2025

THE LEGISLATIVE ASSEMBLY FOR THE

AUSTRALIAN CAPITAL TERRITORY

ELEVENTH ASSEMBLY

STANDING COMMITTEE ON PUBLIC ACCOUNTS AND ADMINISTRATION

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REPORT 2 - INQUIRY INTO ANNUAL AND FINANCIAL REPORTS 2023-24

GOVERNMENT RESPONSE

Presented by
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Chief Minister
September 2025

Introduction

On Tuesday, 3 December 2024, the Legislative Assembly passed (with amendments) a motion to establish standing committees and stated calendar and financial year annual and financial reports stand referred to the relevant standing committee for inquiry and report by 12 May of the year after the presentation of the report to the Assembly pursuant to the *Annual Reports (Government Agencies) Act 2004*.

The 2023-2024 Annual and Financial Reports were reviewed by the relevant Standing Committees, and each Committee held hearings and reported separately. The below Government Response addresses the recommendations within the report from the Standing Committee on Public Accounts and Administration.

During its inquiry the Standing Committee on Public Accounts and Administration was required to examine all or part of the following Annual and Financial reports for 2023–24:

- ACT Insurance Authority;
- ACT Public Service—State of the Service Report;
- Chief Minister, Treasury and Economic Development Directorate (CMTEDD) chapters:
    - ACT Executive;
    - ACT Government Procurement Board;
    - Default Insurance Fund;
    - Director of Territory Records;
    - Lifetime Care and Support Fund;
    - Motor Accident Injuries Commission;
    - Office of the Nominal Defendant of the ACT;
    - Public Service Workers Compensation Fund;
    - CMTEDD;
    - Territory Banking account; and
    - Superannuation Provision account;
- Icon Water Limited;
- Independent Competition and Regulatory Commission; and
- Major Projects Canberra (now renamed Infrastructure Canberra).

RECOMMENDATION	GOVERNMENT RESPONSE (AGREED/AGREED IN-PRINCIPLE/EXISTING GOVERNMENT POLICY/NOTED/NOT AGREED)
Recommendation 1 The Committee recommends that, where ABS data is only available at the Territory level, the ACT Government collect data at the district level for the Wellbeing Framework to inform decision-making.	**Noted**
Recommendation 2 The Committee recommends that the ACT Government improves the financial reporting from the budget papers to the annual reports to enable consistency and clarity in tracking program expenditure, by: • introducing program reporting across budgets and annual reports; and • requiring a lead agency to maintain records of budget and actual expenditure for programs delivered by multiple Directorates.	**Noted** The ACT Government is committed to providing a very high level of financial transparency through the Budget, Annual Reports and Financial Statements, and regular quarterly financial updates to the Assembly. This includes undertaking regular and ongoing reviews of output classes, financial reporting processes, and the presentation of information in the budget papers to ensure it meets the high levels of transparency expected by the community. Information on expenditure by output classes and outputs are provided in agency budget statements, financial statements and annual reports. In addition, information on agency performance against output classes and outputs is provided through accountability and strategic indicators. In considering any potential reforms to further strengthen expenditure reporting, the ACT Government will need to consider the associated costs, including those involved in updating the existing financial reporting frameworks.
Recommendation 3 The Committee recommends that the ACT Government improve budget forecasting and planning by enhancing forecasting models to reduce the need for shifting	**Noted** Estimates are based on the most current information available to agencies at the time of the preparation of the Budget. However, expenditure may need to be reprofiled between financial years for various of reasons. These may include matters relating to procurement or procurement outcomes, construction impacts associated with a range of matters

