



Speech by

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MEMBER FOR SURFERS PARADISE

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FINANCIAL ADMINISTRATION AND AUDIT AND ANOTHER ACT AMENDMENT BILL

Mr LANGBROEK (Surfers Paradise—Lib) (9.35 pm): It is also my pleasure to rise to speak to the Financial Administration and Audit and Another Act Amendment Bill 2007, and I note the comments of the shadow Treasurer. I am pleased to offer my support for certain aspects of the bill, especially those pertaining to changes in public accounting standards.

I note the shadow Treasurer's queries about the increased authority provided by the bill to the Treasurer in relation to derivative transactions. I want to speak mainly about the changes in public accounting standards. We do endorse the amendments to the time frame for the completion of Queensland public sector agencies' audited financial statements by four weeks, the incorporation of the new accounting standards introduced by the Australian Accounting Standards Board—AASB—in September 2006 and the formal closure of the six closed accounts which the shadow Treasurer referred to.

I wanted to speak a little bit about the accounting standards, because I am proud to be on the Public Accounts Committee with you, Mr Deputy Speaker English, in your other role as the member for Redlands; the member for Gregory; the member for Kallangur as chair of the committee; the member for Southport; the member for Brisbane Central; and the member for Gympie. With regard to what the Australian Accounting Standards Board was tasked to do in 2002 when the Financial Reporting Council provided the AASB with a strategic direction to pursue some harmonisation reporting of generally accepted accounting principles and government finance statistics—GAAP and GFS respectively—the aim was to achieve a single set of government reports which are auditable, comparable between jurisdictions and of which the outcome statements are directly comparable with the relevant budget statements.

The reason this was being done was that this new standard coming in would reduce the potential for confusion of users of government financial reports. Being on the Public Accounts Committee, I think that is something we are doing in conjunction with the Auditor-General, who has made it very clear that he would like to have a sense of financial reports being more easily understood not only by those of us who have to interpret them but also by members of the public. We have done it in a number of cases in the Public Accounts Committee. Just recently we held a public hearing at which we looked into whether information provided in the Ministerial Portfolio Statements in the budget is information that people can actually use to properly look at the budget. Now we are also having a discussion paper in the Public Accounts Committee about NGOs—non-government organisations—and whether the data collection that they have to provide for government is appropriate for them to be able to get the money that they need to run their organisations.

Clearly, the Auditor-General and the Public Accounts Committee are saying that we would like people to be more aware of financial issues—both public accounting standards and general accounting issues—as evidenced by an increased awareness of financial issues throughout the world. Financial markets are the subject of much discussion, so people are much more aware of these things than they used to be. The AASB and this bill are reflecting the sense of bringing things together so people can more easily interpret reports. The Auditor-General has most recently put out a survey of parliamentarians asking

whether parliamentarians feel that the reports and services that he provides offer valuable information, whether they help improve public sector administration, whether the reports that he provides are adequate and whether he communicates issues clearly. The survey asks for parliamentarians' level of satisfaction with his reports and services.

Once again, the Auditor-General and the Public Accounts Committee are saying, 'We really think it is important for people to understand these financial issues.' That really goes to the heart of what this bill is doing. As I said before, in the past governments have been reluctant to adopt GAAP/GFS harmonisation reporting, because the accounting bases for whole-of-government and general government sectors were different. By aligning the accounting bases, this impediment to adopting GAAP/GFS harmonisation principles has been removed.

I note that the AASB in a media release of 10 October 2007 stated that it will now proceed to consider whether GAAP/GFS harmonisation should be pursued for entities within the general government sector of the Commonwealth government and the state and territory governments. As a result, the AASB may need to consider the extent to which its GAAP/GFS harmonisation decisions should apply to government departments, statutory authorities and other entities within the general government sector.

I want to refer a little to what the AASB actually is. For those members who are not aware of it, the Australian Accounting Standards Board is the Commonwealth statutory authority that is responsible for developing, issuing and maintaining accounting standards. The board's functions and powers are set out in the Australian Securities and Investments Commission Act 2001. As well the AASB consults with members of its broadly constituted consultative group to increase the involvement of various interested groups in the standards-setting process. Members of the consultative group include representatives of parties interested in and affected by statements of accounting concepts and accounting standards. The role of the members of this group includes providing advice to the AASB on major technical issues, the AASB's work program, project priorities and due process.

As I am the ACPAC—or Australasian Council of Public Accounts Committees—state and territory representative on the consultative group, which includes, as I mentioned, 35 different groups of people, and I will not name them all—

An honourable member: Go on.

Mr LANGBROEK: No, I will not, but this committee is a broadly constituted consultative group. That group comes up with recommendations for the AASB in terms of its work program. The policy statement of the AASB outlines its objective as the following—

The objective of the AASB Consultative Group is to provide a forum where the AASB can consult with representatives of organisations representing different groups of constituents to obtain input on major technical issues, its work program, project priorities and due process and to receive feedback on its activities and those of the Urgent Issues Group ... a committee of the AASB.

As I said, the consultative group is broadly constituted, comprising approximately 35 members representative of those preparing, using and regulating financial reports. Clearly, people preparing, using and regulating financial reports should want those reports to be as legible as possible so that people can interpret the findings in financial reports. Many members of parliament would acknowledge that before coming into this place they had very little experience with those types of things.

I think it is great to see that the Australian Accounting Standards Board is looking towards harmonisation of the standards. Obviously, the government has taken this matter into account and made sure that we are going to have more harmonisation. Hopefully, that will lead to a clearer understanding of the processes of government and financial matters.