

MEDIA RELEASE**15 December 2021****2020-21 Financial Audits
Financial Results and Audit Findings**

Mr Michael Harris, the Auditor-General, today presented a report on the financial results and audit findings from the 2020-21 financial audits to the Speaker for tabling in the ACT Legislative Assembly.

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

Operating performance

The net operating balance measures the difference between the Territory's expenses and its revenue. In 2020-21, the Territory's net operating balance deficit of \$658 million was lower than the budgeted deficit of \$879 million. This was mainly a result of higher than expected commonwealth grants from GST due to better than anticipated economic conditions.

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 achieved an operating surplus of \$123 million as compared to a budgeted deficit of \$409 million largely due to higher than expected gains on investments and revenue from residential land sales.

Despite the improved results noted above, the Territory estimates net operating deficits will be incurred for the next four years, with these peaking at \$1 262 million in 2021-22, as the costs of delivering public services are estimated to continue to exceed projected revenue.

Unfunded superannuation liability

Almost half of the Territory's liabilities are represented by unfunded superannuation liability (\$8 313 million) for members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The Territory will continue to be challenged in meeting these liabilities.

Borrowings

The Territory's borrowings have more than doubled from \$3 441 million in 2018 to \$8 329 million in 2021. This significant increase in borrowings is mainly as a result of funding for capital expenditure and to provide additional liquidity to fund the Government's COVID-19 pandemic response. Total borrowings are projected to increase further from \$8 329 million in 2021 to \$13 870 million in 2025.

Audit findings

In 2020-21, 48 audit findings were reported to agencies half of which related to internal control deficiencies presenting a risk of error or fraud. Agencies also need to continue to give attention to addressing previously reported audit findings in a timely manner as 40 percent (20 of 50) of the previously reported audit findings were either not resolved or only partially resolved in 2020-21.

Copies of **2020-21 Financial Audits – Financial Results and Audit Findings: Report No. 12/2021** are available from the ACT Audit Office's website: www.audit.act.gov.au. If you need assistance accessing the report, please phone 6207 0833.