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## Appropriation Bill (No. 1) 2003–2004

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Appropriation Bill (No. 1) 2003–2004

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Digest Groups

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# Appropriation Bill (No. 1) 2003–2004

**Date Introduced:** 13 May 2003

**House:** House of Representatives

**Portfolio:** Finance and Administration

**Commencement:** Royal Assent

## Purpose

To authorise the Minister for Finance to issue \$40 503 801 000 from the Consolidated Revenue Fund for the ordinary annual services of government during 2003-04.

## Background

Under section 83 of the Constitution, no monies may be drawn from Treasury except 'under an appropriation made by law'. The annual Appropriation Bills—Appropriation Bill (No. 1) 2003-04, Appropriation Bill (No. 2) 2003-04 and Appropriation (Parliamentary Departments) Bill (No. 1) 2003-04—are introduced in May each year for the annual appropriations of Government. When additional funds are needed later in the year it is usual for further Appropriation Bills to be introduced and these are commonly known as the additional estimates. Annual appropriations comprise approximately 30 per cent of government expenditure. The remaining 70 per cent is funded from special (or standing) appropriations. Special appropriations provide funds for specified purposes such as the financing of a particular project or program. For example, spending on the age pension is funded under the *Social Security (Administration) Act 1999*.

An overview of the process and context of appropriation bills can be found in another Library publication [\*The Commonwealth Budget: Process and Presentation\*](#).<sup>1</sup>

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 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.

### **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.*

Appropriation Bill (No. 1) sets out agency appropriations by outcome and distinguishes between administered and departmental expenses.

*Administered items* are revenues, expenses, assets and liabilities that agencies manage on the government's behalf. Examples include subsidies, grants and benefit payments; taxes, fees, fines and excises; and public debt and related interest.

*Departmental items* are resources (assets, liabilities, revenues and expenses) that agencies control directly and use to produce outputs on behalf of government. Examples are computers and plant and equipment used in providing goods and services; accruing liabilities for employee entitlements; revenues from user charges and profits; and employee salaries.

The data in Appropriation Bill (No. 1) is highly aggregated and additional information is contained in Portfolio Budget Statements.

### Opposition/Democrats positions

The Labor Party, the Greens and the Australian Democrats have indicated that they will oppose elements of the Government's proposed changes to health and education. An attempt to block these changes is *not* an attempt to 'block supply'. The proposed changes will be contained in legislation separate from the Appropriation Bills.

### Basic appropriation

The basic appropriation in this Bill is \$40 503 801 000. This compares to \$43 445 965 000 in 2002-03 and \$41 425 224 000 in 2001-02. Further information is contained in a Parliamentary Library E-Brief [Budget 2003: Editorials, Opinion, and Media Releases](#).<sup>2</sup>

## Main Provisions

The amount available for agencies' expenditure on departmental and administered items is specified in the **Schedule**. The total of the items specified is \$40 503 801 000 (**clause 6**).

In relation to departmental items, the Minister for Finance must issue:

- a *sufficient amount*, where a departmental item for an agency includes provision for payment of remuneration and allowances to a statutory office holder; and
- the *amount specified* in the **Schedule**, where an entity has a direct statutory entitlement to its own appropriation; or
- any *lesser amounts* to that specified in the **Schedule**, where an entity does not have a direct statutory entitlement to its own appropriation (**clause 7**).

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In relation to administered items, where an amount is specified in the Schedule, the Minister for Finance may issue a lesser amount, as he or she determines, having regard to the relevant expenses incurred by the entity in the 2002-03 financial year (**clause 8**).

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 \$175 million (**clause 11**). Parliament must be notified of increased spending under **clauses 10 and 11**.

**Clause 14** formally appropriates funds for the Bill from the Consolidated Revenue Fund.

## Endnotes

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- 1 Richard Webb and David Richardson, *The Commonwealth Budget: Process and Presentation* (April 2003), Research Paper no. 6 2002-2003 (<http://www.aph.gov.au/library/pubs/rp/2002-03/03rp06.htm>)
- 2 <http://libiis1/Services/budget/budgeteditorials2003.htm>.

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