




Speech By
Michael Hart

MEMBER FOR BURLEIGH

Record of Proceedings, 24 August 2023

STATE DEVELOPMENT AND REGIONAL INDUSTRIES COMMITTEE

Report, Motion to Take Note

 **Mr HART** (Burleigh—LNP) (3.02 pm): I rise to speak to the Auditor-General's report on the local government sector. In the 11 years I have been here I have spent about 5½ years on various iterations of the state development committee, and over that time I have seen quite a few Auditor-General reports. I have to say that the reports around local government do not seem to change very much. I am still seeing exactly the same issues reported by the Auditor-General this year as I saw in my first year in 2012. This particular report talks about a number of issues, including enhancing internal environments. The report states—

For several years the Auditor-General has identified significant deficiencies in councils' internal control environments. Commonly, these have been in the areas of information systems, risk management and procurement practices.

They have identified financial sustainability in the government sector as an issue. One of the recommendations the committee made is that all councils have an audit committee. Those members who have been involved in any sort of reasonable business would know that most big businesses have an audit committee to keep an eye on exactly these sorts of things: procurement practices, financial stability et cetera. For the Auditor-General to keep pointing out that councils do not have these audit committees regularly in place or at least have some sort of auditing function inside the council is definitely a real concern. These reports have been prepared just about every year since the Auditor-General started. This report states—

In 2021, out of 77 local governments: 15 did not have an audit committee. Of those which did have an audit committee, 2 did not meet during the year and 3 met only once. 6 councils did not have an internal audit function.

They did not even have a function inside council, let alone a committee. The report continues—

A further 6 councils with an internal audit function did not conduct any activity during the year.

Another concern is that the internal audit functions some councils did have did not even have a meeting, so how can they watch what is going on?

The committee only made one recommendation, and that was that all councils have an independent audit and risk management committee. We obviously would like to see some sort of independent person on that audit committee. The financial stability of our councils is one of the things that is continually identified. A lot of them tend to spend more money than they are earning, which is not a good business outcome for anybody to have, let alone a council. The Auditor-General's report states—

Councils have started to recover from the financial impacts of the COVID-19 pandemic.

We all know that would have had a severe impact on everybody, let alone councils. The report continues—

25 councils generated an operating surplus, up from 21 in the previous year.

We are getting slightly better in that. The report continues—

45 councils (out of 77) are still either at a moderate or a high risk of not being financially sustainable.

Of course, if they are not financially sustainable then they are going to be relying on the government for grants. We all know that is not a situation that can go on and on. The report further states—

In 2021, the Auditor-General reported that 11 councils had inadequate cash services (less than three months).

Again, that is a massive problem for all of these councils. We need to see audit committees or at least audit functions in our councils. We understand that for some of our remote Indigenous councils it is going to be difficult to get people in those places, so we may need to offer them some sort of special assistance. It is a very significant problem, something that the Auditor-General keeps coming up with year after year. It is probably about time the government takes note that this is a real problem and does something about it.