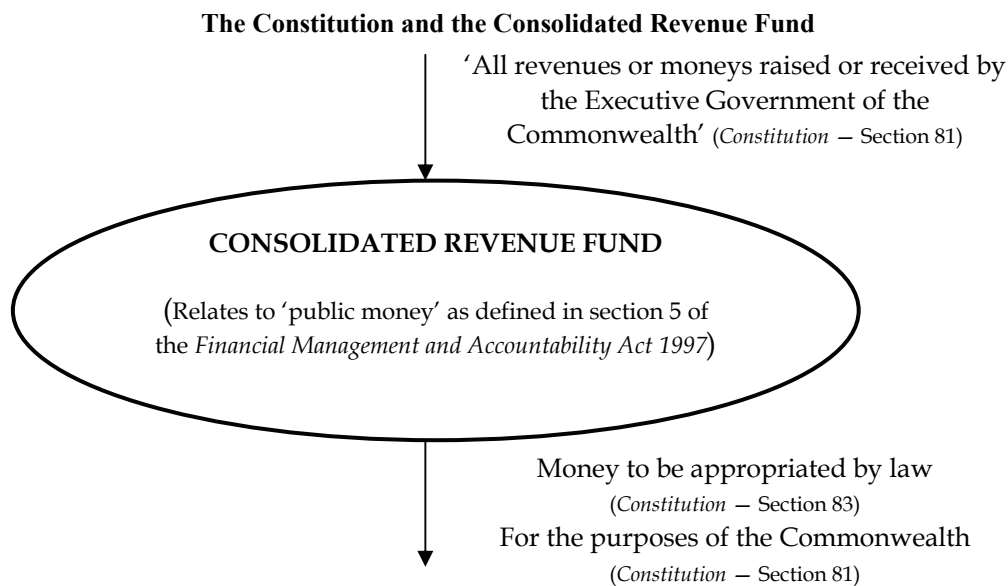


Introduction

The purpose of Budget Paper No. 4 is to provide, in a single publication, information on appropriations required by entities in the budget year.¹ It contains three tables showing estimated expenses for each special appropriation contained in an Act, estimated balances and flows for each special account, and total estimated resourcing by source of appropriation for each entity. Each table is organised by portfolio and by entity and provides estimates for the budget year and previous year.

APPROPRIATIONS

The Constitution, through section 81, provides for one Consolidated Revenue Fund (CRF), formed from all revenues or moneys raised or received by the Executive Government of the Commonwealth. The CRF is 'self-executing'. That is, all moneys paid to the Commonwealth, or any person or organisation acting on behalf of the Commonwealth, automatically form part of the CRF. Whether or not the Commonwealth has credited those moneys to a fund or an account, the moneys form part of the CRF upon receipt by, or on behalf of, the Commonwealth. This covers taxes, charges, levies, borrowings, loan repayments and moneys held in trust. Section 81 does not deal with the manner in which money that forms the CRF shall be kept, nor does it deal with the keeping and auditing of the public accounts.



¹ References to 'entity' in Budget Paper 4 are references to agencies under the *Financial Management and Accountability Act 1997*, bodies under the *Commonwealth Authorities and Companies Act 1997* and the High Court of Australia.

Introduction

Section 83 of the Constitution provides that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law. Section 81 provides that all appropriations from the CRF must be for the purposes of the Commonwealth. The 'Treasury' of the Commonwealth, mentioned in section 83, equates to the CRF referred to in section 81. Together, sections 81 and 83 provide that there must be an appropriation, made by law, for the purposes of the Commonwealth, before money may be drawn from the CRF. This is a key element of the provisions which safeguard Parliament's control over government spending.

