



LOCAL GOVERNMENT, SMALL BUSINESS AND CUSTOMER SERVICE COMMITTEE

Members present:

Mr JP Lister MP—Chair
Mr AJ Baillie MP
Mr MA Boothman MP
Mr MPT Healy MP
Ms NA Boyd MP
Ms JE Pease MP

Staff present:

Ms K Guthrie—Acting Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC BRIEFING—CONSIDERATION OF AUDITOR-GENERAL REPORT 13: 2024-25 LOCAL GOVERNMENT 2024

TRANSCRIPT OF PROCEEDINGS

Wednesday, 27 August 2025

Brisbane

WEDNESDAY, 27 AUGUST 2025

The committee met at 9.30 am.

CHAIR: Good morning. I declare open this public briefing with the Queensland Audit Office on *Report 13: 2024-25—Local Government 2024*. My name is James Lister. I am the member for Southern Downs and chair of this committee. With me on the committee today are: the member for Townsville, Adam Baillie; the member for Theodore on the Gold Coast, Mark Boothman; the member for Lytton, Joan Pease; the member for Cairns, Michael Healy; and the member for Pine Rivers, Nikki Boyd.

This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the briefing at the discretion of the committee.

I remind committee members that officers are here to provide factual or technical information. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and my direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please turn your mobile phones to silent mode.

NARASIMHAN, Mr Sri, Senior Director, Queensland Audit Office

VAGG, Ms Rachel, Auditor-General, Queensland Audit Office

CHAIR: Would you like to make an opening statement? I am sure the committee will have some questions after that.

Ms Vagg: Yes, thank you very much. Good morning. I would like to acknowledge the traditional custodians of the land throughout Queensland. Thank you for the opportunity to brief the committee on my report *Local Government 2024*, which was tabled in April of this year. With me today is Sri Narasimhan, the senior director who is the engagement leader on this report and leads our local government sector.

This report summarises the 2023-24 audit results of Queensland's 77 local governments and the entities they control. Councils play a vital role in delivering essential services to communities such as roads, waste, water, libraries and parks. My report provides insights into their financial performance, governance and operational resilience.

The report highlights that timely reporting is important to ensure transparency and accountability. The deadline for completion of the financial reports for local governments is 31 October each year. Meeting that deadline is a challenge for some councils in the sector, and 64 of the 77 councils met that required timeframe. By the time the report was prepared in April 2025, 71 of the 77 councils had completed their financial statements. As at today's date there are still five councils with outstanding financial statements for 2023-24: Northern Peninsula Area Regional Council; Mornington Shire Council; Wujal Wujal Aboriginal Shire Council; Woorabinda Aboriginal Shire Council; and Palm Island Aboriginal Shire Council. For some councils there needs to be substantial improvements in financial reporting preparation processes and access to suitable, qualified people and resources. All of those councils that have been completed have had unqualified audit opinions, meaning their financial statements can be relied upon.

As part of our audits we assess and test internal controls related to financial systems and processes and report areas that need improvement to councils and parliament. Last year we raised 52 significant deficiencies across multiple councils. As at 30 June 2024, 200 significant deficiencies

in councils' internal controls—that is, the 52 raised last year plus previous years—were unresolved. Significant deficiencies in internal controls can cause material errors in financial statements or result in material financial or reputational loss to council. Councils must take further action to address these as a matter of priority.

Notably, 49 councils had at least one information system weakness. Most of these weaknesses relate to inappropriate access provided to council staff in council systems and not maintaining good controls over passwords. This increases the risk of vulnerability in their IT systems, exposing them to risk of cyber attack.

We also identified 64 internal control weaknesses across 38 councils in their procurement and contract management processes. It is important that councils exercise good judgement in ensuring they obtain value for money and comply with their own procurement policies.

We also made recommendations for improvement relating to governance activities such as policies, procedures and frameworks and considering climate related risks as part of risk management processes. Councils should consider updating their strategic plans, risk registers and long-term budgets to reflect the financial and operating impacts of climate related risks.

Another area of continued focus in local governments is asset management and accounting. Having strong asset management practices supports the delivery of well-maintained assets, identification of replacement needs and leads to better sustainability outcomes. The sector's asset management practices need improvement. Following my recent report *Managing Queensland's regional water quality*, we assessed the condition of councils' water infrastructure assets. We did this using a ratio called the asset consumption ratio. This ratio measures how much of an asset is yet to be consumed or used. Assets that are below a benchmark that has been set may not be well maintained or require replacement soon or sooner than expected. I made a recommendation to all councils that they take action where their ratio falls below a benchmark level and that the Department of Local Government, Water and Volunteers amend its sustainability guideline to require reporting of asset consumption by asset class in financial statements. This will provide more information and better information for council decision-making. The report also contained information on the purpose and importance of accounting for depreciation expense and how this helps good asset management.

