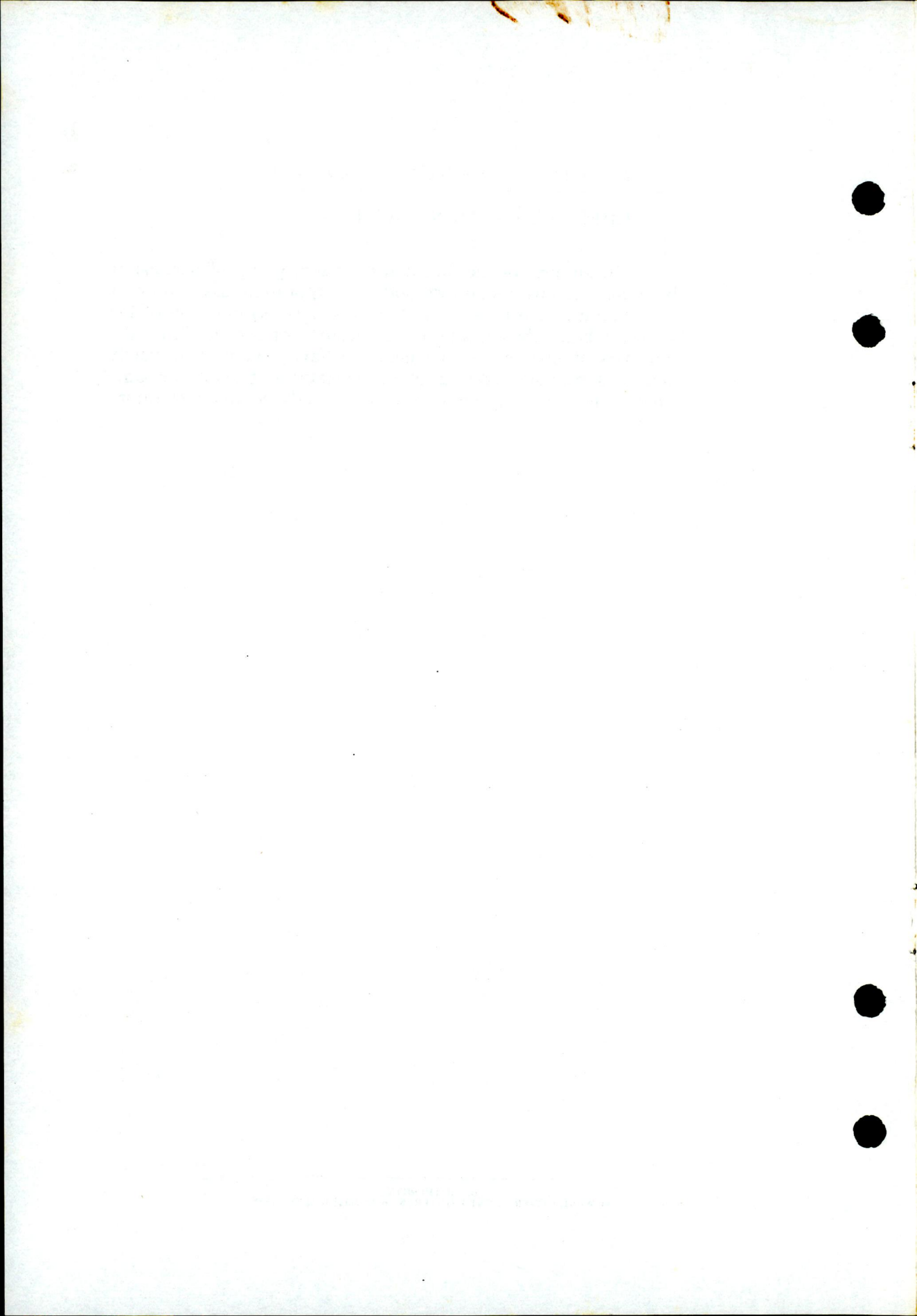
(2) A statutory body shall take such steps as are appropriate to ensure that no corporation, association or trust becomes a privately audited subsidiary organisation of the statutory body.

(3) If, on or after the commencement of this section, a corporation, association or trust becomes a privately audited subsidiary organisation of a statutory body, the statutory body shall (together with any other statutory body or bodies of which the corporation, association or trust is a subsidiary organisation) take such steps as are appropriate to ensure that the corporation, association or trust ceases to be a privately audited subsidiary organisation of the statutory body by the end of the third financial year (in relation to the statutory body) following that in which the corporation, association or trust becomes such an organisation.

