

Part 1: Agency Financial Resourcing

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Appropriations Framework

An appropriation is a legal entitlement to draw 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 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 the Australian Government 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 and is in accordance with the 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 Finance website.

Machinery of Government Changes

The term ‘machinery of government changes’ (MoG changes) describes 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 March 2022–23 Budget and following the Federal Election on 21 May 2022, there have been a number of AAO amendments and other Government decisions resulting in the following MoG changes:

Two new departments were created:

- Department of Employment and Workplace Relations
- Department of Climate Change, Energy, the Environment and Water

The following entities were renamed:

- the Department of Education, Skills and Employment was renamed the Department of Education
- the Department of Industry, Science, Energy and Resources was renamed the Department of Industry, Science and Resources
- the Department of Agriculture, Water and the Environment was renamed the Department of Agriculture, Fisheries and Forestry
- the Department of Infrastructure, Transport, Regional Development and Communications was renamed the Department of Infrastructure, Transport, Regional Development, Communications and the Arts
- the Department of Health was renamed the Department of Health and Aged Care.

The following functions and entities have transferred:

- responsibility for employment and skills policy transferred from the renamed Department of Education to the new Department of Employment and Workplace Relations
- responsibility for industrial relations policy transferred from the Attorney-General's Department to the new Department of Employment and Workplace Relations
- responsibility for the Pacific Labour Mobility scheme transferred from the Department of Foreign Affairs and Trade to the new Department of Employment and Workplace Relations
- responsibility for energy and climate change policy transferred from the renamed Department of Industry, Science and Resources to the new Department of Climate Change, Energy, the Environment and Water
- responsibility for the environment and water transferred from the renamed Department of Agriculture, Fisheries and Forestry to the new Department of Climate Change, Energy, the Environment and Water
- responsibility for international climate change policy and negotiations transferred from the Department of Foreign Affairs and Trade to the new Department of Climate Change, Energy, the Environment and Water
- responsibility for water infrastructure policy transferred from the renamed Department of Infrastructure, Transport, Regional Development, Communications and the Arts to the new Department of Climate Change, Energy, the Environment and Water
- the Australian Institute of Maritime Science transferred from the renamed Industry, Science and Resources portfolio to the Climate Change, Energy, the Environment and Water portfolio
- the Office of Supply Chain Resilience, the Critical Technologies Policy Coordination Office and the Digital Technologies Taskforce transferred from the Department of the Prime Minister and Cabinet to the renamed Department of Industry, Science and Resources
- responsibility for the National Soils Advocate transferred from the Department of the Prime Minister and Cabinet to the renamed Department of Agriculture, Fisheries and Forestry
- the National Archives of Australia transferred from the Attorney-General's portfolio to the renamed Infrastructure, Transport, Regional Development, Communications and the Arts portfolio

- the Museum of Australian Democracy transferred from the Prime Minister and Cabinet portfolio to the renamed Infrastructure, Transport, Regional Development, Communications and the Arts portfolio
- responsibility for copyright policy transferred from the renamed Department of Infrastructure, Transport, Regional Development, Communications and the Arts to the Attorney-General's Department
- the National Office of Child Safety and the Open Government Partnership transferred from the Department of the Prime Minister and Cabinet to the Attorney-General's Department
- responsibility for criminal law enforcement policy and operations, and protective security services at Commonwealth establishments and diplomatic and consular premises in Australia transferred from the Home Affairs portfolio to the Attorney-General's portfolio, including the transfer of the Australian Federal Police, the Australian Crime Commission (also known as the Australian Criminal Intelligence Commission), the Australian Institute of Criminology, the Australian Transaction Reports and Analysis Centre, and the Office of the Special Investigator
- responsibility for data and digital policy, including the Digital Transformation Agency and the Office of the National Data Commissioner, as well as deregulation policy transferred from the Prime Minister and Cabinet portfolio to the Finance portfolio
- responsibility for natural disaster response and mitigation transferred from the Prime Minister and Cabinet portfolio to the Home Affairs portfolio
- the National Recovery and Resilience Agency was abolished and its functions were transferred to the newly established National Emergency Management Agency within the Home Affairs portfolio
- Emergency Management Australia functions transferred from the Department of Home Affairs to the new National Emergency Management Agency.

The AAO documents and further information on AAOs can be found on the website of the Department of the Prime Minister and Cabinet, or on the Federal Register of Legislation.

For information on how MoG changes impact on portfolios, refer to the *October 2022–23 Portfolio Budget Statements* of relevant portfolios.

Advance to the Finance Minister

The Advance to the Finance Minister (AFM) provisions under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the financial year. Allocations are made through a determination by the Minister for Finance up to a statutory limit in the annual Appropriation Acts.

In 2021–22, \$2.042 billion was allocated from a total of \$5 billion AFM provisions available across the *Appropriation Acts (Nos. 1 to 4) 2021–2022*. No AFMs have been issued from the \$5 billion provision available under the *Appropriation (Coronavirus Response) Acts (Nos. 1 and 2) 2021–2022*.

In 2022–23, the *Supply Acts (Nos. 1 and 2) 2022–23* include two separate AFM provisions totalling \$6 billion, comprising:

- \$5 billion for future urgent and unforeseen COVID-19 related expenditure (\$2 billion in *Supply Act (No. 1) 2022–2023* and \$3 billion in *Supply Act (No. 2) 2022–2023*). This is statutorily limited.
- \$1 billion for other urgent and unforeseen expenditure (\$400 million in *Supply Act (No. 1) 2022–2023* and \$600 million in *Supply Act (No. 2) Act 2022–2023*).

The Appropriation Bills (Nos. 1 and 2) 2022–2023, once enacted, will include the AFM provisions available for the remainder of 2022–23 and no further allocations will be able to be made under the *Supply Acts (Nos. 1 and 2) 2022–2023* AFM provisions. The Appropriation Bills (Nos. 1 and 2) 2022–2023 include two separate AFM provisions totalling \$6 billion, comprising:

- \$5 billion for future unforeseen and unavoidable COVID-19 and natural disaster or other national emergency response related expenditure (\$2 billion in Appropriation Bill (No. 1) 2022–2023 and \$3 billion in Appropriation Bill (No. 2) 2022–2023). This is statutorily limited.
- \$1 billion for other urgent expenditure that is not currently contemplated (\$400 million in Appropriation Bill (No. 1) 2022–2023 and \$600 million in Appropriation Bill (No. 2) 2022–2023).

For 2022–23, no AFMs have been issued under *Supply Acts (Nos. 1 and 2) 2022–2023* and \$6 billion remains available to be allocated at the time of the October 2022–23 Budget, until Appropriation Bills (Nos. 1 and 2) 2022–23 are enacted.

Further information on AFMs allocated in prior years can be found on the Finance website.

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*⁶. The Agency Resourcing Table is organised by portfolio and agency, and by agency Outcome⁷. Corporate Commonwealth entities are denoted by a * in the Agency Resourcing Table and Commonwealth companies are denoted by a #.

The Agency Resourcing Table 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 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 Resourcing Tables*.

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, these amounts are for the provision of services.

6 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.

7 The text of the approved Outcomes which apply to each agency is set out at Appendix A: Agency Outcome Statements.