Australian Government
Department of Finance

Retainable receipts

Resource Management Guide No. 307

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Contents

Audience

This guide applies to all non-corporate Commonwealth entities (NCEs) and to corporate Commonwealth entities (CCEs) that manage receipts for and on behalf of a NCE.

Key points

This guide:

- explains how receipts collected by NCEs are managed
- explains how certain receipts can be retained by a NCE to increase certain existing appropriations
- explains the authorising legislation:
  - *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, section 74
  - *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*, section 27
- supersedes *Estimates Memorandum 2015/24: Retained Receipts PGPA Act s74*
- does not cover all legislative and policy requirements to manage receipts.
  - Officials are encouraged to read this guide in conjunction with mentioned government policies and the latest legislation on the *Federal Register of Legislation*.

Resources

This guide is available on the Department of Finance (Finance) website: www.finance.gov.au. For more information on retainable receipts, officials can consult:

- your Chief Finance Officer (CFO) area regarding accounting and financial reporting
- your Agency Advice Unit (AAU) in Finance regarding:
  - managing estimates for receipts (revenue) and payments (expenditure) and recording this data in the Estimates module of the Central Budget Management System (CBMS).
  - setting limits for cash available to a NCE, in the Cash Management module of CBMS.
- the Special Appropriations Team in Finance regarding information in this guide (*Receipts@finance.gov.au*).
- the Official Public Account (OPA) Administration and Banking Policy Team in Finance regarding recording receipts in the Cash Management module of CBMS (*OPAAdmin@finance.gov.au*).
- the Charging Team in Finance regarding the Australian Government Charging Framework and the Cost Recovery Guidelines (*ChargingPolicy@finance.gov.au*).
- the relevant Estimates Memoranda (EM) on receipts and the Budget process.
  - EMs are accessible from your CFO area or from the User Reference Material section of CBMS.

What are retainable receipts?

1. Retainable receipts are money collected by a NCE that can be retained by increasing the balance of an existing appropriation by part of or the entire amount collected.

2. Most money collected by NCEs, particularly administered amounts, is not retainable by a NCE, and is treated as general government revenue (also known as *administered receipts*). This money must be remitted to the Commonwealth's central bank account, the Official Public Account (OPA) (see EM 2017-25 – *Banking and Cash Management by Non-Corporate Commonwealth Entities (NCE) for information on banking requirements*).

3. Money managed by NCEs is Commonwealth money and forms part of the Consolidated Revenue Fund (CRF). Section 81 of the *Australian Constitution* specifies an appropriation in law is required to spend from the CRF. In particular, in order to spend amounts collected as taxation revenue, there must be an appropriation.

4. For a NCE to retain and spend receipts, both legislative and policy authority from the Prime Minister or Cabinet are required.

How are receipts retained?

5. The PGPA Act contains two options to retain and increase appropriations with receipts. These are *retainable receipts* (section 74) and *special accounts* (sections 78 and 80). For guidance on special accounts, consult *RMG-100: Guide to Appropriations* on the Finance website.

6. Section 74 allows NCEs to increase certain appropriations with certain receipts, as prescribed in section 27 of the PGPA Rule. The PGPA Rule can be found on the online *Federal Register of Legislation*: https://www.legislation.gov.au/Series/F2014L00911.

7. Having increased an appropriation, extra money can be spent on the purposes of that appropriation, **if the government has agreed to spend the extra amount (policy authority)**.
    a. Section 74 of the PGPA Act and section 27 of the PGPA Rule are not appropriations in themselves, but authorise the increase of existing appropriations.

How can retained receipts be spent?

8. For a NCE to retain receipts, both legislative and government policy authority are required. Legislation, such as the PGPA Act and PGPA Rule, authorises the increasing of an appropriation by an amount collected as receipts (paragraphs 5 and 6 above refer).

9. Spending an appropriation is authorised by government approval of estimates for revenue and expenditure. NCEs must review, and where necessary, revise revenue and expenditure estimates at each estimates update (please see the most recent EMs for information on the budget process and estimates updates).

