



Parliament of New South Wales

# The Budget

## What is the Budget?

Every year the NSW Government decides what programs and services it intends to provide. The Budget is a statement by the Government of how it intends to raise and spend money for the coming financial year. The Budget is usually presented to the Parliament of New South Wales in May or June.

Money raised by the Government is called revenue. Revenue can come from areas such as taxation, dividends, Commonwealth Grants, sales of goods and services, investment income, levies, fines, licences and fees (see Table 1 on next page). All public money collected by the Government is placed in the Consolidated Fund.

The Budget is not a law when it is announced. The Budget is a request by the Government to the Parliament to receive money from the Consolidated Fund for spending on Government services and programs. Rules for the operation of the Consolidated Fund are outlined in Part 5 of the NSW Constitution Act 1902 No 32. The Government presents the Budget to Parliament as an Appropriation Bill and, similarly to other Bills, it undergoes three readings in both the Legislative Assembly and Legislative Council. However special laws and procedures apply to the Appropriation Bills. They can only be introduced in the Legislative Assembly. The Legislative Council cannot make any changes to the Appropriation Bills but can suggest to the Assembly that changes be made. Unlike the Federal Senate, the Legislative Council is not able to examine the budget for more than one month, and an Appropriation Bill passed by the Legislative Assembly may be assented to by the Governor and become law even if the Legislative Council fails to pass it.

If the Legislative Assembly rejects or fails to pass the Appropriation Bills, the Governor may dissolve the house for the purposes of a general election as it is assumed that the government no longer has the confidence of the House.

The passage of the Budget through Parliament gives the Parliament an opportunity to scrutinise the way the Government plans to spend the public's money. Detailed examination of the Budget may also occur through the Estimates Committees, which may call Ministers and officials from Government Departments before them to explain the details of the Budget and give an account of their programs and how the money has been and is to be spent on them. After the hearings, committees produce a report that is tabled in the Parliament.

Once the Parliament passes the Appropriation Bills the Government then has authority to spend the money as it set out in the Budget.

**Table 1: General Government Sector Summary of Revenues**

<b>State Revenues</b>		<b>\$ 000 000</b>
<b>Taxation</b>	Stamp Duties	5 482
	Payroll Tax	4 696
	Land Tax	1 448
	Taxes on Motor Vehicles	1 243
	Gambling and Betting	1 404
	Other Revenues	1 247
	<b>Total</b>	<b>15 520</b>
<b>Commonwealth Grants</b>	GST Revenue Grants	9 648
	Compensation for GST deferral	96
	National Competition Policy Payments	260
	Specific Purpose Payments	5 944
	<b>Total</b>	<b>15 760</b>
<b>Dividends and Tax Equivalents</b>		<b>1 670</b>
<b>Other State Revenues</b>	Licences	171
	Fees	114
	Fines	242
	Royalties	300
	Fire Brigade Levy on Local Govt	53
	Other	98
	<b>Total</b>	<b>979</b>
<b>Total State Revenues</b>		<b>33 929</b>
<b>Operating Revenues</b>		<b>4 346</b>
<b>Total Revenues</b>		<b>38 275</b>

Sourced from information in the Budget papers 2004 – 2005 (Budget Statement, Budget Paper No 2).

General government sector revenue is classified into state revenue and operating revenue. State revenue comprises state tax receipts, Commonwealth Government grants, state enterprise dividends and tax equivalent payments and revenue from licences, fees, fines, levies and royalties. Operating revenue is revenue earned by general government sector agencies in the normal course of their operations and mainly consists of user charges levied to recover the cost of providing some goods and services.

## Budget Activities

You are the Treasurer of New South Wales. Your job is to work out how much money the government should spend to provide services for the people of NSW. The budget for NSW is approximately \$32 billion dollars.

### Activity 1

In your group list 9 areas that you all agree this money should be spent on. List these areas in order of most importance, starting with the ones that will receive the most money.

