

Navigating the Budget Papers

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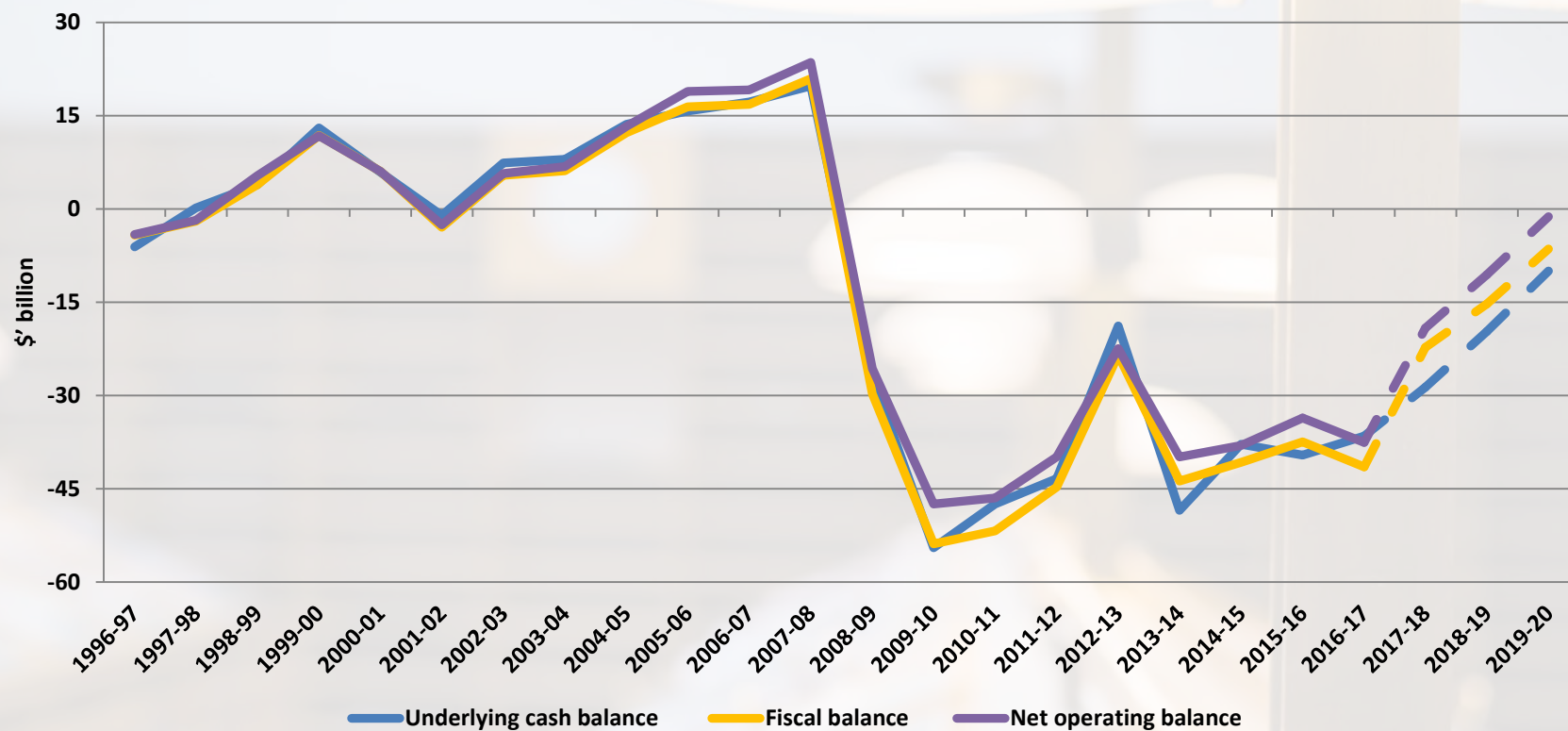
