

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Supplementary Estimates Hearings 2002-2003 – 20 November 2002

Question: F10

Outcome: 1

Output: 1.1.3

Topic: Documentation now very different as a result of Charter of Budget Honesty.

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Senator Conroy asked:

Dr Watt—I think the important point Mr Bowen is emphasising is that the documentation is now very different as a result of the Charter of Budget Honesty. We have a very different final budget outcome from what we had before. We did not call it that, if my memory serves me correctly. If you would like, we are happy to undertake to compare the documentation previously published and audited on the budget outcome with what we have now and indicate differences and similarities. I think it is so different that they are very hard to compare. We would be happy to do that for you.

Answer:

Budget outcome

Prior to 1994-95 (when the Budget was in August each year), the budget outcome for the previous year was reported in the tables of financial data in the Budget documentation. These documents were not audited by the ANAO.

Following the move to May Budgets from 1994-95, a separate Final Budget Outcome (FBO) document has been prepared after the end of each financial year. (An exception was the 1995-96 Budget outcome which was included in the 1996-97 Budget documentation because the Budget was delivered in August 1996 following a general election). These documents are not subject to audit by the ANAO.

Prior to the introduction of accrual budgeting in 1999-2000, the FBO reported the cash Budget outcome. It now incorporates the cash outcome but also includes the financial performance and financial position of the Commonwealth General Government Sector on both GFS and AAS31 bases, consistent with Section 19 of the *Charter of Budget Honesty Act 1998*.

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End-of-year Financial Statements

Prior to 1997, under Section 50AB of the *Audit Act 1901*, the Minister for Finance prepared an annual Aggregate Financial Statement (AFS) for the Commonwealth. The AFS was prepared subsequent to the release of the Budget outcome and was subject to audit by the Auditor-General. It presented cash information only and was not prepared in accordance with Australian Accounting Standards.

From 1997, the Minister for Finance has prepared annual Consolidated Financial Statements (CFS) for the Commonwealth (the successor reports to the AFS), as required under Section 55 of the *Financial Management and Accountability Act 1997*. These statements are subject to audit by the Auditor-General. The CFS is prepared on an accrual basis in accordance with Australian Accounting Standards and incorporates consolidated results for all Commonwealth controlled entities as well as disaggregated information on the various sectors of government (general government, public non-financial corporations and public financial corporations).