



Appropriation Bill (No. 5) 2006-07

Appropriation Bill (No. 6) 2006-07

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Appropriation Bill (No. 5) 2006-07

Appropriation Bill (No. 6) 2006-07

Date introduced: 8 May 2007

House: House of Representatives

Portfolio: Finance and Administration

Commencement: On Royal Assent

Purpose

Appropriation Bill (No. 5) 2006–07 appropriates \$554.816 million for the ordinary annual services of government.

Appropriation Bill (No. 6) 2006–07 appropriates \$259.2 million for the other annual services of government.

Background

Under section 83 of the Constitution, no monies may be withdrawn from the Consolidated Revenue Fund except ‘under an appropriation made by law’. Laws authorising spending are either:

- special appropriations, or
- six (usually) annual appropriation acts.

Special appropriations—which account of about 75 per cent of spending—are Acts that provide money for particular purposes. For example, age pensions, carer payments, and the seniors concession allowance are paid under the *Social Security (Administration) Act 1999*, while the Family Tax Benefits A and B are paid under *A New Tax System (Family Assistance) (Administration) Act 1999*.

Annual appropriations

There are usually six annual appropriation bills. Three—Appropriation Bill (No. 1), Appropriation Bill (No. 2) and Appropriation (Parliamentary Departments) Bill (No. 1)—are introduced with the Budget. Appropriation Bill (No. 1) appropriates funds for the ordinary annual services of the government while Appropriation Bill (No. 2) appropriates

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funds for other annual services. Appropriation (Parliamentary Departments) Bill (No. 1) appropriates funds for the Parliamentary departments.

Senate's powers

Section 53 of the Constitution provides that the Senate may not amend laws appropriating money for the ordinary annual services, while section 54 requires that there be a separate law appropriating funds for the ordinary annual services of the government. That is why there are separate bills for ordinary annual services and for other annual services. There is a separate Bill for the Parliamentary departments because the services they provide are not considered to be either ordinary or other annual services. The distinction between ordinary and other annual services was set out in a 'Compact' between the Senate and the government in 1965 (the Compact was updated to take account of the adoption of accrual budgeting).

The Bills appropriate funds to departmental outputs and administered expenses. Departmental outputs are expenses that agencies control. Examples are salaries and other day-to-day operating expenses. Administered expenses are those that agencies administer on the government's behalf. The examples of special appropriations above are administered expenses.

Departmental outputs and administered expenses contribute to outcomes. They are the results or consequences for the community that the Government wishes to achieve.

Additional estimates

As noted, there are usually six annual appropriation bills of which three are introduced when the Budget is brought down. However, funding requirements often change after the Budget is brought down. Governments make new policy commitments which have to be funded. Agencies reassess their requirements and, if necessary, submit requests for additional funding. The Government may agree to additional funding if the amounts in the first three Appropriation Acts are inadequate. The process whereby additional funds are provided is called additional estimates and usually begins around November. The approved additional estimates are normally incorporated into three appropriation bills, which are introduced in the spring sitting of Parliament. They are Appropriation Bill (No. 3) for ordinary annual services, Appropriation Bill (No. 4) for other annual services, and Appropriation (Parliamentary Departments) Bill (No. 2) for the Parliamentary departments.

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Supplementary additional estimates

Appropriation Bill (No. 5) 2006–07 and Appropriation Bill (No. 6) 2006–07 are supplementary to the additional estimates bills. They are similar to the additional estimates bills in that Appropriation Bill (No. 5) 2006–07 appropriates additional money for ordinary annual services while Appropriation Bill (No. 6) 2006–07 appropriates money for other annual services.

The data in the Bills are aggregated. Additional information can be found in Portfolio Supplementary Additional Estimates Statements.

Financial implications

The amount available for agencies' spending on departmental and administered items is specified in schedules. The total specified in **Schedule 1** of Appropriation Bill (No. 5) is \$554.816 million, while the total specified in **Schedule 2** of Appropriation Bill (No. 6) is \$259.2 million.

Among the measures the minister mentioned in the second reading speech for Appropriation Bill (No. 5) were \$50 million for the synchrotron facility and funds for medical research facilities. The following is an extract from [Budget Paper No. 2 2007-08](#), pages 238 and 239.