Authority to charge

10. The legislative authority to retain certain receipts is ***not*** the same as authority to charge or recover costs.

11. To charge non-Commonwealth entities (such as individuals, companies or non-government organisations) for goods and services, **policy authority** from government is required (through a decision of Cabinet or the Prime Minister). Legislative authority to charge is reflected in an Act related to the activity. The PGPA Act and subordinate Rules do not authorise charging for goods and services. The existence of a special account also does ***not*** authorise charging for goods and services.

12. How much to charge may be specified in legislation (an Act or a legislative instrument e.g. regulations). If not in legislation, how much to charge will be decided by government, by a Minister responsible for the activity or by a delegated *accountable authority* (a term defined in the PGPA Act). Charging activities must be consistent with the Australian Government Charging Framework available on the Finance website. For guidance on charging, contact the Charging Team in Finance (*ChargingPolicy@finance.gov.au*).

13. If charging for an activity becomes regular (three years in a row) and/or material (over $1 million a year), the entity is advised to contact the relevant AAU or Charging Team in Finance to discuss reporting options.

When is an appropriation increased?

14. An appropriation increase legally takes effect at the time a NCE records the amounts in its internal accounts and records (subsection 74(2) of the PGPA Act). NCEs must also ensure that the CBMS records are also updated in a timely and accurate manner, as the data in CBMS is used to calculate the whole-of-government budget balances and for whole-of-government financial reporting.

15. Prepayments can be accepted by NCEs when it is in the Commonwealth's interest to do so. Prepayments are amounts received in advance of delivering a related good or service. Departmental prepayments may be retained under Item 1 of subsection 27(2) of the PGPA Rule.

16. Cash received that represents retainable receipts must be transferred from a NCE's bank account to the OPA in the Cash Management module of CBMS. This will increase the available amounts of cash against the relevant appropriation in CBMS. When the NCE requires the cash to make payments, it can submit a drawdown request in CBMS.

17. Retained receipts are reported publicly in the following financial and Budget documents:

- Portfolio Budget Statements (PBS) – an entity must report *s74 Retained revenue* in their annual PBS, in accordance with PBS guidance issued by Finance.
- Budget Paper No. 4 (BP4) – presented in the *External Revenue* column of the *Agency Resourcing Table* in BP4. It is important that entities maintain accurate records in CBMS because BP4 is prepared using CBMS data.
- Financial Statements – an entity must report *Retainable receipts* in its annual financial statements in its Annual Report, consistent with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR).

Receipts that are not retainable

18. Amounts that are administered in nature are generally not retainable under section 74 of the PGPA Act, with the exception of repayments (see “Repayment Receipts” section below).

19. Receipts that cannot be retained under section 74 of the PGPA Act to increase annual *departmental item* appropriations include:

    a. receipts to offset expenditure that the entity has already been appropriated for (see subsection 27(6) of the PGPA Rule);

    b. taxes, levies, fines or penalties (see subsection 27(6) of the PGPA Rule). Examples are customs levies collected on dutiable goods, parking fines or late-payment penalties; or

    c. an amount debited against a special account managed by the NCE itself.

       Note: If a special account can be debited for departmental payments, these must be made from and recorded as having been paid directly from the special account. No amounts may be transferred from the special account to a departmental appropriation.

20. When a NCE collects receipts that cannot be retained, it must:

    a. remit the related cash to the OPA;

    b. record the amount in the NCE accounts and records as being remitted to the OPA; and

    c. record the amount in the Cash Management module of CBMS (using the receipt type ‘*administered receipt’* and with an appropriate title describing the amount being remitted*).*

Receipts that are retainable

Departmental receipts - subsection 74(1)(a)

21. Subsection 74(1)(a) of the PGPA Act allows for a NCE’s most recent annual *departmental item* appropriation to be increased by nine kinds of receipts listed as *‘items’* in subsection 27(2) of the PGPA Rule. The Items are explained below:

Amounts which offset costs (PGPA Rule subsection 27(2), Item 1)

