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No. 102 2001–02

Appropriation Bill (No. 4) 2001-2002

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 102 2001-02

Appropriation Bill (No. 4) 2001-2002

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Law and Bills Digest Group
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Appropriation Bill (No. 4) 2001-2002

Date Introduced: 14 February 2002

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To authorise the Minister for Finance to issue \$1 173 913 000 from the Consolidated Revenue Fund (CRF) in addition to the funds appropriated by the *Appropriation Act (No. 2) 2001-2002* 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 for the Appropriation Bill (No. 3) 2001-02.

As noted in the Second Reading Speech to the Appropriation Bill (No. 3) 2001-2002, 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 2001-2002* and this Bill. The Appropriation Act (No. 2) appropriated \$4 524 716 000 while this Bill appropriates an additional \$1 173 913 000.

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

Outline of Major Additional Appropriations

Major additional appropriations effected by this Bill are:

- **Defence:** \$843 611 000 is sought to be appropriated for the Defence portfolio. As stated in Schedule 2 of the Bill, this total comprises \$743 611 000 in equity injections for the Department of Defence and \$100 000 000 in loans for the Defence Housing Authority. The Second Reading Speech to the Bill states that the \$743 611 000 equity injection for the Department of Defence is for funding:
 - the war against terrorism and unauthorised boat arrivals (\$103 million)
 - parameter and foreign exchange adjustments (\$72 million)
 - provision to Defence of a share of the proceeds from the sale of the Melbourne and Sydney Plazas (\$79 million), and
 - \$489 million to meet costs incurred in 2000-2001 and funding for the purchase of specialist military equipment, inventory and other capital requirements.

The reader is referred to the Portfolio Additional Estimates Statements for the Department of Defence for details as to the moneys sought under this portfolio: (<http://www.defence.gov.au/budget/01-02paes/menu.htm>).

Treasury: a total of \$195 177 000 million is sought to be appropriated by the Department of the Treasury. As stated in Schedule 2 of the Bill, this total comprises \$194 998 000 for the “[E]ffective government spending and taxation arrangements”, and \$179 000 for “[A]dministered capital”. The reader is referred to the Portfolio Additional Estimates Statements for the Department of the Treasury for details as to the moneys sought under this portfolio: (<http://www.budget.gov.au/paes/index.htm>). The \$194 998 000 is for administered expenses in relation to the First Home Owners Scheme.

Immigration and Multicultural and Indigenous Affairs: a total of \$47 539 000 is sought to be appropriated by the Department of Immigration and Multicultural and Indigenous Affairs. As stated in Schedule 2 of the Bill, this total comprises \$102 000 for “[A] society which values Australian citizenship, appreciates cultural diversity and enables migrants to participate equitably, \$46 300 000 in equity injections, and \$1 137 000 carryover from previous years to the Migration Review Tribunal. The Second Reading Speech to the Bill states that “an additional \$45 million equity injection for the Department of Immigration and Multicultural and Indigenous Affairs to provide for detention contingency for unauthorised arrivals in Australia.” The reader is referred to the Portfolio Additional Estimates Statements for the Department of Immigration and Multicultural and Indigenous Affairs for details as to the moneys sought under this portfolio: (<http://www.minister.immi.gov.au/general/paes01.pdf>).

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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 2001-2002 Appropriation Act (**clause 9**).

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.

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