

[Act 1995 No 80]



New South Wales

## Appropriation Bill 1995

### Explanatory note

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

The following Bills are cognate with this Bill:

- *Appropriation (Parliament) Bill 1995,*
- *Appropriation (Special Offices) Bill 1995,*
- *General Government Debt Elimination Bill 1995,*
- *Motor Vehicles Taxation Amendment Bill 1995,*
- *Business Franchise Licences (Petroleum Products) Amendment Bill 1995,*
- *Road Improvement (Special Funding) Further Amendment Bill 1995.*

### 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 current financial year and also to appropriate certain expenditures of an unforeseen nature which were made during the financial year 1994-95 without Parliamentary appropriation.

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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 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 1995–96 (in comparison with 1994–95) 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 1995* 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 1995*.

Explanatory note

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## Cash Presentation

	1994–95		1995–96	
	Current \$m	Capital \$m	Current \$m	Capital \$m
Total Payments (including <i>Treasurer's Advance</i> )	18,895	3,228	19,748	3,399
<i>less</i> User Charges	1,156	n.a.	1,171	n.a.
<i>less</i> Advances Repaid	..	586	...	116
<i>less</i> Asset Sale Proceeds	<u>n.a.</u>	<u>535</u>	<u>n.a.</u>	<u>174</u>
<i>equals</i> Outlays	17,739	2,107	18,576	3,110
<i>plus</i> Advances and Debt Repaid by Agencies	n.a.	943	n.a.	452
<i>plus</i> Agencies' Increase in Cash and Investments (net)	...	...	...	...
<i>plus</i> Assets Sales Proceeds not Retained by Agencies	n.a.	399	n.a.	16
<i>plus</i> Receipts Offset to Outlays	32	565	34	158
<i>plus</i> User Charges not Retained by Agencies	3	n.a.	10	n.a.
<i>plus</i> Advances Paid to Other Agencies	n.a.	22	n.a.	14
<i>plus</i> Reclassification of Capital Grants to Equate to Accrual Budgeting Principles	1,211	(1,211)	1,225	(1,225)
<i>plus</i> Reclassifications for Government Finance Statistics Principles	(26)	14	87	(92)
<i>plus</i> Intra Sector Payments	571	...	978	...
<i>less</i> Other Agency Receipts	663	14	1,066	18
<i>less</i> Agencies' Use of Cash and Investments (net)	...	61	37	54
<i>less</i> Advances Received	...	22	...	14
<i>equals</i> Consolidated Fund Appropriation	<u>18,867</u>	<u>2,742</u>	<u>19,807</u>	<u>2,347</u>

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**Accrual Presentation**

	1994–95	1995–96
	Current \$m	Current \$m
Total Expenses (including Treasurer’s Advance)	22,303	23,254
<i>less</i> Agency User Charges Revenue	1,252	1,230
<i>less</i> Other Agency Retained Revenues	751	1,073
<i>plus</i> Net Loss on Sale of Property, Plant and Equipment	<u>57</u>	<u>14</u>
<i>equals</i> Net Cost of Services	20,357	20,965
<i>plus</i> Net Increase in Accrued Revenues	76	...
<i>plus</i> Savings initiative yet to be allocated to portfolios	...	20
<i>plus</i> In Kind Revenues	51	14
<i>less</i> Non-Funded Expenses	1,342	1,050
<i>less</i> Net Increase in Accrued Expenses	215	82
<i>less</i> Net Decrease in Accrued Revenues	...	10
<i>less</i> Net Decrease in Inventories and Prepayments	3	...
<i>less</i> Agencies’ Use of Cash and Investments (net)	...	37
<i>less</i> Net Loss on Sale of Property, Plant and Equipment	<u>57</u>	<u>15</u>
<i>equals</i> Consolidated Fund Appropriation <sup>(a)</sup>	<u>18,867</u>	<u>19,807</u>

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(a) Includes amounts appropriated under the Appropriation (Parliament) Bill 1995 and the Appropriation (Special Offices) Bill 1995.