

## Second Reading Speech

### Financial Management and Audit Amendment Bill 2012

Mr Speaker

The Government is committed to enhancing its accountability and transparency. The impact of the Global Financial Crisis has led to increased pressure on State finances and consequently, has led to greater interest in, and scrutiny of, the financial performance of the Government. The publication of the September 2011 and December 2011 Quarterly Progress Reports on the Budget Savings Strategies is one of the measures that the Government has taken to meet this increased need for information.

Consideration has also been given to the trend in other jurisdictions towards the preparation of more frequent financial reports, including quarterly and monthly reports.

Mr Speaker

The preparation of high quality Government financial reports is a resource intensive exercise. It is important to balance the information needs of the users of financial statements with the cost of producing those statements. Treasury has examined options for increased frequency in financial reporting and has identified a model that will balance the benefit to users with a manageable impact on resources.

Treasury has been finalising a draft new Financial Management Bill to replace the *Financial Management and Audit Act 1990* and the *Public Account Act 1986*. The new Financial Management Bill is scheduled to be tabled later this year after further extensive consultation with stakeholders. It is proposed that the new Financial Management Bill will contain quarterly financial reporting arrangements.

Mr Speaker

The Government is of the view that quarterly reporting arrangements should be implemented in Tasmania as soon as possible. The *Financial Management and Audit Amendment Bill 2012* lays out the framework for a new reporting model that incorporates:

- a September Quarterly Report;
- a Revised Estimates Report;
- a December Quarterly Report;
- a March Quarterly Report; and
- the Treasurer's Annual Financial Report.

In addition, the amendment requires the preparation of a Preliminary Outcomes Report, if the preliminary outcomes result at 31 July differs materially from the revised estimates published in the Budget Papers.

Mr Speaker

The September Quarterly Report will be a report for the three months ending on 30 September that would be published within 45 days of the Auditor-General's Report on the Treasurer's Annual Financial Report being prepared. This would enable all agency audits to have been finalised and for agencies to use the final audited Balance Sheet balances as their opening balances for September reporting purposes. The required disclosures for the September Quarterly Report would be essentially the same as is currently legislated for the Treasurer's Mid-Year Financial Report, but would not include the provision of revised estimates information.

Currently, the Financial Management and Audit Act requires 31 December actuals to be provided, together with mid-year revised budget information, as part of the Mid-Year Financial Report. This Bill enables revised estimates to be published earlier if required.

The Revised Estimates Report will be published with the same level of disclosures of estimates as exists in the Mid-Year Financial Report. The Revised Estimates Report may be published separately from the Treasurer's December Quarterly Report, at any stage of the financial year prior to 15 February.

The December Quarterly Report would also be required to be published by 15 February with the same disclosures as currently required for the Mid-Year Financial Report. It is also proposed that the December Quarterly Report will require the disclosure of the balances of accounts in the Special Deposits and Trust Fund as at 31 December.

If the Budget is handed down after 15 May, the March Quarterly Report would be included in the Budget Papers. If the Budget is handed down before 15 May, the March Quarterly Report may be published separately from the Budget Papers but not later than 15 May. The March Quarterly Report would disclose results for the nine months ending on 31 March. The required disclosures would be the same as currently required for the Mid-Year Financial Report.

The publication of the Preliminary Outcomes Report would be dependent on the outcome of a review of the preliminary results for the previous financial year. The Secretary of Treasury will be required, by 31 July in each financial year, to review the preliminary outcomes result and determine whether those results materially differ from the revised estimates published in the Budget Papers. If there is no material variation, the Secretary would inform the Treasurer and issue a notice that no Report will be issued. If there is a material difference, the Secretary would inform the Treasurer and a Report would be required to be published by no later than 15 August.

Currently, the Financial Management and Audit Act requires the tabling of the Treasurer's Annual Financial Report by 31 October in each year. This requirement is unchanged by this amendment. The Annual Financial Report will also retain essentially the same disclosures as currently provided for in the Financial Management and Audit Act, apart from the requirement for the explanation of variances, which is specifically addressed by the Australian Accounting Standards.

Mr Speaker

The Leaders of the Tasmanian Liberal Party and the Tasmanian Greens, the Auditor-General and the Public Accounts Committee have been provided with a copy of the Bill and have had the opportunity to have a briefing from Treasury in regard to its content.

The Bill provides for a significantly enhanced and more timely reporting process that meets the needs of Parliament and the Tasmanian community. I commend the Bill to the House.