




Speech By
Christopher Whiting

MEMBER FOR BANCROFT

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STATE DEVELOPMENT AND REGIONAL INDUSTRIES COMMITTEE

Report, Motion to Take Note

 **Mr WHITING** (Bancroft—ALP) (3.44 pm): I move—

That the House take note of the State Development and Regional Industries Committee Report No. 32, 57th Parliament, *Examination of Auditor-General reports on the local government sector*, tabled on 28 November 2022.

The report we are talking about today is an important one, as are all of the reports that come from our committee, but this is one of the annual or regular examinations by the Auditor-General of the local government sector. We made one recommendation: that local governments be required to establish an independent audit and risk management committee. I will just go through some of our reasoning and the thinking behind why we made this recommendation.

We have seen similar recommendations about this very issue from reports that have come from the Auditor-General over the years. It is a constant refrain that we hear coming through. We have listened to that, examined that, reported on that and pursued that as a committee. The report says that local governments need an audit and risk management committee for the large councils and an audit function for all other councils. The question that has been examined in similar reports over the years is how well the local government sector has been doing. I think we can say, to paraphrase, that it has done well. It has improved over the years, but there is room for improvement.

I want to commend all of the councils out there. We have 77 around the state. I know it is a big ask for many of them to fulfil these audit functions and report back on their financial soundness year after year. I think they have made a great effort and they are improving all the time from where they came from some years ago. The report points out that, of those 77, 15 have no audit committee and six councils do not have an internal audit function. What is concerning is that it is clear from these reports that some councils need to have better internal control environments. It is not just about getting your annual financials in on time each year; what is needed is strong internal governance. That means better procurement practices, better contract management and better asset management.

What is particularly of concern—and we have seen this over the years—is protecting information systems in councils to stop hacking, which has happened on an irregular basis. Certainly cybersecurity is a great focus for all governments throughout Australia in this day and age, and local governments are not immune to that. We are encouraging local governments to make sure they identify where cybersecurity risks are and take measures to prevent cybersecurity attacks. One of the best ways to do that is to get an independent audit committee and independent risk management committee to specify for the council where they can do better and increase their capacity.

Many of us on this committee have been in local government. We have reflected on what we have learned from our time on audit risk management committees within the sector. In my early days at Caboolture Shire Council I learned so much from the people outside council who were on our audit

committees. I found that they brought fresh eyes to our internal processes and revealed ways we could improve and meet standards that other organisations were always meeting. My experience with these committees is that they are really useful.

One of the things we have suggested to councils is that in a small council their ROC, their regional organisation of councils, could help create such a committee which could move across several councils. I think that would be a way of making sure there is not this cost impact on these councils while at the same time giving a very good reading of what they need to do. Once again, I congratulate all of the councils for the improvements they have made and I also congratulate the department for chasing this up.