



# GRADUATE SCHOOL OF GOVERNMENT

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## MANAGING PUBLIC EXPENDITURE (GSOG6004)

This unit examines contemporary budgeting and financial management practices in Australia and selected comparative jurisdictions (for example, Canada and the United Kingdom) as a continuing site of political, bureaucratic, and parliamentary conflict. In particular, it is framed around the continuing quest to increase the 'rationality' of resource allocation. The unit traces the shift from traditional cash-based financial management to the rise of accrual-based performance budgeting, and examines issues such as the nature of 'budgeting control', the place of non-financial performance information in resource allocation, the consequences of accounting reforms for public accountability and the contested orthodoxy of applying 'market discipline' in budget-dependent government services. Students will review the changing role of central budget agencies, in particular, the influence of the accounting profession, corporate interests and international organisations on the reform agenda. At a practical level the unit provides insight into techniques for budget management and preparation, including the strategies and issues involved in risk management, procuring capital works and managing assets and facilities. The role and application of pricing policy and strategies are addressed in case studies.

### Learning Style

Students will be taught using a combination of lectures and workshops, based on a program of reading. Mini case studies and examples will promote discussions, which will feature external experts from the public sector and private business. A strong emphasis will be placed on integrating theoretical concepts with practical applications through case-study analysis, problem-based learning and education-through-exchange with experts on methods of applying theory to the real world.

### Learning Outcomes

- Knowledge of the constitutional basis, parliamentary role and processes in the preparation, enactment and monitoring of public sector budgets in NSW and comparative jurisdictions.
- Understanding of the major theoretical frameworks and concepts that underpin contemporary public sector budget and financial management processes.
- Insight into the trade-offs between 'rational' resource allocation processes and political considerations.
- Understanding and application of techniques based on contemporary concepts to current problems and issues in the workplace.
- Understanding of the techniques involved in preparing and managing agency budgets (developed through case studies of the NSW public sector).
- Strengthened analytical capability, particularly in relation to the budget impact assessment of government programs and services.
- Heightened ability to identify, use and analyse data to evaluate capital and recurrent expenditure proposals.
- Insight and engagement with the concepts and application of ideas associated with asset procurement and management.
- Understanding of the theoretical concepts and applied strategies that relate to pricing policy across public sector programs.
- Skills in effective analysis and communication of strategic financial and budget issues through effective verbal and written communication (for example, balance sheet and financial analysis.)

### Assessment

Involves a mix of tasks and assignments such as:

- case-study analysis
- individual or small-group research projects
- simulation exercises involving external experts, and
- critical commentaries on assigned readings.

A typical assessment would be a 3000-word case study based on independent research (40 per cent), participation in a budget preparation simulation exercise (20 per cent), preparation of a stand-alone program expenditure proposal in the form of a Cabinet submission (20 per cent) and in-class oral presentation (20 per cent).

### Contact Hours and Private Study

- Institutional frameworks and the role and processes of parliamentary appropriation and review.
- Theoretical frameworks of public-sector budgeting.  
Budget preparation and expenditure management in practice (various jurisdictions including NSW).
- Application and use of accrual accounting and performance-based budgeting in public-sector programs.
- Budgeting and expenditure perspectives of program design: market contestability and pricing.
- Central agency coordination, control and the evolution of trends in central agency functions.
- Models of rational resource allocation and their impact on real-world political trade-offs.
- Budgets and balance sheet management: public-sector financial 'health' and national and international markets.
- Negotiating the budget cycle: preparation, implementation and management, and the link to the policy process as well as program and service delivery outcomes.
- Strategies and theories of asset procurement and management.
- Management of risks within budgets in complex and major contract relationships.

## Indicative Readings

- Wanna J, Kelly J and Forster J (2001) *Managing Public Expenditures in Australia*, Allen & Unwin, Sydney
- Funnell W and Cooper K (1998) *Public Sector Accounting and Accountability in Australia*, University of New South Wales Press, Sydney
- Hecl H and Wildavsky A (1974) *The Private Government of Public Money: Community and Policy Inside British Politics*, Macmillan, London
- Schick A (2000) 'Changing Role of Central Budgeting Agencies', *OECD Journal on Budgeting*, Vol 1(1): 2001 OECD, Paris
- Nicholls D (1991) *Managing State Finance - The New South Wales Experience*, NSW Treasury Sydney
- King S and Maddock R (1996) *Unlocking the Infrastructure: The Reform of Public Utilities in Australia*, Allen & Unwin, Sydney
- Guthrie J, Parker L and Shard D (1990) *The Public Sector - Contemporary Readings in Accounting and Auditing*, HBJ, Sydney
- NSW Treasury (2003) *NSW State Budget Papers*, NSW Treasury, Sydney
- *Australian Journal of Public Administration* - various articles
- *Public Budgeting & Finance* (US journal) - various articles
- *International Public Management Journal* - various articles

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