22. Item 1 authorises retaining amounts that offset departmental activity costs of the collecting NCE. Amounts surplus to costs cannot be retained. Examples of such receipts which are can retained are amounts received:

    a. for goods or services provided;

    b. for goods or services to be provided (pre-payments);

    c. for salary sacrifice services provided to employees;

    d. for selling or hiring out goods (including under a lease);

    e. for sub-leasing (e.g. a building);

    f. for car parking provided to employees, consultants or contractors;

g. for workers compensation to be provided to employees (e.g. amounts received from Comcare);

h. for services provided to another entity, such as:
   - staff to present at the other entity's seminar;
   - staff seconded to work at another entity; or
   - providing human resource services to another entity.

i. for staff to attend jury duty (amounts received either from a court or from an employee who was paid by a court);

j. for conducting litigation or dispute resolution; or

k. from investing (as permitted by the Finance Minister under a delegation of authority in the PGPA Act).

23. If an entity receives an amount surplus to costs incurred in delivering a specific good or activities, the surplus must be remitted to the OPA as general government revenue and recorded as an administered receipt in the Cash Management module of CBMS.

    a. Entities need to be able to demonstrate that they have reasonably considered the costs of delivering the activity. For instance, they may refer to costings agreed with Finance, which inform the related government decisions that provided the policy authority to charge.

Sponsorships, subsidies, gifts, bequests or similar contributions (PGPA Rule subsection 27(2), Item 2)

24. Item 2 authorises retaining monetary sponsorships, subsidies, gifts, bequests or similar contributions (i.e. receipts that involve no reciprocity and no consideration on the part of the Commonwealth). Provisions in the PGPA Act prohibit NCEs from providing such amounts to each other, particularly where they have already received an appropriation for the activities.

25. Sponsorships, gifts, bequests or similar contributions received without the express purpose of contributing to the NCE's departmental activities are received for the Commonwealth as a whole and should be remitted to the OPA as general government revenue (administered receipts).

26. Examples of amounts covered by Item 2 include:

    a. cash (as distinct from goods) received from sponsors for a NCE to run a seminar or for an NCE to participate in a trade show;

    b. employment subsidies (e.g. a monetary subsidy or incentive for staff of a NCE to participate in a program that encourages the engagement of particular groups of people, such as staff involved in national security activities, Defence Reserve activities, or to employ people with disabilities); and

    c. gifts of money or bequests from parties outside of the Commonwealth (not to be confused with trust or trust-like arrangements, which are dealt with in subsection 27(3)).

27. Receipts cannot be retained under subsection 27(2) Item 2 if they were received:

    a. without an express purpose of contributing to the NCE's departmental activities;

    b. from another NCE (NCEs cannot provide each other with monetary sponsorships, gifts, bequests or similar contributions, or subsidies other than government subsidies offered to all Australian entities); or

c. for activities that have already been appropriated funding (subsection 27(6) of the PGPA Rule).

Monetary incentives or rebates (PGPA Rule subsection 27(2), Item 3)

28. Item 3 authorises retaining monetary incentives or rebates in relation to procuring goods or services, for example:
    a. fuel tax rebates;
    b. cash incentives related to leasing a building; or
    c. cash back offers that accompany the purchase of a good or service (such as from manufacturers of electrical goods).

    Before accepting monetary incentives or rebates, NCEs must consider implications for receiving value for money in procurements and proper use of Commonwealth money.

Insurance payouts (PGPA Rule subsection 27(2), Item 4)

29. Item 4 authorises retaining insurance payouts received in Australia or overseas, for example:
    a. amounts to cover building fit-out damaged by rain; or
    b. amounts as a result of motor vehicle accidents.

Damages and other compensation (PGPA Rule subsection 27(2), Item 5)

30. Item 5 of authorises retaining amounts received as a result of compensatory amounts awarded by a court or payable under contract (which relate to departmental activities). It does not include penalties or punitive amounts, which are not compensatory and should be remitted to the OPA as general government revenue (administered receipts).

31. Examples of amounts covered by Item 5 include receipts that are:
    a. damages or compensation payable under contract;
    b. negotiated compensatory out-of-court settlements;
    c. court-awarded contractual damages; or
    d. compensatory court-awarded costs.