There are four sources of funding available to entities to undertake their activities:

- special appropriations, which are provisions in acts (other than those in annual appropriation Acts) that authorise the expenditure of money for particular purposes;
- balances available in special accounts, which are appropriation mechanisms that notionally set aside amounts within the CRF to be spent for specific purposes;
- annual appropriations, which are contained in acts that provide annual funding to entities to undertake government operations and programs; and
- certain receipts that agencies may retain and spend under section 31 of the *Financial Management and Accountability Act 1997* (FMA Act), or which bodies under the *Commonwealth Authorities and Companies Act 1997* (CAC Act) may spend in accordance with their enabling legislation.

These sources of funding are discussed in more detail below.

SPECIAL APPROPRIATIONS

A special appropriation is a provision within an Act that provides authority to spend money for particular purposes, for example, to finance a particular project or to make social security payments. Special appropriations account for around three quarters of all government expenditure each year.

A special appropriation is included in a specific Act when it is desired to provide a payment where an entitlement exists, or a payment of a specified amount separately identified from an annual appropriation Bill. Some special appropriations state a maximum amount that is appropriated for the particular purpose. They can be referred to as being 'limited by amount'. Others do not state a maximum amount but the payment amount has to be calculated according to legislative criteria that will determine the amount to be paid.

A number of factors are taken into account in determining whether an annual or special appropriation is to be used in particular circumstances. For example, a cash

limited appropriation might not be viable for an entitlement-based program which is demand driven. Generally, a special appropriation will be used when:

- it is desirable to create a legal entitlement to a benefit which is to be provided to everyone who satisfies specific criteria (for example, the age pension);
- it is necessary to give effect to inter-governmental agreements or arrangements by providing a specific amount of appropriation under stated conditions (for example, *Schools Assistance Act 2008* and *Local Government (Financial Assistance) Act 1995*);
- it is important to demonstrate the independence of an office from Parliament and the Executive by providing for automatic payment of the remuneration of holders of the office (for example, the salaries of judges and the Auditor-General);
- it is considered necessary to demonstrate Australia's ability to meet its financial obligations independently of parliamentary approval of funds (for example, the repayment of loans); or
- other unique circumstances exist which would be difficult to accommodate in annual appropriation Bills.

The Administrative Arrangements Order sets out the legislation administered by a Minister of State administering a department. It is the responsibility of a department to ensure that all special appropriations contained within legislation that are the responsibility of its Minister are managed by the department, or are allocated by the Minister to other FMA Act agencies within the Minister's portfolio. Nonetheless, agencies are able to spend money from special appropriations which are the responsibility of a Minister in another portfolio.

Table of Estimated Expenses Against Special Appropriations

Budget Paper No. 4 contains a table showing estimates of expenses for each active special appropriation Act for each agency. It is in two parts: the first is a summary table showing the total special appropriations by portfolio; the second shows the estimate for each special appropriation Act for each agency for the Budget year and an 'Estimated Actual' figure for the previous year. All amounts in the table are shown under the agencies whose Ministers are responsible for the special appropriation legislation concerned. Where special appropriations appear without estimates for either the Budget or the Estimated Actual years, the agency under which the special appropriation appears spends money from that appropriation, but is not the agency whose Minister is responsible for the special appropriation.

The Agency Resourcing Table presents total special appropriations for each agency by outcome and for each portfolio.

SPECIAL ACCOUNTS

A special account is an appropriation mechanism that notionally sets aside an amount within the CRF to be expended for specific purposes. The amount of appropriation that may be drawn from the CRF by means of a special account is limited to the balance of each special account. Special accounts are not bank accounts. However, amounts forming part of the balance of a special account may be held in the Official Public Account, an agency official bank account, partly in both, or by an outsider authorised in a manner consistent with section 12 of the FMA Act.

A special account can be established either by the Finance Minister making a determination under section 20 of the FMA Act, or by enabling legislation as recognised under section 21 of the FMA Act. A special account determination made by the Finance Minister is a legislative instrument. Both a determination (for a section 20 special account) and enabling legislation (for a section 21 special account) are considered by the Parliament before becoming law. The appropriation authority to draw money from the CRF is section 20 or 21 of the FMA Act, as relevant – rather than the determination or the enabling legislation.

