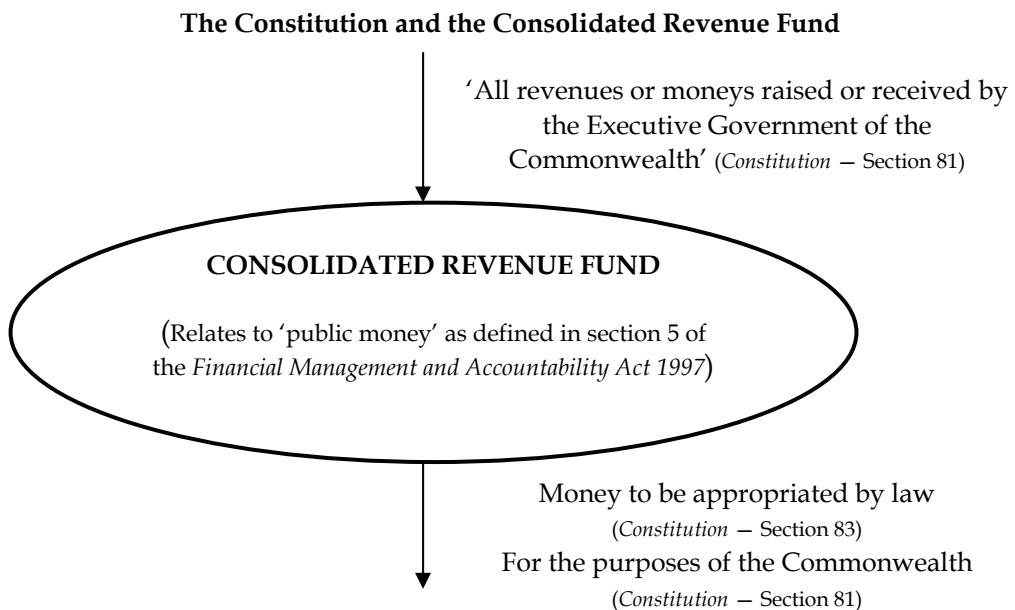


INTRODUCTION

The purpose of Budget Paper No. 4 is to provide, in a single publication, information on appropriations required by entities in the budget year.¹ It contains tables that show for each entity: estimated expenses for each active special appropriation Act; estimated balances and flows for all active special accounts; and estimated resourcing by source of appropriation.

APPROPRIATIONS

The Constitution, through section 81, provides for one Consolidated Revenue Fund (CRF), formed from all revenues or moneys raised or received by the Executive Government of the Commonwealth. The CRF is 'self-executing'. That is, all moneys paid to the Commonwealth, or any person or organisation acting on behalf of the Commonwealth, automatically form part of the CRF. Whether or not the Commonwealth has credited those moneys to a fund or an account, the moneys form part of the CRF upon receipt by, or on behalf of, the Commonwealth. This covers taxes, charges, levies, borrowings, loan repayments and moneys held in trust. Section 81 does not deal with the manner in which money that forms the CRF shall be kept, nor does it deal with the keeping and auditing of the public accounts.



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.

¹ References to 'entity' in Budget Paper 4 are references to agencies under the *Financial Management and Accountability Act 1997*, bodies under the *Commonwealth Authorities and Companies Act 1997* and the High Court of Australia.

Section 81 provides that all appropriations from the CRF must be for the purposes of the Commonwealth. The 'Treasury' of the Commonwealth, mentioned in section 83, equates to the CRF referred to in section 81. Together, sections 81 and 83 provide that there must be an appropriation, made by law, for the purposes of the Commonwealth, before money may be drawn from the CRF. This is a key element of the provisions which safeguard Parliament's control over government spending.

There are four sources of funding available to entities to undertake their activities:

- special appropriations, which are provisions in acts (other than those in annual appropriation Acts) that authorise the expenditure of money for particular purposes;
- balances available in special accounts, which are appropriation mechanisms that notionally set aside amounts within the CRF to be spent for specific purposes;
- annual appropriations, which are contained in acts that provide annual funding to entities to undertake government operations and programs; and
- certain receipts that agencies may retain and spend under section 31 of the *Financial Management and Accountability Act 1997* (FMA Act), or which bodies under the *Commonwealth Authorities and Companies Act 1997* (CAC Act) may spend in accordance with their enabling legislation.