Employee leave (PGPA Rule subsection 27(2), Item 6)

32. Item 6 authorises retaining receipts related to employee leave, for example:
    a. the Commonwealth’s Paid Parental Leave scheme;
    b. Defence Force Reserve duties; or
    c. accumulated entitlements (received from a former employer).

Sale of departmental assets (PGPA Rule subsection 27(2), Item 7)

33. Item 7 authorises retaining receipts related to selling departmental assets. Examples are the sale of vehicles, furniture, fittings, specialist military equipment and research equipment. Amounts under Item 7 are limited by subsection 27(7) to no more than: “5 per cent of the total *departmental items* for the NCE for the financial year”.

FOI Requests (PGPA Rule subsection 27(2), Item 8)

34. Item 8 authorises retaining receipts related to processing applications under the *Freedom of Information Act 1982* (FOI Act). Fees charged must be consistent with the FOI Act.

Balance of a sunsetting special account (PGPA Rule subsection 27(2), Item 9)

35. Item 9 of subsection 27(2) of the PGPA Rule authorises retaining the balance of a sunsetting special account, subject to agreement from the Minister for Finance. This item can be used to replace special accounts that supported departmental activities with annual departmental appropriation.

   - Entities are advised to seek Finance comments on draft ministerial correspondence at least two parliamentary sitting periods before the relevant special account is expected to sunset. (*Special.Appropriations@finance.gov.au*).

Money held on trust

36. Subsection 27(3) of the PGPA Rule allows an entity to increase its most recent Departmental Item with amounts that relate to a trust or similar arrangement. Money held on trust to undertake departmental activities can be managed using departmental appropriations and the provisions in section 74 of the PGPA Act and section 27 of the PGPA Rule.

37. For the purposes of section 8 of the PGPA Act, money held on trust is considered “relevant money” and must be handled in accordance with the PGPA Act and the PGPA Rule requirements for relevant money (e.g. section 18 of the PGPA Rule).

38. Before entering into a trust or trust-like arrangement, it is important to understand the legal, financial and other implications for the Commonwealth. NCEs are encouraged to obtain policy authority (a decision of Cabinet or the Prime Minister) before entering into such an arrangement. If a NCE holds money on trust for a non-Commonwealth entity (such as an individual, company or non-government organisation), that money forms part of the CRF. Therefore, an appropriation is required to spend the money, including repaying a trust benefactor.

39. Entities are discouraged from establishing a trust (under a trust deed or a trust instrument) or accepting trust-like responsibilities unless it is expressly in the Commonwealth’s interest to do so, legal and resourcing implications have been considered, and appropriate policy authority from Cabinet or the Prime Minister has been sought (PGPA Act section 15). For further advice and in particular before entering into a trust relation that obliges investing money, it is recommended that the NCE is consult its AAU and the Governance Team in Finance (PMRA@finance.gov.au).

    a. Where such an arrangement exists, and obliges an NCE to invest a principal amount and earn returns or interest (including on bank accounts), the NCE must ensure it has the necessary delegations and approvals from the Finance Minister to invest money under section 58 of the PGPA Act and to accrue and spend bank account interest under banking policies.

40. Legal trusts are established under state and territory laws and usually require money to be held ‘separately’. This separation can be met by a NCE maintaining a separate bank account to support the money held on trust as part of its annual departmental appropriation. Additional transparency can be provided in the NCE’s annual report. For information on reporting trust amounts, please refer to the FRR.

Repayment receipts

41. A repayment receipt is the return of some or all of an amount that was earlier paid. For various reasons a payment made by a NCE can be subsequently returned by one or more recipients. Subsection 27(4) of the PGPA Rule provides for the retention of repayment receipts, e.g. in cases where a NCE has overpaid a person outside of the Commonwealth for goods and services, and that person repays the excess amount. There are some caveats and limitations.

