

[Act 1998 No 74]



New South Wales

## Appropriation Bill 1998

### Explanatory note

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

The following Bills are cognate with this Bill:

- *Appropriation (Parliament) Bill 1998,*
- *Appropriation (Special Offices) Bill 1998,*
- *Appropriation (1997–98 Budget Variations) Bill 1998,*
- *Electricity Supply Amendment (Transmission Operator's Levy) Bill 1998,*
- *Premium Property Tax Bill 1998,*
- *Public Finance and Audit Amendment Bill 1998,*
- *State Revenue Legislation Further Amendment Bill 1998.*

### 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 1998–99 financial year.

---

The Bill relates to appropriations from the Consolidated Fund—the principal account of the Government for General Government Budget Dependent 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 General Government Budget Dependent 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. The main Budget 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 aggregates for 1998–99 (in comparison with 1997–98) is shown in the following tables.

The first starts with the total outlays 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 1998* 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 1998*.

---

**Cash Presentation**

	1997–98		1998–99	
	Current \$m	Capital \$m	Current \$m	Capital \$m
Total Outlays (including Treasurer’s Advance)	21,290	3,487	21,845	3,112
<i>plus</i> Advances and Debt Repaid by the Budget	n.a.	1,808	n.a.	512
<i>plus</i> Advances Repaid to the Budget	...	189	...	43
<i>plus</i> Asset Sales Proceeds not Retained by Agencies	n.a.	123	...	184
<i>plus</i> Payments Offset to Tax Revenue	491	...	291	...
<i>plus</i> Reclassification of Payments to Equate to Accrual Accounting Principles	1,077	(1,077)	1,016	(1,016)
<i>plus</i> Intra Sector Payments	324	1	125	3
<i>plus</i> Agencies’ Increase in Cash and Investments (net)	163	...	349	706
<i>less</i> Other Agency Receipts	693	368	678	745
<i>less</i> Agencies’ Use of Cash and Investments (net)	...	395	...	...
<i>equals</i> Consolidated Fund Appropriation <sup>(a)</sup>	22,652	3,768	22,948	2,799

---

**Accrual Presentation**

	1997–98	1998–99
	Current	Current
	\$m	\$m
Total Expenses (including Treasurer's Advance)	26,317	25,965
<i>less</i> Agency User Charges Revenue	2,396	2,430
<i>less</i> Other Agency Retained Revenues	1,095	973
<i>less</i> Net Gain on Sale of Property, Plant and Equipment	28	156
<i>equals</i> Net Cost of Services	22,798	22,406
<i>plus</i> Net Gain on Sale of Property, Plant and Equipment	28	156
<i>plus</i> Increase in Inventories, Prepayments and Accrued Revenues	...	1,630
<i>plus</i> Net Decrease in Accrued Expenses	515	...
<i>plus</i> Agencies' Increase in Cash and Investments (net)	315	...
<i>less</i> Non-Funded Expenses	954	688
<i>less</i> Increase in Accrued Expenses	50	479
<i>less</i> Agencies' Use of Cash and Investments (net)	...	77
<i>equals</i> Consolidated Fund Appropriation <sup>(a)</sup>	22,652	22,948

---

(a) Includes amounts to be appropriated under the *Appropriation (Parliament) Bill 1998* and the *Appropriation (Special Offices) Bill 1998*.