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Users and accounting information preferences of government department financial reports

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**USERS AND ACCOUNTING INFORMATION
PREFERENCES OF GOVERNMENT DEPARTMENT
FINANCIAL REPORTS**

by Helen R Mignot B (Bus)

**A thesis submitted in partial fulfilment of the requirements
for the award of Master of Business (Accounting)**

**at the Faculty of Business
Edith Cowan University**

Date of Submission: 05 February 1996

ACKNOWLEDGMENTS AND DEDICATION

I wish to thank all those who provided me with support in completing this thesis. In particular I am grateful to my supervisor Associate Professor Colin Dolley for his care, encouragement and time; Magda Kaziniec at Curtin University School of Accounting for her vital clerical assistance; and the office staff at Edith Cowan University School of Accounting for organising necessary resources.

I would also like to dedicate this work to my father Ray, and mother Rosemary (posthumously) who always told me I was capable of achieving anything, and my partner Tony King for his encouraging support.

ABSTRACT

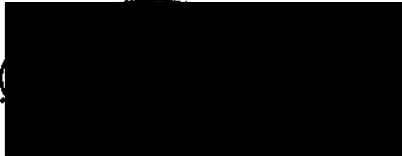
The introduction of an accounting standard requiring government departments to replace fund-type, cash-based accounting statements with business-type, accrual based accounting statements has led to criticism that business-type, general purpose financial statements do not take account of the information requirements of major users. Such criticism echoes a long standing debate in which the users of public sector financial statements and their informational requirements are analysed in competing models. One view suggests that there are many users with homogeneous informational needs, who can be classified into a few broad groups. The other view maintains that there are few users who have differential informational requirements.

This research adds to the few empirical studies on the usefulness of public sector accounting statement information. The purpose of this research is to test the hypothesis that users perceive that there is no difference in the usefulness of fund-type, cash-based; business-type, accrual-based accounting statements, and both cash and accrual combined accounting statements. Responses from legislators, citizen/interest group members, and preparers to a questionnaire provides the data for statistical analysis. Test results suggest that there is only moderate support for the hypothesis that heterogenous users have different information needs. Strong support is found for the hypothesis that combined sets of statements as opposed to cash, or accrual are more useful. This conclusion holds for both the importance and useability dimensions of the construct perceived usefulness.

DECLARATION

I certify that this thesis does not incorporate, without acknowledgment, any material previously submitted for a degree or diploma in any institution of higher education and that, to the best of my knowledge and belief, it does not contain any material previously published or written by another person except where due reference is made in the text.

Signature



Date.....*28 June 1996*.....

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CHAPTER 1 INTRODUCTION

1.0 Background

In 1993 the Australian Accounting Research Foundation (AARF) issued Approved Accounting Standard 29 (AAS 29) "Financial Reporting by Government Departments", which is to become operative in the reporting period that ends on or after 31st December, 1996. This standard will be requiring government departments to report using full accrual basis of accounting, or commercial financial reporting similar to that of the private sector. AAS 29 is based on Exposure Draft 55 (ED 55) issued in 1992. AAS 29 and ED 55 will be referred to interchangeably.¹

Traditionally, government departments have used accounting systems other than accrual accounting, including fund accounting on a cash basis and modified accrual accounting. The objective of AARF, via AAS 29 financial reports is the provision of accounting information which better meets the requirements of external users. This study will examine the ability of AAS 29 to meet users' self-perceived accounting information preferences.

In summary, AAS 29 will dictate that government departments implement accrual accounting using commercial-type financial statements. This is vastly different to the previous reporting basis and fund-type format for these entities. The study investigates whether users will be better served by the advent of AAS 29.

¹Table 1 shows the issues raised in ED 55 that were amended in AAS 29. In particular AARF amended AAS 29 to affect only budget sector departments, and to include statements of controlled and administered assets, liabilities, revenues, and expenses. Other than these items, the two documents are similar.

1.1 Significance of the study

The importance of the study is threefold. Empirical research undertaken in this area has been scarce, particularly in an Australian context; hence, the proposed research will assist in addressing this void. Similarly, empirical research has either concentrated on a single user group such as trade unions or citizen associations,² and thus has only partially investigated the question of public sector accounting information usefulness; or, has looked at several types of users, and applied a technique subject to methodological limitations.

Secondly, there is virtually unanimous support in the accounting literature that a major objective of financial information is decision-usefulness.³ Hence, empirical confirmation of the potential effectiveness of AAS 29 with respect to its ability to facilitate useful information for decision making is needed. AARF (1990) explicitly indicates that this is the purpose of general purpose financial reporting.

The issue of decision usefulness is particularly pertinent given that numerous respondents to AARF's ED 55 during the invitation to comment period indicated that there is considerable doubt as to whether AARF has properly identified users of governmental financial reports; or, whether AARF has provided sufficient support to advocate the provision of government department general purpose financial reports on the basis that users with like needs exist (in AARF, 1992: Tasmanian Department of Treasury; ASCPA, Queensland Division; NT Treasury; Ma and Mathews).

²See for example Scherer (1985) in an Australian context; Gaffney (1986); Green (1987), Karvelis (1987), Ward (1987), and Ingram and Robbins (1992) in a US context.

³See for example Maschmeyer and Van Daniker (1979); FASB (1980); International Federation of Accountants Committee (1981); Drebin, Chan and Ferguson (1981); National Council on Government Accounting (1982); Henderson and Scherer (1986); Governmental Accounting Standards Board (1987); AARF (1990); Mayston (1992b).

Of the 46 submissions to AARF (1992) regarding ED 55, 35 agreed with the general thrust of commercial-type accrual based financial statements, six were borderline, and five were against. However, the 35 who agreed with the proposal for an accrual, commercial-type set of financial statements, all had concerns about various aspects of ED 55. These concerns are set out in Table 1.

Table 1 Summary of concerns raised in submissions to ED 55

Issue	Concern	AARF changes
Government departments as reporting entities	That government departments are not separate reporting entities; they are part of the Crown	None
Definition of a government department	Definition is too broad; it should not include business undertakings	Primarily commercial departments are exempt
Consolidated financial report	Combining financial statements of business and non-business activities of a department is inappropriate	None
Asset recognition	Whether it is appropriate to recognise infrastructure, heritage, and community assets	None
Depreciating assets	Whether it is appropriate to depreciate infrastructure, heritage, and community assets.	None
Revaluation of assets	Whether it is too difficult to revalue infrastructure, heritage, and community assets; and if not, is it necessary to do so as frequently as suggested	None
Recognition of capital appropriations as revenues	Capital appropriations should be treated as equity, not revenues	None
Transfers arising from a restructuring of administrative arrangements	Transfers should be treated as equity, not revenues	Sometimes treat as equity
The structure of the financial statements	The program summary, appropriations summary, and schedule of administered resources should form part of the primary financial statements	Schedule of administered and controlled elements to be included by program.

It must be noted that AARF has resolved some of these issues. However, there are also important issues that have not been resolved. These are

presented in Table 1. AARF (1993) has explicitly chosen to retain some aspects of ED 55 which were contentious. In particular, it should be noted that issues relating to a department as a separate reporting entity, the reporting of dissimilar activities, and recognition and measurement of assets are matters of concern to many submission authors, and matters which AARF has deliberately chosen to support subsequent to receipt of negative feedback.

Thirdly, previous studies in this area have not attempted to verify whether the deductively chosen user groups are the direct users of governmental financial statements. The current study attempts to address this limitation in part, by using actual governmental financial statement users, instead of surrogates thought to be users. However, the current study does not attempt to verify an exhaustive list of users.

Overall, the current study has importance to standard setters and policy makers to help validate decisions such as the implementation of accrual accounting for government departments evident in the promulgation of AAS 29, particularly given that this change is likely to consume a significant amount of resources. It is particularly important that such validation be attempted, given that a number of submissions to ED 55 state that further research relating to users is necessary before a standard is introduced. Table 2 summarises some of these observations, presenting comments from various submissions to ED 55

These comments clearly show that there is concern about directly identifying users, considering their views, ascertaining their needs, and assessing whether the proposed change to AAS 29 will provide benefit. These issues lead to questions that can be empirically tested.

Table 2 Submissions to ED 55 indicating a need for further research

Submission	Comment
Australian National Audit Office	Direct users should be consulted regarding reforms
Gerard Lillicrap	Concern as to whether potential users have been asked about their requirements
Treasury of WA	Due to costs involved in implementation of accrual accounting, research must be performed to ensure that the model outlined in ED 55 will in fact provide users with information that is genuinely relevant to the decisions that they make
Australian Society of CPA's Queensland Division	There is a need to know who the users are and what needs they have before promulgation of a standard
Australian Taxation Office	No cost/benefit analysis has been done for the implementation of accrual accounting; this is necessary

1.2 Purpose of the study

The purpose of the study is twofold. Firstly, to test aspects of competing information demand theories for financial reporting in the public sector. Secondly, to examine users accounting information preferences of government department financial information, to ascertain whether their preferences will be better met by AAS 29 "Financial Reporting by Government Departments", which is to become operative by 31 December, 1996, as opposed to the fund-type, cash-based accounts.

Specifically, the question posed is whether general purpose financial reports (GPFs) of the type specified in AAS 29 will provide more useful information than the currently furnished fund-type reporting, to heterogenous financial report users in a government department context, and whether these users' needs are similar.

CHAPTER 2 LITERATURE REVIEW

2.0 Overview of relevant literature

There have been a number of studies produced on users and user needs with respect to governmental financial reports. Several of these studies have been normative, resulting in a list of identified users (Davidson, Green, Hellerstein, Madansky, and Weil, 1977; Anthony, 1978; Drebin, Chan, and Ferguson, 1981; Sutcliffe, 1985; Mayston, 1992a). Some of these studies have deductively linked information uses to the users which they identified (Davidson et al., 1977; Anthony, 1978; Drebin et al., 1981; Mayston, 1992a). These studies vary in their contexts, relating to: different countries, types of entities (both governmental and non-business), political structure, and level of government; hence they may not be applicable to a Australian government department setting.

Attempts have also been made to empirically examine the usefulness of different disclosures of governmental financial reports (Howard, 1978; Patton, 1978; Raman, 1978; Maschmayer and Van Daniker, 1979; Jones, Scott, Kimbro, and Ingram, 1985; Henderson and Scherer, 1986; Sutcliffe, Micallef, and Parker, 1991; Office of the Auditor General of Canada and the US General Accounting Office, 1986; Gaffney, 1986; Daniels and Daniels, 1991; and Ingram and Robbins, 1992).⁴

The relevant normative literature will be reviewed in the next section. Subsequently, a review of the empirical literature will provide a context for the current study, in order to illustrate how the latter contributes to existing research.

⁴This research sometimes considered display usefulness as well as content disclosure usefulness.

2.1 Review of analytical literature

The importance of the proposed research can be highlighted by a discussion of the normative literature relating to users and uses of public sector financial reports. There are numerous competing theoretical models of demand for governmental financial information. The models that will be discussed in this section are Sutcliffe's (1985) stakeholder model, Drebin, Chan, and Ferguson's (1981) agency model, Jones' (1992) "no demand" model, Mayston's (1992b) public choice model, and Ma and Mathew's (1992) claimholder model. These models will be discussed in order to provide a basis for selecting the particular theories relating to this study. Table 3 provides a brief summary of these normative studies.

Sutcliffe (1985, p 15) purports that a wide variety of users exist, and that many of these users are not able to demand the information they require, hence the need for general purpose financial reports (GPFs). Sutcliffe's (1985) approach is consistent with stakeholder theory. Freeman (cited in Roberts, 1992) defines a stakeholder in a private sector context as "any group or individual who can affect or is affected by the achievement of the firms objectives" (597). This can be related to Sutcliffe's (1985) potential public sector users, all of whom can be categorised as recipients of benefits, providers of resources, or other parties performing a review service of relevance to all.⁵

Sutcliffe (1985) indicates that all these users are "interested in confirming that resources have been used economically, efficiently and effectively for the purposes prescribed in assessing the ability of, and resources necessary for the entity to continue to provide services in the future, and the type and cost of these services" (p. 17). Thus, Sutcliffe's users can be said to affect or be affected by the achievement of government's objectives,

⁵See appendix 1 for the 31 user groups accepted by the PSASB (via Sutcliffe), for inclusion in the three categories.

Table 3 Overview of analytical literature

Study	Country	Entity	Theory	Conclusions
Davidson et al. (1977)	US	State and local government	Stakeholder	Few, broad categories of users; business-type accounting is most likely to be meaningful to the users who seek to understand governmental reports for decision-making
Anthony (1978)	US	Non-business organisations (public and private)	Stakeholder	Both sides argued with respect to relevant users and needs; limited number of dominant user groups necessary to be practicable; common informational needs assumed
Drebin et al. (1981)	US	State and local government	Agency	Emphasis on decision making and users with legitimate needs; relevant information includes data about financial resources, economic condition, compliance, acquisition and allocation of resources, and performance
Sutcliffe (1985)	Australia	Commonwealth, state, and local government	Stakeholder	Few, broad categories of users; business-type accounting is most likely to be meaningful to the users who seek to understand governmental reports for decision-making
Jones (1992)	UK	Local government	Public choice (extremist no-demand)	There is little point arguing over form and content of governmental GPPR's because there is no demand for such information
Mayston (1992b)	UK	Local government	Public choice (information intermediaries)	Information intermediaries are the direct users
Ma and Mathews (1992)	Australia	Commonwealth and state budget sector	Claimholder	Those with a legitimate claim to information about a governmental unit due to a strong accountability relationship need cash reporting and are able to demand specific information

and are therefore, stakeholders in government organisations. Drebin et al. (1981) provide theoretical support for Sutcliffe (1985) using an agency theory approach although stakeholder theory suggests a wider range of users than does agency. Drebin et al. (1981) purport that government accounting information provides a benefit (or a decrease in costs) to users, but at a cost to the government entity that provides it; and that the legitimacy of a person's demand (say, a tax-payer) for government accounting information must be found in the political relationship between the taxpayer (hence, the principal) and the government (hence, the agent). Similarly, additional

potential users derive their information needs from their roles as advisers or agents of legitimate users. The needs of users are analysed using notions of rationality of decision makers, and a willingness to use information to facilitate decisions.⁶

The approach of Sutcliffe (1985) does not formally assess cost/benefit arguments in relation to major user groups such as taxpayers, citizens, and recipients of services; although, these arguments are implicit in stakeholder theory. Similarly, Sutcliffe does not acknowledge empirical research which indicates that there are relatively few users of public sector financial reports. This empirical literature provides a different view to that of Sutcliffe. For example, Gaffney (1986), and Engstrom (1988) in the US, and Butterworth, Gray, and Haslem (1989) in the UK, found that there was a low level of public interest in the financial statements of various governmental bodies. Harris (1994), in Australia, drawing on personal experience,⁷ suggests that there are few users of governmental annual reports in the context of the New South Wales public sector judging by the volume of annual reports demanded. However, in support of Sutcliffe, Office of the Auditor General of Canada and the US General Accounting Office (1986) found that there are many users of governmental financial information in a federal government context.

Jones (1992) provides an alternative approach to both the stakeholder and agency viewpoints, arguing that there is no demand for governmental accounting information. Jones (1992, 261-2) argues that voters have no incentive to demand information: the public has no interest, and published financial reports of governmental entities are evidence of bargains struck between government officials and auditors. These bargains are subsequently

⁶Public choice theory opposes the notion of the public's willingness to use even free information, and suggests that information intermediaries are the direct users. This will be discussed subsequently.

⁷Harris made this observation whilst he was the NSW Auditor-General.

used within governmental organisations to arbitrate between competing claims on public money.

Prima facie, Jones' (1992) approach, while quite different to both Drebin et al. (1981), and Sutcliffe (1985), appears to be as viable a theory, and has a common inherent limitation. That is, Jones' (1992) theory, which indicates that published financial reports of governmental entities are only used within governmental organisations, is inconsistent with empirical research. For example, empirical research in the US indicates that users of governmental financial information include citizen-taxpayer organisations (Green, 1987); financial analysts (Karvelis, 1987; Ingram and Robbins, 1992); labour unions (Ward, 1987). In an Australian context, users include labour unions (Craig and Clarke, 1993); and parliamentarians (Scherer, 1985).

Clearly this presents a dilemma: why do such diverse theories co-exist? This calls for a different theoretical approach; one which is capable of explaining such discrepancies, and can be empirically tested. Mayston (1992a) provides some explanation, drawing on public choice literature. Mayston purports that an individual will not be interested in acquiring financial information directly; however, the individual will still have an interest in, and need for the provision and use of governmental financial information.

Mayston (1992b) borrows from Downs (1957), explaining that "information intermediaries" use the information on behalf of the individual. This provides a basis for understanding that citizens, taxpayers, and consumers can be regarded as an important user group, without their direct access being assumed.

The public choice approach suggests that this lack of direct demand is the result of a rational calculation of marginal costs and benefits of becoming informed: that is, the "rational ignorance" notion (Chan and Rubin, 1987, 10-12). Downs (cited in Chan and Rubin, 1987), indicates that citizens do not

even use free information. Therefore, information intermediaries such as media and coalition groups play an important role in informing the public at large. The difficulty that Chan and Rubin (1987) highlight for governmental financial reporting is that standard setters regard citizens as an important, direct user group. The difficulty arises for the standard setters when the rational ignorance notion is considered. It can be deduced that the information produced in governmental financial reports will not necessarily be appropriate for informing information intermediaries, because the reports are designed with citizens in mind.

Ma and Mathews (1992) also provide an explanation, using a "claimholder" approach, indicating that from a private sector perspective, general purpose financial reports are appropriate because shareholders and creditors (being the dominant users of accounting reports, as well as claimholders), generally are unable to demand information from the accountant.⁸

In the public sector however, parliaments and their agencies can be considered the owners.⁹ ED 55 states that parliamentary appropriations are in the nature of contributions by owners. Unlike private sector owners, parliament, accounts and estimates committees, and auditors-general do have the power to demand information to satisfy their needs.

In addition, government securities are issued by the "whole of government", not by individual departments.¹⁰ Government securities are also regarded as

⁸This does not relate to parent entities as shareholders, or presumably to lenders of large amounts who are unarguably able to demand relevant information.

⁹This includes accounts committees such as the Parliamentary Account's Review Committee of the Western Australian Legislative Assembly and the like.

¹⁰In WA the Treasury Corporation issues bonds on behalf of the government; it does not distinguish between particular government bodies, hence a bondholder would have as much incentive to see one entity's report as another.

essentially riskless, therefore, information needs of such investors are not comparable with private sector debentureholders.¹¹

Ma and Mathews (1992) argue that there is no counterpart in the budget sector of the small shareholders and creditors.¹² Ma and Mathews (1992, p 11) state that:

a strong relationship between other users and the accountant does not exist. There is therefore no obligation based on accountability for the accountant to prepare general purpose financial reports for other users when these reports have not been prepared for the primary accountee group (and hence are not available at zero or trivial cost). Second, the public or special interest groups do not make investment or lending decisions which general purpose financial reports in the private sector seem to have been designed to address. Third, these users are a heterogeneous group with accountant-specific or user-specific information needs. While these needs are relatively unknown, they can be expected to be diverse and unrelated and will not be addressed by general purpose financial reports of the kind proposed by ED 55, for financial reporting by government departments.

Therefore, Ma and Mathews (1992) argue that there are several reasons why ED 55 type reports will be inappropriate. Firstly, that the claimholders in a public sector environment are dissimilar to private sector claimholders because the former are able to demand information. Secondly, debt-holders, a large group of users that are relevant to individual private sector entities are not relevant to individual departments because government securities are considered essentially riskless. Thirdly, users additional to those who are in a position to demand information have no strong accountability relationship with the accountant, and even if they did, and therefore were entitled to the reports, they do not make investment or lending decisions, and are heterogeneous. Hence, the reasoning provided by Ma and Mathews (1992) for rejecting the notion that ED 55 reporting will be useful to users is strong.

¹¹Even when ratings indicate that such securities are riskless, if a bondholder cannot invest in a particular government department, they will derive relevant information only from a "whole of government" report.

¹²Ma and Mathews (1992) do not include other creditors in this discussion; however, it is feasible that the risk to a governmental trade creditor is also greatly reduced when compared to the private sector. That is, the assurance that the government will meet its obligations even if the relevant department is dissolved, finding less available funds than obligations, (albeit, this may be a case of better late than never).

It can be concluded from the above discussion that the approach adopted by both Mayston (1992) adopting a public choice viewpoint, and Ma and Mathews (1992) adopting a claimholder perspective, provide a solution to the dilemma created by the vastly different theories of Sutcliffe (1985), coupled with Drebin et al. (1981), adopting stakeholder and agency theories respectively, as compared with Jones (1992), who takes a public choice viewpoint to the extreme, denying the existence of external users of government financial reports altogether. The solution is provided by way of a logical explanation in the form of a theoretical compromise. That is, claimholder and public choice theories take a position somewhere between the vastly different viewpoints mentioned above.

2.2 Review of empirical literature

The previous section discussed the analytical literature relevant to governmental theories of demand for financial information. The purpose of this section is to discuss and critically evaluate the empirical literature relating to governmental financial information demand. As with the analytical literature, the empirical studies vary in context, both geographic and political. Table 4 provides a brief guide to the main features of the empirical studies under discussion.

The studies outlined in Table 4 appear in chronological order. These will be subsequently discussed in order of their importance to the current study.

Henderson and Scherer (1986) empirically examined users of state (South Australian) government department financial reports, identifying the main uses of financial information. The focus of the study was decision usefulness of both form and content. The findings suggest that the majority of parliamentarians use government department financial reports.

Table 4 Overview of empirical literature

Study	Country	Gov't	Design	Subjects	Test	Findings
Patton (1978)	US	Municipal	Mail questionnaire; format only	MFOA members	ANOVA	No difference between consolidated and fund statements for making credit worthiness decisions - same as Jones et al. (1985)
Howard (1978)	US	Municipal	Personally administered questionnaire; format only	Municipal financial analysts	ANOVA	Same as Patton (1978)
Jones et al (1985)	US	Municipal & state	Mail questionnaire; format and content	Citizens/coalitions Legislators/oversight officials Investors/creditors	Frequency distributions	Fund is more useful than consolidated; modified-accrual is more useful than full-accrual; no difference between groups
Henderson and Scherer (1986)	Australia	State	Mail questionnaire; format and content	Parliamentarians	No statistical analysis	Parliamentarians are direct users; fund information partially useful but not sufficient
Sutcliffe, Micallef, and Parker (1991)	Australia	State and Federal	Survey	Officials from Treasury and Auditor's General	No statistical analysis	There is a need for more information about the elements of financial statements
O of AGC & US GAO (1986)	US	Federal	Interview/mail & personally administered questionnaire; format and content	Legislators Government managers Citizens/coalitions/information intermediaries Economists Corporations Lenders/security advisers	No statistical analysis	There are many different direct users of reports; most users want accrual or both cash and accrual information
Gaffney (1986)	US	Municipal	Mail questionnaire; format only	Constituents	ANOVA and t-tests	Limited evidence to suggest that fund-type and consolidated together are more useful than consolidated alone
Ingram and Robbins (1992)	US	Municipal	Mail questionnaire; format and content	Municipal analysts	Geometric means	Same as Jones et al. (1985)
Daniels and Daniels (1992)	US	Municipal	Mail & personally administered questionnaire; format and content	Citizens Investors/creditors Legislative/oversight officials	ANOVA and Mann Whitney U-tests	Legislators find consolidated/accrual more useful for cost of services information

The uses of the reports were found to be approximately equal in preference across numerous informational items, suggesting that these users are concerned with compliance, available resources, cost of services, and information useful for debates. This is useful to the current study because it provides evidence that parliamentarians are direct users of governmental GPFR's.

Henderson and Scherer (1986) is an important contribution, as it is one of few empirical studies of a significant Australian user group. However, it suffers from numerous limitations that must be acknowledged in conjunction with the results. Only parliamentarians were surveyed as opposed to an arguably exhaustive user list, and suggestions as to the particular information that would fulfil a parliamentarian's needs was overlooked. No statistical analysis of the data collected was performed. The results were reported as raw percentages, hence there is a need to be extremely cautious about drawing inferences with respect to the findings. The study took place at the time of an election, thus it is likely to suffer a form of bias inherent in cross-sectional research.

Sutcliffe et al. (1991) performed a survey of unknown description of users and preparers of government department financial reports involving 24 subjects from treasuries, departments of auditor's general, and miscellaneous other departments. It was found that there is a need for information about assets, liabilities, revenues, and expenses. One must be careful about the outcome however as there was no statistical analysis performed, and it is not clear where users fit into the research. That is, the survey is discussed as one involving users and preparers, yet the responses come from government agencies. Further, there is no indication that a valid research instrument was used.

The Office of the Auditor General of Canada et al. (1986) sponsored the "Federal Government Reporting Study" (FGRS), which surveyed six diverse user groups.¹³ The study required respondents to link their information needs to specific purposes in an attempt to avoid demands for extra, unnecessary information. This method had not previously been attempted, and addresses an important limitation inherent in previous research.

¹³See Appendix 1 for the particulars.

Statistical sampling was avoided in the study as it was uncertain what the population of users actually consisted of; hence, inferences made from the findings cannot be said to be generalisable outside the sample used.¹⁴ In addition, the data was collected using structured and unstructured interviews, and mail surveys, and was administered by different researchers in different places. Hence, a scientific methodology has not been applied.

From an exploratory viewpoint, however, the findings are useful to the extent that many respondents across the identified groups were found to be direct users of governmental annual reports. The results may suggest support for Sutcliffe (1985), indicating numerous users with common information needs. It must be remembered here however, that the context of the study is whole of government at the federal level in the US. Sutcliffe's (1985) theory is meant to apply to a much broader context.

Jones et al. (1985) concentrated on US state and local government financial reporting,¹⁵ surveying three user groups: citizen groups; legislative and oversight officials; and investors and creditors. Jones et al. (1985, p. 35) found that users consider fund type statements more useful than consolidated statements; modified accrual is perceived to be a more useful basis than full accrual, and that on some items there are differences between the perceptions of the groups. Statistical procedures were used to calculate confidence limits on binomial distributions, and to test for significant differences between item usefulness. The specifics of this analysis are not reported. For example, the results are reported as percentages of respondents who perceive an item to be useful/not useful, and occasional reference is made to a significant difference. However, there are no probability values reported, or indeed any mention that a t-test (or a similar appropriate technique) was performed. Although, statistical procedures were apparently performed, which may

¹⁴The method of subject selection was not discussed.

¹⁵This was the study commissioned by the Governmental Accounting Standards Board; the "GASB study".

have produced more rigorously derived findings than the FGRS where raw data was used directly.

Two major limitations exist in the study. Firstly, the usefulness of particular items was assessed using a five point interval scale, but respondents were not asked to link these items to specific uses; hence, as respondents can be assumed to demand more information rather than less,¹⁶ some items may have been erroneously classed as useful, giving an upward bias to the results.

Secondly, the measurement instrument used was problematic. The questionnaire was extensive, comprised of 115 questions (16 pages in length); in addition, some brief demographic information was requested, and an open question asking about the types of decisions respondents might make from the annual report as a whole, with the advice "attach additional pages as needed" (Jones et al., 1985, 117). Not surprisingly, there was a low response rate to the questionnaire.¹⁷

The measurement instrument was developed by the researchers, and no reported testing was carried out for reliability and validity. In addition, the study failed to define the population; hence the representativeness of the sample is questionable due to this as well as the response rate. Jones et al. (1985, p. 7) argue that because of the large degree of consensus among respondents within and between user groups and subgroups, there is little reason to believe that non-response bias exists. Therefore no attempt was made to test for non-response bias, which is crucial with a low response rate, in order to place reliance on the results. Jones et al. (1985) do not document

¹⁶See Ingram and Robbins (1992, 44) for a discussion of this.

¹⁷Response rate was approximately 10% (Ives, 1987); 201 responses equally divided between user groups. In addition, Jones et al. (1985) did not mention the response rate.

how their sample was chosen¹⁶, so it is also possible that another type of sampling bias exists.

Ingram and Robbins (1992) performed a partial replication of the GASB survey using a more rigorous methodology and generally found support for the latter with respect to rankings of usefulness for particular items. The study mail surveyed 613 US Municipal Analysts, resulting in a response rate of 32% (195 responses). The survey instrument contained 34 report items, identical to those included in Jones et al. (1985); however the measurement scale adopted was a magnitude scaling technique, in an attempt to measure more accurately than in the Jones et al. (1985) study. As the results of Ingram and Robbins (1992) support those of Jones et al. (1985) it may be suggested that the GASB results are not sensitive to the research instrument used, and that perhaps the lack of scientific rigour has not affected the outcome.

The value of Ingram and Robbins (1992) to the current study is limited because it surveyed only one user group. In addition, Ingram and Robbins (1992) compare the results of the GASB study overall, rather than comparing only the investors and creditors, which was their chosen subject category. In addition, Ingram and Robbins (1986) did not provide respondents with a set of financial statements to peruse. This may have affected the internal validity of the study because each respondent may scale items according that item's usefulness in the context of a financial statement that they are familiar with, and this context may differ between respondents.

Gaffney (1986) performed research on consolidated versus fund-type US municipal financial statements, concerned with the perceived usefulness of format only, to determine whether constituents perceive consolidated county financial statements to be more useful than those prepared on a fund-type basis. Specifically, Gaffney (1986) investigated a sample of constituents, in an

¹⁶That is, whether it was randomly selected or otherwise.

attempt to balance previous research which has largely ignored this user group. The sample of was chosen from a directory of constituent organisations, and phone calls were used to ascertain suitable subjects by virtue of their active knowledge of municipal financial statements. The survey instrument used was developed by Larcker and Lessig (1980). This instrument consists of six questions: three as a combined measure of perceived importance, and three as a combined measure of perceived useability. Larcker and Lessig (1980, 127-132) carried out extensive tests to ensure reliability and validity of this perceived usefulness measurement instrument.

Gaffney (1986, 173-74) used an experimental survey. The 110 constituents while not randomly chosen, were randomly assigned to any one of three groups, receiving either a fund-type, a consolidated-type, or both sets of financial statements. Subjects were asked to rate perceived usefulness on eight separate issues such as cost of the educational system, and use of resources. The number of useable responses received was 58, representing a 52.7% response rate. Statistical analysis involved ANOVA and t-tests, and in only one case (out of eight) did respondents find the consolidated format more useful than either the fund-type, or the fund-type and consolidated together. This result was not statistically significant. In one case the fund-type statement was considered significantly more useful;¹⁹ and in another case, both sets of statements were considered significantly more useful than either the fund set or consolidated set by itself.²⁰ For several issues, fund-type statements by themselves were found most useful, and for other issues combined statements were considered most useful. However, these results did not achieve statistical significance; and hence, should not be interpreted as support for the alternative hypotheses (Gaffney, 1986, 176-181).

¹⁹This was in assessing capital improvement projects.

²⁰This was related to assessing the effectiveness of the county education system.

Gaffney's (1986, 184) results indicate that there is insufficient support for a change in reporting format. This is consistent with Jones et al. (1985, p. 36) who found that users consider fund-type statements more useful than consolidated-type statements. The evidence also provides support for Ma and Mathews (1992) because the latter indicate that a change in report format from fund-type to consolidated-type accrual-based statements will not benefit users. However, Gaffney's results must be interpreted with consideration to evident limitations. Firstly, only one user group is surveyed and the demographic data collected indicates that the respondents chosen were probably not representative of their group; secondly, hypothetical financial statements were provided as stimuli, and whilst attempts were made to ensure that these were as realistic as possible, the fund-type reports followed the exact format used in the subjects' counties. Hence, the respondents would have been especially familiar with these reports, and this may be a factor contributing to their preference for the fund-type of report, potentially confounding the results.

Daniels and Daniels (1991) attempt to address some of the limitations outlined above in a study of financial reporting preferences among three user groups: citizens, investors/creditors, and legislative/oversight officials. Daniels and Daniels (1991) used an experimental survey. Ninety-one subjects over the three groups received either a set of fund-type modified accrual financial statements, or a set of consolidated-type full accrual financial statements, and were asked to scale the perceived usefulness of the reports.²¹ Response rates for the three groups ranged from 94% for the municipal creditors/investors, 85% for the citizens, and 54% for the legislative/oversight officials group. In part, the high response rate is due to personal administration of the survey instrument in some cases.

²¹This involved testing the usefulness of both format and basis of accounting. This is an important contribution because both Patton (1978) and Howard (1978) found format to be a non-significant factor in predicting interest rates, and Gaffney (1986) found format to be a significant factor for some issues only.

