Part 1: Agency Financial Resourcing

Appropriations Framework

An appropriation is a legal entitlement to draw money from the Consolidated Revenue Fund (CRF). Appropriations are either annual appropriations or special appropriations. Annual appropriations are contained in the annual Appropriation Acts. Special appropriations are contained in other Acts.

The CRF is a concept established in section 81 of the Constitution to represent all Commonwealth money. All revenues or moneys raised or received by the Executive Government of the Commonwealth, or any person or organisation acting on behalf of the Commonwealth, automatically form part of the CRF. This includes for example taxes, charges, levies, borrowings, loan repayments and moneys held on behalf of or in trust. Money automatically forms part of the CRF upon receipt, regardless of whether the money is deposited in a bank account.

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 (the 'Treasury' of the Commonwealth equates to the CRF). Section 81 provides that appropriations from the CRF must be applied for expenditure of the Commonwealth. Together, sections 81 and 83 provide that before money may be spent there must be an appropriation, made by law, for the purposes of the Commonwealth. These requirements for an appropriations framework safeguard the constitutional control by the Parliament over Australian Government spending.

The appropriations and expenditure framework for agencies in the Australian Government is based on the accounting concept of control. Where an agency has substantial control, the related appropriation and expenditure is classified as *departmental* and where an agency does not have control, expenditure is classified as *administered*. This classification is unique to government and is not used elsewhere in the Australian economy and is in accordance with the Australian Accounting Standard AASB 1050 *Administered Items*. Whether an agency has *administered* or *departmental* control over resources is based largely on the level of discretion the agency has in using those resources.

Departmental appropriations are available to meet expenditure over which an agency has substantial control and are typically used for agency operational expenditure, such as for employees and supplier expenses. *Administered* appropriations are administered by an agency on behalf of the government for the benefit of, or payment to, parties who are external to the agency and not part of the internal operations of that agency. Administered appropriations are typically used for expenditure such as government grants, subsidies and obligations that arise from legislated eligibility rules and conditions. Further information on the appropriations framework can be found on the Finance website.

Machinery of Government Changes

The term 'machinery of government changes' (MoG changes) describes a variety of organisational or functional changes affecting the Commonwealth. MoG changes often arise from amendments to the Administrative Arrangements Order (AAO) following a Prime Ministerial decision to abolish or create a department or to move functional responsibilities between agencies.

Since the 2021-22 Budget, there have been a number of AAO amendments and other Government decisions with the following transfer of functions:

- Transfer of responsibility for Northern Australia policy and coordination from the Department of Industry, Science, Energy and Resources to the Department of Infrastructure, Transport, Regional Development and Communications

- Transfer of the responsibility for all hazards relief, recovery and mitigation policy and financial assistance including payments to the States and Territories and the Australian Government Disaster Recovery Payment from the Department of Home Affairs to the National Recovery and Resilience Agency (NRRA), within the Prime Minister and Cabinet Portfolio

- Transfer of the following functions to support the revised mandate of the Digital Transformation Agency (DTA):

    - Digital Identity (integrated delivery management) from DTA to the Australian Taxation Office and Services Australia (SA)

    - National Map from DTA to Geoscience Australia

    - Data.gov.au from DTA to the Australian Bureau of Statistics

    - Government Domain Names from DTA to the Department of Finance (Finance)

    - Australian Government Style Manual and Digital Professions from DTA to the Australian Public Service Commission

    - COVIDSafe App from DTA to the Department of Health

    - myGov Enhancements from DTA to SA

  - Advisory function on the ICT Investment Approval Process Requirements from Finance to DTA
  - Aus.gov.au from DTA to SA and the Department of the Prime Minister and Cabinet (PM&C)
  - Whole of Government Major Office Machines Panel from Finance to DTA.

- Transfer of the rural financial counselling service programs from the Department of Agriculture, Water and the Environment to the NRRA
- Transfer of the Care and Support Workforce Campaign from the Department of Health to the Department of Social Services
- Transfer of the Murray-Darling Basin Aboriginal Water Entitlements program from the Department of Agriculture, Water and the Environment to the National Indigenous Australians Agency.

The AAO documents and further information on AAOs can be found on the PM&C website, or on the Federal Register of Legislation.

For information on how MoG changes impact on portfolios, refer to the *2021-22 Portfolio Additional Estimates Statements* and *2022-23 Portfolio Budget Statements* of relevant portfolios.