expenditures between financial years and to increase transparency on the rationale behind reprofiling expenditures, ensuring consistency across government departments.	including workplace safety, unforeseen weather events or required legislative approvals, or further community engagement or consultation. Expenditure may also be brought forward if projects are proceeding ahead of schedule. Updating the expenditure profile to account for these unanticipated events ensures that agency financial estimates are as accurate as possible. When using financial instruments to shift expenditure between financial years a reason for the movement is provided as part of the approval and is published as part of the Quarterly Consolidated Financial Statements. This ensures transparency is provided on any such movements.
Recommendation 4 The Committee recommends that the ACT Government clarify the timeline for Stamp Duty Abolition by providing a definitive roadmap to the completion of the 20-year tax reform program, including key milestones and expected phases.	**Existing Government Policy** The tax reform program is being undertaken in five-year stages to ensure the program is informed by and responds to economic, budget and housing market dynamics. As a multi-decade reform, the tax reform program must be responsive to current circumstances and is unable to be locked to a definitive roadmap. For example, changes were required during the third stage of reform in response to the COVID-19 pandemic and cost-of-living pressures. Prior to the commencement of each stage, the ACT Government sets out a detailed explanation of tax reform progress to date and the policy settings for that stage that will progress the program forward toward its end goal of fully abolishing stamp duty. The ACT Government provided current information on the timeframes for tax reform in Chapter 3.1 of the 2025-26 Budget. The next key milestone for the reform is the end of the third stage on 30 June 2026. The ACT Government will announce the next five-year stage of tax reform (Stage 4) in the 2026-27 Budget.
Recommendation 5 The Committee recommends that the ACT Government: • maintain the integrity of the superannuation provision fund by implementing formal protections so it is used exclusively for its intended purpose and not diverted to general government purposes or debt	**Existing Government Policy** The *Territory Superannuation Provision Protection Act 2000* (Act) already provides the protections and safeguards outlined in Clause 9 of the Act.

serving; and • consider introducing legislative safeguards to prevent any potential reallocation of the fund.	
Recommendation 6 The Committee recommends that the ACT Government reintroduce a clear breakdown of the Territory's debt financing structure, including the proportion of interest-only versus principle-and-interest repayments.	**Existing Government Policy** This information is provided in the Annual Budget Papers through the Key Balance Sheet Metrics chapter of the Budget Outlook.
Recommendation 7 The Committee recommends that the ACT Government: • establish clear criteria for agency use of the Capital Works Reserve to maintain fiscal discipline; and • conduct periodic reviews of access to the Capital Works Reserve to ensure funds are allocated efficiently.	**Existing Government Policy** Section 18 of the *Financial Management Act 1996* provides clear legislative guidelines regarding the use of the Capital Works Reserve, including the requirement that authorisation of an advance be presented in the Legislative Assembly.
Recommendation 8 The Committee recommends that the ACT Government streamline and strengthen the conveyance duty concession assessment process by: • enhancing the ACT Revenue website with clearer guidelines and an improved user interface;	**Noted** Requires further consideration. The ACT Revenue Office is currently reviewing information for the home buyer concession scheme on its website. While additional guidelines can be provided, it is not possible to provide full upfront verification under the existing eligibility requirements for conveyance duty concessions. For example, eligibility for the residency requirements can only be verified from two years after the purchase (for existing built homes, homebuyers have up to 12 months after the purchase to move in to the property and commence the 12 month residency period requirement). This period can