These sources of funding are discussed in more detail below.

SPECIAL APPROPRIATIONS

A special appropriation is a provision within an Act that provides authority to spend money for the purposes of the Act, for example, to finance a particular project or to make social security payments. Special appropriations account for around three quarters of all government expenditure each year.

Some special appropriations state an amount that is appropriated for the particular purpose. They can be referred to as being 'limited by amount'. Others do not state an amount but the appropriation is instead determined by legislative criteria or conditions that can, for example, enable an automatic payment or create an entitlement. Such appropriations, are usually referred to as 'standing' appropriations.

A number of factors are taken into account in determining whether an annual or special appropriation is to be used in particular circumstances. For example, a legally enforceable entitlement might not be practical where the total funding is capped and so requires some form of rationing or prioritisation. Conversely, a cash limited appropriation might not be viable for an entitlement-based program which is demand driven. Generally, a special appropriation will be used when:

- it is desirable to create a legal entitlement to a benefit which is to be provided to everyone who satisfies specific criteria (for example, the age pension);
- it is necessary to give effect to inter-governmental agreements or arrangements by providing a specific amount of appropriation under stated conditions (for example, *Schools Assistance Act 2008* and *Local Government (Financial Assistance) Act 1995*);
- it is important to demonstrate the independence of an office from Parliament and the Executive by providing for automatic payment of the remuneration of holders of the office (for example, the salaries of judges and the Auditor-General);
- it is considered necessary to demonstrate Australia's ability to meet its financial obligations independently of parliamentary approval of funds (for example, the repayment of loans);
- payment is urgently required, and alternative arrangements are not suitable or are inappropriate (for example, large payments for natural disaster relief); or
- other unique circumstances exist which would be difficult to accommodate in annual appropriation Bills.

Table of Estimated Expenses against Special Appropriations

Budget Paper No. 4 contains a table showing estimates of expenses for each active special appropriation Act for each agency. It is in two parts: the first is a summary table showing the total special appropriations by portfolio; the second shows the estimate for each special appropriation Act for each agency for the Budget year and an 'Estimated Actual' figure for the previous year. In addition, the Agency Resourcing Table presents total special appropriations for each agency by outcome and for each portfolio.

SPECIAL ACCOUNTS

The amount of appropriation that may be drawn from the CRF by means of special accounts is limited to the balance of each account. Special accounts are not bank accounts. However, amounts of money forming part of the balance of a special account may be held in either the Official Public Account, an agency official bank account, or partly in both.

A special account can be established either by the Finance Minister making a determination under section 20 of the FMA Act, or by enabling legislation as recognised under section 21 of the FMA Act. A special account determination made by the Finance Minister is a legislative instrument. Both a determination (for a section 20 Special Account) and enabling legislation (for a section 21 Special Account) are considered by the Parliament before becoming law. The source of authority for the

appropriation is the FMA Act – section 20 or 21, as relevant – rather than the determination or the enabling legislation.

Special accounts are created when it is clear that other types of appropriations are not suitable. For example, there may be a need for increased transparency in some circumstances, including where activities are jointly funded with other governments. They are also used for public money that is not held on account of the Commonwealth, or for the use or benefit of the Commonwealth, known as special public money.

The determination or Act that establishes a special account specifies the purposes for which the special account may be debited. The establishing determination, and in most cases the establishing Act, also identifies the types of receipts that may be credited to increase the balance of the special account.

Depending on its purpose, a special account may be credited with amounts from annual appropriations, special appropriations, from third parties, by direct legislative provision, or in limited circumstances with investment income.

Table of Estimated Cash Flows and Balances for Special Accounts

As part of Operation Sunlight, Budget Paper No. 4 includes a detailed table listing all special accounts authorised under the FMA Act. The table shows, by portfolio and entity, estimated balances and flows for the budget year and for the previous year.