Special accounts may be established when it is clear that other types of appropriations are not suitable. For example, there may be a need for increased transparency, including where activities are jointly funded with other governments. They may also be used for public money that is not held on account of the Commonwealth.

The determination or Act that establishes a special account specifies the purposes for which the special account may be debited. The establishing determination, and in most cases the establishing Act, also identifies the types of receipts that may be credited to increase the balance of the special account.

Depending on its purpose, a special account may be credited with amounts from annual appropriations, special appropriations, from third parties, by direct legislative provision, or in limited circumstances with investment income.

A chart that lists the special accounts managed by each agency is available on the Finance website. The chart is available at:

<http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/special-accounts.html>.

Table of Estimated Cash Flows and Balances for Special Accounts

Budget Paper No. 4 includes a table listing all special accounts estimates for the budget year and previous year. The table shows, by portfolio and agency, estimated balances and flows for each special account. Special accounts marked with an * were abolished in the previous year.

There is an important distinction in the way receipts into special accounts are displayed in the Table of Estimated Cash Flows and Balances for Special Accounts and in the Agency Resourcing Table. The former distinguishes between appropriated and non-appropriated receipts into special accounts, while the Agency Resourcing Table shows only estimates of non-appropriated receipts.

The Table of Estimated Cash Flows and Balances for Special Accounts and the Agency Resourcing Table both include estimates of public money that is not held on account of the Commonwealth or for the use or benefit of the Commonwealth.

At the end of the financial year, a note to the Consolidated Financial Statements is prepared that reports for each special account the purpose of the account, an opening balance, the actual receipts, payments and closing balance. The most recent report was in Note 40 to the 2008-09 Consolidated Financial Statements which is available at:

<http://www.finance.gov.au/publications/commonwealth-consolidated-financial-statements/2009.html>.

ANNUAL APPROPRIATIONS

Annual appropriations are contained in Acts that provide annual funding for government operations and programs and also for investment in assets and to reduce liabilities. Bills proposing appropriations for the forthcoming financial year are introduced into Parliament on Budget night and, when passed, fund approximately a quarter of all government expenditure for the year.

Section 53 of the Constitution provides that the Senate may not amend proposed laws appropriating money for the ordinary annual services of the government. Under section 54 of the Constitution, a proposed law appropriating money for the ordinary annual services of the government can only deal with such appropriations. Accordingly, the annual appropriations are split into Bills that provide for the ordinary annual services of the government (for example, Appropriation Bill (No. 1) 2010-2011) and those that do not (for example, Appropriation Bill (No. 2) 2010-2011).²

In dealing with what constitutes the ordinary annual services of the government and those which do not, the Senate and the then Government came to an agreement in 1965, which is generally referred to as the 'Compact of 1965'. The Compact determines the allocation of items between the annual appropriation Bills. It was most recently altered in 1999 for the introduction of accrual budgeting.

2 Although the Senate may not amend a Bill proposing appropriations for ordinary annual services, it may send a message to the House of Representatives asking the House to amend such a bill.

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The services of the three parliamentary departments are not considered to be ordinary annual services of the government. Accordingly, there is a third budget annual appropriation Bill, the Appropriation (Parliamentary Departments) Bill (No. 1) 2010-2011, that proposes appropriations for the parliamentary departments.

A second set of three annual appropriation Bills is usually introduced during the financial year. Called the Additional Estimates appropriation Bills, those three Bills correspond to the three budget appropriation Bills and continue the numbering sequence: Appropriation Bill No. 3 (that is, ordinary annual services), Appropriation Bill No. 4 (that is, other than ordinary annual services) and Appropriation (Parliamentary Departments) Bill No. 2. The Additional Estimates Bills seek appropriation authority from Parliament for the additional expenditure of money from the Consolidated Revenue Fund, in order to meet requirements that have arisen since the last Budget. Further annual appropriation Bills are introduced during the year if required. Those further Bills are called the Supplementary Estimates appropriation Bills (after the Budget) or Supplementary Additional Estimates appropriation Bills (after the Additional Estimates).