Like Gaffney (1986), Daniels and Daniels (1991) adapted the 6-item perceived usefulness measurement instrument developed by Larcker and Lessig (1980), in addition to a self-developed instrument asking respondents to rate the usefulness and adequacy of information on compliance, viability, performance, and cost of services.

The results of Daniels and Daniels (1991, 26), analysed using Mann-Whitney U tests, indicate that the citizen group find the fund-type statements with modified accrual more adequate for all types of information except for viability; however, none of the results are significant. The investor/creditors group find the consolidated type statements with full accrual more adequate for all types of information; however, none of the results are statistically significant. The legislative/oversight officials group find the consolidated type statements with full accrual more useful for all types of information except compliance. Cost of services was the only statistically significant outcome in favour of consolidated statements. This finding is particularly interesting as it is noted that this type of information is very important to the legislative/oversight officials group.

The results of this section of the Daniels and Daniels (1991) study are significant in only one instance of twelve. This may be due to a lack of testing for reliability and validity of this part of the measurement instrument.²² The questions in this section were developed by Daniels (1988), and pre-testing was performed firstly by MBA students, and finally with one member of each subject group. Changes made involved clarification of wording, and increasing the number of points on the interval measurement scale (Daniels, 1988, p64). Evidently, this is at best a minimal amount of instrument assessment.²³

²²As previously mentioned, the only part of the measurement instrument that was thoroughly tested was that developed by Larcker and Lessig (1980).

²³See Carmines and Zeller (1979) for a discussion of reliability and validity assessment.

With respect to Daniels and Daniels (1991, 28) hypothesis, relating to perceived usefulness of the two types of statements and tested using the Larcker and Lessig (1980) instrument, consolidated-type statements were found to be significantly more useful than fund-type by the legislative/oversight officials group. Both the citizen and the creditor/investor groups found the fund-type statements more useful; however, these findings were not statistically significant. This is consistent with Gaffney (1986, 176), who using the same instrument, found that citizens preferred either the fund-type, or both types of statements, as opposed to consolidated.

Daniels and Daniels (1991) partially supports the theory of Ma and Mathews (1992), by indicating that user needs are not homogenous between groups. This is evident by the statistically significant result rejecting the null hypothesis that there is no difference in the perceived usefulness of the different types of statements between the three groups of users. However, limitations exist in the Daniels and Daniels (1991) study that may confound the results.

Firstly, the information categories²⁴ chosen were from the literature, and were not confirmed for relevance by members of user groups. This may have resulted in the use of inappropriate information categories which subjects are less able to assess accurately. Secondly, "interested" legislators were chosen for the sample, which may have resulted in selection bias. No test was performed to check for this. Thirdly, some respondents were mail surveyed, whereas others had the instrument administered to them. No test was performed to check that these responses were not sensitive to the different procedures; and fourthly, no justification was provided to indicate why the decision task chosen for the users was the best among alternatives. However, Daniels and Daniels (1991) has strong points. For example, authentic

²⁴These information categories were financial viability, operating performance, compliance with legal and fiscal mandates, and cost of services.

financial reports were used²⁵ and were not simplified. Using actual unsimplified statements increases external validity, and addresses a limitation evident in previous research²⁶.

Similarly, Daniels and Daniels (1991, 19-20) chose subjects who did not live in the cities which the reports were adapted from. This eliminated an undesirable familiarity effect, which could bias the results.

Daniels and Daniels (1991, 18), by using the three user groups defined by the GASB, attempted to obtain a more representative sample of users than Gaffney (1986, 173) who used only citizens, and Patton (1979, 404) who used only creditors/investors.

In contrast to prior researchers Gaffney (1986, 173) used expert users of the citizen group, and Patton (1978, 406) used members of the Municipal Finance Officers Association (MFOA), who whilst they are expert, are also an inappropriate proxy for the investors/creditors group. MFOA members are far more likely to be classified as preparers of financial statements.

The improvements implemented by Daniels and Daniels (1991) are possibly responsible for the high response rate achieved.²⁷ Daniels and Daniels (1991) results, indicating that financial reporting preferences involving both form and content differ between users of US municipal financial reports, are

²⁵These were actual reports of two Connecticut cities which had equivalent populations. Figures were rounded on one report to match the presentation of the other, and any recognisable names were changed.

²⁶See for example Patton (1978, 406), and Gaffney (1986, 173) who used hypothetical statements.

²⁷Response rate was 85% for the citizens group; 94% for the investor/creditors group; 54% for the legislative/oversight officials group; and 75% over all groups (Daniels and Daniels, 1991, 19). This can be favourably compared with Patton's (1979, 406) overall response rate of 27%; Jones' et al. (1985) response rate of 10%; and Gaffney's (1986, 174) response rate of 52.7%.

important to the current study, which attempts to test the competing theories of Ma and Mathews (1992), and Sutcliffe (1985).

In summation, this section discussed empirical governmental accounting research with respect to users and usefulness of either form, content, or form and content of governmental external financial reports across a range of geographical locations, levels of government, and user groups.

The relevant studies resulted in a number of interesting findings, which were summarised in Table 4. Henderson and Scherer (1986) provided evidence that parliamentarians in an Australian state government context are direct users of governmental general purpose financial reports, who find that information useful but not sufficient; Office of the Auditor General of Canada and the US General Accounting Office (1986) found in a US/Canadian federal government context that numerous diverse direct users exist; Jones et al. (1986) in a US state and municipal government context reported that users consider fund-type statements more useful than consolidated, and modified accrual statements more useful than full accrual, as well as reporting that on some information items there are differences between the groups; Ingram and Robbins (1992) in a US, municipal, single user group study found support for Jones et al (1986) with respect to the usefulness of the different statement types; Gaffney (1986) in a US, municipal, single user group context found in one case that fund-type statements were considered more useful than consolidated, and in another case that fund-type and consolidated together were more useful than consolidated alone; and Daniels and Daniels (1992) in a US, municipal, several user group context reported that there were differences between the groups with respect to report preference.

Due to the results of the empirical literature outlined in this section, it may be concluded that there is insufficient evidence to justify a change in the basis and format of governmental financial reporting, and that there is evidence to

suggest that users have heterogenous needs. This is important to the current study because it suggests support for the arguments of Ma and Mathews (1992), which underlie the hypotheses in the next chapter.

The analytical literature outlined in the previous section provides a basis for the hypotheses in the current study, which like Daniels and Daniels (1991) will attempt to test for differences in the preferences of the user groups. This analytical literature will be further discussed in the next chapter, for the purpose of developing the specific hypotheses.

In addition to analysing legislative officials and coalition group members as a subject group, the current study also uses preparers as a subject group, so that perceptions of usefulness of those implementing AAS 29 can be compared with perceptions of users. Hence, preparers are used as a proxy for users, and testing is performed to ascertain whether preparers are an appropriate surrogate. The methodology implemented in order to test for differences²⁸ will be outlined in chapter 4.

²⁸The differences between users preferences for different types of reports.

CHAPTER 3 HYPOTHESIS FORMULATION

3.0 Alternative types of financial statement

Before developing the discussion surrounding the hypotheses, it is necessary to describe the differing financial statement types relevant to this study, because these statements are directly included in the hypotheses.

Some of the literature discussed in chapter 2 analysed what type of statements are preferred by users. The purpose of this section is to define the two statement types relevant to this study. The experiment conducted here involves comparing perceptions of the usefulness of different reporting types, involving both format and content. The two types of statement relevant to the study are the fund-type, cash-based and business-type, accrual-based.

The terms fund-type and business-type relate to the format of the information. Fund-type refers to statements that give detailed breakdowns of receipts and payments, and in Australia this is done for each program undertaken by a government reporting entity.²⁹ Business-type format indicates that a statement of financial position, a statement of operating performance, and a statement of cash flows will be included.

With respect to basis of accounting, the cash-based statements do not account for the full cost of operations, and do not include the total financial position. For example, capital items, and depreciation on capital items are not reported; and liabilities such as long term employee benefits, and loans are not included. The Australian norm in budget sector governmental accounting at all levels has been to produce these cash-based, fund-type

²⁹See Appendix 3a for an example of the fund-type statement.

reports.³⁰ The alternative basis, accrual, refers to the accounting commonly used in the private or business sector by profit motivated entities, who estimate and report the full cost of operations, and long-term information relating to financial position.

This business-type, accrual-based reporting is what AAS 29 recommends for Australian budget sector government departments. This type of report will subsequently be referred to as AAS 29-type, accrual-based financial statements.

3.1 Theoretical framework

The analytical literature discussed in Section 2.1 provides a foundation for developing the hypotheses tested in this study. This chapter will discuss the three groups which relate to the subjects used in this study, the alternative types of financial statement, and the literature underlying the specific hypotheses.

The literature provides conflicting viewpoints with respect to the user groups in terms of number, scope, and heterogeneity. Some literature suggests that many users exist. Consistent with this notion is the notion that these many users can be categorised into a few broad groups, and that these users have common informational needs. This phenomena has been termed the "integral" approach to grouping users and their needs, as opposed to the "differential" approach, which emphasises the complexity of financial accounting and many user groups (Jones and Pendlebury, 1992).

The integral approach is adopted by Sutcliffe (1985) in an Australian, multi-level government context. This view led Sutcliffe (1985) to the suggestion

³⁰This is sometimes a form of modified accrual, where short term liabilities are reported but the full cost of operations is not accounted for.

that accrual-type financial reporting would be appropriate to fulfil these common informational needs as opposed to the cash based fund-type reporting which was the general purpose financial report previously adopted by the budget sector. Sutcliffe's argument is based on the premise that there are many potential users of governmental financial reports who can be categorised into a few broad groups, all of whom have a stake in the government, however indirect. This stake gives the individual a right to financial information about government entities. The notion underpinning Sutcliffe's argument can be termed stakeholder theory.

Ma and Mathews (1992) hold an alternate view to Sutcliffe (1985), arguing that there are few groups of users in an Australian, budget sector, multi-level government context, and that these users are heterogenous, and do not necessarily have common informational needs. In addition, these few users, termed accountees, have the power to command information to suit their needs, and therefore, do not require the type of general purpose financial reports recommended by ED 55.

The notion underpinning Ma and Mathews (1992) argument can be termed claimholder theory. Ma and Mathews (1992) further argue that if ED 55 type reports will not serve the needs of the accountees, they are unlikely to serve the needs of those users with a weak accountability relationship. Ma and Mathews (1992) state that:

Reports are needed in the budget sector; the point is that the form and content of ED 55 reports are wrong (p, 12) ... (and that) a cash accounting system is essential in the budget sector if it is to perform its functions effectively ... and the application of accrual accounting to the budget sector is both unnecessary and foolish (p, 14).

Hence, Ma and Mathews (1992) advocate cash rather than accrual reporting. Table 6 presents the major differences in the arguments of Sutcliffe (1985) and Ma and Mathews (1992).

In sum, Table 5 shows that Sutcliffe (1985) argues that the many users of governmental financial reports can be classified into a few broad groups, and that their informational needs are common. These common needs can be fulfilled by the business-type accrual financial reports proposed by ED 55.

Table 5 Major competing theories

Study	Theory	Categorisation	Commonality	Information needs
Sutcliffe (1985)	Stakeholder	Many users	Homogenous	Accrual based, AAS 29-type statements
Ma and Mathews (1992)	Claimholder	Few users	Heterogenous	Cash based, fund-type statements

Ma and Mathews (1992) argue that of the numerous potential users of governmental financial reports, only few are claimholders who have a strong accountability relationship, and it is this relationship that provides the right to financial information. In addition, these claimholders are in a position to command the information they require, and a reason general purpose financial reports of the type described in ED 55 have not been voluntarily adopted in the budget sector may be a lack of demand from accountees whose needs will not be best served by ED 55-type reports.

3.2 Hypotheses

The alternative approaches of Sutcliffe (1985) and Ma and Mathews (1992), provide the basis for the hypotheses in this study. Hypothesis 1 is designed to test the theory that the groups of users have heterogenous informational needs with respect to the WA state health department's financial report. This hypothesis, stated in its null form, is consistent with Sutcliffe (1985) who argues that different users have common informational needs. The alternate

form of hypothesis 1 is consistent with Ma and Mathews (1992) who argue that the users do not necessarily have common informational needs; that their needs are likely to be diverse. That is, hypothesis 1 is designed to find whether there are differences between the user categories with respect to perceived usefulness of financial information. Hypothesis 1 can be stated as follows:

H1a There is no difference in perceived usefulness of AAS 29-type, accrual-based financial statements between the interest group category, and the legislative category.

H1b There is no difference in perceived usefulness of AAS 29-type, accrual-based financial statements between the interest group category, and the preparers category.

H1c There is no difference in perceived usefulness of AAS 29-type, accrual-based financial statements between the legislative category, and the preparers category.

H1d There is no difference in perceived usefulness of fund-type, cash-based³¹ financial statements between the interest group category, and the legislative category.

H1e There is no difference in perceived usefulness of fund-type, cash-based financial statements between the interest group category, and the preparers category.

H1f There is no difference in perceived usefulness of fund-type, cash-based financial statements between the legislative category, and the preparers category.

Hypotheses 1a, b, and c are tested by comparing the responses from each group on the AAS 29-type, accrual-based statements, to see whether there is a significant difference in the means of the groups. This analysis is repeated for the responses from each group on the fund-type cash-based statements to test hypotheses 1d, e, and f. The purpose of this analysis is to determine

³¹These are cash based with the exception of wages and salaries which are reported on an accrual basis.

whether user preferences are homogenous (Sutcliffe, 1985), or heterogenous (Ma and Mathews, 1992).

The remaining part of the argument relates to the overall usefulness of the different types of financial statement irrespective of group type. That is, for the combined users/preparers, is there a significant difference between the AAS-29 type accrual based financial statements, and the fund-type cash based financial statements with respect to perceived usefulness.

Hypothesis 2 is designed to test for any significant differences in perceived usefulness of statement type. If rejected, it may provide support for either Sutcliffe (1985), or Ma and Mathews (1992). This is because it is a two-way hypothesis. That is, it will provide support for Sutcliffe (1985) if the mean values for the AAS 29-type accrual based financial statements are significantly higher than those of the fund-type cash based financial statements, and if vice-versa, support will be provided for Ma and Mathews (1992). Specifically, Sutcliffe (1985) argues that AAS 29-type accrual based financial statements will better meet the needs of all users; whereas, Ma and Mathews (1992) argue that:

there is no counterpart in the budget sector accountees of the sub-group of small shareholders and creditors in the private sector. That is, accountees who are entitled to information and need it for decision making purposes, but who lack the power to demand the information from the accountant. The genesis of general purpose financial reports is associated with this issue in the private sector. It follows that the private sector case for general purpose financial reports does not apply to government departments (p, 11).

It is possible that GPFs of the type outlined in AAS 29 will be inappropriate to meet the needs of direct users who can be considered claimholders. Ma and Mathews (1992) state:

a reason why general purpose financial reports have not been voluntarily adopted in the budget sector may be a lack of demand from accountees, whose information needs will be better served by properly classified cash-flow and financial statements different from the general purpose financial reports recommended in ED 55 (p 9).

A claimholder is defined as an accountee who has a strong accountability relationship with the accountor such as parliament, public accounts committees, senate estimates committees, auditors-general; bondholders, other creditors, and agencies (ie credit rating agencies).³² The user group in the current study labelled legislators will contain parliamentarians as claimholders of an individual department.

The claimholder viewpoint indicates that there are few users relevant to governmental financial reporting by virtue of a strong accountability relationship, and that there is no reason to expect that their informational requirements are common. Ma and Mathews (1992) maintain that the distinction between strong and weak accountability relationships is critical, and when taken into account, it provides strong justification for the provision of GPFs only if these meet the claimholder's needs. Ma and Mathews (1992) suggest that the form and content of GPFs as recommended by ED 55 will not meet these needs.

Hypothesis 2 is designed to find support for either one of these competing viewpoints, (provided the null hypothesis stated below is rejected).

H2a There is no difference in the perceived usefulness of fund-type statements using a cash basis of accounting and AAS 29-type statements using a full accrual basis of accounting.

H2b There is no difference in the perceived usefulness of fund-type statements using a cash basis of accounting and both the fund type statements using a cash basis of accounting and AAS 29-type statements using a full accrual basis of accounting.

H2c There is no difference in the perceived usefulness of AAS 29-type statements using an accrual basis of accounting and both the fund-type statements using a cash basis of accounting and AAS 29-type statements using a full accrual basis of accounting.

³²This list can be adapted in relation to an individual government department. As previously discussed, bondholders and other creditors are relevant to the government as a whole, rather than to specific departments. (This reasoning could be extended to eliminate credit rating agencies also).

In sum, Chapter 3 developed two specific hypotheses for testing in this study. Hypothesis 1 is designed to test whether homogeneity or heterogeneity is the best descriptor of group categories. Hypothesis 2 is designed to test whether users as well as users/preparers as a combined group have a preference for one statement type over another.

CHAPTER 4 RESEARCH METHOD

4.0 Overview of research method

In order to test the hypotheses outlined in chapter 3, a research methodology was chosen, which involved several processes such as selecting samples of users and preparers, creating hypothetical financial statements to act as a treatment, designing a survey instrument to accompany the sets of financial statements, and choosing appropriate statistical procedures to apply. These components of the research design are detailed in this chapter.

Users of the WA Health Department financial statements were used to test the competing hypotheses involving interest group members and legislators, as well as preparers of financial statements. This department was chosen because of its vast resources and importance to the community.

4.1 Sample

Three separate groups of subjects were selected from relevant populations. These were two user groups: interest groups and legislators, and a preparer's group. Table 6 displays the descriptive information about the response rates achieved for each subject category.

Table 6 Response rates for all respondents

Group	Surveyed	Responded	Rate
Interest group members	37	24	64.86%
Legislators	91	25	27.47%
Preparers	88	64	72.72%

The interest group member sample originated from a current mailing list supplied by the Western Australian Health Department. The population as defined by the list was 415. Many of the recipients were libraries or hospital administrators. As a result, the population that could reasonably be classed as that of interest group members was 43. This was chosen by applying the interest group member criterion to the list, resulting in the inclusion of 37 subjects. By necessity, the interest group member selection was a convenience sample.³³

The legislator group consisted of all WA parliamentarians that were sitting in late 1995. The names of the current parliamentarians were obtained from Parliament House. Two lists were supplied, one detailing the 34 members of the Legislative Council (Upper House), and the other detailing the 57 members of the Legislative Assembly (Lower House). This resulted in a population of 91 parliamentarians, the entire population of which were included as subjects for the legislator group.

The third subject group was preparers of government agency financial statements. The majority of the selected subjects came from a list of WA governmental financial statement preparers constructed by the WA Minister for Finance, The Honourable Mr M Evans (1993). The list indicated that the preparers included could be contacted with queries regarding the implementation of accrual accounting. Where the relevant preparer was no longer working for the organisation, their replacement was chosen.³⁴

The "preparer" list provided 76 subjects for the preparers group, and the additional 12 subjects were selected from a telephone listing of WA

³³The whole population was to be included; however several potential subjects could not be contacted, and one potential subject was known to the researcher, and hence was left off the list to avoid potential bias.

³⁴In some cases due to restructuring and so forth, the actual job title had changed in addition to the person holding the office. Where this was the case, the most appropriate replacement was chosen (upon advice from the relevant agency).

government agencies. This process consisted of eliminating agencies that had been on the original listing, and randomly selecting from the remaining agencies. These agencies were then telephoned to ascertain who the relevant preparer(s) were so that they could be included as subjects.

All subjects in the interest group sample and the preparers sample were telephoned to ask whether they would be willing to participate in the study. The only information they were given on the telephone was the source of the questionnaire, and the time it would take to complete. Of those telephoned, three prospective interest group subjects stated that they would not be willing to participate due to a lack of knowledge about financial reporting, along with two preparers whose reason for not participating was lack of time.

4.2 Survey instrument

In order to survey the subjects a questionnaire was constructed. It was considered more practical to send a questionnaire than to interview subjects due to time constraints and concern over bias inherent in any interview process.

The questionnaire was developed from Daniels (1988), and Larcker and Lessig (1980).³⁵ Larcker and Lessig's (1980) 6-item 7-point instrument was designed to measure the perceived usefulness construct relating to information for decision making.

Three of the items in the Larcker and Lessig (1980) instrument are an index designed to measure perceived importance, and the remaining three items are to measure perceived useableness. These two measures were used as

³⁵Gaffney (1984) had also used Larcker and Lessig's (1980) instrument to assess usefulness of consolidated versus fund-by-fund reports in a municipal context.

dimensions of perceived usefulness, being logical dimensions of that construct, and having consistency with prior research. Perceived importance is defined by Larcker and Lessig (1980) as relevant, informative, meaningful, important, helpful, or significant. Perceived useableness is defined as unambiguous, clear, or readable.

Factor analysis was used to determine whether the instrument had construct validity with respect to the dimensions loading on perceived usefulness. This analysis showed support for perceived importance and perceived useability as two distinct and separate dimensions of perceived usefulness (Larcker and Lessig, 1980, 130).

Construct validity was also tested for across settings using Campbell and Fiske's multitrait-multimethod correlation procedure (cited in Larcker and Lessig, 1980). This procedure was used to test for both convergent and discriminant validity. The results support the instrument as having validity across settings. Reliability was also tested by Larcker and Lessig (1980) using Cronbach's alpha. This test found that the instrument was sufficiently reliable.³⁶

Larcker and Lessig's (1980) instrument was developed in a management information context; however, both Daniels and Daniels (1988) and Gaffney (1984) adapted the tool for use in governmental external reporting research. Gaffney (1986) also tested the Larcker and Lessig instrument for validity, and found that four of the six items loaded significantly on the expected factors. Daniels and Daniels (1988) did not test for validity, probably because this had been done extensively by those already mentioned. However, it was considered prudent in the current study that further testing be carried out to ensure that the instrument is valid in the different setting. Factor analysis

³⁶See Larcker and Lessig (1980) for a detailed discussion of the reliability and validity tests carried out.

and Cronbach's alpha were used to test for validity and reliability respectively. These analyses are presented and discussed in chapter 5.

The current study also adapted questions from Daniels (1988). The survey instrument used by Daniels (1988) was a relevant and useful basis for the questionnaire in the current study as it investigated user preferences for format and basis of accounting between different user groups in a governmental context as discussed in chapter 2. The questionnaire was adapted for use in the current study by changing wording and format to increase relevance and clarity to the subjects due to the different research context. However, the basic idea was similar in that respondents were asked the same questions about specific types of information such as compliance, performance, cost of services, and financial viability before viewing the financial statements in order to ascertain that respondents find some accounting information useful. These questions were considered necessary because Gaffney (1986) suggests that before discovering what type of information is preferred, it is necessary to establish that some information is considered useful.

After viewing the hypothetical financial statements which relate to the Larcker and Lessig (1980) usefulness measure, as well as a question about specific types of information such as compliance, performance, cost of services and financial viability, subjects were then asked the same questions as they had been prior to the treatment to assess whether they found the particular set of financial statements they received (cash, accrual, or cash and accrual) useful.

The questionnaire used in the current study is included in Appendix 2. The experimental design will be outlined later in this chapter which will explain the reason for the four versions of the questionnaire. In short, the wording in the questionnaires and the instructions differ slightly because of the different groups involved. For example, the specific decision context which is essential

in using the Larcker and Lessig (1980) instrument was necessarily different depending on which type of user group a subject belonged to; hence, it was necessary to alter the wording to reflect the decision relevant to each group. Similarly, the instructions differed because the preparers were asked to answer as though they were the user. The specific decisions chosen will be discussed later in this chapter.

The hypotheses are all testable using the 6 item Larcker and Lessig (1980) instrument. That is, the 6 item instrument is used to test for differences in perceived usefulness between the different user groups, as well as for differences between the usefulness of the alternate bases of accounting. The other eight questions were included to ensure that respondents find any accounting information useful; to enable analysis of before and after receiving the treatment in order to ascertain the perceptions of respondents with respect to the stimulus; to test for familiarity with financial statements to account for this as a moderating factor in perceived usefulness; and to perform an exploratory test with respect to usefulness of government department financial information for accountability as opposed to decision making.

4.2.1 Measurement scale

Two measurement scales were applied. For the first six items and the Larcker and Lessig instrument, an 8-point scale was adopted. The reason for this was twofold. This scale collects interval data which is appropriate for use with parametric tests; and, an 8-point scale does not allow mid-point answers, which has the advantage of forcing the respondent to make a decisive answer.

In addition to the interval scaled questions, a ratio scaling technique has been used. Specifically, in three questions, respondents were asked to allocate a

total of 100 points across the items. This technique has been used extensively in marketing research.³⁷ Ratio scales represent the most precise level of measurement. That is, it has all the benefits of the other scales, and in addition, has a true zero point. Hence, while an interval scale is sufficient for use with parametric statistical procedures, ratio scaled data is superior (Lodge, 1981; Gay and Diehl, 1992). Thus, where possible, a ratio scale was utilised.

The particular method of allocating 100 points over items was chosen in favour of an anchored magnitude scaling technique for three reasons. Firstly, it is much simpler to apply from a respondent's perspective; secondly, it does not introduce an upward bias;³⁸ thirdly, while not anchoring to a particular item as a magnitude scaling technique does, it still allows meaningful comparison of items relative to each other.

4.3 Evaluation of decision context

Previously it was indicated the importance of linking a specific decision to information requirements, and it was suggested that this is also crucial in using the survey instrument designed by Larcker and Lessig (1980), in evaluating decision usefulness.

Therefore, it was necessary to choose two specific decisions for use in the questionnaire: one relevant to the members of an interest group, and one relevant to the legislator group. Both of these decisions must also be appropriate to a state government department context.

³⁷See Green and Srinivasan (1990) for a discussion of this.

³⁸Magnitude scaling techniques have no upper limit. That is, a respondent can provide any number from zero to infinity, and is usually assigned an anchor item with a value of 10 or 100. This can create an upward bias in the results.

In order to select decisions, the relevant accounting literature was investigated to ascertain types of decisions that may be valid for the purpose of the current study. In addition, several senior public officials were interviewed to check the applicability of the decisions in a WA state government department context.

4.3.1 Literature on citizens/coalitions

The literature relating to citizen/coalition groups is limited in a state government department context. In addition, information needs are sometimes identified that relate to accountability, rather than to decision making. That is, one can use financial information simply to assess an entity with respect to accountability; however, this does not necessarily involve making a decision. Decision-making is an extension of assessing accountability; it relates to the action(s) taken by the information recipient as a consequence of their assessment of accountability. This is an important distinction because AARF's (1992) justification for AAS 29-type reporting is that it is useful for decision making. Ma and Mathew's (1992), argue an accountability viewpoint, indicating that cash-based reports are more suitable. Relevant literature relating to decisions will be outlined.

Drebin et al. (1981, p59-70) indicate that taxpayers/voters may make decisions about where to live (location), which candidate to vote for (voting), and whether to protest, complain, or publish a response to government activity (action). These decisions are suggested in the context of local government units, and state governments as a whole. Table 7 summarises these main decision categories for citizen/interest groups.

Table 7 Decision categories

Citizen/coalitions	Legislators
Location	Remedy
Voting	Resource
Action	Program/policy
	Penalty

Anthony (1978, p44) also indicates that constituents want to assess governmental units on the efficiency and effectiveness of management in order to make informed voting decisions. It is also noted that constituents and companies may take legal action with respect to equity of resource distribution by the government.

AARF (1990) includes the voting decision, as well as the decision to take action by individuals and coalitions with respect to resource provision, receipt of services, and voicing opinions/giving advice/lobbying, and the like.

Jones et al. (1985) suggest that governmental financial reports at state and local level are used for deciding whether to support or oppose proposed legislation, and to seek funds for programs advocated by citizens and interest groups.³⁹

In the context of a state government department, both the relocation and voting decisions are inappropriate because it is unlikely that one would choose a state to live in, or a candidate to vote for on the basis of a single department's performance. This observation is reasonable given that departments of any Australian state number approximately 25, and that they

³⁹While there is no way of determining whether these decisions are exhaustive, there is at least evidence that they are valid. That is, the decisions purported by Anthony (1978), Drebin et al. (1981), and AARF (1990) are all deductively derived, whereas those outlined by Jones et al. (1985) were arrived at empirically. The fact that they are in agreement despite the different research methods indicates validity.

are not the only type of governmental unit affecting the performance of a state government.

Therefore, the decision to take some form of lobbying action appears to be the relevant decision arising from the literature for a state government department, because it is feasible that constituents of a state would take action in the form of lobbying over the activities of a specific department and there is evidence that they do so (Senior Treasury Official, personal communication, September, 1995; and Senior Health Department Official, personal communication, September, 1995).

4.3.2 Literature on legislative/oversight officials

Decisions that may be made by legislative/oversight officials are more widely documented. These decisions are outlined and classified into "decision groups". See Table 8 for a summary of this. Drebin et al. (1981, p103) indicate that this group make decisions about whether to take remedial action (remedy); how, and whether to restrict/expand resources (resource); what programs or policies to choose (program/policy); and how to penalise (penalty). Jones et al. (1985) support Drebin et al. (1981) with respect to decisions which may be made by legislative/oversight officials. The decisions indicated by Jones et al. (1981) are expand, curtail, or add programs (program/policy); how, and whether to lower, raise, or maintain tax rates and/or fees (resource); and what budget recommendations to make (remedy). Mayston (1992b, 229) broadly indicates that the legislative/oversight officials group makes "political decisions". This can be interpreted as encompassing all of the decision categories.

The Australian Federal Senate Standing Committee on Finance and Public Administration (1989, p35) indicates that financial information is used "to strike a balance between political tactics, the punishment of administrative

failure and most importantly, recognition of administrative success". This could be categorised as having program/policy and penalty/reward attributes. Hence, the penalty decision category could be expanded to include reward (ie. penalty/reward).

AARF (1990) suggests that the decision made by the legislative/oversight officials group is whether to provide resources, and continue political support (resource). Sutcliffe (1985) had previously arrived at this conclusion, suggesting that the overall decision made by resource providers (including parliament, central agencies, and review bodies) is whether to allocate/provide resources, and at what level.

Thus, there are four main decision categories relevant to the legislative/oversight officials group; remedy, resource, program/policy, and penalty reward - all of which can be related sensibly to the state government department context.

However, a distinction must be made between members of the legislative/oversight officials group. Treasury officials, who deal directly with the budget, may use the financial statements to investigate matters brought to their attention by the Auditor-General's office, and this would occur infrequently. Scherer (1986, 54) indicates that treasury's role involves internal financial reports such as the budget, and does not perceive treasury to be a user of general purpose financial reports. This is supported by discussions with public sector officials, including a senior WA Treasury official.

The legislative/oversight officials group also includes parliamentarians, in particular parliamentary accounts committee members (Scherer, 1986), and officials in the Auditor-General's office. These two sub-groups are primary users of the general purpose financial reports (Department of Finance & Auditor General's Office, 1980). These sub-groups use the financial reports to

investigate the finances of government departments, and make decisions about taking action where necessary.

The decision that has been chosen for the legislator group questionnaire relates to that part of the primary user group that are the "primary users" of the external financial report; that is, the parliamentarians. This is the case because the officials in the Auditor General's office use the reports in order to audit them, and the parliamentary account's committees use the reports to look for specific information when asked by the parliamentarians.

Officials from the WA Office of the Auditor General, Treasury, and the Legislative Assembly's Public Account's Committee indicate that parliamentarians are the primary users of the external financial report. The decision relevant to the parliamentarians (legislators) group is a mixture of the decision categories, which could be described as lobbying. This is also supported by Scherer (1986) who ascertained that SA parliamentarians are direct users of government department financial reports, and that one of the reasons they use these reports is to find information useful for parliamentary debate. Indeed, Scherer found that parliamentarians require more of such information through the reporting process.

In summation, literature on citizens/coalition groups indicates that several decisions may be made; however, in an Australian state government department context, it is relevant to select lobbying action as a decision for this group. A wider range of decisions is suggested by the literature for the legislative/oversight officials group. Again, to be relevant to the context of this study, the decision selected was lobbying for an inquiry.

4.4 Treatment

The questionnaire was mailed with a separate package containing the treatment material. The treatment was necessary to collect comparative data on usefulness of the different types of financial statements. For example, if subjects were simply asked the questions about an accrual or cash based statement, they may have different ideas about what such statements consist of. The treatment consisted of a set of financial statements included in the questionnaire package. Subjects were requested to open this package (labelled exhibit material) when they reached section 2 of the questionnaire. The purpose of this was to assess the perceived usefulness of each type of report within each group, as well as between each group. Hence, the treatment was necessary to test the hypotheses.

