



**THE HON LINDSAY TANNER MP**  
Minister for Finance and Deregulation  
Member for Melbourne

Senator Helen Polley  
Chair  
Senate Finance and Public Administration Committee  
Parliament House  
CANBERRA ACT 2600



Dear Senator Polley

I am writing to provide an interim response to the Committee's report (*Transparency and Accountability of Commonwealth Public Funding and Expenditure, March 2007*).

The Committee made a number of recommendations that are consistent with the reforms I have announced under the banner of Operation Sunlight and which the Government has already begun to implement. I have also announced, on 24 March 2008, that Senator Andrew Murray is to review and provide advice on options to further improve budget transparency.

Senator Murray has been asked to conduct his review and provide advice to me before 30 June 2008. The advice will take into account the initiatives covered under Operation Sunlight as well as the findings and recommendations of your Committee's report.

I believe it is important to receive Senator Murray's advice prior to finalising a formal response to your Committee's report.

As an interim measure, however, I would like to advise you of efforts under the first phase of Operation Sunlight which the Government has either implemented or will be implementing in 2008 that are consistent with a number of the recommendations of your Committee's report:

- (a) for the first time since the 1999-2000 statements, the Consolidated Financial Statements released by me on 20 December 2007 have recognised the GST as a Commonwealth tax (recommendation 7);
- (b) improvements to the transparency of agency Portfolio Budget Statements and the Budget Papers are planned for the forthcoming Budget (recommendations 1, 3, 5 and 11)
  - i. as I advised you in my letter of 10 March 2008, agency Portfolio Budget Statements have been redesigned to include a resource

statement, outlining all of the resources available to the agency, as well as a more consistent approach across agencies to the structure and presentation of their information, and

- ii. Budget Paper 4 (relating to Agency Resources) will be simplified and clarity improved through the introduction of new tables on special appropriations and the removal of repetitive information;
- (c) I and my Department (Finance) will have a stronger role in vetting outcomes, and Finance, in consultation with agencies, will be reviewing all outcomes by the end of 2008 (recommendation 12); and
- (d) Finance will work with the Department of the Prime Minister and Cabinet to finalise the Annual Reporting guidance for 2007-08, setting out improved reporting and transparency of appropriations (recommendation 3), and will be making further changes in 2008-09 to reflect the improvements being introduced through the 2008-09 Portfolio Budget Statements.

The Government is committed to increasing the standards of transparency under Operation Sunlight and I consider that the initiatives outlined above represent a practical and first step forward.

My intention is to present a further and full response to the Committee report in the second half of 2008, addressing the report recommendations and the manner in which the Government is responding to their aims.

Yours sincerely



Lindsay Tanner

06 APR 2008