A summary of the appropriations proposed in the 2010-2011 Budget Bills, by portfolio, entity and outcome is provided in the Agency Resourcing Table.

Structure of Annual Appropriations

The annual appropriation Bills propose specified amounts of appropriation for expenditure by agencies in achieving the government's outcomes.³ Those amounts may only be expended on the purposes for which the appropriations are provided and that expenditure must be consistent with government policy. The Finance Minister is responsible on behalf of the government for arrangements to ensure that agencies adhere to those requirements. The key means for implementing that role is the regime of drawing rights established under sections 26 and 27 of the FMA Act. Agencies do not have an automatic right to spend money under those appropriations.

As mentioned above, appropriations are provided for particular purposes. The purpose of departmental appropriations is to provide money for the annual operating costs of agencies. For all administered appropriations, those purposes are the outcomes which are shown beside the appropriation amounts. Outcomes are the results, consequences or impacts of Government actions. They are specified by the responsible portfolio minister and approved by the Finance Minister.

Appropriation Bills (No. 1) and (No. 2) 2010-2011 make clear the legal status of bodies subject to the CAC Act in relation to the annual appropriations. CAC Act bodies are legally separate from the Commonwealth and so do not debit appropriations or make

³ Agency refers to an agency within the meaning of the *Financial Management and Accountability Act 1997* at section 5, or the High Court of Australia under the relevant provisions of the annual appropriation Acts.

payments from the CRF. The legislation text states that relevant appropriations are made for payment to CAC Act bodies. The schedules to the Bills identify the responsible portfolio department in relation to making payments to each CAC Act body in the portfolio summary and the agency detail tables.

The purpose and detailed operation of the clauses in the 2010-2011 Budget appropriation Bills are outlined in Explanatory Memoranda tabled in Parliament when the Bills are introduced on Budget Night. The Appropriation Bills and Explanatory Memorandum are available at:

www.budget.gov.au and also at www.comlaw.gov.au.

Further information on outcomes and on the outcomes framework more generally is available at:

<http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/outcomes-arrangements.html>.

Appropriation Bill (No. 1)

Appropriation Bill (No. 1) 2010-2011 proposes appropriations for activities that are considered to be the ordinary annual services of the Government and hence the Bill cannot be amended by the Senate under section 53 of the Constitution. The Bill sets out amounts according to whether they are departmental, administered, or for payment to CAC Act bodies.

Departmental appropriations are provided to meet costs over which an agency has control.⁴ They are the ordinary operating costs of government agencies. Expenditure typically covered by departmental appropriations include:

- employee expenses;
- supplier expenses;
- other operational expenses (for example, interest and finance expenses); and
- non operating costs (for example, replacement and capitalised maintenance of existing departmental assets valued at \$10 million or less).

Departmental appropriations can also include supplementation for work agencies were directed by government to undertake in the previous financial year but after the last date for the inclusion in the Additional Estimates Bills. Agencies are expected to

⁴ This definition is in accordance with the Finance Minister's Orders (Financial Statements) issued under subsection 63(1) of the *Financial Management and Accountability Act 1997* and Australian Accounting Standard AASB 1050.

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meet the cost of these activities from their existing appropriations, which may then be replenished by a departmental appropriation in the following financial year.

Departmental appropriations are appropriated as a single amount for each agency. The single appropriation represents the cost of agency operations and may be used to make any payment related to the functions of the agency. Appropriation is not provided for non-cash costs such as bad debts and write-offs. Appropriation Bill (No. 1) 2010-2011 shows a split of that amount across outcomes. The split is notional, providing an indication of the departmental resources that will be required to achieve agency outcomes.

