

***DRAFT* Budget Accountability and Oversight Committee Bill 2025**

Second Reading Speech

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I move that the Bill now be read a second time.

Mr President, this Bill is about one thing above all else: restoring trust and accountability in the way Tasmania manages its public finances. This bill I introduce sits against the backdrop of a deteriorating budget position and increasing government decisions to add to the already high level of state debt. Successive warnings from Treasury, from independent economists, and from this very Parliament's committees have been met with delay, denial, or cosmetic fixes.

We are now carrying levels of debt unprecedented in this State's history, with no credible pathway back to surplus. Servicing that debt will increasingly crowd out our ability to invest in the things Tasmanians need most—hospitals, schools, housing, and infrastructure. If we do not act now, we condemn future governments and future generations to less capacity and fewer choices.

This bill is not to cut across other committees such as the Joint Standing Committee on Public Accounts but to compliment the role of this important committee with a greater focus on the decisions leading into the development of State budgets rather than on the expenditure of public monies after approval of Parliament where the Public Accounts Committee's critical work is done.

Members would also note the reference to a role for the Tasmanian Audit Office and a provision to enable the Auditor-General to report or provide an opinion on targets established in any relevant report to Parliament made by the Auditor-General. This does not offend any provisions in the Audit Act 2008 in that there is no power to direct the Auditor-General, rather it will enable reporting against targets set in relation to performance indicators that would assist to improve the efficiency or effectiveness of expenditure by the General Government Sector or a statutory authority.

The bill seeks to fill a gap in the current assessment and reporting frameworks to enable the development of measures that are outcomes focused and can promote the improvement, the efficiency and the effectiveness of expenditure of public money. This would enable agencies and statutory authorities to report data to show a clear link between expenditure of money and outcomes achieved as a result of that expenditure. With the establishment of such measures, these can be reported against and subsequently audited.

Purpose of the Bill

This Bill establishes a Parliamentary Standing Committee on Budget Accountability and Oversight.

The purpose is clear: to give Parliament - and through Parliament, the people of Tasmania - a stronger, continuous mechanism to evaluate government financial management, test fiscal sustainability strategies, and recommend measures to repair and protect the State's finances and improve outcomes for Tasmanians.

Unlike the annual cycle of Budgets, Revised Estimates Reports and other financial reports, this Committee will provide an ongoing, standing framework for scrutiny.

Functions and Powers

Mr President, the Committee will have a range of functions and powers that are clearly outlined in clause 6 of the bill. In broad terms the Committee will scrutinise budget papers, forward estimates, agency financial positions, and Treasurer's reports. The Committee will also consider the establishment of targets in respect of:

- steps to be taken by the Government, or a statutory authority, to promote the sustainability of public sector finances;
- the management of public sector net debt;
- measures to improve the efficiency or effectiveness of Government expenditure.

The Committee will have the power to examine, review and report on:

- measures taken to achieve fiscal sustainability and other publicly stated fiscal objectives;
- measures taken to achieve any publicly stated measure of budget repair and fiscal sustainability;
- measures taken to improve the efficiency or effectiveness of Government expenditure.
- measures taken to ensure the adequacy and stability of sources of revenue for the Government;
- the development of the budget or budget papers; and
- the process of parliamentary scrutiny in respect of the budget.

The Committee will have the power to examine, review and report on existing, or proposed, legislation relating to, or impacting on, public sector finances. This will be important to identify legislative barriers to open and transparent reporting of matters related to the management of public sector finances.

The Committee may consider or report on other strategies to improve the ability of the Government, or a statutory authority, to achieve fiscal sustainability and make recommendations to the Government, or a statutory authority, in respect of any matter that is within the functions of the Committee.

The Committee may also inquire into, consider or report on any matter referred to the Committee by either House of Parliament.

Following due consideration, if the Committee does set a target the bill requires the Treasurer to take the target into account when developing a budget for the relevant financial year and specify the steps taken to reach the target. This will ensure that when targets are not met, there is explanation, accountability, and corrective action.

Furthermore, if the Committee establishes a target as outlines under subsection 6(1)(c), the Auditor General may, in any report or opinion

include a statement as to whether, in the opinion of the Auditor General, the target was met in the relevant financial year.

It will have the power to inform itself in any manner it sees fit. Importantly, its reports will be tabled in Parliament, and government will be required to respond within three months—closing the loop of accountability that is too often left dangling.

The remit is broad enough to ensure the whole state sector can be considered to ensure a meaningful approach is taken and avoids consideration of important matters in isolation. It is also important to note that much of the debt held on behalf of the State sits outside the General Government Sector.

Relationship with the Public Accounts Committee

This Committee will not duplicate the work of the Public Accounts Committee. Instead, it will complement and strengthen it, with a sharper focus on budget repair and fiscal sustainability. Where issues overlap, consultation will ensure cooperation, not conflict.

Review of the Act

Mr President the bill provides for a review of the Act after eight years to be completed before nine years after the commencement of the Act, notionally two full election cycles. Before the review commences, the Minister and the Committee must agree on both the person to undertake the review, being a person who is appropriately qualified for the task and the terms of reference for the review. The Committee is to consult with Public Accounts Committee on these matters before an agreement is reached. There are provisions for consultation should parliament be prorogued at the time the review is scheduled.

Committee Membership and Meetings

Mr President, the provisions in Schedule 1 relate to the membership and meetings of the Committee and are in line with other Joint

Standing Committees including the Joint Standing Committees on Public Accounts, Subordinate Legislation and Integrity.

Proposed amendments

Mr President, as Members are aware I have proposed a number of amendments to respond to matters raised with me after the bill was tabled.

Mr President, I believe strengthen its constitutional foundation, clarify the relationship between the Committee and Government, and address concerns raised during consultation.