The financial statements were based on an interstate government department annual report⁴⁰ which had published cash-based and accrual-based financial statements for the current year. The financial statements were replicated with a number of necessary changes. The figures were divided by three to equate them with a Western Australian Health Department report. This was considered logical because the population of Victoria is approximately three times that of WA.

Secondly, the names of places and people were changed to fictitious ones so that no bias occurred due to knowledge of the report's source. Thirdly, additional financial statements were constructed and included in the accrual report. These statements were the "Program Schedule of Department's Assets and Liabilities and schedule of Administered Assets and Liabilities" and "Program Schedule of Department's Expenses and Revenues and schedule of Administered Expenses and Revenues". This was necessary to

⁴⁰This was the 1993-94 (most recent available) annual report of the Victorian Government's Health and Community Services Department.

ensure that the financial statements sent out were in compliance with the requirements of AAS 29.

Subjects received one of three report types; cash based, accrual based, or both cash and accrual. Both the cash based and accrual based reports are included in Appendix 3. The specifics as to the subjects who received each report type will be discussed in the experimental design section.

4.5 Pretesting the survey instrument

The questionnaire was pre-tested twice. Initially, eight members of academic accounting staff from Edith Cowan University were furnished with the questionnaire, and a set of financial statements. This involved two subjects for each of the four questionnaire types (interest group, legislator, preparer-interest group, or preparer-legislator). This pre-test resulted in constructive criticism which led to numerous changes in the survey instrument.

There were seven criticisms that were acted on, as follows: wording of the instructions was a source of controversy, with a number of changes occurring to enhance the clarity of the questionnaire. The time to complete the questionnaire was originally not stated; this was rectified by suggesting in the covering letter that overall time needed was approximately 15 minutes. It was also noted that the purpose of the survey was not indicated; this was rectified with a change to the covering letter to include such a statement.

Criticisms were made of the 8-point scale questions; specifically that they had a separate box for a "no opinion" response. It was suggested that this would create a problem in analysing the data, thus it was removed because it was considered inappropriate. The scale was criticised because it went from "very familiar" equalling 1, to "very unfamiliar" equalling 8. It was suggested that

the highest score should equate to the highest number as being more logical, and easier to understand. This was duly changed to reflect the suggestion.

There was a question asking respondents whether they believed others in their subject group used financial reports. This was considered unnecessary to the study, and therefore deleted.

The original instrument had a list of possible decisions that a respondent might make. It was suggested that instead of allowing the respondent to choose a decision, that the questionnaire should specifically state a decision. This suggestion was adopted because it ensured that each respondent (within a category) had the same decision in mind when answering section 2, relating to usefulness of the specific financial statements provided. This change was necessary to ensure consistency between responses. Similarly, item 7 in section 2 was criticised as ambiguous. This was rectified by asking respondents to rate for importance with respect to the specific decision that was indicated previously.

As a result of the first pre-test procedure there were a number of criticisms that were countered, rather than acted upon, as follows: it was suggested that the interest group members' category could be interviewed rather than mail surveyed. This suggestion was rejected because it would create inconsistency in the response process between subject categories. If adopted, this may have led to an inability to compare responses in a scientific fashion, or at least a bias due to the different data collection techniques.

It was suggested that current year figures be highlighted in the financial statements. This was rejected because the aim was to keep the statements as close to the authentic interstate health department financial statements as possible. In addition, there was no reason to coerce respondents to concentrate more on the current year figures than those of the previous (comparative) year.

It was suggested that the wording in some questions be changed to simpler language and clearer expressions. This suggestion was rejected due to the importance of the reliability and validity testing of the instrument in its original form. Hence, it was decided that the instrument could no longer be said to have reliability and validity if the wording was altered.

After the changes previously discussed were made, the instrument was further pre-tested on a class of 9 Edith Cowan University postgraduate research students from non-accounting disciplines. This process was useful in improving questionnaire item 8. It was suggested that item 8 had too many components to be able to allocate 100 points, (ie. too difficult). This resulted in a reduction of the components in item 8, collapsing them to six parts.

Other feedback from the second pre-test was not acted upon either because it was inappropriate with respect to scientific methodology (clearly demonstrating a lack of knowledge about research methods), or irrelevant (due to a lack of appreciation as to the actual subjects who were to receive the questionnaire).

4.6 Method of administering the survey instrument

The questionnaire was administered via mail or by hand. The subjects who had a place of business in the Perth central business district had the survey package hand delivered.⁴¹ Those not in the central business district received their packages via normal mail. The difference should not create a bias as the hand deliveries were made to reception areas. That is, the subjects were neither seen nor spoken to on this occasion by the researcher.

⁴¹This was for no other reason than cost effectiveness. For example, it was low cost to deliver the 91 packages to Parliament House rather than mailing them.

The package contained a covering letter, questionnaire, and a package containing the financial statements, along with a reply paid envelope addressed to the researcher's supervisor, and a stamped, coded postcard also addressed to the researcher's supervisor. The purpose of the two forms of reply was to enable the respondent to return the uncoded questionnaire in the reply paid envelope, and the coded postcard separately so that it would be known who had replied, however, it would be impossible to link a particular response to a particular respondent.

This was considered a useful method of ensuring participant anonymity, which should have increased the validity of responses. In addition, it provided a method of distinguishing between respondents and non-respondents for the purpose of a follow up letter. The responses received as a result of this process are discussed in the following chapter.

4.7 Experimental design

The three subject groups: interest group members, legislators, and preparers, were split into 10 sub-groups. This is illustrated in Table 8.

The interest group members were split into two groups: one receiving cash statements (group 1), the other accrual (group 2). It was not considered that there was a sufficiently large sample to extend the test to a third group with both types of financial statements.

Table 8 Subject groups treatment design

Group Description	Fund-type	AAS 29-type	Both	Group #
	cash based	accrual based		
Member of interest group	√			1
Member of interest group		√		2
Legislator	√			3
Legislator		√		4
Preparer/interest group	√			5
Preparer/interest group		√		6
Preparer/interest group			√	7
Preparer/legislator	√			8
Preparer/legislator		√		9
Preparer/legislator			√	10

The legislators were split into two groups: one receiving cash statements (group 3), the second receiving accrual financial statements (group 4). The preparers were split into six groups. Three of these six groups received the interest group members questionnaire, requesting that they answer as though they were members of an interest group. The purpose of this was to ascertain whether the preparers perceptions of usefulness differ from that of these users. These three preparer sub-groups received the various types of financial statements: i.e. one, receiving cash statements (group 5); the second, accrual statements (group 6); and the third, both cash and accrual statements (7).

The other three preparer sub-groups received the legislator's questionnaire, requesting that they answer as though they were legislators. The purpose of this was to ascertain whether the preparers perceptions of usefulness differ from that of these users. These three preparer sub-groups received the various types of financial statements: One receiving cash statements (group 8); the second accrual statements (group 9); and the third both cash and accrual statements (10).

In summation, these 10 groups made up the total respondents as displayed in Table 9. Each group received either a cash-based, accrual-based, or both a cash and an accrual-based statement. The interest group members were divided into two groups, the legislators were divided into two groups, and the preparers into six groups. This facilitated testing hypothesis 1 which relates to differences between groups. Responses per category are displayed in Table 9. For testing hypothesis 2, the 10 groups were combined into 3 which were those receiving fund-type cash-based, AAS 29 accrual-based, and both types of statement respectively.

Table 9 Responses per category for testing between groups

Group	Subject type	Statement	Responses
1=IGC	Interest group members	Fund-type cash based	11
2=ICA	Interest group members	AAS 29-type accrual based	13
3=LC	Legislators	Fund-type cash based	11
4=LA	Legislators	AAS 29-type accrual based	10
5=PIGC	Preparers/Interest group	Fund-type cash based	10
6=PIGA	Preparers/Interest group	AAS 29-type accrual based	12
7=PIGB	Preparers/Interest group	Both	10
8=PLC	Preparers/Legislators	Fund-type cash based	11
9=PLA	Preparers/Legislators	AAS 29-type accrual based	11
10=PLB	Preparers/Legislators	Both	10

The 3-groups design is displayed in Table 10. Combining the responses was necessary to test for differences between the financial statements, irrespective of group type; that is, across groups.

Table 10 Responses per category for testing across groups

Group	Combined groups	Statement	Response
a	1, 3, 5, 8	Fund-type cash based	43
b	2, 4, 6, 9	AAS 29-type accrual based	46
c	7, 10	Both	20

The design discussed in this section facilitated testing for differences both between (hypothesis 1) and across groups (hypothesis 2). The relevant tests are discussed in the statistical techniques section.

4.7.1 Statistical techniques

Parametric t-tests of significance, univariate analysis of variance (ANOVA), and multivariate analysis of variance (MANOVA) were used to test the hypotheses. The t-test is useful for finding differences between two groups of subjects. This was appropriate for testing the user categories by themselves. ANOVA is useful for hypothesis testing to find statistically significant differences between means of more than two groups, with one dependent variable. MANOVA is similarly useful, however it allows for more than one dependent variable. The advantage of this is that the differences between the means of the groups can be tested while examining the differences between the means of the dependent variables. This is important because use of a univariate test for each dependent variable results in an increased risk of rejecting a null hypothesis when it is true (Type 1 error), whereas the multivariate procedure controls for this. In addition, the MANOVA analyses the variables together, which may result in finding an overall significant difference that the ANOVA, testing the dependent variables separately, may fail to find. This is because separately the differences are possibly not significant. Hence, MANOVA has been chosen because of these advantages, and the univariate tests will be used to look for differences between specific groups.

ANOVA and MANOVA are parametric dependence techniques that measure the differences for interval or ratio dependent variables based on categorical independent variables as predictors (Hair, Anderson, Tatham, and Black, 1995).

The independent variables are group type and financial statement type; the dependent variables are perceived useableness and perceived importance. For control purposes, information was also collected on familiarity with financial statements, and while not central to the study, can be viewed as a moderating variable.

Tests of the assumptions underlying the ANOVA and MANOVA techniques are outlined in chapter 5 to ascertain that their use in the current study is appropriate.

CHAPTER 5 DATA ANALYSIS AND RESULTS

5.0 Overview

In the last chapter, the method of data collection and the numbers and types of respondents that relate to this study were discussed. This chapter will present the results of statistical testing of these responses, in an attempt to draw some conclusions about the hypotheses.

5.1 Demographics

Demographic data relating to familiarity with governmental financial statements, along with data about qualifications and experience of business and governmental accounting was collected. Table 11 sets out results of means and standard deviations for the different subject groups, as well as results of individual ANOVA's which were used to test for differences between the interest group members, legislators, and preparers. No other demographic data was collected such as age, gender, or income because it was considered irrelevant to the research question.

Table 11 presents the results of data collected on familiarity of financial statements for all respondents. F tests show that there are differences between the interest group members, legislators, and preparers on all items (variables). Item 1.1 is a self rating variable about familiarity with government department financial statements showing that interest group members perceive themselves significantly less familiar than both legislators and preparers. This outcome is as expected.

Item 3.1 shows that interest group members and legislators are significantly less trained than preparers in corporate accounting. This outcome is expected also. Item 3.2 shows that both interest group members and legislators are significantly less trained than preparers in governmental accounting. This outcome is logically to be expected.

Table 11 Means, standard deviations, and F tests for respondents on familiarity with financial statements

Variable	Group	Mean	SD†	Difference
1.1 Self-perceived familiarity with government department financial statements	Interest group members(1)	4.4167	1.5581	(1) is significantly less familiar than both (2) and (3) F=7.1952; p=0.0012**
	Legislators(2)	5.8850	1.4810	
	Preparers(3)	5.9844	1.9313	
3.1 Tertiary training in corporate accounting or finance	Interest group members(1)	2.1667	1.3077	(2) is significantly less trained than (3) F=7.2453; p=0.0011**
	Legislators(2)	1.7500	1.2247	
	Preparers(3)	2.8387	1.2570	
3.2 Tertiary training in governmental accounting, finance, or administration	Interest group members(1)	1.7917	1.2504	Both (1) and (2) are significantly less trained than (3) F=21.1373; p=0.0000**
	Legislators(2)	1.6250	1.1349	
	Preparers(3)	3.1774	1.1668	
3.3 Frequency of use of governmental financial reports	Interest group members(1)	2.7083	0.7506	(1) significantly less frequently uses reports than (2) and (3) F=4.4552; p=0.0126**
	Legislators(2)	3.1667	0.8681	
	Preparers(3)	3.2540	0.7177	

†SD=Standard deviation

**Significant at p=0.01

*Significant at p=0.05

Item 3.3 shows that interest group members use governmental financial reports significantly less often than do legislators and preparers. This result may be considered curious because the reports are designed primarily for external financial reporting; hence, if the assumptions about general purpose financial reporting hold, it is to be expected that both legislators and interest group members are the primary direct users, as opposed to preparers. However, it is reasonable to expect that preparers, carrying out their duties, would also directly use reports of other departments.

5.2 Describing the data

Before testing the specific hypotheses with inferential statistics, it is important to look at the characteristics of the data used in the study. This is useful to see any characteristics that may be pertinent to the interpretation of the results.

Table 12 presents descriptive statistics for the data set prior to the treatment. The purpose of collecting data prior to the treatment was to ascertain whether respondents find at least some financial accounting information useful; because if such information is not thought useful, testing for preferences between statements would be redundant.

Table 12 shows that for all items (variables), all respondents perceive information to be more useful than the mid-point. That is, on the possible scale of 1=not useful to 8=very useful, no variable scored a mean less than 4.9 for any respondent group.

In terms of the specific variables, information about compliance with legal and fiscal mandates ranked lowest for all groups with a mean value of 5.6549, followed by financial viability (the next most useful information type 6.2478), operating performance (6.4867), and cost of services (6.6195) ranked as most useful.

Overall, these descriptive statistics suggest that interest group members, legislators, and preparers do find financial information useful in all categories: compliance with legal and fiscal mandates, financial viability, operating performance, and cost of services. This is an important finding because it suggests that studies into user preferences have value.

Table 12 Means and standard deviations before treatment

Variable	Group	Mean*	SD**
1.2 Usefulness of information about compliance with legal and fiscal mandates	Interest group members	4.9583	2.2742
	Legislators	5.9600	1.5674
	Preparers	5.7969	1.5242
	Combined groups	5.6549	1.7412
1.3 Usefulness of information about ability to provide services at current appropriation levels (financial viability)	Interest group members	6.2500	1.6219
	Legislators	6.6800	1.3760
	Preparers	6.0781	1.5359
	Combined groups	6.2478	1.5267
1.4 Usefulness of information about operating performance	Interest group members	6.2083	1.4738
	Legislators	6.6400	1.5780
	Preparers	6.5313	1.4139
	Combined groups	6.4867	1.4584
1.5 Usefulness of information about cost of services	Interest group members	6.6250	1.6369
	Legislators	6.7600	1.6401
	Preparers	6.5625	1.5417
	Combined groups	6.6195	1.5716

*Mean refers to not useful=1; very useful=8

**SD=standard deviation

5.2.1 Validity of the survey instrument

Part of the value of this research is to provide further testing of Larcker and Lessig's (1980) 6-item survey instrument in a different context, so that it may increase in external validity. As previously mentioned, Larcker and Lessig (1980) thoroughly tested their perceived usefulness instrument across numerous settings, finding it high in construct validity: that the three variables thought to relate to the importance dimension do, and likewise for the useability dimension of perceived usefulness.

Gaffney re-tested the instrument in a governmental context, and found that for four of the six variables, the instrument was valid. Variable 2 relating to useability, and variable 6 relating to importance did not load on the expected factor in several cases (that is, over several issues). However, the other four variables loaded strongly as expected. This suggests that Larcker and Lessig's instrument may be sensitive to different contexts. However, Daniels (1988)

used the instrument in a US governmental context, and did not test for validity.

Given the insight provided by Gaffney's (1986) results, which suggest that the instrument may be sensitive to different circumstances, a factor analysis was performed for each statement type. That is, the respondents who received the cash statement were used in a separate factor analysis, as were those receiving the accrual, and both sets of statements respectively. The results of these factor analyses (unrestricted for number of factors), varimax rotated, are displayed in Table 13.

Table 13 Factor analyses by statement

Variable	Statement	Factor 1	Factor 2	Inter-factor correlations		
1	Fund-type; cash-based	0.38787	0.77963*		Factor 1	Factor 2
2		0.47264	-0.80793*	Factor 1	0.89924	0.43745
3		0.77863	0.15750	Factor 2	0.43745	-0.89924
4		0.91603	-0.15620			
5		0.66774	0.24456			
6		0.30775	0.63667*			
1	AAS 29-type; accrual-based	0.36055	0.79836*		Factor 1	Factor 2
2		0.33096	-0.84259*	Factor 1	0.76554	0.64339
3		0.77985	0.13719	Factor 2	0.64339	0.76554
4		0.79390	0.00015			
5		0.58928	0.10908			
6		0.47654	0.70298*			
1	Combined statements	-0.42337	0.75690*		Factor 1	Factor 2
2		0.6337*	-0.23645	Factor 1	0.98172	-0.19031
3		0.45333*	0.07399	Factor 2	0.19031	0.98172
4		0.91230*	0.15360			
5		0.27515	0.88340*			
6		0.61062*	-0.11535			

The results indicate that for the cash-based statement analysis variables 1 and 6 load on factor 2 (importance) as expected; however, variable 3 is inconsistent and loads on factor 1 (useability). Variables 4 and 5 load on

factor 1 (useability) as expected; however, variable 2 is inconsistent with this, loading more on factor 2.

Further, the inter-factor correlations for the cash-based statement analysis indicate that the factors are not totally independent. Ideally, these correlations should show 1 and 0, which indicates that factors are totally independent. That is, that a factor correlates 100% with itself, and does not correlate at all with the other factor. In the case of the cash-based statement analysis, factor 1 correlates almost perfectly with itself at 0.89924; however, it also correlates somewhat (0.43743) with factor 2.

The results indicate that for the accrual-based statement analysis variables 1 and 6 load on factor 2 (importance) as expected. However, variable 3 is inconsistent and loads on factor 1 (useability). This is consistent with the analysis of the cash-based sample. Variables 4 and 5 load on factor 1 (useability) as expected; however, variable 2 is inconsistent with this, loading on factor 2 (importance). Further, the inter-factor correlations show that factor 1 is nearly as correlated with factor 2 as it is with itself, indicating that for the accrual-based sample, the factors are not independent.

The results indicate that for the combined statement analysis variable 1 loads on factor 2 (importance) as expected. However, variables 3 and 6 are inconsistent and load somewhat on factor 1 (useability). Variables 2 and 4 load on factor 1 (useability) as expected; however, variable 5 is inconsistent with this, loading on factor 2 (importance). The inter-factor correlations show that factor 1 is nearly perfectly correlated with itself at 0.98172, and very weakly with factor 2 at 0.19031 indicating that for the combined statements sample, the factors are fairly independent. It should be noted here that there were less than 30 subjects in the combined analysis which is bordering on insufficient. Hence, the analysis relating to the other two statements is more reliable because in each case there were more than 30 subjects: 40 for the cash-based, and 46 for the accrual.

Like Gaffney (1986) found, it appears that 4 of the 6 variables load on the expected factors; however, in Gaffney's case, the inconsistent variables were 2 and 6 (one of each dimension). The current analysis indicates that the two suspect variables are 2 and 3 (also one of each dimension).

Overall the factor analysis results indicate that the instrument has construct validity in 4 of 6 cases. This confirms Gaffney's finding that the instrument is not entirely valid in a different setting to that used by Larcker and Lessig (1980).

5.2.2 Reliability of the survey instrument

The reliability of the importance and useableness measures was also tested, using Cronbach's alpha. Larcker and Lessig (1980) had performed this test; however, neither Gaffney (1986) nor Daniels (1988) assessed the instrument for reliability.

Reliability coefficients for the three items relating to the importance dimension are calculated at 0.6195 (alpha) and 0.6237 (standardised item alpha). For the useability dimension results are 0.5078 (alpha) and 0.5087 (standardised item alpha). The combined instrument achieves an alpha of 0.6504. This suggests that the instrument is adequate with respect to reliability.

5.2.3 Reliability of responses

Testing was carried out to check for response reliability of subjects in order to enhance credibility of the findings. That is, to ensure reliability within responses Table 14 presents the results of Pearson correlation analysis on 8 variables. These variables were repeated for the purpose of testing the

reliability of responses, and overall suggests that there is a high level of consistency amongst responses.

Variable 1.6a, relating to financial viability was identical to variable 2.7a, and is expected to correlate highly. This pair achieves a correlation coefficient of 0.9060. Similarly, variables 1.6b and 2.7b correlate at 0.9151; 1.6c and 2.7c at 1.0000; 1.6d and 1.7d at 0.9951. These results indicate consistency of responses, which provides some confidence in interpreting the results.

Table 14 Repeated variables correlation similarity coefficients

Variable	Financial viability (6a)	Fiscal compliance (6b)	Operating performance (6c)	Cost of services (6d)
Financial viability (7a)	0.9060	0.3294	0.3707	0.4682
Fiscal compliance (7b)	0.4231	0.9151	0.2958	0.4032
Operating performance (7c)	0.4587	0.4419	1.0000	0.3018
Cost of services (7d)	0.4146	0.2200	0.5137	0.9951

5.3 Justification of the inferential tests

In order to test the specific hypotheses, inferential tests must be employed. The inferential tests used for this purpose are the t-test, ANOVA, and MANOVA respectively. These tests were described in chapter 4. The purpose of this section is to outline the assumptions of these parametric tests, and explain how these assumptions are met. This is necessary to ensure that the tests are appropriate for the data collected.

The t-test requires independence of the observations, normality, and equality of the population variances (homogeneity of variance). ANOVA also requires independence of observations, that the dependent variable is

normally distributed, and that variances are equal for all groups. MANOVA requires that observations be independent, that the variance-covariance matrices be equal for all groups, and that the dependent variables follow a multivariate normal distribution (Stevens, 1992; Hair et al., 1995).

The question of independence will be addressed first. Hair et al. (1995) indicates that threats to independence are data gathering procedures which occur over time creating serial correlation; or using group settings creating a situation where responses may be somewhat correlated due to the common experience. Neither of these effects are relevant to the study because questionnaires were sent out simultaneously, data was gathered from many different settings. Independence is a very important assumption, and the data does not violate it.

The dependent variables used in the hypothesis testing were approximately normally distributed. Univariate tests for normality were performed as there is no direct test for multivariate normality. This does not ensure multivariate normality, however according to Hair et al. (1995) if univariate normality is apparent, then departures from multivariate normality are inconsequential. In addition, violating the normality assumption is not critical to ANOVA and MANOVA procedures. Nevertheless, normality plots were produced for the data on the dependent variables relevant to the hypothesis testing.⁴² These histograms and normality plots indicate that the data are approximately normally distributed.

The third assumption is homogeneity of variance. For the univariate analyses, Levene's test is useful. Levene's test for equality of variance shows that for 5 of 6 variables, the assumption of homogeneity is met.⁴³ For the multivariate analysis, the assumption of homogeneity is more complex.

⁴²See Appendix 4 for histograms and normality plots for variables 2.1-2.6, and the combined variables of importance and useability.

⁴³ See Appendix 5a for a table showing the Levene statistic calculated for variables 2.1-2.6.

MANOVA assumes equivalence of covariance matrices across groups. The Bartlett-Box F-test is useful for ascertaining whether this assumption is met. The Bartlett-Box test showed that the multivariate assumption of equality of variance-covariance matrices is met for 5 of the 6 variables used in the hypothesis testing.⁴⁴

In summation, with few exceptions the assumptions of independence, normality, and homogeneity of variance of the parametric tests used in this study are met. This is important to ensure that the use of the t-test, ANOVA, and MANOVA are appropriate for testing the data collected.

5.4 Testing Hypothesis 1

Hypothesis 1 was developed to test whether there are differences between the groups interest group members, legislators, and preparers with respect to statement preference: fund-type, cash based, AAS 29-type, accrual-based, or both sets of statements.

The analysis begins with multivariate tests to ascertain whether there are overall differences between groups on the two usefulness dimensions, and then proceeds to univariate tests to determine which variables are significant for which groups. Table 16 presents the results of analysing the two dimensions of the usefulness construct of financial report types across the 10 subject groups with $p=0.000$ for the multivariate analysis.⁴⁵

⁴⁴ See Appendix 5b for a table showing the Bartlett-Box F-statistic calculated for variables 2.1-2.6.

⁴⁵ In the legislator/cash statement category (group 3) there were two responses with missing data. An SPSS technique replacing missing values with the series mean was used to include these responses. However, as this technique is considered somewhat dubious by certain authorities, it was thought prudent to repeat the analysis using a non-parametric test. This allowed the two questionable responses to be left out, leaving nine out of eleven subjects in group 3. The Kruskal-Wallis 1-way ANOVA verifies the parametric results with the importance variable achieving significance at $p=0.0184$ (chi-square=19.9251), and the useableness variable achieving significance at $p=0.0025$ (chi-square=25.4754).

The analysis indicates that there are significant differences amongst the groups on both the importance and the usability dimensions of perceived usefulness. In order to ascertain which groups are significantly different, individual univariate tests were performed on each of the dimensions. These analyses are presented in Table 15 and Table 16.

Table 15 Overall differences between groups

Multivariate tests of significance	Value	Approximate F	p-value
Pillais	0.40140	2.76203	0.000**
Hotellings	0.51952	2.79961	0.000**
Wilks	0.63449	2.78122	0.000**
Univariate tests of significance (9,92) DF		F-ratio	
Combined importance variable		2.35373	0.019**
Combined usability variable		3.84669	0.000**

**Significant at p=0.01

*Significant at p=0.05

Table 16 shows where the specific differences occur. These are clearly set out in Table 17, also displaying the means for each group.

Table 16 Individual differences between groups. Univariate analysis (9,92) DF.

Variable	F-ratio	P-value	Specific differences@
Combined importance dimension	2.3537	0.0188*	PIGA < PIGB, LA, and PLB@ PLC < PIGB, ! A, and PLB PIGC < LA, and PLB IGC < PLB LC < PLB, and LA IGA < LA, and PLB.
Combined usability dimension	3.8467	0.0003**	PLC < LA, PIGA, PIGB, PIGC, IGA, PLA, and PLB IGC < IGA, PLA, and PLB LC < LA, PIGA, PIGB, PIGC, IGA, PLA, and PLB PIGA < PLB

**Significant at p=0.01; *Significant at p=0.05

@ See Table 10 for the breakdown of group codes

Table 17 shows that preparers perceive the AAS 29-type, accrual-based statement for interest group members (PIGA) to be significantly less important than legislators perceive the accrual statement (LA), and preparers perceive both statements for interest group members (PIGB) and legislators (PLB). Preparers perceive the fund-type, cash-based statement to be significantly less important to legislators (PLC) than legislators perceive the accrual statement (LA), and preparers perceive both statements for interest group members (PIGB) and legislators (PLB).

Table 17 Means of groups and significant differences

Group means	1.IGC	2.IGA	3.LC	4.LA	5.PIGC	6.PIGA	7.PIGB	8.PLC	9.PLA	10.PLB
1. 4.7273*										
3.9394**										
2. 4.3472										
4.9583	USA		USA					USA		
3. 4.5238										
4.0000										
4. 5.5333		IMP	IMP		IMP	IMP		IMP		
4.6000			USA					USA		
5. 4.2000										
4.7333			USA					USA		
6. 4.1389										
4.6111			USA					USA		
7. 5.5185										
4.6296			USA			IMP		IMP		
8. 4.1818										
3.5758										
9. 5.0000										
5.0303	USA		USA					USA		
10. 5.9259	IMP	IMP	IMP		IMP	IMP		IMP		
5.5556	USA		USA			USA		USA		

IMP*=importance construct; and USA**=usability construct
 Significant at 0.05 where IMP or USA appear

Preparers perceive the fund-type, cash-based statement to be significantly less important to interest group members (PIGC) than legislators perceive

the accrual statement (LA), and preparers perceive both statements for legislators (PLB).

Citizens perceive the cash-based statements (IGC) to be significantly less important than preparers think both types of statement for legislators (PLB). Citizens also perceive the AAS 29-type, accrual-based statements (IGA) significantly less important than legislators perceive the accrual statement (LA), and preparers perceive both statements for legislators (PLB). The final difference is that legislators perceive the fund-type, cash-based statement (LC) to be significantly less important than they do the accrual (LA), and than preparers perceive both statements for legislators (PLB).

The analysis on the combined variable testing useability of statement-type shows that preparers when asked about legislators, perceive that fund-type, cash-based accounting statements are less useable (PLC), than legislators and interest group members perceive AAS 29-type, accrual-based statements (IGA and LA); and less useable than preparers perceive cash, accrual, and both types of statement for interest group members (PIGC, PIGA, and PIGB), and accrual and both statements for legislators (PLA and PLB).

Interest group members perceive the cash statement (IGC) to be significantly less useable than they do the accrual (IGA), and than preparers perceive accrual (PLA) and both types of statements for legislators (PLB). Legislators also perceive the cash based statements (LC) to be significantly less useable than legislators and interest group members think AAS 29-type, accrual-based (IGA and LA); and preparers think cash, accrual, and both types for interest group members (PIGC, PIGA, and PIGB, and accrual and both for legislators (PLA and PLB). Interest group members perceive the cash statement (IGC) to be significantly less useable than they do the accrual (IGA), and than preparers perceive accrual (PLA) and both types of statements for legislators (PLB).

The overall analysis shows that there are a number of significant differences between the users of the financial statements. The particular preferred statement-type is the subject of Hypothesis 2, which will be discussed subsequently.

Table 18 sets out the results of testing for differences between groups after merging the preparers with the legislators and interest group members respectively to make six groups. That is, the following combinations were applied: group 1 (interest group members with fund-type, cash-based statements merged with group 5 (preparers asked about interest group members with fund-type, cash-based statements); group 2 merged with group 6; group 3 merged with group 8; group 4 merged with group 9; and groups 7 and 10 remained separate.

Table 18 Overall differences between combined groups

Multivariate tests of significance	Value	Approximate F	p-value
Pillais	0.33433	4.13473	0.000**
Hotellings	0.42611	4.30374	0.000**
Wilks	0.68656	4.22015	0.000**
Univariate tests of significance (5,103) DF		F-ratio	
Combined importance variable		3.94506	0.003**
Combined usability variable		6.01700	0.000**

**Significant at p=0.01

*Significant at p=0.05

For example, the analysis in Tables 15-17 dealt with the 10 separate subject groups. The analysis in Table 18 is the result of combining the preparers who received the cash statement and were asked to answer as though they were members of an interest group, into the interest group cash statement category, and likewise for the other preparer groups who received a single statement: cash or accrual. Those preparers who received both statements are

left as individual groups, because the interest group members and legislators were not tested on both statements; hence, there is no user group to merge these preparers with.

Table 18 confirms that there are significant differences between the groups in the combined groups analysis, and is significant on both dimensions of perceived usefulness. This is consistent with the analysis in Table 15, which dealt with the 10 subject groups individually.

Table 19 shows the univariate analysis in brief, outlining the specific group differences. This is expanded in Table 20, to show the mean values for each group in the combined group analysis.

Table 19 Individual differences between groups. Univariate analysis (5,103) DF.

Variable	F-ratio	P-value	Specific differences
Combined importance dimension	3.9451	0.0026**	IGA < LA, PIGB, PLB LC < LA, PIGB, PLB IGC < PLB
Combined usability dimension	6.0170	0.0001**	LC < PIGB, IGA, LA, PLB, IGC IGC < PLB

*Significant at p=0.05

@ See Table 10 for the breakdown of group codes

Table 20 shows that interest group members perceive cash statements (IGC) to be significantly less useful in importance and usability than the preparers perceive both types of statements for legislators (PLB); interest group members perceive accrual statements (IGA) to be significantly less important than do legislators with accrual (LA), and preparers perceive both statements for interest group members and legislators (PIGB and PLB).

Table 20 Means of combined groups and significant differences

Group	1. IGC	2. IGA	3. LC	4. LA	5. PIGB	6. PLB
means						
1. 4.4762						
4.3175			USA			
2. 4.2431						
4.7847			USA			
3. 4.3148						
3.7407						
4. 5.2540		IMP	IMP			
4.8254			USA			
5. 5.5185		IMP	IMP			
4.6296			USA			
6. 5.9259	IMP	IMP	IMP			
5.5556	USA		USA			

IMP* and USA**

Significant at 0.05 where IMP or USA appear

The other significant outcomes are those where legislators perceive cash statements (LC) to be significantly less important and useable than do legislators with accrual (LA), and preparers perceive both statements for interest group members and legislators (PIGB and PLB). Legislators also perceive cash statements (LC) less useable than interest group members find cash and accrual (IGC and IGA).

