

This page intentionally left blank

Good evening everyone, and welcome to the 2024 Allan Barton Memorial research lecture. It has been an honour to be invited by the Australian National University and CPA Australia to deliver this annual lecture especially during the annual CPA congress and the APS Accounting and Finance Month of October.

Thank you very much for having me here this evening.

I would like to acknowledge the traditional owners and custodians of the land in which we live and work. I extend that acknowledgement to their continuing connection to country, waters and community. I pay my respects to elders past and present, and extend that respect to all Aboriginal and Torres Strait Islander peoples.

Firstly, I would like to reflect on Allan Barton and his contribution to accounting and specifically the public sector. I did not have the pleasure of personally knowing Allan, but in preparing for this lecture today I must admit I was inspired by what I learnt about his stewardship and reputation for fostering learning and growth. His dedication over many years to advancing the accounting profession, nurturing talent, and advocating for good governance and challenging the public sector, is apparent. If I can achieve only a small amount of this in my career in the future I think I will be doing well.

To commence this lecture today I would like to set the scene and provide some context on the environment in which public sector accounting operates. In undertaking my own research, I quickly realised that there is much to say about this topic, and a lot of ground has already been covered in these lectures in recent years.

I won't duplicate that and I will attempt to share some information that may provide a slightly different perspective or at least, food for thought.

My topic for this evening is:

'Public sector accounting contributions to better government:

Enhanced information for decision-making, contemporary issues, and likely influential future developments'

Accounting is commonly viewed as being backwards looking – aiming to reflect as far as possible, things that have already happened in the past.

How to define accounting? This would seem like an easy question to ask an accountant, or a room of accountants, but you would be surprised.

The Oxford dictionary defines accounting as “the process or skill in keeping and verifying accounts”.

Out of interest I asked AI to define for me a group of accountants, and this is what it told me:

“A group of accountants is a collective term for professionals who perform accounting tasks, such as recording, analyzing, and reporting financial transactions. Accountants can work in different fields and sectors, such as public accounting, management accounting, government accounting, or forensic accounting. They can also specialize in different areas, such as auditing, taxation, financial reporting, or consulting. A group of accountants may work together in an accounting firm, a business organization, a government agency, or a non-profit entity. They may collaborate with each other to provide services to clients, stakeholders, or the public. A group of accountants may also belong to a professional association or body that sets ethical

and technical standards for their practice. For example, in Australia, some groups of accountants are members of CPA Australia, Chartered Accountants Australia and New Zealand, or the Institute of Public Accountants.”¹

And the point of accounting? I am sure there are many views on this however I have settled on operating with a common set of standards or principles, so that investors and users of financial information, such as members of the public and governments, can make better informed decisions.

In a public sector context, taxpayers can understand where the tax that they pay is being spent, and on what, and how that may have changed over time. One of the main audiences in the public sector being the parliament.

I often wonder how many members of the public read the high quality public sector financial reports that Australia is known for.

But does it matter if they are not widely read?

Is it not the point that they exist and as they have been prepared by accountants, consistent with financial reporting and ethical standards and requirements, and are often subject to audit arrangements - that confidence and trust can be gained from the information presented in such reports?

And for the Government, accounting is used to inform decision making into the future in a forward looking way – namely through the Budget process. It is through our work as accountants in the public sector that new policies and programs are costed and recorded in the most accountable, accurate and consistent way possible.

¹ Microsoft Copilot, 22 August 2024, [Copilot response to a prompt about defining a group of accountants].
<https://copilot.microsoft.com/>

Before exploring these issues further including the contributions that have been made by public sector accounting, and sharing what I see as the contemporary issues and likely future developments, I will provide an overview of the basics of the environment in which accountants in the Australian public sector operate.

Firstly, an overview of the financial framework.

The Commonwealth resource management framework establishes a system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. This framework is set out in the *Public Governance, Performance and Accountability Act 2013* (or PGPA Act) and associated rules².

