



Speech by

**Murray Watt**

**MEMBER FOR EVERTON**

Hansard Tuesday, 19 May 2009

---

## **AUDITOR-GENERAL BILL; FINANCIAL ACCOUNTABILITY BILL**

**Mr WATT** (Everton—ALP) (8.54 pm): I rise to speak in support of the Financial Accountability Bill. As the previous speaker indicated, this bill might seem very dry, but in fact I think it is an important component of a package of legislation the new Bligh government has introduced since the recent election to modernise the workings of the Queensland state government and to further improve the accountability of this government.

Earlier this evening we passed legislation establishing a new form of parliamentary committees designed to involve the entire parliament in the development of new policy ideas and to strengthen the powers of parliament to inquire as to government policy and spending. The Premier also today introduced a bill to guarantee Queenslanders' right to government information, building on the landmark legislation introduced by the Goss government after its election in 1989. This bill tonight goes a long way to further improving accountability and transparency in government through regular reporting of the government's performance against its stated community objectives. This package of legislation and this particular bill are more signs of the government's determination to renew itself with the energy of the first-term government that it is. It is important in these financially constrained times to ensure that resources are focused where they will have the most impact. And this bill is a critical plank in achieving that objective.

The origins of this bill lie in a comprehensive review of the Financial Administration and Audit Act, which highlighted the prescriptive nature of the bill and subordinate legislation. They prescribe detailed and potentially costly compliance activities which departments and statutory bodies must observe. Research across jurisdictions showed that public sector financial management would benefit from the legislation being rewritten using a principles based approach. This bill has been written using such an approach in that it removes the detailed prescription from the legislation.

The prescriptive requirements have been replaced with high-level principles which outline the outcomes to be achieved by agencies without prescribing the processes or inputs that must be used to achieve these outcomes. It is anticipated that implementing principles based legislation will, in the longer term, improve the financial performance of departments and statutory bodies by streamlining compliance activities and reducing unnecessary costs without compromising executive accountability. This will enable them to concentrate on strategic priorities, including service delivery to the community.

One other important change made by this bill concerns the replacement of the Charter of Social and Fiscal Responsibility. The current Financial Administration and Audit Act requires the Treasurer to table this charter in parliament. To reflect the recent changes in ministerial responsibilities, this bill proposes that the current charter be replaced by two documents—one to cover broad community objectives and another to cover the government's fiscal objectives. As the minister now responsible for planning and performance, the Premier will prepare and table in parliament a statement of the government's broad objectives for the community. This statement will ensure there is regular reporting to the community about the outcomes the government has achieved against its objectives.

Responsibility for the fiscal objectives of the state remains with the Treasurer. The bill states that the Treasurer must prepare and table in parliament a charter of fiscal responsibility outlining the government's

fiscal objectives. This charter will detail the fiscal principles supporting these objectives. The Treasurer will regularly report to parliament on the outcomes the government has achieved against the charter. As I said, this all sounds very dry, but they are crucial changes if we are to ensure that resources are achieving their desired effect and if we are to demonstrate to the community that government is performing to the degree that they are entitled to expect. I will give the House a couple of examples of how I think this bill will achieve this.

Under the current system, the Financial Administration and Audit Act, each year each department in its budget document sets out what it seeks to achieve with the money that is appropriated to it by this parliament. Too often what that means in practice is that each department specifies only the outputs it aims to achieve or, in common parlance, it talks about the number of widgets that are to be produced every year using the money that this particular company, being the government, has. I will give a couple of examples from my own experience working in government where I think that has been a problem.

One department in which I previously worked had an output measure around the number of briefing notes that would be prepared each year. Taxpayers are right to question whether preparing a large number of briefing notes is an adequate measure of whether the department is performing and whether their taxes are working for them in being used to prepare those briefing notes. No-one supports preparing briefing notes for the sake of it. But by setting targets around the number of briefing notes prepared it builds in an incentive to the department's employees to prepare a huge number of briefing notes when they may be better off doing something completely different—something that actually makes a difference to the lives of Queenslanders.

Another example from another department I used to work in is this. It had an output measure concerning the number of workshops that were delivered to small businesses around Queensland. Everyone accepts that delivering those kinds of workshops is important for the growth of small businesses. But taxpayers are right to question whether, even if the department delivers that number of workshops, their money has been used wisely. The workshops could be of low quality and they could attract very few attendees, but as long as the department delivered that number of workshops then it would achieve its objective or output.

The move to reporting on outcomes that is enshrined in this bill is a major step forward in reporting to Queenslanders on what matters—achieving real outcomes and improvements to their lives. This system underpins the government's vision for Queensland as set out in the Toward Q2 document which was released last year. That document set out five ambitions for the state and below that 10 targets for the state, covering everything from achieving high economic growth to delivering prosperity to reducing our carbon footprint and reducing chronic disease risk factors.

I think we would all agree, even members of the opposition, that they are critical objectives if we are to retain the quality of life that we all currently enjoy in Queensland.

**Mr Rickuss:** How are we going?

**Mr WATT:** By setting those 10 targets, the government clearly stated its objectives for the community. In an unprecedented manner, it was very open with the community about what its overarching objectives were to make Queensland a better place in which to live. The reporting system that is being brought in by this bill will ensure that the Queensland community has reliable data to measure the government's performance in achieving these objectives.

I belatedly take the interjection offered by the member for Lockyer. He was asking how we are going in achieving those objectives. The truth is that we are only one year down the track. But the important thing about producing that document and showing what the targets are and in now having this bill put in place a good system of financial accountability is that the member, I and every member of the Queensland public will be able to measure how we are going every year. I do not remember a National Party government ever being so open with the Queensland public about what it wanted to achieve or reporting on how it was actually going.

Even more importantly, this bill will allow Queenslanders to measure whether the taxes they pay are generating improvements in the things that really matter to their lives. As I said, this bill is an important component in a package of bills which have been introduced since the recent election which demonstrate that this government has renewed vigour and is more determined than ever to deliver open and accountable government to Queensland. I commend the bill to the House.