



Inquiry into Financial Management and Government Procurement Legislative Compliance

Answer to question taken on notice

Asked by: Ms Deborah Morris MLA

Addressed to: Treasurer

In relation to: Financial Management Act 1996 and Timing of Fitzroy Pavilion payments and roll overs and best practice

Hearing: 22 April 2026

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Transcript provided: 29 April 2026

Answer Due: 6 May 2026

Mr Campbell took on notice the following question(s):

MRS MORRIS: Okay. Is it good practice for public money to be spent before it has been authorised by the minister?

Mr Austin: Well, I guess under our capital works guide, it depends on what quantum we are talking about. There are thresholds that apply, so if you are seeking to use an underspend from a capital project within a certain limit, and I cannot remember what it is now, but it is a small amount of percentage value of the project, that is at the discretion of the directorate, but above that it would be the Treasurer signing off on that. It just gives the flexibility to directorates to manage their portfolio of projects if they have to make payments within a year.

MRS MORRIS: So if it was above that threshold that you mentioned—

Mr Austin: I am not sure, because I do not know the details of this particular project. But we can take that into notice.

MRS MORRIS: —it would not be a good practice to spend it without the Treasurer's authorisation?

Mr Steel: Look, I think it just goes back to the point of the section 16b rollovers. What we are talking about are projects and programs that have had an appropriation approved and authorised by the Legislative Assembly, where there might have been changes in delivery time timelines for those projects and programs that mean that there is undispersed funds that need to be rolled over. And that might be contractual, there might be some contractual requirements to make milestone payments for that project and so these are already projects that are in flight, often, and so to not have the flexibility

of that rollover being provided would mean you effectively would have to stop the project or not make a contractual milestone payment and all those sorts of things. So it exposes the territory to legal risks. There is a range of consequences that might come from that.

MRS MORRIS: I am not disputing that. I guess the question is if a need for spending arose, would not the best practice be to seek authorisation from the minister and then spend the money rather than spend the money and then retrospectively seek authorisation?

Mr Austin: Mrs Morris, I have got the guidelines in front of me now so I can probably give a bit more detail. So under our capital works guidelines—and we can provide them to the committee if they would assist—if the cost increases less than 2 per cent of the project's budget or a \$100,000 in appropriation and was required to complete the project and incurred in the financial year in which the project is financially acquitted, that can be decided at an agency level and agreed with Treasury. So above that threshold it would have to be approved by the Treasurer. And it is trying to give that flexibility.

MRS MORRIS: Thank you. Sorry, what was the threshold?

Mr Austin: The threshold is 2 per cent—a cost increase that is less than 2 per cent of the project's budget or a \$100,000.

MRS MORRIS: \$100,000, okay. I am not sure of the cumulative figure. I am pretty sure it was more than that.

Mr Austin: Yes, sorry. I do not have that sort of detail, but—

MRS MORRIS: In which case, wouldn't best practice be a need for a rollover arises and then authorisation is sought from the minister? Whereas what we have in this case, money is spent that has not been authorised and then the Treasurer provides an authorisation retrospectively to cover that spend. Is that good practice?

Mr Austin: So in terms of this project, in our central system, we are actually reporting it as slightly underspending at the moment. So I am not sure what numbers are being referred to, but we can take that on notice and have a look at that. It is about a \$4.5 million project and according to what has been reported to us, it is underspending by about 100,000 at the moment.

CHRIS STEEL MLA - The answer to the Member's question is as follows:

The *Financial Management Act 1996* provides the authority for the Treasurer to approve a section 16(B) rollover for a capital works project. A rollover issued under this section requires the appropriation to have been agreed to by the Legislative Assembly. Appropriations are made to the agency, either as capital injection, controlled recurrent expenditure or expenses on behalf of the Territory. The appropriation is not prescribed in the Appropriation Act for any particular project.

As part of the 2023-24 Budget initiative *Better community infrastructure – Refurbishing the Fitzroy Pavilion for major community events*, the Government committed to refurbishing the Fitzroy Pavilion at Exhibition Park in Canberra, providing authority for the project. This was further reflected in the 2023-24 Budget Review to reflect the project cost.

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As a capital project, consistent with the Capital Works Program Guidelines, in instances where there is a temporary shortfall in the project’s funding within the budget year and the agency has other sources of undisbursed capital appropriation for the year, the agency can cash manage the project from appropriation provided for other capital works projects with slower than budgeted delivery at its own discretion. In deciding to proceed in this way, the agency must be mindful of their legal obligations under the contract for delivery and their total available capital injection appropriation.

The current profile of Fitzroy Pavillon project (as published in the Quarterly Capital Works Program report) is below:

Project Budget (\$'000)	Prior Years Expenditure (\$'000)	Estimated S16 (B) Rollover (\$'000)	Committed Expenditure from 2024-25 (\$'000)	2025-26 Funds available (inc. estimated S16b)	2025-26 YTD March 2026 Expenditure (\$'000)
4,590	4,291	280	45	235	75

All Quarterly Capital Works Program - Assembly Progress Reports and Appendix 1 – Major Projects Reports from 2012-13 are published in ACT Treasury website at:

<https://www.treasury.act.gov.au/publications>.

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

Signature:



By the Treasurer, Chris Steel MLA

Date:

14/5/26