Overall there are numerous differences between the groups; however, if only the two user groups are analysed, interest group members and legislators, the differences are not so apparent. Table 21 shows the results of individual t-tests for the two user groups across the two statements, fund-type, cash-based and AAS 29-type, accrual-based. This analysis is important because it is not clear how well preparers proxy for the actual users; therefore it is useful to report on the analysis of the users without complicating the results with differences due to the preparers group.

Table 21 Differences between interest group members and legislators

Variable	Group	Statement	n	Mean	SD
Combined importance dimension	Interest group members	AAS 29-type, accrual based	13	4.3718	1.689
	Legislators		10	5.5333	0.984
	t=-2.07; p=0.052*				
	Interest group members	Fund-type; cash-based	11	4.7273	1.373
Legislators	11		4.3324	1.174	
t=0.72; p=0.477					
Combined useability dimension	Interest group members	AAS 29-type, accrual based	13	4.9615	1.063
	Legislators		10	4.6000	1.195
	t=-0.75; p=0.460				
	Interest group members	Fund-type; cash-based	11	3.9394	1.052
Legislators	11		3.6358	1.121	
t=-0.66; p=0.520					

*Significant at p=0.10

Table 21 shows that where preparers are removed from the analysis, the only significant difference is found between interest group members and legislators with respect to the AAS 29-type, accrual-based statement on the importance dimension with p=0.052. This suggests that unless preparers are a suitable proxy for users, there is limited evidence to suggest that there are differences between the groups, and that this is not sufficient to support Hypothesis 1.

In order to ascertain whether preparers are a suitable proxy, t-tests were performed on the combined users (interest group members and legislators) and the preparers. The results of this analysis are presented in Table 22, showing that for both fund-type, cash-based, and AAS 29-type, accrual-based statements there is no significant difference between the users perceptions

and those of the preparers. This suggests that preparers are a suitable proxy for the users in this case.

Table 22 Differences between users and preparers

Variable	Group	Statement	n	Mean	SD	
Combined importance dimension	Users	AAS 29-type, accrual based	22	4.7803	1.478	
	Preparers		23	4.5507	1.632	
			t=0.50; p=0.623			
	Users	Fund-type; cash-based	22	4.5298	1.263	
Preparers	21		4.1905	1.409		
		t=0.83; p=0.411				
Combined useability dimension	Users	AAS 29-type, accrual based	22	4.7500	1.105	
	Preparers		23	4.8116	1.014	
			t=-0.19; p=0.847			
	Users	Fund-type; cash-based	22	3.7876	1.072	
Preparers	21		4.1270	1.185		
		t=-0.45; p=0.658				

It is likely then, that the significant differences found in the analysis of all groups presented in tables 15-17 are due to the statement type rather than the use of preparers as a proxy for users. That is, the preparers were the only group to receive the combined statements; therefore, the analysis showing numerous significant differences in tables 15-17 is more likely due to the receipt of combined sets of statements by the preparers, than it is to the use of preparers as a proxy. Table 22 indicates that preparers are not significantly different to users on either the fund-type, cash-based or the AAS 29-type, accrual-based statement. Hence, it is reasonable to assume that the users and preparers would not differ on the combined statements either.

Further testing is performed to help ascertain whether it is reasonable to conclude that the differences found for hypothesis 1 are attributable to statement-type. A MANOVA was run on the preparers, divided into three groups: those receiving the cash, accrual, and the combined cash and accrual statement respectively. The results of this analysis are shown in Table 23, along with the univariate results for each dimension.

Table 23 Comparison of statement type across preparers

Multivariate tests of significance	Value	Approximate F	p-value
Pillais	0.28840	4.80213	0.001**
Hotellings	0.38543	5.29966	0.001**
Wilks	0.71752	5.05521	0.001**
Univariate tests of significance (2,57) DF		F-ratio	
Combined importance variable		6.08304	0.004**
Combined usability variable		6.89529	0.002**

**Significant at p=0.01

It is apparent that both dimensions are significant. Hence, there are differences between the perceived usefulness of the statements within the preparers group. The specific differences are found as the result of individual ANOVA's. The individual results are presented in Table 24.

Table 24 shows that preparers perceive the combined statements to be significantly more important than they do the fund-type, cash-based and the AAS 29-type, accrual based. The perception with respect to the usability dimension is that the combined statements and the AAS 29-type, accrual-based statements are significantly more useable than are the fund-type, cash-based statements.

Table 24 Specific differences between statements. Preparers univariate analysis (2,57) DF.

Variable	F-ratio	P-value	Specific differences
Combined importance dimension	6.0830	0.0040**	PC < PB PA < PB
Combined usability dimension	6.8953	0.0021**	PC < PA; PB

**Significant at p=0.01

@ See Table 10 for the breakdown of group codes

The results presented in Tables 23 and 24 are consistent with the conclusion that differences between groups are the result of statement-type. Specifically, the combined set of statements are favoured.

5.5 Testing Hypothesis 2

Hypothesis 2 is concerned with user preferences for statement type, irrespective of user group. For the purpose of analysing the data with respect to Hypothesis 2, the groups were merged into three: those receiving fund-type, cash-based statements; those receiving AAS 29-type, accrual-based statements; and those receiving both types of statement.

Table 25 displays the multivariate analysis of the data with the independent variable statement type (cash, accrual, or both) and the univariate tests on the dependent variables importance of information and useability of information.

It is clear from Table 25 that significant differences in statement preference exist for all multivariate tests, across both dimensions of perceived usefulness. The specific differences are presented in Table 26, which relates the results of the univariate analysis necessary to find where these differences lie.

Table 25 Overall differences between statements

Multivariate tests of significance	Value	Approximate F	p-value
Pillais	0.23511	7.32698	0.000**
Hotellings	0.29317	7.91557	0.000**
Wilks	0.76963	7.62355	0.000**
Univariate tests of significance (2,102) DF	F-Ratio		
Combined importance variable		6.53685	0.002**
Combined usability variable		12.80336	0.000**

**Significant at p=0.01

Table 26 Specific differences between statements

Variable	Statement type		
Combined importance	Fund-type; cash-based	AAS 29-type; accrual-based	Both
Fund-type; cash-based	4.3641		
AAS 29-type; accrual-based		4.7138	
Both	IMP	IMP	5.5972
Combined useability			
Fund-type; cash-based	3.9533		
AAS 29-type; accrual-based	USA	4.8080	
Both	USA		5.5639

Significant at p=0.01 where IMP and USA appear
Numbers in cells are means

Table 25 presents results supporting hypothesis 2 which states that there are significant differences between the statement types. Specifically, Table 26 presents the results of ANOVA's, indicating that the fund-type, cash-based statement, and the AAS 29-type, accrual-based statement are perceived as significantly less useful than the combined set of statements with respect to importance.

For the usability dimension of perceived usefulness, the fund-type, cash-based statement is considered significantly less useful than both the AAS 29-type, accrual-based, and the combined statements.

Overall, the analysis in this section provides support for hypothesis 2, that there are differences between the usefulness of the statements. It is also apparent that this finding particularly relates to the combined sets of statements as the most useful. This is supported by the analysis relating to Hypothesis 1, that differences are due to statement type, as opposed to any differences between groups, with the exception of interest group members and legislators with the AAS 29-type, accrual based statement.

This chapter presented the results of the data analysis. The implications of these results, both the between groups testing and the between statements testing will be discussed in chapter 6.

CHAPTER 6 CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS FOR FURTHER STUDY

6.0 Summary and conclusions

In chapter 5, the results of the data analysis were presented and discussed. This chapter summarises these results, drawing conclusions about the data and hypotheses. Limitations of the study will then be stated, and some suggestions for additional research discussed.

With respect to demographics, data on familiarity with governmental financial statements was collected and analysed. The results of F-tests indicate that as expected, preparers are more familiar with governmental financial statements, and more qualified in governmental and corporate accounting than interest group members and legislators. However, an unexpected finding is that preparers use governmental financial reports significantly more frequently than do interest group members, which should not be the case as the former are not a targeted user group with respect to general purpose financial reports. This may suggest that either general purpose financial reports are targeted inappropriately, or there is less demand by the community than standard setters assume. On the other hand, it is to be expected that preparers use accounting information regularly; however, they are internal users of this information as opposed to external, and are in a position to obtain information to meet their needs.

The results of descriptive statistical analysis show that all groups: interest group members, legislators, and preparers, find accounting information useful. This is evident in the mean values which indicated that for all four types of accounting information: financial viability, compliance with legal and fiscal mandates, operating performance, and cost of services, all

respondent groups rated above the mid-point on an 8-point scale, with scores ranging between 5.6549-6.6195 for the combined groups, and 4.9583-6.7600 for the individual groups.

It is important to ascertain that respondents find some accounting information useful, because it would be futile to experiment with different types of accounting statements if subjects were to indicate that no type of information is useful.

For data analysis relating to the hypotheses, three inferential parametric tests of significance were used: t-tests, ANOVA, and MANOVA. Overall the assumptions of independence, normality, and homogeneity of variance were met.

Data was analysed in relation to hypothesis 1 firstly using MANOVA. The hypothesis stated that there is no difference between the subject groups. The multivariate testing indicates that this hypothesis can be rejected at $p=0.000$, with the univariate analysis indicating that this holds for both the importance dimension ($p=0.019$) and the useability dimension ($p=0.000$) of perceived importance of financial information. The univariate tests performed to find where these differences occur indicate that the majority of the differences were related to the preparer groups who received the combined set of statements.

Further analysis of each type of statement indicates that there are no differences between the users (combined) and preparers on either fund-type, cash-based or AAS 29-type, accrual-based statements. This leads to the conclusion that the between group differences are the result of the combined set of statements, which were received by the preparers group only, rather than any differences between the groups per se.

Additional testing of the user groups indicate that in the case of AAS 29-type, accrual-based statements there are differences between groups, with legislators finding the accrual-type statements significantly more important than interest group members. Hence, there is only moderate support for the hypothesis that users are heterogenous with respect to governmental financial reporting.

Testing the data in terms of hypothesis 2 produces more conclusive results. Hypothesis 2 in its null form states that there is no difference between the usefulness of the different statements. The multivariate testing indicates that this hypothesis can be rejected at $p=0.000$, with the univariate analysis indicating that this holds for both the importance dimension ($p=0.002$) and the useability dimension ($p=0.000$) of perceived importance of financial information.

Further univariate tests indicate that respondents perceive fund-type, cash-based statements significantly less important and useable than the combined set of statements, and significantly less useable than the AAS 29-type, accrual-based statements. Respondents also perceive that AAS 29-type, accrual-based statements are significantly less important than the combined set of statements.

Hence, the evidence supporting hypothesis 2 is convincing. This is also consistent with the reasoning put forward relating to the result in hypothesis 1, where it is likely that the differences found are largely due to a preference for the combined set of statements over the fund-type, cash-based and AAS 29-type, accrual-based statements, as opposed to heterogeneity of users.

In sum, there is moderate evidence to support the hypothesis that there are differences between users. However, there is substantial evidence to support the hypothesis that there are differences in perceived usefulness of statement type, particularly with respect to a combined set of statements, as opposed to

only fund-type, cash-based or AAS 29-type, accrual-based financial statements.

6.1 Limitations

This research, like all empirical studies, suffers from methodological limitations. Inherent in questionnaire surveys is a lack of internal validity. It is not possible to tightly control the experiment for extraneous variables due to subject's opportunity to respond in a variety of places, and over an unspecified period of time.

However, the instrument had been extensively tested for validity by previous researchers, and factor analysis is carried out in this study to assess the validity of the survey instrument in this context. Testing with Cronbach's alpha is also performed to ascertain that acceptable levels of instrument reliability exist. Also, reliability of response testing indicates that there is at least consistency in answers.

External validity is also an issue with this study. The subjects are relevant to Western Australia only; indeed, in the case of interest group members, the subjects are relevant to a single WA government department. This inhibits the generalisability of the results even to Australian government departments.

Further, sample sizes were necessarily small due to constraints on resources; hence, the power of the data analysis techniques suffered accordingly. Other limitations that need to be noted in assessing the results are that users will logically prefer more information to less when this information is costless; hence this must be remembered when considering the preference for combined statements over either type by itself. And, that if this study were repeated at some time in the future, the result may be different because there

must be a learning period for users with respect to the accrual accounting information. That is, there may be some degree of functional fixation in favour of fund-type, cash-based reports which prevents respondents from assessing the accrual alternative as superior.

6.2 Suggestions for further study

While limitations exist and must be remembered when drawing conclusions from the results, this study is useful in an exploratory sense. This study is the only Australian research in a governmental department context that utilises a statistical data analysis built on a theoretical framework. It is also the only study that attempts to assess AAS 29 empirically.

In addition to replicating this study for the purpose of increasing external validity, perhaps to other government departments state and federal, it is apparent from the results that there is only moderate support for AAS 29-type statements; whereas, the combined statements were strongly supported. This raises an interesting question for future research, and for standard setters in the governmental accounting domain.

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APPENDIX 1
USERS IDENTIFIED IN RELEVANT LITERATURE

Users	DA	A	G	F	CI	DF	P	DR	CP	J	S	O	M
Service recipients			√	√				√	√	√			
Constituents/consumers		√		√						√	√		√
Taxpayers		√		√									
Citizens												√	
Resource providers		√		√					√				
Investors and creditors	√	√	√		√	√		√	√	√	√	√	√
Legislators/parliament/ policymakers/government		√	√	√	√	√	√	√	√	√	√	√	√
Constituents/consumers		√		√							√		
Taxpayers		√		√		√			√		√	√	√
Lenders				√							√		
Suppliers/vendors				√		√		√			√		
Contributors/grantors/ donors		√		√				√			√		
Employees	√			√		√	√	√			√		√
Members		√	√	√							√	√	
Superannuation funds						√					√		
Electorate/voters						√		√		√	√		√
Other													
Public	√	√	√		√		√		√		√		
Interest groups						√					√	√	
Analysts			√		√				√	√	√	√	
Trade unions			√								√	√	
Media			√			√					√	√	
Regulatory/oversight bodies		√	√			√		√		√	√		√
Economists												√	
Auditors						√					√		√
Corporations/business associations												√	
Program administrators					√						√		
Management/government planners	√	√					√	√			√	√	√
Ministers	√										√		
Governing bodies		√	√								√		√

Key:

DA Davidson et al (1981)	DR Drebin et al (1981)
A Anthony (1978)	CP CICA, PSAAC (1984)
G General Accounting Office (1980)	J Jones et al (1985)
F FASB (1980)	S Sutcliffe (1985)
CI CICA (1980)	O Office of the Auditor General of Canada et al (1986)
DF Dept. of Finance, AGO (1981)	M Mayston (1992)
P Parliament of Victoria, PBRC (1981)	

APPENDIX 2 QUESTIONNAIRE

Appendix 2a Interest group members questionnaire

Appendix 2b Legislators questionnaire

Appendix 2c Preparers/interest group members questionnaire
(differences in instructions only)

Appendix 2d Preparers/legislators questionnaire (differences in
instructions only)

APPENDIX 2a
INTEREST GROUP QUESTIONNAIRE



EDITH COWAN UNIVERSITY

PERTH WESTERN AUSTRALIA

Government department financial reporting questionnaire

Instructions to accompany the questionnaire.

Please answer the following 6 questions prior to opening the information package enclosed (marked "exhibit material"). Please circle the number which best describes your opinion.

SECTION 1

1. How familiar are you with government department financial statements?

very
unfamiliar very
familiar
1 2 3 4 5 6 7 8

2. A government department must comply with a number of legal and fiscal mandates. How useful do you, as a member of an interest group, find it for a government department to show that it has complied with these mandates?

not
useful very
useful
1 2 3 4 5 6 7 8

3. A government department is expected to provide various services now and in the future. How useful do you find it, as a member of an interest group, for a government department to demonstrate an ability to provide services at current levels of appropriation?

1 2 3 4 5 6 7 8

4. A government department spends on current operating activities and on the acquisition of capital items. How useful do you find it, as a member of an interest group, for a government department's financial statements to provide information about operating performance?

1 2 3 4 5 6 7 8

5. How useful do you find it, as a member of an interest group, for a government department's financial statements to provide information about the cost of services?

1 2 3 4 5 6 7 8

6. Please score the following types of information for importance in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information listed below are equally important, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

**THIS IS THE END OF SECTION 1
PLEASE PROCEED TO SECTION 2 (OVERLEAF).**

SECTION 2.

The next six questions should be answered with reference to a decision which you, as a member of an interest group, might make about lobbying in response to the activities of a government department. (Lobbying might take any of the following forms: complaining to a member of parliament; writing a letter to a newspaper; informing others about a government activity; taking legal action against the government; asking for funds; or protesting publicly).

Please open the "exhibit material" and briefly review the report enclosed prior to answering the following questions. The review of the report should take approximately five minutes, bearing in mind the lobbying decision mentioned above.

For questions 1, 2, and 3, please respond by circling the number which most clearly expresses your agreement or disagreement with the opinion presented. Please bear in mind the decision to lobby in answering the remainder of the questionnaire. For questions 4, 5, and 6, please respond by circling the number which most appropriately answers the question.

1. It would be extremely difficult to complete a decision about lobbying without at least the information presented.

totally disagree totally agree
1 2 3 4 5 6 7 8

2. Extremely complex recalculations or adjustments are necessary to use the information presented to complete a decision about lobbying.

1 2 3 4 5 6 7 8

3. The information presented is sufficient to complete a decision about lobbying.

1 2 3 4 5 6 7 8

4. What portion of information presented is in the correct form for completion of a decision about lobbying?

none about half all
1 2 3 4 5 6 7 8

5. What portion of the information presented is interpretable, without any recalculation or adjustment for the completion of a decision about lobbying?

1 2 3 4 5 6 7 8

6. What portion of the information presented is essential for, or instrumental in completing a decision about lobbying?

1 2 3 4 5 6 7 8

PLEASE TURN OVER LEAF

7. Please score the following types of information for usefulness in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information presented in the financial statements identified below are equally useful for making a decision about lobbying, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

8. The following items are a list of "uses" to which information in a government department financial report could be put.

Please score the items according to how likely you would be to use a government department financial report for each "use" given. Please score the items by allocating 100 points overall, so that your total score for all 6 items is equal to 100.

the need to take action in response to a government department's activities

the overall financial condition of the department

the candidate to vote for in the next state election

the type of action to take

the effectiveness of the department

the cost of the department

END OF SECTION 2.

PLEASE TURN OVERLEAF FOR THE FINAL SECTION.

SECTION 3

Thank you very much for answering sections 1 and 2 - this is greatly appreciated. For the purpose of analysis it would also be helpful to record some information about yourself. Please answer the following three questions by ticking the category relevant to yourself.

1. Do you have any tertiary training in private sector corporate accounting or finance?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

2. Do you have any tertiary training in governmental accounting, finance, or administration?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

3. Do you, or have you used government department financial reports in your occupation?

- no
- not often
- often
- very often

This completes the questionnaire.

Please return the questionnaire in the stamped envelope provided, addressed to the researchers, and the card separately. (This will enable the researchers to send out a summary of the results to all those who responded, whilst maintaining participant anonymity).

Please do not return the exhibit material.

Once again, thank you very much for your co-operation.

APPENDIX 2b
LEGISLATOR QUESTIONNAIRE



EDITH COWAN UNIVERSITY

PERTH WESTERN AUSTRALIA

Government department financial reporting questionnaire

Instructions to accompany the questionnaire.

Please answer the following 6 questions prior to opening the information package enclosed (marked "exhibit material"). Please circle the number which best describes your opinion.

SECTION 1

1. How familiar are you with government department financial statements?

very							very
unfamiliar							familiar
1	2	3	4	5	6	7	8

2. A government department must comply with a number of legal and fiscal mandates. How useful do you, as a legislator, find it for a government department to show that it has complied with these mandates?

not							very
useful							useful
1	2	3	4	5	6	7	8

3. A government department is expected to provide various services now and in the future. How useful do you find it, as a legislator, for a government department to demonstrate an ability to provide services at current levels of appropriation?

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

4. A government department spends on current operating activities and on the acquisition of capital items. How useful do you find it, as a legislator, for a government department's financial statements to provide information about operating performance?

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

5. How useful do you find it, as a legislator, for a government department's financial statements to provide information about the cost of services?

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

6. Please score the following types of information for importance in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information listed below are equally important, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

**THIS IS THE END OF SECTION 1
PLEASE PROCEED TO SECTION 2 (OVERLEAF).**

SECTION 2.

The next six questions should be answered with reference to a decision which you, as a legislator, might make about a government department's administration in response to the activities of a government department. (A decision about activities of a government department might be to seek further information about expenditure; to seek further information about programs; to lobby for an inquiry).

Please open the "exhibit material" and briefly review the report enclosed prior to answering the following questions. The review of the report should take approximately five minutes, bearing in mind the lobbying decision mentioned above.

For questions 1, 2, and 3, please respond by circling the number which most clearly expresses your agreement or disagreement with the opinion presented. Please bear in mind the decision to lobby for an inquiry in answering the remainder of the questionnaire. For questions 4, 5, and 6, please respond by circling the number which most appropriately answers the question.

1. It would be extremely difficult to complete a decision about lobbying for an inquiry without at least the information presented.

totally disagree							totally agree	
1	2	3	4	5	6	7	8	

2. Extremely complex recalculations or adjustments are necessary to use the information presented to complete a decision about lobbying for an inquiry.

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

3. The information presented is sufficient to complete a decision about lobbying for an inquiry.

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

4. What portion of information presented is in the correct form for completion of a decision about lobbying for an inquiry?

none			about half		all		
1	2	3	4	5	6	7	8

5. What portion of the information presented is interpretable, without any recalculation or adjustment for the completion of a decision about lobbying for an inquiry?

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

6. What portion of the information presented is essential for, or instrumental in completing a decision about lobbying for an inquiry?

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

7. Please score the following types of information for usefulness in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information presented in the financial statements identified below are equally useful for making a decision about lobbying for an inquiry, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

8. The following items are a list of "uses" to which information in a government department financial report could be put.

Please score the items according to how likely you would be to use a government department financial report for each "use" given. Please score the items by allocating 100 points overall, so that your total score for all 6 items is equal to 100.

to take action in response to a government department's activities

to assess the overall financial condition of the department

lobby to initiate an inquiry into the department's activities

to decide on the type of action to take in response to a government department's activities

to assess the effectiveness of the department

to assess the cost of the department

END OF SECTION 2.

PLEASE TURN OVERLEAF FOR THE FINAL SECTION.

SECTION 3

Thank you very much for answering sections 1 and 2 - this is greatly appreciated. For the purpose of analysis it would also be helpful to record some information about yourself. Please answer the following three questions by ticking the category relevant to yourself.

1. Do you have any tertiary training in private sector corporate accounting or finance?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

2. Do you have any tertiary training in governmental accounting, finance, or administration?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

3. Do you, or have you used government department financial reports in your occupation?

- no
- not often
- often
- very often

This completes the questionnaire.

Please return the questionnaire in the stamped envelope provided, addressed to the researchers, and the card separately. (This will enable the researchers to send out a summary of the results to all those who responded, whilst maintaining participant anonymity).

Please do not return the exhibit material.

Once again, thank you very much for your co-operation.

APPENDIX 2c
PREPARER/INTEREST GROUP QUESTIONNAIRE



EDITH COWAN UNIVERSITY

PERTH WESTERN AUSTRALIA

Government department financial reporting questionnaire

Instructions to accompany the questionnaire.

Please answer the following 6 questions prior to opening the information package enclosed (marked "exhibit material"). Please circle the number which best describes your opinion about the use of government department financial information by interest groups.

For example, each question asks what "you" believe with respect to various types of information. Please answer as though "you" are a member of an interest group who uses government department financial information.

SECTION 1

1. How familiar are you with government department financial statements?

very unfamiliar very familiar
1 2 3 4 5 6 7 8

2. A government department must comply with a number of legal and fiscal mandates. How useful do you, as a member of an interest group, find it for a government department to show that it has complied with these mandates?

not useful very useful
1 2 3 4 5 6 7 8

3. A government department is expected to provide various services now and in the future. How useful do you find it, as a member of an interest group, for a government department to demonstrate an ability to provide services at current levels of appropriation?

1 2 3 4 5 6 7 8

4. A government department spends on current operating activities and on the aquisition of capital items. How useful do you find it, as a member of an interest group, for a government department's financial statements to provide information about operating performance?

1 2 3 4 5 6 7 8

5. How useful do you find it, as a member of an interest group, for a government department's financial statements to provide information about the cost of services?

1 2 3 4 5 6 7 8

6. Please score the following types of information for importance in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information listed below are equally important, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

**THIS IS THE END OF SECTION 1
PLEASE PROCEED TO SECTION 2 (OVERLEAF).**

SECTION 2.

The next six questions should be answered with reference to a decision which you, as a member of an interest group, might make about lobbying in response to the activities of a government department. (Lobbying might take any of the following forms: complaining to a member of parliament; writing a letter to a newspaper; informing others about a government activity; taking legal action against the government; asking for funds; or protesting publicly).

Please open the "exhibit material" and briefly review the report enclosed prior to answering the following questions. The review of the report should take approximately five minutes, bearing in mind the lobbying decision mentioned above.

For questions 1, 2, and 3, please respond by circling the number which most clearly expresses your agreement or disagreement with the opinion presented. Please bear in mind the decision to lobby in answering the remainder of the questionnaire. For questions 4, 5, and 6, please respond by circling the number which most appropriately answers the question.

- | | | | | | | | | |
|--|-----------------------------|---|---|---|---|---|---|--------------------------|
| | totally
disagree | | | | | | | totally
agree |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
1. It would be extremely difficult to complete a decision about lobbying without at least the information presented.

 2. Extremely complex recalculations or adjustments are necessary to use the information presented to complete a decision about lobbying.

 3. The information presented is sufficient to complete a decision about lobbying.

	none			about half				all
	1	2	3	4	5	6	7	8

 4. What portion of information presented is in the correct form for completion of a decision about lobbying?

 5. What portion of the information presented is interpretable, without any recalculation or adjustment for the completion of a decision about lobbying?

 6. What portion of the information presented is essential for, or instrumental in completing a decision about lobbying?

7. Please score the following types of information for usefulness in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information presented in the financial statements identified below are equally useful for making a decision about lobbying, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

8. The following items are a list of "uses" to which information in a government department financial report could be put.

Please score the items according to how likely you would be to use a government department financial report for each "use" given. Please score the items by allocating 100 points overall, so that your total score for all 6 items is equal to 100.

to take action in response to a government department's activities

to assess the overall financial condition of the department

to decide on the candidate to vote for in the next state election

to decide on the type of action to take in response to a government department's activities

to assess the effectiveness of the department

to assess the cost of the department

END OF SECTION 2.

PLEASE TURN OVERLEAF FOR THE FINAL SECTION.

SECTION 3

Thank you very much for answering sections 1 and 2 - this is greatly appreciated. For the purpose of analysis it would also be helpful to record some information about yourself. Please answer the following three questions by ticking the category relevant to yourself.

1. Do you have any tertiary training in private sector corporate accounting or finance?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

2. Do you have any tertiary training in governmental accounting, finance, or administration?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

3. Do you, or have you used government department financial reports in your occupation?

- no
- not often
- often
- very often

This completes the questionnaire.

Please return the questionnaire in the stamped envelope provided, addressed to the researchers, and the card separately. (This will enable the researchers to send out a summary of the results to all those who responded, whilst maintaining participant anonymity).

Please do not return the exhibit material.

Once again, thank you very much for your co-operation.

APPENDIX 2d
PREPARER/LEGISLATOR QUESTIONNAIRE



EDITH COWAN UNIVERSITY

PERTH WESTERN AUSTRALIA

Government department financial reporting questionnaire

Instructions to accompany the questionnaire.

Please answer the following 6 questions prior to opening the information package enclosed (marked "exhibit material"). Please circle the number which best describes your opinion about the use of government department financial information by legislators.

For example, each question asks what "you" believe with respect to various types of information. Please answer as though "you" are a legislator who uses government department financial information.

SECTION 1

1. How familiar are you with government department financial statements?

very unfamiliar 1 2 3 4 5 6 7 8 very familiar

2. A government department must comply with a number of legal and fiscal mandates. How useful do you, as a legislator, find it for a government department to show that it has complied with these mandates?

not useful 1 2 3 4 5 6 7 8 very useful

3. A government department is expected to provide various services now and in the future. How useful do you find it, as a legislator, for a government department to demonstrate an ability to provide services at current levels of appropriation?

1 2 3 4 5 6 7 8

4. A government department spends on current operating activities and on the acquisition of capital items. How useful do you find it, as a legislator, for a government department's financial statements to provide information about operating performance?

1 2 3 4 5 6 7 8

5. How useful do you find it, as a legislator, for a government department's financial statements to provide information about the cost of services?

1 2 3 4 5 6 7 8

6. Please score the following types of information for importance in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information listed below are equally important, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

**THIS IS THE END OF SECTION 1
PLEASE PROCEED TO SECTION 2 (OVERLEAF).**

SECTION 2.

The next six questions should be answered with reference to a decision which you, as a legislator, might make about a government department's administration in response to the activities of a government department. (A decision about activities of a government department might be to seek further information about expenditure; to seek further information about programs; to lobby for an inquiry).

Please open the "exhibit material" and briefly review the report enclosed prior to answering the following questions. The review of the report should take approximately five minutes, bearing in mind the lobbying decision mentioned above.

For questions 1, 2, and 3, please respond by circling the number which most clearly expresses your agreement or disagreement with the opinion presented. Please bear in mind the decision to lobby for an inquiry in answering the remainder of the questionnaire. For questions 4, 5, and 6, please respond by circling the number which most appropriately answers the question.

- | | | | | | | | | |
|--|-----------------------------|---|---|---|---|---|---|--------------------------|
| | totally
disagree | | | | | | | totally
agree |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
1. It would be extremely difficult to complete a decision about lobbying for an inquiry without at least the information presented.
-
- | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---|---|---|---|---|---|---|---|
2. Extremely complex recalculations or adjustments are necessary to use the information presented to complete a decision about lobbying for an inquiry.
-
- | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---|---|---|---|---|---|---|---|
3. The information presented is sufficient to complete a decision about lobbying for an inquiry.
-
- | | | | | | | | | |
|--|-------------|---|---|-----------------------|---|---|---|------------|
| | | | | about
half | | | | all |
| | none | | | 4 | 5 | 6 | 7 | 8 |
| | 1 | 2 | 3 | | | | | |
4. What portion of information presented is in the correct form for completion of a decision about lobbying for an inquiry?
-
- | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---|---|---|---|---|---|---|---|
5. What portion of the information presented is interpretable, without any recalculation or adjustment for the completion of a decision about lobbying for an inquiry?
-
- | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---|---|---|---|---|---|---|---|
6. What portion of the information presented is essential for, or instrumental in completing a decision about lobbying for an inquiry?

PLEASE TURN OVERLEAF

7. Please score the following types of information for usefulness in making a decision by indicating a number on the left hand side of the item. Please score the items by allocating 100 points overall, so that your total score for all 4 items is equal to 100.

For example, if you believe the types of information presented in the financial statements identified below are equally useful for making a decision about lobbying for an inquiry, you will allocate them 25 points each.

financial viability

compliance with legal and fiscal mandates

operating performance

cost of services

8. The following items are a list of "uses" to which information in a government department financial report could be put.

Please score the items according to how likely you would be to use a government department financial report for each "use" given. Please score the items by allocating 100 points overall, so that your total score for all 6 items is equal to 100.

to take action in response to a government department's activities

to assess the overall financial condition of the department

lobby to initiate an inquiry into the department's activities

to decide on the type of action to take in response to a government department's activities

to assess the effectiveness of the department

to assess the cost of the department

END OF SECTION 2.

PLEASE TURN OVERLEAF FOR THE FINAL SECTION.

SECTION 3

Thank you very much for answering sections 1 and 2 - this is greatly appreciated. For the purpose of analysis it would also be helpful to record some information about yourself. Please answer the following three questions by ticking the category relevant to yourself.

1. Do you have any tertiary training in private sector corporate accounting or finance?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

2. Do you have any tertiary training in governmental accounting, finance, or administration?

- no
- less than 1 year
- 1 to 3 years
- more than 3 years

3. Do you, or have you used government department financial reports in your occupation?

- no
- not often
- often
- very often

This completes the questionnaire.

