

~~and others to position tropical North Queensland to remain one of Queensland's premier tourism destinations.~~

~~I think the Queensland tourism industry is dynamic, adaptable and resilient. I look forward to working with the Hon. Peter Lawlor, the Minister for Tourism, to meet the challenges ahead.~~

~~Mr DEPUTY SPEAKER (Mr Wendt): Order! The time for private members' statements has concluded.~~

FINANCIAL ACCOUNTABILITY BILL

Message from Governor

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer and Minister for Employment and Economic Development) (12.02 pm): I present a message from Her Excellency the Governor.

The Deputy Speaker read the following message—

MESSAGE

FINANCIAL ACCOUNTABILITY BILL 2009

Constitution of Queensland 2001, section 68

I, PENELOPE ANNE WENSLEY, Governor, recommend to the Legislative Assembly a Bill intituled—

A Bill for an Act to provide for accountability in the administration of the State's finances, to provide for financial administration of departments and statutory bodies, to repeal the Financial Administration and Audit Act 1977, to amend the Government Owned Corporations Act 1993 for particular purposes and to make consequential or minor amendments to other Acts as stated in schedule 1

(Sgd)

GOVERNOR

21 Apr 2009

Tabled paper: Message from Her Excellency the Governor, dated 21 April 2009, recommending the Financial Accountability Bill.

First Reading

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer and Minister for Employment and Economic Development) (12.03 pm): I present a bill for an act to provide for accountability in the administration of the state's finances, to provide for financial administration of departments and statutory bodies, to repeal the Financial Administration and Audit Act 1977, to amend the Government Owned Corporations Act 1993 for particular purposes and to make consequential or minor amendments to other acts as stated in schedule 1. I present the explanatory notes, and I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Tabled paper: Financial Accountability Bill.

Tabled paper: Financial Accountability Bill, explanatory notes.

Second Reading

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer and Minister for Employment and Economic Development) (12.03 pm): I move—

That the bill be now read a second time.

Our government is committed to ensuring that Queenslanders are provided with a high-performing Public Service that is efficient, effective and accountable to the public. This bill is another step in our determined push to modernise the financial management of departments and statutory bodies in Queensland. The bill will repeal the Financial Administration and Audit Act 1977 and replace it with the Financial Accountability Act and consequentially amend the Government Owned Corporations Act 1993.

The independence of the Auditor-General will be enhanced and emphasised through separating the external audit provisions from the general financial management provisions. The provisions relating to the Auditor-General, the mandate of the Auditor-General and the Queensland Audit Office will now be encapsulated in the proposed separate Auditor-General Act, to be administered by the Premier and Minister for the Arts.

This Financial Accountability Bill will be the cornerstone of financial management in the Queensland public sector as it introduces many innovations to bring Queensland into the forefront of public sector governance and performance in Australia. The bill is principles based, written in clear

language and focuses on outcomes and accountabilities. It provides discretion to executives to optimise resource allocation and tailor systems for administration of their agencies whilst continuing to meet their legal obligations and further emphasises accountability. I seek leave to have the remainder of my speech incorporated in *Hansard*.

Leave granted.

This approach was taken in response to the findings of Queensland Treasury's review of the Financial Administration and Audit Act and its subordinate legislation. The review identified the need to update Queensland's financial legislation to respond to technological, governmental and global changes since the Act's inception in 1977. The current Act is an overly prescriptive rules based legislation originally designed for the old cash based system of accounting and a less sophisticated environment than now exists.

As a result of moving to principles-based legislation, high-level financial management obligations that agencies must comply with remain in the Bill. The subordinate legislation will establish parameters within which agencies must operate to meet their legal obligations under the Act and, by necessity, will be prescriptive.

Policy documents and guidance papers will complement the legislation and will provide support to departments and statutory bodies in the implementation of the new legislation.

This Bill gives the Treasurer the capacity to exercise discretion to formally delegate powers to Treasury officers: for example, to allow an agency to invest or lend an amount; or enter into a derivative transaction; or to exempt an agency from complying with part or all of a standard. Further, the Bill allows the Treasurer discretion to delegate to any accountable officer the power to write off revenues relating to the consolidated fund. This will result in a reduction in bureaucratic processes when small value losses need to be written off.

The Bill provides clarity around the roles of accountable officers and statutory bodies by separating out responsibilities they have in common and those that are specific to departments or statutory bodies.

The Bill is written to focus on outcomes to enable accountable officers and statutory bodies to implement the systems and processes that are the most appropriate for their agency to allow it to operate efficiently and effectively. This gives the Queensland public sector the flexibility to react in a timely manner to new financial challenges as they occur.

This Bill improves the effectiveness of the public sector by facilitating cross agency collaborations through broadening the delegation powers of accountable officers to include delegating to public sector employees or officers of the State, including statutory bodies.

The Bill will require the accountable officer of a department to delegate specific responsibilities to a chief finance officer and a head of internal audit. This will not diminish the overarching responsibilities of the accountable officer but will provide the accountable officer with the appropriate support to operate the department efficiently and effectively. The Bill recognises that some smaller departments may have outsourced these functions, so allows the accountable officer to nominate officers in other departments to undertake the chief finance officer or head of internal audit roles.

The chief finance officer of a department will be responsible for managing the financial resources of the department. This will include responsibility for the budget and the financial internal controls. The chief finance officer will also be responsible for their department's financial reporting including the preparation of annual financial statements.

The chief finance officer will support the accountable officer by having formally delegated responsibilities such as—

- providing advice on the financial implications and risks to current and projected services
- providing advice on the effectiveness of accounting and financial management information systems and controls
- developing strategic options for the future financial management and capability of the department
- providing the accountable officer with a formal statement of whether financial internal controls are operating efficiently, effectively and economically.

