

Preparing a Federal Pre-Budget Submission

Prepared by Lisa Cantlon, with Eva Cox and Emma Davidson

Preparing a Federal Pre-Budget Submission

Prepared by Lisa Cantlon, with Eva Cox and Emma Davidson

Why do a budget submission:

If community groups want to advocate for change to any Government programs that involve new costs, extra costs or even cutting some forms of expenditure, they need to address the money aspects. Unless the change to the policy or program is specifically budgeted for, it is very difficult to find the funds between budgets. There are now virtually no discretionary spending funds, that is money that Ministers or Cabinet can spend at will. The following document goes through the processes of deciding on the budget so people can work out what they need to do and when to lobby for their ideas to be implemented.

The Federal Budget Process

The Commonwealth budget process is a year-long cycle which shapes the government's fiscal and policy priorities for the following year, culminating in the announcement of the budget in May. The Parliament then authorises the expenditure proposed in the budget through the Appropriations Act. There are three elements to the budget process illustrated in the figure below – prioritising policy decisions, spending the money and reviewing the money that has been spent. The focus of this presentation is how to influence the first stage of the budget process when the government is deciding what policies will be a priority, and which organisations will be funded for the coming year. This process can be outlined as followed:

- **Refining submission ideas** (May-November): Community groups usually meet with Ministers, and with program areas in government agencies, to talk through issues and possible solutions. This is a way of refining Budget submission ideas, and raising awareness of the issues involved.
- **Pre-budget submissions** (November-December): The Treasurer issues a press release calling for pre-budget submissions from stakeholders. Submissions will be due in late January or early February.
- **Pre-budget Expenditure Review Committee (ERC)** (November/December): The ERC is a sub-committee of the Cabinet, and is chaired by the Deputy Prime Minister and Treasurer. At this meeting, Ministers outline new proposals for their Departments which are then considered and lead to the formulation of priorities for the coming budget.
- **Portfolio Budget Submissions** (late February): Based on the outcome of the ERC and pre-budget submissions, government agencies submit Portfolio Budget Submissions which outline the policy proposals the agencies want to be funded.
- **Expenditure Review Committee** (March): The ERC, looking at the Portfolio Budget Submissions, decides which policy proposals it will recommend to the Cabinet for funding. This is decided by looking at the government's policy priorities.
- **Budget Cabinet** (April): The Cabinet discusses and endorses the recommendations of the ERC. Public campaigns supporting Budget submissions often peak during March-April to ensure their issues are front-of-mind for the ERC and Budget Cabinet.
- **Budget Night** (May): The government presents the budget papers, and they are subsequently approved by Parliament. Budget Paper No. 1 summarises the Budget outlook, revenue and expenditure (ie which policies will be funded) are outlined in Budget Paper No. 2, Budget Paper No. 3 looks at Federal-State relations and Budget Paper No. 4 details resources for departments and agencies. Budget Paper No. 2 is therefore the most relevant for our purposes.



Figure 1 - Overview of the Budget Process from the Department of Finance and Deregulation (<http://www.finance.gov.au/budget/budget-process/index.html>)

Why is participating in the budget process important?

Participating in the budget process is important for two main reasons:

1. Participation shapes the policy issue: what the government determines to be a policy priority can often be influenced by the views of organisations and people who participate in the policy process. Different interest groups are likely to have different perspectives on the same issue, which the Government should hear. So contributing to the budget process through a pre-budget submission is worthwhile. The government's policy priorities, in turn, shape which proposals get funded in the budget.
2. Getting a policy issue up as a line item in the budget is an effective funding strategy: According to section 83 of the Constitution, public money cannot be spent by the government unless it has been approved by the Parliament and passed into law. The budget is therefore the way government spending is authorised. Each portfolio breaks down their budget into line items (see example below) which describe which specific policy issues will be allocated funding for the coming year. If you can ensure your issue is mentioned as a line item in the budget there will be funding for the policy .

Even if you don't manage to convince the government to fund your proposal in the next budget, you have raised it with those who count and seen their reactions.. So if the idea is worth pursuing, think about it as a longer term project and use the experience to reshape the proposal for the following years.

So planning a campaign and deciding whom you need to lobby is part of a broader strategy for social change. The budget process is one of the few formal times that the government invites community groups and others to tell them what they want. As outsiders, we compete with both the internal political priorities and many funded powerful lobby groups.

