

Bills Digest
No. 77 2000-01

Appropriation Bill (No. 4) 2000-2001

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Appropriation Bill (No. 4) 2000-2001

Date Introduced: 29 November 2000

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To authorise the Minister for Finance to issue \$378.3 million from the Consolidated Revenue Fund (CRF) in addition to the funds appropriated by the *Appropriation Act (No. 2) 2000-2001* for proposed expenditure on capital works and services, payments to the States and Territories and other services.

Background

For general information on the Appropriation process refer to Bills Digest No. 76, 2000–01 for the Appropriation Bill (No. 3) 2000-01.

As noted in the Second Reading Speech to the additional appropriation Bills, there have also been savings in various items from the Budget appropriations and this must be considered when determining the total effect on government outlays from the additional amounts appropriated. Savings from the initial amount appropriated by Appropriation Acts Nos. 1 and 2 are contained in the Department of Finance and Administration Information Paper titled *Statement of Savings in Annual Appropriations*.

Funding for expenditure other than for 'the ordinary annual services of government', principally capital expenditure and grants to the States and Territories, is contained in *Appropriation Act No. 2 2000-2001* and this Bill. The Appropriation Act (No. 2) appropriated approximately \$5.129 billion while this Bill appropriates an additional \$378.3 million. Estimated savings from the Appropriation Act (No. 2) are \$720.5 million, the majority of which (\$659.4 million) comes from the Defence portfolio. This saving comes from 'equity injections and loans'¹ and has been transferred to the annual expenditure of that portfolio.² Other major estimated savings occur in the Family and Community Services portfolio (\$28 million), from grants to the States and Territories for

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community housing and support; and the Health and Aged care portfolio (\$20.2 million) from ‘equity injections and loans’.³

Outline of Major Additional Appropriations

Major additional appropriations effected by this Bill are:

- **Defence:** \$100 million is to be appropriated for a loan to the Defence Housing Authority (DHA). DHA currently has no debt and the loan is described as assisting DHA ‘in moving to a more commercial capital structure.’⁴
- **Industry, Science and Resources:** a total of \$94.8 million is to be appropriated, \$45.9 million for grants to the States and Territories (a grant to NSW to cover the payment of GST on non-premium Olympic games tickets), \$42 million for the administered capital of the portfolio (for a deferred loan payment on the Syntroleum Sweetwater Investment Strategy)⁵ and \$6.9 million as an equity injection for the Australian Nuclear Science and Technology Organisation.
- **Health and Aged Care:** Of the \$87.9 million appropriated for this portfolio, \$57 million is to fund the supply of plasma to the Red Cross. The item is listed as Administered capital’ and no further details are given of the use of the funds. The other major items of approximately \$10 million each relate to the re-phasing of funding for methadone programs from 1999-2000 and additional amounts for Medicare for pathology services and the re-phasing of funds relating to Kosovar and East Timor from 1999-2000.
- Other major appropriations relate to the carry-over of capital funds for the Attorney-General’s (\$20.6 million) and Immigration and Multicultural Affairs (\$26.6 million) portfolios.

Main Provisions

In regard to allocation to the States for the outcomes specified in the Schedule, **clause 7** provides that the Finance Minister may issue the lesser of the amount specified in the relevant Departmental allocation and the amount determined by the Finance Minister to be the actual expenditure incurred for that purpose. The clause also contains the requirement that the funds may only be allocated to achieve the specified outcome.

Clause 8 contains similar provisions as clause 7 but relates to administered items.

Where an appropriation is made for an administered capital purpose, the outcome that may be achieved must be for a purpose listed in Schedule 2 of the Bill or in a Schedule to a 2000-2001 Appropriation Act (**clause 9**).

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In relation to appropriations for capital expenditure for a Department, where an Act provides that an amount is to be allocated to a Department and this Bill contains a capital item for the Department, the Finance Minister must issue the full amount of the item (**clause 10**).

The Minister will be given power to issue up to an additional of \$215 million over the year to take account of unforeseen expenditure or where there has been an 'erroneous omission or understatement' in relation to extra expenses (**clause 11**).

The relevant Minister listed in Schedule 1 of the Bill will be able to determine conditions under which payments to the States and Territories may be made (**clause 14**).

Clause 15 will formally appropriate the funds for the purposes of the Bill.

Endnotes

- 1 'Equity injection represents the additional contribution to Defence by the Commonwealth as owner. It is determined on the basis of the amount additional to the Department outcome appropriation required to fund Defence up to the government-agreed level of global funding. Within Defence's global flexibilities the injection can be used for any purpose that increases the net assets of Defence. It is planned to use these funds for investment in new or replacement capital equipment or facilities. The injection is not tied to any specific capital projects.' – Defence Portfolio Budget Statement 2000-01p.vii.
- 2 The transferred funds are appropriated by the Appropriation Bill (No. 3) 2000-01 and readers are referred to the Digest for that Bill for further information.
- 3 For this portfolio, equity injection and loans refers to \$22.03 million appropriated for 2000-01 to cover the expected operating deficit of the portfolio – Portfolio Budget Statement, p. 267.
- 4 Portfolio Additional Estimates Statements 2000-01, p. 108.
<http://www.defence.gov.au/index.html>
- 5 Syntroleum involves a process to convert gas to liquid fuel. The loan is subject to conditions and will assist in developing the commercialisation of the process.

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