The head of internal audit will support the accountable officer through giving independent advice on issues such as—

- identification and management
- the efficiency and effectiveness of financial and operating systems, reporting processes and activities.

In response to recent reports of the Public Accounts Committee and the Auditor-General, the Bill further strengthens accountability by requiring departments to provide the Treasurer with a business case before the formation of a company can be approved.

This Government recognises the importance of transparency to the public. Budgets represent an important process in any business cycle, including that of individual departments. By being published, budgets allow the community to compare actual results with planned performance. While there is no legislative requirement, departmental budgets are currently tabled annually in Parliament. This Government wants to ensure this process continues in the future. Therefore, the Bill proposes a legislative requirement for departmental annual budgets to be tabled in Parliament with the State budget each year.

In keeping with the principles-based concept, the requirement to prepare an annual report remains in the Bill but the associated timeframes have been moved to the subordinate legislation. In the interest of improved accountability, the timeframes for departments and statutory bodies to prepare and table their annual reports in Parliament have been reduced by six weeks. Ministers will be required to table their agencies' annual reports within three months after the end of the applicable financial year. This will improve timeliness of reporting by Government agencies to the Parliament and members of the public.

The Bill proposes the closure of the Treasurer's Unclaimed Moneys Fund from 30 June 2010. From this date, instead of two separate unclaimed moneys funds operating in Queensland, all unclaimed moneys will be held and managed from one central location—the Public Trustee of Queensland. The Public Trustee has developed an on-line function which allows members of the public better access to search whether the Government holds moneys on their behalf. Having one point of contact for unclaimed moneys will provide a more efficient claims process.

Part 8 of the Bill amends the Government Owned Corporations Act 1993 (GOC Act). This is a necessary consequence of the replacement of the Financial Administration and Audit Act and the relocation of certain provisions from the Act to the proposed Financial and Performance Management Standard 2008.

The GOC Act is being amended to provide for the financial and annual reporting requirements for Government owned corporations (GOC) and prescribed GOC subsidiaries to be applied through the Government Owned Corporations Regulation 2004. These provisions will mirror those proposed to apply to departments and statutory bodies under the Financial and Performance Management Standard. Consequently, under normal circumstances, the Parliament will receive all prescribed annual reports of public sector entities within three months of year end.

Minor amendments are also being made to Schedule 4 of the GOC Act to amend references to a GOC subsidiary prescribed under a regulation.

The Bill proposes the incorporation of the audit provisions of Schedule 3 of the GOC Act into the proposed Auditor-General Act. This will consolidate all of the audit provisions into the one Act.

These will have minimal impact on GOCs and largely maintain existing practices.

The Financial Accountability Bill, when passed, will modernise the financial management of the Queensland public sector, while ensuring that it maintains its accountability to the public for the resources under its control.

Mr Speaker, I commend the Bill to the House.

Debate, on motion of Mr Nicholls, adjourned.

~~CHARTER OF BUDGET HONESTY BILL~~

~~First Reading~~

~~Hon. AP FRASER (Mount Coot tha ALP) (Treasurer and Minister for Employment and Economic Development) (12.05 pm): I present a bill for an act to provide for a Charter of Budget Honesty. I present the explanatory notes, and I move—~~

~~That the bill be now read a first time.~~

~~Question put—That the bill be now read a first time.~~

~~Motion agreed to.~~

~~Bill read a first time.~~

~~Tabled paper: Charter of Budget Honesty Bill.~~

~~Tabled paper: Charter of Budget Honesty Bill, explanatory notes.~~

~~Second Reading~~

~~Hon. AP FRASER (Mount Coot tha ALP) (Treasurer and Minister for Employment and Economic Development) (12.05 pm): I move—~~

~~That the bill be now read a second time.~~

~~Our government is committed to providing transparency to the public. The bill I introduce today commits our government—and indeed any future governments—to releasing an update of the state's financial position during an election campaign. This important reform requires Treasury to release an update of the state's finances during the formal election period, prepared independently of the government of the day. Further, it provides for the ability of the government of the day and the recognised opposition of the day to submit their election policies for independent costing by the Treasury.~~

~~Through these twin planks this bill proposes that the state of the books be independently disclosed, and the proposals of the government and opposition be independently costed. This bill builds on the government's commitment to transparency in reporting on the state's finances. It builds on—~~

- ~~• the requirement in legislation for the tabling in parliament of a charter of fiscal responsibility—this requires the government of the day to state publicly its fiscal strategy;~~
- ~~• our commitment to adhering to the uniform presentation framework, which requires among other things the publication of detailed information on the state's financial position three times a year with the annual budget, in a midyear review of that budget and the outcome of the previous financial year.~~

~~This bill will require Treasury to publish an updated fiscal and economic outlook within 15 days of the issuance of the writ for a general election. Given the breadth of the public sector in Queensland the time frame of 15 days is necessary so as to provide for a robust consolidation and reporting of the state's finances. I point out to the House that this is a maximum time frame.~~

~~This report will involve a full fiscal update of the current financial year and the following three years for the general government sector, including, to the fullest extent possible, all government decisions since the last update of the forward estimates that would—~~

- ~~• have a material fiscal effect; and~~
- ~~• that were made or were in existence before the issue of the writ for the election.~~

~~The report will also include a short commentary on the fiscal position including changes since the last update and the sensitivity of the fiscal estimates to changes in the economic and other assumptions. It is critical that the independence of Treasury is protected in this process. To achieve this, the bill requires—~~