

MEDIA RELEASE



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Academic's expert advice proves a winner with Senate Committee

Associate Professor Graeme Wines, from Deakin University's Faculty of Business and Law, has made a major contribution to a Senate Select Committee on State Government Financial Management.

In a testament to Professor Wines' expertise in the government financial reporting area, the first two recommendations made by the Committee are based on his written submission and appearance before the committee.

The Senate inquiry stemmed from the whole issue of Federal-State financial relations, Professor Wines explained. "It is partly because the Federal Government raises most of the money and taxes – including the GST – and distributes it to the States. The Federal Government wants to oversee the money but the States are Sovereign Governments in their own right."

Professor Wines' key recommendation is that each State and Territory Government enacts a Charter of Budget Honesty which, he said, 'would make sure they follow the prescribed rules'.

"One of the problems with accounting is that people can make a lot of different judgements in a given situation," he added. "The frameworks have not been tight enough in the past, so governments have, in some cases, been able to select the rules that suit their own purpose."

A further recommendation, based on Professor Wines' submission to the committee, lays down specific principles to govern financial reporting within the Charter of Budget Honesty.

Professor Wines said, as a result of the report, it is hoped governments will have less scope to depart from the prescribed rules. "In future, they should select the rules that result in the most comparability."

As a follow up to his report to the Senate Committee, Professor Wines has made a further submission to the Victorian Public Accounts and Estimates Committee, recommending the tightening of legislation governing financial reporting.

He said that it is not well known that the legislation of certain States specifically allows them to depart from the prescribed accounting rules, something that is not allowed for public companies. "We need the Charter of Budget Honesty plus stronger legislation to ensure governments don't have the ability to bend the rules," he said.