Medical research facilities — grants for development and expansion

The Government will provide \$485.8 million in 2006-07 to fund a variety of development and expansion projects by medical research facilities and the operations of the Australian Synchrotron. This measure will enhance the capacity and quality of Australia's health and medical research efforts and assist Australian researchers to continue high quality world-class research. Funding for the Australian Synchrotron will be subject to matching funding from the Victorian Government. Funding comprises:

\$30.0 million for the Prince of Wales Medical Research Institute, New South Wales;

\$15.0 million for the Westmead Millennium Institute, New South Wales;

\$10.0 million for the Sydney Cancer Centre, New South Wales;

\$6.0 million for the Brain and Mind Institute, New South Wales;

\$14.0 million for the Baker Heart Research Institute, Northern Territory;

\$5.3 million for the Menzies School of Health Research, Northern Territory;

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\$100.0 million for the Princess Alexandra Hospital and University of Queensland, Queensland;

\$55.0 million for the Queensland Institute of Medical Research, Queensland;

\$10.0 million for the Flinders Centre for Innovation in Cancer, South Australia;

\$50.0 million for the Murdoch Children's Research Institute, Victoria;

\$50.0 million for the Australian Synchrotron, Victoria;

\$15.0 million for the Australian Regenerative Medicine Institute, Victoria;

\$6.0 million for the Macfarlane Burnet Institute for Medical Research and Public Health, Victoria;

\$100.0 million for the Western Australian Institutes for Health, Western Australia; and

\$19.5 million for the Institute for Immunology and Infectious Diseases, Western Australia.

Main provisions

Appropriation Bill (No. 5) 2006–07

The provisions of Appropriation Bill (No. 5) 2006–07 are generally identical to those in *Appropriation Act (No. 5) 2005–06*. The main difference is that **proposed subsection 10(4)**—which dealt with the Advance to the Finance Minister—has been recast. Subsection 10(4) of *Appropriation Act (No. 5) 2005–06* provided:

However, if an amount determined by the Finance Minister under section 12 of the *Appropriation Act (No. 1) 2005-2006* or section 12 of the *Appropriation Act (No. 3) 2005-2006* is recovered from an amount set out in Schedule 1 to this Act, the determined amount is to be disregarded for the purposes of subsection (3).

Subclause 10(4) of Appropriation Bill (No. 5) 2006–07 provides:

However, if:

(a) an amount determined by the Finance Minister under section 12 of the *Appropriation Act (No. 1) 2006-07* is recovered from:

(i) an amount set out in Schedule 1 to the *Appropriation Act (No. 3) 2006-07*; or

(ii) an amount set out in Schedule 1 to this Act; or

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(b) an amount determined by the Finance Minister under section 12 of the *Appropriation Act (No. 3) 2006-07* is recovered from an amount set out in Schedule 1 to this Act;

the determined amount is to be disregarded for the purposes of subsection (3).

Compared to *Appropriation Act (No. 5) 2005-06*, Appropriation Bill (No. 5) 2006-07 adds **subparagraph 10(4)(a)(i)** and thus broadens the scope of the clause to include *Appropriation Act (No. 3) 2006-07*. The Explanatory Memorandum does not explain the consequences of this inclusion.

Appropriation Bill (No. 6) 2006–07

The provisions of Appropriation Bill (No. 6) 2006–07 are generally identical to those in *Appropriation Act (No. 6) 2005–06*. There are two main differences.

First, similar to Appropriation Bill (No. 5), Appropriation Bill (No. 6) recasts a subsection—subsection 12(4) of *Appropriation Act (No. 6) 2005-06*—which dealt with the Advance to the Finance Minister. Indeed, **proposed subsection 12(4)** of Appropriation Bill (No. 6) contains effectively identical wording to subclause 10(4) of Appropriation Bill (No. 5) that is discussed above.

Second, **proposed paragraph 14(2)(b)** recasts paragraph 14(2)(b) of *Appropriation Act (No. 6) 2005-06*. **Section 14** deals with conditions and other matters applying to payments to the States, the ACT, the Northern Territory and local governments. The minister set out the reasons for this change in the second reading speech for Appropriation Bill (No. 2) 2007–08:

The bill includes a minor technical change to section 14 to streamline ministerial determinations that are made on payments to the states, territories and local government authorities. The change will enable payments to be made without the mandatory ministerial determination on the amount and timing. The provision otherwise is unaltered and determinations may be issued if required.¹

Consequently, the wording of paragraph 14(2)(b) in Appropriation Bill (No. 6) is identical to that of paragraph 14(2)(b) of Appropriation Bill (No. 2) 2007–08.

Endnote

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1. Hon G Nairn, Special Minister of State, ‘Second reading speech: Appropriation Bill (No. 2) 2007–08’, *Votes and Proceedings*, 8 May 2007, p. 60.

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