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Auditor-General's report to Parliament finds significant financial management challenges within the General Government Sector (GGS)

Auditor-General, Martin Thompson highlights a number of significant financial management challenges within the General Government Sector (GGS), including:

- ongoing expenditure exceeding original budgets
- the setting of budgets that are not being achieved in practice
- substantial underlying operating deficits over the past 4 years
- increasing debt levels and reliance on borrowings to fund operations and infrastructure
- capital expenditure continuing to fall materially below budgeted levels.

Mr Thompson said "Over the 4 years from 2022-23 to 2025-26, Departments spent $2.84 billion more than their original expenditure budgets with the Department of Health accounting for the largest share of this overspend".

The audit found that GGS net debt continued to increase during 2025-26, rising by $1.46 billion to $6.51 billion. GFS net debt increased to $5.44 billion. Continued operating deficits and significant capital investment requirements have contributed to increased borrowing levels and are projected to place further pressure on future budgets.

The audit also found problems with agencies meeting their capital expenditure targets.
Mr Thompson observed that "Although Departments invested $574.07 million in capital expenditure during the year, this was $309.07 million below budget. Departments collectively achieved only 65.0% of budgeted capital expenditure. This continues a trend evident over recent years where planned infrastructure investment has not translated into actual expenditure, resulting in an average budget shortfall of almost one-third over the last 4 years."

Mr Thompson concluded "These matters are of sufficient importance to warrant the attention of Parliament and should be considered in assessing the long-term sustainability of the State's financial position".

Click through to the report here

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