

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Additional Estimates 15 February 2006)

Topic: Section 31
AT87 Hansard page: E69

Senator Watson asked:

So they are not identified as section 31. Do you not think it would be a desirable feature for good transparency that section 31 be there? It is a significant change from the fundamental requirement that all appropriations have got to go through a process under section 81 of the act, which is approved by parliament.

Ms Moody—Certainly we could include disclosure of that in the financial statements. I will come back to you on notice about whether there already is some disclosure in there, because certainly in terms of expenditure appropriations there is a series of different notes within the financial statements but I cannot, off the top of my head, tell you whether section 31 is one of them. The other thing is that we have done a series of disclosure notes ourselves around issues raised with us by the Audit Office, which I think also cover this issue.

Senator WATSON—I am not querying that you are not returning it in some form, but rather that you are returning it in the form of other income. I would have thought that a special arrangement to get around the requirements of section 83, namely a section 31 approach, really should be a separate disclosure, and that is what worries me.

Mr D'Ascenzo—Ms Moody is going to check whether or not that is the case, and it may well be disclosed; if it is not, we will in our next financial statement make that disclosure in that way.

Senator WATSON—Ms Moody said that it is disclosed but under 'other revenue'. My concern is that if it is getting lost in 'other revenue', parliament loses sight of the fact that it is a special section 31 arrangement.

Mr D'Ascenzo—We would have no problems in trying to make that clearing house statement.

Senator WATSON—Could you air this with the Audit Office to see whether a special disclosure is required and let the parliament know?

Ms Moody—I will talk to the department of finance about that if you would like, because they are certainly responsible for the content of the notes. The Audit Office looks at it and says, 'Have you done all you should?' but the department of finance controls the actual content. I will say in relation to the net appropriation audit on page 353 of our annual report that we do provide in a note disclosure about the effect of this audit on the 2004-05 financial statements, but when I look at it note 3(b), which is revenue from services, and also note 3(d), other revenue, it does not specifically refer to section 31.

Senator WATSON—It does not.

Ms Moody—Yes. That is the problem. We will look that up.

Mr D'Ascenzo—We will take up your suggestion.

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Answer:

Section 31 net appropriations were disclosed as a separate item in the Commissioner's Annual Report 2004-05 (note 25, Appropriations, page 388). This was required under clause 2C.1 of the Finance Minister's Orders 2004-05 and is normally required annually.

In addition, in 2004-05, as a result of the Australian National Audit Office audit of section 31 agreements, two extra notes were included in the financial statements (2.3 on page 353 and 25A on page 389).