Local government elections were held in March of last year, resulting in significant changes across Queensland's councils. I identified that some termination payments were made to executives over and above their contractual entitlements. I recommended that councils implement policies and procedures over these ex gratia payments to clarify who is authorised to approve these payments, under what circumstances they can be made, the basis for the payment and how the amount was determined. I also recommended that the Department of Local Government, Water and Volunteers develop guidance material on this for councils. This committee may also benefit from hearing from the department and councils themselves, including their progress in implementing my recommendations. I am happy to take any questions the committee may have.

CHAIR: Thanks very much, Auditor-General. Going to chapter 5 and your last point regarding ex gratia payments and confidentiality clauses, as an expert in accountability and probity can you suggest typical situations where it would be appropriate for a public sector accountable agency like a local government to have a non-disclosure agreement in a termination settlement with a council employee?

Ms Vagg: There were two issues reported: one was about making the payments themselves which were above contractual obligations, and it is really defining the circumstances and when that might be appropriate; and the governance around that decision-making. As part of those termination processes there may be a contractual obligation to have non-disclosure activity as a result of that, so that can be part of the termination process. It is really defining when it might be suitable. There could be rare circumstances where there should not be public discussion on a particular matter. It is really up to the department and the councils themselves to define that. I would think it should be rare that that should be in place. That non-disclosure agreement does not actually prohibit the financial statements, so the financial reporting element of that, from occurring. Those elements of ex gratia payments still need to be included in financial statements and audited, regardless of whether there is an NDA there or not.

CHAIR: You referred in your report to the issues paper written by the CCC on these payments. Reading that, it suggests that one possible purpose for these things is to conceal wrongdoing or malfeasance. What measures can be implemented to guard legitimately secret information or private information whilst ensuring the community is informed about other material that might be concealed

by these sorts of things? I know in my own Southern Downs Regional Council three or four managers and a couple of directors have all been marched out the door in the course of 12 months. My understanding is that all of their termination arrangements were confidential because of these clauses. That is something a lot of my constituents have asked me about.

Ms Vagg: Which is why we made a recommendation to the department and councils to define when ex gratia payments should be made, the processes to approve them and the use of contractual terms and conditions associated with them. If an employee is key management personnel, one of those people is usually part of the executive of an organisation. If an employee is part of key management personnel, then financial disclosure requirements require the disclosure of all of the payments to that person. But it does not mean that ex gratia payments are not made within the business as well, and there is no disclosure requirement around that.

Ms BOYD: Thank you for appearing before the committee today. Auditor-General, your report highlights that about 35 councils' water assets are at risk of not meeting service standards. What are the consequences if those assets fail?

Ms Vagg: It is really service delivery to the community. Councils' assets are there for a community purpose, and having safe drinking water and the disposal of wastewater is one of the key purposes of having a council in place, so it puts that service at risk. It could also be that from a sustainability perspective council is not able to financially plan for the future, so there needs to be an awareness of when an asset either needs to be maintained, upgraded or replaced and those costs added into the financial plans of council. This ratio is one of those elements that can help highlight whether those financial plans are adequate to replace or maintain those assets. Sri, is there anything you wanted to add to that?

Mr Narasimhan: Not particularly. That ratio is one of the two ratios through which you can measure asset sustainability. As the Auditor-General mentioned, the biggest risk for councils there if it is not managed well is the possibility that this quality of service could decline for the community.

Ms BOYD: We see right across the state of Queensland the frequency of climate events. I noted in your report that you recommended councils assess climate risk. How many have actually done so, and what are the dangers that you foresee for those that have not?

Ms Vagg: Around 50 per cent of councils include climate risk in some way in their financial planning and asset planning and forecasting; around 50 per cent do not. Councils are recognising that changes in weather patterns impact on their assets with the frequency of natural disasters and the like. Around 50 per cent of councils are not currently articulating the effect of climate on their forecasts and their assets.

Ms BOYD: Given that we know so many of the LGAs throughout the state are not able to perform this work, do you believe that the department of local government is providing councils with enough guidance on sustainability and climate risk?