There is an important distinction in the way receipts into special accounts are displayed in the Table of Estimated Cash Flows and Balances for Special Accounts and in the Agency Resourcing Table. The former distinguishes between appropriated and non-appropriated receipts into special accounts, while the Agency Resourcing Table shows only estimates of non-appropriated receipts.

The Table of Estimated Cash Flows and Balances for Special Accounts and the Agency Resourcing Table both include estimates of public money that is not held on account of the Commonwealth or for the use or benefit of the Commonwealth.

ANNUAL APPROPRIATIONS

Annual appropriations are contained in Acts that provide annual funding for government operations and programs and also for investment in assets and to reduce liabilities. Bills proposing appropriations for the forthcoming financial year are introduced into Parliament on Budget night and, when passed, fund approximately a quarter of all government expenditure for the year.

Section 53 of the Constitution provides that the Senate may not amend proposed laws appropriating money for the ordinary annual services of the government. Under section 54 of the Constitution, a proposed law appropriating money for the ordinary

annual services of the government can only deal with such appropriations. Accordingly, the annual appropriations are split into Bills that provide for the ordinary annual services of the government (for example, Appropriation Bill (No. 1) 2009-2010) and those that do not (for example, Appropriation Bill (No. 2) 2009-2010).²

In dealing with what constitutes the ordinary annual services of the government and those which do not, the Senate and the then Government came to an agreement in 1965, which is generally referred to as the 'Compact of 1965'. The Compact determines the allocation of items between the annual appropriation Bills. It was most recently altered in 1999 for the introduction of accrual budgeting.

The services of the three parliamentary departments are not considered to be ordinary annual services of the government. Accordingly, there is a third budget annual appropriation Bill, the Appropriation (Parliamentary Departments) Bill (No. 1) 2009-2010, that proposes appropriations for the parliamentary departments.

A second set of three annual appropriation Bills is usually introduced during the financial year. Called the Additional Estimates appropriation Bills, those three Bills correspond to the three budget appropriation Bills and continue the numbering sequence: Appropriation Bill No. 3 (that is, ordinary annual services), Appropriation Bill No. 4 (that is, other than ordinary annual services) and Appropriation (Parliamentary Departments) Bill No. 2. The Additional Estimates Bills seek appropriation authority from Parliament for the additional expenditure of money from the Consolidated Revenue Fund, in order to meet requirements that have arisen since the last Budget. Further annual appropriation Bills are introduced during the year if required. Those further Bills are called the Supplementary Estimates appropriation Bills (after the Budget) or Supplementary Additional Estimates appropriation Bills (after the Additional Estimates).

A summary of the appropriations proposed in the 2009-2010 Budget Bills, by portfolio, entity and outcome is provided in the Agency Resourcing Table.

Structure of Annual Appropriations

The annual appropriation Bills propose specified amounts of appropriation for expenditure by agencies in achieving the government's outcomes.³ Those amounts may only be expended on the purposes for which the appropriations are provided and that expenditure must be consistent with government policy. The Finance Minister is responsible on behalf of the government for arrangements to ensure that agencies adhere to those requirements. The key means for implementing that role is the regime

2 Although the Senate may not amend a Bill proposing appropriations for ordinary annual services, it may send a message to the House of Representatives asking the House to amend such a bill.

3 Agency refers to an agency within the meaning of the *Financial Management and Accountability Act 1997*, or the High Court of Australia.

of drawing rights established under the FMA Act. Agencies do not have an automatic right to spend money under those appropriations.

As mentioned above, appropriations are provided for particular purposes. The purpose of departmental outputs appropriations is to provide money for the annual operating costs of agencies. For all administered expenses appropriations, those purposes are the outcomes which are shown beside the appropriation amounts. Outcomes are the results or impacts on the community or the environment that the government intends to achieve. They are specified by the responsible portfolio minister with the endorsement of the Finance Minister.