42. How the repaid amount is retained differs, depending on whether the type appropriation used to make the original payment was. Subsections 27(4) and (5) of the Rule provide that repayment receipts may be retained in the following circumstances:

    a. if the entity paid an amount using its most recent Departmental Item, a related repayment may be credited to its most recent Departmental Item; or

    b. if the entity paid an amount using a Departmental Item in a previous Appropriation Act, an Administered item in an Appropriation Act, a special appropriation or a special account, then the repayment received may be credited to the respective appropriation used, but **only if** the appropriation still remains in force, noting:

        i. annual Appropriation Acts cease after three years;

        ii. special accounts established by legislative instrument cease after 10 years; and

        iii. if the appropriation is increased, the amount cannot be spent without policy approval from government to adjust expenditure estimates.

43. The effect of subsections 27(4) and (5) is to re-credit an appropriation with Repayment Receipts.

44. In accounting terms, not all receipts are extra revenue. In addition, depending on when the repayment is received (i.e. within the same financial year or in a subsequent year), the repayment may be accounted for differently. For further information, NCEs should consider the FRR and associated guidance on the Finance website for more information.

45. If an Appropriation Act has ceased, then appropriation items contained in that Act cannot be increased and related repayments must be remitted to the OPA as general government revenue (administered receipts).

GST-related receipts

46. Entities may have to pay goods and services tax (GST) to the Australian Taxation Office (ATO) under the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act). There are three options available to NCEs when paying for GST:

    a. increase the relevant appropriation (section 74A of the PGPA Act) to make the payment;

    b. make the payment from the relevant Departmental Item (section 74 of the PGPA Act), particularly if it has been increased with GST-related receipts; or

    c. make the payment from the relevant special account, particularly if it has been increased with GST-related receipts.

<u>Section 74A – increase in appropriations for GST qualifying amounts</u>

47. Section 74A of the PGPA Act authorises increasing an existing appropriation, which is limited in amount, by a *GST qualifying amount*.
    a. A GST qualifying amount may be an input tax credit or a decreasing adjustment, as defined in section 195-1 of the GST Act.
    b. Section 74A is not a discrete appropriation in itself.
48. Appropriations which are limited in amount and which may be increased for GST qualifying amounts under section 74A include:
    a. Administered Items or Departmental Items in an annual Appropriation Act;
    b. special accounts, the limit being the balance of the special account; and
    c. a small number of special appropriation which have a dollar limit specified in the relevant Act.
49. Where a NCE wishes to use section 74A of the PGPA to increase their appropriations in order to pay GST, they should establish a GST budget in the Cash Management module of CBMS. To establish a “s74 GST Increase to Appropriations” budget in the Cash Management module, NCEs should liaise with their AAU.

<u>Retaining and spending GST-related receipts</u>

50. Entities can also retain two types of GST-related receipts under section 74 of the PGPA Act and subsection 27(2A) of the PGPA Rule:
    a. *Amounts collected when selling goods and* services – in order to pay net GST owed to the Australian Taxation Office (ATO)
    b. *GST refunds from the ATO* - to offset “GST qualifying amounts” payable to the ATO when the entity is purchasing goods and services.

       <u>Note</u>: GST refunds cannot be retained if the entity relied on an appropriation increase under section 74A of the PGPA Act (see subsection 27(8) of the PGPA Rule) to originally pay the GST qualifying amount.
51. Receipts related to GST:
    a. are only considered GST revenue when the ATO records the amounts collected by the Commonwealth. Entities should not record amounts collected on behalf of the ATO when selling goods and services as GST revenue.
    b. may be for departmental and/or administered goods sold, with the amount retained as an adjustment to the entity’s annual *departmental item* appropriation. This *departmental item* is then debited to remit GST-related receipts to the ATO.
52. NCEs are encouraged to consult the most recent EM on GST for further guidance. It is available in the User Reference Material section of CBMS, from your entity’s CFO or from your AAU in Finance.
53. The first type of GST-related receipt can relate to both departmental and administered activities and can be retained by:
    a. For departmental GST-related receipts: increasing a Departmental Item with departmental GST-related receipts and then debiting that appropriation to pay net GST owed to the ATO.

  - o Entities should record the increase in the Departmental Item as an "Appropriation Receipt (s74)" in the Cash Management module of CBMS.

b. For administered GST-related receipts: remitting the cash as an administered receipt to the OPA and processing a drawdown against the "s74 Administered GST owed to ATO" budget in the Cash Management module of CBMS in order to pay net GST to the ATO.