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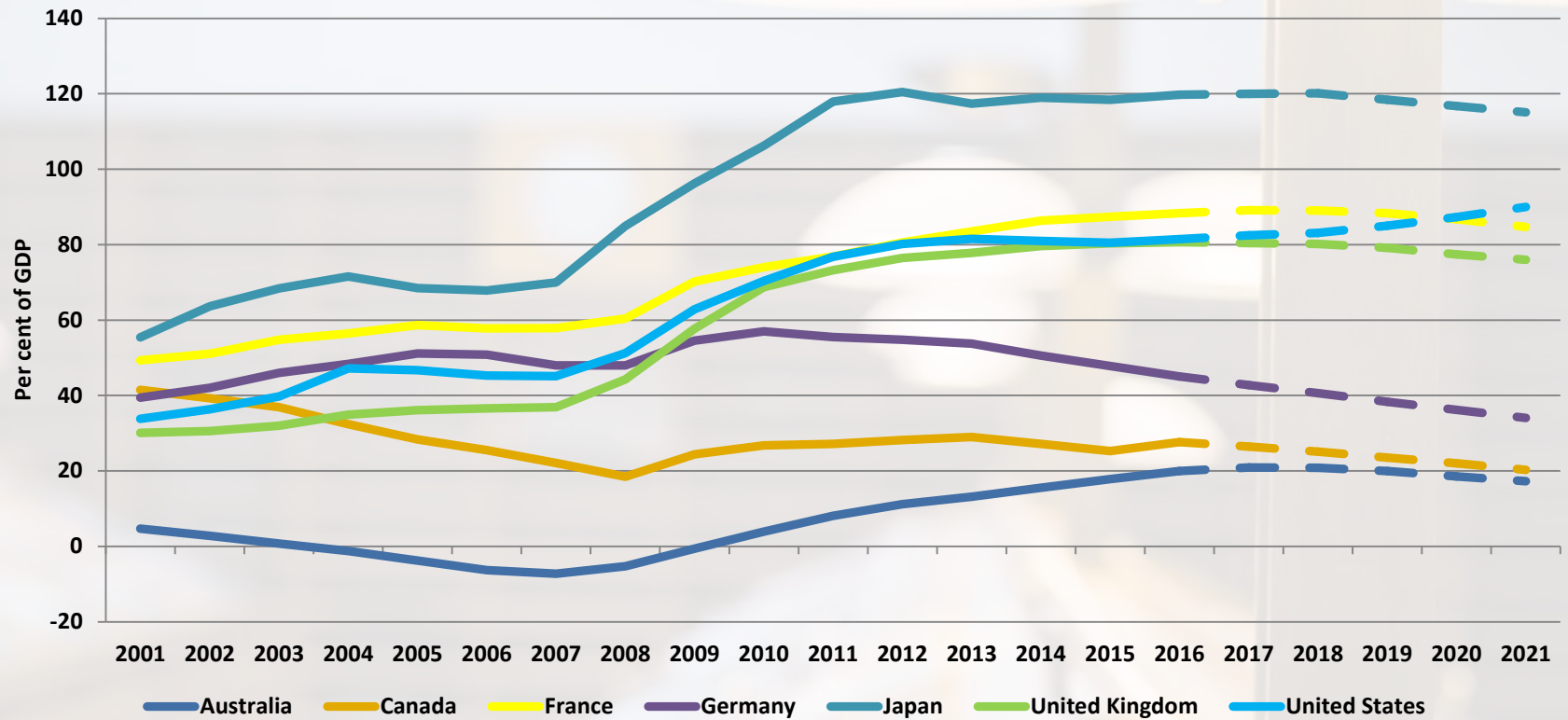
Budget balance



