

# **Kingaroy Shire Council**



**Submission to  
The Public Accounts Committee**

**SUBJECT:  
Inquiry  
Government Financial Reporting**

6 June 2005

---

## For Local Government

### Question

*What information is available to assess the economy, efficiency and effectiveness of government operations in general?*

### Response

- (a) Annual financial statements provide information on the financial results of a Council for a particular year. Financial ratios can be ascertained but the average reader would be unaware if performance was good or bad.
- (b) Annual comparative statistics are available from the Department of Local Government and Planning etc. These statistics do provide some guidance in benchmarking against similar sized local governments and are a helpful tool for elected representatives and Council staff.
- (c) The QAO annual report to Parliament provides some further information on the performance of local governments but is more focused on compliance issues.
- (d) Five year forward capital works programs and ten year cash flow projections provide some guidance to a Council's ability to remain financially viable.
- (e) LGAQ conducts a Community Satisfaction and ATTITUDES survey across all local governments in Queensland. The survey covers 42 Standard Responsibility areas and provides information on performance across the State.

Some Councils conduct a similar survey within their own local government area and the results provide a very good measure of the community's opinion of the performance of the Local Government.

NONE OF THE ABOVE REPORTING ADDRESSES THE EFFICIENCY / EFFECTIVENESS OF A COUNCIL'S PERFORMANCE IN AREAS SUCH AS

- RANGE AND LEVEL OF SERVICES PROVIDED
- COMPLIANCE LEVELS (LEGISLATIVE REQUIREMENTS)
- ASSET CONDITIONS

### Question

*What information is available to assess specific public sector entity performance?*

### Response

Unaware of any generally available information. Information usually only comes to light when a specific inquiry is conducted.

Question

*How useful are annual reports and other government financial reports?*

Response

Annual reports tend to focus on positive achievements, provide statistical information, comply with legislative requirements and contain photographs of Board / staff members. Whilst they are a good read they are not a useful tool to assess the integrity, economy, efficiency and effectiveness of an entity.

Question

*Is performance information readily accessible and can it be interpreted by non expert users?*

Response

No

Question

*Is the financial information presented in annual reports linked to management reporting?*

Response

No

Question

*Do audited financial statements meet performance needs or do they only address compliance?*

Response

Generally only address compliance.

Question

*How useful are budget figures in the government financial reporting process?*

Response

At the aggregate level budgeted figures are of little value.

Question

*Will the introduction of international accounting standards provide more meaningful information about a public sector entity's performance?*

Response

No

Question

*Are there any other relevant matters the committee needs to address?*

Response

- (a) Any proposed changes to reporting standards should seek to simplify the process.
- (b) Continual change to reporting requirements does not necessarily enhance the results.