

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2017-18**

Finance Portfolio  
24-25 May 2017

**Department/Agency:** Finance  
**Outcome/Program:** 1/1.1  
**Topic:** Streamlining Financial Statements

**Senator:** Gallagher  
**Question reference number:** F46  
**Type of question:** Hansard Proof, 25 May 2017, F&PA Committee, page 35, 36  
**Date set by the committee for the return of answer:** Friday, 7 July 2017

**Number of pages:** 2

**Question:**

**Senator GALLAGHER:** The department has been streamlining its financial statements.

...

**Senator GALLAGHER:** It is really about why this decision was made and what information has been omitted. I know there have been assurances that quality of information and transparency have not been jeopardised through this change, so it is a discussion around that.

**Dr Helgeby:** There is an accounting standard that essentially tiers entities. So this is an entity-level issue and not a whole-of-government issue. It tiers entities and essentially says that if an entity does not undertake certain kinds of activities then it does not have to account as if it did undertake those activities. For example, if it did not undertake any work in financial instruments, it would not need to disclose that it does not undertake work in financial instruments. That is largely where the changes are. But for anyone who does undertake financial instruments they have to disclose them in full, as before, and at the whole-of-government level there is full disclosure.

**Senator GALLAGHER:** When is this decision taken? Did you just automatically adopt the accounting standard?

**Dr Helgeby:** That is right. We follow the accounting standards.

**Senator GALLAGHER:** So it is not a decision outside of that?

**Dr Helgeby:** That is right. The accounting standards move in a particular direction. Occasionally they give you options, but we follow the accounting standards.

**Senator GALLAGHER:** I have been hit by accounting standards before! Could you take on notice to provide what information is no longer provided in the financial statements for Finance?

**Dr Helgeby:** For the Department of Finance?

**Senator GALLAGHER:** Yes.

**Dr Helgeby:** Yes, we will take that on notice.

...

**Senator GALLAGHER:** In terms of financial statements, this does then create differences across the agencies. How many tiers are there?

**Dr Helgeby:** Two.

**Senator GALLAGHER:** So there are two different arrangements, depending on where you sit. In the annual report, I think there is a reference, in relation to the streamlined template, that 'the department is leading the way for the public sector'. Do you know what the references to?

**Dr Helgeby:** Do you have a page number?

**Senator GALLAGHER:** No, I don't. Perhaps if you could just take that on notice. I will try to get the page number for you. I will leave it there. I will try to find the page number, and perhaps you could just answer on notice on what 'leading the way for the public sector' means.

**Answer:**

1. By embarking on streamlined financial statements, the Department of Finance changed the way information is presented to improve the readability and understandability for users. Information was only removed if that information was immaterial to users and/or not required. Primary statements and amounts are unaffected. Compared to the 2014-15 Department of Finance Financial Statements, the 2015-16 Department of Finance Financial Statements did not provide the following information:

- some words of accounting policies that were considered immaterial, duplicated or not applicable to Finance's operations;
- disaggregated detail of immaterial line items;
- splits between related and external parties of some income and expense items;
- commitments line item 'goods and services contracts' not required under accounting standards;
- net cash appropriation arrangements (former Note 3);
- business/administered operations (former Notes 9 and 25A) which was not required by accounting standards;
- details of investments accounted for using the equity method and summarised financial information of joint ventures; and
- financial assets reconciliation (former Notes 20 and 33).

2. "Leading the way for the public sector" is covered in the case study in the 2015-16 Department of Finance Annual Report (on page 74) and refers to Finance's approach to streamlining financial statements. The production of these streamlined financial statements was achieved through:

- adding more information to the primary statements and schedules;
- placing greater emphasis on providing information that is material to users, which has resulted in the provision of information that is more relevant, as well as the removal of disclosures that were not considered useful; and
- relocating significant accounting policies and assumptions alongside the relevant note where possible.

Finance, at a whole-of-government level, is encouraging entities to review their financial statements, provided changes are consistent with accounting standards.