Appropriation Bill (No. 1) and (No. 2) 2009-2010 make clear the legal status of bodies subject to the CAC Act in relation to the annual appropriations. CAC Act bodies are legally separate from the Commonwealth and so do not debit appropriations or make payments from the CRF. The legislation text states that relevant appropriations are made for payment to CAC Act bodies. The schedules to the Bills identify the responsible portfolio department in relation to each CAC Act body in the portfolio summary and the agency detail tables.

The purpose and detailed operation of the clauses in the 2009-2010 Budget appropriation Bills are outlined in Explanatory Memoranda tabled in Parliament when the Bills are introduced on Budget Night. The Appropriation Bills and Explanatory Memorandum are available at:
www.budget.gov.au and also at www.comlaw.gov.au.

Further information on outcomes and on the outcomes and outputs framework more generally is available at:
<http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/outcomes-arrangements.html>

Appropriation Bill (No. 1)

Appropriation Bill (No. 1) 2009-2010 proposes appropriations for activities that are considered to be the ordinary annual services of the Government and hence the Bill cannot be amended by the Senate under section 53 of the Constitution. The Bill sets out amounts according to whether they are departmental outputs, administered expenses, or for payment to CAC Act bodies.

Departmental outputs involve costs over which an agency has control.⁴ They are the ordinary operating costs of government agencies. Expenditure typically covered by departmental outputs include:

- employee expenses;
- supplier expenses; and
- other operational expenses (for example, replacement and maintenance of existing departmental assets).

Departmental outputs are appropriated as a single amount for each agency. The single appropriation represents the cost of all the outputs that the agency plans to deliver. Appropriation Bill (No. 1) 2009-2010 shows a split of that amount across outcomes. The split is notional, providing an indication of the departmental resources that will be required to achieve agency outcomes.

Administered expenses are those administered by the agency on behalf of the government. They are amounts required to meet the total estimated expenses for administered activities that are expected to be incurred in 2009-10. They are normally related to activities governed by eligibility rules and conditions established by the government or Parliament such as grants, subsidies and benefit payments. Agencies therefore have less discretion over how administered expenses are incurred. Administered expenses are appropriated separately for outcomes (that is, the split across outcomes is not notional), specifying precisely how much can be expended on each outcome.

An amount appropriated to a portfolio department for payment to a CAC Act body may only be applied for payment to the CAC Act body named and may not be paid out of the CRF for any other purpose. These amounts are treated by the portfolio departments as an administered appropriation. However, CAC Act bodies will normally account for those amounts as departmental funding when they receive the payments. Accordingly, the Agency Resourcing Table classifies payments received by CAC Act bodies as departmental.

The detail on appropriations in Appropriation Bill (No. 1) 2009-2010 is set out in Schedule 1 to the Bill.

⁴ This definition is in accordance with the Finance Minister's Orders (Financial Statements) and Australian Accounting Standard AASB 1050.

Appropriation Bill (No. 2)

As explained above, Appropriation Bill (No. 2) 2009-2010 provides appropriations for matters that are not proposed for the ordinary annual services of the Government. It covers both 'non-operating' costs (including payments to CAC Act bodies) and administered expenses in the form of new administered expenses for new outcomes, payments direct to local government, and some national partnership payments through the states, the Australian Capital Territory (ACT) and the Northern Territory (NT).

The implementation of the *Federal Financial Relations Act 2009* (FFR Act) has important implications for the Commonwealth's payment arrangements to the States and Territories and for Appropriation Bill (No. 2). The FFR Act implements the centralised payments arrangement agreed by COAG in the Intergovernmental Agreement on Federal Financial Relations. The detail of the Commonwealth's payments to the States and Territories is now contained in one piece of Commonwealth legislation. This streamlining will also greatly improve public transparency of these payments and the ability of the Parliament to scrutinise the payment arrangements.

With the commencement of the federal financial framework reforms on 1 January 2009, Appropriation Bill (No. 2) will no longer be used to propose most annual appropriations for payments to the States and Territories and some payments through the States and Territories. Instead, the FFR Act provides appropriation for those payments. Exceptions to this arrangement include payments direct to local government, which will continue to be paid from Appropriation Act (No. 2) 2009-2010 and some payments through the States and Territories for non-government schools that are not paid from the *Schools Assistance Act 2008* or the COAG Reform Fund.