These amendments fundamentally shift the character of the Committee from one that might be perceived as directive to one that is clearly advisory and consultative, while maintaining its core purpose of providing continuous fiscal oversight.

The first amendment addresses concerns about separation of powers by making crystal clear that the Committee operates within the traditional Westminster model of parliamentary scrutiny through transparency and accountability, not through command.

The second amendment removes potentially ambiguous language that could be interpreted as the Committee directing how specific aspects of the financial challenges the state faces could be managed which is and would remain, an executive function. The amendment maintains the Committee's ability to recommend targets while making clear it does not dictate how strategies to achieve any targets should be met.

The third amendment addresses concerns about the Committee potentially interfering with the legislative process. The Committee retains power to examine existing legislation that impacts public sector finances, but will not examine bills currently before Parliament.

The Committee may still identify needs for legislative reform and recommend that government consider legislative changes, but it will not review specific bills under development.

The fourth amendment makes a subtle but important change in tone. "Strategies to improve" could imply an assumption that current strategies are inadequate. "Strategies that may improve" is more neutral and consultative - the Committee examines potential improvements without prejudging current approaches.

This recognises that the Committee's role is to provide options and analysis, not to presume deficiency.

The fifth amendment is the most significant substantive amendment. It does three things:

1. **Changes "must take into account" to "have regard to"** - This is critical legal language. "Have regard to" is the standard formulation used throughout Tasmanian legislation where Parliament requires consideration without mandating compliance. It appears in the Financial Management Act 2016 itself regarding the principles of sound fiscal management.
2. **Removes the detailed reporting requirements** from subsection 6(3) - The original provisions requiring Government to specify in budget papers the steps to reach targets, whether targets will be met, and reasons if not met have been removed. This significantly reduces the compliance burden on Government while maintaining the core accountability mechanism of having to consider Committee recommendations.
3. **Simplifies and clarifies** - The new provision is brief, clear, and consistent with existing legislative frameworks for parliamentary-executive relationships and clearly removes any doubt as to whether the Committee can direct the executive – it clearly cannot.

The sixth amendment creates a consistency with the first amendment. It ensures the language throughout the clause reflects the Committee's advisory rather than directive role.

This amendment applies to the provision enabling the Auditor-General to report on whether targets were met - again emphasizing these are recommended targets, not imposed requirements.

The seventh amendment is the "belt and braces" provision that removes any possible ambiguity about the Committee's powers.

It explicitly states:

- Government is **not required to comply** with Committee recommendations
- Government is **not required to take any action to comply** with recommendations
- This applies to **the Treasurer, the Government, and statutory authorities**

Mr President, I have included this out of an abundance of constitutional caution. While the shift from "establish" to "recommend" and the use of "have regard to" language should make the advisory nature clear, this provision removes any possible argument that the Committee has directive power.

The effect this amendment would have is to ensure the Government retains complete discretion. It must consider recommendations (through the "have regard to" obligation) and must respond to Committee reports (under clause 10(5)), but it may lawfully choose not to adopt any recommendation, and that choice cannot be challenged as unlawful.

This provision protects both the Committee (from claims it exceeded its powers) and Government (from claims it breached statutory obligations by not following recommendations).

The eighth amendment key purpose is to enable an **earlier possible review** by allowing assessment after one parliamentary term (4 years) rather than two terms (8 years) whilst still creating an outer limit - review must commence by year eight. This allows for flexibility with accountability of the Committee itself. Parliament can assess effectiveness sooner if needed, but must do so by year 8 at the latest.

Given this is a new oversight mechanism, an earlier review option allows Parliament to assess and adjust if the Committee proves ineffective or if unintended consequences emerge. However, maintaining the minimum 4-year period ensures the Committee has

sufficient time to establish its operations and demonstrate its value before being reviewed.

The ninth amendment clarifies that if a review commences before the eighth year, it must be completed in 12 months as expected in the bill as presented.

Mr President, these amendments represent careful listening to concerns raised, thoughtful refinement of the Bill's language, and a commitment to ensuring this Committee operates within the highest constitutional standards.

They transform potential weaknesses into strengths. They address legitimate concerns while preserving the Bill's core purpose. They clarify ambiguities while maintaining robust oversight mechanisms.

The Bill, as amended, provides for a Committee that:

- **Advises** fiscal strategy through evidence-based recommendations
- **Scrutinizes** fiscal management through continuous oversight
- **Informs** parliamentary and public debate through transparent reporting
- **Respects** executive discretion while demanding executive accountability

This is precisely the balance a Westminster parliamentary system should strike.

Conclusion

In summary, Mr President, we are long past the point where good intentions are enough. Every recent Treasury report has made plain the scale of our challenge: expenditure growth consistently outpacing revenue; forward estimates that are increasingly unreliable; health demand pressures acknowledged but unfunded; and billions in debt piling up without a credible repayment plan.

The truth is this: without structural repair, without discipline, and without sustained parliamentary oversight, the problem will only deepen.

Tasmanians deserve more than slogans about “pathways to surplus.” They deserve evidence that decisions are being tested against clear fiscal principles, with independent scrutiny applied not just at election time, but at all times.

This bill is not about one party or one government. It is about Parliament creating an enduring mechanism to hold governments of any persuasion to account. Minority government, majority government, coalition or otherwise, the discipline of a standing committee with this mandate will endure beyond the life of any single Parliament.

Mr President, Tasmanians know instinctively that our budget challenges are serious. What they want from us is seriousness in response.

This Bill offers Parliament a way to step up, to strengthen oversight, and to repair the budget. It makes accountability continuous, transparent and unavoidable.

Mr President, I commend the Bill to the House and urge members to support the second reading of the bill into the committee stage to enable the proposed amendments to be considered.