QON No. 6

Legislative Assembly for the
Australian Capital Territory
Select Committee on Financial Management and Government Procurement Legislative Compliance

Inquiry into Financial Management and Government Procurement Legislative Compliance

Answer to question on notice

Asked by: Ms Fiona Carrick MLA

Addressed to: Treasurer

Reference: Treasury

Hearing: 22 April 2026
In relation to: Financial Management Act 1996 and Rollovers
Question received: 28 April 2026
Answer Due: 8 May 2026

Minister

The following questions are about the ACT Government's compliance with the Financial Management Act 1996 in relation to the identification, approval, disclosure and reporting of appropriation rollovers, recognising that timely and transparent rollovers are essential to honest budget processes.

- Does the Financial Management Act 1996 impose clear and enforceable requirements to ensure that significant appropriation rollovers are identified, approved and disclosed in time for the Budget Review, and where this does not occur, does it represent a compliance failure that undermines transparency and confidence in reported budget positions?

- Where material appropriation rollovers are not disclosed in the Budget Review, does this comply with the Act's disclosure obligations, or does it risk presenting an incomplete or misleading picture of the Territory's true fiscal position to the Assembly?

- Should the Financial Management Act 1996 require agencies to explicitly explain material or recurring appropriation rollovers in the Budget Review to ensure accountability for planning and delivery, and does the absence of such explanations weaken compliance with the Act's principles of responsible fiscal management?

Thank you

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

Section 16B of the *Financial Management Act* (1996) provides for the rollover of an appropriation if, at the end of financial year in which the appropriation is made, the amount is not disbursed to the Territory entity.

It was introduced to support cash management reforms included in the 2006-07 Budget that were intended to ensure that cash balances are used more effectively. They were also intended to strengthen the transparency and accountability of cash management through:

- holding agency cash balances to a minimum, with appropriation provided on a "just-in-time" basis; and
- the development of an appropriate cash buffer to be established for each agency to suit operational requirements and working capital needs.

In moving the amendment that introduced Section 16B, the then Chief Minister and Treasurer, Mr Jon Stanhope MLA, noted:

> As part of the cash management reforms, cash holdings within departments have been reduced to a level sufficient to meet operational circumstances and working capital requirements. This is known as a "buffer". As a consequence of these reforms agencies will no longer be able to draw down all remaining appropriation at the end of the financial year. However, should a department not draw down its remaining appropriations by 30 June and not roll funding over through the budget process, then the appropriation lapses under current legislation. This can be a problem in particular for capital works and other significant projects, given the size or complexity of projects and the difficulties with forecasting yearly appropriation requirements. This bill inserts a provision to address the lapsing of appropriation at the end of a financial year where the appropriation is still required in a future year.
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> The bill amends the Financial Management Act by inserting a provision that allows for appropriations to be preserved from one financial year to the next based on an instrument signed by the Treasurer. Authorisation by instrument will allow rollovers of appropriation on an exception basis, with the merits of each rollover to be assessed individually. Obviously, agencies would need to demonstrate that undrawn appropriations exist in the previous year, and the nexus between the appropriation and a particular project or program.

As noted above Section 16B preserves appropriations between financial years to provide agencies with greater flexibility to implement cash management strategies that deliver financial benefits to the Territory.

Within-year timing for the signing of Section 16B instruments is not specified in the FMA. Section 16B(3) specifies that the Treasurer may give the authorisation in the financial year in which the appropriation is made, or in the following financial year. It should be noted that requiring Section 16B authorisations earlier in the financial year, before the full range of cash management options can be assessed, may result in the unintended consequence of agencies relying more heavily on Section 16B rollovers in case they are needed.

Rollover requests are typically received in mid-December, due to end-of-financial-year work by both Treasury and agencies, consolidated financial statements, and the need to coordinate across program areas. Treasury undertakes a quality-assurance and assessment process of these requests.

Not all rollovers are supported. In providing advice to the Treasurer, Treasury applies clear criteria, including whether the delay is justified, whether the rollover would extend a program beyond Cabinet approval, and whether alternative funding options exist.

Bringing the process earlier risks undermining due diligence, as the current timing reflects practical constraints and the need to ensure rollovers are appropriate and accountable.

The budget estimates are updated following authorisation of a rollover. For example, section 16B rollovers authorised in 2024-25 were disclosed in agency changes to appropriation tables in the 2025-26 Budget. Agency financial statements (Statement of appropriation note disclosure) also disclose section 16B rollovers. This is in addition to authorised section 16B instrument being provided to the Legislative Assembly alongside the quarterly consolidated financial statements.

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

Signature: Date: 20/5/26

By the Treasurer, Mr Chris Steel MLA