Advance to the Finance Minister during COVID-19

The Advance to the Finance Minister (AFM) provisions under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the financial year. Allocations are made through a determination by the Minister for Finance up to a statutory limit in the annual Appropriation Acts. While there is now significant experience of the impact of the COVID-19 pandemic in Australia, a level of uncertainty remains. Given the unique and evolving nature of the COVID-19 pandemic and the associated uncertainty around future pressures, Parliament continued to support extraordinary AFM provisions in 2021-22.

The *Appropriation Acts 2021-2022* (Nos. 1 and 2) provide for AFM provisions of $5,000 million ($2,000 million in Act (No. 1) and $3,000 million in Act (No. 2)). These 2021-22 AFM amounts allow for a level of continued uncertainty around the Government’s necessary response to the COVID-19 pandemic.

Once they are enacted, Appropriation Bills (Nos. 3 and 4) 2021-2022 will replenish the AFM provisions in the *Appropriation Acts 2021-2022* (Nos. 1 and 2). They will therefore re-set the balance back to $5,000 million, regardless of amounts that have already been allocated under section 10 of *Appropriation Act (No. 1) 2021-2022* and section 12 of *Appropriation Act (No. 2) 2021-2022*. This mid-year reset is consistent with longstanding practice and it ensures that an unusual number of pressures in the first part of the year would not unduly distort the Commonwealth’s capacity to adjust to pressures in the second part of the year. Table 1 below provides details of AFM allocations to date for 2021-22.

On 14 February 2022, the *Appropriation (Coronavirus Response) Acts 2021-2022* (Nos. 1 and 2) commenced, making available additional AFM provisions of $5,000 million ($2,000 million in Act (No. 1) and $3,000 million in Act (No. 2)). Unlike the AFM provisions contained in the annual *Appropriations Acts* which can be used for any purpose, the AFM provisions in these Acts are statutorily limited to expenditure for the explicit purposes of responding to COVID-19. No AFMs have been allocated against these Acts to date.

The Supply Bills (Nos. 1 and 2) 2022-2023 (known as the Supply Bills) will be introduced to provide for interim supply beyond 1 July 2022. Supply Bills are usually required when an election is due in close proximity to the end of the financial year, because a normal sitting calendar would not afford enough time for the Appropriation Bills (Nos. 1 and 2) 2022-2023 (known as the Budget Bills) to undergo both Senate Estimates hearings and subsequent Senate sittings to secure their passage.

Together the Supply and Budget Bills present a complete view of the expected annual appropriations for the coming financial year (respectively covering the first five months and the remaining seven months of 2022-23). The Budget Bills also include the 2022-23 Budget measures.

The Supply Bills include two separate AFM provisions, comprising:

- $5,000 million for future urgent and unforeseen COVID-19 related expenditure ($2,000 million in Supply Bill (No. 1) and $3,000 million in Supply Bill (No. 2)); and

- $1,000 million for other urgent and unforeseen expenditure ($400 million in Supply Bill (No. 1) and $600 million in Supply Bill (No. 2)).

The COVID-19 related AFM remains a temporary measure and will be ceased in a future year when it has been determined that COVID-19 risks have sufficiently moderated.

The Supply Bills have restored the general purpose AFM to $1,000 million in 2022-23, which normalises the amount available. Between the 2009-10 and 2019-20 Budgets, the value of the AFM had been constant in *nominal* terms at $675 million. This year's Supply Bills achieve a return to the approximate *real* value when the AFM totals were last set over a decade ago, inclusive of indexation.

The Budget Bills replicate the AFM splits in the Supply Bills, with the exception that no more than $6,000 million in total can be allocated across the Supply Bills and the Budget Bills (if all the Bills are enacted). Given the proximity of the Budget to the period when an election is due to be called, the Budget Bills are likely to lapse when the Parliament is dissolved, which means that successor appropriation Bills (which will contain the same titles as the Budget Bills) must be introduced after the election in the Spring sittings. The total AFM allocation limit will remain at no more than $6,000 million across the Supply Acts and the successor Bills (once enacted).

As shown in Table 1 below, AFMs in 2021-22 have been so far exclusively used for COVID-19 purposes.

