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# Executive Summary

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This Report includes:

- our audit opinions on the Total State Sector Accounts and the Statement of Budget Result
- comments on the reporting of the non-financial performance of government services.

## AUDIT OPINIONS

We issued a qualified audit opinion on the Total State Sector Accounts because we were unable to obtain all the information we required to form an opinion on the value of the Crown reserves that should be recognised as land. Our audit report for the year ended 30 June 2005 referred to the same matter.

Our audit opinion on the Statement of Budget Result was unqualified.

## THE STATE'S FINANCIAL POSITION

The State's financial performance is underpinned by a solid balance sheet. However, operating pressures continue. These include increasing salary costs and a narrow and volatile tax base. For an analysis of the State's financial position, refer to the Treasurer's Report on State Finances and the Budget Papers which provide a high level of disclosure on the State's financial position.

## REPORTING OF THE STATE'S NON-FINANCIAL PERFORMANCE

In previous Reports to Parliament we have recommended that the Government provide better non-financial information to the public. This information would complement the Treasurer's Report on State Finances and the Budget Papers, which provide information on the State's finances.

We are pleased that the Government has announced its intention to measure and report public sector performance at the State level through the State Plan it is developing. The integrity of the reporting will be crucial in obtaining public confidence. Independent verification of the performance indicators is fundamental to the acceptance by the public of their validity and integrity.

We also note the Government's commitment to develop a new Performance Management and Budgeting System for the 2008-09 Budget. The system is to build on the existing Results and Services Plan Budget process.

## Recommendations

We recommend that:

- the indicators chosen for the State Plan be comprehensive. For each identified 'priority' area of government, the indicator(s) should reflect all the important activities or outcomes in that area
- the State's performance on each key indicator should be compared, as far as possible, with benchmarks such as other States
- the Government authorise the Auditor-General to verify the completeness, reliability and comparability of performance indicators supporting the State Plan and the Budget
- agencies' annual reports be consistent with the State level indicators, expanding on them to allow greater analysis of the performance in each area.

**Recommendation (Repeat)**

We recommend that the performance indicators be reported on annually, either in conjunction with the Treasurer's Report on State Finances or shortly thereafter.