

[Act 1997 No 31]



New South Wales

## Appropriation Bill 1997

### Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

The following Bills are cognate with this Bill:

- *Accommodation Levy Bill 1997,*
  - *Appropriation (Parliament) Bill 1997,*
  - *Appropriation (Special Offices) Bill 1997,*
  - *Appropriation (1996–97 Budget Variations) Bill 1997,*
  - *Electricity Supply Amendment Bill 1997,*
  - *State Revenue Legislation Amendment Bill 1997.*
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## Overview of Bill

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 1997–98 financial year.

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:

### **Total Payments:**

Total cash outflows from all sources of funds (with adjustments to remove intra sector transactions, eg 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 (eg health, education).

### **Outlays:**

Total payments less:

- user charges (in the case of current outlays), and
- asset sales and receipt of advances repaid (in the case of capital outlays).

Measures the net cost (on a cash basis) of a service to be met by parties other than by the service recipients.

**Total Expenses:**

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.

Represents the accrual accounting equivalent of Total Payments.

**Net Cost of Services:**

Total expenses less user charges revenue and other revenues retained by agencies (eg donations).

Represents the amount which ultimately has to be funded by the “public purse” in respect of the services provided in the year.

**Consolidated Fund Appropriation:**

Outlays plus financing transactions (eg debt repayments) less the use of other funds available to agencies (eg donations, cash balances).

Represents the amount of cash to be provided from the “public purse” in the Budget year.

The relationship between the main Budget Sector aggregates for 1997–98 (in comparison with 1996–97) 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 (ie 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 *Appropriation (Parliament) Act 1997* and to the Ombudsman, State Electoral Office, Independent Commission Against Corruption and Office of the Director of Public Prosecutions for which appropriation is to be made under the proposed *Appropriation (Special Offices) Act 1997*.

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**Cash Presentation**

	1996-97		1997-98	
	Current \$m	Capital \$m	Current \$m	Capital \$m
Total Payments (including Treasurer's Advance)	21,001	3,559	21,862	3,920
<i>less</i> User Charges	1,304	n.a.	1,346	n.a.
<i>less</i> Advances Repaid to the Budget Sector	n.a.	596	n.a.	215
<i>less</i> Asset Sale Proceeds	n.a.	364	n.a.	322
<i>equals</i> Outlays	19,697	2,599	20,516	3,383
<i>plus</i> Advances and Debt Repaid by the Budget Sector	n.a.	980	n.a.	600
<i>plus</i> Advances Repaid to the Budget Sector	...	502	...	330
<i>plus</i> Asset Sales Proceeds not Retained by Agencies	n.a.	222	...	206
<i>plus</i> Payments Offset to Tax Revenue	241	...	244	...
<i>plus</i> Reclassification of Payments to Equate to Accrual Budgeting Principles	1,257	(1,257)	1,414	(1,414)
<i>plus</i> Reclassifications for Government Finance Statistics Principles	54	22	19	4
<i>plus</i> Intra Sector Payments	981	11	1,002	11
<i>plus</i> Agencies' Increase in Cash and Investments (net)	...	33	18	...
<i>less</i> Other Agency Receipts	1,114	30	1,030	239
<i>less</i> Agencies' Use of Cash and Investments (net)	96	...	...	319
<i>equals</i> Consolidated Fund Appropriation <sup>a</sup>	21,020	3,082	22,183	2,562

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## Accrual Presentation

	1996-97	1997-98
	Current	Current
	\$m	\$m
Total Expenses (including Treasurer's Advance)	24,439	25,377
<i>less</i> Agency User Charges Revenue	1,375	1,421
<i>less</i> Other Agency Retained Revenues	1,042	976
<i>less</i> Net Gain on Sale of Property, Plant and Equipment	5	3
<i>equals</i> Net Cost of Services	22,017	22,977
<i>plus</i> Net Gain on Sale of Property, Plant and Equipment	5	3
<i>plus</i> Increase in Inventories and Prepayments	1	...
<i>plus</i> In Kind Revenues	36	34
<i>plus</i> Net Decrease in Accrued Expenses	146	136
<i>plus</i> Agencies, Increase in Cash and Investments (net)	...	18
<i>less</i> Non-Funded Expenses	1,051	979
<i>less</i> Net Decrease in Accrued Revenues	12	3
<i>less</i> Income Received in Advance	26	...
<i>less</i> Net Decrease in Inventories and Prepayments	...	3
<i>less</i> Agencies' Use of Cash and Investments (net)	96	...
<i>equals</i> Consolidated Fund Appropriation <sup>a</sup>	21,020	22,183

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<sup>(a)</sup>Includes amounts to be appropriated under the *Appropriation (Parliament) Bill 1997* and the *Appropriation (Special Offices) Bill 1997*.

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As this Bill is being presented prior to the conclusion of the 1996–97 financial year, it does not include details of any adjustment of the 1996–97 Advance to the Treasurer or payments made during 1996–97 under section 22 of the *Public Finance and Audit Act 1983*. Details of any such payments will be provided in the Public Accounts for 1996–97 and, in order to comply with legislative requirements, in the 1998 *Appropriation Bill*.