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Net debt



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Key budgetary concepts



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Consolidated Revenue Fund

- Established under section 81 of the *Constitution*

“All revenues or moneys raised or received by the Executive Government of the Commonwealth shall form one Consolidated Revenue Fund, to be appropriated for the purposes of the Commonwealth...”

- An appropriation is the legal release of monies by the Parliament to the Executive



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Appropriations

- Annual appropriations
 - Appropriation Bill (No. 1)
 - Appropriation Bill (No. 2)
 - Appropriation (Parliamentary Departments) Bill
 - About 15 per cent of expenditure
 - Limited by amount
- Special appropriations
 - About 85 per cent of expenditure
 - Limited by criteria



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'Headline' budget measure

Accrual accounting			Cash accounting	
Revenues			Receipts from operating activities	
<i>less</i>			<i>less</i>	
Expenses			Payments from operating activities	
<i>equals</i>			<i>equals</i>	
NET OPERATING BALANCE		≈	NET CASHFLOWS FROM OPERATING ACTIVITIES	
<i>plus</i>			<i>plus</i>	
Net acquisition of non-financial assets			Net cashflows from investments in non-financial assets*	
			<i>less</i>	
<i>equals</i>			Net future fund earnings	
			<i>equals</i>	
FISCAL BALANCE		≈	UNDERLYING CASH BALANCE	
				*excluding finance leases



'Headline' budget measure

Jurisdiction	Accounting basis	Measure
Commonwealth	Cash	Underlying cash balance
NSW	Accrual	Net operating balance
Vic.	Accrual	Net operating balance
Qld	Accrual	Net operating balance
WA	Accrual	Net operating balance
SA	Accrual	Net operating balance
Tas.	Accrual	Net operating balance
ACT	Accrual	Net operating balance (modified)
NT	Accrual	Net operating balance



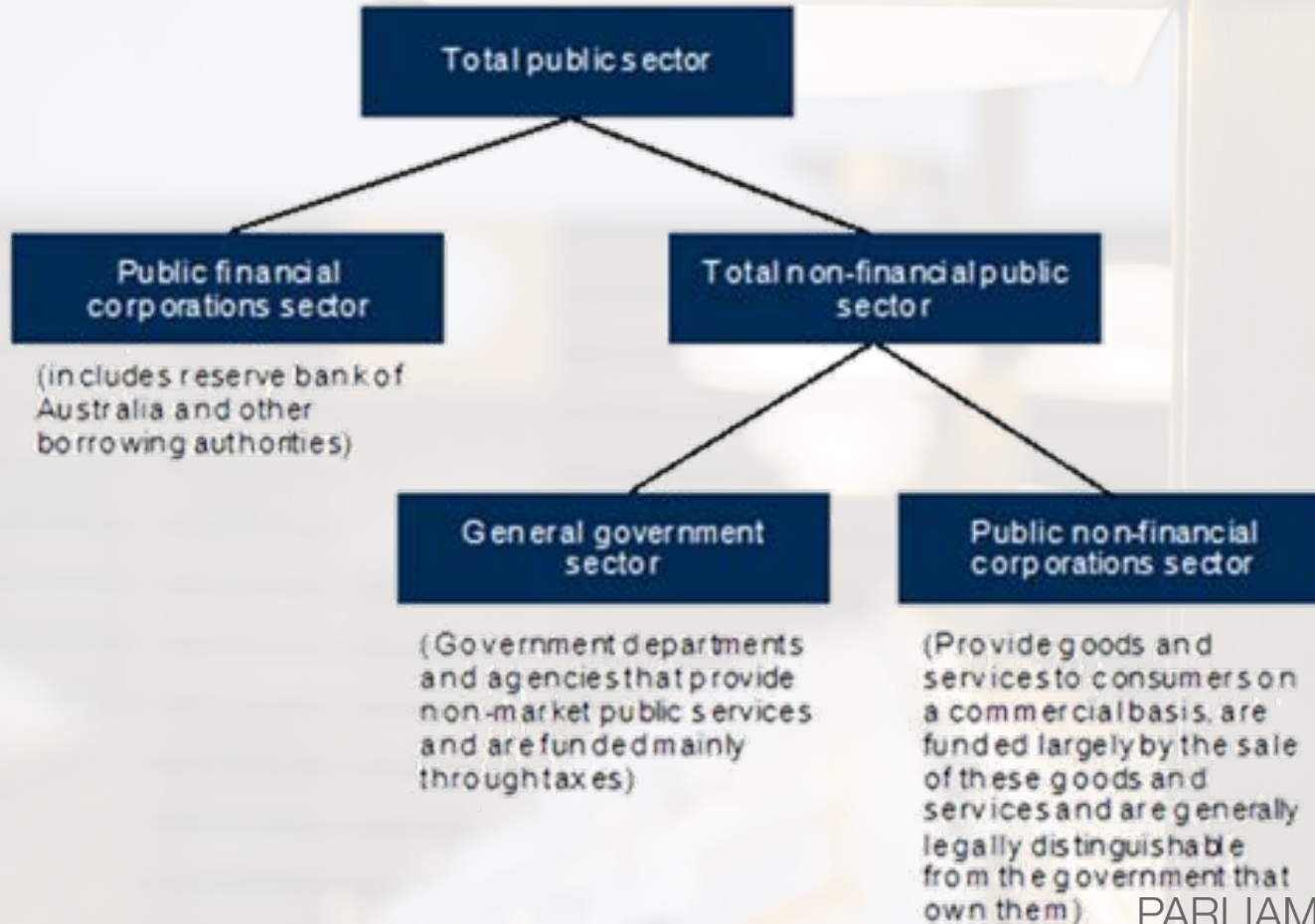
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Budget sectors



