



House of Representatives

Supplementary Order Paper

Wednesday, 14 March 2001

Public Audit Bill

Proposed amendments

Hon Jim Anderton, in Committee, to move the following amendments:

Clause 4

To omit the definition of **public entity** (line 23 on page 4), and substitute the following definition:

public entity has the meaning set out in **section 5**

Clause 5

To omit the heading to this clause from line 1 on page 5, and substitute the heading "**Meaning of public entity**".

To omit from line 2 on page 5 the words "This Act applies to—", and substitute the words "In this Act, **public entity** means each of the following entities:".

To add the following subclause, after line 29 on page 5:

- (3) Despite subsections (1) and (2), an entity is not a public entity if—
 - (a) but for this subsection, it would be a public entity only by virtue of the application of both subsection (1)(f) and subsection (2)(c); and
 - (b) it is specifically referred to in an enactment (either by name or otherwise); and
 - (c) that enactment expressly requires or permits its financial statements to be audited by a person other than the Auditor-General.

Clause 16

To add to subclause (3), line 17 on page 8, the words "or any registered bank (as defined in section 2(1) of the Reserve Bank of New Zealand Act 1989)".

Clause 18

To add to subclause (2), line 10 on page 9, the words “or any registered bank (as defined in section 2(1) of the Reserve Bank of New Zealand Act 1989)”.

Clause 23

To omit from line 15 on page 11 the word “general”.

Clause 42(1)

To omit from line 7 on page 20 the expression “17, and 19”, and substitute the expression “and 17”.

Clause 53

To omit this clause (all the words in lines 34 to 37 on page 25 and lines 1 to 3 on page 26).

Schedule 1

To omit the words “Administering bodies established by the Reserves Act 1977, except Boards as defined in section 2 of that Act” from lines 3 and 4 on page 30, and substitute the words “Administering bodies as defined in section 2(1) of the Reserves Act 1977, except any Board as defined in that section”.

To omit the words “Community trusts within the meaning of section 4 of the Community Trusts Act 1999.” from lines 9 and 10 on page 30.

To insert, after the expression “1989” in line 21 on page 30, the words “or specified in the Third Schedule of that Act”.

To omit the words “constituted by section 3” from line 26 on page 30, and substitute the words “defined in section 2”.

Schedule 2

To insert, before the words “Armed Forces Canteen Council” in line 3 on page 32, the words “Architects Education and Registration Board”.

To omit the words “Parliamentary Service Commission” from line 38 on page 32, and substitute the words “Parliamentary Service”.

Schedule 4

To omit from line 2 on page 38 the words “and repeals”.

Schedule 4: Alcoholic Liquor Advisory Council Act 1976

To omit the words “Alcoholic Liquor” from line 13 on page 38, and substitute the word “Alcohol”.

Schedule 4: Conservation Act 1987

To omit the word “Each” from line 26 on page 40, and substitute the word “The”.

To omit the word “The” from line 30 on page 40, and substitute the word “Each”.

Schedule 4: Energy Companies Act 1992

To omit the expression “(1) and (2)” from line 34 on page 41.

To omit *new section 45(3) to (5)* (lines 10 to 36 on page 42), and substitute the following:

- “(3) If an energy company is not a public energy company,—
 - “(a) the company is not a public entity under **subsection (1)**;
and
 - “(b) the Auditor-General is not the auditor of the company;
and

- “(c) the directors of the company and of every subsidiary of the company must appoint an auditor or auditors of the company and of every subsidiary of the company and, where such appointment is made consequent on the Auditor-General ceasing to be the auditor of the energy company, every such appointment must be treated as having been made by the directors to fill a casual vacancy in the office of auditor under section 196(4) of the Companies Act 1993.
- “(4) Despite **subsection (3)**, if, in respect of any energy company that has ceased to be a public energy company, and its subsidiaries (if any), consolidated financial statements have been submitted to the Auditor-General for audit, the Auditor-General is to continue to be the auditor of the company and every subsidiary of the company until that audit has been completed.
- “(5) In this section, **public energy company** means an energy company in which a controlling interest is held by any local authority or local authorities, or any approved person or approved persons, or any combination of 1 or more local authorities and 1 or more approved persons.”

Schedule 4: Energy Efficiency and Conservation Act 2000

To insert, after line 36 on page 42, the following:

Energy Efficiency and Conservation Act 2000 (2000 No 14)

Repeal clause 34 of the Schedule and substitute:

“34 **Auditor-General to be auditor of Authority**

The Authority is a public entity as defined in **section 4** of the Public Audit Act 2000 and, in accordance with that Act, the Auditor-General is its auditor.”

Schedule 4: Health and Disability Services Act 1993

To omit this item from lines 9 to 27 on page 45.

