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GSF Bill Overview with Timetable

At a glance

- The Government Sector Finance Bill 2018 (GSF Bill) consolidates, reforms, and modernises the State's financial management legislation.
- It replaces four financial management Acts with a single Act: *The Public Finance and Audit Act 1983*, the *Public Authorities (Financial Arrangements) Act 1987*, the *Annual Reports (Departments) Act 1985*, and the *Annual Reports (Statutory Bodies) Act 1984*.
- The GSF Bill is proposed to commence in two phases: 1 December 2018, and 1 July 2019.

Key reforms introduced by the GSF Bill

The GSF Bill introduces a greater focus on performance, transparency, accountability, and efficiency with respect to financial management in the government sector. The principles in the Bill will be supported by regulations and Treasurer's directions.

Key reform areas are summarised below:

Information sharing: The Treasurer will be authorised to access information held by agencies that is relevant to resource allocation to facilitate better-informed budget and State financial management decisions. Ministers will have a statutory power to seek several different kinds of information from agencies for which they have responsibilities under the Bill, and this power can be delegated to another Minister or Departmental Secretary. This right to the information is limited by any other law prohibiting disclosure of information.

Performance information: The Treasurer will be authorised, to give directions on the kind of performance-related information that is required to be kept by agencies, after first consulting with the Ministers responsible for the affected agencies. This reform supports Outcome Budgeting by minimising gaps in performance data collection and ensures the capture of a consistent type of performance related information.

Clusters: In addition to improved information sharing and availability of performance-related information, the reforms will also support the operation of clusters by codifying authority for Ministers to set terms and conditions on the spending from appropriations, when delegating the power to expend that money to agencies.

Delegations: The Treasurer, Ministers, Secretaries and Accountable Authorities have wide scope to delegate/subdelegate most of their functions under the GSF Bill. There is a statutory power for Ministers to make financial delegations which set terms and conditions on spending. These arrangements provide flexibility for fit-for-purpose, risk-based delegation.

Key provisions of the Government Sector Finance Bill 2018

Roles and responsibilities

Treasurer: The Treasurer will be authorised to give Treasurer's directions on a range of matters related to the GSF Bill including financial arrangements and agencies' performance related information, as well as to tailor directions to classes of agencies.

Performance: The Treasurer will be authorised to access agencies' performance-related information and to give directions on the kind of performance related information that is required to be kept by agencies. The Treasurer will be required to consult agencies prior to giving directions on performance related information.

Accountable Authorities: The GSF Bill sets out the financial management responsibilities and duties of Accountable Authorities. An Accountable Authority will differ depending on the kind of agency concerned.

Budget appropriations and accounts

Budget: The GSF Bill carries forward the Treasurer's existing responsibility for the preparation and presentation of the Budget Papers. The Budget Papers are to include, among other things, information about the performance and activities of government entities. The GSF Bill also requires the Accountable Authority of a government agency to prepare and provide information for use in the Budget.

Deemed appropriations: The GSF Bill provides a mechanism to clarify the legal authority to spend certain funds ('own-source' revenue) from the Consolidated Fund, by appropriating those funds to the responsible Minister when they are received by the agency.

Expenditure, gifts and act of grace payments

Terms and conditions on funding: The GSF Bill formalises Ministers' power to make financial delegations which set terms and conditions on spending.

Gifts: The GSF Bill provides that gifts of government property cannot be made unless: the property was acquired or produced to use as a gift; or the gift is authorised by the Treasurer in writing; or the gift is made in accordance with Treasurer's directions; or the gift is authorised by or under any law. Regulations will define the kinds of things that constitute a 'gift' for the purposes of these restrictions.

Act of grace payments: The GSF Bill provides Ministers with a statutory power to make act of grace payments. The inclusion of this concept in the GSF Bill allows for the delegation of that power. Act of grace payments may be subject to terms and conditions imposed by the Minister.

Financial management

Banking and finances services: The Treasurer will be authorised to enter into contracts on behalf of the State for a broader range of banking and financial services and with a broader range of service providers than is currently permitted.

Cash management: The Treasurer will be authorised to consolidate a broader range of funds within the State's centralised banking system and into the Consolidated Fund and to move funds within the government sector.

Financial arrangements: The Treasurer will be given greater flexibility to tailor when and how government entities can enter into borrowings, investments and other financial arrangements.

Reporting

Financial and annual reporting: The GSF Bill allows the detail in financial statements to be adjusted so that less material entities can have reduced disclosure requirements. However, agencies will continue to prepare annual financial statements and have those statements audited by the Auditor-General, unless exempted from these requirements by regulations made under the GSF Bill. The GSF Bill authorises an annual reporting framework whereby annual reports will only be prepared where there are users relying on that information for reasons of public accountability or to make decisions.

Government sector reporting: The GSF Bill sets out the requirements for government sector reporting. Under these requirements the Treasurer must prepare total state consolidated financial statements and general government sector financial statements along with monthly statements for the general government sector. The Treasurer's half-yearly review is required to contain updated projections and an explanation of any significant variances from the original budget projections, along with revised forward estimates.

Administration

Information sharing: The GSF Bill formalises Ministers' power to seek agency information, with this statutory power able to be delegated to another Minister or Departmental Secretary. The GSF Bill will also authorise the Treasurer to access agencies' resource allocation information for the purpose of informing budget and State financial management decisions, with this power able to be delegated to another Minister or the Secretary to the Treasury.

Delegations: The Treasurer, other Ministers and Accountable Authorities will be authorised to delegate (and authorise subdelegation of) the majority of their responsibilities under the GSF Bill.

Enforcement

Sanctions: Serious breaches of the GSF Bill will be dealt with through civil recovery arrangements instead of being treated as criminal offences. The operation of the *Crimes Act 1900* is unaffected.

Auditor-General and Public Accounts Committee

Legislative arrangements for the Auditor General and for the Public Accounts Committee will be contained in a separate standalone act, proposed to be the *Government Sector Audit Act 1983*, instead of being contained in the new financial management legislation.

Regulations and Treasurer's Directions

The GSF Bill will authorise the making of regulations and Treasurer's directions. Treasurer's directions must be prepared in consultation with those to whom they apply and made transparent through publication

Implementation Timetable

Part / section of the Government Sector Finance Bill 2018	1 December 2018	1 July 2019
Part 1 (Preliminary)	✓	
Part 2 (Key concepts)	✓	
Part 3 (Roles and responsibilities)	✓	
Part 4 (Budget, appropriations and Special Deposits accounts)		✓
Part 5, division 5.1 (Expenditure)	✓	
Part 5, section 5.6 (Gifts of government property)		✓
Part 5, section 5.7 (Act of grace payments)		✓
Part 6 (Financial Services and Arrangements)	✓	
Part 7 (Reporting – financial, annual and consolidated)		✓
Part 8 (Performance information)	✓	
Part 9 (Administration and enforcement)	✓	
Part 10 (Miscellaneous excluding regulations)	✓	
Part 10, section 10.4 (regulations)	Date of Assent	
Schedule 1 (Savings and transitional arrangements)	Date of Assent	

Need more information?

Email the Legislation team at Legislation@treasury.nsw.gov.au