

## **MEDIA RELEASE - THURSDAY, 23 MAY 2024**

### **Auditor-General tables volume 2 report to Parliament on results of the audit of State entities and audited subsidiaries of State entities for 31 December 2022 and 30 June 2023**

The report discloses 314 audit findings which arose from the audit of State entities and audited subsidiaries of State entities for 31 December 2022 and 30 June 2023, a significant increase from the 229 findings identified in the previous year. Mr Thompson noted, 'The higher level of audit findings was not entirely unexpected given resourcing constraints in some State entities.'

The report also contains analysis and commentary on the financial performance and position of the local government sector.

Tasmanian councils, in aggregate, generated an underlying surplus of \$3.16 million for 2022-23, a deterioration of \$5.23 million on the previous year. In comparing the performance of urban and rural councils, Mr Thompson said 'Urban councils have rebounded strongly from the financial effects of COVID-19. Rural councils, however, have not experienced the same improvement, incurring an aggregated underlying deficit of \$5.34 million in 2022-23 compared to a deficit of \$4.57 million in 2019-20.' Mr Thompson also noted a concerning trend for rural councils, with the average growth in expenses outpacing the average growth in revenue over the past 4 years.

In aggregate, rural and urban councils achieved higher levels of increases in rate revenues in 2021-22 and 2022-23. This reflects decisions made by councils to counter increasing cost pressures, especially for infrastructure materials, and the effects of the rate freeze in 2020-21.

The report identifies councils continue to struggle to achieve their capital expenditure budgets. In 2022-23, councils collectively spent \$297.50 million on capital projects, which was only 71.2% of their budgeted spend. Mr Thompson stated, 'This capital expenditure gap may also be contributing to the declining trend in the aggregate asset sustainability ratio for rural councils over the past 4 years.'

Analysis over total useful lives for transport and drainage assets identified, that for certain councils, useful lives utilised were significantly higher or lower than the median and mean useful lives. Those councils should reassess the appropriateness of their asset useful lives during 2023-24.

Click on this [link to read the Report](#).

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Further information contact Martin Thompson, Auditor-General, on (03) 6173 0900