The new administered expenses item in Appropriation Bill (No. 2) requests appropriation in respect of administered outcomes which have not previously been approved by Parliament. This requirement is based in the Compact of 1965.

Non-operating costs (sometimes called 'capital' costs) included in Appropriation Bill (No. 2) comprise:

- '*equity injections*', which are provided to agencies to, for example, enable investment in new capacity to produce departmental outputs or to acquire new assets;
- '*loans*', which are provided to agencies by government when an investment is expected to result in a direct return such as an efficiency saving (these are generally not formal loans established in contracts);
- '*previous years' outputs*' appropriations, which provide funding to replenish appropriations used to deliver departmental outputs in a previous year. This can occur, for example, late in a financial year when a decision is made to implement a new activity after the date for inclusion in the additional appropriation bills. Such

activities are funded initially from existing appropriations which are then replenished by the *previous years' outputs* appropriation; and

- '*administered assets and liabilities*' appropriations, which provide funding for acquiring new administered assets, enhancing existing administered assets and discharging administered liabilities relating to activities administered by agencies on behalf of the Government.

'CAC Act body payment' appropriations in Appropriation Bill (No. 2) 2009-2010 are made available to the responsible portfolio department for payment to CAC Act bodies to meet their non-operating costs. An amount appropriated for a 'CAC Act body payment item' may only be applied for payment to the CAC Act body named.

Schedule 1 to Appropriation Bill (No. 2) 2009-2010 confers on the ministers named, power to determine:

- conditions under which any payments to and through the States, the ACT and NT and local government authorities may be made; and
- the amounts and timing of those payments.

The detail on appropriations in Appropriation Bill (No. 2) 2009-2010 is set out in Schedule 2 to the Bill.

General Drawing Rights Limits

The *Nation-building Funds Act 2008* and the *COAG Reform Fund Act 2008* establish special accounts under section 21 of the *Financial Management and Accountability Act 1997* in relation to funds established by those Acts.⁵ This means that the balances, as they exist from time to time, of these special accounts are appropriated for the purposes set out in the Acts which created them.

The government intends that payments made from the funds will be transparent and subject to parliamentary scrutiny with the aim of ensuring a managed and orderly rate of expenditure. Accordingly, the *Nation-building Funds Act 2008* and the *Federal Financial Relations Act 2009* provide for mechanisms to specify a maximum limit (called the 'general drawing rights limit') on the amount that can be paid out from each fund's special account in a particular financial year.

The general drawing rights limits for the 2009-10 financial year are included in the text of Appropriation Bill (No. 2) 2009-2010. It is important to note that this Bill will not appropriate amounts to be paid from the funds. The intention of specifying general

5 The Building Australia Fund (BAF), the Education Investment Fund (EIF) and the Health and Hospitals Fund (HHF) are established by the *Nation-building Funds Act 2008*. The COAG Reform Fund is established by the *COAG Reform Fund Act 2008*.

drawing rights limits is to set maximum limits on the amounts that may be covered by drawing rights issued by the Finance Minister under the FMA Act for the current year, for the purposes to which the limits apply.

Appropriation (Parliamentary Departments) Bill (No. 1)

The Appropriation (Parliamentary Departments) Bill (No.1) 2009-2010 proposes appropriations for all the departmental outputs, administered expenses and non-operating costs of the three parliamentary departments.

Annual appropriations generally

The amounts provided in the annual appropriations Acts are not expressed in terms of a particular financial year and appropriated amounts do not automatically lapse. Generally, annual appropriations are available until they are spent, or reduced in accordance with the reduction provisions in the appropriation Acts. For example, departmental outputs appropriations provide funding for all the expected expenses required to carry out activities in the financial year. Those expenses include employee entitlements and depreciation. Because the cash to meet such expenses can be required at times other than when the expenses are incurred, the departmental outputs appropriations remain available until required.

With regard to non-operating costs, as the timing of the cash requirements can change after commitments are made, appropriations also do not lapse and amounts that are unspent at the end of the financial year remain available to be spent in later years.

