

Act 1994 No. 66

## APPROPRIATION BILL 1994

NEW SOUTH WALES



### EXPLANATORY NOTE

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

The following Bills are cognate with this Bill:

- Parliamentary Appropriation Bill 1994;
- Business Franchise Licences (Petroleum Products) Amendment Bill 1994;
- Motor Vehicles Taxation (Amendment) Bill 1994;
- Road Improvement (Special Funding) Amendment Bill 1994.

The object of this Bill is to appropriate various sums of money required for the ordinary annual services of the Government (in the Bill referred to as recurrent services) and capital works and services of the Government during the current financial year and also to appropriate certain expenditures of an unforeseen nature which were made during the financial year 1993–94 without Parliamentary appropriation.

The Bill relates to appropriations from the Consolidated Fund—the principal account of the Government for Budget Sector transactions. The Consolidated Fund could be considered as the “public purse” and largely comprises receipts from, and payments out of, taxes, fines, some regulatory fees, Commonwealth grants and income from Crown assets.

In addition to allocations from the Consolidated Fund, most Budget Sector agencies would have other sources of moneys available to them. These moneys could arise from user charges, part retention of asset sale proceeds, industry contributions, etc. These are not appropriated by Parliament as they are not in the nature of taxes or other mandatory levies for which a service is not provided in return for payment.

The Budget Papers refer to a number of aggregates, each of which has its own purpose in explaining the financial operations of the Budget Sector. The main Budget Sector aggregates are:

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Total Payments:	Total cash outflows from all sources of funds (with adjustments to remove intra sector transactions, e.g. where one agency partly funds another's operations or where an agency makes tax payments to Crown receipts). Useful in measuring the total cash resources applied directly to a function of government (e.g. health, education).
Outlays:	<p>Total payments less:</p> <ul style="list-style-type: none"> <li>• user charges (in the case of current outlays); and</li> <li>• asset sales and receipt of advances repaid (in the case, of capital outlays).</li> </ul> <p>Measures the net cost (on a cash basis) of a service to be met by parties other than by the service recipients.</p>
Total Expenses:	<p>Total amount incurred in the provision of goods and services, regardless of whether a cash payment is made to meet the expense in the same year, in a later year, or at all.</p> <p>Represents the accrual accounting equivalent of Total Payments.</p>
Net Cost of Services:	<p>Total expenses less user charges revenue and other revenues retained by agencies (e.g. donations).</p> <p>Represents the amount which ultimately has to be funded by the "public purse" in respect of the services provided in the year.</p>
Consolidated Fund Appropriation:	<p>Outlays less the use of other funds available to agencies (e.g. donations, cash balances).</p> <p>Represents the amount of cash to be provided from the "public purse" in the Budget year.</p>

The relationship between the main Budget Sector aggregates for 1994–95 (in comparison with 1993–94) is shown in the following tables.

The first starts with the total payments figure, showing how this relates to the Consolidated Fund.

The second starts with the total expenses of the Budget, again indicating how this figure relates to the Consolidated Fund appropriation. It should be noted that accrual accounting concepts relate primarily to operating (i.e. current) transactions rather than capital.

The tables include the financial information relating to the Legislature for which appropriation is to be made under the proposed Parliamentary Appropriation Act 1994.

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	<i>CASH PRESENTATION</i>			
	1993-94		1994-95	
	Current \$m	Capital \$m	Current \$m	Capital \$m
Total Payments (including Treasurer's Advance)	17,103	4,131	17,903	4,195
<i>less</i> User Charges	1,333	n.a.	1,331	n.a.
<i>less</i> Advances Repaid	n.a.	249	n.a.	74
<i>less</i> Asset Sale Proceeds	n.a.	105	n.a.	535
<i>equals</i> Outlays	<u>15,769</u>	<u>3,778</u>	<u>16,572</u>	<u>3,586</u>
<i>plus</i> Advances and Debt Repaid by Agencies	n.a.	429	n.a.	704
<i>plus</i> Agencies' Increase in Cash and Investments (net)	183	...	...	...
<i>plus</i> Assets Sales Proceeds not Retained by Agencies	n.a.	21	n.a.	436
<i>plus</i> Receipts Offset to Outlays	39	...	25	...
<i>plus</i> User Charges not Retained by Agencies	49	n.a.	96	n.a.
<i>plus</i> Advances Paid to Other Agencies	n.a.	220	n.a.	103
<i>plus</i> Reclassification of Capital Grants and Roads Maintenance to Equate to Accrual Budgeting Principles	2,099	(2,099)	2,049	(2,049)
<i>plus</i> Reclassifications for Government Finance Statistics Principles	49	(22)	48	(23)
<i>plus</i> Intra Sector Payments	417	162	455	72
<i>less</i> Other Agency Receipts	535	10	544	10
<i>less</i> Agencies' Use of Cash and Investments (net)	...	263	81	216
<i>less</i> Advances Received	n.a.	1	n.a.	4
<i>equals</i> Consolidated Fund Appropriation	<u>18,070</u>	<u>2,215</u>	<u>18,620 (a)</u>	<u>2,599 (a)</u>

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	<i>ACCRUAL</i>	<i>PRESENTATION</i>
	1993-94	1994-95
	Current \$m	Current \$m
Total Expenses (including Treasurer's Advance)	20,633	21,303
<i>less</i> Agency User Charges Revenue	1,372	1,316
<i>less</i> Other Agency Retained Revenues	490	480
<i>less</i> Net Gain on Sale of Property, Plant and Equipment	<u>2</u>	<u>...</u>
<i>equals</i> Net Cost of Services	18,769	19,507
<i>plus</i> Net Increase in Accrued Revenues	7	...
<i>plus</i> Agencies' Increase in Cash and Investments (net)	183	...
<i>plus</i> Net Gain on Sale of Property, Plant and Equipment	2	...
<i>plus</i> In Kind Revenues	24	12
<i>less</i> Non-Funded Expenses	628	638
<i>less</i> Net Increase in Accrued Expenses	249	175
<i>less</i> Net Decrease in Accrued Revenues	...	5
<i>less</i> Net Decrease in Inventories and Prepayments	38	...
<i>less</i> Agencies' Use of Cash and Investments (net)	<u>...</u>	<u>81</u>
<i>equals</i> Consolidated Fund Appropriation	<u>18,070</u>	<u>18,620(a)</u>

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(a) Includes amounts appropriated under the Parliamentary Appropriation Bill 1994.