



## Appropriation Bill (No. 5) 2007-08

## Appropriation Bill (No. 6) 2007-08

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### Contents

Purpose. . . . .	2
Background. . . . .	2
Annual appropriations . . . . .	2
Additional estimates . . . . .	3
Supplementary additional estimates . . . . .	3
Basis of policy commitment. . . . .	3
Appropriation Bill (No. 5) 2007-08 . . . . .	3
Appropriation Bill (No. 6) 2007-08 . . . . .	5
Financial implications . . . . .	7
Main provisions. . . . .	7

## Appropriation Bill (No. 5) 2007-08

## Appropriation Bill (No. 6) 2007-08

**Date introduced:** 13 May 2008

**House:** House of Representatives

**Portfolio:** Finance and Deregulation

**Commencement:** For both Bills: on Royal Assent

**Links:** The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

## Purpose

Appropriation Bill (No. 5) 2007-08 appropriates approximately \$626.5 million for the ordinary annual services of the Government.

Appropriation Bill No. 6 (No. 6) 2007-08 appropriates approximately \$501.9 million for the non-ordinary (or 'other') annual services of the Government.

## Background

### Annual appropriations

Section 83 of the Constitution provides that no monies may be withdrawn from the Consolidated Revenue Fund (CRF) except 'under an appropriation made by law'.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 three quarters of spending—are spending authorised by Acts for particular purposes. Examples are age pensions, carer payments, and the seniors concession allowance paid under the *Social Security (Administration) Act 1999*, and the Family Tax Benefits A and B paid under *A New Tax System (Family Assistance) (Administration) Act 1999*.

Appropriation Bill (No. 1) appropriates funds for the 'ordinary annual services of the Government'. By comparison Appropriation Bill (No. 2) appropriates funds for other

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annual services. Section 54 of the Constitution 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. The distinction between ordinary and other annual services was set out in a 'Compact' between the Senate and the Government in 1965 (the Compact has been updated to take account of the adoption of accrual budgeting).

### Additional estimates

Funding requirements usually change after the Budget is brought down. Governments make new policy commitments that need 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 three Budget Appropriation Acts are inadequate and so has to seek parliamentary approval for additional spending. The process whereby additional funds are provided is called 'additional estimates' and begins around November of the Budget year. The approved additional estimates are incorporated into Appropriation Bills 3 and 4 and Appropriation (Parliamentary Departments) Bill No. 2. These Bills are the counterparts of Appropriation Bills No. 1 and 2 and Appropriation (Parliamentary Departments) Bill No. 1 respectively.

Portfolio Additional Estimates Statements are the additional estimates counterparts of Portfolio Budget Statements and contain explanations of Appropriation Bills 3 and 4 and Appropriations (Parliamentary Departments) Bill No. 2. The Senate estimates committees also scrutinise the additional estimates Bills. Parliament usually passes the additional estimates Bills around April.

### Supplementary additional estimates

The Government can introduce as many Appropriation Bills as it believes necessary. Appropriation Bill (No. 5) 2007-08 and Appropriation Bill (No. 6) 2007-08 are examples of Appropriation Bills supplementary to Appropriation Bill (No. 1) and Appropriation Bill (No. 2) and to the additional estimates Bills. Such Bills are referred to as supplementary additional estimates. The Portfolio Supplementary Additional Estimates Statements are the counterparts of the Portfolio Budget Statements for the annual Appropriation Bills.

### Basis of policy commitment

#### Appropriation Bill (No. 5) 2007-08

In the second reading speech for Appropriation Bill (No. 5) 2007-08, the Minister for Finance and Deregulation, the Hon. Lindsay Tanner, MP, stated that the Government was seeking additional funding for universities.<sup>1</sup> Under this measure, the Government proposes

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1. House Hansard, second reading speech, 13 May 2008, p. 2610.

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to provide \$500.0 million in 2007-08 to Australian universities as a contribution towards capital investment in five priority areas including IT communications in research and teaching, laboratories, libraries and places to study, teaching spaces, and critical student amenities. According to the Government, the measure will begin to address past capital under-investment in these priority areas. Funding will be distributed among universities through grants taking into account each university's share of funds under the existing Institutional Grant Scheme and its share of total domestic students.

