

[Act 1996 No 48]



Appropriation Bill 1996

Explanatory note

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

The following Bills are cognate with this Bill:

- *Appropriation (Parliament) Bill 1996,*
- *Appropriation (Special Offices) Bill 1996,*
- *Appropriation (1995–96 Debt Retirement) Bill 1996,*
- *Motor Vehicles Taxation Amendment Bill 1996,*
- *Business Franchise Licences (Petroleum Products) Amendment Bill 1996,*
- *Road Improvement (Special Funding) Amendment Bill 1996.*

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 1996–97 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 1996–97 (in comparison with 1995–96) 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 1996* 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 1996*.

Cash Presentation

	1995-96		1996-97	
	Current \$m	Capital \$m	Current \$m	Capital \$m
Total Payments (including Treasurer's Advance)	19,771	3,322	20,547	3,583
<i>less</i> User Charges	1,192	n.a.	1,301	n.a.
<i>less</i> Advances Repaid to the Budget Sector	n.a.	1,896	n.a.	139
<i>less</i> Asset Sale Proceeds	n.a.	164	n.a.	409
<i>equals</i> Outlays	18,579	1,262	19,246	3,035
<i>plus</i> Advances and Debt Repaid by the Budget Sector	n.a.	1,850	n.a.	979
<i>plus</i> Advances Repaid to the Budget Sector	...	1,896	...	139
<i>plus</i> Asset Sales Proceeds not Retained by Agencies	n.a.	27	...	266
<i>plus</i> Consolidated Fund Receipts Offset to Outlays	40	...	44	...
<i>plus</i> Consolidated Fund Receipts Classified as User Charges	9	n.a.	12	n.a.
<i>plus</i> Reclassification of Payments to Equate to Accrual Budgeting Principles	1,396	(1,396)	1,259	(1,259)
<i>plus</i> Reclassifications for Government Finance Statistics Principles	38	(7)	43	34
<i>plus</i> Intra Sector Payments	904	20	898	20
<i>less</i> Other Agency Receipts	1,036	38	1,033	26
<i>less</i> Agencies' Use of Cash and Investments (net)	19	34	9	41
Consolidated Fund Appropriation ^(a)	19,911	3,580	20,460	3,147

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Accrual Presentation

	1995-96	1996-97
	Current	Current
	\$m	\$m
Total Expenses (including Treasurer's Advance)	23,272	23,774
<i>less</i> Agency User Charges Revenue	1,266	1,382
<i>less</i> Other Agency Retained Revenues	933	934
<i>less</i> Net Gain on Sale of Property, Plant and Equipment	...	5
<i>plus</i> Net Loss on Sale of Property, Plant and Equipment	14	...
	<hr/>	<hr/>
<i>equals</i> Net Cost of Services	21,087	21,453
<i>plus</i> Net Gain on Sale of Property, Plant and Equipment	...	5
<i>plus</i> Increase in Inventories and Prepayments	...	2
<i>plus</i> In Kind Revenues	18	16
<i>less</i> Non-Funded Expenses	961	1,003
<i>less</i> Net Increase in Accrued Expenses	188	...
<i>less</i> Net Decrease in Accrued Revenues	11	4
<i>less</i> Net Decrease in Inventories and Prepayments	1	...
<i>less</i> Agencies' Use of Cash and Investments (net)	19	9
<i>less</i> Net Loss on Sale of Property, Plant and Equipment	14	...
<i>equals</i> Consolidated Fund Appropriation ^(a)	<hr/> 19,911	<hr/> 20,460

As this Bill is being presented prior to the conclusion of the 1995-96 financial year, it does not include details of any adjustment of the 1995-96 Advance to the Treasurer or payments made during 1995-96 under section 22 of the *Public Finance and Audit Act 1983*. Details of any such payments will be provided in the Public Accounts for 1995-96 and, in order to comply with legislative requirements, in the *1997 Appropriation Bill*.

^(a) Includes amounts to be appropriated under the *Appropriation (Parliament) Bill 1996* and the *Appropriation (Special Offices) Bill 1996*.