

Part 1: Agency Financial Resourcing

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 others 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 2023–24 Budget, there have been a number of AAO amendments and other Government decisions resulting in the following MoG changes:

- establishment of the Australian Submarine Agency as a non-corporate Commonwealth entity in the Defence portfolio
- establishment of the National Anti-Corruption Commission as a non-corporate Commonwealth entity in the Attorney-General’s portfolio. The Australian Commission for Law Enforcement Integrity, formerly a non-corporate Commonwealth entity in the Attorney-General’s portfolio was abolished and its functions transferred to the National Anti-Corruption Commission
- establishment of the Office of the Inspector-General of Aged Care as a non-corporate Commonwealth entity in the Health and Aged Care portfolio
- establishment of the Parliamentary Workplace Support Service as a non-corporate Commonwealth entity in the Finance portfolio
- establishment of the High Speed Rail Authority as a corporate Commonwealth entity in the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio. The High Speed Rail Authority adopted the functions of the National Faster Rail Agency, formerly a non-corporate Commonwealth entity in the same portfolio which was abolished
- establishment of the National Reconstruction Fund Corporation as a corporate Commonwealth entity in the Industry, Science and Resources portfolio
- abolishment of the North Queensland Water Infrastructure Authority, a non-corporate Commonwealth entity in the Climate Change, Energy, the Environment and Water portfolio

- transfer of administrative responsibility for the following four deductible gift recipient categories from other Commonwealth entities to the Australian Taxation Office:
 - Register of Cultural Organisations previously administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts
 - Register of Environmental Organisations previously administered by the Department of Climate Change, Energy, the Environment and Water
 - Overseas Aid Gift Deductibility Scheme previously administered by the Department of Foreign Affairs and Trade
 - Register of Harm Prevention Charities previously administered by the Department of Social Services.
- transfer of the APS Reform Office from the Department of the Prime Minister and Cabinet to the Australian Public Service Commission
- transfer of cyber-security related policy functions from the Digital Transformation Agency to the Department of Home Affairs
- transfer of the Digital ID functions from the Digital Transformation Agency to the Department of Finance
- transfer of the identity and biometrics function from the Department of Home Affairs to the Attorney-General's Department
- transfer of administrative responsibility for the *Ministers of State Act 1952* from the Department of Finance to the Department of the Prime Minister and Cabinet
- transfer of protective security policy and protective services at Commonwealth establishments and diplomatic and consular premises in Australia functions from the Attorney-General's Department to the Department of Home Affairs
- transfer of the Rural Financial Counselling Service from the National Emergency Management Agency to the Department of Agriculture, Fisheries and Forestry
- re-naming of the Asbestos Safety and Eradication Agency to the Asbestos and Silica Safety and Eradication Agency, a non-corporate Commonwealth entity in the Employment and Workplace Relations portfolio
- re-naming of the Australia Council to Creative Australia, a corporate Commonwealth entity in the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio. Creative Australia adopted the functions of Creative Partnerships Australia Ltd, formerly a Commonwealth company in the same portfolio which was abolished

- re-naming of the National Housing Finance and Investment Corporation to Housing Australia, a corporate Commonwealth entity in the Treasury portfolio.

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 *2024–25 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 2023–24, AFM provisions totalling \$1 billion were available across *Appropriation Acts (Nos. 1 and 2) 2023–2024* for other urgent and unforeseen expenditure.

At the time of publication, no AFMs have been issued under the 2023–24 annual appropriations.

The Appropriation Bills (Nos. 1 and 2) 2024–2025, once enacted, will include two AFM provisions totalling \$1 billion, for urgent and unforeseen expenditure that is not currently contemplated, comprising:

- \$400 million in Appropriation Bill (No. 1) 2024–2025
- \$600 million in Appropriation Bill (No. 2) 2024–2025.

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

Overview of 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*.⁴ The Agency Resourcing Table is organised by portfolio and agency, and by agency Outcome.⁵ 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.

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- 4 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.
- 5 The text of the approved Outcomes which apply to each agency is set out at *Appendix A: Agency Outcome Statements*.

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.

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 *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.

The Agency Resourcing Table includes only those special appropriations and special accounts that have been established in law at the time of publication. The Agency Resourcing Table and Special Accounts Table exclude moneys held by an agency on trust for a person other than the Commonwealth. These amounts are not considered resourcing available to the agency, as they are not held on account of the Commonwealth and are not for the use or benefit of the Commonwealth.