A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Director-General, Department of Local Government, Water and Volunteers.

We also provided a copy of the report to the following entities and gave them the option of providing a response:

- Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers
- mayors and chief executive officers of all 77 councils
- Premier and Minister for Veterans
- Director-General, Department of the Premier and Cabinet.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

Comments received from Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers



Hon Ann Leahy MP Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers

1 William Street Brisbane QLD 4000 GPO Box 2247 Brisbane QLD 4001

Telephone +617 3719 7420 Email lgwv@ministerial.qld.gov.au ABN 51 242 471 577

Our ref: CTS 07425/25

1 0 APR 2025

Ms Rachel Vagg Auditor-General Queensland Audit Office

Email: qao@qao.qld.gov.au

Dear Ms Vagg

Thank you for your email of 20 March 2025 regarding the draft report to Parliament titled Local Government 2024 (the draft report) and for providing the Department of Local Government, Water and Volunteers (the department), with an opportunity to review the report. I note you also provided a copy of the draft report to the department's Director-General.

The area of focus included in the draft report, accounting for depreciation, is a particularly relevant consideration given the recent discussions on this topic, and the insights you provided will be valuable as this topic is explored further.

I was pleased to note your comments that the financial statements of councils, and council-related entities for the 2023-24 financial year, are reliable and complied with relevant laws and standards. It is, however, disappointing that there is an increase in the number of councils who are finalising financial statements in the last two weeks of October.

I note you made three recommendations for councils this year:

Recommendation 1: Implement policies and procedures to ensure ex-gratia payments are appropriate, defensible, and the decision made to make such payments are transparent. The appropriateness of using non-disclosure agreements when making such payments should also be considered.

The department supports this recommendation for councils and will write to each council to emphasise the importance of implementing it once the final report has been tabled.

Recommendation 2: Assess climate risks and add them to their risk registers.

The department notes this recommendation, however, it is not mandatory for councils to report on climate related risks and the department's current focus is on reducing the burden on councils. The department will engage with the Queensland Audit Office (QAO) to consider the ways that councils can be supported in assessing climate related risks.

Recommendation 3: Review the asset consumption ratio for water infrastructure assets and determine what action is required.

The department supports this recommendation for councils and will write to each council to emphasise the importance of implementing it once the final report has been tabled.



In the letter to councils, the department will also remind councils of the importance of taking action to address outstanding deficiencies, as identified by the QAO.

Regarding the two recommendations for the department, I provide the following comments:

Recommendation 4: Develop guidance material on ex-gratia payment for local governments.

The department supports this recommendation and will proceed with developing guidance material for councils to use as part of the department's complementary projects.

Recommendation 5: Amend the sustainability guideline to include an asset consumption ratio for each asset class.

The department supports this recommendation in principle and will consider this amendment when reviewing the Sustainability Framework in 2026, following consultation with relevant stakeholders.

I also note the three department recommendations from previous reports identified as not implemented. I am advised that the department is working towards progressing these outstanding actions and will continue to engage with the QAO through regular updates

If you require any further information, please contact

who will be pleased to

assist.

Dun 1

Yours sincerely

Minister for Local Government and Water

Minister for Fire, Disaster Recovery and Volunteers

Comments received from Chief Executive Officer, Fraser Coast Regional Council



3 April 2025

Auditor-General
Queensland Audit Office

QueenslandAuditOffice@qao.qld.gov.au

PO Box 1943 Hervey Bay Qld 4655

T 1300 79 49 29
F (07) 4197 4455
E enquiry@frasercoast.qld.gov.au

Dear Auditor-General

RE: FRASER COAST REGIONAL COUNCIL'S RESPONSE TO THE QUEENSLAND AUDIT OFFICE – DRAFT REPORT – 2024 LOCAL GOVERNMENT

Thank you for your email dated 20 March 2025 providing us an opportunity to view and provide a response to the Queensland Audit Office's (QAO) draft report *Local Government 2024* (the Report).

Fraser Coast Regional Council welcomes the Report, and is supportive of the Report and its recommendations.

An emerging area of concern for all Councils, not just in Queensland, but nationally, is their ability to remain financially sustainable in the long term. We note that the Report acknowledges the topical issue and the importance of councils managing their financial sustainability.

The Local Government Act 2009 and the Local Government Regulation 2012 provide requirements for councils in managing and maintaining financial sustainability, and, in my view, there are opportunities to strengthen accountability of councils in meeting these requirements.

Whilst councils need to implement their own governance in respect of long-term financial planning processes and parameters, I believe there are opportunities to strengthen accountability and oversight of financial sustainability responsibilities through external validation and assurance about the assumptions and key decisions of long-term financial plans of Councils.

I thank the QAO for its Report that supports enhanced financial management and governance in local government and thank you for the opportunity to provide feedback on the Report.

Should you require any further information, please contact

Yours faithfully

Ken Diehm

CHIEF EXECUTIVE OFFICER

Contact Officer:

Phone:

Docs Reference: 5177