LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE FOR THE CHIEF MINISTERS PORTFOLIO

(INCORPORATING THE PUBLIC ACCOUNTS COMMITTEE)

Public Accounts Committee Report No 14

REVIEW OF AUDITOR-GENERAL'S REPORT NO 8, 1998 - TERRITORY OPERATING LOSSES AND FINANCIAL POSITION

The resolution of appointment of the committee requires, inter alia, that it examine all reports of the Auditor-General which have been laid before the Assembly. Auditor-General's Report No 8, 1998 was presented to the Assembly on 8 December 1998.

The general practice in the past has been for the Auditor-General to include comment on the Territory operating losses within the annual report dealing with the results of agencies' financial statements for the immediately preceding financial year. On this occasion the Auditor-General has come to the view that it would be appropriate to provide an analysis of the financial statements including comparisons with previous years.

In essence, this is an information report intended to show the extent and consistency of the Territory's losses. Among other matters, the audit points to the unfunded superannuation liability as a contributor to the Territory losses. The main thrust of the report is to indicate what could happen if losses continue. The impacts of both the superannuation liability and depreciation of Territory infrastructure will be long term rather than short term but will still require decision.

The committee discussed the report with the Auditor-General at some length. This gave rise to discussion of aspects in the treatment of depreciation under accrual accounting and posed the question as to whether accrual accounting precepts, which are appropriate for the private sector in terms of taxation and retained profits, are relevant in every respect to the activities of government. These matters are worthy of further consideration.

The committee considers that the overall report would have benefited from an analysis of alternatives to asset sales as a means of meeting long term liabilities.

The Territory operating loss has received wide exposure within the Assembly and the community within recent weeks and the committee proposes that the Assembly take note of the audit report.

Ted Quinlan MLA
Chair
March 1999