

1999

THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY

FINANCIAL MANAGEMENT (AMENDMENT) BILL (No 2) 1999
TO BE MOVED BY MR QUINLAN

EXPLANATORY MEMORANDUM

Circulated by the authority of the Shadow Treasurer
Ted Quinlan, MLA

(No.2)

Financial Management (Amendment) Bill 1999

Purpose

The *Financial Management (Amendment) Bill 1999* (FMAB) aims to enact a recommendation of the 1999 estimates committee. Specifically the committee recommended that the expected end of year results for a department should also be included in output statements recorded in the budget papers. The intention of the recommendation, as for this legislation, is to provide better accountability in terms of actual service provision to the Assembly and the community at large.

Current Legislation

The *Financial Management Act 1996* (FMA) by virtue of section 12, subsection 4 requires that the budget documents compare the original budget for a department with the proposed expenditure for that department, with specific respect to outputs.

Nature of Amendment

The current FMA section 12, subsection 4, implies that the subsection will facilitate a comparison. That is true for the two budget years, however what the output statements fail to do is give a useful comparison which takes into account three quarters of a years performance and updated expectations.

This amendment, if enacted, would require a third column in a budgeted output statement which would in fact provide an outputs comparison which will be useful for the estimates committee and non-executive Members of the Legislative Assembly.

Implications

Departments currently provide quarterly reports about the levels of service provision, or the performance of the Department against the budgeted expectations. This information is not readily available to the public, and should be provided in the budget papers.

The implication of this Bill is simply the provision of a third column in the annual output statements for a particular output class (or output) for ACT Departments and agencies that provide output statements. That column would appear between the column for the budgeted figure for the previous financial year and the proposed expenditure for the budget year and would record the expected end of year results for the department.

The new column would reconcile to the output statement for that Output, particularly with the Government Payments for Output and Cost lines.

Financial Implications

Quarterly figures are already provided which give effect to this provision. There will be slight administrative costs in formalising the reporting provision into the budget papers.