Administered appropriation items are those administered by the agency on behalf of the government. They are amounts required to meet the total estimated expenses for administered activities that are expected to be incurred in 2010-11. They are normally related to activities governed by eligibility rules and conditions established by the government or Parliament such as grants, subsidies and benefit payments. Agencies therefore have less discretion over how administered operating costs are incurred. Administered amounts are appropriated separately for outcomes (that is, the split across outcomes is not notional), specifying precisely how much can be expended on each outcome. In limited circumstances, non operating costs for the replacement of existing administered assets valued at \$10 million or less, and maintenance costs that are eligible to be capitalised, are also included.

An amount appropriated to a portfolio department for payment to a CAC Act body may only be applied for payment to the CAC Act body named in the schedule of the Bill and may not be paid out of the CRF for any other purpose. These amounts are treated by the portfolio departments as an administered appropriation. However, CAC Act bodies will account for those amounts as departmental funding when they receive the payments. Accordingly, the Agency Resourcing Table classifies payments received by CAC Act bodies as departmental.

The detail on appropriations in Appropriation Bill (No. 1) 2010-2011 is set out in Schedule 1 to the Bill.

Changes to Appropriation Framework

Under the accrual budgeting framework, the single departmental appropriation (shown in the appropriation Acts) is equivalent to the cash required to meet the estimated payments associated with the delivery of all the activities that the agency plans to deliver regardless of the timing of those payments.

The changes to the appropriation framework, implemented from the 2010-11 Budget, reduce the range of expenses being funded in the year they are incurred, instead

providing the appropriation when payments are expected to be made. In summary, the changes are:

- ongoing funding for depreciation, amortisation and make good expenses will be replaced by a Departmental Capital Budget (DCB) for departmental and administered assets for which depreciation funding was previously provided. The DCB will be supported by a four year Capital Management Plan, which is to be updated annually;
- the DCB will allow agencies to meet the costs associated with the replacement of minor assets (assets valued at \$10 million or less) as well as costs that are eligible to be capitalised; and
- the funding of make good expenses will only be provided at the time an agency is required to return assets to their (near) original state prior to relinquishing use of those assets.

The changes apply to FMA Act agencies in the general government sector that receive funding from annual appropriations directly or via a special account and the collecting institutions (such as the National Gallery of Australia), except for CAC Act bodies that are not designated collecting institutions.

As the changes will provide capital budgets for agencies that align with their estimated expenditure patterns, there is no longer a need for appropriation reserves to be held by agencies for depreciation, amortisation and make good. Appropriations for depreciation, amortisation and make good expenses that have accumulated since the introduction of accrual appropriations and have not been spent on replacing assets, were extinguished under provisions contained in the 2009-10 Additional Estimates Acts.

Appropriation Bill (No. 2)

As explained above, Appropriation Bill (No. 2) 2010-2011 provides appropriations for matters that are not proposed for the ordinary annual services of the Government. It covers both 'non-operating' costs (including payments to CAC Act bodies) and administered items in the form of administered amounts for new outcomes, payments direct to local government, and some national partnership payments through the states, the Australian Capital Territory (ACT) and the Northern Territory (NT).

Most payments 'to' the States are made under the *Federal Financial Relations Act 2009* and the related *COAG Reform Fund Act 2008*. Ongoing payments classified as 'through' the States for non-government schools are made under the *Schools Assistance Act 2008*. Other payments for non-government schools are proposed in Appropriation Bill (No. 2).

Financial assistance grants for local government continue to be made under the *Local Government (Financial Assistance) Act 1995*. Payments to local government for the

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Digital Regions Initiative were centralised through State and Territory treasuries, from November 2009. All other payments direct to local government continue to be proposed in Appropriation Bill (No. 2).

Schedule 1 to Appropriation Bill (No. 2) 2010-2011 confers on the ministers named, power to determine:

- conditions under which any payments to and through the States, the ACT and NT and local government authorities may be made; and
- the amounts and timing of those payments.