  - o If an entity does not have a "s74 Administered GST owed to the ATO" budget available, it should liaise with its AAU to establish a budget.

c. The second type of GST-related receipt, in practice, relates to only departmental activities and can be retained by increasing Departmental Item with a refund from the ATO.

d. The amount retained is limited by section 27(8) of the PGPA Rule to the extent that the relevant appropriation was not increased (under section 74A of the PGPA Act) to pay the related GST qualifying amount.

  - o Entities should record the increase in the Departmental Item as an "Appropriation Receipt (s74)" in the Cash Management module of CBMS.

<u>Special accounts and GST</u>

54. NCEs may also credit a special account with GST-related amounts received from the. The special account can then be debited to pay GST amounts to the ATO.

<u>Recording and reporting GST amounts</u>

55. NCEs' accounting policies must be consistent with the FRR. While an entity's accounting journals related to GST amounts would differ depending on its particular GST practices, examples of relevant journal entries are provided in the EMs on GST.

Transferring cash collected

Retainable receipts and cash

56. Cash received that represents retainable receipts <u>must</u> be transferred from a NCE's bank account to the OPA. In the Cash Management module of CBMS:

    a. retainable receipts are recorded using the identifier '*Appropriation Receipts (s74)*'

    b. retainable repayments are recorded as '*Appropriation Repayments'*.

- These actions will increase the available amounts of cash against the relevant appropriation in CBMS. When a NCE requires cash to make payments, it can submit a drawdown request in CBMS, to receive the money back from the OPA.

- Where a CCE acts as an agent and collects receipts on behalf of a NCE, the NCE will be accountable for and be required to report the receipts, either as *retainable receipts* if departmental in nature, or as *administered receipts* if administered in nature. The CCE will also need to report amounts received and paid on behalf of the NCE (please see the "Disclosures by agent in relation to annual and special appropriations" section of the Financial Reporting Rule for more information).

57. Amounts received and credited to a special account are not retainable receipts.

- NCEs should ensure amounts not required for immediate payment are transferred to the OPA.

58. Amounts received and credited to a special account should not be recorded as retainable receipts.

- These should be recorded as increases to the balance of the special account in the entity's records and CBMS.

Disclosure for retainable receipts

Recording and reporting retainable receipts

59. In general, retainable receipts, except for retainable repayments, will be regarded as revenue. Entities should refer to the Financial Reporting Rule and associated guidance on the Finance website for more information.

60. Retainable receipts must be reported in the following annual documents:
    a. Portfolio Budget Statement (PBS), prepared by NCEs;
    b. Budget Paper 4 (BP4), *Agency Resourcing Table,* prepared by Finance; and
    c. Financial Statements, prepared by NCEs.

61. The reports described in (a) and (b) above are derived from CBMS, so it is essential for the figures entered in CBMS to be accurate. Entities must enter estimates of retainable receipts (as revenue or another appropriate classification) in the Estimates module of CBMS. These amounts are presented as estimated receipts in the *Agency Resourcing Table* of BP4.

- Please note that from the 2018-19 Budget, the Receipts figures in BP4 will be renamed "External Revenue' and derived from a NCE's revenue estimates recorded in CBMS. This change has been introduced due to the move towards system-derived cash flow figures. Reporting revenue (rather than receipts) recognises NCEs are not necessarily resourced with all receipts that they collect in a year.

When is an appropriation increased?

Timing of appropriation increase

62. An appropriation increase for *retainable receipts* takes effect at the time a NCE records the amounts in its accounts and records (subsection 74(2) of the PGPA Act refers).

63. Entities must ensure that the CBMS records are also updated in a timely and accurate manner, as the data in CBMS is used to calculate the whole-of-government budget balances, and for public disclosure in the PBS, Budget Papers and the Consolidated Financial Statements.

Frequently Asked Questions

1. Can revenue earned from administered activities be retained to cover costs?

No. *Administered receipts* are general government revenue for which the entity does not have policy authority to retain, and must be remitted to the OPA (see the "Receipts that are not retainable" section).

