

HON JIM WILKINSON, MLC

ADDRESS

AMENDMENT TO THE *FINANCIAL MANAGEMENT AND AUDIT ACT 1990*

Madam President, I move that the Bill be now read the second time

The *Financial Management and Audit Act 1990* is the cornerstone of the effective financial management of the State of Tasmania. The importance of this legislation is to ensure that the highest standards are set and achieved in terms of government expenditure and financial accountability.

The accountability of a government is naturally determined by the presentation and examination of budgets. Budgets represent a vital role in any business cycle including that of individual government departments. The publishing of budgets allow the community to compare actual results with planned performance. In a nutshell, it is the transparency of this process that holds a government accountable.

The law of Tasmania, as it currently stands, provides that the Treasurer is to publish in the Gazette the half-yearly financial reports. My research on this matter has clearly shown that half-yearly financial reporting by Treasury is out of line with all other Australian States and Territories which require either quarterly or monthly reporting.

By way of illustration, I will start with the Australian Capital Territory. In the ACT, the *Financial Management Act 1996* was amended in 1997 to introduce monthly financial statements¹. In August 2001, the House of Assembly passed a Bill² which amended the reporting period of the preparation and tabling of financial statements from a monthly basis to a quarterly basis. It was argued that quarterly reporting, as opposed to monthly, would allow for improved quality of information and analysis to be provided on the financial performance and position of the Territory during the course of the financial year.

¹ Clause 10, *Financial Management (Amendment) Bill 1997*

² Clause 5, *Financial Management (Amendment) Bill 2001*

In New South Wales, The *Public Finance and Audit Act 1983* was amended in July 2002³. The amendment substituted the requirement for 'within-year' Treasury reporting with the requirement for Treasury to provide monthly statements and a half-yearly review.

In the Northern Territory, section 8 of the *Financial Management Act 2009* provides for the Treasurer to provide quarterly financial statements. Section 8 states that, as soon as practicable after the end of each of the first, second and third quarters of a financial year, the Treasurer must prepare in the form the Treasurer considers appropriate, and publish in the *Gazette*, financial statements for the quarter. Section 8 was first introduced in 2003 by the *Financial Management Amendment Act 2003*⁴.

In Queensland, the *Financial Accountability Act 2009* replaced the *Financial Administration and Audit Act 1977*. The 1977 repealed Act contained a provision for the Treasurer to prepare a statement for each quarter⁵. The new provision in the *Financial Accountability Act 2009* was substantially the same as the repealed provision and provided for quarterly statements by the Treasurer as soon as practicable after the end of each quarter of a financial year.

In South Australian, section 40 of the *Public Finance and Audit Act 1987* provides for quarterly statements by the Treasurer. The legislative history of this Act indicates that this provision has remained unamended and currently provides that the Treasurer must publish a statement in the *Gazette* in respect of each quarter.

In Victoria, the *Financial Management (Financial Responsibility) Bill* was passed by both houses of Parliament in April 2000. The purpose of that Bill was to amend both the *Financial Management Act 1994* and the *Audit Act 1994*. The amendments to the *Financial Management Act 1994* included the insertion of section 26 relating to 'Quarterly Reporting'. The inserted

³ Schedule 1(7), *Public Finance and Audit Amendment (Budgeting and Financial Reporting) Bill 2002*

⁴ Clause 5, *Financial Management Amendment Act 2003*

⁵ Section 38, *Financial Administration and Audit Act 1977*

provision provided that 'The Minister must prepare a quarterly financial report for each quarter of each financial year'.

In Western Australia, section 16 of the *Government Financial Responsibility Act 2000* provides that the Treasurer is to release a Quarterly Financial Results Report for each quarter ending on the last day of March, September or December setting out the budget result from the beginning of the current financial year to the end of the quarter.

This analysis of the legislation of the Australian States and Territories relating to financial administration clearly reveals that Tasmania stands alone in maintaining a system that provides for half-yearly reports by the Treasurer. All States and Territories, with the exception of New South Wales, contain provisions for quarterly reporting by the Treasurer. The legislation in New South Wales requires the Treasurer to provide monthly statements and a half-yearly review.

The Hansard debate in the States and Territories was all clear in relation to the reason for moving towards quarterly or monthly reporting - namely, accountability and transparency. It goes without saying that half-yearly monthly reporting makes it very difficult to assess how well the government is performing in terms of achieving its proposed agenda and to hold the government accountable.

Accountability is one of the fundamental features of good governance. In this Parliament, accountability includes parliamentary questions and robust debate. However, this process is greatly inhibited by the current legislation, namely section 26 of the *Financial Management and Audit Act 1990*, that provides that the Treasurer is to publish in the Gazette half-yearly reports.

In summary, the infrequent presentation of the Treasury financial reports naturally means that the transparency and accountability of the financial management of the State of Tasmania is greatly restricted. It is with this in mind that I am tabling a Bill to seek to amend section 26 of the *Financial Management and Audit Act 1990* to introduce quarterly Treasury reporting into the State of Tasmania.

Madam President, I commend the Bill to the House.