The new administered outcomes item in Appropriation Bill (No. 2) requests appropriation in respect of administered outcomes which have not previously been approved by Parliament. This requirement is based in the Compact of 1965.

Non-operating costs (sometimes called 'capital' costs) included in Appropriation Bill (No. 2) comprise:

- '*equity injections*', which are provided to agencies to, for example, enable investment in assets to facilitate departmental activities. Equity injections will be used to propose appropriations for all new assets and replacement assets valued at more than \$10 million; and
- '*administered assets and liabilities*' appropriations, which provide funding for acquiring new administered assets, enhancing existing administered assets and discharging administered liabilities relating to activities administered by agencies on behalf of the Government.

'CAC Act body payment' appropriations in Appropriation Bill (No. 2) 2010-2011 are made available to the responsible portfolio department for payment to CAC Act bodies to meet their non-operating costs. An amount appropriated for a 'CAC Act body payment item' may only be applied for payment to the CAC Act body named.

The detail on appropriations in Appropriation Bill (No. 2) 2010-2011 is set out in Schedule 2 to the Bill.

General Drawing Rights Limits

The *Nation-building Funds Act 2008* and the *COAG Reform Fund Act 2008* establish special accounts under section 21 of the *Financial Management and Accountability Act 1997* in relation to funds established by those Acts.⁵ This means that the balances,

⁵ The Building Australia Fund (BAF), the Education Investment Fund (EIF) and the Health and Hospitals Fund (HHF) are established by the *Nation-building Funds Act 2008*. The COAG Reform Fund is established by the *COAG Reform Fund Act 2008*.

as they exist from time to time, of these special accounts are appropriated for the purposes set out in the Acts which created them.

The government intends that payments made from the funds will be transparent and subject to parliamentary scrutiny with the aim of ensuring a managed and orderly rate of expenditure. Accordingly, the *Nation-building Funds Act 2008* and the *Federal Financial Relations Act 2009* provide for mechanisms to specify a maximum limit (called the 'general drawing rights limit') on the amount that can be paid out from each fund's special account in a particular financial year.

The general drawing rights limits for the 2010-11 financial year are included in the text of Appropriation Bill (No. 2) 2010-2011. It is important to note that this Bill will not appropriate amounts to be paid from the funds. The intention of specifying general drawing rights limits is to set maximum limits on the amounts that may be covered by drawing rights issued by the Finance Minister under the FMA Act for the current year, for the purposes to which the limits apply.

Appropriation (Parliamentary Departments) Bill (No. 1)

The Appropriation (Parliamentary Departments) Bill (No. 1) 2010-2011 proposes appropriations for all the departmental, administered and non-operating costs of the three parliamentary departments.

Annual appropriations generally

The amounts provided in the annual appropriations Acts are not expressed in terms of a particular financial year and appropriated amounts do not automatically lapse. Generally, annual appropriations are available until they are spent, or reduced in accordance with the reduction provisions in the appropriation Acts. For example, departmental appropriations provide funding for many of the expected expenses required to carry out activities in the financial year. Those expenses include employee entitlements and accounts payable. Because the cash to meet such expenses can be required at times other than when the expenses are incurred, the departmental appropriation remains available until required.

With regard to non-operating costs, as the timing of the cash requirements can change after commitments are made, appropriations also do not lapse and amounts that are unspent at the end of the financial year remain available to be spent in later years.

Amounts appropriated for departmental activities and for non-operating costs can be subject to a reduction process when the appropriation is no longer required. Under this process, on request in writing from a responsible minister, the Finance Minister may issue a determination to reduce the entity's departmental expense or non-operating costs appropriation. From 2010-11 the reduction arrangements will enable the Finance Minister to initiate reductions without the need for a request where correspondence from the Prime Minister, or a Minister on behalf of the Prime Minister, requires a reduction.

