



Inquiry into Financial Management and Government Procurement Legislative Compliance

Answer to question on notice

Asked by: Ms Fiona Carrick MLA

Addressed to: Treasurer

Redirected to:

Reference: Treasury

Hearing: 22 April 2026

In relation to: Financial Management Act 1996 and Fiscal Sustainability

Question received: 28/04/2026

Answer Due: 08/05/2026

Minister

The following questions are directed to the ACT Government's compliance with the Financial Management Act 1996, and specifically to whether the Act is being applied in a manner that gives effect to its principles of responsible fiscal management, rather than facilitating only formal or technical compliance.

- Does the absence of a clear and enforceable definition of “fiscal sustainability” in the Financial Management Act 1996 create a risk that successive budgets can technically comply with the Act while departing from its intent, thereby undermining honest budget processes and confidence in the Budget?
- To what extent does the Financial Management Act 1996 require explicit, measurable fiscal targets, and does the absence of such requirements allow budget outcomes that are formally compliant with the Act yet inconsistent with prudent fiscal management and transparent accountability to the Assembly?
- Where budget forecasts and fiscal objectives are materially missed, does the Financial Management Act 1996 require sufficient explanation and corrective action to ensure compliance with its principles of responsible fiscal management, or does the lack of enforceable requirements weaken accountability and confidence in budget integrity?

Thank you

Mr Chris Steel MLA: The answer to the Member's question is as follows:

The *Financial Management Act 1996 (FMA)* requires the proposed budget under section 11(5) to take into account the principles of responsible fiscal management.

The Government's fiscal strategy was most recently provided as part of the 2025-26 Budget with additional narrative in the 2025-26 Budget Review. The strategy will be reviewed on an ongoing basis as part of future budget updates. Budget estimates are prepared based on best known information at a point in time.

Regular and transparent information is provided on the consolidated financial performance and position through both the quarterly consolidated financial statements under section 26 of the FMA which compare the year to date actual outcomes to year to date budget, and the consolidated annual financial statements prepared and audited under sections 22 to 25 of the FMA.

The consolidated annual financial statements are required to accord with accounting standards under section 22(2) of the FMA which includes explanations of major variances between the actual outcome and original budget amounts in accordance with Australian Accounting Standard AASB 1055: 'Budgetary Reporting' paragraph 7(b). These explanations can be found in note 43 of the consolidated annual financial statements. An accompanying Management Discussion and Analysis is also published alongside the consolidated annual financial statements providing an overview of the financial performance and position of the Total Territory consolidated sector.

Approved for circulation to the Select Committee on Financial Management and Government Procurement Legislative Compliance

Signature:



By the Treasurer, Mr Chris Steel MLA

Date:

20/5/26