

**SENATE FINANCE AND PUBLIC ADMINISTRATION  
LEGISLATION COMMITTEE**

**GOVERNMENT RESPONSE**

**REPORT ON FINDINGS INTO THE FORMAT OF PORTFOLIO  
BUDGET STATEMENTS**

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

## Recommendations and Government Response

1. DOFA publish and annually update a best practice outcomes/outputs framework guide on its website.

**Response:**

Agree – DOFA will highlight agencies who have had success with their definitions of outputs and outcomes, so that other agencies can share this information. The Committee may wish to note that DOFA has recently revised its Budget website, to make it a consolidated source of information on budget related matters.

2. In the PBS, information on appropriations should be disaggregated to the output level.

**Response:**

Agree – while appropriations are at the outcome level in the Appropriation Bills, providing a breakdown at the output level in PBS's will give Senators more information to assist their scrutiny. It is worth noting that a number of agencies provided information at the output level in 1999-2000 PBS's. By incorporating this requirement in the guidance for agencies in preparing their 2000-01 PBS, output level information will be available for all agencies.

3. In the PBS, administered items should be itemised.

**Response:**

Agree – the itemising of administered expenses/revenues will provide greater information to Senators, particularly where large administered appropriations are involved. To minimise the additional requirements placed on agencies, it is proposed to keep itemising to a relatively high level. This requirement will be incorporated into the guidance for agencies in preparing their 2000-01 PBS.

4. Forward estimates for outcomes and outputs should be itemised.

**Response:**

Disagree – there is already extensive reporting of forward estimates information in budget documentation. For example, forward estimates information is provided at an aggregate level (cash and accrual), as well as for agency expenses, measures and on a

functional basis. This information is published at both Budget and the Mid Year Economic and Fiscal Outlook update.

The introduction of an accrual based budgeting framework is in line with international best practice and provides comprehensive financial information. Accordingly, the Government does not intend to adopt this recommendation.

5. Significant differences or variations from budget predictions to actual expenses or revenues should be disclosed in a suitable publicly available document.

**Response:**

Agree – to avoid introducing more budget related documentation, it is proposed to include this information in the Final Budget Outcome document, which is published and tabled in September each year. DOFA will liaise with the Committee further, to ensure that its requirements are met in this document.

6. Notes to the financial statements should be expanded to include an explanation of the opening and closing asset values and amount and application of the capital user charge (CUC).

**Response:**

Agree – this additional information will aid the understanding of accrual presentation of financial data. This requirement will be incorporated into the guidance for agencies in preparing their 2000-01 PBS.

7. In the short term, the ANAO should consider the development of a “best practice” performance information guide and in the longer term – but not later than 2002-03 – the ANAO should consider across-the-board performance information audits.

**Response:**

ANAO has advised that:

“The ANAO proposes to update its Better Practice Guide on Performance Information as part of its 2000-01 audit program. The audit program will also increase the focus on performance information in its audit coverage generally.

Consideration will be given to including in the 2001-02 and future audit programs across-portfolio performance audits of performance information included in Portfolio Budget Statements.

In accordance with existing arrangements, the ANAO consults with the Joint Committee of Public Accounts and Audit, and relevant agencies prior to the finalisation of its annual work program.”

8. Explanatory briefing documentation given to legislation committees at pre-hearing briefings for budget estimates should be incorporated in the relevant legislation committee's additional information volumes and published on the committee's website, if relevant.

**Response:**

This is a recommendation for Legislation Committees themselves.

9. Legislation committees should continue to report in each budget estimates report on the adequacy of the PBS provided for their use and in each additional estimates report on the performance information examined.

**Response:**

This is a recommendation for Legislation Committees themselves.