Please return the questionnaire in the stamped envelope provided, addressed to the researchers, and the card separately. (This will enable the researchers to send out a summary of the results to all those who responded, whilst maintaining participant anonymity).

Please do not return the exhibit material.

Once again, thank you very much for your co-operation.

APPENDIX 2e
INITIAL COVERING LETTER - USERS

24 October, 1995

Dear Sir/Madam

I am conducting research into the use of government department financial reports to complete a Master of Business (Accounting) at Edith Cowan University. As you use financial reports, I am extremely interested in your opinion on this matter.

Enclosed is a questionnaire and an information package that will enable you to anonymously share your opinion with respect to government department financial reports. I would be extremely grateful if you would take the time to respond to the questionnaire, as my study cannot be performed without the collection of your valuable opinion. I expect that it will take approximately 15 minutes to complete the questionnaire.

I realise that you are likely to be heavily committed to other activities and therefore I have set a date for the return of your response in two weeks hence, 07 November 1995.

On completion of the study, I would be very pleased to send out a summary of the results that you will have contributed to. If you have any queries about the questionnaire please contact either my research supervisor Associate Professor Colin Dolley at Edith Cowan University on (09) 273 8438, or myself at Curtin University on (09) 351 2878.

I look forward to receiving your completed questionnaire.

Yours truly

Helen Mignot
Associate Lecturer
Department of Accounting
Curtin University of Technology

APPENDIX 2e
INITIAL COVERING LETTER - PREPARERS

24 October, 1995

Dear Sir/Madam

I am conducting research into the use of government department financial reports to complete a Master of Business (Accounting) at Edith Cowan University. As you prepare financial reports, I am extremely interested in your opinion on this matter.

Enclosed is a questionnaire and an information package that will enable you to anonymously share your opinion with respect to government department financial reports. I would be extremely grateful if you would take the time to respond to the questionnaire, as my study cannot be performed without the collection of your valuable opinion. I expect that it will take approximately 15 minutes to complete the questionnaire.

I realise that you are likely to be heavily committed to other activities and therefore I have set a date for the return of your response in two weeks hence, 07 November 1995.

On completion of the study, I would be very pleased to send out a summary of the results that you will have contributed to. If you have any queries about the questionnaire please contact either my research supervisor Associate Professor Colin Dolley at Edith Cowan University on (09) 273 8438, or myself at Curtin University on (09) 351 2878.

I look forward to receiving your completed questionnaire.

Yours truly

Helen Mignot
Associate Lecturer
Department of Accounting
Curtin University of Technology

APPENDIX 2f
FOLLOW UP LETTER - INTEREST GROUP MEMBERS AND
PREPARERS

13 November, 1995

Dear Sir/Madam

Re: Government Department Reporting Questionnaire

Thank-you for agreeing to participate in my research. To date I have received approximately half of the responses.

In order to enable completion of the study it is important that the majority of those that were kind enough to agree to participate return their completed questionnaire. Hence, even though the return date has expired, I would still value your response highly. I will then be able to complete the research and distribute a summary of the results to all participants.

If you have returned your questionnaire in the last few days please disregard this correspondence. If not, I look forward to receiving your response.

Yours faithfully

Helen Mignot
Associate Lecturer
Department of Accounting
Curtin University of Technology

APPENDIX 2f
FOLLOW UP LETTER - LEGISLATORS

13 November, 1995

Dear Sir/Madam

Re: Government Department Reporting Questionnaire

Recently you would have received an information package delivered by hand to you at Parliament House, asking for your participation in a questionnaire relating to government department financial reporting. To date I have received approximately half of the responses from recipients of the package.

In order to enable completion of the study it is important that the majority of recipients return their completed questionnaire. Hence, even though the return date has expired, I would still value your response highly. I will then be able to complete the research and distribute a summary of the results to all participants.

If you have returned your questionnaire in the last few days please disregard this correspondence. If not, I look forward to receiving your response.

Yours faithfully

Helen Mignot
Associate Lecturer
Department of Accounting
Curtin University of Technology

APPENDIX 3
FINANCIAL STATEMENTS

Appendix 3a AAS 29-type, accrual-based statements

Appendix 3b Fund-type, cash-based statements

APPENDIX 3a
AAS 29-TYPE, ACCRUAL BASED FINANCIAL STATEMENTS

Wessex Health Department

Financial Statements
1993/94

Statement of Financial Position as at 30 June 1994

	Notes	1993/94 \$'000	1992/93 \$'000
ASSETS			
Current Assets			
Cash	9	3 613	2 709
Debtors and Receivables	10	3 517	2 637
Inventories	11	688	516
Prepayments	17	89	66
Trust Funds	18	14 985	11 241
Total Current Assets		22 892	17 169
Non-Current Assets			
Debtors	10	1 270	952
Property, Plant and Equipment	12	118 447	88 831
Assets Under Construction	13	3 065	2 299
Total Non-Current Assets		122 777	92 082
TOTAL ASSETS		145 669	109 251
LIABILITIES			
Current Liabilities			
Creditors and Accruals	14	9 016	6 762
Other Liabilities	14	2 020	1 515
Employee Entitlements	15	7 458	5 593
Funds held in Trust	18	14 985	11 238
Finance Leases	23	24	19
Total Current Liabilities		33 503	25 127
Non-Current Liabilities			
Other Liabilities	14	177	132
Finance Leases	23	19	15
Total Non-Current Liabilities		196	147
TOTAL LIABILITIES		33 699	25 274
NET WORTH	16	111 970	83 977

Operating Statement for the year ended 30 June 1994

	Notes	1993/94 \$'000	1992/93 \$'000
EXPENSES			
Salaries, wages, allowances and overtime		133 536	100 152
Subsidiary expenses associated with employment		34 981	26 235
Operating expenses	4	38 779	29 084
Depreciation	5	3 962	2 971
Transfer payments	8	327 144	245 358
Trust Funds expenses associated with functions undertaken by the Department and agencies	18.1	779 355	584 516
TOTAL COST OF SERVICE		1 317 757	988 316
LESS REVENUE			
User charges	7	5 039	3 779
Trust Fund revenue		779 355	584 516
NET COST OF SERVICE		533 363	400 021
GOVERNMENT REVENUE			
Annual recurrent appropriations	6.1	447 282	335 461
Annual works and services appropriations	6.1	49 772	37 329
Appropriations of other departments	6.2	35 449	26 586
Assumption of liabilities and expenses	4	1 880	1 410
Resources received free of charge	3.1	690	517
TOTAL GOVERNMENT REVENUE		535 073	401 303
CHANGES IN NET ASSETS RESULTING FROM OPERATIONS		1 710	1 282

Statement of Cash Flows for the year ended 30 June 1994

	Notes	1993/94 \$'000	1992/93 \$'000
CASH INFLOWS			
Cash inflows from Government:			
Annual recurrent appropriations		450 992	338 244
Annual works and services appropriations		55 300	41 475
Appropriations of other Departments		36 176	27 132
Total Cash Inflows from Government		542 468	406 851
Cash inflows from operating activities:			
User charges		5 268	3 951
Trust Funds receipts		783 363	587 522
Miscellaneous receipts		7	5
Total Cash Inflows from Operating Activities		788 638	591 478
Proceeds from Public Account Advances		1 445	1 083
TOTAL CASH INFLOWS		1 332 551	999 412
CASH OUTFLOWS			
Salaries, wages, allowances and overtime		133 253	99 939
Subsidiary expenses associated with employment		37 783	28 337
Operating expenses		38 561	28 920
Transfer payments		327 946	245 959
Trust Funds expenses associated with functions undertaken by the Department		783 363	587 522
Purchase of capital items		9 740	7 305
TOTAL CASH OUTFLOWS		1 330 646	997 982
NET INCREASE (DECREASE) IN CASH HELD		1 905	1 430
CASH AT BEGINNING OF REPORTING PERIOD		1 706	276
CASH AT END OF REPORTING PERIOD		3 611	1 706

Notes to and forming part of the Financial Reports for the year ended 30 June 1994.

1. Summary of Accounting Policies

(a) The Reporting Entity

The financial statements comprise all the operating activities and entities under the control of the department except those trust accounts which report separately.

All transactions and balances between functions of the Department have been eliminated in the process of preparing these statements.

(b) Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting in accordance with Accrual Guidance Release No 1. "Preparation of Accrual Financial Statements by Departments". It should be noted that the transactions undertaken by the Department on behalf of the Crown are not reflected in the body of the financial statements. See note 2 for details of Crown transactions.

The financial statements have been prepared and presented with due regard to Statement of Accounting Standard AAS 5 "Materiality in Financial Statements".

Except for non-current physical assets which are recorded at their current costs, the financial statements are prepared under the historical cost convention.

All amounts have been rounded to the nearest \$1,000, and are expressed in Australian dollars.

(c) Assumption of Liabilities and Expenses

The Crown has assumed the unfunded long service liability of the department. This assumption recognises that this liability is a responsibility of the employing entity, i.e. the Crown. An amount equivalent to the increase during the reporting period in the Department's liability for long services leave will be assumed by the Crown and recognised as revenue in the financial statements of the Department.

(d) Contributions by Government

Contributions for capital purposes are treated as contributed capital, except to the extent that they offset the annual depreciation charge. Amounts which effectively offset the annual depreciation charge or are not in the nature of contributions by owners are treated as revenue.

(e) Leases

Leases are classified into two categories, "finance" and "operating" and are accounted for in accordance with Statement of Accounting Standard AAS 17 "Accounting for Leases".

(f) Employee Entitlements

Employees accrue entitlements for recreation leave and long service leave in accordance with legal entitlements. For annual leave, four weeks leave is accrued each year while for long service leave, employees are entitled to 13 weeks leave for each 10 years continuous service. The annual expense for the increase in long service leave is recognised on a prorata basis for employees with greater than 4 years service. The liability for long service leave is, however, assumed by the Crown (refer note (c)).

Superannuation, at this stage, is not included in determining employee entitlements.

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

1. Summary of Accounting Policies (continued)

(g) Trust Funds

Revenue and expenses associated with Trust Funds, the functions of which are integral to the operations of the department and form part of the day to day functions of the department have been recognised in the Operating Statement and Statement of Cash Flows. Assets and liabilities associated with these trust funds have been included in the Statement of Financial Position.

Where trust funds are only of a suspense nature with the department acting as a trustee, or where the department acts as an agent, assets and liabilities have been included in Statement of Financial Position, with no impact on the Operating Statement or Cash Flow Statement.

Where trust accounts report separately, they are excluded from these financial statements but the notes provide a summary of their financial details (refer note 18).

(h) Revenue

All revenue collected by the department forms part of Consolidated Revenue, except where specific legislative authority expressly provides for alternative treatment. Revenue has not been recognised in the operating statement except to the extent that it relates to user charges.

User charges which relate to a service provided by the agency have been recognised as revenue of the department for the purposes of these financial statements. User charges include charges levied against other departments.

(i) Appropriations

Appropriations, whether special, or annual (recurrent and works and services) are recognised in the period in which the department gains control of the appropriation. All appropriations have been evaluated in terms of ultimate expenditure and have been classified into transfer payments, operating revenue or capital contributions. The annual recurrent appropriations disclosed in the Operating Statement and Statement of Cash Flows as Government revenue has been reduced by the amount the department has disclosed as user charges in order to avoid double counting. To the extent that the capital contribution offsets the annual depreciation charge, the amount deemed to offset this charge has been treated as government operating revenue.

Where appropriations of one department have been provided to cover expenditure of other departments, the following reporting practice has been adopted:

(i) the recipient department discloses the expenditure under the relevant expenditure category with an equivalent amount reported under government revenue.

(ii) The provider department discloses the amount expended by other department as part of transfer payments with the amount expended by the department on its own operations classified according to the nature of the expenditure.

(j) Depreciation

All non-current assets which have a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

1. Summary of Accounting Policies (continued)

(k) Transfer Payments

The Department is responsible for the transfer of certain payments to relevant beneficiaries consistent with relevant legislation, administrative arrangements or other authority. Transfer payments also include those payments made by the agency to meet the operating expenses of other agencies.

As these transfer payments form part of the Department's overall appropriations and are distributed to enable the agency to achieve its objectives, these payments have been included as an expense of the Department.

(l) Property, Plant and Equipment

All properties controlled by the Department have been valued by the Valuer General during the course of the 1993/94 Financial Year. Community Residential properties were valued on the basis of "market value". Institutional building were valued on a written down value, based on the "cost of replication" less an allowance for remaining useful life. Other assets have been recorded at their purchase price where it was known or current cost where the cost was not known.

The capitalisation threshold is \$1,000. Assets with a cost less than this threshold are expensed in the year of purchase.

(m) Asset Disposals

As Departments do not own assets but rather control assets on behalf of the Crown, with any sale proceeds having to be remitted to the Consolidated Fund, any assets sold are deemed to have been sold at their written down book value.

(n) Resources Received/Provided Free of Charge

In order to reflect the total cost of services provided by the Department, resources received free of charge have been included under the relevant expenditure category at their fair value. Resources received free of charge include those resources paid for out of other agencies appropriations.

In order to reflect the actual change in net assets resulting from operations, a notional revenue has been included within the Government revenue category.

Where resources have been provided free of charge to another Department that cost has been reflected within the provider Department's expenses.

(o) Statement of Cash Flows

The department does not operate any separate bank accounts, apart from certain advance and suspense accounts. Consequently, as receipts and payments are made via the Public Account, the cash flows of the agency are effectively cash flows of the Crown.

However, for the purpose of these financial statements, these cash flows are treated as notional cash flows of the Department.

The outflows do not include the change in long service leave liability nor depreciation expense.

(p) Cash

For the purposes of the Statement of Cash flows, cash includes cash on hand and in transit, Departmental advances, the reconciled cash book balances less funds held in the Cash and Revenue Suspense Accounts with the Department of Finance.

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

1. Summary of Accounting Policies (continued)

(q) Statement of Appropriations

The statement of appropriations provides details of the initial and final parliamentary appropriations allocated to the department in the current reporting period.

2. CROWN TRANSACTIONS

In addition to departmental operations, departments may undertake activities on behalf of the Crown. Details are as follows:

Crown Revenue

	1993/94	1992/93
	\$'000	\$'000

Details of revenue collected by the department and paid to the Consolidated Fund and not included in the Operating Statement are outlined below:-

Taxation	641	481
Fees and Charges	784	588
Miscellaneous Receipts	1 345	1 008
Commonwealth Grants	143 440	107 580
Total	146 210	109 657

Crown Assets

Details of assets administered on behalf of the Crown include:

Surplus Assets	1 152	864
Crown Land	37 354	28 016
Total	38 506	28 880

Crown Liabilities

Details of Liabilities administered on behalf of the Crown include:

Long Service Leave Liabilities	21 676	16 257
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3.1 RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge have been included under the relevant expenditure category, as follows:-
Resources received from:

Department of Finance	690	517
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The amount represents the cleaning, security, telephone communication and caretaking services provided by the Department of Finance.

An equivalent amount to resources received free of charge has been disclosed as part of Government revenue [see note 1.n].

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

4. SUBSIDIARY EXPENSES ASSOCIATED WITH EMPLOYMENT

	1993/94	1992/93
	\$'000	\$'000
WorkCover premiums		
Payroll tax	5 637	4 227
Fringe benefit tax	3 194	2 395
Recreation Leave	292	219
Long Service Leave	10 152	7 614
Voluntary Departure Package	1 880	1 410
Targeted Separation Package	11 560	8 670
Executive Officer Benefits	363	272
Relevant Superannuation	7	5
	1 896	1 423
Total	34 981	26 235

Long service leave expense represents the change in the department's liability for the period after adjustments for transferred staff. However as disclosed in note 1.3, the department's unfunded liability for long service leave has been assumed by the Crown.

5. DEPRECIATION and AMORTISATION

Buildings	648	486
Plant	716	537
Furniture	28	21
Office Equipment	91	68
Computers and Communication Equipment	1 202	901
Motor Vehicles	1 208	906
Leasehold Improvements	10	4
Leased Computer Equipment	59	48
Total	3 962	2 971

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

6. GOVERNMENT APPROPRIATIONS

	1993/94	1992/93
	\$'000	\$'000
6.1 Departmental Appropriations		
Special Appropriations	-	-
Operating	-	-
Annual Recurrent Appropriations		
Capital offsetting depreciation	1 299	974
Operating (excluding depreciation)	445 983	334 487
Sub total operating	447 282	335 461
User charges	5 039	3 779
Capital contributions by government	3 485	19 999
Total Annual Recurrent Appropriations	455 805	359 239
Annual Works and Services Appropriations		
Capital offsetting depreciation	2 663	1 997
Operating (excluding depreciation)	47 109	22 070
Sub total operating	49 772	24 067
Capital contributions by government	5 528	4 146
Total Annual Works and Services Appropriations	55 297	28 213
Total Appropriations	511 102	387 452
Total of Appropriations disclosed as:		
Capital offsetting depreciation	3 962	2 971
Operating	493 092	369 819
User charges	5 039	3 779
Capital contributions by government	9 013	10 883
Total Appropriations	511 102	387 452

The above figures represent those in relation to the economic entity for the year ended 30 June 1994.

6.2 Appropriations to and from other Departments

Recipient Department

Details of amounts included in expenses which have been funded from appropriations of other departments together with the equivalent amount disclosed under "Appropriations of other departments" in Government revenue are as follows:-

	Transfer Payments	Subsidiary Expenses	Government Revenue
	\$'000	\$'000	\$'000
Departments of Finance and Treasury			
Targeted Separation Package	379	363	742
Voluntary Departure Package	24 225	9 289	33 515
Department of Planning and Development			
Better Cities	1 192	-	1 192
Total Expenditure	25 796	9 652	35 449

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

7. USER CHARGES

	1993/94	1993/94	1992/93
	\$'000	\$'000	\$'000

Details of User Charges received by the Department are:

Fees and charges		4 862	3 646
Miscellaneous Receipts		177	133
Total		5 039	3 779

8. TRANSFER PAYMENTS

Details of transfer payments made by the Department are:

Grants, subsidies & contributions		327 144	245 358
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9. CASH

Cash in transit		3	-
Departmental Advance		1 445	1 083
Public Account-Salaries and Wages in Suspense Account Reconciled Cash Book		1 819	1 364
Less Cash Suspense Account Reconciled Cash Book	5 976	341	272
Less Revenue Suspense Account	6 317		
	6	5	-
Total		3 613	2 719

10 DEBTORS AND RECEIVABLES

10.1 Current

Wimbridge Base Hospital		333	249
State Workcover Authority		998	748
Administrative Recoups		117	87
Australian Red Cross Society - State Division (Advance)		248	186
Fostercare Assistance Overpayments		56	42
Fees and Charges		29	21
Long Term Patient Fees in Psychiatric Hospitals		36	27
Mt Elisabeth Centre		1 468	1 101
Salaries - Health and Community Services Employees		263	197
Pre-School Overpayments		52	39
Sundry		23	42
		3 653	2 739
Less Provision for Doubtful Debts		136	102
Total		3 517	2 637

10.2 Non-Current

Mt Elisabeth Centre		160	120
Sims Equity Housing Limited		1 110	832
Total		1 270	952

11 INVENTORIES

11.1 Stores and Materials

	688	516
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Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

12. PROPERTY PLANT AND EQUIPMENT

12.1 Assets (other than leased assets) at valuation	1993/94 \$'000	1992/93 \$'000
Land and Buildings	152 387	114 290
Less Accumulated Depreciation	48 260	36 195
Written down value	<u>104 127</u>	<u>78 095</u>
Plant, Machinery and Operating Equipment	9 632	7 224
Less Accumulated Depreciation	6 074	4 555
Written down value	<u>3 558</u>	<u>2 669</u>
Furniture and Office Equipment	887	665
Less Accumulated Depreciation	205	153
Written down value	<u>682</u>	<u>512</u>
Motor Vehicles	7 174	5 380
Less Accumulated Depreciation	2 972	2 229
Written down value	<u>4 202</u>	<u>3 151</u>
Computers and Communication Equipment	8 632	6 474
Less Accumulated Depreciation	3 823	2 867
Written down value	<u>4 809</u>	<u>3 607</u>
Office Equipment	1 700	1 275
Less Accumulated Depreciation	1 088	816
Written down value	<u>612</u>	<u>459</u>
Total Assets (other than leased assets)	180 414	135 310
Total Accumulated Depreciation	62 423	46 817
Total Written Down Value	<u>117 991</u>	<u>88 493</u>
12.2 Leased Assets at Cost		
Computer Equipment	344	258
Less accumulated amortisation	286	214
Written down value	<u>58</u>	<u>44</u>
12.3 Leasehold Improvements		
Leasehold Improvements	403	302
Less Accumulated Depreciation	10	8
Written down value	<u>393</u>	<u>294</u>
12.4 Total Assets		
Total Property, Plant and Equipment	181 162	135 870
Less accumulated depreciation and amortisation	62 720	47 065
Written down Value	<u>118 442</u>	<u>88 831</u>

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

12.5 Asset Disposals/Sales

	1993/94 \$'000	1992/93 \$'000
The written down value of assets disposed of during the year was:	1 437	1 077

13 ASSETS UNDER CONSTRUCTION

Psychiatric Services	901	675
Disability Services	1 148	861
Child and Youth Welfare Services	1 016	763
Total	3 065	2 299

14 CREDITORS AND ACCRUALS

14.1 Current

Operating expenses	2 520	1 890
Municipal and Non-Government Organisations	965	723
Payroll Tax and Fringe Benefits Tax	326	244
Rate and Energy Concessions to Recipients of Pensioner Health Benefits Cards	1 691	1 268
Accrued Salaries	1 819	1 364
Public Account 18(1) (b) - Loan	248	186
Public Account - Departmental Advance	1 447	1 087
Total	9 016	6 762

14.2 Other liabilities

Ambulance Vehicle Replacement Program	354	265
Scheduled Health Agencies	1 666	1 250
Total	2 020	1 515

14.3 Non-Current Other Liabilities

Ambulance Vehicle Replacement Program	177	132
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15 EMPLOYEE ENTITLEMENTS

Recreation Leave as per Statement of Financial Position	7 458	5 593
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16 NET WORTH

Details of the components of net worth are as follows:

Accumulated changes in net assets resulting from operations	102 229	76 671
Net Capital Contributions by Government	9 741	7 306
Net Worth	111 970	83 977

17 PREPAYMENTS

17.1 Property Rental, Motor Vehicle Insurance and Registration	89	66
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Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

18 TRUST FUNDS INCLUDED IN STATEMENT OF FINANCIAL POSITION

The following trust funds are controlled by the Department and are not subject to Annual Reporting Requirements. Accordingly, their balances have been included in the Statement of Financial Position under current assets, with a corresponding amount appearing under the heading of 'funds held in trust' in current liabilities.

Name of Trust Fund	1993/94	1992/93
	\$'000	\$'000
Intellectually Handicapped Children's Amenities Fund	27	20
Hospitals and Charities Fund	6 304	4 728
Sailors Welfare Fund	62	46
Drug Rehabilitation and Research Fund	342	256
Buxton Pharmacy Evaluation	1	-
Departmental Cafeteria	20	15
Mental Hospitals Fund	1 035	776
Executive Officers Performance Fund	512	384
Executive Officers Fringe Benefits	25	18
Aged Care Assessment Program Fund	327	245
Cash Suspense Account	6 317	4 737
Revenue Suspense Account	11	5
Market Basket Survey	2	11
Total Trust Funds	14 985	11 241

Figures in the above note pertain to the economic entity for the year ended 30 June 1994.

18.1 Funds are generally provided to agencies providing for health and welfare services.

19 TRUST FUNDS WHICH REPORT SEPARATELY

The State Health Promotion Foundation within the Public Account is reported separately in the Financial Statements of the Foundation and not included in the Department's Statement of Financial Position.

Name of Trust Fund: State Health Promotion Foundation Fund

Total Assets \$'000	Total Liabilities \$'000	Total Equity \$'000
995	504	491
995	504	491
Total Revenue \$'000	Total Expenses \$'000	Total Deficit \$'000
7 456	7 906	(450)
7 456	7 906	(450)

Figures in the above note pertain to the economic entity for the year ended 30 June 1994.

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

20 CAPITAL COMMITMENTS

Capital expenditure contracted for at balance date but not provided for in Statement of Financial Position.

	1993/94 \$'000	1992/93 \$'000
Not later than one year	16	12
Later than one year but less than two years	1	-
Later than two years but less than five years	-	-
Later than five years	-	-
Total	<u>17</u>	<u>12</u>

21 LEASE COMMITMENTS

Operating Lease Commitments

At balance date, the Department had the following obligations under non-cancellable operating leases.

Not later than 1 year	4 777	3 582
Later than 1 year but less than 2 years	3 272	2 454
Later than 2 years but less than 5 years	4 666	3 499
Later than 5 years	1 110	832
Total	<u>13 825</u>	<u>10 367</u>

22 FINANCIAL LEASE COMMITMENTS

At balance date, the Department had the following obligations under finance leases

Not later than 1 year	25	18
Later than 1 year but less than 2 years	20	15
Later than 2 years but less than 5 years	-	-
Later than 5 years	-	-
	<u>45</u>	<u>33</u>
Less: future finance charges	2	2
	<u>43</u>	<u>31</u>

Recognised in the financial statements

Representing Lease Liabilities:

Current	24	18
Non-Current	19	15
	<u>43</u>	<u>33</u>

23 EX-GRATIA PAYMENT AND WRITE-OFFS

The Department made 16 ex-gratia payments with a combined value of \$2,138.

Bad debts written off during the financial year to 30 June 1994 was 53 and the aggregate amount was \$10,773.

Notes to and forming part of the Financial Reports for the year ended 30 June 1994 (continued)

24 NET WORTH

	1993/94 \$'000
Accumulated changes in net assets as a result of operations 1992/93	101 956
Less written down value of assets disposed of	1 437
Plus Changes in net assets as a result of operations during the year	1 710
Accumulated changes in net assets as a result of operations 1993/94	<u>102 229</u>
Plus assets received free of charge under the Better Cities Program	727
Capital contributions by Government 1993/94	9 014
NET WORTH	<u><u>111 970</u></u>

25 ADMINISTERED TRANSACTIONS

(a) Administered Expenses

The Department makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Department, since they are made at the discretion of Government in accordance with Government policy.

These transfer payments are disclosed as "Administered Expenses" in the schedule of Administered Expenses and Revenues.

(b) Administered Revenues

The Department receives appropriations from the Government for transfer payments to eligible beneficiaries (see Administered Expenses). Amounts relating to these transfer payments and, user charges, fees and fines, and other amounts collected but not controlled by the Department are not recognised as revenues in the Operating Statement or the Program Schedule.

These amounts are disclosed as "Administered Revenues" in the schedule of Administered Expenses and Revenues.

(c) Administered Assets and Liabilities

Assets and liabilities administered by the Department for the Government are not recognised in the Statement of Financial Position or the Program Schedule. They are disclosed as "Administered Assets and Liabilities" in the schedule of Administered Assets and Liabilities.

CERTIFICATION

STATEMENT BY THE CHIEF ADMINISTRATOR AND THE PRINCIPAL ACCOUNTING OFFICER

We certify that the financial statements of the DEPARTMENT OF HEALTH have been prepared in accordance with Section 11 of the Annual Reporting Act 1987 and the Annual Reporting (Administrative Units) Regulations 1988.

In our opinion the information set out in the financial statements presents fairly the receipts of and payments made by, on behalf of or falling within the policy responsibility of the DEPARTMENT OF HEALTH for the financial year ended 30 June 1994 and the Supplementary Information and Statement of Balances as at 30 June 1994.

(Dr) J. Austen
Secretary
Department of Health

29 September 1994

G. Eliot
Assistant Director, Financial Services
Department of Health

29 September 1994

Auditor-General's Report

Audit Scope

The accompanying financial statements of the Department of Health for the year ended 30 June 1994, comprising a set of accrual accounting financial statements, a statement of appropriations, a program schedule of administered revenues and expenses relating to that department and appendices and notes to the financial statements, have been audited. The Secretary of the Department of Health is responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the *Annual Reporting Act 1987*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement.⁴ The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance the *Annual Reporting Act 1987* and comply with the requirements of that Act.

The audit opinion expressed on the financial statements has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements present fairly the financial transactions of the Department of Health and Community Services for the year ended 30 June 1994 in accordance with the *Annual Reporting Act 1987* and comply with requirements of that Act.