Schedule 4: Industry New Zealand Act 2000

To insert, after the item relating to the Human Rights Act 1993 (after line 14 on page 46), the following:

Industry New Zealand Act 2000 (2000 No 27)

Repeal section 43 and substitute:

“43 **Auditor-General to be auditor of INZ**

INZ is a public entity as defined in **section 4** of the Public Audit Act 2000 and, in accordance with that Act, the Auditor-General is its auditor.”

Schedule 4: New Zealand Public Health and Disability Act 2000

To insert, after the item relating to the New Zealand Maori Arts and Crafts Institute Act 1963 (after line 16 on page 49), the following:

New Zealand Public Health and Disability Act 2000
(2000 No 91)

Repeal section 43 and substitute:

“43 Auditor

Each DHB and each subsidiary of a DHB is a public entity as defined in **section 4** of the Public Audit Act **2000** and, in accordance with that Act, the Auditor-General is its auditor.”

Repeal section 68 and substitute:

“68 Auditor

Each organisation and each subsidiary of an organisation is a public entity as defined in **section 4** of the Public Audit Act **2000** and, in accordance with that Act, the Auditor-General is its auditor.”

Schedule 4: Parliamentary Service Act 1985

To omit the expression “1985 (1985 No 128)” from line 9 on page 51, and substitute the expression “2000 (2000 No 17)”.

To omit the expression “section 55” from line 10 on page 51, and substitute the expression “clause 14 of Schedule 1”.

To omit the heading to *new clause 55* from lines 11 and 12 on page 51, and substitute the heading “**Audit**”.

Schedule 4: Protected Disclosures Act 2000

To insert, after the item relating to the Privacy Act 1993 (after line 26 on page 52), the following:

Protected Disclosures Act 2000 (2000 No 7)

Repeal the definition of **public funds or public resources** in section 3.

Omit from paragraph (a) of the definition of **serious wrongdoing** in section 3 the words “public funds or public resources” and substitute the words “funds or resources of a public sector organisation”.

Schedule 4: Public Finance Act 1989

To omit the expression “43” from line 14 on page 53, and substitute the expression “43(2)”.

Schedule 4: Securities Act 1978

To omit the expression “30” from line 7 on page 55, and substitute the expression “32”.

Schedule 4: Museum of Transport and Technology Act 2000

To omit this item from lines 25 to 30 on page 58, and substitute the following:

Museum of Transport and Technology Act 2000

(2000 No 1(P))

Repeal section 24 and substitute:

“24 Auditor

The Auditor-General is the Board’s auditor; and, for the purpose of performing that function, has and may exercise and

Museum of Transport and Technology Act 2000

(2000 No 1(P))—continued

perform all the Auditor-General's functions, duties, and powers under the Public Audit Act 2000."

Schedule 4

To add, after Part 2 (after line 15 on page 59), the following Part:

**Part 3
Regulations**

Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (1999 No 242)

Add to the definition of **qualified auditor** in regulation 2(1) the words "or, where the company is a public entity (as defined in **section 4** of the Public Audit Act 2000), the Auditor-General".

Electricity (Information Disclosure) Regulations 1999 (1999 No 82)

Insert in paragraph (a) of the definition of **independent auditor** in regulation 2(1), after the words "Companies Act 1993", the words "or, where the person first referred to in paragraph (b) is a public entity (as defined in **section 4** of the Public Audit Act 2000), is the Auditor-General".

Gas (Information Disclosure) Regulations 1997 (1997 No 127)

Insert in paragraph (a) of the definition of **independent auditor** in regulation 2(1), after the words "Companies Act 1993", the words "or, where the person first referred to in paragraph (b) is a public entity (as defined in **section 4** of the Public Audit Act 2000), is the Auditor-General".

Hop Marketing Regulations 1939 (1939 No 96)

Omit from regulation 19 the words "public money within the meaning of the Public Finance Act 1977", and substitute the words "a public entity as defined in **section 4** of the Public Audit Act 2000".

Explanatory note

This Supplementary Order Paper makes the following amendments to the Public Audit Bill as reported from the Finance and Expenditure Committee:

- registered banks, as well as the Reserve Bank of New Zealand, are excluded from the performance effectiveness and efficiency audit provisions of *clause 16(1)* and the inquiry provisions of *clause 18(1)*:
- community trusts are removed from *Schedule 1* of the Bill, which specifies classes of public entities. However, community trusts that are controlled by 1 or more public entities will continue to be public entities under *clause 5(2)*:
- the provisions of *Schedule 4* relating to the Energy Companies Act 1992 are amended to provide that the Auditor-General is not the auditor of an

energy company unless the energy company is controlled by 1 or more local authorities or approved persons:

- various consequential amendments to other Acts and Regulations:
 - various clarifications and corrections of a drafting nature.
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