

Report highlights

What the report is about

Results of the 2021–22 consolidated General Government Sector (GGS) and Total State Sector (TSS) financial statements audits.

What we found

The Independent Auditor's Report on the 2021–22 GGS and TSS financial statements was modified with a limitation of scope and also contained an emphasis of matter.

The opinion in the TSS Independent Auditor's Report was modified with a limitation of scope on certain balances consolidated in the TSS financial statements because the Catholic Metropolitan Cemeteries Trust (CMCT) denied access to its management, books and records for the purpose of conducting a financial audit.

The Independent Auditor's Report also includes an emphasis of matter drawing attention to the significant uncertainties associated with the GGS's equity investment in Transport Asset Holding Entity (TAHE). The significant uncertainty relates to key assumptions and estimates

used to forecast a 2.5% return from GGS investments into TAHE that supports the accounting treatment as an equity injection, including:

- funding to support the Rail Operators to pay TAHE's contracted and forecast access and licence fees up until 2045–46. The Rail Operators are dependent on funding from the GGS to pay access and licence fees. Forecast modelling notes a requirement of a further \$10.2 billion in budget funding to pay TAHE to the end of the ten-year contract period in 2030–31, in addition to the \$5.5 billion allocated in the forward estimates and up to \$50.8 billion for the period 2032 to 2046
- a significant portion of the projected returns are earned outside of the ten-year contract period and there is a risk that TAHE may not be able to recontract fees at levels consistent with current projections.

What we recommended

The report includes a number of recommendations including:

continued monitoring that TAHE controls the reported assets ensuring the CMCT, Category 2 Statutory Land Managers (SLM) and Commons Trusts meet their statutory reporting obligations

- ensuring accounting and audit position papers are sufficiently consulted with key stakeholders and are concluded on a timely basis
- ensuring agencies support the timely conclusion of audits by bringing to the auditors' attention key Cabinet records and identifying references relating to accounting issues impacting the financial statements
- for Special Deposit Accounts (SDA) responsible managers should ensure amounts appropriated under any Act or law for payment into the account are appropriately recorded, ensuring payments from SDAs are allowable and made in accordance with Treasurer's delegations and standing authorisation.

Fast facts

\$437b

property, plant and equipment in the Total State Sector as at 30 June 2022

\$2.5b

General Government Sector net contributions to other public sectors in 2021–22. \$2.3 billion was contributed to TAHE

20

monetary misstatements exceeding \$20 million were identified in agencies' financial statements in 2021–22

\$15.3b

budget deficit of the General Government Sector in 2021–22

\$55.8b

net debt position of the General Government Sector as at 30 June 2022

\$295m

unaudited net assets causing an audit qualification