Ms Vagg: The department provides a lot of support when it comes to sustainability analysis and it provides the framework and reporting tools for councils. Ultimately, it is up to councils to identify their risks and respond to it—they are governments in their own right. In terms of the information provided by the department to councils specifically on climate risk, I might check with Sri on that.

Mr Narasimhan: The department has done a few workshops with councils to explain to them the risk of climate. Queensland is a large state, so the risk for a Western Queensland council could be very different to those in the Far North or on the coast. As the Auditor-General mentioned, it is important that each council identifies what climate risk is important and what will affect them more than another and factors that into their processes.

Mr BOOTHMAN: You made some brief comments about IT services and potential security risks. I remember when you were before us a while back about a very similar topic. With your experience and with previous reports, has there been an improvement? Are you aware of any strategies that councils are using that are making a definite impact on making data more secure and ensuring that passwords et cetera are kept in a certain way that makes it very hard to hack into?

Ms Vagg: The report does highlight the challenges in this space and the number of issues that we do raise. This is not particular for councils; we actually raise security issues across all of our audits. Auditors over the last couple of years have been required to do more work in this area so we are raising more issues as a result of this, and there is also the increased risk in this area. In terms of how things are going, we are still raising a number of issues every year across many councils. I think it is an area that needs significant attention from each council to make sure their systems are secure.

In terms of areas where we are seeing things happen, the state government is providing more advice and support to councils to help protect their systems, as well as advice on how to prepare for and respond to cyber attacks. That function is available from the state government now for councils. There is some commentary and recommendations in the report about making sure councils are aware of that support being available and to access it as required. Sri spends a lot of time with councils, and I have visited quite a number of them myself, and it is well known and it seems to be acted on. In this year's audit process—the audits we are undertaking now—we are checking with each council we are auditing on whether they are aware of the service available from the state and are actually using it.

Ms PEASE: Thank you for coming and for your important work. I want to ask some questions around internal controls and fraud. You mentioned in your report that there are over 200 significant control deficiencies, with most of them being unresolved for over a year. Why is this number increasing? What size councils is it impacting most?

Ms Vagg: It is across-the-board. There are different styles of issues that are raised, depending on the maturity and complexity of the councils, but most councils have some deficiencies identified. Not all have significant deficiencies though. In terms of why it is increasing and why they are not able to respond, access to suitable, qualified resources is a challenge for councils—that is, having the right people to be able to respond to what is often a complex issue, particularly in the IT space. Some of the more complex accounting and asset accounting aspects require someone of a suitable skill to be able to respond to it.

There are some recommendations in there which are about good governance practices—that is, how councils make the right decisions when it comes to procuring services, making sure they do things like assess for value for money and assess conflicts of interest and manage them well. All councils should be able to respond to those styles of recommendations in an appropriate timeframe. Typically, with a significant deficiency, we suggest that councils should respond with some haste. We would be looking for within a three- to six-month period—so within that audit cycle. When significant deficiencies are long outstanding, it definitely raises concern from our side.

Ms PEASE: Taking what you have just said on board—that some councils do not have capacity to be able to undertake and resolve these issues—how important do you think it is to have an audit committee or an internal audit link to councils that are failing to meet and fix these problems?

Ms Vagg: I did raise that matter in a previous report which was assessing local government audit committees. Audit committees can bring expertise to councils that otherwise might not be available. That would be expertise from financial reporting and a governance stance, as well as IT skills and cyber risk skills. Audit committees can be quite a helpful source of advice and assistance to councils. Internal audits—which is the function of management, which is within the agency and doing specific management directed reviews—can help identify issues before we get to council ourselves and assess them. It can help management to be on the front foot of identifying and responding to issues. Internal audit and audit committees can also help right-size actions of councils—so responding with what is suitable for a council's location, access to resources and size. That can be quite a helpful thing that committees can do as well.

Ms PEASE: Given the \$2.8 million in that supplier related fraud, do you believe there are other councils that are at risk of a similar fraud today?

Ms Vagg: It is not just councils; I think all entities are at risk of this style of fraud. We have seen similar vendor related frauds in the state government space as well. It should be something that all entities are attuned to. It really is checking bank account details and requests for changes related to bank accounts with thoroughness and looking to external evidence to support changes. That is the critical control check there. We recommend all entities check that they have internal controls in this space. Councils with fewer resources, less capable resources or resources that are available at all times might be more susceptible to these styles of fraud, as might councils with a high volume of activity because of the volume that is going through. There are a couple of risk factors in there.