The Minister also announced measures affecting the Department of the Environment, Water, Heritage and the Arts, notably measures under the *Water for the Future* program. There are five projects under this program. Under the National Rainwater and Greywater Initiative—which was an election commitment—the Government will provide \$250.0 million over six years (including \$50.0 million in 2012-13 and \$24.0 million in 2013-14) to provide rebates of up to \$500 for up to 500,000 homes towards the cost of installing rainwater tanks or new piping for grey water use. This measure is designed to help reduce the impact of drought and climate change on Australia's towns and cities. The measure also includes \$3.0 million in 2008-09 to provide up to \$10,000 to every surf life saving club in Australia for the installation of a rainwater tank, or as a contribution towards a larger water saving project.

The second project—also an election commitment—is the National Urban Water and Desalination Plan. Under this Plan, the Government will provide \$1.0 billion over six years (including \$192.0 million in 2012-13) for desalination, water recycling and stormwater harvesting projects in Australian cities with populations of over 50,000. The private sector, water utilities and State, Territory and local governments will be able to apply for funds, which will be provided through grants and refundable tax offsets of up to 10 per cent of project costs, capped at a maximum of \$100.0 million per project. This measure includes funding for a Centre of Excellence in desalination technology in Perth (\$20.0 million), a Centre of Excellence in water recycling in Brisbane (\$20.0 million), the Glenelg to Adelaide water recycling project (\$30.2 million) and the Geelong Shell water recycling project (\$20.0 million).

Under the third project—the National Water Security Plan for Cities and Towns, again an election commitment—the Government will provide \$254.8 million over five years to work with governments and local water authorities to minimise water loss, invest in more efficient water infrastructure, refurbish older pipes and water systems, and fund practical projects to save water. This measure will help reduce the impact of drought and climate change on Australia's towns and cities.

The fourth proposal—taking early action—brings forward \$400.0 million of funding from 2011-12 under *Water for the Future*, to accelerate investment in water savings infrastructure and to purchase water entitlements from willing sellers. This reflects the Government's recognition that urgent action is needed to tackle the water crisis. This measure is an election commitment.

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Finally, under the Water Efficiency Western Australia project, the Government will provide \$35.0 million in 2007-08 (brought forward from 2011-12) under the *Water for the Future* program, to make an initial contribution to the Harvey Water Piping Project in Western Australia. The project involves upgrading irrigation supply infrastructure to reduce seepage and evaporation, with the water saved to be piped to Perth. The Government's remaining contribution of \$14.0 million is expected to be provided in 2008-09, from within existing funding for the program. This measure is also an election commitment.

#### Appropriation Bill (No. 6) 2007-08

In the second reading speech for Appropriation Bill (No. 6) 2007-08, the Minister for Finance and Deregulation announced additional funding for Digital Education Revolution.<sup>2</sup> Under this program, the Government will provide \$1.2 billion over five years. A National Secondary School Computer Fund will be established to provide grants of up to \$1.0 million to eligible secondary schools to assist them in providing new or upgraded computers and communications technology to students in Years 9 to 12. Funding will also be available to contribute toward the provision of high speed fibre-to-the-premises broadband connections to schools and to provide support to ensure the effective deployment and installation of computers and ICT equipment purchased under the Fund. Additionally, funding will be provided for collaborative work between the Commonwealth, State and Territory governments and non-government school systems and industry to develop a unified technical framework and to fund administration costs of Block Grant Authorities which will manage funding for non-government schools. This measure was an election commitment.

Under the Ageing Carers—additional support program, the Government will provide \$100.0 million in 2007-08 to State and Territory governments under the Commonwealth State Territory Disability Agreement to increase the availability of supported accommodation for people with a disability where their carers are ageing. The funding will allow the States and Territories to build or purchase new facilities with the capacity to care for more people with disabilities. These facilities will allow older carers to plan for the transition of their children with a disability from the family home to other accommodation arrangements.

According to the second reading speech, the Government will provide an additional \$182.4 million in 2007-08 to the Department of Health and Ageing to fund a range of initiatives including \$100 million towards a \$389.5 million program to upgrade health facilities. The Government will provide \$389.5 million over five years in grants and recurrent funding to support health care facilities and improve patient outcomes. This includes funding for advanced medical technology, improved facilities and services and

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2. House Hansard, second reading speech, 13 May 2008, p. 2611.