All Australian Government financial statements, including those prepared for the Budget, are required to comply with Australian Accounting Standards³ (AAS) and the Australian System of Government Finance Statistics⁴. In addition to these external standards, the financial statements format is consistent with the Uniform Presentation Framework⁵, a national framework which is designed to provide consistent presentation of government financial information across the Commonwealth, state and territory governments.

When speaking about the Financial Framework it is important to note that Australia has a federal system of Government comprising three levels: the federal government, state and territory governments, and local

² <https://www.finance.gov.au/government/managing-commonwealth-resources/pgpa-legislation-associated-instruments-and-policies>

³ <http://www.aasb.gov.au/Pronouncements.aspx>

⁴ <https://www.abs.gov.au/ausstats/abs@.nsf/mf/5514.0>

⁵ <https://treasury.gov.au/publication/p2019-t365789>

governments. I am generally speaking from the federal or Australian Government perspective.

In addition to the Australian Constitution⁶, two key pieces of legislation provide the basis for the financial reporting framework for the Australian Government and for Australian Government entities.

Australia's current rules governing budget development and reporting are set out in the *Charter of Budget Honesty Act 1998*⁷ (the Charter). The Charter is complemented by the Cabinet Handbook (which governs the Government's decision-making framework) and the regularly updated Budget Process Operational Rules⁸ (which concern the management of the budget process and budget decision-making). The Charter specifies that the Government must have a fiscal strategy based on the legislated principles of sound fiscal management, with the first principle being that the Government will prudently manage financial risks.

The Budget Process Operational Rules,

- outline roles and responsibilities in the budget process;
- provide a framework for developing the budget and maintaining adherence to the Government's Economic and Fiscal Strategy;
- mandate external reporting standards for managing and updating the budget estimates; and
- provide for the costings process for new policy proposals to be considered in the budget process.

⁶ <https://www.legislation.gov.au/C2004Q00685/latest/text>

⁷ <https://www.legislation.gov.au/C2004A05333/latest/versions>

⁸ <https://www.finance.gov.au/government/federal-budget/budget-process>

The second key piece of legislation is the PGPA Act which I mentioned earlier and as its title suggests, it establishes the system of governance, performance and accountability for Australian Government entities. The PGPA Act is a devolved framework, with the accountable authorities for each entity (commonly being the Secretary or agency head, or for a corporate entity, the Board) being responsible for the governance, management and financial sustainability of their entity.

The Charter also requires that Australia's budget financial statements are based on Australian Accounting Standards and on Government Finance Statistics.

Australian Accounting Standards and Government Finance Statistics⁹ are harmonised in Australia through the accounting standard AASB 1049 *Whole of Government and General Government Sector Reporting*¹⁰ which enables us to produce one set of financial statements rather than two separate accounting and Government Finance Statistics statements.

The PGPA Act requires that the annual financial statements for entities and also for the Australian Government's consolidated financial statements are based on Australian Accounting Standards. Additionally, it is required that entity financial statements as well as the consolidated financial statements must be fully audited and tabled in Parliament.

At the same time as ensuring the application of the Australian government financial framework, the public sector CFO and accountant is also expected to remain abreast of likely future developments. For example, whilst sustainability reporting has been a key recent consideration of the

⁹ <https://www.abs.gov.au/methodologies/government-finance-statistics-australia-methodology/mar-2024>

¹⁰ https://aasb.gov.au/admin/file/content105/c9/AASB1049_10-07_COMPdec21_01-23.pdf

international and Australian accounting standard settings bodies, there is work ongoing by the International Accounting Standards Board (IASB) and Australian Accounting Standards Board that we must not be complacent about. For example, this coming year there are amendments to AASB 13 *Fair Value Measurement* which impacts the fair value measurement of non-financial assets of not-for-profit public sector entities and has mandatory application for accounting periods commencing on or after 1 January 2024; and from 1 January 2027 AASB 18 *Presentation and Disclosure in Financial Statements* will apply to the public sector and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

In the area of production of the whole of government consolidated financial statements, I will note that Australia is seen as a leader internationally, including in relation to our ability to produce and publish accrual based statements within such a short time frame after the end of the financial year.

Over time, accounting in the public sector has played a critical role in better government and enhanced decision making, and this contribution is expected to grow.