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Appropriations for administered operations are subject to an annual process by which amounts which are not required to fund activities in the year are reduced to the required amount. Agencies' financial statements, as published in their annual report, set the required amount. This process ensures that amounts not required for the year are no longer available. If government then wishes to spend that amount in a later financial year, it must seek a new appropriation in a later appropriation Bill.

There can be situations where entities require extra funding for urgent expenditure for which there is insufficient appropriation. In such cases, Appropriation Bill (No. 1) 2010-2011 and Appropriation Bill (No. 2) 2010-2011 each contain a clause entitled 'Advance to the Finance Minister' (AFM), which enables the Finance Minister to provide the urgent additional appropriation. The AFM provision in Appropriation Bill (No. 1) 2010-2011 is limited to a maximum of \$295 million and in Appropriation Bill (No. 2) 2010-2011 is limited to \$380 million.

An annual report to Parliament is prepared on the use of the AFM provision and covers all amounts issued. Details on each amount issued under the AFM are also subject to the requirements of the *Legislative Instruments Act 2003*, though not subject to disallowance, and are published on the Federal Register of Legislative Instruments.

Appropriation (Parliamentary Departments) Bill (No. 1) 2010-2011 also contains a clause corresponding to the AFM provided in the other two bills. Called the Advance to the Presiding Officer (APO), the total that may be issued is limited according to the parliamentary department concerned. As with the AFM provision, the use of the APO is reported in the advances annual report.

All three budget appropriation Bills include for information purposes a figure for the previous financial year, labelled the 'Actual Available Appropriation'. That figure is printed in italics under each amount. It is calculated for each item by adding the amounts appropriated in the previous year's annual appropriation Acts, amounts adjusted under provisions of the FMA Act plus adjustments such as AFMs and reductions by the Finance Minister. In some instances the figure may also be affected by limits applied administratively by the Department of Finance and Deregulation. The Actual Available Appropriation provides a comparison with the appropriation proposed for the budget year. It does not affect the amounts available at law. In some cases there are discrepancies between the sums of items and the totals of the Actual Available Appropriation. Those discrepancies are due to rounding.

NON-APPROPRIATED RECEIPTS

Many FMA Act agencies receive money from sources other than in the annual appropriation Acts, such as payment for goods and services and on the transfer of employee entitlements. In most cases, the agency will need to be able to spend those amounts and so such receipts can be taken into account when an agency's total funding is calculated. However, an appropriation is required before the amounts can

be spent. If no appropriation authority is available, the receipts must be deposited to the Official Public Account and cannot be spent by the agency.

Section 31 of the FMA Act provides that an agency's most recent departmental item is increased by an amount of a kind prescribed by Regulations 15 and 16 of the FMA Act. Therefore, departmental items in Appropriation Bill (No. 1) 2010-2011 may be increased during the year by the amount of those receipts. This appropriation adjustment mechanism provides the authority for agencies to spend those amounts.

CAC Act bodies may spend certain receipts in accordance with their enabling legislation, company constitution or, where permitted, Ministerial agreement. Where a CAC Act body collects money for and on behalf of the Commonwealth (for example, taxes and levies) this money must be paid to the CRF.

The Agency Resourcing Table includes estimates of non-appropriated receipts that entities are authorised to retain and spend in 2010-11.

PORTFOLIO BUDGET STATEMENTS

The Portfolio Budget Statements (PB Statements) inform Members of Parliament and the public of the proposed allocation of resources to government outcomes. They also assist the Senate Standing Committees with their examination of the Government's Budget. The PB Statements are tabled in Parliament on Budget Night and are published as Budget Related Papers.