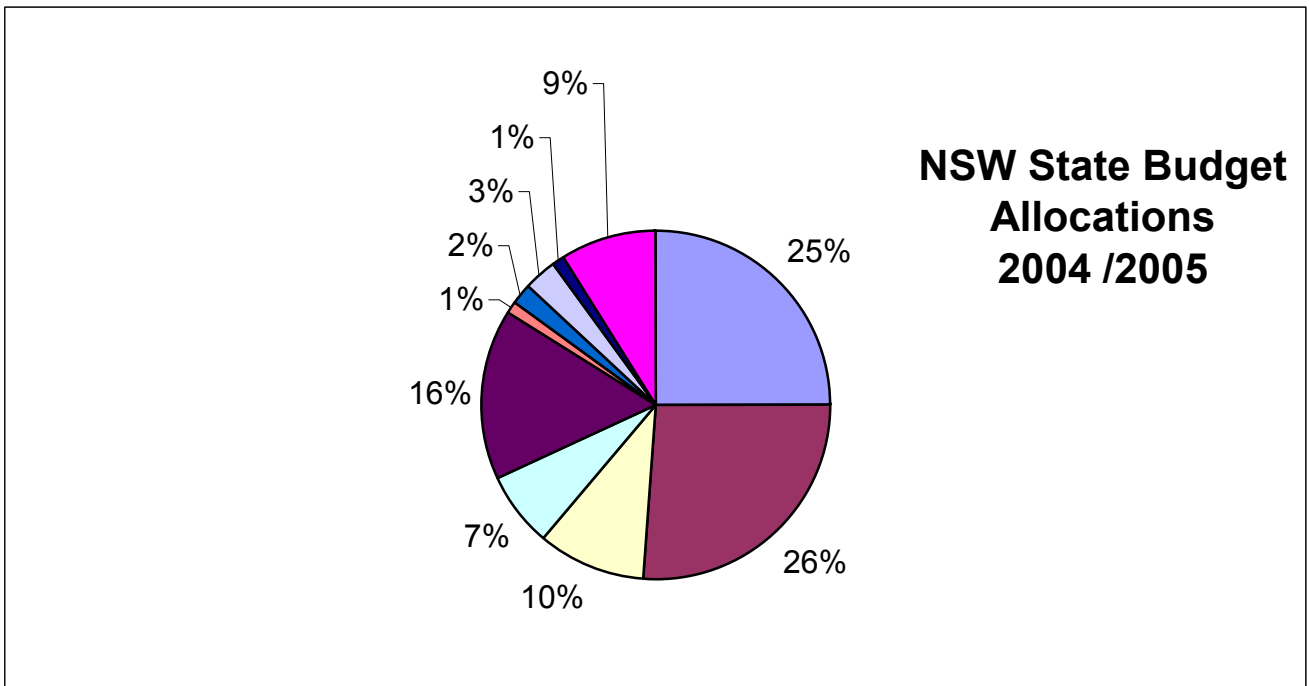
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## Activity 2

In the budget for this year, the NSW Government spent money on the following areas:

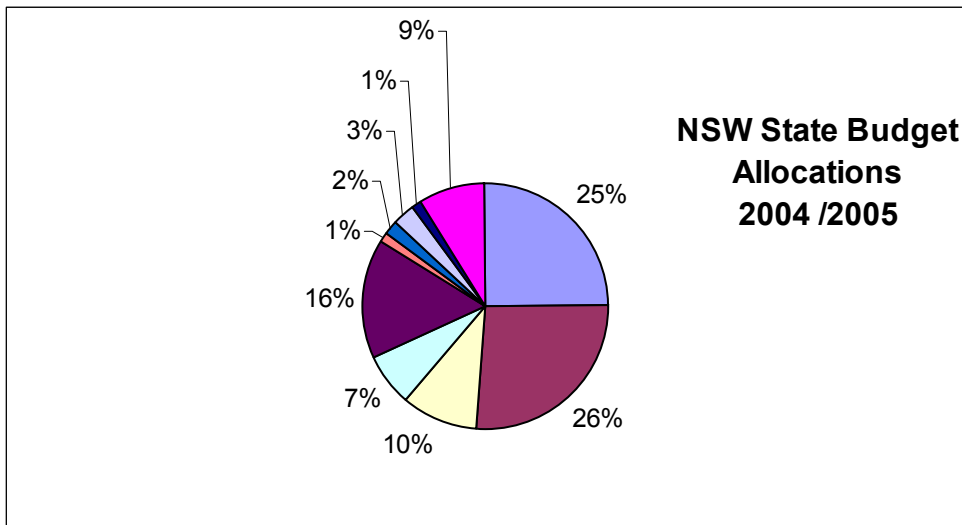
- \_\_\_\_\_ Education and Training
- \_\_\_\_\_ Health
- \_\_\_\_\_ Police & Justice (Includes Corrective Services & Attorney General's Department)
- \_\_\_\_\_ Community Services (Includes Ageing, Disability & Youth Services)
- \_\_\_\_\_ Roads and Transport
- \_\_\_\_\_ Environment & Conservation
- \_\_\_\_\_ Primary Industries
- \_\_\_\_\_ Arts
- \_\_\_\_\_ Infrastructure, Planning & Natural Resources
- 10 % \_\_\_\_\_ Other (Includes Premiers, Aboriginal Affairs, Energy and Utilities, Science and Medical Research, Gaming and Racing, Housing, Local Govt, Emergency Services, Commerce, Tourism, Sport & Rec, State Development, Rural Services)

Match the percentages in the pie graph below to the list above to show how much of the budget you think is spent on each area.



## ANSWERS

(Figures based on NSW STATE BUDGET Allocations 2004 –2005, sourced from NSW Appropriation Bill 2004.)



25 %	Education and Training
26 %	Health
10 %	Police & Justice
7 %	Community Services
16 %	Roads & Transport
1 %	Environment & Conservation
2 %	Primary Industries
3 %	Arts
1 %	Infrastructure, Planning & Natural Resources
9 %	Other