Ms PEASE: Do you know if the councils make use of state government support services through state government cybersecurity programs? Do they get involved with local councils?

Ms Vagg: They do. We have made comments in the report about that. We are checking through this year's audit process that all councils are aware of the support provided by the state government when it comes to cybersecurity and that they are accessing it where it is appropriate. Sri and I, in our visits to councils, have been raising that with them directly as well. Feedback through those meetings is that most councils are aware of that support available to them.

Ms PEASE: Do you know if they are actually using it? They are aware of it, but are they using it?

Ms Vagg: I might turn to Sri.

Mr Narasimhan: About 50 per cent of the sector definitely uses them in some form or another. As for the other 50 per cent, to a large extent they know about the services but they have not actually reached out to try to obtain any services from the cybersecurity unit.

Mr BAILLIE: I was looking at the lodgement timeframes, I guess you would call it, from councils over the years from 2018-19 through to 2023-24. I observed that more and more councils are submitting their reports later during the month. It still seems a fairly consistent rate not meeting the deadline at all, but a significant number are ending up later in the month. Is there any particular reason that might be occurring? Have the requirements got more onerous? What is your insight into why that might be the case?

Ms Vagg: They are preparing the financial statements and providing them to auditors later within the period. They are still meeting the statutory deadline, but it is all being pushed up a bit closer to that particular deadline. This is for various reasons. It could be access to suitable, qualified resources, in that perhaps their access is not what it has previously been. It could also be about the monthly processes of councils. Each month, councils prepare sets of management accounts which effectively duplicate the processes for financial statements. If those monthly accounts preparation processes are not well established, it can mean the preparation of the end-of-year is actually much more complex and difficult for council. It can also mean that councillors and those charged with governance are not getting regular information throughout the year, if monthly accounts are not prepared. It could also be that complex accounting matters may emerge through the year which take more time to resolve. The factors would be their financial processes, access to resources and perhaps complex accounting and other transactions.

Mr BAILLIE: As a result of it taking a bit longer in that cycle—and I acknowledge there are systems where on the 15th of every month it spits out the data—are we finding the quality of the data and reports improving with the slightly extended timeframes it is taking to get the reports submitted?

Ms Vagg: We are not seeing an increase in quality of financial statements at the end. We are still raising matters and having to resolve matters with financial statements. If anything, it can make the audit process and preparation process harder when it is being prepared and audited in a condensed timeframe because there is a lot more work and assessment to do in a shorter amount of time. It raises the risk of errors in financial reports when we have less time to prepare and audit them.

Mr BAILLIE: Regarding councils that either miss the deadline or have not submitted last year's financials, which I think you mentioned today applies to some councils, are there any consequences for not submitting? Is there anything that would encourage them to get those submissions in?

Ms Vagg: From a consequence perspective, there is no consequence from us. We raise this from an accountability perspective. It can cause general issues in terms of counterparties in the private sector perhaps wanting to engage with the council. Transparency of financial reporting adds trust into a particular council on how they are spending their money so it could affect the desire of the private sector to work with the council. It can also potentially affect the grants they receive from other government entities if they have not acquitted themselves in previous periods. In fact there is a council which has multiple years outstanding so there are some councils with multiple years outstanding. Typically, those councils where we see long outstanding financial statements have a greater number of issues within the council from a financial management perspective.

Mr HEALY: Auditor-General, your report says, 'Financial statements are reliable, but not timely.' Why are so many councils still finalising at the last minute?

Ms Vagg: There are various factors in there. Most of it is access to people who are able to prepare their financial statements. That is a big driver of it—so having access to the right people to be able to prepare statements. It is also about having the right systems in place to be able to prepare statements. It is the recording of transactions throughout the period and keeping good financial management discipline. That might be absent throughout the period. We also have some councils which have been significantly affected by natural disasters and have been focused on responding to those natural disasters through some of this period.

Mr HEALY: We know that many errors stem from weak month-end processes. Can you explain what simple changes councils could make to fix this? What you are talking about happens in small business too, but I am thinking there must be some changes to increase their efficiencies and systems.

Ms Vagg: They can share information amongst councils. They can rely on support provided by the department on how to prepare month-end processes. It is also having councillors and elected members requesting the right information in a timely manner—so being used by a council is also a great motivator to prepare that monthly information. Sri, do you have anything to add?

Mr Narasimhan: There is just one other thing to add to that. Over the years the department has provided a number of checklists, templates and guidance to councils to help improve their month-end processes. Some councils are starting to use it quite effectively, but there are still some that have not caught on to that yet.