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'Administered' and 'Departmental'

- Administered
 - social security payments
 - health and education funding
 - revenue receipts
- Departmental
 - salaries
 - office supplies
 - some programs



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‘Policy decisions’ and ‘parameter variations’

- Policy decisions
 - Reflect Government decisions such as:
 - new expenditure
 - changing program eligibility
 - changed tax rules
- Parameter variations
 - Reflect factors such as:
 - corporate profits
 - employment
 - unemployment
 - Medicare claims



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Special accounts

- An amount of money in the Consolidated Revenue Fund that is earmarked for a specific purpose
- May be drawn when the criteria attaching to the special account are met



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The Budget Papers and related materials



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Budget Papers and related materials

- Appropriation Bills
- Glossy
- Budget Papers
 - Budget Speech
 - BP 1: Budget Strategy and Outlook
 - BP 2: Budget Measures
 - BP 3: Federal Financial Relations
 - BP 4: Agency Resourcing
- Portfolio Budget Statements
- Ministerial Statements



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BP1: Budget Strategy and Outlook

- Statements 1-3:
 - Economic and fiscal outlook
 - The Government's narrative
- Statements 4-6:
 - Revenue and Expenses
 - Net Capital Investment, Assets, Liabilities and Debt
- Statement 9: Budget Financial Statements
- Statement 10: Historical Australian Government Data



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BP 2: Budget Measures

- Revenue measures
 - mostly affect the revenues of the Commonwealth
- Expenditure measures
 - mostly affect expenses of the Commonwealth
- Capital measure
 - mostly affect the capital—or assets—held by the Commonwealth



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BP 3: Federal Financial Relations

- General Revenue Assistance
 - mostly the GST revenue
- Payments for Specific Purposes
 - healthcare
 - education
 - disability services
 - infrastructure and road funding
 - contingent funding



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BP 4: Agency Resourcing

- Amounts and types of appropriation to be used by each entity
- Amounts to be drawn against each special appropriation
- For each special account, expected transactions and balances
- Average staffing levels



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Portfolio Budget Statements

- Agency Resource Statement
- Reconciliation of budget measures
- Financial statements
 - Operating statement
 - Cashflow statement
 - Balance sheet
- Outcomes and programmes
 - “Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements.”
 - An agency may have one or more ‘outcomes’
 - Each outcome will have one or more ‘programmes’



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