



COMMITTEE SUPPORT

Standing Committee on Public Accounts

Inquiry into Annual and Financial Reports 2020-2021 **ANSWER TO QUESTION ON NOTICE**

Asked by Elizabeth Lee MLA:

[Ref: Major Projects Canberra]

In relation to: Major Projects Canberra Budget variances

On pages 98-100 of the MPC Annual Report 2020-21 there are a number of large budget variances listed. Please provide any plans you have in place to improve the accuracy of budgeting.

Andrew Barr MLA: The answer to the Member's question is as follows:—

The 2020-21 Budget represented the first published budget for Major Projects Canberra (MPC). This Budget reflected the transfer of budgets from three other agencies (CMTEDD, TCCS and ACT Health) and various new initiatives as part of the Administrative Arrangements Order at the establishment of MPC.

Through 2020-21 MPC has worked to improve the accuracy of budgeting between the categories of Employee Expenses, Supplies and Services and Assets and Liabilities including:

- Development of a Capitalisation Policy to guide the accounting treatment of major project costs at the time of business case consideration to ensure the budget is a reflection of the expected accounting outcome;
- An annual review of expected completion of subcomponents of major capital works projects to ensure the budget is reflective of works that are expected to be completed and moved from 'works in progress' as they are placed 'in service' in the operational Directorates; and
- An improved understanding of trend data in relation to year-end balance sheet data including receivables, payables and cash balances which are being used for the purpose of more accurate budget preparation.

Approved for circulation to the Standing Committee on Public Accounts

Signature: 

Date: 15.3.22

By the Treasurer, Andrew Barr MLA