

**MEDIA RELEASE****21 December 2020****2019-20 Financial Audits  
Financial Results and Audit Findings**

The Auditor-General, Mr Michael Harris, today presented a report on the financial results and audit findings from the 2019-20 financial audits to the Speaker for tabling in the ACT Legislative Assembly. This report also includes the progress made by the reporting agencies in resolving audit findings.

Mr Harris said, 'The financial results of the ACT Government provide useful information to the community about the state of the Territory's finances and the financial impact of government decisions over time'.

***Operating deficits***

The net operating balance measures the difference between the Territory's expenses and its revenue. The Territory's net operating balance deficit of \$961 million was significantly higher when compared to the budgeted deficit of \$418 million. While some of this is attributable to the ACT Government's response to the 2019-20 bushfires and COVID-19 pandemic, the cost of delivering services in the Territory continues to be significantly higher than the income it generates.

The operating result is the net operating balance adjusted for other economic impacts such as gains or losses on investments and land sales. The Territory's operating deficit of \$967 million was also significantly higher than budgeted (\$147 million) largely due to less than expected inflows from gains on investments and revenue from residential land sales.

The Territory estimates the trend of operating deficits to continue over the next four years.

***Unfunded superannuation liability***

The Territory will continue to be challenged in meeting the Territory's unfunded superannuation liability (\$7 798 million) for members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme which accounts for almost half of the Territory's liabilities.

***Borrowings***

The Territory's borrowings have significantly increased in recent years, approximately doubling from \$3 441 million in 2018 to \$7 026 million in 2020. In 2020, the borrowings increased by \$2 550 million (57 percent) mainly to support ongoing investment in infrastructure projects as well as additional funding to support the Territory's COVID-19 pandemic response. Total borrowings are projected to increase further from \$7 026 million in 2020 by \$4 886 million (70 percent) to \$11 912 million in 2024.

***Audit findings***

The number of audit findings reported to agencies have increased to 50 in 2019-20. Agencies need to give attention to addressing previously reported audit findings as 43 percent of the previously reported audit findings were not resolved or only partially resolved in 2019-20.

Copies of **2019-20 Financial Audits – Financial Results and Audit Findings: Report No. 10/2020** are available from the ACT Audit Office's website: [www.audit.act.gov.au](http://www.audit.act.gov.au).