

**LOCAL GOVERNMENT — FINANCIAL REPORTING — REGULATIONS**

*Statement by Minister for Local Government*

**MR J.N. CAREY (Perth — Minister for Local Government)** [9.21 am]: I am pleased to advise the house that I have approved amendments to the local government regulations to deliver simplified local government financial reporting. These reforms are part of our substantial package of reforms to local government, the most significant in around 25 years. These particular changes, which are based on recommendations made by the Office of the Auditor General, will make financial reports clearer and easier to understand. These changes will be phased in to be in full effect for the financial reporting for the 2022–23 financial year, which starts next Friday.

Standardised templates, referred to as model financial statements, will be introduced to the local government sector before the end of 2022 and available for use by April 2023. Two new templates are being established. Smaller local governments will have more streamlined standard financial statements, reflecting the generally less complex operations of these governments. For larger local governments, there will be minor amendments designed around ensuring that reporting is complete and accurate, without being unnecessarily complex. These changes are being delivered now because they are based on the clear OAG recommendations; follow previous reports, including the select committee report; have been the subject of considerable work, including by expert financial reporting consultants and broad consultation with local government finance professionals; and has the wide support of the local government sector.

These changes will deliver significant benefits for ratepayers. First and foremost, simplified reporting requirements will support ratepayers to access clear information about the financial position of their local government. This will help the community access important financial information about their local government. Second, removing unnecessary complexity represents a direct cost saving. Financial reporting and compliance auditing is a significant task for local governments. Any opportunity to simplify the process delivers cost and time savings, which ultimately benefit ratepayers.

Other work is being undertaken on financial transparency and accountability. As part of these reforms, a new rates and revenue policy will be established to provide ratepayers with a forward forecast of the costs of operating their local government and for residents to understand what their rates will likely be in future years. We are also working to review financial ratios to ensure that ratios fairly and accurately represent the underlying financial position of local governments.