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medical training infrastructure. This measure will bring the benefits of advanced medical technology to communities around Australia. An additional 12 Medicare-eligible magnetic resonance imaging units will be provided, along with new and upgraded technology in hospitals around the country. Funding will also support upgrades to hospitals and community health centres and expand services to areas of need. This includes improved access to renal dialysis and a mobile sexual assault referral centre for remote communities in the Northern Territory. The Government is also committed to catering for Australia's future health needs. This measure invests in medical training infrastructure to help meet the training needs of medical graduates and provide a skilled health workforce in years to come. This measure was an election commitment.

The Government is also seeking \$75 million in 2007-08 towards providing up to \$600.0 million over four years to reduce waiting lists for elective surgery in public hospitals in each State and Territory. This funding includes \$150.0 million to provide more than 25,000 new procedures to help clear the backlog of people who have been waiting longer than the clinically recommended time for elective surgery. A further \$150.0 million will be provided to make systemic improvements to Australia's hospital system, including the construction of additional day surgery units. A further \$300.0 million will be available in incentive payments to States and Territories that meet elective surgery waiting list reduction targets. The funding will be provided if performance benchmarks are met. This measure was an election commitment.

An amount of \$75 million is to be provided to the Department of Infrastructure, Transport, Regional Development and Local Government in 2007-08 towards the development of feasibility and planning studies for projects to address urban congestion. The projects include the Western Metro rail link, and the eastern section of the M5 in New South Wales; components of the East-West transport corridor, and Western Ring Road in Victoria; key sections of the Bruce Highway and Gateway Motorway in Queensland; a transport master plan for the Perth Airport; and a Transport Sustainability Study in South Australia.

The Government proposes to eliminate the excise exemption of condensate.<sup>3</sup> This will result in Western Australia losing revenue. The Government proposes to provide Western Australia with ongoing compensation for the loss of its share of offshore petroleum royalty revenue as a result of the imposition of crude oil excise on condensate, at an estimated cost of \$406.6 million over the three forward estimates years. An initial payment of \$80 million will be made to the Western Australian Government in 2007-08, with payments in subsequent years adjusted to equal the impact of removing the condensate exemption on payments to Western Australia relating to the offshore petroleum royalty.

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3. The Bills the Government introduced to effect this measure are the Excise Tariff Amendment (Condensate) Bill 2008 and the Excise Legislation Amendment (Condensate) Bill 2008.

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## Financial implications

The amount sought under Appropriation Bill (No. 5) 2007-08 is \$626 540 000.

The amount sought under Appropriation Bill (No. 6) 2007-08 is \$501 897 000.

## Main provisions

The provisions in Appropriation Bill (No. 5) 2007-08 are virtually identical with those in Appropriation Act (No. 5) 2006-07, and those in Appropriation Bill (No. 6) 2007-08 are virtually identical with those in Appropriation Act (No. 6) 2006-07. The reader is referred to the [Bills Digest](#) for Appropriation Act (No. 5) 2006-07 and Appropriation Act (No. 6) 2006-07.

**Clause 13** of Appropriation Bill (No. 5) 2007-08—which is titled **Appropriation of the Consolidated Revenue Fund**—expands the comparable clause in Appropriation Act (No. 5) 2006-07 by adding the words ‘including the operation of this Act as affected by the *Financial Management and Accountability Act 1997*’. The purpose of this change seems to be the recognition that the Financial Management and Accountability Act also governs the appropriations process.

**Clause 3** in Appropriation Bill (No. 6) 2007-08 contains definitions. A definition not included in previous Appropriation Acts is that of Chief Executive. **Clause 3** defines this as having the same meaning as in the *Financial Management and Accountability Act 1997*. (The Financial Management and Accountability Act itself defines Chief Executive to include either a person identified by regulations to be the Chief Executive, or a person who is the Secretary of an Agency under the *Public Service Act 1999* or the *Parliamentary Services Act 1999*, section 5).

Similar to Clause 13 of Appropriation Bill (No. 5) 2007-08, **clause 15** of Appropriation Bill (No. 6) 2007-08 expands the comparable clause in Appropriation Act (No. 6) 2006-07 by adding the words ‘including the operation of this Act as affected by the *Financial Management and Accountability Act 1997*’.

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