

# Part 1: Agency Financial Resourcing



# PART 1: AGENCY FINANCIAL RESOURCING

## APPROPRIATIONS FRAMEWORK

An appropriation is a legal entitlement to spend money from the Consolidated Revenue Fund (CRF). Appropriations are either annual appropriations or special appropriations. Annual appropriations are contained in the annual Appropriation Acts. Special appropriations are contained in other Acts.

The CRF is a concept established in section 81 of the Australian Constitution to represent all Commonwealth money. All revenues or moneys raised or received by the Executive Government of the Commonwealth, or any person or organisation acting on behalf of the Commonwealth, automatically form part of the CRF. This includes, for example, taxes, charges, levies, borrowings, loan repayments and moneys held on behalf of or in trust. Money automatically forms part of the CRF upon receipt, regardless of whether the money is deposited in a bank account.

Section 83 of the Constitution provides that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law (the 'Treasury' of the Commonwealth equates to the CRF). Section 81 provides that appropriations from the CRF must be applied for expenditure of the Commonwealth. Together, sections 81 and 83 provide that before money may be spent there must be an appropriation, made by law, for the purposes of the Commonwealth. These requirements for an appropriations framework safeguard the constitutional control by the Parliament over Australian Government spending.

The appropriations and expenditure framework for agencies in all Australian governments is based on the accounting concept of control. Where an agency has substantial control, the related appropriation and expenditure is classified as *departmental* and where an agency does not have control, expenditure is classified as *administered*. This classification is unique to government and is not used elsewhere in the Australian economy. It is currently reflected in Australian Accounting Standard AASB 1050 *Administered Items*. Whether an agency has *administered* or *departmental* control over resources is based largely on the level of discretion the agency has in using those resources.

*Departmental* appropriations are available to meet expenditure over which an agency has substantial control and are typically used for agency operational expenditure, such as for employees and supplier expenses. *Administered* appropriations are administered by an agency on behalf of the government, for the benefit of or payment to parties who are external to the agency and not part of the internal operations of that agency. *Administered* appropriations are typically used for expenditure such as government grants, subsidies and obligations that arise from legislated eligibility rules and conditions. Further information on the appropriations framework can be found on the website of the Department of Finance.

## **MACHINERY OF GOVERNMENT CHANGES**

The term 'machinery of government changes' (MoG changes) is used to describe a variety of organisational or functional changes affecting the Commonwealth. MoG changes often arise from amendments to the Administrative Arrangements Order (AAO) following a Prime Ministerial decision to abolish or create a department or to move functional responsibilities between agencies.

Since the 2017-18 Budget, there have been a number of AAO amendments and other Government decisions with the following transfer of functions:

- Transfer of 'law enforcement policy and operations', 'Commonwealth emergency management', 'critical infrastructure protection co-ordination', 'protective services at Commonwealth establishments and diplomatic and consular premises in Australia', 'natural disaster relief, recovery and mitigation policy and financial assistance including payments to the States and Territories and the Australian Government Disaster Recovery Payment', and parts of 'national security policy and operations' from the Attorney-General's Department to the Department of Home Affairs.
- Transfer of 'transport security' from the Department of Infrastructure, Regional Development and Cities to the Department of Home Affairs.
- Transfer of 'cyber policy co-ordination', and parts of 'national security policy and operations' from the Department of the Prime Minister and Cabinet to the Department of Home Affairs.
- Transfer of 'multicultural affairs' from the Department of Social Services to the Department of Home Affairs.
- Transfer of 'national policy on cities', 'population policy', and 'infrastructure and project financing' from the Department of the Prime Minister and Cabinet to the Department of Infrastructure, Regional Development and Cities.
- Transfer of 'reducing the burden of government regulation' from the Department of the Prime Minister and Cabinet to the Department of Jobs and Small Business.
- Transfer of 'small business policy and programmes' from the Department of the Treasury to the Department of Jobs and Small Business.
- Transfer of 'Official Establishments, ownership and property management of the Prime Minister's official residences' from the Department of Finance to the Department of the Prime Minister and Cabinet.