(4) The Treasurer (after consultation with the Auditor-General and the Minister having the administration of the Act by or under which the statutory body is appointed, constituted or regulated) may make an order exempting a statutory body from, or extending the period of time within which the statutory body must comply with, the requirements of this section.

SCHEDULE 1—AMENDMENTS —*continued*

(5) If, because of the fact that a person, group of persons or body has become a statutory body, a corporation, association or trust becomes a privately audited subsidiary organisation of the statutory body, the corporation, association or trust shall, for the purposes of this section, be taken to have become a privately audited subsidiary organisation of the statutory body at the same time as the person, group of persons or body became a statutory body.



PUBLIC FINANCE AND AUDIT (AMENDMENT) BILL 1988

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The object of this Bill is to amend the Public Finance and Audit Act 1983 so as—

- (a) to provide for the establishment and use of a Revenue Equalisation Account within the Special Deposits Account; and
- (b) to provide for the audit of subsidiary organisations of certain statutory bodies.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides that the proposed Act will commence on the date of its assent.

Clause 3 is a formal provision that gives effect to the Schedule of amendments.

Clause 4 is a transitional provision that ensures that any existing corporation, association or trust that becomes a privately audited subsidiary organisation of a statutory body by virtue of the enactment of the proposed Act is to be taken to have become such an organisation on the commencement of the proposed Act.

The Revenue Equalisation Account

Schedule 1 (1) inserts a new section 22A into the Principal Act. Under the proposed section, the Treasurer is to be empowered to establish a Revenue Equalisation Account within the Special Deposits Account and to transfer money (with the approval of the Governor-in-Council) to that Account from the Consolidated Fund. Details of any such transfer will have to be included in the Appropriation Bill for the following financial year. Money will not be able to be drawn from the Revenue Equalisation Account otherwise than by way of transfer to the Consolidated Fund.

Subsidiary organisations of statutory bodies

Schedule 1 (2) amends section 39 of the Principal Act to apply the provisions of Division 3 of Part 3 of that Act to the auditing of the accounts of all subsidiary organisations (within the meaning of proposed section 63B) to which that Division would not otherwise apply.

Public Finance and Audit (Amendment) 1988

Schedule 1 (3) inserts a new section 63B into the Principal Act. Under the proposed section, a statutory body will be required to ensure that no corporation, association or trust becomes a privately audited subsidiary organisation of the statutory body. (A privately audited subsidiary organisation is to mean a subsidiary organisation that does not have the Auditor-General as its auditor.) If a corporation, association or trust becomes a privately audited subsidiary organisation of a statutory body, the statutory body will be required to ensure that the corporation, association or trust ceases to be such an organisation within 3 years. The Treasurer (after consultation with the Auditor-General and the appropriate Minister) will be able to grant exemptions from the requirements of the proposed section. The proposed section defines the expressions "association", "corporation", "privately audited subsidiary organisation", "statutory body" and "subsidiary organisation".

PUBLIC FINANCE AND AUDIT (AMENDMENT) BILL 1988

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1. Short title
2. Commencement
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4. Transitional provision

SCHEDULE 1—AMENDMENTS

PUBLIC FINANCE AND AUDIT (AMENDMENT) BILL 1988

NEW SOUTH WALES



No. , 1988

A BILL FOR

An Act to amend the Public Finance and Audit Act 1983 to provide for the establishment and use of a Revenue Equalisation Account within the Special Deposits Account and for the audit of subsidiary organisations of certain statutory bodies.

*Public Finance and Audit (Amendment) 1988***The Legislature of New South Wales enacts:****Short title**

1. This Act may be cited as the Public Finance and Audit (Amendment) Act 1988.

5 Commencement

2. This Act commences on the date of assent.

Amendment of Public Finance and Audit Act 1983 No. 152

3. The Public Finance and Audit Act 1983 is amended as set out in Schedule 1.

10 Transitional provision

4. (1) Section 63B (3) of the Public Finance and Audit Act 1983, as amended by this Act, applies in relation to a corporation, association or trust that was in existence immediately before the date of assent to this Act, and that becomes a privately audited subsidiary organisation of a statutory body by virtue of the enactment of this Act, as if the corporation, association or trust had become such an organisation on that date.