Most importantly accounting has contributed to public accountability, trust and transparency and improved the quality and comparability of financial information.

Alongside the financial statements, the PGPA Act also requires that performance statements be published in annual reports. Whilst performance reporting is not a traditional skillset of accountants, I have observed over time that it is often the public sector CFO and their staff that are called upon to support the development and publication of performance

information. I expect this is due to their experience in the application of frameworks, strength in record keeping, and expertise in meeting the requirements of standards and expectations of auditors. The experience brought by the public sector CFO and accountant to non-financial performance reporting, either directly or indirectly, has supported lifting the integrity of performance reporting and strength and capability of public sector entities seeking to embed sound approaches to meeting their performance reporting responsibilities. I expect this recent experience in preparing and publishing non-financial performance information will also benefit the ability of the public sector CFO and accountant, to adapt to and deliver, the future requirements for emerging topics such as sustainability reporting.

There are three particular areas of public sector reform in which accountants have played a crucial role that I would like to mention – accrual accounting, fiscal risk and the balance sheet.

In a most recent report on accrual reforms¹¹, the Office of Economic Cooperation and Development noted that the bulk of OECD countries have either implemented or are implementing accrual reforms:

- a third of OECD countries prepare both accrual budgets and accrual accounts;
- around half of OECD countries produce cash-based budgets and budget execution reports as well as accrual financial statements;

¹¹ Moretti, Delphine and Tim Youngberry (2018), "Getting added value out of accruals reforms", OECD Journal on Budgeting, Vol. 18/1. DOI: <https://doi.org/10.1787/budget-18-5j8l804hpvmt>

- at the other end of the spectrum, a smaller group of OECD countries prepare only cash (and/or commitments) budgets and cash financial reports.

The overall trend observed by the OECD is towards accrual accounting, which is further supported by the International Public Sector Financial Accountability Index.

In 2021, the International Public Sector Financial Accountability Index¹², published by the International Federation of Accountants and the Chartered Institute of Public Finance and Accounting, reported a growing trend towards the adoption of accrual accounting in the public sector. In 2020, 30 per cent of jurisdictions globally reported on an accrual basis, with that number expected to rise to 50 per cent by 2025, and over 70 per cent by 2030.

Here in Australia accrual accounting was introduced in the public sector in 1992, with the first full audited set of whole of government financial statements prepared in 1996-97, and accrual budgeting following in 1999.

This introduction was not without its challenges, and it was the public sector accountants and Chief Financial Officers that played a significant role in ensuring that implementation occurred in the best way possible. It required accountants to not only explain and drive the change, but also adapt their own skills, and at the same time learn new skills.

In these early days there were multiple sets of annual whole of government accounts produced for the public sector, this included for the purposes of Government Finance Statistics, and separately for accounting purposes.

¹² <https://www.ifac.org/knowledge-gateway/discussion/international-public-sector-financial-accountability-index-2020>

This was just before my time in the public sector.

What a difficult time this must have been for preparers, let alone users of this information, including the Parliament and decision makers in Government.

It is a good thing that we now have accrual based budgeting and financial reporting, aligning information in such a way that those best placed to make decisions about the allocation of resources, have the information to enable them to do so – both looking back and looking forward.

It is through these developments in accrual accounting and budgeting that the accountability of the Government, and public sectors entities, supported by their CFOs, has been enhanced.

Now - some 20 plus years later, we produce just one set of audited whole of government accounts, with GFS and the accounting standards being harmonised in such a way as to enable this to occur. I note that the GFS manual is currently subject of a large review by the International Monetary Fund and we will have to work hard to ensure that we are able to maintain this consistency.

But 'Cash is king' and there remains much focus on the surplus (or deficit) and these are the numbers you will often see picked up by the media, parliamentarians and other commentators.

Alongside the continued focus on cash, public sector accountants and CFOs have continued to strive for improvements in transparency and accountability in the oversight and management of public funds.

In Australia we have made a number of changes over time in an attempt to be as transparent as possible in relation to fiscal risk. For public sector

accountants and in accounting concepts we are generally talking about contingencies.

