

# Within-Year Budget Management

## AT A GLANCE:

- Following the passage of the Budget, Accountable Authorities can request variations to operating and capital appropriations, and also Specific Purpose Account revenue and expenditure estimates.
- The processes that manage any variations are governed by the *Financial Management Act 2016* and Treasurer's Instructions.
- Approved variations to appropriations are reported to Parliament in the Preliminary Outcomes Report and Treasurer's Annual Financial Report.

This Fact Sheet should be read in conjunction with the [legislation](#).

## What is within-year Budget Management?

Within-year Budget Management refers to the mechanisms through which agencies can seek, and the Treasurer can approve, variations to appropriations and Specific Purpose Account estimates after the passing of annual Appropriation Acts.

These processes include Requests for Additional Funding, Transfers, Savings, Rollovers and updates to Agency retained revenue and expenditure estimates.

While additional funding can be requested, there is a primary expectation in relation to agency appropriations that Accountable Authorities will seek to manage all Budget pressures within existing Budget allocations, including undertaking cost mitigation actions as appropriate.

## Requests for Additional Funds

Section 21 of the FMA allows the Treasurer to consider the provision of additional funding to agencies through the Treasurer's Reserve for expenditure, which could not, in the opinion of the Treasurer, reasonably have been foreseen and is necessary for efficient financial administration. Section 22 of the FMA also allows for the Treasurer to approve above Budget receipts received from the Australian Government to be provided to agencies.

It is expected that, prior to submitting a Request for Additional Funds, an Agency will have fully explored all opportunities to manage without the need for additional funding.

The Treasurer's ability to approve additional funding is limited to the capacity available in the Treasurer's Reserve. This consists of the amount appropriated for this purpose plus State-sourced receipts in addition to the amount included in the annual Budget. Each year the total amount of funding that can be made available through the Treasurer's Reserve is capped at 2.5 per cent of the total appropriation in that year.

## **Transfers**

Section 20 of the FMA allows the Treasurer to make good deficiencies in appropriations out of any surplus arising (or saving effected) across items within the Schedule to an Appropriation Act. Appropriation Bills issued under the FMA include Agencies, Ministerial Portfolios and Operating Services and Capital Services as items in the Schedule.

Transfers can be utilised to offset Budget pressures, where surpluses have arisen or savings are identified within an Agency, and to better reflect the allocation of Budgets during the course of the year (i.e. to reflect internal restructures, overhead reallocations, etc.).

## **Savings**

Savings are to be declared where funds are no longer required or where a cash flow adjustment is made beyond the following year (if a requested cash flow change is from current Budget year to the next, rollover adjustments can be used).

## **Rollover of unspent appropriations**

In accordance with section 23 of the FMA, if an amount appropriated to an Agency remains unexpended at the end of a financial year, the Treasurer may determine that an amount of that unexpended appropriation is to be issued and applied from the Public Account in the following financial year. The amount determined by the Treasurer must not exceed five per cent of an Agency's appropriation for that financial year.

## **Agency retained revenue**

Estimated receipts and expenditure for Specific Purpose Accounts are provided by agencies as part of the annual Budget Development process.

Section 17(10) of the FMA requires the Treasurer to approve the estimated receipts and expenditure of each Specific Purpose Account. Section 17(11) allows the Treasurer to approve updates to those estimates during the year.

## **Reporting of within-year Budget Management changes**

Section 24 of the FMA establishes a requirement for the Treasurer to prepare supplementary estimates after the end of each financial year.

This requirement is met through the preparation of a Supplementary Estimates Statement, which is included in the Preliminary Outcomes Report and the Treasurer's Annual Financial Report.

The Statement includes detail on an Agency basis under the following categories:

- transfers of appropriations within the Public Account (section 20);
- funding from the Treasurer's Reserve (section 21);
- variations of appropriations for Commonwealth Grants (section 22);
- emergency expenditure authorised by the Governor (section 30); and
- rollovers of unexpended appropriations (section 23(1)).

A Detailed Supplementary Estimates Statement will also be provided as part of tabling documentation with the Preliminary Outcomes Report. This disclosure, made to both Houses of Parliament, is not required under the FMA. It represents additional disclosure, designed to provide further context to Parliament on the Treasurer's decisions with regard to appropriations during the financial year.

This Statement provides Parliament with a reconciliation, by Agency, of the original appropriation to the final estimated appropriation.

## **Other relevant information**

*Please also refer to:*

- Treasurer's Instructions;
- *Financial Management Better Practice Guidelines*;
- *Overview - Tasmania's Financial Management Framework*; and
- Other FMA Fact Sheets.