(2) In this section, the expressions "association", "corporation", "privately audited subsidiary organisation" and "statutory body" have the same meanings as they have in section 63B of the Public Finance and Audit Act 1983, as amended by this Act.

SCHEDULE 1—AMENDMENTS

(Sec. 3)

(1) Section 22A—

After section 22, insert:

25 The Revenue Equalisation Account

22A. (1) The Treasurer may establish a Revenue Equalisation Account within the Special Deposits Account.

(2) The Treasurer may, with the approval of the Governor, transfer from the Consolidated Fund to the Revenue Equalisation Account such sums as the Treasurer may determine.

(3) The sums that may be transferred from the Consolidated Fund to the Revenue Equalisation Account pursuant to this section are in addition to any sums that may be so transferred pursuant to any Act appropriating money from the Consolidated Fund.

SCHEDULE 1—AMENDMENTS —*continued*

5 (4) Details of the sums transferred from the Consolidated Fund to the Revenue Equalisation Account pursuant to this section shall be included in any Bill introduced with the object of appropriating sums of money for the ordinary annual services of the Government or capital works and services of the Government during the financial year next succeeding that in which the transfer occurs.

10 (5) Money shall not be drawn from the Revenue Equalisation Account otherwise than by way of transfer from that Account to the Consolidated Fund.

(2) Section 39 (**Application and interpretation**)—

Section 39 (1) (e), (f)—

At the end of section 39 (1) (e), insert:

; and

15 (f) any other corporation, association or trust that is a subsidiary organisation (within the meaning of section 63B) of the statutory body,

(3) Section 63B—

After section 63A, insert:

20 **Subsidiary organisations of statutory bodies**

63B. (1) In this section—

“association” includes partnership and joint venture;

“corporation” means a corporation within the meaning of the Companies (New South Wales) Code;

25 “privately audited subsidiary organisation” means a subsidiary organisation whose auditor (being the auditor appointed in accordance with the law relating to the appointment of auditors for such organisations) is not the Auditor-General;

“statutory body” means—

30 (a) a person, group of persons or body specified in Schedule 2; or

(b) a person, group of persons or body (not being a person, group of persons or body specified in Schedule 3) whose funds are held in an account within the Special Deposits Account;

35 “subsidiary organisation”, in relation to a statutory body, means—

SCHEDULE 1—AMENDMENTS —*continued*

- 5 (a) a corporation which, if the statutory body (or that and some other statutory body or bodies, considered as one body) were a corporation, would be a subsidiary, within the meaning of the Companies (New South Wales) Code, of the statutory body (or of that and such other statutory body or bodies, considered as one body); or
- 10 (b) an association, not less than 50 per cent of the property of which is owned by the statutory body (or by that and some other statutory body or bodies) or not less than 50 per cent of the voting rights of which are controlled by the statutory body (or by that and some other statutory body or bodies); or
- 15 (c) a trust of which the statutory body is a trustee or manager or from which the statutory body is entitled to benefit.

(2) A statutory body shall take such steps as are appropriate to ensure that no corporation, association or trust becomes a privately audited subsidiary organisation of the statutory body.

20 (3) If, on or after the commencement of this section, a corporation, association or trust becomes a privately audited subsidiary organisation of a statutory body, the statutory body shall (together with any other statutory body or bodies of which the corporation, association or trust is a subsidiary organisation) take such steps as are appropriate to ensure that the corporation, association or trust ceases to be a privately audited subsidiary organisation of the statutory body by the end of the third financial year (in relation to the statutory body) following that in which the corporation, association or trust becomes such an organisation.

30 (4) The Treasurer (after consultation with the Auditor-General and the Minister having the administration of the Act by or under which the statutory body is appointed, constituted or regulated) may make an order exempting a statutory body from, or extending the period of time within which the statutory body must comply with, the requirements of this section.

35 (5) If, because of the fact that a person, group of persons or body has become a statutory body, a corporation, association or trust becomes a privately audited subsidiary organisation of the statutory body, the corporation, association or trust shall, for the purposes of this section, be taken to have become a privately audited subsidiary organisation of the statutory body at the same time as the person, group of persons or body became a statutory body.

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