I will now share how these important accounting concepts, and the changes we have made over time, are supporting transparency in the Budget process and supporting forward looking decision making by building in and leveraging off the financial information presented in the financial statements in the Budget process.

In relation to contingent liabilities, the relevant Australian Accounting Standard (AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*¹³) is broadly equivalent to the relevant International Financial Reporting Standard (IAS 37) and the International Public Sector Accounting Standard (IPSAS 19) meaning that Australian Government reporting of contingent liabilities in annual financial statements is consistent with international practice.

There are processes we follow for the Australian Government to identify, monitor and report on risks, including contingent liabilities, outside of our financial statements.

In particular, I will mention the Statement of Risks reporting which you will find in the Budget Papers¹⁴.

The Statement of Risks is complementary to the budgeted financial statements. The Statement of Risks captures fiscal risks, as well as contingent assets and contingent liabilities that are not otherwise reflected in the balance sheet.

¹³ https://aasb.gov.au/admin/file/content105/c9/AASB137_08-15_COMPdec22_01-23.pdf

¹⁴ <https://budget.gov.au/content/documents.htm>

Consistent with accounting standard requirements, the material improbable but remote risks are reported in the notes to our end of year financial statements.

While our budget financial statements are prepared in line with the Australian Accounting Standards, they don't include the same note disclosures that are prepared for the end of year actual reports.

The processes for updating the Statement of Risks are well established, having been in place for more than 20 years. The robustness of the information collected is also supported by mature processes, including tracking and monitoring risks from the design phase of new policy proposals through the Budget process.

There are however challenges that we are managing for both our Budget reporting processes and financial statements.

While the Australian Government and Australian Government entities make efforts to be transparent in our publications, there is always room for us to improve.

Transparency in Australian Government budget and financial reporting, including for contingent liabilities such as guarantees, has attracted the attention of the Australian Parliament and other independent entities in recent years. These include our Parliamentary Budget Office through their 2020 Report *Alternative Financing of Government Policies: Understanding the Fiscal Costs and Risks of Loans, Equity Injections and Guarantees*¹⁵ and

¹⁵ <https://www.pbo.gov.au/sites/default/files/2023-04/Alternative%20financing%20of%20government%20policies%20-%20PDF.pdf>

a subsequent 2022 Joint Committee of Public Accounts and Audit Parliamentary Report 490 *Alternative Financing Mechanisms*¹⁶.

The recommendations made to Government in these reports were focused on further increasing transparency around fiscal impacts that may not be clearly disclosed or reflected in the budget aggregates.

Since these reports, changes have been made to address these recommendations, together with related opportunities to streamline or simplify and better explain the presentation of financial information to make it more accessible to users.

While several of the report recommendations requested additional information be included in the Budget papers, the Government has balanced the provision of further content against the risk that additional detail may be duplicative or make information harder for users to find and understand.

The Office of Economic Cooperation and Development asserts that citizens and parliaments need accessible and understandable financial information.

They go on to say that “public accounts need to be accessible and understandable to both citizens and parliaments. When financial information is easy to understand and readily available, it empowers citizens to hold their government accountable and encourages civic engagement in public affairs. Clear and transparent financial reporting helps parliaments make informed decisions and allows them to ensure that governments are accountable for their financial management”¹⁷.

¹⁶ https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Alternativefinancing

¹⁷ <https://www.oecd.org/en/topics/sub-issues/public-accounts.html#:~:text=Most%20OECD%20countries%20have%20undertaken,the%20government%20owns%20and%20owes.>

In recent years, a number of initiatives have been implemented to better support users of the financial information produced by the Australian Government. As accountants we have recognised that the nature of our work, and application of the accounting standards, can lead to complexity and an assumed level of financial literacy that is not generally held outside of the profession.

The Secretary of the Department of Finance recently reminded the APS accounting and finance profession that we do not operate on an island, and it is important that we share our expertise and advice in such a way that it is understood by those we are advising¹⁸.

The 2023-24 Budget includes a revised section on the balance sheet in the Budget papers¹⁹.

