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Appropriation Bill (No.2) 2002-2003

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Appropriation Bill (No.2) 2002-2003

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Appropriation Bill (No.2) 2002-2003

Date Introduced: 14 May 2002

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To appropriate \$6 120 821 000 for payments for purposes other than the ordinary services of government, including capital expenditure, administered expenses for new outcomes and grants to the States and Territories.

Background

The \$6 120 821 000 appropriated by this Bill compares to \$4 524 716 000 in 2001-02 and \$5 128 526 000 in 2000-01. A concise assessment of the 2002-03 Budget can be found in a forthcoming Parliamentary Library publication *Implications: Budget 2002-03*. An overview of the process and context of appropriation bills can be found in another Library publication *The Commonwealth Budget: Process and Presentation*.¹

Under section 83 of the Constitution, no monies may be drawn from Treasury except 'under an appropriation made by law'. Appropriation Bill (No. 1) 2002-03, together with the Appropriation Bill (No.2) 2002-03 and the Appropriation (Parliamentary Departments) 2002-03, are introduced in May each year for the annual appropriations of Government. Where additional funds are needed later in the year it is common for further Appropriation Bills to be introduced and these are known as the additional estimates. Historically, annual appropriations comprise approximately 25 per cent of agency expenses. The remaining 75 per cent comes from special or standing appropriations and income receipts.

Appropriation Bill (No. 1) provides for the appropriation of money from the Consolidated Revenue Fund for the ordinary annual services of government. Appropriation Bill (No. 2) provides for the appropriation of money for purposes other than the ordinary services of government (for example, departmental capital, administered expenses for new agency

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outcomes, and grants to the States and Territories). The division of items between the Bills accords with the 1965 'compact' between the House of Representatives and the Senate.²

Details on the major new expenditure initiatives announced in the Budget are contained in the Digest for the Appropriation Bill (No.1) 2002-03.

Significant expenditure measures are indicated below.

Measure	2002-03	5 years
– <i>Equity injection to the Defence Department</i> : the equity injection increased from the previous 2002-03 estimate by \$207.8m as a result of the contribution to the War Against Terrorism and the measures associated with coastal surveillance and upgrades to domestic security. They were partly funded by delaying capital purchases from 2002-03 to 2003-04. ³	\$1,090.4m	\$5,093m
– <i>Administered expenses by Department of Family and Community Services</i> : the amounts include \$1,028.2m to the States and Territories for the Commonwealth State Housing Agreement. ⁴	\$1,951.9m	n/a

Main Provisions

The total amount appropriated by the Bill is **\$6 120 821 000 (clause 6)**.

Schedule 1 contains appropriations for the States and Territories.

In relation to State payment items, the Minister for Finance may issue the lesser of:

- the amount specified **Schedule 1**; and
- an amount, as he or she determines, having regard to the relevant expenses incurred by the entity in the current financial year (**clause 7**).

In relation to administered items, the same basic provisions apply (**clause 8**).

In relation to 'other departmental items', the Minister must issue:

- the *amount specified* in **Schedule 1**, where an entity has a direct statutory entitlement to its own appropriation; or
- any *lesser amounts* to that specified in **Schedule 1**, where an entity does not have a direct statutory entitlement to its own appropriation (**clause 10**)

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The Minister for Finance may increase the amounts specified in departmental items up to a maximum of \$20 million over all departmental items (**clause 10**). However, where there are unforeseen circumstances and the need is urgent, the Minister for Finance may increase expenditure by a total of \$215 million (**clause 11**). Parliament must be notified of increased spending under **clauses 10 and 11**.

The relevant Minister listed in column 4 of Schedule 1 will be able to determine conditions under which payments to the States and Territories can be made (**clause 14**).

Clause 15 formally appropriates funds for the Bill from the Consolidated Revenue Fund.

Endnotes

- 1 Richard Webb, The Commonwealth Budget: Process and Presentation, [Research Paper No.10 2002-03](#), 19 March 2002.
- 2 Webb, op. cit., p. 16.
- 3 Department of Defence, [Portfolio Budget Statements 2002-03](#), p. 72.
- 4 Department of Family and Community Services, [Portfolio Budget Statements 2002-03](#), p. 96.

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