

**AN EVALUATION OF THE DISCLOSURE OF INFRASTRUCTURE ASSETS
IN ANNUAL REPORTS BY PUBLIC SECTOR ENTITIES**

by

JANET K.C. LEE

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Department of Accounting and Financial Management
University of New England

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ABSTRACT

This dissertation evaluates the existing disclosure practices of infrastructure by public sector entities. The annual reports of selected public sector entities in New South Wales are examined. Conceptual framework project is adopted as the framework for the study. Under that project, the objective of the general purpose financial reporting is to provide useful information to users for decision making. This objective is used as the evaluation criterion from which hypotheses are developed to address specifically whether public sector entities disclose infrastructure information which is considered useful to meet users' information needs and whether infrastructure disclosure relates to the interests of a particular group of users.

The study finds that the disclosure practices of infrastructure by public sector entities is inconsistent with the objective of general purpose financial reporting. The public sector entities do not disclose infrastructure information at a level sufficient to meet users' information needs. Further analysis on the disclosure level by the types of entities reveals that there is no significant difference in the level of disclosure between general government entities and government business enterprises. However, there is a significant difference in the level of disclosure between entities providing economic infrastructure (transport, water and electricity) and entities providing social infrastructure (housing, recreation and other public infrastructure facilities). It can be inferred from the results that entities providing economic infrastructure have a higher level of infrastructure disclosure and thus meet users' information needs better.

The study also finds that there is a positive and significant relationship between infrastructure disclosure and the interests of two groups of users, resource providers and parties performing an oversight function. But there is no significant relationship with the interests of recipients of goods and services. This shows that public sector entities have an incentive to serve the interests of resource providers and parties performing an oversight function and thus disclose more infrastructure information in their own interests.

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