This section aims to describe in both words and visually, some of the more significant and complex assets and liabilities held, and how they have changed over time. To complement this information, we have also published a user guide to the balance sheet which can be found on the Finance website²⁰. The purpose of the user guide is to assist readers understand where detailed information on the balance sheet can be found, and how it links together.

In time, I expect that this information may be expanded as we look to understand developments internationally.

In comparison to Australia, the United Kingdom publishes a full report on the balance sheet²¹. This report came as a result of a large review of the balance

¹⁸ Jenny Wilkinson, Speech to APS Accounting and Finance Conference, November 2023

¹⁹ Budget 2023-24 - Budget Paper No. 1 – Statement 10, Appendix B

²⁰ <https://www.finance.gov.au/government/financial-reporting-and-accounting-policy/commonwealth-balance-sheet-user-guide>

²¹ <https://www.gov.uk/government/publications/the-balance-sheet-review-report-improving-public-sector-balance-sheet-management>

sheet by the UK Treasury, including a dedicated focus on building capability and resourcing to enable greater balance sheet management by the public sector.

In Australia, we recently launched an upgrade to our Transparency Portal²², which is an online repository of a number of publications and supporting data, including annual reports and financial statements. We have sought as far as possible to make it user friendly and accessible, but we can always do more and improve.

By way of comparison, the US Treasury has a significant amount of information available on USA Spending²³ which links data from many government systems, including agency financial systems and government wide award systems. The mission of US spending is “Building a more transparent government”²⁴. It is possible from the USA Spending website, to track government payments from an aggregated level, down to for example, individual transactions.

Making as much data available as possible to citizens, enabling them to see for themselves what is being spent, where and when, would be a significant yet valuable undertaking for most governments.

As accountants, we are best placed to support the availability of data, and presenting data in ways that are meaningful and useful.

In the future this responsibility may extend beyond the financial statements, however, whilst we remain bound by the requirements of the accounting standards, and the subsequent audit of the information presented, it

²² <https://www.transparency.gov.au/>

²³ <https://www.usaspending.gov/>

²⁴ <https://www.usaspending.gov/about>

remains difficult to reimagine a way in which financial information on government spending can be better presented, and made more useful and more meaningful to those that rely upon it the most, including the parliament and citizens more broadly.

It is important to also note the emerging potential of artificial intelligence (or AI), and the impact this may have on many aspects of the role of the accountant and the influence they have over decision making by governments.

There is much that could be discussed about the potential for the use of AI in public sector accounting, however I will simply note that there is work underway now to ensure that the governance, control and risk management arrangements are in place, whilst at the same time we explore what might be possible.

As a participant in the APS trial of Co-pilot I asked the tool to write a summary of this lecture, when I had drafted only the lecture outline and the headings. I will share what it came up with in my conclusion as an example of how even simple AI can be useful.

As the understanding and potential for the use of AI evolves so will the role of accounting. I do not believe that the profession will be replaced, or become redundant, instead it will be the value added through decision making and insights that will become increasingly important.

In a recent article by CPA Australia in their member magazine it was noted that “A lot of the traditional accounting functions are being automated now, so you need to shift your mindset away from compilation to interpretation and how you can add value through the identification, implementation and

adoption of efficiency.”²⁵ This is a good reminder about the ever changing and evolving role of the accountant.

As public servants, public sector accountants have additional responsibilities, including being apolitical, and advising the government of the day, to make the best decisions possible in the interests of the Australian people.

The role of the public sector CFO should include as trusted key advisor to their chief executive (or Secretary) and their Minister. To do this well, they need strong communication and analytical skills. It is not sufficient to be only technically capable.

It is no longer the norm to receive pages and pages of detailed financial transactions in management reports and spreadsheets, and there is no doubt that the analysis of data is being used today to gain insights into program operations to a much greater extent than previously.

Public Sector CFOs and their teams are using tools and techniques well beyond spreadsheets, including through Power BI, Tableau, python and other advanced tools (although spreadsheets remain widely used behind the scenes). We can see this in the infographics and dashboards CFO’s are preparing today on everything from credit card usage to accounts payable performance, internal budget tracking and cash reserves management.