An example of a budget item list

| | 2010-11 \$m | 2011-12 \$m | 2012-13 \$m | 2013-14 \$m | 2014-15 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS (continued) | | | | | |
| Building Australia's Future Workforce | | | | | |
| – implementation of more efficient and accurate assessments for Disability Support Pension | - | -55.5 | -53.3 | -42.6 | -44.6 |
| – services to assist single parents enter the workforce | - | 1.4 | 5.3 | 6.1 | 6.2 |
| – supporting families with teenagers | - | 276.1 | 722.8 | 899.0 | 921.3 |
| – targeted locations income management and extension of the School Enrolment and Attendance Measure | - | 4.5 | 6.3 | 6.0 | 6.5 |
| Cape York Welfare Reform Trial – extension | - | 4.8 | 4.2 | - | - |

Figure 2 - FaHCSIA budget line items from *Budget Paper 2 2011-2012* page 63.

Preparing a Pre-budget Submission

Aim for your submission to be persuasive and sufficiently accurate in its costings so that they can't prove your proposal has errors. Your submission will be competing against hundreds of others, so you need to grab the government's attention and convince them that your policy issue should be funded now! Keeping this purpose in mind will help shape the structure and tone of your submission.

A pre-budget submission is similar in structure to other government funding submissions, and you should follow any instructions as to the format. For submissions to the 2011-2012 Budget, the Treasurer specified that "lengthier submissions should ideally include an executive summary of no more than two pages, and be accompanied by an electronic version, either on disk or CD, or emailed in Microsoft Word or Adobe Acrobat format." The shorter and clearer the summary, the more likely it is to be read so grab their interest.

All submissions are sent to the Budget Policy Division within the Department of the Treasurer. However, it is of critical importance that your analysis of the policy problem and the changes you propose are aimed at the **right level of government, otherwise it won't even be considered**. As a federation, the responsibility for policy issues in Australia is divided between federal, state, territory and local government levels. Often, responsibility for the same broad policy issue is split between different levels of government. For example, in the area of health policy – the federal government manages Medicare and drug control while the state and territory governments manage hospitals and ambulance services. So start by looking at the policy changes you are proposing, and make sure you know which level of government has responsibility for that specific issue. Then make sure you know which portfolio/department and Minister is currently responsible. This is essential for targeting the submission and also in researching previous trends and policy priorities.

Depending on your proposal, relevant matters to address in your submission include:

What is the policy problem? Providing a clear overview of the problem is necessary to both prove the issue requires the attention of government, and to frame the issue from your perspective. For example, the issue of public drunkenness will be viewed in a different light by doctors, health associations, social workers and the police. How you view the problem shapes which solutions you advocate as effective in targeting the problem.

If possible, connect the problem back to the government's stated policy priorities. The budget process timeline above makes it clear that the government's policy priorities are the main determinants of which proposals are funded in the budget. The more you can connect the dots, the more likely you are to be successful in ensuring funding. Using the government's own data to support your argument that your proposal fits existing policy priorities is very powerful, so consider Government press releases, previous budget papers, reports, party policies and inquiries.

What changes are you proposing? Clearly define the purpose of your policy proposal, including what you want to achieve (being sure to link to the problem you outlined above), how to achieve it, and who will benefit if the changes are successfully implemented. Ensure that your proposal is brief, clear and specific, and its implementation is realistic and it will make a real difference in addressing the policy problem. If possible, again anchor your proposed changes to existing government priorities. This should all be on page one. In the second page of the submission, expand on:

The process for achieving the changes: focus on who will be involved in the proposal and their various responsibilities, the time frame, the resources required. Explain briefly how the outcome could be evaluated. Accountability is one the components of the budget process and, particularly in the context of government funding, an important consideration from the outset. Also address what obvious risks may arise in the process, so who is likely to benefit and/who may lose out. You can refer to any additional technical details in the appendices.

Whether your proposed changes require a legislative amendment: Do the policy changes require legislation to be implemented? For example, new laws may be required for changes to eligibility requirements for welfare and family assistance payments. In the current situation, where no political party has sole control of both houses of Parliament, passing legislation can be difficult. Keep this in mind when thinking through the politics of the processes government needs to follow, especially the time frame for the changes.