CLOVERDALE
14/10/1994

T. HARDY
Auditor-General

APPENDIX 3b
FUND-TYPE, CASH-BASED FINANCIAL STATEMENTS

Wessex Health Department

Financial Statements
1993/94

Summary of Receipts for the Year Ended 30 June 1994

Receipts Program	Notes	Consolidated Fund		Trust Fund			Total			
		1993-94 \$	1992-93 \$	State Accounts \$	1993-94 C'Vealth Accounts \$	Borrowings \$	Total \$	1992-93 Total \$	1993-94 \$	1992-93 \$
Corporate Services		1 436 635	1 180 166	100 157	-	-	100 157	110 850	1 536 792	1 291 016
Acute Care Services		13 558 136	4 822 617	-	-	-	-	-	13 558 136	4 822 617
Psychiatric Services		4 630 343	4 378 570	-	-	-	-	-	4 630 343	4 378 570
Aged Care Services		21 804 260	21 572 154	-	3 024 363	-	3 024 363	2 758 730	24 828 624	24 330 884
Disability Services		20 235 032	20 714 798	16 587 785	-	-	16 587 785	22 853 680	36 822 817	43 568 478
Aboriginal Affairs		269 207	790 520	-	-	-	-	941 442	269 207	1 731 962
Concessions to Pensioners and Beneficiaries		14 437 666	1 608 000	-	-	-	-	-	14 437 666	1 608 000
Hospitals and Charities Fund	x			765 754 155	-	-	765 754 155	789 468 309	765 754 155	789 468 309
Child and Youth Welfare Services		8 627 846	7 815 014	-	-	-	-	-	8 627 846	7 815 014
Primary Care		4 097 838	3 493 958	2 644	-	-	2 644	3 050	4 100 482	3 497 008
Public Health Services		10 552 927	8 936 888	7 683 072	466	-	7 683 539	8 748 037	18 236 466	17 684 926
Net Program Receipts		99 649 890	75 312 685	790 127 813	3 024 829	0	793 152 643	824 884 098	892 802 534	900 196 788
Total		99 649 890	75 312 685	790 127 813	3 024 829	0	793 152 643	824 884 098	892 802 534	900 196 788
Public Account Advance									804	481 528
TOTAL RECEIPTS									892 803 338	900 678 316

Summary of Payments for the Year Ended 30 June 1994

Payments	Notes	Appropriations - Consolidated Fund					Trust Fund		Total		
		1993-94		1992-93		State Accounts \$	1993-94 C'Vealth Accounts \$	1992-93	1993-94	1992-93	
Program		Special \$	Annual \$	Total \$	Total \$			Total \$	Total \$	\$	\$
Corporate Services	-		32 623 187	32 623 187	33 248 040	331 635	-	331 635	417 999	32 954 822	33 666 040
Acute Care Services	-		43 474 406	43 474 406	51 008 006	627 310 598	-	627 310 598	650 073 298	670 785 005	701 081 305
Psychiatric Services	-		85 988 975	85 988 975	92 179 136	6 758 203	-	6 758 203	7 246 388	92 747 178	99 425 524
Aged Care Services	-		38 470 436	38 470 436	41 555 440	89 223 365	3 214 536	92 437 901	95 994 520	130 908 338	137 549 960
Disability Services	-		94 025 578	94 025 578	93 707 162	15 561 770	-	15 561 770	22 857 904	109 587 349	116 565 066
Aboriginal Affairs	-		1 999 716	1 999 716	2 045 955	81 776	-	81 776	1 143 565	2 081 493	3 189 521
Concessions to Pensioners and Beneficiaries	-		62 228 405	62 228 405	49 472 722	-	-	-	-	62 228 405	49 472 722
Hospitals and Charities Fund	(ap)		-	-	-	-	-	-	-	-	-
Child and Youth Welfare Services	-		62 225 713	62 225 713	61 730 951	203 050	-	203 050	37 079	62 428 763	61 768 031
Primary Care	-		57 689 244	57 689 244	61 436 026	33 798 629	-	33 798 629	32 464 928	91 487 873	93 900 954
Public Health Services	-		32 665 354	32 665 354	31 351 400	14 502 465	14 302	14 516 767	15 592 287	47 182 121	46 943 687
Net Program Payments			511 391 014	511 391 014	517 734 838	787 771 491	3 228 838	791 000 329	825 827 968	1 302 391 347	1 343 562 810
Transfer from Appropriations to Trust Fund											
Mental Hospitals Fund		16 587 376	-	16 587 376	22 852 929						
Anzac Day Proceeds Fund Contribution		-	244 495	244 495	128 401						
Aboriginal Advancement		-	-	-	940 000						
Hospitals and Charities Fund		218 964 447	540 777 833	759 742 280	786 608 655						
Total Consolidated Fund		235 551 823	541 022 328	776 574 151	810 529 985						
Public Account Advance										103 460	24 096
TOTAL PAYMENTS										1 302 494 807	1 343 586 906

Public Account Program Receipts for year ended 30 June 1994

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 305 Corporate Services				
Consolidated Fund				
Fees and Charges for Departmental Services				
Medical Board Registrations			465 195	443 110
Industrial Relations Service	1		169 999	233 733
Minor Receipts (less than \$500,000)		(p)	17 285	37 990
Miscellaneous Receipts				
Appropriations of Former Years	2		632 234	291 867
Minor Receipts (less than \$500,000)		(q)	151 921	173 463
Total Consolidated Fund			1 436 634	1 180 163
Trust Fund				
State Trust Accounts				
Departmental Cafeteria			100 157	110 850
Total Trust Fund			100 157	110 850
Total Gross Program Receipts			1 536 791	1 291 013
Program 306 Acute Care Services				
Consolidated Fund				
Commonwealth Grants				
Hospital Enhancement Program	3		-	2 620 000
Alternative Birthing Services	4		-	155 713
Medicare Bonus Pool Schedule D Payments			5 666 650	-
Outpatients Pilot Program			5 939 997	-
Magnetic Resonance Imaging - Capital and operating costs	5		1 837 243	1 662 072
Bone Marrow Registry			40 333	41 498
Miscellaneous Receipts				
Feasibility Study on Co-Generation in Public Hospitals	6		16 666	283 333
Minor Receipts (less than \$500,000)		(r)	57 245	60 000
Total Consolidated Fund			13 558 134	4 822 616
Total Gross Program Receipts			13 558 134	4 822 616

Public Account Program Receipts for year ended 30 June 1994 (continued)

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 307 Pschiatric Services				
Consolidated Fund				
Fees and Charges for Departmental Services				
Long Term Patient Fees	7		1 086 325	1 377 192
Minor Receipts (less than \$500,000)		(s)	83 988	302 670
Commonwealth Grants				
Buxton Repatriation Hospital - Contribution to operating costs	8		1 884 052	2 425 333
National Mental Health Reforms	9		1 459 848	-
Miscellaneous Receipts				
Appropriations of Former Years	10		32 410	199 506
Minor Receipts (less than \$500,000)		(t)	83 719	73 869
Total Consolidated Fund			4 630 342	4 378 570
Total Gross Program Receipts			4 630 342	4 378 570
Program 308 Aged Care Services				
Consolidated Fund				
Fees and Charges for Departmental Services				
Minor Receipts (less than \$500,000)	11	(u)	167 451	97 342
Commonwealth Grants				
Home and Community Care Program	12		21 519 537	21 006 612
Miscellaneous Receipts				
Appropriations of Former Years			16 324	42 299
Senior Citizens Data base			100 947	20 000
Sale of Land Assets - Mt Elisabeth			-	405 900
Total Consolidated Fund			21 804 259	21 572 153
Trust Fund				
Commonwealth Trust Accounts				
Aged Care Assessment Program			3 024 363	2 758 730
Total Gross Program Receipts			24 828 622	24 330 883

Public Account Program Receipts for year ended 30 June 1994 (continued)

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 309 Disability Services				
Consolidated Fund				
Fees and Charges for Departmental Services				
Intellectual Disability Services - Accommodation Fees	14		3 363 487	3 991 279
Community Based Accommodation - Fees	15		340 268	-
Minor Receipts (less than \$500,000)		(v)	-	2 904
Commonwealth Grants				
Commonwealth/State Disability Services Agreement			16 431 699	16 594 127
Miscellaneous Receipts				
Appropriations of Former Years			34 242	60 341
Minor Receipts (less than \$500,000)		(w)	65 335	66 146
Total Consolidated Fund			20 235 031	20 714 797
Trust Fund				
State Trust Accounts				
Intellectually Handicapped Children's Amenities Fund			409	751
Mental Hospitals Fund	16		16 587 376	22 852 929
Total Trust Fund			16 587 785	22 853 680
Total Gross Program Receipts			36 822 816	22 853 680
Program 312 Aboriginal affairs				
Consolidated Fund				
Commonwealth Grants				
Commonwealth Aboriginal Advancement	17		-	789 144
Aboriginal Employment Strategy	18		118 561	-
Miscellaneous Receipts				
Appropriations of Former Years	19		150 645	1 375
Total Consolidated Fund			269 206	790 519
Trust Fund				
State Trust Accounts				
Aboriginal Advancement (Commonwealth) Trust	20		-	940 000
Kerrup-Jmara Elders Aboriginal Trust			-	1 442
Total Trust Fund			-	941 442
Total Gross Program Receipts			269 206	1 731 961

Public Account Program Receipts for year ended 30 June 1994 (continued)

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 316 Concessions to Pensioners and Beneficiaries				
Consolidated Fund				
Commonwealth Grants				
Concessions to Pensioners and Beneficiaries	21		1 437 666	1 608 000
Total Consolidated Fund			1 437 666	1 608 000
Total Gross Program Receipts			1 437 666	1 608 000
Program 318 Hospitals and Charities Fund				
Contribution				
Trust Fund				
State Trust Accounts				
Hospitals and Charities Fund		(x)	765 754 155	789 486 309
Total Gross Program Receipts			765 754 155	789 468 309
Program 319 Child and Youth Welfare Services				
Consolidated Fund				
Fees and Charges for Departmental Services				
Minor Receipts (less than \$500,000)		(y)	50 990	73 555
Revenue Previously Paid to Trust Fund			15 943	27 467
Commonwealth Grants				
Supported Accommodation and Assistance Program	22		8 138 666	7 634 000
Miscellaneous Receipts				
Appropriations of Former Years	23		382 967	34 919
Minor Receipts (less than \$500,000)		(z)	39 278	45 072
Total Consolidated Fund			8 627 844	7 815 013
Total Gross Program Receipts			8 627 844	7 815 013

Public Account Program Receipts for year ended 30 June 1994 (continued)

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 320 Primary Care				
Consolidated Fund				
Fees and Charges for Departmental Services				
Pre-School Registration Fees			81 987	75 608
Commonwealth Grants				
Aboriginal Pre-School Assistance Program	24		329 166	203 450
National Womens Health			605 000	609 893
Innovative Health Services to Homeless Youth	25		166 833	316 343
National Equity Program in Schools	26		600 500	-
Out of School Hours Program	27		2 055 201	1 616 242
National Child Care - Recurrent			231 930	238 353
National Child Care - Capital	28		-	343 814
Miscellaneous Receipts				
Minor Receipts (less than \$500,000)		(aa)	27 219	90 223
Total Consolidated Fund			4 097 836	3 493 926
Trust Fund				
State Trust Accounts				
Sailors Welfare Fund			2 644	3 050
Total Trust Fund			2 644	3 050
Total Gross Program Receipts			4 100 480	3 496 976

Public Account Program Receipts for year ended 30 June 1994 (continued)

	Reference	Notes	Actual 1993/94 \$	Actual 1992/93 \$
Program 321 Public Health Services				
Consolidated Fund				
Taxation				
Poisons and controlled substances - Fees			261 037	239 232
Radiation Safety - Fees			333 343	368 831
Pest Control - Fees			47 213	26 929
Fees and Charges for Departmental Services				
Minor Receipts (less than \$500,000)	29	(ab)	49 389	204 523
Commonwealth Grants				
Drug Education Campaign			1 640 333	1 626 666
Commonwealth - State Program for combating Acquired Immune Deficiency Syndrome			1 947 767	1 847 316
National Program for the Early Detection of Breast Cancer	30		1 256 687	619 044
Cervical Cancer Screening Program	31		514 450	373 231
Red Cross:				
Blood Transfusion Service - Recurrent			2 970 143	2 806 132
Blood Transfusion Service - Capital	32		427 442	227 545
Haemophilus Influenzae B	33		854 993	-
Therapeutic Substances-Evaluation Services			195 262	263 219
National Better Health Program	34		-	208 433
Minor Receipts (less than \$500,000)		(ac)	28 226	54 657
Miscellaneous Receipts				
Minor Receipts (less than \$500,000)		(ad)	26 637	71 125
Total Consolidated Fund			10 552 922	8 936 883
Trust Fund				
State Trust Accounts				
Drug Rehabilitation and Research Fund		(ae)	342 501	389 586
State Health Promotion Foundation Fund	35		7 340 571	8 358 334
Commonwealth Trust Accounts				
Market Basket Survey			466	116
Total Trust Fund			7 683 538	8 748 036
Total Gross Program Receipts			18 236 460	17 684 919

Public Account Program Payments for year ended 30 June 1994

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 305 Corporate Services					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
			31 035 500		
Salaries and Associated Expenses		(af)		13 623 724	14 723 517
Operating Expenses		(ag)		6 146 231	5 960 263
Other Recurrent Services					
State Lease Facility				166 554	228 00
Anzac Day Proceeds - Contribution				244 495	128 401
Medical Board, Hospital Accreditation Committee, Australian Medical Council - Fees and Other Expenses				123 224	126 333
Payments of Fringe Benefits Tax				76 259	53 458
Health Services Commissioner - Expenses				289 996	233 331
Accommodation - Rents, municipal and other charges				6 899 113	6 367 811
Maintenance and minor works				3 378 051	3 737 454
Advisory Councils and other Statutory Bodies				2 401	1 912
Council of Social Welfare Ministers and Administration Secretariat - Contribution				24 991	26 607
Total Recurrent Expenditure	36		31 035 500	30 975 039	31 587 087
Works and Services Expenditure					
Corporate Services - Works	37		1 557 666	1 060 689	997 638
Department of Planning and Development Corporate Services - Works				137 376	134 929
Interest and Principal on Advances under the State Development Program			451 333	450 078	528 383
Total Works and Services Expenditure			2 008 999	1 648 143	1 660 950
Total Gross Consolidated Fund			33 044 999	32 623 182	33 248 037
Trust Fund					
State Trust Accounts					
Hospitals and Charities Fund		(c)(ah)		179 633	307 300
Departmental Cafeteria				90 979	110 699
Treasury Trust				61 022	-
Total Trust Fund				331 634	416 999
Total Gross Program Payments				32 954 816	33 666 036

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 306 Acute Care Services					
Consolidated Fund					
Special Appropriations					
D.V.A. Ambulance Contribution	38				638 253
Total Special Appropriations					638 253
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
Salaries and Associated Expenses		(af)	3 309 300	2 463 092	1 935 801
Operating Expenses		(ag)		400 260	385 975
Other Recurrent Services					
State Lease Facility - EDP				-	20 482
Commonwealth Alternative Birthing Services Program				174 000	152 352
State Patient Transport Assistance Scheme				662 634	577 927
Non Recurring Items		(ai)		-	60 370
St John Ambulance Brigade - Grant			36 666	36 666	36 666
Total Recurrent Expenditure	39		3 345 966	3 736 652	3 807 826
Works and Services Expenditure					
Hospitals and Charities - Expenditure by agencies funded under the Health Services Act 1988, No 49 and by contractors on their behalf on works and for other approved purposes					
	40		42 834 300	39 737 753	47 200 178
Total Works and Services			42 834 300	39 737 753	47 200 178
Total Gross Consolidated Fund			46 180 266	43 474 405	51 008 004
Trust Fund					
State Trust Accounts					
Hospitals and Charities Fund		(c)(ah)		627 310 598	650 073 298
Total Trust Fund				627 310 598	650 073 298
Total Gross Program Payments				670 765 003	701 081 302

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 307 Psychiatric Services					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs			88 427 233		
Salaries and Associated Expenses		(af)		46 294 118	51 860 607
Operating Expenses		(ag)		6 905 528	6 606 346
Other Recurrent Services					
Commonwealth - State Disability Services Agreement				3 947 413	3 591 967
Payments to Public Hospitals in respect of psychiatric services provided under Health Service Agreements				24 299 271	25 940 245
Repatriation Hospital, Buxton - Running Expenses				1 851 648	2 445 268
Prison Medical and Dental Services - Expenses				338 610	318 418
National Mental Health Strategy				575 147	-
Mental Health Review Board - Fees and Expenses				368 859	379 471
Mental Health Research Institute - Contribution			271 000	271 000	271 133
Mental Health Donations Trust Fund			36 333	-	880
Total Recurrent Expenditure	41		88 734 566	84 851 594	91 414 335
Works and Services Expenditure					
Psychiatric Services - Works	42		3 224 400	888 602	506 881
Department of Planning and Development					
Psychiatric Services - Works				248 776	257 916
Total Works and Services Expenditure			3 224 400	1 137 378	764 797
Total Gross Consolidated Fund			91 958 966	85 988 972	92 179 132
Trust Fund					
State Trust Accounts					
Hospitals and Charities Fund		(c)(ah)		6 757 366	7 221 866
Treasury Trust				836	24 521
Total Trust Fund				6 758 202	7 246 387
Total Gross Program Payments				92 747 174	99 425 519

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 308 Aged Care Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
Salaries and Associated Expenses		(af)	1405 133	988 289	839 830
Operating Expenses		(ag)		333 500	252 887
Other Recurrent Services					
State Seniors Card - Expenses				93 498	165 548
Non Recurring Items	43	(ai)			600 000
Commonwealth - State Home and Community Care Program	44		35 003 000	34 848 079	33 792 892
State Bush Nursing Association - Grant			7 000	7 000	7 000
Total Recurrent Expenditure			36 415 133	36 270 366	35 658 157
Works and Services Expenditure					
Commonwealth - State Home and Community Care Program	45		731 333	457 483	444 137
Hospitals and Charities - Expenditure by agencies funded under the Health Services Act 1988, No 49 and by contractors on their behalf on works and for other approved purposes	46		3 772 700	1 742 586	5 453 143
Total Works and Services Expenditure			4 504 033	2 200 069	5 897 280
Total Gross Consolidated Fund			40 919 166	38 470 435	41 555 437
Trust Fund					
State Trust Accounts					
Hospitals and Charities Fund		(c)(ah)		89 168 166	93 182 111
Treasury Trust				55 198	21 869
				89 223 364	93 203 980
Commonwealth Trust Accounts					
Aged Care Assessment Program				3 214 536	2 790 540
Total Trust Fund				92 437 900	95 994 520
Total Gross Program Payments				130 908 335	137 549 957

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 309 Disability Services					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs			100 467 100		
Salaries and Associated Expenses		(af)		53 996 683	49 979 227
Operating Expenses		(ag)		5 596 272	5 351 322
Other Recurrent Services					
Commonwealth - State Disability Services				20 029 216	17 973 849
Program of aids and appliances for disabled persons - Expenses	47			1 794 042	1 744 934
Disability Support services - Grants and Expenses	48			9 595 846	14 729 758
Total Recurrent Expenditure			100 467 100	91 012 059	89 297 090
Works and Services Expenditure					
Disability Services - Works	49		3 711 576	1 693 195	832 640
Department of Planning and Development					
Disability Services - Works				1 075 323	1 266 970
State Plan for the development of intellectual					
Disability Services	50		78 666		2 077 504
Adult Training Support Services for the					
Intellectually Disabled - Grants and Advances			245 000	245 000	232 955
Total Works and Services Expenditure			4 035 242	3 013 518	4 410 069
Total Gross Consolidated Fund			104 502 342	94 025 577	93 707 159
Trust Fund					
State Trust Accounts					
Mental Hospitals Fund	51			15 552 565	22 853 542
Children's Amenities Fund				5 851	3 206
Treasury Trust Fund				3 353	1 155
Total Trust Fund				15 561 769	22 857 903
Total Program Payments			104 502 342	109 587 346	116 565 062
Special Appropriations					
Mental Hospitals Fund		(aj)	14 942 833	16 587 376	22 752 828
			119 495 175	126 174 722	139 417 991

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Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 312 Aboriginal Affairs					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs			1 373 900		
Salaries and Associated Expenses		(af)		372 832	460 294
Operating Expenses		(ag)		62 222	108 000
Other Recurrent Services					
Payments in connection with Aboriginal cultural heritage				497 306	497 159
Aboriginal Advancement (Commonwealth) Trust Account - Contribution				-	940 000
Commonwealth - State Aboriginal Employment Strategy Program				123 529	-
Minor Services (less than \$100,000)		(ak)		26 034	63 835
	52		1 373 900	1 081 923	2 069 288
Less transfer to Trust Fund				-	940 000
Total Recurrent Expenditure			1 373 900	1 081 923	1 129 288
Works and Services Expenditure					
Aboriginal Affairs - Works			1 666	-	-
Payments of a capital nature in connection with approved Aboriginal development projects			916 666	917 792	916 666
Total Works and Services Expenditure			918 332	917 792	916 666
Total Gross Consolidated Fund			2 292 232	1 997 715	2 045 954
Trust Fund					
State Trust Accounts					
Kerrup-Jmara Elders Aboriginal Trust				-	72 116
Aboriginal Affairs				-	90 645
Treasury Trust				78 081	-
National Estates				3 695	40 804
				81 776	203 565
Commonwealth Trust Accounts					
Aboriginal Advancement (Commonwealth) Trust Account	53			-	940 000
Total Trust Fund				81 776	1 143 565
Total Gross Program Payments				2 081 491	3 189 519

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 316 Concessions to Pensioners and Beneficiaries Consolidated Fund					
Special Appropriations					
Rate concessions for pensioners and other approved groups - Payments to Local Government, Water and Sewerage Boards, etc.					
	54			-	327 801
Total Special Appropriations					327 801
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
Salaries and Associated Expenses		(af)	48 666	105 777	52 225
Operating Expenses		(ag)		27 786	-
Other Recurrent Services					
Rate concessions for pensioners and other approved groups - Payments to Local Government, Water and Sewerage Boards, etc.	55		30 753 000	30 608 716	24 832 556
Fare concessions for pensioners and other approved groups - Payments to Public Transport Corporation	55		12 505 666	12 505 666	11 077 000
Fare concessions for pensioners and other approved groups - Payments to privately operated bus services	55		1 392 333	1 392 333	1 233 333
Energy concessions for households	56			412 278	-
Payment to the supply authorities of rebates of energy charges to eligible pensioners and other approved groups	55		17 003 000	17 175 847	11 949 806
Total Recurrent Expenditure			61 702 665	62 228 403	49 144 920
Total Gross Consolidated Fund			61 702 665	62 228 403	49 472 721
Total Gross Program Payments			61 702 665	62 228 403	49 472 721

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 318 Hospitals and Charities					
Fund Contribution					
Consolidated Fund					
Special Appropriations					
Gaming Machine Control Act No. 53 Section 137	57		64 133 333	74 104 442	270 042 574
Racing Act No. 6353 Section 103	58		55 110 000	54 131 729	53 732 696
Tattersall Consultation Act No. 6390	59		94 874 500	90 728 276	85 392 951
Total Special Appropriations			214 117 833	218 964 447	166 168 221
Annual Appropriations					
Transfer to Trust Fund					
Hospitals and Charities Fund	60		580 876 166	540 777 833	620 440 433
Total Gross Consolidated Fund			794 993 999	759 742 280	786 608 654
Total Gross Program Payments			794 993 999	759 742 280	786 608 654

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 319 Child and Youth Welfare Services					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
Salaries and Associated Expenses		(af)	27 152 000	22 216 610	23 352 784
Operating Expenses		(ag)		5 614 014	4 373 478
Other Recurrent Services					
Youth Parole Board - Expenses and Fees to Members				3 333	3 333
Accommodation and Support Services for Children and Youth - Grant and Expenses			16 490 533	17 040 893	17 407 117
Commonwealth - State Supported Accommodation assistance Program			15 178 333	14 437 679	11 773 853
Refugee Minors Program			40 666	36 276	39 519
Child and Youth Welfare Support Services - Grants & Expenses			496 366	441 339	477 666
Total Recurrent Expenditure			59 357 898	59 790 144	57 427 750
Works and Services Expenditure					
Child and Youth Welfare Services - Works	62		2 346 033	585 784	857 829
Department of Planning and Development					
Child and Youth Welfare Services - Works	62			1 457 994	2 959 749
Ministry of Finance					
Child and Youth Welfare Services - Works				-	94 299
Voluntary Organisations and Institutions - Grants to organisations or institutions rendering or proposing to render welfare services to the community			398 333	391 788	398 320
Total Works and Services Expenditure			2 744 366	2 435 566	4 303 197
Total Gross Consolidated Fund			62 102 264	62 225 710	61 730 947
Trust Fund					
State Trust Accounts					
Community Support Fund				194 175	-
Treasury Trust				8 874	37 079
Total Trust Fund				203 049	37 079
Total Gross Program Payments				62 428 759	61 768 026

Public Account Program Payments for year ended 30 June 1994 (continued)

	Reference	Notes	Budget 1993/94 \$	Actual 1993/94 \$	Actual 1992/93 \$
Program 321 Public Health Services					
Consolidated Fund					
Annual Appropriations					
Recurrent Expenditure					
Running Costs					
Salaries and Associated Expenses		(af)	24 823 733	6 432 753	6 440 271
Operating Expenses		(ag)		1 723 019	1 590 725
Other Recurrent Services					
Commonwealth - State Drug Campaign Program				2 799 521	3 048 426
Laboratory Services - Payments to Microbiology Diagnostic Unit				414 200	634 973
State Arbovirus Diseases Program - Expenses				113 093	109 763
Blood Transfusion Service - Commonwealth and State contribution to operating costs				7 553 033	7 222 300
Commonwealth - State program for combating Acquired Immune Deficiency Syndrome				3 670 995	3 776 111
National High Security Quarantine Unit - Operating Expenses				8 538	20 478
National Program for the Early Detection of Breast Cancer				1 904 660	822 378
Commonwealth Cervical Cancer Screening Program				456 299	470 002
Commonwealth National Better Health Program				55 599	172 136
Consultative Councils				29 285	23 110
Pathology Services Accreditation Board				2 226	3 499
Non Recurring Items					
Subsidies to municipalities etc towards cost of preventative health services		(ai)	2 438 666	2 141 124	1 205 208
Non-government organisations - Subsidies towards approved operating costs			1 829 666	1 824 000	1 843 400
Cemeteries - Grants towards maintenance and improvements			9 000	9 000	9000
Grants for research and other purposes		(al)	1 729 000	1 729 000	1 900 000
Total Recurrent Expenditure			30 830 065	30 866 345	29 519 770
Works and Services Expenditure					
Public Health Services - Works			150 600	161 767	129 347
Dept of Planning & Development				29 806	203 436
Public Health Services - Works				571 393	455 091
Australian Red Cross Society - Blood Transfusion Service Works		69	854 666	571 393	455 091
Hospitals and Charities - Expenditure by agencies funded under the Health Services Act 1988, No. 49 and by contractors on their behalf on works and for other approved purposes			1 134 266	1 036 036	1 043 750
Necropolis Cemetery Trust - Grant			5 666	-	-
Total Works and Services Expenditure			2 145 198	1 799 002	1 831 624
Total Gross Consolidated Fund			32 975 263	32 665 347	31 351 394
Trust Fund					
State Trust Accounts					
Drug Rehabilitation and Research Fund		(ae)		490 532	480 420
Hospitals and Charities Fund		(c)(ah)		6 374 933	5 321 133
State Health Promotion Foundation Fund				7 637 000	9 790 500
Commonwealth Trust Accounts					
National Campaign Against Measles				14 229	-
Market Basket Survey				73	233
Total Trust Fund				14 516 767	15 592 286
Total Gross Program Payments				47 182 114	46 943 680

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Public Account Advance Section 18(1)(b) of the Public Account Act 1958, for the Year Ended 30 June 1994

	Notes	1993/94 \$	1992/93 \$
Receipts			
Recoup of expenses in relation to insurance arrangements		804	278 000
Commonwealth Department of Human Services and Health		-	203 528
Total Receipts		804	481 528
Payments			
Australian Red Cross - Blood Transfusion Service	(am)	103 460	24 096
Total Payments		103 460	24 096
Cash Surplus (Deficit) for the Year		(102 656)	457 432
Balance Brought Forward		(708 503)	(1 165 935)
Balance Carried Forward		(811 159)	(708 503)

Notes to the 1993/94 Financial Statements

(a) The financial Statements of the Administrative Unit have been prepared on the basis that the transactions of the Public Account are reported on a cash basis with the exception of payments for salaries and wages which are reported on an accrual basis.

(b) The financial details provided in Appendix B to the Financial Statements include transactions outside the Public Accounts, and payments from the appropriations of other Administrative Units.

(c) The financial statements specify grants paid to public hospitals, aged care centre, nursing homes and other agencies together with costs incurred by this Department on their behalf from the Hospitals and Charities Fund. The statements do not include revenue collected by hospitals and nursing homes estimated at \$129.6 million (1992/93 \$136.4 million) and other funded organisations estimated at \$24.1 million (1992/93 \$25.3 million). This revenue is applied towards the agencies' operating costs. The 1992/93 receipts have been adjusted to reflect changes in accounting treatment during 1993/94.

Public Hospitals and aged care centres provide a wide range of services including acute care, rehabilitation, residential and allied health and other associated services and for which funding is provided through a number of programs. Payments have been apportioned across programs to reflect the estimated net costs of the services provided. The previous years' data has been recast for comparative purposes. Some estimation was involved in this apportionment.

(d) These statements do not include amounts paid on behalf of the Department by other Administrative Units, such as the payment by the Department of the Treasury for superannuation.

(e) These statements include expenditure incurred on behalf of the Department by the Department of Planning and Development and the Ministry of Finance.

(f) A reference in the financial statements to a "Budget" figure means:-

(i) in the case of recurrent expenditure and works and services expenditure the estimates in an Annual Appropriation Act for that year, and

(ii) in the case of Special Appropriations, the estimates specified in the Victorian Budget Paper No.3 entitled "The Consolidated Fund 1993/94".

(g) A reference in the financial statements to an "Actual" figure means the payments made by the Administrative Unit in respect of the item to which it refers.

(h) The receipts and payments set out in the financial statements include receipts and payments which have come within the overall responsibility of the Department whether or not they have been collected or paid by the Department.

(i) The 1992/93 comparative figures have been adjusted to reflect the current program structure of the Department.

(o) These financial statements include under salaries and associated expenses payments made on behalf of the Executive Officers of the Department in respect to:

i) The McMillan Shakespeare Group	\$ 302,156
ii) Fringe Benefits Tax	\$ 172,748
iii) Executive Officer Performance Incentive Fund	\$ 512,663

	1993/94	1992/93
	\$	\$
(p) The aggregated amount was derived as follows:		
Recoup Administrative Expenses	3 327	9 748
S.E.S. Car Scheme	11 148	23 430
Miscellaneous Receipts	2 810	4 812
	17 285	37 990
(q) The aggregated income was derived as follows:		
Commission on Group Assurance Premiums	23 332	26 585
Rents and Hiring	67 309	43 156
Sale of Government Property	20 426	66 145
Transfer from Trust Fund - General	9 733	15 073
Forensic Health Recoup	-	16 153
Fines	4 186	333
Miscellaneous Receipts	26 935	6 018
	151 921	173 463
(r) The aggregated amount was derived as follows:		
Wardale Central Linen Services	30 000	60 000
Appropriations of Former Years	26 845	-
Miscellaneous Receipts	400	-
	57 245	60 000
(s) The aggregated amount was derived as follows:		
Bouverie Therapy Program	-	10 605
Half-way Houses	4 980	54 358
Other Minor Income	6 135	5 986
Patient Fees - Veteran Affairs	13 015	86 143
Rent and Accommodation Charges	27 571	69 112
Sale of Staff Meal Tickets	14 990	56 241
Miscellaneous Fees	17 297	20 225
	83 988	302 670
(t) The aggregated amount was derived as follows:		
Rents and Hiring	30 809	14 858
Sale of Government Property	24 807	11 144
State Health Promotion Foundation	-	12 269
Sponsorship Grant	-	5 000
Miscellaneous Receipts	28 103	30 598
	83 719	73 869
(u) The aggregated amount was derived as follows:		
Residential Care - Registrations	113 706	62 722
Private Hospital and Day Procedure Centres - Registrations	53 745	34 620
	167 451	97 342
(v) The aggregated amount was derived as follows:		
Respite Care	-	2902
Miscellaneous Receipts	-	2
	-	2 904

	1993/94 \$	1992/93 \$
(w) The aggregated amount was derived as follows:		
Diesel Fuel Rebate	-	41 971
Sale of Government Property	37 323	16 149
Family Allowance	3 677	3 115
Miscellaneous Receipts	24 335	4 911
	65 335	66 146
(x) The receipts of the Hospitals and Charities Fund includes funds by way of Special and Annual Appropriations. The aggregated amount was derived as follows:		
Racing Act No. 6353 Section No. 103	54 131 728	53 732 696
Tattersall Act No. 6390	90 728 276	85 392 951
Vote Transfer	540 777 833	620 440 433
Treatment of Interstate Patients	2 640 648	-
Sale of Property	1 006 513	-
Tasmanian Government Recoup	-	17 450
Lotteries Gaming & Betting Act No. 7429 Section 6AC(3), 6D(2)	2 364 713	2 842 204
Gaming Machine control Act No. 53 Section 137	74 104 444	27 042 575
	765 754 155	789 468 309
(y) The aggregated amount was derived as follows:		
Adoption Information Service	48 976	40 616
Respite Care	-	32 919
Miscellaneous Receipts	2 014	20
	50 990	73 555
(z) The aggregated amount was derived as follows:		
Miscellaneous Fees	19 871	45 072
	19 871	45 072
(aa) The aggregated amount was derived as follows:		
Appropriation of Former Years	19 871	90 115
Miscellaneous Fees	7 348	108
	27 219	90 223
(ab) The aggregated amount was derived as follows:		
Drink Drive Program	-	20 933
G.M.O Services	13 889	124 990
Radiation Services	4 966	4 565
Pathology Accreditation	15 931	21 276
Miscellaneous Receipts	14 603	32 759
	49 389	204 523
(ac) The aggregated amount was derived as follows:		
Diesel Fuel Rebate	1 559	5 881
National Campaign Against Drug Abuse - Data Collection	-	23 775
National Salmonella Survey	26 667	25 001
	28 226	54 657
(ad) The aggregated amount was derived as follows:		
Appropriations of Former Years	3 799	42 580
State Health Promotion Foundation	20 663	10 666
National High Security Quarantine Unit	-	16 967
Miscellaneous Receipts	2 175	912
	26 637	71 125

(ae) While the Department of Justice collects the revenue, the Department of Health has the overall responsibility for the operation of this Trust Account. The fund is established under Part 10 of the Drug, Poisons and Controlled Substances Act 1981, and Collects the proceeds from fines, penalties, forfeitures etc., levied under the Act for distribution for a variety of treatment, education and law enforcement purposes.

