



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 payments and s16B rollover authorisation at Fitzroy Pavillion

Hearing: 22 April 2026

Uncorrected Proof Transcript pp 44

Transcript provided: 29 April 2026

Answer Due: 6 May 2026

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

Mrs Morris: Thank you. Okay. Just a couple of questions on Fitzroy(?) [11.49.21] earlier. Mr Cocks in his submission has drawn the committee's attention to the fact that all payments were made before you signed on the rollover. What authority enabled you to spend money that had not yet been authorised?

Mr Austin: I am happy to answer that, Mrs Morris. So agencies can cash manage within the existing appropriations they have so if there are any spends in existing projects, that could be applied to another project and that is allowed under our capital works guidelines. The scope, so it goes back to the point I was making at the start, I guess, that section 16b is a within year cash management device for agencies. So if there is funding available elsewhere they will pay that invoice or make that payment on the basis of an expectation that 16b would be approved later.

Mrs Morris: Okay. Treasurer, were you aware that those payments had been made before you authorised them?

Mr Steel: I will take that on notice.

Mrs Morris: Okay, thank you. I suppose this, yes, relates to the other one. Did you seek information on whether payments had been made, so if you can take on notice whether you were aware and what information you sought about that?

Mr Steel: Sure. Yes.

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

Disbursements are managed within each Directorate's total appropriation available, in accordance with Section 31A of the *Financial Management Act 1996*.

Under accrual accounting, expenses are recognised when they are incurred, rather than when the cash is disbursed. As a result, expenditure may be incurred within one financial year (2023-24), with the cash disbursed in the subsequent financial year (2024-25). The disbursement of these payments are cash managed by each Directorate, pending the approved 16B instrument.

The process for consideration of section 16B rollovers of undisbursed funds requires the relevant Minister writing to the Treasurer, following briefings from Territory entities and agreement by relevant Ministers that a rollover is necessary.

Should a 16B instrument not be approved, resources would need to be reprioritised to meet these obligations within the relevant Directorate. Managing this risk falls within the responsibility of Directors-General under Section 31 of the FMA.

Treasury assesses requests to ensure appropriation is available to support the rollover, that requests meet the Guidelines for reprofiling and section 16B rollovers, any interactions that a rollover of undisbursed funds may have with the budget process, and that the rollovers are required to achieve Government policy outcomes, taking into account the financial circumstances of the requesting entity. Treasury is also responsible for preparing the instrument and briefing the Treasurer on a recommended position.

Capital works expenditure is reported to Treasury on a monthly basis. At the time of signing the instrument, the project had reported incurred expenditure in 2024-25 of \$3.932 million, with cash drawn totalling \$4.003 million.

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

Signature:



By the Treasurer, Mr Chris Steel MLA

Date:

27/5/26