Table 1: AFMs allocated in 2021-2022 to 25 March 2022

AFM No.	Appropriation source	Entity	Purpose	Allocation Date	Amount ($m)
1	*Appropriation Act (No. 2) 2021-2022*	Department of Finance	Support construction of the Australian Government Centres for National Resilience in Melbourne, Brisbane and Perth	19/11/2021	218.0
2	*Appropriation Act (No. 2) 2021-2022*	National Recovery and Resilience Agency	Support a decision by the Australian Government to extend the availability of the Pandemic Leave Disaster Payments (PLDP) until 30 June 2022	13/12/2021	66.0
3	*Appropriation Act (No. 2) 2021-2022*	Department of Finance	Support construction of the Australian Government Centres for National Resilience in Melbourne, Brisbane and Perth	16/12/2021	403.0
4	*Appropriation Act (No. 1) 2021-2022*	National Recovery and Resilience Agency	Support a decision by the Australian Government to extend the availability of the PLDP until 30 June 2022 and to manage impacts from the more contagious Omicron variant of COVID-19 that had significant impact on the claim levels	14/01/2022	920.0
5	*Appropriation Act (No. 2) 2021-2022*	Department of Finance	Support construction of the Australian Government Centres for National Resilience in Melbourne, Brisbane and Perth	11/02/2022	200.0
Total AFMs allocated in 2021-22					**1,807.0**

Further information on AFMs allocated in prior years can be found on the Finance website.

Agency Resourcing Table

Overview of the Agency Resourcing Table

The Agency Resourcing Table presents a consolidated view of estimated Commonwealth public sector financial resources, which will be managed in the Budget year by agencies, that is, Commonwealth entities and Commonwealth companies subject to the *Public Governance, Performance and Accountability Act 2013*[1]. The Agency Resourcing Table is organised by portfolio and agency, and by agency Outcome[2]. Corporate Commonwealth entities are denoted by a * in the Agency Resourcing Table and Commonwealth companies are denoted by a #.

The Agency Resourcing Table differentiates the sources of funding, which are annual Appropriation Bills, External Revenue, Special Appropriations and Special Accounts. The amounts are classified into *departmental* and *administered* resourcing, except for special accounts, which can be classified as either or both. The Agency Resourcing Table includes inter-governmental transactions, which occur when one agency in the GGS pays another agency in the GGS for goods and/or services. To eliminate inter-governmental transactions would not accurately represent the financial resources managed by a particular agency.

Amounts in the Agency Resourcing Table can be matched with amounts in the annual Appropriation Bills, Special Appropriations Table and Special Accounts Table. Examples are in Figures 1 to 4 of the section entitled *Guide to Resourcing Tables*.

Appropriations for corporate entities, shown as *administered* in the annual Appropriation Bills, are regarded as *departmental* funding when received by the corporate entities. This is consistent with accounting and reporting requirements and shown as such in the Agency Resourcing Table.

The column headed *External Revenue* in the Agency Resourcing Table presents income received from sources that are not appropriated by Parliament to the agency, including amounts received from other government agencies, individuals, and non-government bodies. In large part, these amounts are for the provision of services.

---

1 The total amounts in the Agency Resourcing Table cannot be used to calculate consolidated Commonwealth financial resources. This is because they do not include Public Financial Corporations, Public Non-Financial Corporations and the Australian National University. These are public corporations that typically operate in the commercial sphere, are not in the GGS, and are mostly self-funded. Further information on the nature and classification of agencies can be found in the *Flipchart of PGPA Act Commonwealth entities and companies*, which is available on the Finance website.

2 The text of the approved Outcomes which apply to each agency is set out at *Appendix A: Agency Outcome Statements*.

The column headed Special Accounts in the Agency Resourcing Table shows estimated amounts to be credited to one or more special accounts. This column presents estimated income expected from other government agencies, individuals and non-government bodies. This column is located between the *departmental* and *administered* sides of the Agency Resourcing Table because depending on the legislated purposes of a special account, the resources may be used for *departmental* and/or *administered* expenditure. It is consistent with amounts presented in the *Receipts (non-appropriated)* column of the Special Accounts Table.

The Agency Resourcing Table includes only those special appropriations and special accounts that have been established in law at the time of publication. The Agency Resourcing Table and Special Accounts Table exclude moneys held by an agency on trust for a person other than the Commonwealth. These amounts are not considered resourcing available to the agency, as they are not held on account of the Commonwealth and are not for the use or benefit of the Commonwealth.