CFOs and their teams have shown that they can be adaptable and flexible including to meet the needs of their audience.

²⁵ https://intheblack.cpaaustralia.com.au/technical-skills/learn-future-critical-skills-for-accountants?utm_medium=email&utm_source=marketo&utm_campaign=CPA_Update_27_August_2024&utm_content=Article_Future-critical_skills_for_accountants_%20&mkt_tok=Mjl0LVZaWC0zOTcAAAGVMCzAnKT-u0pVPU5slMb3j2wQzdOylEb63Vxk6-eYSDINc5sO0BfmlFzIqYdVsjP487Qu7KQtXbOCTo5RxcALG2rgz_XdQF8X7h6DVDTN

During my time in the public sector, I have witnessed the evolution of the role of the CFO. It is now the case that CFOs in departments of state are generally at a very senior level, and command an important seat at the table with their executive boards and their Ministers.

Most of the senior CFOs are qualified accountants and play a key role in influencing good decision making in their entities, including the development and delivery of important policy and programs for the support of all Australians. They have immense responsibility.

In the private sector, the role of CFO is often on the career pathway to managing director or CEO. This does not seem to be the case in the public sector currently as I am not aware of a recent head of department that has emerged from the CFO cohort. While the role of CFO in the public sector may be seen to have a ceiling, which may be an impediment to those starting their careers with strong aspiration, my longer term view would be that the technical grounding, the analytical and communication skills, and the experience gained through executive board participation will open the doors to senior public sector roles. We need to do better at promoting the fulfilling careers that can be had for accounting and finance professionals in the public sector and dispelling the myths that exist.

There is still a way to go in building the profile of the CFO in the public sector, making it an attractive career option to those starting out their careers, and as a profession there have been some broader emerging risks.

The last 12 months have been difficult for the profession in Australia, including the professional bodies of which many of us are a part. Maintaining trust in what we do and the contribution we make is increasingly important.

And at the same time the role of the accountant must evolve.

While less school students are attracted to study accounting, and less university students are choosing accounting related degrees, I am not expecting that the qualified accountant will join the extinction list.

Recently, CPA Australia observed that we are currently competing for a shrinking pool of accounting graduates. Research they had undertaken found that since 2018, the number of students studying accounting related tertiary courses in Australia had declined by around 20 per cent²⁶.

That is a significant drop.

They further projected a shortfall of around 27,000 accounting and finance professionals by 2026, using data from the Australian Bureau of Statistics (2022) Labour Force, and Detailed and National Skills Commission (NSC) (2022) Employment Projections.

I have not verified this analysis, but it would seem to correlate with what I am experiencing in the Australian public sector. Since 2021 I have been working closely with the Australian Public Service Commission (APSC) on establishing a workforce profile for the accounting and finance profession. I would like to take this opportunity to thank the APSC and the team at the Department of Finance for their support in undertaking this work.

The research of the APSC has found that we have a workforce demand and supply issue in the public sector for accountants.

This comes as no surprise as I have been hearing this from public sector CFOs and their teams for some time.

²⁶ CPA Australia, Senior Leaders Roundtable - 2023

Here in the ACT we know that it is increasingly hard to fill vacant roles, from graduate to senior CFO levels, and we also know that the quality and capability is not at the levels it once was.

The work of the APSC²⁷ tells us that,

- 43 per cent of the accounting and finance roles are in the ACT, and only 2.6 per cent of the employment market is.
- Over 55 per cent of the staff in accounting and finance roles are aged over 45, with 25 per cent aged over 55.
- Accounting and finance is the third most reported skills gap by public sector entities.
- The three most common roles are in general finance, debt recovery and logistics – which are also the roles where the weakest growth is expected over the next 5 years and the most likely to be impacted by technology developments.
- The APSC have also found that applications rates from accounting graduates from university has steadily declined since 2017, with acceptance of offers also declining.

This is not great news for building a pipeline of professional accountants for the future.

