



Speech by

**Mr D. BRISKEY**

**MEMBER FOR CLEVELAND**

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### **ACCRUAL OUTPUT BUDGETING**

**Mr BRISKEY** (Cleveland—ALP) (12 p.m.): One of the greatest challenges facing Queensland Treasury and the Queensland Public Service in the year ahead will be implementing the decision to move to accrual output budgeting in time for the 1999-2000 Budget. The Budget recently passed in this place is the last cash-based Budget that will ever be produced for Queensland. The change to accrual output budgeting, as part of the Government's commitment to Managing for Outcomes, may appear to be a simple change in accounting methods, but it actually has far-reaching budget and program implications. I would like to spend some time discussing this reform because, while it represents a major departure from the old budgeting methods, very little is known about what it actually means for this Parliament and for the Queensland community.

Accrual output budgeting is a more comprehensive and useful method of managing all the State's resources. Budgeting based on accrual financial information shifts attention from year-by-year cash management to managing service delivery over the longer term. It also facilitates assessment of agency performance by showing the full cost of service delivery. It detects when current levels of service provision are not sustainable, for example, where funding levels will not provide for asset replacement. It further enhances the benefits of the Government's existing investment in financial management systems and expertise. It improves the transparency of Government accounting and ensures that monitoring, evaluation and reporting occur in a timely, meaningful and transparent manner.

The key benefit of this change is that it will improve the transparency of Government spending by placing the Budget emphasis on outputs rather than cash inputs. It will also be of great assistance in delivering the Government's charter of social and fiscal responsibility, which the Treasurer announced in his Budget Speech. Members would also be pleased to know that the greater Budget transparency expected from this accounting method will greatly assist future Estimates committees in their important role in scrutinising Government expenditure.

Accrual accounting will assist this and future Parliaments to keep the Executive accountable for its decisions about the allocation of funds and service delivery priorities. The Queensland community will also benefit from this reform because people will be able to see clearly how taxpayers' money is spent and what benefits their dollars are providing. Greater consultation is also expected to be a by-product of the change as customer consultation becomes inherent in the planning, budgeting and performance management cycle, because customer service and outcomes will become the agencies' main focus. These are all positive consequences that flow from reforming the Budget process—consequences which I believe all members of this Parliament would welcome. Next year's Estimates process will provide us all with an opportunity to see how the Treasury Department has fared in its ambitious goal of reforming the State's budgeting process.

The shift to accrual accounting is not the only change happening in the Treasury portfolio. The Queensland Treasurer, the Honourable David Hamill, has a strong commitment to provide more funds to the long-neglected social portfolios which are such an important part of State Government's service responsibilities. The Government is committed to a charter of social and

fiscal responsibility. The primary objective of this charter is to address the Government's social objectives and obligations within a fiscal policy framework that maintains the State's sound financial position. The \$30m a year extra funding to disability services announced in the recent Budget demonstrates that this Government is serious about its commitment to social objectives. It is an important step towards redressing the abysmal underfunding of social policy areas which characterised previous State Budgets.

Along with this commitment to place important social programs on a firmer financial footing, the Treasurer and I, as his Parliamentary Secretary, are directing our efforts towards job creation. Creating sustainable jobs and bringing the State's unemployment level down is the highest priority of this Government. It is a policy objective that influences all our decisions in Treasury. To help us better tackle the issue, an employment secretariat is being established within Treasury to undertake detailed research analysis of labour market conditions and assist in the design and implementation of effective labour market programs.

As the Treasurer has pointed out on numerous occasions, the 1998-99 State Budget is heavily focused on creating jobs. The Budget includes \$282m for the Breaking the Unemployment Cycle initiative, which is a targeted labour market program aimed at providing the long-term unemployed with new skills, work experience and support. The Government's labour market initiatives are further supported by the Budget's record funding for public works and infrastructure projects, which are intended to directly raise employment and to increase growth through the positive external effects of public investment on private sector output. The Capital Works Program in Labor's 1998-99 Budget will provide more than 65,000 jobs, including 17,800 new jobs and ongoing employment for another 47,800 workers. These are two key mechanisms by which the Queensland Government is tackling the high unemployment rate, which has consistently troubled an otherwise strong Queensland economy. I believe all members would agree that the Government has to be innovative if it is to achieve substantial reductions in the unemployment rate.

The employment secretariat which is planned for the Treasury Department will be tasked with developing and coordinating innovative solutions to the unemployment problems that face this State. Particular attention will be paid to spots where the regional unemployment rate is dreadfully high and the participation rates depressingly low. The risk that long-term youth unemployment represents to the emotional, physical and economic wellbeing of such a large proportion of the State's younger generation will also be a high priority of the secretariat. I can assure the Parliament that the Treasurer is determined that this secretariat will look at the unemployment issue from a responsible community-focused perspective aimed at long-term sustainable solutions.

The Beattie Government, through its first Budget, has laid the foundation for improved Government services and greater Government accountability—important aims which will be further advanced by the adoption of accrual output budgeting, which will underpin the next State Labor Budget.

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