

# Northern Territory Government Charter of Budget Discipline

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1.0	20 August 2019	Budget Development	Initial version
1.1	10 February 2022	Budget Development	Amendments to supplementary funding section
1.2	3 November 2022	Budget Development	Amendments to bilateral meeting arrangements, supplementary funding section – mid-year review principles and practice, and accountability practice.

## Introduction

The Charter of Budget Discipline (the Charter) outlines the principles under which the Northern Territory Government allocates its resources through the budget development and Cabinet submission processes, and defines the requirements for Northern Territory Public Sector (NTPS) agencies in seeking resourcing.

The purpose of the Charter is to strengthen the culture of budget management across the NTPS and improve the integrity of the budget process to support the Government in achieving its fiscal strategy targets.

The Charter has been in effect since **20 August 2019**, and should be read in conjunction with the Northern Territory Government Cabinet Handbook and other advice and details provided by the Department of Treasury and Finance, including Treasurer's Directions and annual Budget Circulars.

## Charter principles and practice

### Resource allocation

#### Principles

- The annual budget development process should be the primary point in the year where Government sets its expenditure priorities and fiscal targets.
- The budget should be framed around the Government's strategic priorities and fiscal strategy.
- The mid-year budget review process is not a means to advance significant or ongoing funding requests as such items should be considered in the context of competing priorities, and updated economic and fiscal projections, as part of the annual budget development process.

#### Practice

- The Budget Review Subcommittee of Cabinet will set out Government's overarching strategic priorities at the beginning of the annual budget development process.
- As part of the annual budget development process:
  - bilateral meetings between portfolio ministers and the Treasurer will be held to discuss priority funding proposals
  - Budget Review Subcommittee will then determine the individual priority policy and funding proposals for each agency and set the draft Budget Cabinet business list.
- The Treasurer's Office, assisted by the Department of Treasury and Finance, will coordinate the bilateral meetings between each portfolio minister and the Treasurer. Attendance of relevant agency chief executives at the bilateral meetings is at the discretion of the portfolio minister.
- Funding submissions considered as part of the mid-year budget review process should be limited to:
  - urgent one-off items that require consideration before the next budget development process
  - items to be funded through reprioritisation or reward carryovers as a result of improved agency outcomes in the prior financial year.

## Supplementary funding

### Principles

- Submissions outside the annual budget development and mid-year budget review processes should not impact the fiscal balance or net debt at the whole of government level, including the current year, budget year and forward estimates unless:
  - there are exceptional circumstances (e.g. responding to natural disasters)
  - where additional funding is required to meet co-contribution arrangements with the Commonwealth Government or external parties to progress strategic economic priorities of government.
- All submissions outside the annual budget development and mid-year budget review processes with resource implications should be scrutinised by the Budget Review Subcommittee prior to lodgement for Cabinet consideration.
- The Budget Review Subcommittee determines the progression and timing for Cabinet consideration of submissions outside the annual budget development and mid-year budget review processes that impact the fiscal balance or net debt at the whole of government level.

### Practice

- Submissions with resource implications cannot be added to the Cabinet business list without prior endorsement by the Budget Review Subcommittee.
- Submissions outside the annual budget development and mid-year budget review processes with resource implications must include offsetting savings or revenue to avoid an impact on the fiscal balance or net debt at the whole of government level, including the current year, budget year and forward estimates.
- Submissions outside the annual budget development process with fiscal implications beyond the current financial year will generally be deferred to the mid-year budget review process or subsequent annual budget development process. Alternatively, the agency may be directed to revise the submission to include alternative resourcing options that do not impact the fiscal balance.
- Prior written approval from the Treasurer is required to include a submission on the Budget Review Subcommittee business list outside the budget development process that would impact the fiscal balance or net debt.

## Submission requirements

### Principles

- Agencies should be provided with sufficient time to fully analyse submissions, particularly those with financial implications.
- Submissions should clearly articulate the link between the proposal and its expected benefits, including outcomes and (where relevant) future expenditure offsets.
- Submissions should provide robust evidence to support any assumptions that underlie the proposal.

## Practice

- Circulation and lodgement timeframes should not be shortened for submissions with resource implications.
- Costings for submissions outside the annual budget development process with resource implications must be reviewed by the Department of Treasury and Finance prior to circulation for agency comments.
- Submissions with staffing implications must be circulated to the Office of the Commissioner for Public Employment.
- Submissions must use the appropriate Cabinet Office or Department of Treasury and Finance templates.
- The benefits of the proposal should be clearly defined in the submission, including the potential impact on relevant key performance indicators as published in the budget papers and any expected return on investment. Where the proposal impacts multiple agencies, this will require a cross-government impact assessment.

## Accountability

### Principles

- Agencies are accountable for adherence to the Charter.
- Managing operations within approved budget is central to agency strategy setting and decision-making.

### Practice

- Executive leadership teams (or equivalent groups) should include the agency's Chief Financial Officer (or equivalent).
- Budget management and performance should be reflected in agency corporate plans, business planning and risk management.
- Executive leadership teams (or equivalent groups) should monitor agency compliance with the Charter.