Mr HEALY: How common is it for councils to leave out depreciation in their monthly reporting? What impact does that have on decision-making?

Mr Narasimhan: We did this analysis a couple of years ago. We found that about 42 per cent of the sector did not do depreciation in their month-end. This was a couple of years ago. We have not done an analysis in two years. When we initially observed that, we provided a lot of guidance to councils in terms of what needs to go in the monthly financial report. Historically, we have seen that councils typically make profits in their monthly management accounts for 12 months of the year without depreciation, then when they have to prepare their financial statements depreciation is recorded and they move from being a profit-making organisation to a loss-making organisation.

Ms Vagg: Depreciation is an important thing to include in financial reporting. It is about allocating the cost of an asset in financial statements and councils knowing how much of their asset they are consuming, which is what depreciation means. It is really important because, when rates are set and the cost of services is set, this is an important cost to councils that should be included in that analysis. It provides important information both from a monthly perspective and a year-end reporting perspective.

Mr BOOTHMAN: Going back to the IT question, are you aware of any failures that have caused financial impacts for councils? When it comes to IT failures and dealing with security, are there any major issues you have found that you can tell the committee?

Ms Vagg: We find issues along the way in many of our audits where IT controls have resulted in some impacts in those organisations. It could even just be down to the accuracy of information. If someone has access to information they should not, it can sometimes result in inaccurate information. At that lower level we do find matters in many of our audits. In terms of significant impacts, Sri, is there anything in the current year? Otherwise you can probably talk generally to historical cyber matters.

Mr Narasimhan: In the current 2024-25 financial year there have been no financial impacts as far as we know. In the last five years there have been two Queensland councils impacted by cyber attacks. One was back in 2020, which was a small regional council. Another one was as recently as 2023. For one of those councils that was impacted in 2020, we understand there was a ransom paid for them to access their information back from the hacker. For the 2023 one we do not believe there was any ransom paid.

Mr BOOTHMAN: With regard to ransom attacks, through councils and through what you have ascertained does the department believe there are sufficient protocols being put in place to ensure that does not reoccur? I know technology is ever-changing and it is hard to keep up, especially with AI and AI cyber attacks. Is the department confident that councils are adhering to the protocols that are required?

Ms Vagg: In terms of determining the protocols, how a council will identify an attack and then respond to it, there are many response mechanisms. Councils themselves should be ready for this and preparing for it. If they need help to prepare for it, the Cyber Security Unit of the state government is available to them and it can help them determine appropriate mechanisms to respond to a cyber attack. Usually the department of local government should be abreast of how well councils are ready to respond and then, if they do need to respond, how they have responded. Consultation and support should be provided there.

Ms BOYD: I would like to ask a question around depreciation. I know that depreciation is required through accounting standards for local governments. I am also very conscious of the fact that many of the assets that they build and replace are done through grant-based revenue. With that in mind, how does depreciation help councils plan for renewing and replacing assets like roads, bridges and water infrastructure? We have seen a really interesting case recently with the Story Bridge and Brisbane City Council. Are you able to speak to that particular element of your report with those factors in mind?

Ms Vagg: Depreciation is a complex issue. Asset management generally is a complex but really important part of council activity. Depreciation is the allocation of the cost of an asset over the life of the asset. It becomes an expense in the financial statements. It really tells you what portion of that asset was used by the community during that particular year. When council determines its revenue—its rates and other charges—is it actually taking into consideration how much of that asset was used during that portion of time and charging for it appropriately. It also helps plan for the future. Once an asset is progressing through its useful life, it may need additional maintenance or upgrades.

It also helps councils to financially plan for the replacement of the asset. Sometimes a council will choose not to replace an asset, sometimes another government or agency may fund the replacement of the asset and sometimes the council itself needs to pay for it. Councils just need to be conscious of which category assets sit in and whether they are planning adequately when a council itself needs to fund the replacement of the asset. Depreciation gives this wealth of information in terms of costing of services to the community as well as planning for the replacement of an asset. What council then chooses to do with it in terms of putting funding into an asset should be determined by their asset management plan. You gave the example of the Story Bridge. It could be any other asset. There should be asset management plans in place which talk to the asset, the cost of the asset, required maintenance of the asset, and any long-term sustainability challenges of that asset and how a council intends to plan to respond to those matters. I think that is just a fundamental basic for all asset management within councils.