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- Transfer of the *data.gov.au* and *NationalMap* platforms and the APS Data Skills and Capability Framework from the Department of the Prime Minister and Cabinet to the Digital Transformation Agency.
- Transfer of the National Water Infrastructure Loan Facility from the Department of Agriculture and Water Resources to the Department of Infrastructure, Regional Development and Cities.
- Transfer of 'intelligence policy' from the Department of the Prime Minister and Cabinet to the Office of National Assessments.
- Transfer of 'spatial data policy' from the Department of the Prime Minister and Cabinet to the Department of Industry, Innovation and Science.

The AAO documents and further information on AAOs can be found on the website of the Department of the Prime Minister and Cabinet. For information on how MoG changes impact on portfolios, refer to the *2017-18 Portfolio Additional Estimates Statements*, the *2017-18 Portfolio Supplementary Additional Estimates Statements* and *2018-19 Portfolio Budget Statements* of relevant portfolios.

## AGENCY RESOURCING TABLE

### Overview of the Agency Resourcing Table

The Agency Resourcing Table presents a consolidated view of estimated Commonwealth public sector financial resources, which will be managed in the Budget year by agencies, that is, Commonwealth entities and Commonwealth companies subject to the *Public Governance, Performance and Accountability Act 2013*<sup>1</sup>. It is organised by portfolio and agency, and by agency Outcome<sup>2</sup>.

It differentiates the sources of funding, which are annual Appropriation Bills, External Revenue, Special Appropriations and Special Accounts. The amounts are classified into *departmental* and *administered* resourcing, except for special accounts, which can be classified as either or both. The Agency Resourcing Table includes inter-governmental transactions, which occur when one agency in the General Government Sector (GGS) pays another agency in the GGS for goods and/or services. To eliminate inter-governmental transactions would not accurately represent the financial resources managed by a particular agency.

Amounts in the Agency Resourcing Table can be matched with amounts in the annual Appropriation Bills, Special Appropriations Table and Special Accounts Table. Examples are in Figures 1 to 4 of the section entitled *Guide to Budget Paper No. 4*.

Appropriations for corporate entities, shown as *administered* in the annual Appropriation Bills, are regarded as *departmental* funding when received by the corporate entities. This is consistent with accounting and reporting requirements and shown as such in the Agency Resourcing Table.

The column headed *External Revenue* in the Agency Resourcing Table presents income received from sources that are not appropriated by Parliament to the agency, including amounts received from other government agencies, individuals, and non-government bodies. In large part, such amounts are for the provision of services.

The column headed *Special Accounts* in the Agency Resourcing Table shows estimated amounts to be credited to one or more special accounts. This column presents estimated income expected from other government agencies, individuals and non-government bodies. This column is located between the *departmental* and

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1 The total amounts in the Agency Resourcing Table cannot be used to calculate consolidated Commonwealth financial resources. This is because they do not include Public Financial Corporations, Public Non-Financial Corporations and the Australian National University. These are public corporations that typically operate in the commercial sphere, are not in the GGS, and are mostly self-funded. Further information on the nature and classification of agencies can be found in the *Flipchart of PGPA Act Commonwealth entities and companies*, which is available on the Finance website.

2 The text of the approved Outcomes applying to each agency is set out at *Appendix A: Agency Outcome Statements*.

*Agency Resourcing Table*

*administered* sides of the Agency Resourcing Table because depending on the legislated purposes of a special account, the resources may be used for *departmental* and/or *administered* expenditure. It is consistent with amounts presented in the *Receipts (non-appropriated)* column of the Special Accounts Table.

*Special Capital Appropriations* are now reported as *Special Appropriations* by outcome in the Agency Resourcing Table, and also against the relevant Acts in the Special Appropriations Table.