

**PUBLIC AUTHORITIES (FINANCIAL ARRANGEMENTS)  
FURTHER AMENDMENT BILL 1989**

NEW SOUTH WALES



**EXPLANATORY NOTE**

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

The Universities Legislation (Investment) Amendment Bill 1989 and the Treasury Corporation (Amendment) Bill 1989 are cognate with this Bill.

The object of this Bill is to amend the Public Authorities (Financial Arrangements) Act 1987 so as:

- (a) to replace the existing investment powers that may be allocated by regulation to public authorities with more flexible investment powers; and
- (b) to provide for the criteria for allocating investment powers to public authorities; and
- (c) to make miscellaneous amendments in respect of the investment activities of public authorities.

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**Clause 1** specifies the short title of the proposed Act.

**Clause 2** provides that the proposed Act commences on a day or days to be appointed by proclamation.

**Clause 3** is a formal provision that gives effect to the Schedule of amendments to the Public Authorities (Financial Arrangements) Act 1987.

**SCHEDULE 1 - AMENDMENTS**

**Investment powers of authorities**

Section 24 of the Act provides that the regulations may declare that an authority has, in respect of its funds, the investment powers described in the specified Part of Schedule 4 to the Act. Schedule 1 (10) substitutes Schedule 4 to provide for more flexible levels (Parts 1, 2, 3 or 4) of investment powers which range from simple

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deposits with banks or the Treasury Corporation, to foreign currency investments and to investment powers of any kind (the latter being Part 4 powers). Included in Part 1 investment powers are investments in an Hour-Glass investment facility of the Treasury Corporation.

Schedule 1 (2) amends section 24 to provide that the criteria for determining the appropriate investment powers for an authority are the class of the authority (as determined in accordance with any official government classification of authorities), the volume of funds to be invested and the expertise of the authority. The criteria are to be applied by the Treasurer and the relevant Minister when recommending the making of the regulation which gives the authority its investment powers.

Schedule 1 (3) amends section 25 to provide that an approved funds manager is a person designated for the authority concerned in the Treasurer's approval (instead of the regulations). Also, the investment powers of an approved funds manager are (in relation to the funds of an authority) to be restricted to the most extensive powers of investment under the criteria relating to the classification of the authority. Schedule 1 (4) is a consequential amendment.

Schedule 1 (5) provides that if an authority ceases to have an investment power, any investment made under that former power continues to be a valid investment made by the authority.

Schedule 1 (7) inserts section 28A (general powers in relation to investments) to provide that an investment power includes a power to do incidental things, including to enter into any contract or other transaction in connection with the particular investment. The Act already confers similar powers in connection with the obtaining of financial accommodation.

**Miscellaneous amendments**

Schedule 1 (1) amends section 10 (financial adjustments) to make it clear that the Treasurer's approval is required even though an authority effects a financial adjustment in connection with an authorised investment.

Schedule 1 (6) omits section 28 (Report of investment activities). Authorities are to be required to report on their investment performance under the Annual Reports (Statutory Bodies) Act 1984.

Schedule 1 (8) substitutes section 40 (delegation of Treasurer's functions) to enable delegations of the power to approve the engagement of funds managers.

Schedule 1 (9) amends Schedule 3 (financial accommodation repayment) to enable an authority to invest money held in its financial accommodation repayment fund in a manner authorised for the investment of its general funds as well as in the manner authorised under Part 1 of Schedule 4.

Schedule 1 (11) amends Schedule 6 (savings and transitional provisions) as a consequence of Schedule 1 (5) and to enable regulations of a savings or transitional nature to be made as a consequence of the enactment of the proposed Act.

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