Ms BOYD: I was really interested in the case study where a council worked with engineers to challenge valuers' assessments. They cut down depreciation by \$9 million. Should all councils be doing this kind of detailed review?

Ms Vagg: Yes, they should. That is why we have the example in the report. It is really about councils understanding their assets well, understanding the quality of their assets well—they can use experts to help them do that—and understanding how long they expect to use that asset for. It helps with that year-on-year financial planning from a council's perspective. These are all estimates, and sometimes those estimates change and are amended. That is an example of one of those estimates and assumptions changing as a result of better quality information.

Ms BOYD: In your view, what role should independent valuers play versus internal engineering teams to get the depreciation balance right?

Ms Vagg: It will depend on the council, the information they have and the expertise of their own engineering and asset management staff. Sometimes if it is very well managed and understood within a council and they have access to the information they need, then they may not need to access experts outside of councils. Some councils do not have the same access to expertise. Sometimes their records are not of sufficient quality or the quality they would like them to be, so accessing experts can be quite helpful from that perspective. When my teams come along to do their audits we are agnostic as to the source of the information. We are really looking at the quality of the information that is there.

CHAIR: Auditor-General, can you talk to us about federal assistance grants to councils and the losses to some that were occasioned by the late payment of those? Is there a direct financial loss because of interest or foregone work which then costs more to complete later on? Can you give us some background as to why they were delayed?

Ms Vagg: The financial assistance grants are usually received around 30 June, which is when financial statements are prepared. Councils prepare financial statements based on accounting standards and we audit to those standards. Those standards require councils to record the grants in a certain way; therefore, the timing of the receipt of those grants can greatly affect the financial result of councils. It is really a timing difference. It may be that in one year you receive a grant at a certain time and it results in a profit and then a loss in the subsequent year. When we assess sustainability we look through the timing of those grants to understand sustainability, removing that timing effect from accounting standards. Sri, was there anything you wanted to add?

Mr Narasimhan: Yes. The financial assistance grants, as you know, come from the federal government and the timing of payments purely sits with the federal government. When they get passed on to the state and the state passes them back to councils is uncertain. The last few years have been a bit topsy-turvy in the sense that grants provided in certain years are slightly less and in some years they got more than they should have. Overall, the grants are determined by the federal government and sent through to the state. It is a matter of how the timing works, which is a little bit outside of the control of state and local governments at the moment because the decision is being made at the federal government level. As the Auditor-General said, we look at it over a long-term period in terms of sustainability. A one-off impact should not impact the sustainability of councils.

Ms PEASE: With regard to procurement and policies, you indicated that nearly 50 per cent of councils had weaknesses in their procurement and contract management. What does this practice mean for ratepayers who might be missing out on value for money?

Ms Vagg: It is exactly that. Value for money means that a council is maximising what is being received for the money that is being spent. It could be that services are reduced, so not at the level that they could have been. It could be that fewer assets are procured as a result of it. It is really that the return on rate revenue is not as high as it could be.

Ms PEASE: You indicated there are five councils with a combination spend of nearly a billion dollars that do not have complete contract registers. Is that concerning?

Ms Vagg: It is. I raised it in the report because it is of concern. Contract registers give you really good information. They tell you what you are spending money on, the vendors that you are spending it with and the patterns of spending. They also give insightful information on contracts that are about to expire into the future and allow councils to prepare for either the replacement or renewal of those contracts. It is all of those pieces of information which help inform good decision-making. They also help inform the right style of procurement activity and allow councils to assess the right activity to put in place.

Ms PEASE: Further to that, you have your own procurement maturity model and not all councils have taken that up. Do you think it should be made mandatory for councils to use that model? Why are councils averse to embracing that model?

Ms Vagg: We like councils to use it. It is there as a tool to support better financial management practices. I have many maturity models that sit on my website that are there and free for all councils and entities to use. Whether it is mandatory or not, I think it is a good tool for councils to use. Perhaps one of the reasons they have not done it is access to resources and someone who is able to perform that maturity assessment for them. Often my auditors do it on behalf of councils anyway to give them that information that might be helpful from that side. It could be access to resources. It could also be that it may not be a priority for that council to assess their own processes.

Ms PEASE: Even though they are not fulfilling their obligations?

Ms Vagg: If we have raised issues, we want them to do something about it.

CHAIR: That concludes the public briefing. I thank the Auditor-General and your officers for their assistance to this committee and reporting to us. A transcript of this briefing will be available on our website in due course. We look forward to seeing you again next time. I declare this public briefing closed.

The committee adjourned at 10.15 am.