The PB Statements contain details of the estimated payments under each of the annual appropriation Bills and other legislation providing appropriations. In doing this, agencies are required to report against the approved list of outcomes and programs for which they are responsible. They also contain details of estimated receipts from other sources, including taxation, customs, excise and receipts from fees and charges collected by entities. Individual PB Statements are intended to further explain the purposes and planned performance of government agencies and their contributions towards the achievement of outcomes. Agencies also include their programs' objectives; financial and non-financial performance, including deliverables; and, key performance indicators for each program.

PB Statements also assist in the interpretation of the appropriation Acts. There is a provision in the Acts that declares the PB Statements to be extrinsic material under paragraph 15AB(2)(g) of the *Acts Interpretation Act 1901*. As a result, a Court may use the PB Statements to decide whether a particular expenditure is consistent with the purpose of the appropriation item.

The appropriation details included in the PB Statement's tables match the figures in the appropriation Bills and the relevant amounts included in the tables in Budget Paper No. 4.

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More information on appropriations is provided on the Department of Finance and Deregulation web site at:

<http://www.finance.gov.au/budget/budget-process/appropriation-bills.html>.

THE AGENCY RESOURCING TABLE

The Agency Resourcing table in Budget Paper No. 4 shows, by portfolio and by entity, and for expenses by outcome, the estimated amounts of money that entities are expected to have available for their activities during the budget year. The amounts are broken down by the different sources of funding: the annual appropriation Bills; special appropriations; non-appropriated special account receipts and other non-appropriated receipts that entities are eligible to retain and spend.

Although the annual appropriation amounts are specified exactly, the majority of the amounts entities expect to spend from special appropriations, special accounts and receipts are estimates based on models of client demand etc.

The presentation of cash receipts and special account receipts are displayed in separate columns:

- the column headed 'Agency/CAC receipts' shows estimates of non-appropriated receipts entities are authorised to retain and spend in 2010-11 by portfolio, entity and outcome, as discussed in the section headed 'Non-Appropriated Receipts' above; and
- the column headed 'Special Accounts' shows estimated special account receipts that are not directly appropriated to those accounts also by portfolio, entity and outcome. The amount shown is the total for both departmental and administered special accounts in each outcome.

For each of the different sources of funding the Agency Resourcing Table also includes a figure for the previous financial year as a comparison, labelled the 'Estimated Actual'. It is printed in italics under each estimated amount for the budget year. In relation to the appropriations Bills, the Estimated Actual is the same as the Actual Available Appropriation. For special appropriations, special accounts and entity receipts, the Estimated Actual amounts are the estimated actual amounts published in the PB Statements.

Note that, because some entities provide funding to others, the total amounts in the Agency Resourcing Table cannot be used to calculate total resourcing at the whole of government level. Similarly, transactions between entities while shown in financial statements of individual agencies, are eliminated in the Commonwealth's consolidated financial statements. This treatment is in accordance with section 5 of the annual

appropriation Acts, which states that notional transactions between agencies are treated as real transactions, even though the amounts do not leave the CRF.

Note also that estimates of expenditure from special appropriations are shown against the agency whose Minister is responsible for administration of the Act concerned. This may not necessarily be the agency that actually spends the money – agencies are able to spend money from special appropriations that are the responsibility of a Minister in another portfolio.

The Agency Resourcing Table also includes estimates of non-appropriated receipts into special accounts including receipts of special public money.

THE GOODS AND SERVICES TAX

Australian Government entities generally pay and collect Goods and Services Tax (GST) on the same basis as other Australian entities. The amounts of appropriation shown in the three budget appropriation Bills for 2010-2011 excludes recoverable GST. The appropriations shown therefore represent the net amount that Parliament is being asked to allocate to particular purposes. This aligns with the accounting treatment of expenses and assets and the presentation of budget estimates.

In section 30A of the FMA Act, Parliament has provided that appropriations be increased by the amount of recoverable GST on payments by FMA agencies from all appropriations limited by amount. As a result, there is sufficient appropriation for payments under all such appropriations, provided that the amount of those payments, less the amount of recoverable GST, can be met from the initial appropriation.

