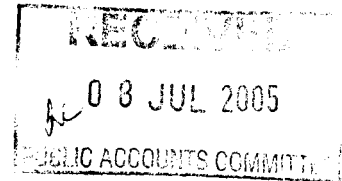




7 JUL 2005

Queensland **Transport**

Mr Gary Fenlon MP
Chair
Public Accounts Committee
Parliament House
George Street
Brisbane Qld 4000



Dear Mr Fenlon

Inquiry into financial reporting

Thank you for your letter of 13 May 2005 advising of the Public Accounts Committee inquiry into government financial reporting and inviting written submissions.

To a large degree, the framework for public sector reporting is developed and promulgated by Queensland Treasury. In the case of the annual financial statements, it is Treasury's Financial Reporting Requirements (FRRs) that provide the framework against which the Queensland Audit Office (QAO) verifies each agency's financial report. The FRRs are based on Australian Accounting Standards which are accepted as the basis for reporting by all government and non-government entities in Australia. As a result, there is little latitude with regard to information included within each agency's published financial documents.

However, the department does have a certain amount of discretion with regard to information presented within documents such as the Ministerial Portfolio Statements (MPS). In these instances, the department endeavours to ensure the content is meaningful and of assistance to both internal and external stakeholders. The format for the MPS is laid down by Treasury, although content is largely determined by departmental staff in consultation with our Minister.

The MPS contains output performance measures which are carefully selected to provide an insight into departmental performance in key result areas.

In general, public sector accounting has improved substantially with the inception of accrual accounting. Agencies provide a timely and complete set of financial statements that report on the department's financial performance and position at the end of each financial year. These statements provide information on utilisation of departmental resources in achieving departmental outputs. This provides improved financial data for decision making on the allocation of agency's scarce resources.

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The adoption of international accounting standards from 2005/06 will have minimal impact on the department's accounts. However, the new standards do have additional reporting requirements that will provide stakeholders with additional information. The harmonisation of the Australian and international standards also provides a certain amount of comparability between the financial reports of the Queensland Public Sector agencies and those in other jurisdictions.

Considerable departmental effort is currently expended on the production of the variety of reports required to meet legislative or other government reporting requirements. In considering whether changes should be made to current arrangements, the level of resource involved in the production of these reports needs to be weighed against the value that users receive. Increased reporting requirements will divert resources from other activities potentially reducing service levels in other areas of higher value to the community.

Overall, Queensland Transport is satisfied that the current reporting regime provides sufficient information to meet the needs of most internal and external stakeholders. However, any streamlining of reporting requirements, whilst still providing value to users, would be supported.

Yours sincerely

[Original Signed]

Bruce Wilson
Director-General