Note (af) The aggregated amount of payments in respect of Salaries and Associated Expenses was derived as follows:

	Corporate Services \$	Acute Care Services \$	Psychiatric Services \$	Aged Care Services \$	Disability Services \$
Salaries, Wages, Allowances, Overtime and Penalty Rates	12 097 190	2 231 136	43 738 092	911 150	50 252 546
Payments in Lieu of Long Service Leave	59 677	49 206	348 363	5 703	143 966
Payroll Tax	888 237	146 687	58 618	56 022	91 329
State Employees Retirement Benefits Contribution	35 982	-	213 592	-	782 213
Other Superannuation Schemes	231 547	-	106 024	-	232 142
Payments under Accident Compensation Act	311 091	36 063	1 829 429	15 414	2 494 487
Total	13 623 724	2 463 092	46 294 118	988 289	53 996 683

	Aboriginal Affairs \$	Concessions to Pensioners and Beneficiaries \$	Child and Youth Welfare Services \$	Primary Care \$	Public Health Services \$
Salaries, Wages, Allowances, Overtime and Penalty Rates	348 330	99 081	19 981 266	9 123 580	5 977 089
Payments in Lieu of Long Service Leave	-	-	84 823	89 476	32 251
Payroll Tax	18 343	5 400	901 807	628 169	176 596
State Employees Retirement Benefits Contribution	-	-	197 951	9 063	2 368
Other Superannuation Schemes	-	-	-	1 347	14 973
Payments under Accident Compensation Act	6 159	1 295	-	208 648	229 476
Total	372 832	105 777	22 216 610	10 060 283	6 432 753

Note (ag) The aggregated amount of payments in respect of Operating Expenses was derived as follows: (continued)

	Corporate Services \$	Acute Care Services \$	Psychiatric Services \$	Aged Care Services \$	Disability Services \$
Travelling and Subsistence	203 264	41 339	120 578	19 212	201 232
Office Requisites, Printing, Stationery	601 780	70 424	395 269	41 862	367 782
Books and Publications	125 280	6 745	60 207	3 284	11 034
Postal and Telephone Expenses	1 130 586	29 843	577 380	18 402	445 958
Motor Vehicles-Purchase and Running Expenses	221 217	59 843	375 780	8 054	625 417
Fuel, Light, Power and Water	158 042	9 514	1 084 059	3 776	574 339
Incidental Expenses	824 299	107 160	1 275 547	184 431	1 232 478
Electronic Data Processing Expenses	2 244 665	32 672	414 087	47 110	352 374
Legal Expenses	237 968	37 077	70 342	4 481	58 013
Consultants and Special Projects	87 191	-	-	-	-
Stores, Equipment, Materials etc.	7 045	1 183	1 479 901	172	1 550 860
Medicines and Drugs	1 175	-	897 165	-	152 108
Training and Development	240 105	4 460	155 213	2 716	24 677
Health and Community Services Promotion	63 614	-	-	-	-
Total	6 146 231	400 260	6 905 528	333 500	5 596 272

	Aboriginal Affairs \$	Concessions to Pensioners and Beneficiaries \$	Child and youth Welfare Services \$	Primary Care \$	Public Health Services \$
Travelling and Subsistence	5 326	872	236 901	191 489	57 206
Office Requisites, Printing, Stationery	9 042	3 143	473 624	301 639	203 250
Books and Publications	2 748	299	15 580	41 076	29 843
Postal and Telephone Expenses	10 564	1 016	484 572	218 467	89 204
Motor Vehicles-Purchase and Running Expenses	8 247	-	498 415	335 523	37 074
Fuel, Light, Power and Water	6 560	-	284 139	123 138	83 953
Incidental Expenses	16 721	496	1 013 791	549 492	773 240
Electronic Data Processing Expenses	2 986	21 960	1 133 515	144 652	206 577
Legal Expenses	-	-	469 370	12 517	19 108
Stores, Equipment, Materials etc.	-	-	585 717	2 735	70 548
Medicines and Drugs	-	-	32 364	9 934	131 832
Sessional Payments to Visiting Instructors	-	-	6 751	2 510	16 039
Fees to Lecturers	28	-	25 812	5 151	5 140
Honorary Probation Officers - Family Group Homes Expenses	-	-	22 258	-	-
Allowances to Trainees	-	-	307 033	-	-
	-	-	24 172	-	-
Total	62 222	27 786	5 614 014	1 938 323	1 723 019

(ah) Funding for the Hospitals and Charities Fund is by way of appropriation to Program 318 "Hospitals and Charities Fund Contribution" and by way of Special Appropriation, by direct credit from the Lotteries Gaming & Betting Act and by way of payments from other States under the Medicare Agreement. Payments for both financial years from this Fund have been apportioned across programs. This process has involved some estimation of cost allocated between programs.

	1993/94	1992/93
	\$	\$
(ai) Private Hospitals Schools of Nursing - Contribution towards operating costs - Program 306	-	60 370
Pharmaceutical Benefits - State Nursing Home Services Payments - Program 308	-	600 000
District Health Councils - Expenses - Program 321	-	227 990
 (ak) The aggregated amount was derived as follows:		
Co-ordinated Salinity Control - Expenses	21 186	20 892
Historic Shipwrecks Unit - Expenses	-	30 276
Archaeological and Aboriginal Relics Studies - Expenses	2 333	4 666
Archaeological Relic Advisory Committee - Fees and Expenses	-	5 333
Historic Shipwrecks Advisory Committee - Fees and Expenses	2 515	2 668
	<u>26 034</u>	<u>63 835</u>

(al) The aggregated amount was derived as follows:

The Australian Kidney Foundation (State Branch) (1)	-	13 000
National Heart Foundation of Australia (State Branch)	11 333	8 000
Australian Brain Foundation (1)	-	8 000
International Diabetes Institute (1)	-	35 000
The Halter Institute of Medical Research	546 000	546 000
Barker Medical Research Institute	218 333	218 333
Prince Herbert's Institute of Medical Research	121 000	121 000
Anti-Cancer Council (1)	-	126 000
Howard Florey Institute of Experimental Physiology and Medicine	218 333	218 333
National Vision Research Institute	22 000	22 000
St. Vern's Institute of Medical Research	54 000	54 000
The Asthma Foundation (1)	-	13 000
The Microsurgery Research Foundation	46 000	45 000
The Australian Bionic Ear and Hearing Research Institute	72 666	72 666
The Austra Research Institute	68 000	68 000
The McFarlane Burnett Centre for Medical Research	70 000	70 000
The Murdoch Institute for Research into Birth Defects	54 666	54 666
National Research Institute of Gerontology and Geriatric Medicine	101 666	101 666
Moncrief Institute of Reproduction and Development	31 666	31 666
Moncrief Centre for Molecular Biology and Medicine	33 337	33 337
Ludwig Institute for Cancer Research	60 000	33 333
Addiction Research Institute (1)	-	7 000
	<u>1 729 000</u>	<u>1 900 000</u>

(1) In 1993/94 grants to these organisations were included under the Victorian Health Promotion Foundation.

(am) This payment represents funds made available under Section 18(1)(b) of the Public Account Act to meet expenditure incurred by the Blood Transfusion Services and legal costs associated with litigation by persons who have medically acquired HIV positive status. Adjustments will be made in respect of the advances on the finalisation of the settlements.

(ap) The only payment made from this program are by way of transfers to the Hospitals and Charities Fund.

(aq) The following items have been excluded from program receipts. The appropriation for Program 318 Hospitals and Charities Fund Contribution include the on-passing of these funds to the Department.

	1993/94	1992/93
	\$	\$
Benari Pathology Laboratory	1 114 288	1 161 399
Casemix Development	367 910	188 333
Dental Health Program	1 492 823	-
Devolution of Clinical Budgets	217 666	-
DVA Ambulance Transport - Recoup of Costs	602 522	638 253
High Cost Drugs Program	6 203 280	2 715 518
Home and Community Care	13 306 766	11 513 450
Hospital Access Program	2 800 000	4 197 333
Hospital Infrastructure	133 333	-
Human Pituitary Hormone Program	-	5 410
Medicare - AIDS	3 290 562	-
Medicare - Bonus Pool	14 404 783	-
Medicare - Day Surgery	1 114 740	-
Medicare - Post-Acute/Palliative Care	2 786 851	-
Palliative Care	1 074 420	-
Quality Assurance	33 333	-
Area Health Management	90 000	-
Nationally Funded Centres	977 905	675 746
Pharmaceutical Benefits Scheme	611 111	-
Position Emission Tomography	136 260	142 850
Public Hospital Recoup of DVA costs	406 604	6 292 577
Public Patients Hospital Charter	130 985	-
State Cytology Service	846 333	549 666
	<u>52 142 475</u>	<u>28 080 535</u>

Explanatory notes covering substantial variations in the financial statements.

1. Reduced revenue reflects the transfer of the Industrial Relations Service to the State Hospitals Industrial Association during the year.
2. The increase reflects the central collection of Workcover recoups.
3. Commonwealth funding for this program ceased at the end of the 1992/93 year.
4. Commonwealth funding was not received in 1993/94.
5. Increased revenue reflects the Commonwealth's commitments to these projects.
6. 1992/93 revenue reflected reimbursements to the Department from its investment in electricity co-generation projects.
7. The reduced revenue reflects the reduction in the number of long stay patients in psychiatric hospitals.
8. The decrease reflects a reduction in the number of Department of Veteran Affairs' patients in the hospital.
9. The program was funded for the first time by the Commonwealth in 1993/94.
10. In 1993/94 all recoups of Workcover costs in respect of former years were directed to a central cost centre.
11. The increase reflects the introduction of triennial registrations for residential care services in 1993/94.
12. The increase reflects expansion available under the joint funded program.
13. Receipts reflect the proceeds from the redevelopment and sale of surplus land at Mount Elisabeth.
14. The decrease reflects the reduction in the number of resident clients in training centres.
15. In 1993/94 fees were introduced for residents of community based accommodation.
16. The decrease is attributed to the restructuring of the program that took place in the 1993/94 budget with some services previously funded from the Mental Hospitals Fund now funded from Departmental Running Costs.
17. The Commonwealth Aboriginal Advancement Program was transferred to the Department of Education from 1 July 1993.
18. The Aboriginal Employment Strategy program was transferred from the Department of Premier & Cabinet in 1993/94.
19. The Commonwealth's share of the cost of construction of the State Aboriginal Health Service in 1992/93 was received in 1993/94.
20. The Commonwealth Aboriginal Advancement Trust Account was transferred to the Department of Education from 1 July 1993.

21. The increased receipts included arrears for 1992/93 and also reflect the Commonwealth decision to extend pensioner concessions to part pensioners.
22. Increased receipts reflect the Commonwealth's commitment to this program.
23. 1993/94 receipts reflect the contribution from the Community Support Fund to match Commonwealth funding of the "Street Kids" program.
24. The increased receipts included arrears for 1992/93.
25. Receipts reflect the Commonwealth's funding for projects approved under the joint Commonwealth/State program and takes into account balances brought forward from the previous year.
26. The responsibility for this program was transferred to Health and Community Services during the 1993/94 year.
27. Increased receipts reflects the Commonwealth's commitment to this program.
28. 1992/93 funding allowed for the finalisation of projects approved by the Commonwealth.
29. The decrease reflects program restructuring and changed funding arrangements for some programs.
30. Increased receipts reflect the Commonwealth's commitment to the joint Commonwealth/State program.
31. Increased receipts reflect the Commonwealth's commitment to the joint Commonwealth/State program.
32. Increased receipts reflect the Commonwealth's commitment in respect of the construction of new facilities in Geerston.
33. Receipts reflect the Commonwealth's funding for this new initiative in 1993/94.
34. Commonwealth funding for this program ceased in the 1992/93 year.
35. The contribution is in accordance with the Government decision to limit the payment to the Foundation from the Tobacco Franchise Levy to \$7.3 million in 1993/94.
36. The reduction in budget compared with the 1992/93 actual expenditure reflected the savings to be achieved the consolidation of corporate services of the former two departments.
37. The increase in budget reflected anticipated cash flow requirements for approved projects. Under expenditure occurred due to changed funding arrangements for the refurbishment of the department's head office.
38. Commonwealth funding provided during 1992/93 was on-passed by Special Appropriation. 1993/94 funding has been included in Annual Appropriations.

39. The increase in expenditure reflects higher than anticipated expenditure on the State Patient Transport Assistance Scheme and additional support provided for program management and monitoring.
40. The decrease in budget compared with the 1992/93 actual expenditure reflects anticipated requirements for approved projects. The decrease in expenditure reflects a reduction in the total end cost of some projects and actual cash flow payments for new projects.
41. The decrease in budget compared with the 1992/93 actual expenditure reflected the impact of government targeted savings. Actual expenditure was below budget mainly due to delays in getting Commonwealth Government approvals under the Mental Health Strategy and higher than anticipated staff reductions.
42. The increase in budget reflects anticipated cash flow requirements for approved projects. Following the development of the Mental Health Strategy, new projects were re-evaluated to reflect new program directions.
43. Funding for Pharmaceutical Benefits is now included in the Hospitals and Charities Fund.
44. The increase in budget reflects additional funds provided by the Commonwealth for program expansion and indexation.
45. The decrease in expenditure reflects actual Commonwealth funding levels lower than those anticipated in the budget.
46. The decrease in budget reflects anticipated cash flow requirements for approved projects. Expenditure reflects actual cash flow payments. The projects funded in the budget were re-evaluated during the year to meet changing program requirements.
47. In the financial restructuring the Program funding associated with Day Programs and other support services was transferred to the Mental Hospitals Fund.
48. The increase in budget reflects a change in funding arrangements involving the transfer of resources from the Mental Hospitals Fund and State Plan for the development of Intellectual Disability Services and new funding for growth and transition under the Commonwealth/State Disability Services Agreement. Under budget expenditure reflects slower than anticipated phase up of some new services. Surplus funds have been carried over to 1994/95 to provide establishment costs for new services and one off funding for major initiatives.
49. The increase in budget compared with the 1992/93 actual expenditure reflects anticipated cash flow requirements for approved projects. The decrease in expenditure reflects delays in the commencement of some projects and actual cash flow payments.
50. Projects funded from the State Plan were finalised in 1992/93.
51. As referred to in note 16 the Department restructured the program with government agencies now funded from Departmental Running Costs and non government agencies now funded from the Mental Hospitals Fund.

52. The reduced budget reflects the transfer of the Aboriginal Advancement Trust Account to the Department of Education. Below budget expenditure reflects the transfer of the Maritime and Historic Archaeology Unit to the Department of Planning and Development during the year.
53. The responsibility for the Aboriginal Advancement Trust Account was transferred to the Department of Education from 1 July 1993.
54. Commonwealth funding provided during 1992/93 was on-passed by Special Appropriation. The 1993/94 funding was included in Annual Appropriations.
55. The increased budget reflects an anticipated rise in the number of eligible recipients because of the Commonwealth decision to extend pensioner concessions to part pensioners.
56. This program was transferred from the Department of Energy and Minerals in a machinery of government change during 1993/94.
57. The increase in revenue paid to the Hospitals and Charities Fund reflects the actual receipts to the Government during the year.
58. The reduction in revenue paid to the Hospitals and Charities Fund reflects a lower than anticipated contribution to the government from this source.
59. The reduction in revenue paid to the Hospitals and Charities Fund reflects a lower than anticipated contribution to the government from this source.
60. The reduction in the budget is attributed to the implementation of targeted savings introduced in 1993/94, and the impact of additional revenue available by way of Special Appropriation. The under expenditure against budget is attributable to the reduction in funds available to the State under the Medicare Agreement and planned under expenditure, partly attributable to the uncertainty of the level of funds available from the Medicare Bonus Pool. The annual appropriation requirement was reduced in June in consultation with the Treasury to reflect the reduction in Commonwealth Receipts, additional funds from Gaming machines and under expenditure against Commonwealth funded projects. Unspent funds have been carried over to the 1994/95 year.
61. The increased budget reflects the growth and indexation funding available under the joint funded program.
62. The decrease in budget reflects anticipated cash flows on approved projects. Under expenditure resulted from delays on the Turanski Redevelopment Project.
63. The below budget expenditure level reflects actual claims received during the year. Unspent funds have been carried forward to meet late claims in 1993/94.
64. The increase in budget reflects additional funding for program expansion and indexation. The decrease in expenditure reflects slower than anticipated phase-up of services.
65. The increase in expenditure reflects program restructuring associated with the changing priorities to this program.

66. The decrease in budget compared with the actual 1992/93 expenditure reflects anticipated cash flows on approved projects. Under expenditure reflects actual cash flows on approved projects as a result of the review of the capital program in the context of rationalisation of services.
67. 1993/94 funding reflects the finalisation of this project.
68. The increase in budget reflects the inclusion of Commonwealth funding for the implementation of a National Program of immunisation of infants against Haemophilias Influenzae Type B (Hib) Disease and increase in Commonwealth funding for the Early Detection of the Breast Cancer Screening Program.
69. The 1993/94 budget included funding for a new building at Geerston. Work did not commence on this project until late in the year. Funding has been carried over to the 1994/95 year.

CERTIFICATION

STATEMENT BY THE CHIEF ADMINISTRATOR AND THE PRINCIPAL ACCOUNTING OFFICER

We certify that the financial statements of the DEPARTMENT OF HEALTH have been prepared in accordance with Section 11 of the Annual Reporting Act 1987 and the Annual Reporting (Administrative Units) Regulations 1988.

In our opinion the information set out in the financial statements presents fairly the receipts of and payments made by, on behalf of or falling within the policy responsibility of the DEPARTMENT OF HEALTH for the financial year ended 30 June 1994 and the Supplementary Information and Statement of Balances as at 30 June 1994.

(Dr) J. Austen
Secretary
Department of Health

29 September 1994

G. Eliot
Assistant Director, Financial Services
Department of Health

29 September 1994

Auditor-General's Report

Audit Scope

The accompanying financial statements of the Department of Health for the year ended 30 June 1994, comprising a summary of receipts and payments, a statement of Public Account Program receipts and payments and a Public Account advance relating to that department and appendices and notes to the financial statements, have been audited. The Secretary of the Department of Health is responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the *Annual Reporting Act 1987*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement.⁴ The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance the *Annual Reporting Act 1987* and comply with the requirements of that Act.

The audit opinion expressed on the financial statements has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements present fairly the financial transactions of the Department of Health and Community Services for the year ended 30 June 1994 in accordance with the *Annual Reporting Act 1987* and comply with requirements of that Act.

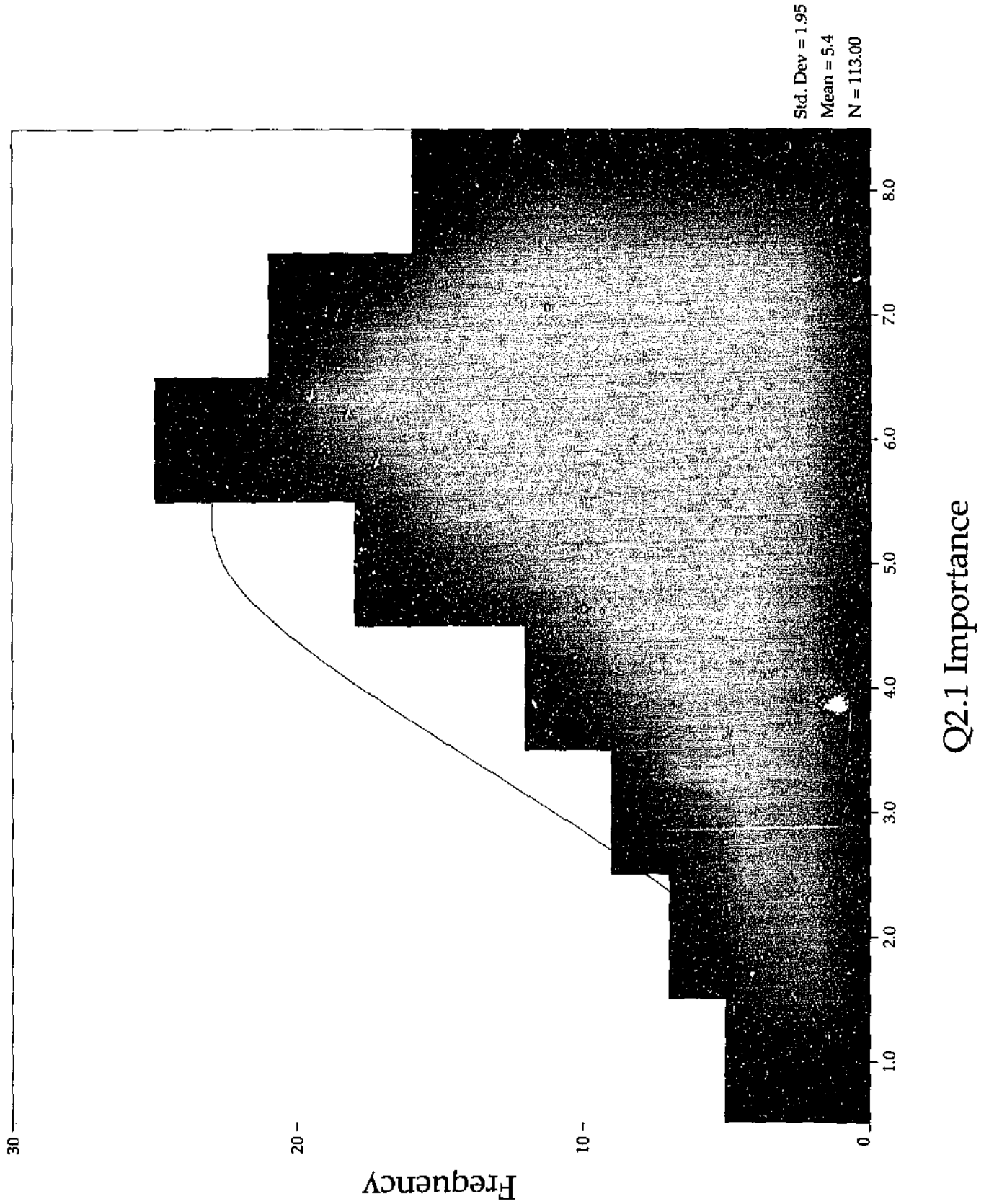
CLOVERDALE
14/10/1994

T. HARDY
Auditor-General

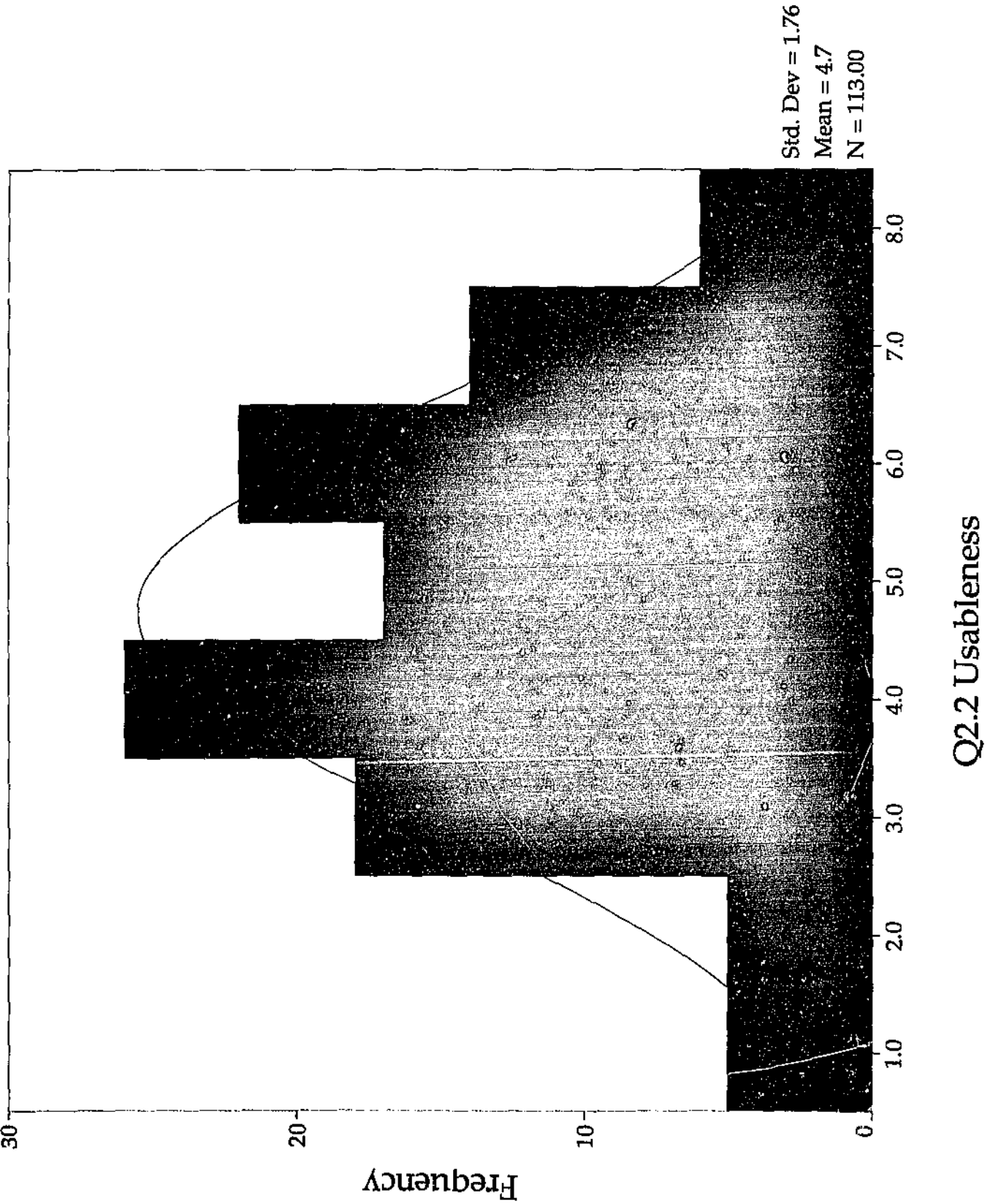
APPENDIX 4 DISTRIBUTION CHARTS

- Appendix 4a** Histogram of variable 2.1
- Appendix 4b** Histogram of variable 2.2
- Appendix 4c** Histogram of variable 2.3
- Appendix 4d** Histogram of variable 2.4
- Appendix 4e** Histogram of variable 2.5
- Appendix 4f** Histogram of variable 2.6
- Appendix 4g** Normality plot of variable 2.1
- Appendix 4h** Normality plot of variable 2.2
- Appendix 4i** Normality plot of variable 2.3
- Appendix 4j** Normality plot of variable 2.4
- Appendix 4k** Normality plot of variable 2.5
- Appendix 4l** Normality plot of variable 2.6