• implementing a preliminary verification process for concession applications; and • require individuals to complete the self-assessment checks for exemptions with data collected for verification by the Revenue Office.	be longer for off-the-plan or vacant land builds. Income criteria cannot be checked in real time, as the Australian Taxation Office data takes time to finalise data after the end of a financial year – depending on the timing of a property transaction, this could take up to 18 months after an individual has lodged their tax return. The Revenue Office and Government will consider whether additional self-assessment checks would provide greater clarity for applicants.
Recommendation 9 The Committee recommends that the ACT Government strengthen debt management strategies by reporting to the Legislative Assembly on the reasons for and factors driving the high level of residential and commercial rates debt.	**Agreed** As previously advised to the Legislative Assembly, the main factor driving the current level of residential and commercial rates debt relates to the COVID-19 pandemic, when debt recovery activity was suspended, debt deferral arrangements were available, and ACT Revenue Office staff were redirected to provide other community support initiatives. The ACT Revenue Office has been gradually returning debt recovery activity to pre-COVID levels but has aimed to do so sensitively in the context of cost-of-living pressures. Additional reporting will be included in the annual report for the Chief Minister, Treasury and Economic Development Directorate.
Recommendation 10 The Committee recommends that the ACT Government conduct a review of: • the Taxation Administration Act 1999 to assess whether current provisions for interest rates, garnishes powers and debt collection align with best practices; • interest rates and penalties on reassessed debts, including considering limiting the circumstances in which historical debt calculations are applied so that individuals who act in good faith are not penalised; and • whether debt collection practices	**Noted** The Legislative Assembly Public Accounts and Administration Committee has recently agreed to undertake an inquiry into the administration of the Home Buyer Concession Scheme, including consideration of penalties, interest rates and reassessment processes, amongst other things. In addition to improvements to processes that are underway, the ACT Government will also consider the findings of that inquiry in assessing the tax policy settings under the *Taxation Administration Act 1999* (TA Act). The TA Act is largely consistent with that of other states and territories and the Commonwealth, including in relation to the level and rate of penalties, interest, premium interest, debt recovery, garnishee, and application of interest in historical cases and during repayment arrangements. The ability of a taxation authority to undertake debt recovery action, even while matters are under internal review, is similar in all jurisdictions and essential to protecting the tax base. In a recent case, the ACT Civil and Administrative Review Tribunal (ACAT) found that section 28 of the Public Sector Code of Conduct requires ACT public servants to perform their duties with transparency and procedural fairness and that this section can, and should, operate

comply with section 28 of the Public Sector Code of Conduct in relation to procedural fairness and transparency.	concurrently with section 105 of the TA Act. The ACAT member further noted that, “Even if there was an inconsistency (which there is not), section 105 takes priority because it is primary legislation”.
Recommendation 11 The Committee recommends that the ACT Government introduce amendments to section 105 of the Taxation Administration Act 1999 to the Legislative Assembly, to pause debt collection on assessments that are undergoing the assessment process.	**Not Agreed** Section 105 is a fundamental tax compliance measure and enforcement power. Section 105 applies to debts under all tax lines, including rates, payroll tax, and land tax, as well as concessions and exemptions. Requiring debt recovery to be paused during objections would put revenue at risk and create an incentive for taxpayers to lodge objections solely for the purpose of delaying repayment.
Recommendation 12 The Committee recommends that the ACT Government provides clarity about which Minister is responsible for the social and economic development of the commercial hubs across Canberra.	**Agreed** The social and economic development of the commercial hubs across Canberra relies on the work under many ministerial portfolios and is therefore a shared responsibility of multiple ministers.
Recommendation 13 The Committee recommends that the ACT Government release and utilise updated population forecasts, which include the impact of government policy, to provide better information for decision making.	**Existing Government Policy** ACT Treasury produces short-term population projections twice a year as a regular part of the Budget process. It also produces detailed, long-term projections, which are then published on its website. ACT’s long-term population projections are based on the latest available demographic data, administrative data and Territory planning policy. ACT Treasury works closely with parties across the ACT Government on its population projections to ensure that the best available information on the projections is used. The ACT also engages with the ABS and Centre for Population to further inform its projections.

	Work is ongoing to update the long-term population projections, including incorporating data updates and changes in ABS estimates, methodology adjustments, and taking account of recent changes to Territory planning. An updated population report is anticipated to be released in the second half of 2025 and would be shared across the ACT Government to assist decision making.
Recommendation 14 The Committee recommends that the ACT Government's infrastructure planning and the pipeline of projects better reflect the investment required in the social and economic development of town centres across the ACT.	**Noted** The District Strategies identify that investment in infrastructure is a key element in decisions about the future development within districts and that different directorates and agencies have a role in planning for these (for example, EPSDD, Education Directorate, ACT Sport and Recreation, ACT Property Group, ArtsACT, Libraries ACT). These agencies continue to collaborate across ACT Government to plan for and align infrastructure consistent with the objectives and aims of the district strategies and government priorities.