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## SENATOR THE HON NICK MINCHIN

Minister for Finance and Administration  
Leader of the Government in the Senate

20 JUN 2006

Mr Tony Smith MP  
Chair  
Joint Committee of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600

Submission No: ..... 3 .....
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Dear Tony,

I am writing to provide your Committee with information on matters relevant to your current inquiry, *Review of Auditor-General's Reports Nos. 7 to 34 (2005/06)*, following a submission to your inquiry from the Clerk of the Senate.

It is the case that the appropriation authority for approximately 80 per cent of Commonwealth expenditure is not found in *annual* Appropriation Acts. However, it is important that the Committee is informed that these matters have been authorised in provisions of Acts that have been considered and passed by the Parliament. The authority provided by these appropriations is limited by the provisions of the relevant Acts of Parliament.

Special Appropriations generally relate to payments for statutory entitlements that are criteria based and need to be made on an ongoing basis, independent of the Government's annual budget priorities. For example, Special Appropriations are used in relation to pensions and tax refunds. This ensures that an appropriation authority is available whenever these payments, authorised by the Parliament through legislation, need to be made.

Expenditure in reliance on these appropriations is also subject to considerable Parliamentary scrutiny. For example, estimates of amounts that will be spent in reliance on Special Appropriations are included in agencies'

Portfolio Budget Statements, published as part of the annual budget process, and are subject to scrutiny by Estimates Committees.

Agencies are also required to report the extent to which they have relied on all appropriations, including appropriations not provided in annual Appropriation Acts. This information is included in notes to their annual financial statements, which are audited by the Auditor-General and included in agencies' Annual Reports which are tabled in Parliament.

If you or your Committee would like to discuss this matter, the contact in my department is Mike Loudon, First Assistant Secretary, Financial and Budget Framework Division (02 6215 3244).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Minchin', written in a cursive style.

**Nick Minchin**