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# Executive Summary

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This report includes:

- our audit opinions on the 2004-05 Total State Sector Accounts and the Statement of Budget Result
- recommendations for more meaningful financial and non-financial reporting
- comments on the Statement of Budget Result.

## AUDIT OPINIONS

We issued a qualified audit opinion on the Total State Sector Accounts because the WorkCover Scheme Statutory Funds and Crown reserves should have been included. A similar qualification was made last year. Our Independent Audit Report on the Statement of Budget Result was unqualified.

## THE STATE'S FINANCIAL POSITION

The State is in a strong financial position but it is currently facing some cyclical and structural fiscal pressures.

In earlier years' Reports to Parliament, we have included an analysis of the State's financial position, but have not done so this year. As we have previously acknowledged, the Treasurer's Report on State Finances and the Budget Papers already provide a high level of disclosure of the State's finances. We see little value in simply duplicating that information. Rather, we want to highlight the need for better non-financial information about the State's performance.

## THE STATE'S PERFORMANCE

The State's fundamental role is to provide services rather than make a profit. That does not mean the State and its agencies should not operate in a business-like manner, nor adopt relevant private sector financial management disciplines. It does mean that assessing the State's performance calls for information about the nature, quality and quantity of services as well as its finances. Currently, only the latter information is available in any comprehensive way.

Whole-of-government performance reporting would fill this gap. It would help the Government and central agencies in managing the State, in prioritising resources between agencies, and in delivering better services. It would also be a sign of a healthy democracy, helping citizens to understand and assess the performance of their elected government.

Performance reporting at the State level would be a simple extension of the concept that agencies must report on their performance. It would also strengthen the discipline of resource decisions when government finances are strong, and help the sector to weather times of financial pressure.

## Recommendations

We recommend that the Government build on existing agency performance systems by:

- identifying the key outcomes (social, economic, environmental) that the Government is seeking to achieve
- developing a suite of performance indicators that best measure progress towards those outcomes
- reporting on these annually, either in conjunction with the Treasurer's Report on State Finances or shortly thereafter.