Amounts appropriated for departmental outputs and for non-operating costs can be subject to a reduction process when the appropriation is no longer required. Under this process, on request in writing from a responsible minister, the Finance Minister may issue a determination to reduce the entity's departmental expense or non-operating costs appropriation.

Appropriations for administered expenses are subject to an annual process by which amounts which are not required to fund activities in the year are reduced to the required amount. Agencies' financial statements, as published in their annual reports, set the amounts to be reduced. This process ensures that amounts not required for the year are no longer available. If government then wishes to spend that amount in a later financial year, it must seek a new appropriation in a later appropriation Bill.

There can be situations where entities require extra funding for urgent expenditure for which there is insufficient appropriation. In such cases, Appropriation Bill (No. 1) 2009-2010 and Appropriation Bill (No. 2) 2009-2010 each contain a clause entitled 'Advance to the Finance Minister' (AFM), which enables the Finance Minister to provide the urgent additional appropriation. The AFM provision in Appropriation Bill (No. 1) 2009-2010 is limited to a maximum of \$295 million and in Appropriation Bill (No. 2) 2009-2010 is limited to \$380 million.

An annual report to Parliament on the advances is prepared on the use of the AFM provision and covers all amounts issued. Details on each amount issued under the AFM are also subject to the requirements of the *Legislative Instruments Act 2003* and are published on the Federal Register of Legislative Instruments.

Appropriation (Parliamentary Departments) Bill (No. 1) 2009-2010 also contains a clause corresponding to the AFM provided in the other two bills. Called the Advance to the Presiding Officer (APO), the total that may be issued is limited according to the parliamentary department concerned. As with the AFM provision, the use of the APO is reported in the advances annual report.

All three budget appropriation Bills include for information purposes a figure for the previous financial year, labelled the 'Actual Available Appropriation'. That figure is printed in italics under each amount. It is calculated for each item by adding the amounts appropriated in the previous year's annual appropriation Acts, amounts changed under provisions of the FMA Act plus adjustments such as AFMs and reductions by the Finance Minister and limits applied administratively by the Department of Finance and Deregulation. The Actual Available Appropriation provides a comparison with the appropriation proposed for the budget year. It does not affect the amounts available at law. In some cases there are discrepancies between the sums of items and the totals of the Actual Available Appropriation. Those discrepancies are due to rounding.

NON-APPROPRIATED RECEIPTS

Many FMA Act agencies receive money from other sources such as payment for goods and services and on the transfer of employee entitlements. In most cases, the agency will need to be able to spend those amounts and so such receipts can be taken into account when an agency's total funding is calculated. However, an appropriation is required before agencies can spend those amounts. If no appropriation authority is available, the receipts must be deposited to the Official Public Account and cannot be spent by the agency.

Section 31 of the FMA Act provides that an agency's most recent departmental item is increased by the amount of receipts that are of a kind prescribed by regulations under the FMA Act. The kinds of receipts are now prescribed in Regulations 15 and 16 of the *Financial Management and Accountability Regulations 1997*. Therefore, departmental items in Appropriation Bill (No. 1) 2009-2010 may be increased during the year by the amount of those receipts. This mechanism provides the appropriation authority needed to enable agencies to spend those amounts.

CAC Act bodies may spend certain receipts in accordance with their enabling legislation, company constitution or, where permitted, Ministerial agreement.

The Agency Resourcing Table includes estimates of non-appropriated receipts that entities are authorised to retain and spend in 2009-10.

PORTFOLIO BUDGET STATEMENTS

The Portfolio Budget Statements (PB Statements) inform Members of Parliament and the public of the proposed allocation of resources to government outcomes. They also assist the Senate Standing Committees with their examination of the Government's Budget. The PB Statements are tabled in Parliament on Budget Night and are published as Budget Related Papers.

The PB Statements contain details of the estimated payments under each of the annual appropriation Bills and other legislation providing appropriations. They also contain details of estimated receipts from other sources, including taxation, customs, excise and receipts from fees and charges collected by entities. Individual PB Statements are intended to further explain the purposes and planned performance of government agencies and their contributions towards the achievement of outcomes.

