



WESTERN  
AUSTRALIAN  
GOVERNMENT

**Gazette**

ISSN 1448-949X

PRINT POST APPROVED PP665002/00041

155



PERTH, FRIDAY, 19 JANUARY 2007 No. 9

SPECIAL

PUBLISHED BY AUTHORITY JOHN A. STRIJK, GOVERNMENT PRINTER AT 3.45 PM

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FINANCIAL MANAGEMENT ACT 2006

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# FINANCIAL MANAGEMENT REGULATIONS 2007



## Financial Management Act 2006

**Financial Management Regulations 2007**

Made by the Governor in Executive Council.

**1. Citation**

These regulations are the *Financial Management Regulations 2007*.

**2. Commencement**

These regulations come into operation on the day on which the Act comes into operation.

**3. Amounts that may be credited to the Consolidated Account (s. 8(3)(b))**

There may be credited to the Consolidated Account under section 8(3)(b) of the Act —

- (a) grants or advances of a capital nature provided by the government of the Commonwealth; and
- (b) contributions of a capital nature made by any person or from any fund or account; and
- (c) loan repayments.

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**4. Certain money received by agencies excluded from “prescribed receipts” (s. 23(1))**

The following sources of money received by an agency are prescribed for the purposes of paragraph (d) of the definition of “prescribed receipts” in section 23(1) of the Act —

- (a) tax equivalent sums paid under the *State Enterprises (Commonwealth Tax Equivalents) Act 1996* section 5;
- (b) fees paid under the *Western Australian Treasury Corporation Act 1986* section 13(3);
- (c) payments in the nature of dividends, returns of surplus or payments in lieu of local government rates made to the State by —
  - (i) a department established under the *Public Sector Management Act 1994* section 35; or
  - (ii) a body, whether corporate or unincorporate, or the holder of an office, post or position, being a body, office, post or position that is established or continued for a public purpose by or under a written law;
- (d) payments under arrangements made under paragraph (i) of the proviso to the second paragraph of the definition of “department” in section 6(1) of the *Superannuation and Family Benefits Act 1938* (as continued in force by the *State Superannuation (Transitional and Consequential Provisions) Act 2000* section 26);
- (e) debt charges recovered on loans by the State to agencies, authorities or instrumentalities of the State;
- (f) repayments made on loans of the type described in paragraph (e).

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**5. Investment by Treasurer of money in Public Bank Account (s. 37)**

(1) In this regulation —

“**ADI**” stands for “authorised deposit taking institution”, as defined in the Commonwealth *Banking Act 1959* section 5;

“**debt securities**” includes inscribed stock, bonds, promissory notes and commercial paper;

“**Fitch Ratings**” means the organisation that carries on the business of assigning credit ratings under that trading name;

“**Moody’s Investors Service**” means the organisation that carries on the business of assigning credit ratings under that trading name;

“**Standard & Poor’s**” means the organisation that carries on the business of assigning credit ratings under that trading name.

(2) For the purposes of section 37(1) of the Act, money standing to the credit of the Public Bank Account may be invested, in Australian dollars, in an investment to which this regulation applies that is made in accordance with the criteria specified in investment and credit policies approved by the Treasurer.

(3) Subject to subregulation (4), this regulation applies to an investment —

- (a) on deposit with an ADI; or
- (b) in negotiable or transferable certificates of deposit issued by an ADI; or
- (c) in bills of exchange that are drawn, accepted or endorsed by an ADI.

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- (4) This regulation applies to an investment in relation to an ADI only if the ADI has assigned to it a long-term unsecured debt credit rating that is not lower than —
  - (a) a “BBB-” rating by Standard & Poor’s or Fitch Ratings;  
or
  - (b) a “Baa3” rating by Moody’s Investors Service.
- (5) Subject to subregulation (6), this regulation applies to an investment in debt securities —
  - (a) in respect of which the repayment of the amount secured, and payment of interest on that amount, are guaranteed by the government of the Commonwealth or of a State or Territory; or
  - (b) issued in Australia by —
    - (i) a corporation listed on a recognised stock exchange, or by a wholly owned subsidiary of such a corporation whose financial obligations are guaranteed by the corporation; or
    - (ii) a supranational institution whose members are countries (whether or not including Australia); or
    - (iii) an institution, operated by the government of a country other than Australia, whose financial obligations are guaranteed by that government.
- (6) This regulation does not apply to an investment in debt securities issued by a corporation, subsidiary or institution referred to in subregulation (5)(b) unless the corporation, subsidiary or institution has assigned to it a long-term unsecured debt credit rating that is not lower than —
  - (a) an “A” rating by Standard & Poor’s or Fitch Ratings; or
  - (b) an “A2” rating by Moody’s Investors Service.
- (7) This regulation applies to an investment whether or not it is to be held until maturity.

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**r. 6****6. Inspection by Under Treasurer of accounting records etc.**

The Under Treasurer, or an officer of the Treasury authorised by the Under Treasurer, may inspect the accounting records and accounting and financial management information systems of an agency.

**7. Monetary limits for write-offs by accountable authority and Minister (s. 48)**

- (1) For the purposes of section 48(2) of the Act, the monetary limit is \$100 000.
- (2) For the purposes of section 48(3) of the Act, the monetary limit is \$250 000.

**8. Maximum amount for act of grace payments by Treasurer without Governor's approval (s. 80)**

For the purposes of section 80(2) of the Act, the amount is \$250 000.

By Command of the Governor,

G. M. PIKE, Clerk of the Executive Council.

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