At the same time as the supply of accounting and finance professionals is declining, we are seeing increased demand for more disclosure and reporting. I predict it will be necessary for the skills of accountants to stretch beyond their traditional boundaries and adapt once again as they have many times before.

²⁷ Australian Public Service Commission, Accounting and Finance Cohort Analysis - 2022

There is one particular area where I foreshadow a rising skills gap in the accounting profession including in the public sector in the coming years.

This gap is in the area of sustainability reporting and climate disclosure, where there is much work to be done to ensure that as a profession, accountants in the public sector are as prepared as possible.

It would seem that the private sector, particularly those providing services, have predicted this development early and started active recruitment much sooner than the public sector.

When the public sector is required and ready to adopt, it is possible that the labour market will not be ready to meet demand (or will have been exhausted). It is also unclear at this time, exactly what the role of the public sector accountant will be in relation to these new requirements. Whilst many of the project management, reporting and disclosure skills are held by accountants, there is a complexity to many of the disclosures that extend beyond what many would have been previously exposed to.

Key stakeholders to the Financial Reporting Council have also consistently acknowledged the challenges sustainability reporting presents for professionals, including in relation to talent attraction and retention²⁸. In this regard, the challenge is shared across the profession in both the public and private sectors. The recent experience of many public sector CFOs and their teams in performance reporting and performance statements, including assurance arrangements, under the PGPA Act, may prove valuable as we head down this new path.

²⁸ <https://frc.gov.au/all-frc-documents/minutes>

I must acknowledge that the professional bodies, and other governance structures are working on these issues, with both CPA Australia and Chartered Accountants Australia New Zealand launching training, development and new marketing campaigns targeted at high school student and early career professionals.

This draws me to my conclusion this evening, where I will summarise what I have shared with you into three key themes and likely future developments.

Firstly, the emerging role of the accountant and the CFO in the public sector. The opportunity and challenges that these roles involve and the improvements they have made over time including accrual accounting, reporting of fiscal risk and the balance sheet, and performance reporting, to the challenges ahead in addressing capability and skills gaps, and the emerging expectations in regard to sustainability reporting and climate disclosures.

Secondly, the desire for greater accountability, transparency and disclosure of government finances will continue to require the public sector accountant and CFO to show leadership through how they adapt and drive change, as they have done many times before. Accounting must embrace the opportunities presented by data and technology, such as data analytics tools, visualisations, AI and the growing demands of the citizen for greater accountability and accessibility.

And lastly, the need to attract the accounting and finance professionals of the future into accounting in the public sector as early as during high school, by sharing the breadth of the work we are engaged in, the future career pathways, and the value both personally and professionally that can be attained.

I have no doubt that as a group of professionals, public sector accountants and CFOs will rise to the challenge, continue to be at the forefront of government decision making, whilst balancing the growing expectations of citizens for enhanced accountability, transparency and disclosure.

I mentioned earlier that I had asked Co-pilot to summarise my lecture this evening, using only the outline as input. This is what it came up with:

“Accounting plays a crucial role in the public sector by providing enhanced information for decision-making, comparability over time and between jurisdictions, trust and transparency, and sustainability reporting. It helps to drive better government by providing practical information on the balance sheet, statement of risks, and transparency through websites like transparency.gov.au and data.gov.au. The demand for sustainability, climate, and environmental reporting is also increasing, and the role of the accounting and finance professional and the CFO is evolving to match this demand.”²⁹

I would like to thank you for listening to me this evening, and conclude with a quote.

“leadership itself spawns innovation, whether by ‘big bang’ breakthroughs or novel applications of existing processes”.

“In technical terms, [the APS] is really big, which requires money – and lots of it. That and increasing complexity means leadership in accounting and financial management really does matter to Government,”

“Leadership has been described as doing the right things to make an organisation effective over a long period of time...I don’t think we should be

²⁹ Microsoft Copilot, August 2024, personal communication <https://copilot.microsoft.com/>

shy about recognising the success of public financial management in Australia.”³⁰

Thank You

³⁰ Peter Gibson FCA, Leadership in Government Awards, Chartered Accountants Australia New Zealand, 2023