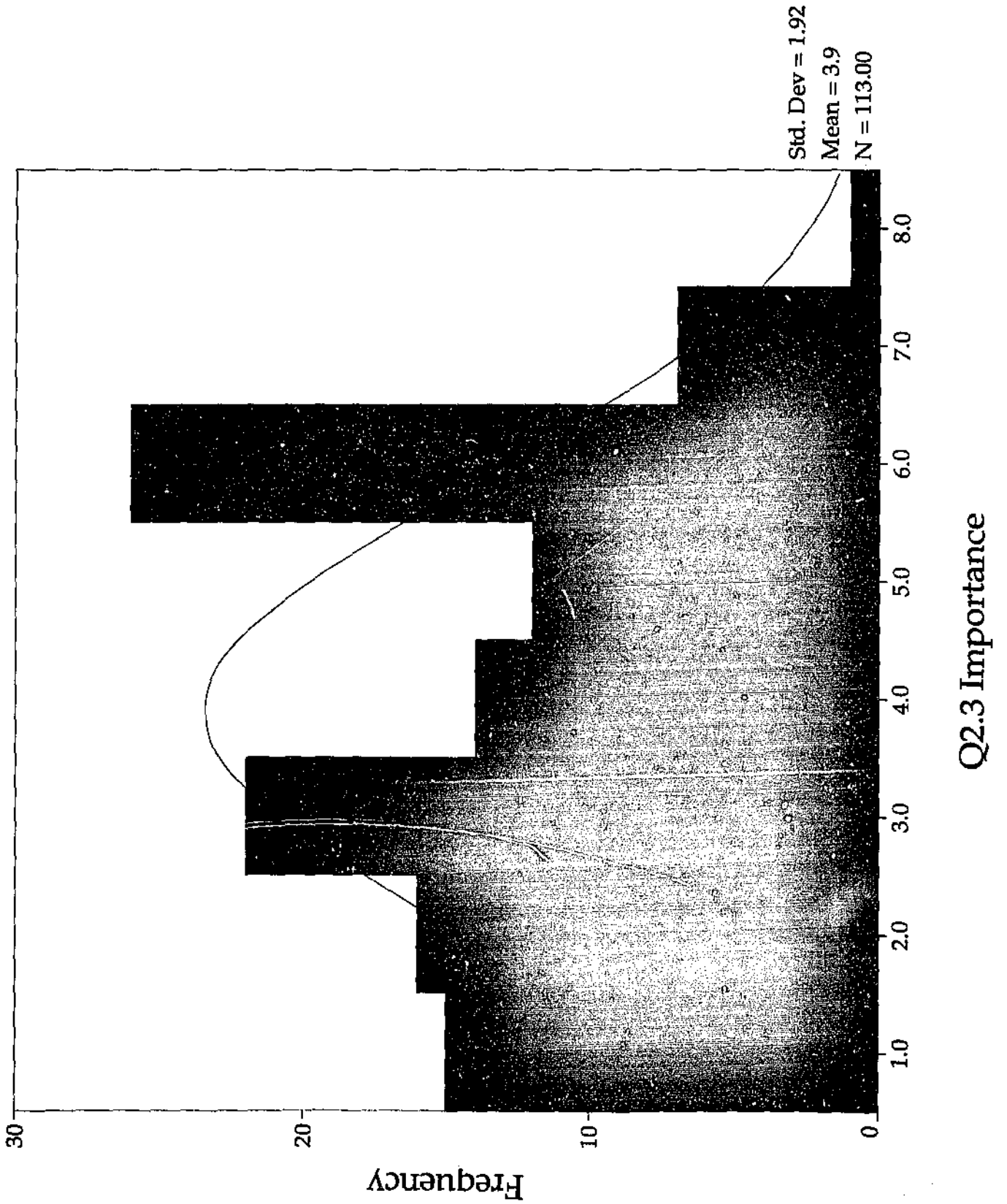
APPENDIX 4a
HISTOGRAM OF VARIABLE 2.1

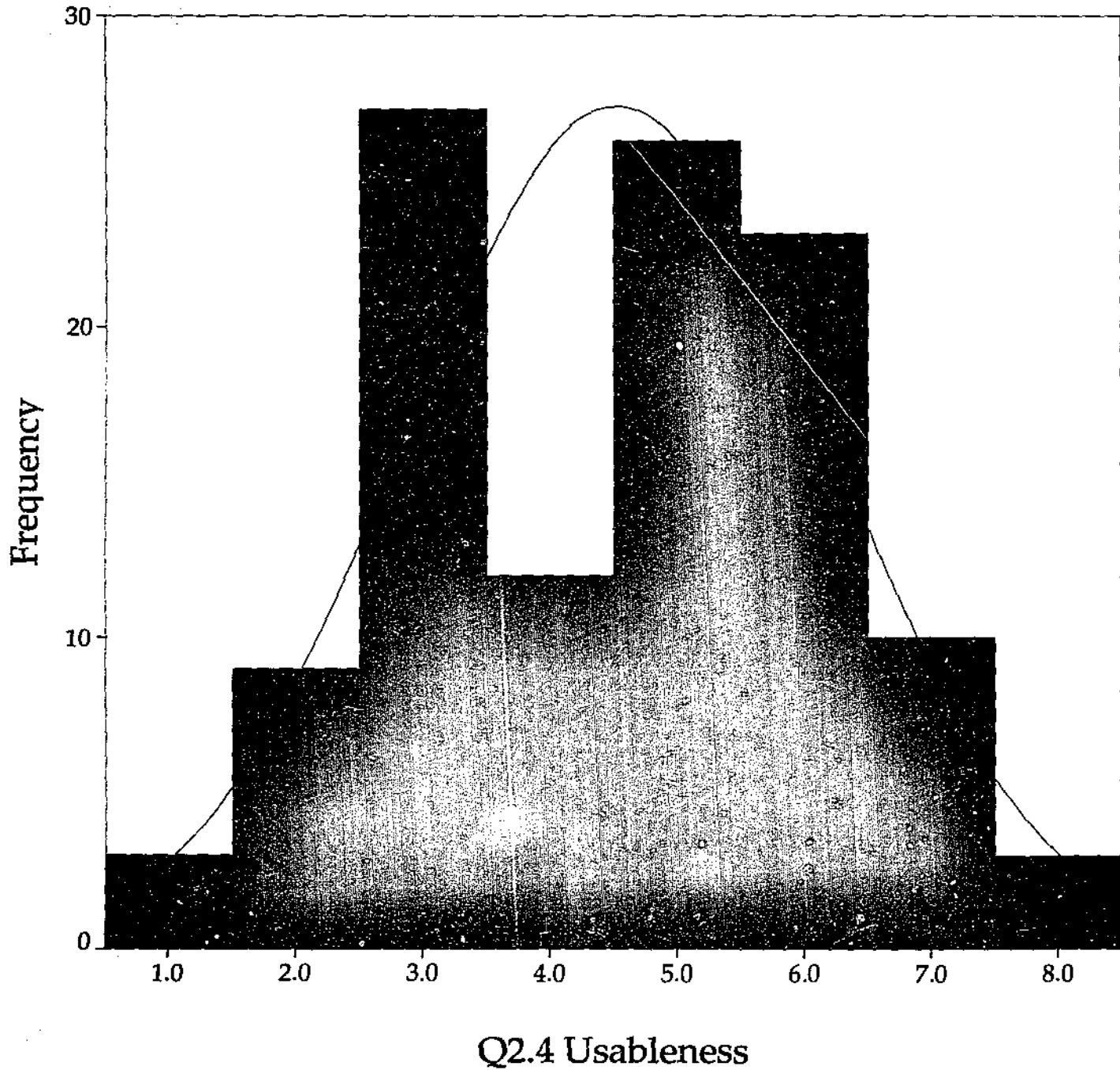


APPENDIX 4b
HISTOGRAM OF VARIABLE 2.2



APPENDIX 4c
HISTOGRAM OF VARIABLE 2.3

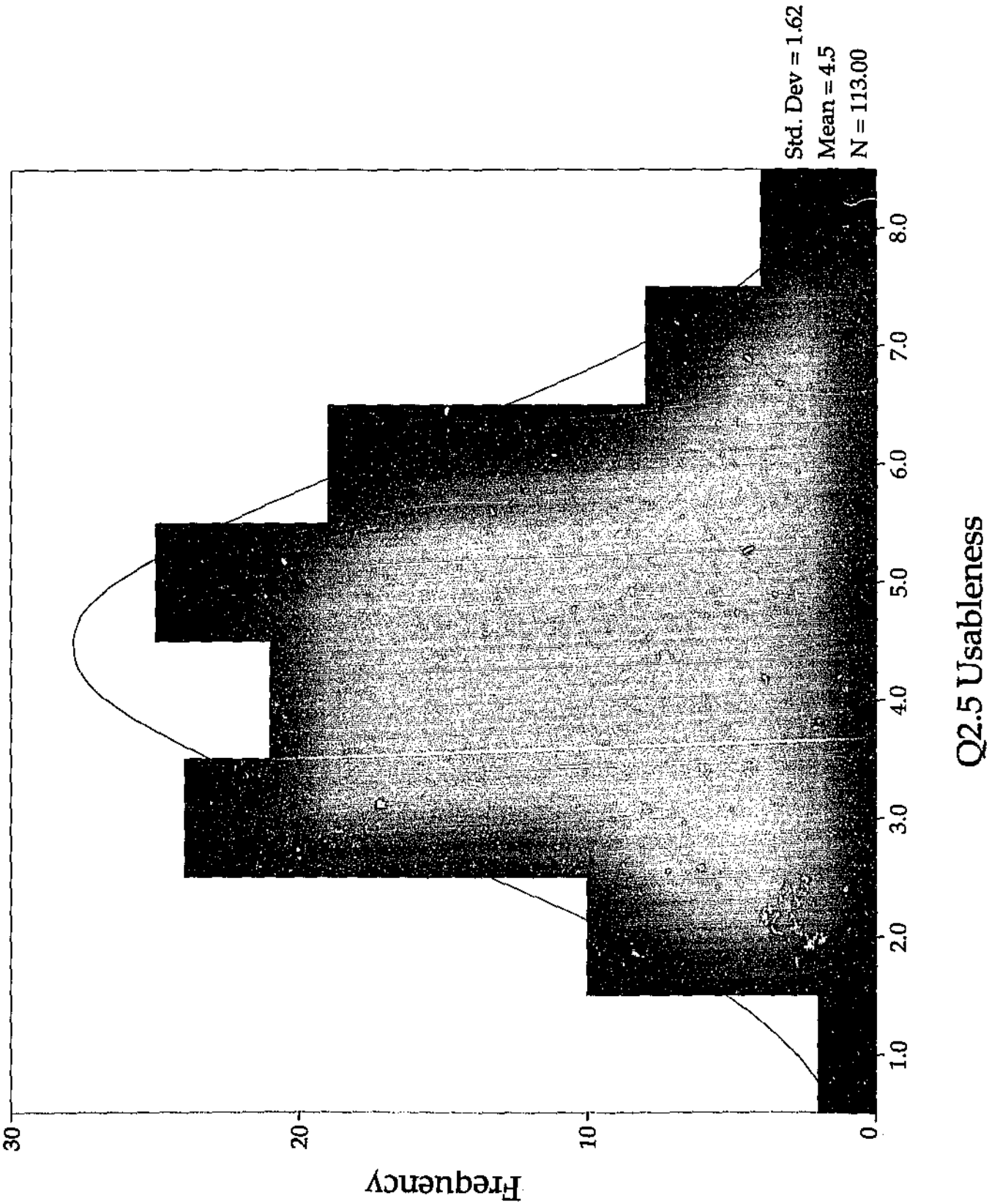




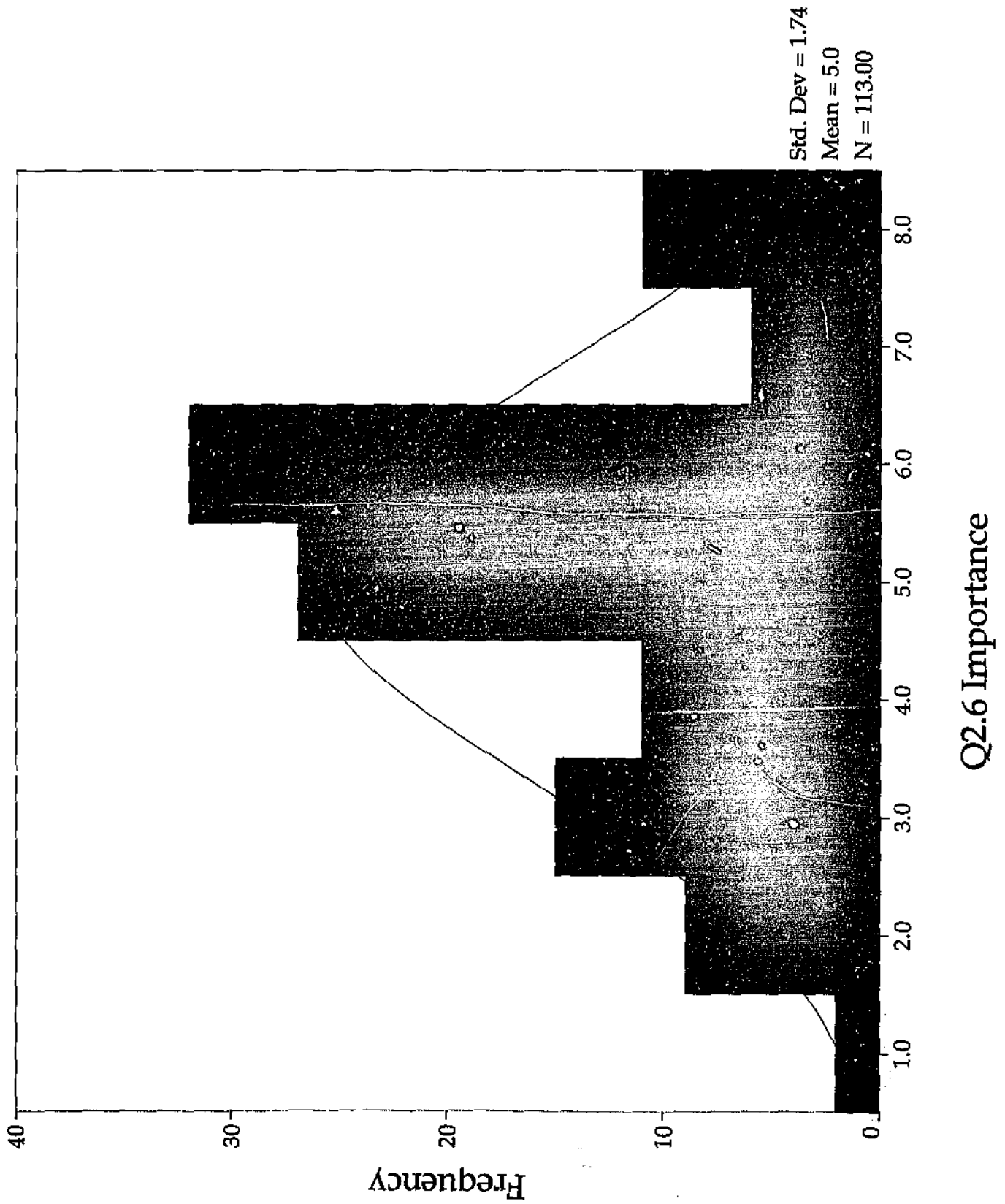
Std. Dev = 1.66
Mean = 4.5
N = 113.00

APPENDIX 4d
HISTOGRAM OF VARIABLE 2.4

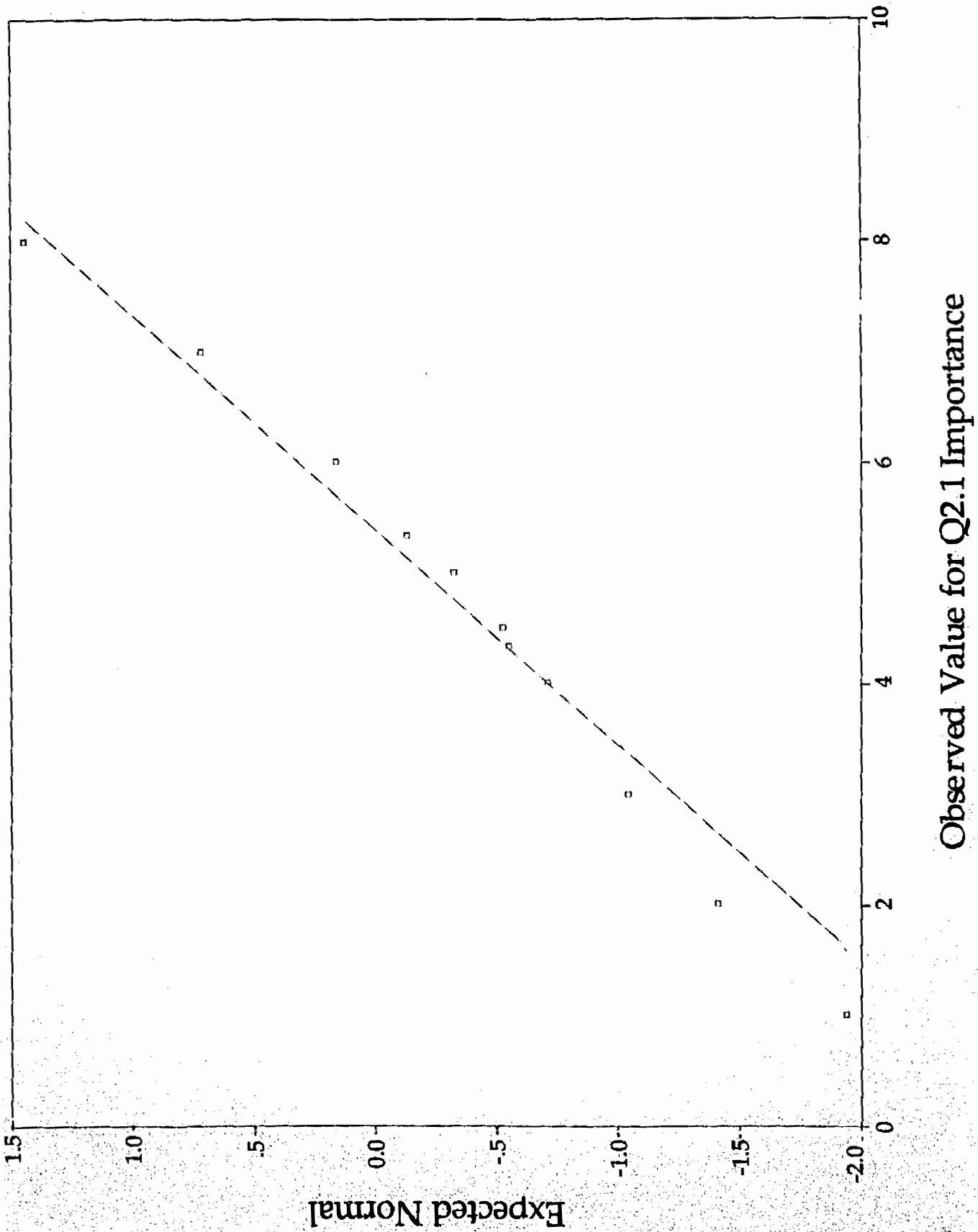
APPENDIX 4e
HISTOGRAM OF VARIABLE 2.5



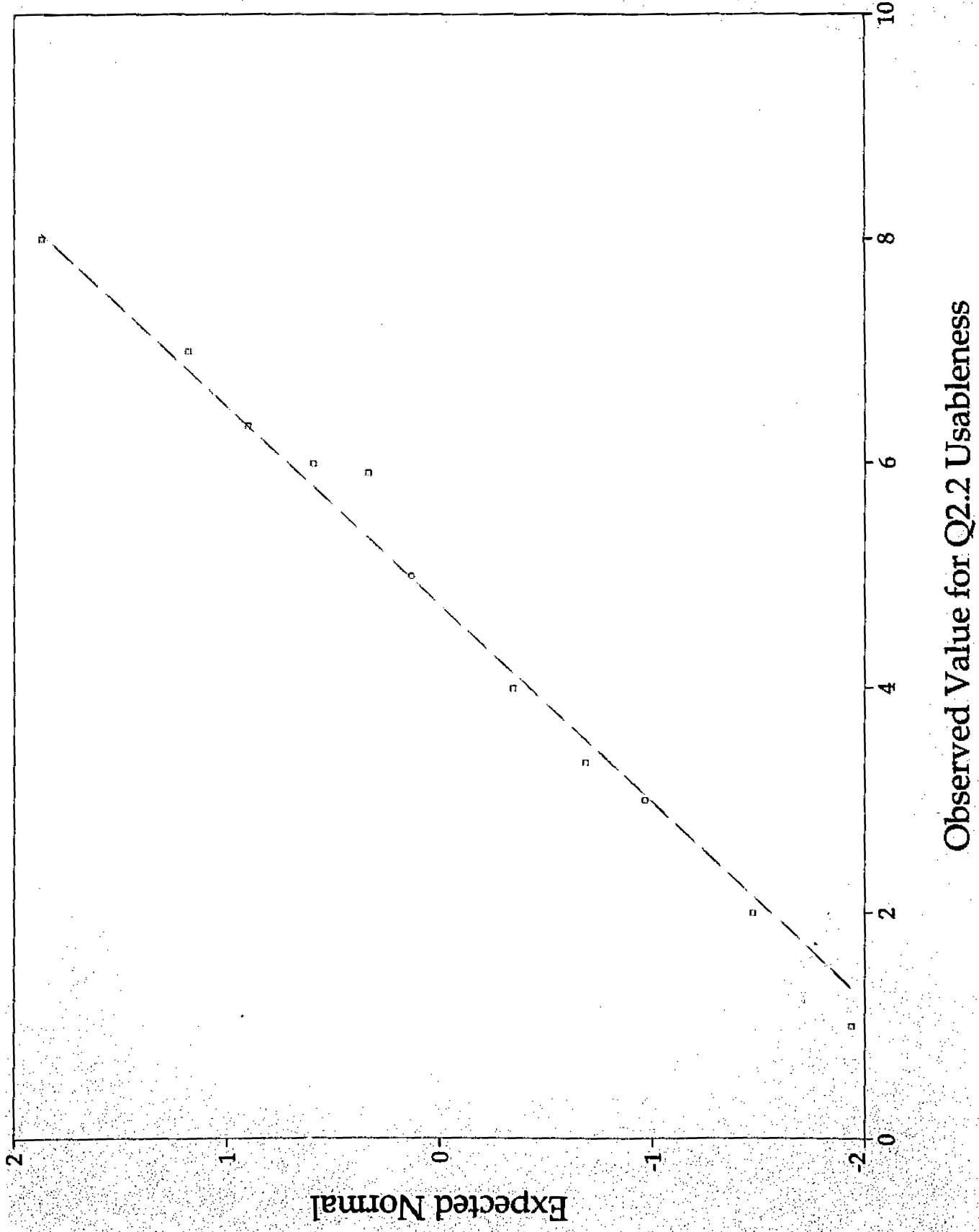
APPENDIX 4f
HISTOGRAM OF VARIABLE 2.6



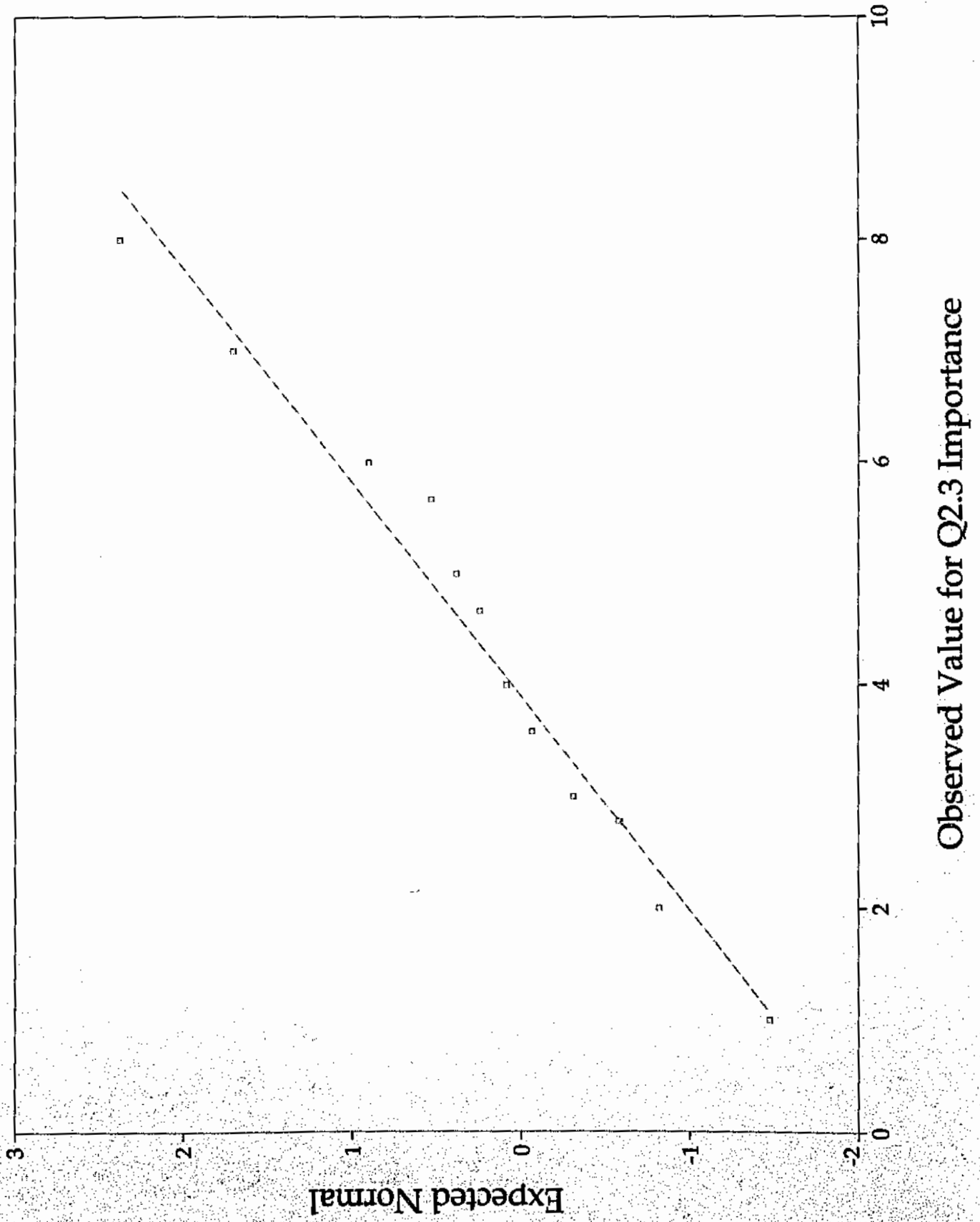
APPENDIX 4g
NORMALITY PLOT OF VARIABLE 2.1



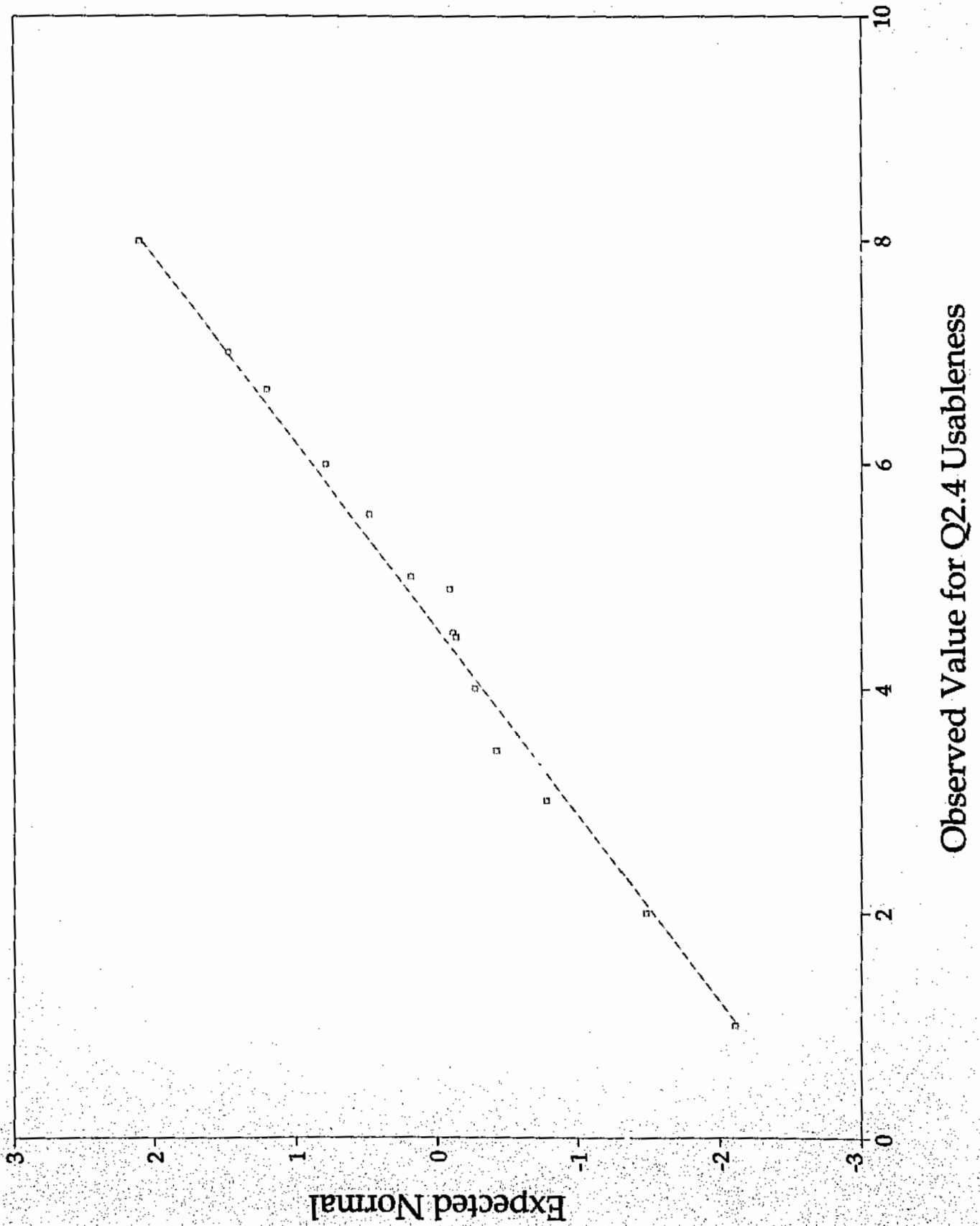
APPENDIX 4h
NORMALITY PLOT OF VARIABLE 2.2



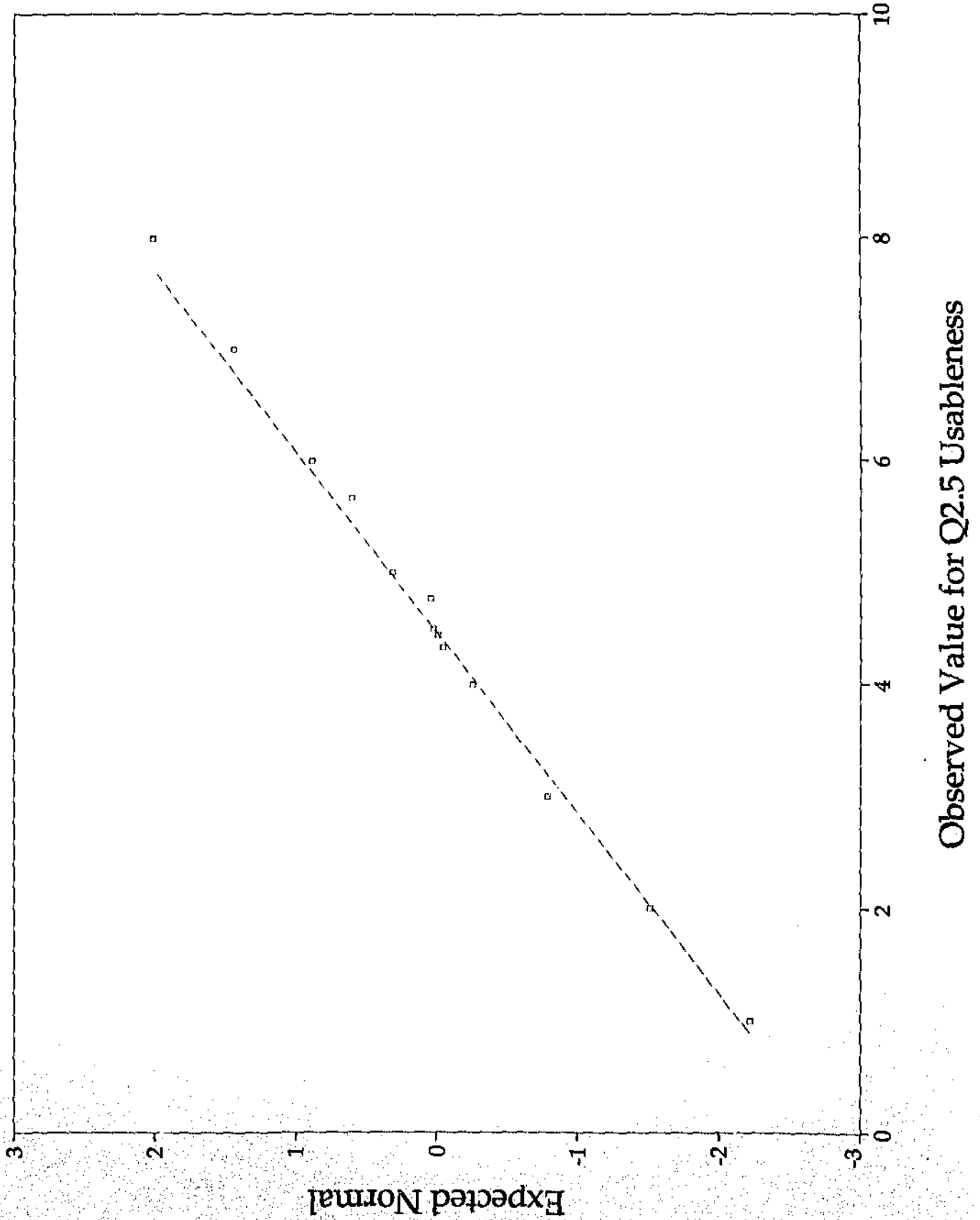
APPENDIX 4i
NORMALITY PLOT OF VARIABLE 2.3



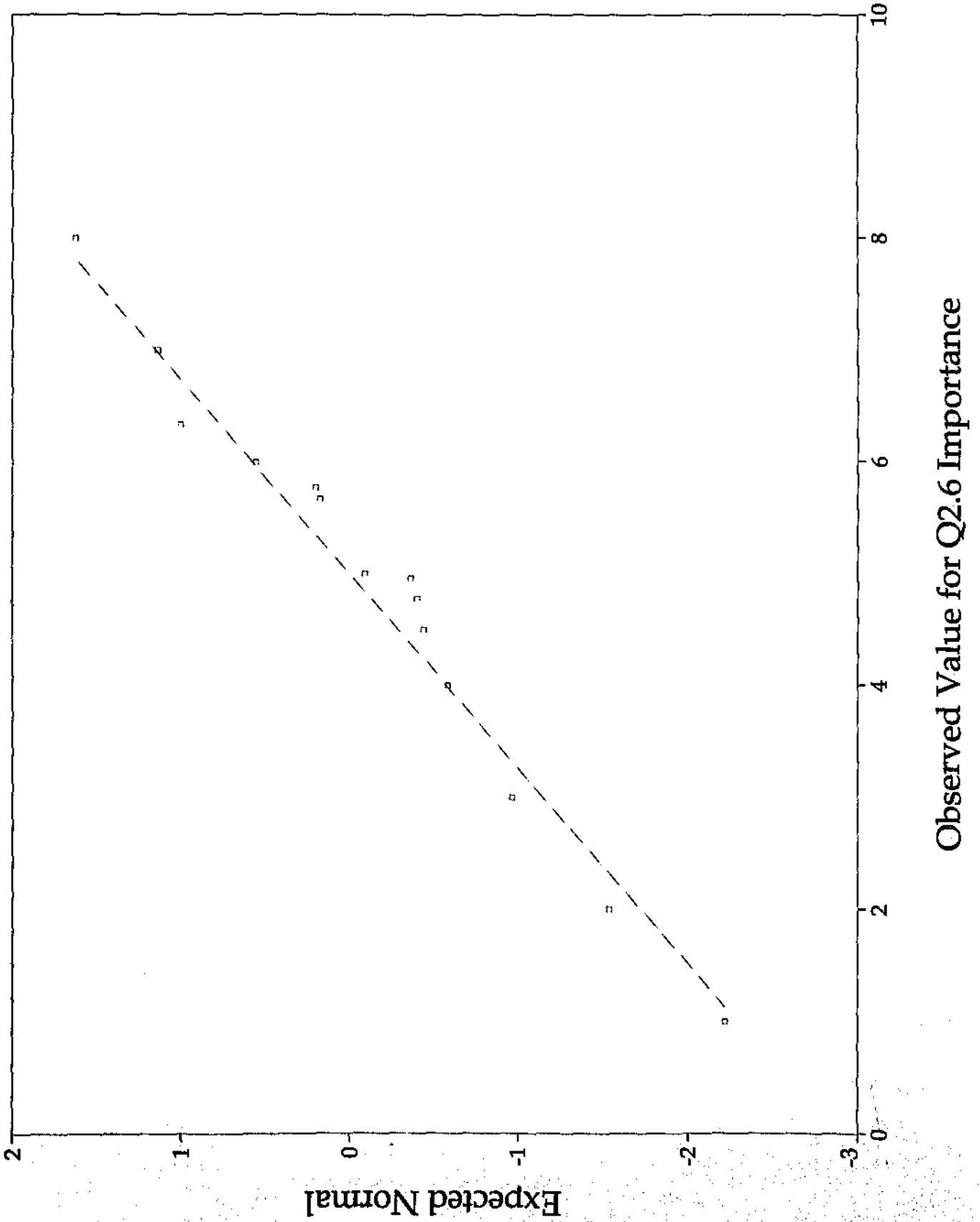
APPENDIX 4j
NORMALITY PLOT OF VARIABLE 2.4



APPENDIX 4k
NORMALITY PLOT OF VARIABLE 2.5



**APPENDIX 4I
NORMALITY PLOT OF VARIABLE 2.6**



APPENDIX 5
HOMOGENEITY OF VARIANCE TABLES

Appendix 5a Levene's homogeneity of variance for variables 2.1 to 2.6

Appendix 5b Bartlett-Box homogeneity of variance for variables 2.1 to 2.6

APPENDIX 5a
LEVENE'S HOMOGENEITY OF VARIANCE

Variable	Levene's statistic	p-value
Combined importance (1,3,6)	3.4881	0.034*
Combined useability (2,4,5)	0.1738	0.841
2.1	0.5963	0.553
2.2	1.1030	0.336
2.3	1.1459	0.322
2.4	1.3914	0.253
2.5	1.0492	0.354
2.6	5.3985	0.006*
(2,110) DF		

*Indicates that variable does not achieve homogeneity of variance.

APPENDIX 5b
BARTLETT-BOX HOMOGENEITY OF VARIANCE

Variable	F-statistic	p-value
Combined importance (1,3,6)	5.86352	0.003*
Combined useability (2,4,5)	0.10761	0.898
2.1	0.40448	0.667
2.2	0.27076	0.763
2.3	0.47831	0.620
2.4	1.32397	0.266
2.5	0.79047	0.454
2.6	4.96382	0.007*
(2, 22 266) DF		

*Indicates that variable does not achieve homogeneity of variance; it should be noted however, that Cochran's C-statistic calculated variable 2.6 at 0.43689, p=0.164.