What will the changes cost? In the submission, briefly outline ballpark figures on costs of the proposed changes. Be as specific and realistic as you can with the cost estimates – for example, if you are suggesting new or expanded services, include estimates of people who will use the service. As a guide, look at the cost of other policy changes which have a similar operation and time frame, and how much was spent on comparable initiatives in previous budgets. If relevant, push for a multi-year budget commitment and the chance of achieving longer-term outcomes.

The politics of it all! It helps if you acknowledge the politics of the proposal. Start with the groups who will benefit from the program/policy and who else is likely to support the initiative. Pick out the groups that are most likely to be supportive and name them or even get them to endorse the proposal. Briefly deal with possible objections and how these can be answered. Include any ideas for gaining media and public support. Quote any surveys or government data that supports your claims.

A persuasive and well researched submission takes time to get right. With pre-budget submissions often due in December/January, it is a good idea to start working on your submission sooner rather than later!

Suggested Plan

The Summary

What is the policy problem you are addressing ie why is it a problem?

What changes are you proposing?

What are you trying to achieve?

What is the present government policy? Is there a different policy from the Opposition?

The Details

Actual changes proposed

Costs approximately

Address arguments for and against the proposed changes

Identify the stakeholders involved and how they will be affected by the proposed changes. You can focus on relevant groups such as women, people with disabilities, Indigenous people, young people...

Practicalities

Relationship to other policies, portfolios

Conformity with party policy, government policy

Relationship to other levels of government

Methods of monitoring the changes and evaluating the outcome

Implementation time frame

Legislative changes required

Put back-up material, further details and other supporting materials in the appendices.

Resources to read for further information

Past Budget Papers:

- 2011-12: <http://www.budget.gov.au/>
- For Budgets dating back to 1996-97: http://www.budget.gov.au/2011-12/past_budgets.htm

Current list of Ministers and their portfolio: <http://www.aph.gov.au/Library/parl/43/ministry/ministry.htm>

A directory of Australian Government Departments and Agencies: <http://gold.gov.au/>

Detailed research brief on the Budget Process from the Parliamentary Library:

<http://www.aph.gov.au/library/pubs/rb/2006-07/07rb07.htm>

Review of the 2011-12 Budget by the Parliamentary Library – articles on a wide variety of policy issues which put the Budget in context: <http://www.aph.gov.au/library/pubs/RP/BudgetReview2011-12/index.htm>

Department of Finance and Treasury Budget Process overview: <http://www.finance.gov.au/budget/budget-process/index.html>

For official data:

- Australian Bureau of Statistics (ABS): <http://www.abs.gov.au/>
- ABS Gender Indicators project: <http://www.abs.gov.au/websitedbs/c311215.nsf/web/gender+-+Data+sources>
- Australian Institute of Health and Welfare (AIHW): <http://www.aihw.gov.au/>

Examples of previous Pre-Budget Submissions:

- ACROSS 2011-12: http://acoss.org.au/images/uploads/ACOSS_-_Budget_Submission_2011-12_FINAL.pdf
- Australian Medical Association 2011-12: <http://www.ama.com.au/budget2011>
- Cancer Council Australia 2011-12:
http://www.cancer.org.au/File/PolicyPublications/Submissions/Cancer_Council_Australia_prebudget_submission_2011_12.pdf
- Carers Australia 2011-12:
http://national.carersaustralia.com.au/uploads/Carers%20Australia/CA%20Submissions/2011/CA_Budget_Submission_11-12_FINAL.pdf
- Heart Foundation and Stroke Foundation 2011-12:
<http://www.strokefoundation.com.au/images/stories/federal%20budget%20submission%202011-12.pdf>
- National Rural Health Alliance 2011-12:
<http://nrha.ruralhealth.org.au/cms/uploads/publications/budget-submission-feb-2011.pdf>
- National Welfare Rights Network 2011-12:
<http://www.welfarerights.org.au/Policy%20papers%20%20submissions/A%20National%20Welfare%20Rights%20Network%202011-12%20Federal%20Budget%20Proposal.pdf>
- Australian Youth Affairs Coalition 2011-12:
<http://www.ayac.org.au/uploads/AYAC%20Submission%20-%202011-12%20Budget.pdf>