

# **Northern Territory Government Charter of Budget Discipline**

August 2019

### 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 is effective from **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.

##### Practice

- The Budget Review Subcommittee of Cabinet will set out Government's overarching strategic priorities at the beginning of the budget development process.
- Bilateral meetings between portfolio ministers and the Budget Review Subcommittee will be held as part of the annual budget development process to determine the individual priority policy and funding proposals for each agency and set the draft Budget Cabinet business list.
- The Department of Treasury and Finance, in consultation with Cabinet Office, will coordinate the bilateral meetings with the Budget Review Subcommittee.

#### Supplementary funding

##### Principles

- In the absence of exceptional circumstances (e.g. natural disasters), submissions outside of the budget development process should not impact the fiscal balance or net debt at the whole of government level, including the current year, budget year and forward estimates.
- All submissions outside of the budget development process with resource implications should be scrutinised by the Budget Review Subcommittee prior to lodgement for Cabinet consideration.
- The Budget Review Subcommittee determines the timing for Cabinet consideration of submissions outside the budget development process that impact the fiscal balance or net debt at the whole of government level.
- The Budget Review Subcommittee will determine the progression of submissions outside the budget development process 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 of the budget development process 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 of the budget development process with fiscal implications will generally be deferred to the mid-year review process or subsequent budget development process. Alternatively, the agency may be directed to revise the submission to include alternative options that do not impact the fiscal balance.
- Prior written approval from the Treasurer is required to include a submission that would impact the fiscal balance or net debt outside the budget development process on the Budget Review Subcommittee business list.

### **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 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 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, and should seek to offset the request by utilising existing agency positions and staying within the approved agency staffing cap.
- 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. Where the proposal impacts multiple agencies, this will require a cross-government impact assessment.

### **Accountability**

#### Principles

- Agencies are accountable for adherence to the Charter.
- Budget repair is central to agency strategy setting and decision-making.

### Practice

- Through the budget paper key performance indicator reporting, Cabinet Office (the Department of the Chief Minister) will report on adherence to circulation timeframes for submissions with resource implications to identify the number and proportion that are:
  - approved for shortened circulation (limiting the time agencies have to analyse the proposal and prepare advice)
  - approved for late lodgement with Cabinet Office (limiting the time ministers have to analyse the proposal).
- Performance information on adherence to circulation and lodgement timeframes for submissions with resource implications will be published in annual reports.
- Executive leadership teams (or equivalent groups) should include the agency's Chief Financial Officer (or equivalent).

## Budget development process

Month	Process
September	Budget Review Subcommittee (BRS) considers and proposes the high level priorities for the forthcoming Budget, including identifying the strategic themes and priority areas for the Budget, for Cabinet for ratification.
October/November	Portfolio ministers engage with their agencies about developing proposals in line with the strategic priorities. Bilateral meetings between portfolio ministers and BRS are held to discuss proposals to implement the strategic priorities and any emerging issues with financial implications. BRS sets the draft Budget Cabinet business list for ratification by Cabinet. Dates for Budget Cabinet meetings are scheduled.
November (mid)	Agencies advised of the submissions that have been approved on the Budget Cabinet business list.
November/December	Agencies develop comprehensive Cabinet submissions for items approved on the business list.
January (end)	Agencies submit draft Cabinet submissions to the Department of Treasury and Finance (and circulate to relevant agencies).
February (mid)	Agencies submit final minister-endorsed Cabinet submissions to the Department of Treasury and Finance.
March (early)	1 <sup>st</sup> Budget Cabinet meeting (usually held on the first Monday and Tuesday of March). 2 <sup>nd</sup> and subsequent Budget Cabinet meetings proceed shortly after as required, in accordance with the schedule set earlier in the budget development process.
March (end)	Budget Cabinet decisions are sent out to agencies.
March (end)	Agencies provide information for budget paper development and finalising budget numbers.
April	Development of budget papers.
May	Budget Day (usually the first Tuesday of May).
June	Estimates Committee sits to scrutinise the proposed budget. The Appropriation Bill is passed.

