FINANCIAL MANAGEMENT ACT 1996

2026 REVIEW TERMS OF REFERENCE

Introduction

The *Financial Management Act 1996* (FMA) was introduced in 1996 to establish a comprehensive framework for the financial and budget management of the Territory government. It provides for the financial management of the resources of the Territory, for the scrutiny of financial management by the Legislative Assembly, for specifying financial reporting requirements and for related purposes.

The FMA has been amended several times since its introduction with the last major update completed in 2015 which streamlined administrative requirements, enhanced transparency and accountability to the Legislative Assembly as well as provided greater flexibility to the Government to respond to emerging priorities.

In the 2024 Election, the Government committed to undertake a review of the FMA to modernise it and bring it into line with community expectations and standards.

The Select Committee on Financial Management and Government Procurement Legislative Compliance in its report tabled in June 2026 also made 10 recommendations supported by 7 findings in relation to the FMA. These recommendations and findings will be considered as part of the review.

Timing

The Review will provide a report to Government in August 2027 to enable an amendment bill to be introduced to the Legislative Assembly in September 2027 with anticipated passing of updated legislation in February 2028.

Terms of Reference

The Review will examine whether the *Financial Management Act 1996* remains fit for purpose and supports contemporary standards of public sector financial management, accountability, transparency and Legislative Assembly scrutiny. It will seek to enhance clarity, flexibility and accountability without imposing additional administrative burden and costs of compliance.

In undertaking the Review, consideration will be given to the findings and recommendations of the Select Committee on Financial Management and Government Procurement Legislative Compliance.

The Review will consider:

(a) the adequacy of the Act in supporting accountability for the use of public money, transparency in financial reporting and decision-making;

(b) the timeliness and form of information provided to the Legislative Assembly where appropriations are amended, varied or otherwise affected;

(c) the operation, timing and use of section 16B — Rollover of undisbursed appropriation — including whether current arrangements provide appropriate transparency, discipline and scrutiny;

(d) whether the Act provides sufficient clarity on the role, status and use of financial management instruments, directions, accounting policies and model financial statements;

(e) opportunities to reduce unnecessary administrative burden while maintaining, or strengthening, accountability, transparency and legislative compliance;

(f) the operation of Part 7 — Trust Money — including the scope and administration of trust money, banking and investment arrangements, treatment of interest, unclaimed money, claims and review processes, transfers to and from the Territory Banking Account, and roles and responsibilities of agencies, the Public Trustee and the Treasurer;

(g) whether amendments are required to improve clarity, interpretation and consistency of terms used in the Act, including definitions and obsolete terminology;

(h) whether provisions applying to directorates, territory authorities and territory-owned corporations remain appropriate, including whether obligations should be applied consistently or differentiated according to entity type; and

(i) consequential amendments required to regulations, instruments, subordinate legislation, administrative guidance or related legislation.

The Review will identify whether matters are best addressed through amendments to the Act, supporting regulations or instruments, administrative guidance, changes to practice, or a combination of these mechanisms.

The Review will also draw on the financial management structures and experience of other jurisdictions to inform its findings.

Consultation and Governance Arrangements

The Review will be undertaken by Treasury with the support of an independent expert/an external reviewer supported by Treasury.

Consultation with stakeholders will be an important input. Treasury and the Reviewer will consult with the following stakeholders through written submissions and discussions. These include, but are not limited to:

- Directors-General, Chief Financial Officers and Directorate officials
- Auditor-General and the ACT Audit Office
- Standing Committee on Public Accounts and Administration
- Members of the Public