If an entity needs an additional administered appropriation, it must consult its AAU regarding whether a New Policy Proposal would be required.

2. Can a NCE retain money that someone has left the NCE in a will?

Yes. Bequests can be retained if the will specifies the amount is to be applied towards the departmental operations of the NCE and is applied to activities that are not already funded. See Item 2 in subsection 27(2) of the PGPA Rule and *paragraph 16* of this guide.

If a will specifies that money is to be applied towards the government in general, then it is considered general government revenue and must be remitted to the OPA as an *administered receipt*.

3. Can a NCE retain a repayment related to an amount paid from a *departmental item* of a prior year?

Yes, providing the repayment is of a kind referred to in section 27 of the PGPA Rule. The NCE's most recent *departmental item* appropriation can be increased (*paragraphs 31 to 32* of this guide refer).

4. Can a NCE retain a repayment of an earlier payment made using an annual administered item appropriation in a prior year?

Yes. Appropriation Acts remain in force for three years (*paragraph 32* of this guide refer).

- For example, a NCE made a payment against *Appropriation Act (No. 1) 2015-16*. It received a repayment in August 2016. As the original Appropriation Act remains in force until 1 July 2018, the NCE may re-credit that appropriation.

Note: The amount may not be spent without policy authority (a decision of Cabinet or the Prime Minister) because such spending would increase government expenditure.

5. Are receipts collected in implementing the *Shared and Common Services Program* retainable receipts?

Yes, if the receipts collected are fees for providing goods and services (including prepayments). Refer to Item 1 in subsection 27(2) of the PGPA Rule and *paragraph 15* of this guide.

Note: Amounts appropriated to a NCE *(entity A)* to maintain its non-financial assets, such as the Departmental Capital Budget, cannot be 'paid' to another NCE *(entity B)* to maintain *entity B's* assets because *entity A* would not be receiving a good or service in return for such a payment. This would be akin to gifting away appropriation to meet another entity's expenditure and this would be inconsistent with the purposes of appropriation. Non-financial assets themselves can be gifted away in limited cases (see section 66 of the PGPA Act); however, appropriations can only be transferred between NCEs using the provisions of section 75 of the PGPA Act, or where the Government agrees to reduce the appropriations of one entity and increase another's.

6. Can a NCE increase an annual *administered item* appropriation with money contributed by another government (such as a state/territory) for a joint activity?

No. The amount cannot increase an annual administered appropriation. Alternate options would be to seek agreement from the Cabinet/Prime Minister to be reappropriated the amounts received, or to use an existing special account (such as a *Services for Other Entities and Trust Moneys Special Account*) to retain the amounts received. Should an entity wish to use the latter approach, they should first discuss this with the Special Appropriations Team in Finance (*Special.Appropriations@finance.gov.au*).

7. Can a NCE increase a *departmental item* with a reimbursement of expenses from another NCE, for staff seconded to that other NCE?

Yes, for the amounts that "offset costs". See Item 1 in subsection 27(2) of the PGPA Rule and *paragraphs 15(b) and (h)* of this guide.

8. Can a NCE increase a special appropriation (including a special account) with a repayment related of an amount paid against that appropriation in a prior year?

Yes, these appropriations can be re-credited with repayments. Doing so would:

- increase the special account balance, as this appropriation is limited in amount
- be of little use for a special (standing) appropriation that is unlimited in amount.

Repayments for these types of appropriations do *not* increase the cash hard limit in CBMS because government authority is required to increase spending. Spending must be consistent with agreed estimates, which are prepared on a year-by-year basis.

Abbreviations used

AAU	Agency Advice Unit (in Finance)
ATO	Australian Taxation Office
BP4	Budget Paper No. 4
CBMS	Central Budget Management System
CFO	Chief Financial Officer
CFS	Consolidated Financial Statements
CRF	Consolidated Revenue Fund
CCE	Corporate Commonwealth Entity
EM	Estimates Memorandum
FOI Act	*Freedom of Information Act 1982*
GST	Goods and services tax
NCE	Non-corporate Commonwealth Entity
OPA	Official Public Account
PBS	Portfolio Budget Statement
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
RMG	Resource Management Guide