PB Statements also assist in the interpretation of the appropriation Acts. There is a provision in the Acts that declares the PB Statements to be extrinsic material under paragraph 15AB(2)(g) of the *Acts Interpretation Act 1901*. As a result, a Court may use the PB Statements to decide whether a particular expenditure is consistent with the purpose of the appropriation item.

The details included in the PB Statement's tables match the figures in the appropriation Bills and amounts included in the tables in Budget Paper No. 4.

More information on appropriations is provided on the Department of Finance and Deregulation web site at:

<http://www.finance.gov.au/budget/budget-process/appropriation-bills.html>

THE AGENCY RESOURCING TABLE

The Agency Resourcing table in Budget Paper No. 4 shows, by portfolio and by entity, and for expenses by outcome, the estimated amounts of money that entities are expected to have available for their activities during the budget year. The amounts are broken down by the different sources of funding: the annual appropriation Bills; special appropriations; non-appropriated special account receipts and other non-appropriated receipts that entities are eligible to retain and spend.

Although the annual appropriation amounts are specified exactly, the majority of the amounts entities expect to spend from special appropriations, special accounts and receipts are estimates based on models of client demand etc.

The presentation of receipts has been improved for this year's Agency Resourcing Table. In previous years, the Table contained a receipts column that included both non-appropriated cash receipts that an entity was entitled to retain, and special account receipts that were not directly appropriated. This year, those cash receipts and special account receipts are displayed in separate columns.

- The column headed 'Agency/CAC receipts' shows estimates of non-appropriated receipts entities are authorised to retain and spend in 2009-10 by portfolio, entity and outcome, as discussed in the section headed 'Non-Appropriated Receipts' above.
- The column headed 'Special Accounts' shows estimated special account receipts that are not directly appropriated to those accounts also by portfolio, entity and outcome. The amount shown is the total for both departmental and administered special accounts in each outcome.

Administered agency receipts from the Northern Territory Flexible Funding Pool Special Account and its replacement, the Indigenous Employment Special Account (operated by the Department of Families, Housing, Community Services and Indigenous Affairs) are shown separately in the Agency Resourcing Table. Appropriation Bill (No. 1) provides that if certain specified conditions are satisfied, then an administered item is increased by the amount of a payment from this special account. Accordingly, these receipts are presented in the Table as increasing agencies' administered appropriations in Appropriation Bill (No. 1).

For each of the different sources of funding the Agency Resourcing Table also includes a figure for the previous financial year as a comparison, labelled the 'Estimated Actual'. It is printed in italics under each estimated amount for the budget year. In relation to the appropriations Bills, the Estimated Actual is the same as the Actual Available Appropriation. For special appropriations, special accounts and entity receipts, the Estimated Actual amounts are the estimated actual amounts published in the PB Statements.

Note that, because some entities provide funding to others, the total amounts in the Agency Resourcing Table cannot be used to calculate total resourcing at the whole of government level. Similarly, transactions between entities while shown in financial statements of individual agencies, are eliminated in the Commonwealth's consolidated financial statements. This treatment is in accordance with section 5 of the annual appropriation Acts, which states that notional transactions between agencies are treated as real transactions, even though the amounts do not leave the CRF.

THE GOODS AND SERVICES TAX

Australian Government entities generally pay and collect Goods and Services Tax (GST) on the same basis as other Australian entities. The amounts of appropriation shown in the three budget appropriation Bills for 2009-2010 excludes recoverable GST. The appropriations shown therefore represent the net amount that Parliament is being asked to allocate to particular purposes. This aligns with the accounting treatment of expenses and assets and the presentation of budget estimates.

In section 30A of the FMA Act, Parliament has provided that appropriations be increased by the amount of recoverable GST on payments by FMA agencies from all appropriations limited by amount. As a result, there is sufficient appropriation for payments under all such appropriations, provided that the amount of those payments, less the amount of recoverable GST, can be met from the initial appropriation.