

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance

Public Governance, Performance and Accountability Act 2013

*Public Governance, Performance and Accountability
(Financial Reporting) Amendment Rule 2018*

Section 101 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) provides that the Finance Minister may make rules by legislative instrument to prescribe matters giving effect to the Act.

The *Public Governance, Performance and Accountability (Financial Reporting) Amendment Rule 2018* amends the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*. Both rules are legislative instruments for the purpose of the *Legislative Instruments Act 2003*.

Other Legislative Provisions

The FRR sets out the requirements for preparation of financial statements under the following legislative provisions:

- Subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013*;
- Subsection 47(1) of the *High Court of Australia Act 1979* in relation to how financial statements must be prepared by the High Court of Australia;
- Section 193H of the *Aboriginal and Torres Strait Islander Act 2005* in relation to how the accounts and financial statements must be prepared for the Land Account;
- Subsections 50B(2) and (4) of the *Defence Service Homes Act 1918* in relation to how financial statements must be prepared by the Defence Service Homes Corporation; and
- Subsections 43(1) and (3) of the *Natural Heritage Trust of Australia Act 1997* in relation to how financial statements must be prepared for the Natural Heritage Trust of Australia Account.

Some provisions of the FRR are also made under Subsection 102(1)(b) of the PGPA Act.

2017-18 Amendments

An amendment is required to Subsection 3(2) of the FRR to enable the amendments to the FRR to apply for reporting periods ending on or after 1 July 2017.

A middle column has been added to the table in Subsection 18(3) to further clarify the reporting of specific items. The listed entities under Subsection 18(3) are required to prepare disclosure notes above Tier 2 minimum disclosure requirements, under the relevant accounting standards.

This amendment will provide disclosures that are more targeted to the needs of users of financial statements.

Retrospectivity and Timing

The retrospective commencement date of this legislative instrument does not adversely affect the rights of persons or otherwise impose liabilities, other than onto the Commonwealth or Australian Government entities, and as such, does not contravene Subsection 12 (2) of the *Legislative Instruments Act 2003*.

A retrospective commencement date has always been used for financial reporting purposes as this ensures that changes are applicable in the same reporting period in which the amendments are made.

For reporting periods ending before 1 July 2017, these amendments to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* are not applicable.

Consultation

In accordance with Section 17 of the *Legislative Instruments Act 2003*, all Australian Government entities required to apply the amendments to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, including the Australian National Audit Office, have been consulted on the exposure draft and provided with the opportunity to submit comments.

Attachments

The Statement of Compatibility with Human Rights as required by the *Human Rights (Parliamentary Scrutiny) Act 2011* is provided in [Attachment A](#).

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011, section 9

Public Governance, Performance and Accountability (Financial Reporting) Amendment Rule 2018

1. The proposed amendments do not engage any of the applicable rights or freedoms outlined in the *Human Rights (Parliamentary Scrutiny) Act 2011*, such as encompassed in the *International Covenant on Civil and Political Rights*.
2. The proposed amendments do not limit any human rights, nor propose any offences or penalties.
3. This legislative instrument is therefore compatible with the human rights and freedoms recognised or declared in the international instruments listed in subsection 3(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Senator the Honourable Mathias Cormann, Minister for Finance