Date introduced: 20 August 1985
House: House of Representatives

DIGEST OF BILL

Purpose

To appropriate $10,213,883,000 from the Consolidated Revenue Fund (CRF) for the ordinary annual services of the Government during the 1985-86 financial year.

Background

The Second Reading Speech on Appropriation Bill No. 1 is the vehicle used by the Treasurer to introduce the Budget for the current financial year.

In accordance with section 81 of the Constitution, all revenues or moneys raised or received are paid to the credit of the CRF and, in accordance with section 83, no money shall be drawn from the Treasury except under appropriation made by law.

Appropriation Bill No. 1 covers expenditure for the ordinary annual services of the Government. Appropriation Bill No. 2 covers expenditure on capital works and services, payments to or for the States and other services not authorised by special legislation. Appropriation for both recurrent and capital expenditure of the Parliamentary Departments (Senate, House of Representatives, Parliamentary Library, Parliamentary Reporting Staff and Joint House Department) is contained in Appropriation (Parliamentary Departments) Bill. Authority to spend under these Bills lapses on 30 June.

Additional appropriation may be sought in further Appropriation Bills, commonly known as the Additional Estimates, when the amount provided in the Appropriation Acts is insufficient for the financial year. The Additional Estimates also lapse on 30 June.
In the period between 30 June and the time of the Budget, authority to spend is obtained from the Supply Acts. These are normally passed a month or two before the beginning of a new financial year, and usually allow for not more than five months expenditure. The amounts authorised in the Supply Acts are later included in the Appropriation Acts of the financial year to which the expenditure relates.

Outline

The 1985-86 Budget is framed in the context of the Government achieving its "trilogy" of budgetary commitments namely:

- there will be no increase in tax revenue as a proportion of (gross domestic product) GDP in 1985-86 and over the life of the Parliament;

- Government expenditure will not increase as a proportion of GDP in 1985-86 and over the life of the Parliament; and

- the budget deficit will be reduced in money terms in 1985-86 and reduced as a proportion of GDP over the life of the Parliament.

These commitments are met in 1985-86. The growth in real Commonwealth outlays will be reduced in 1985-86, producing a further reduction in the budget deficit without increasing the overall taxation burden. Commonwealth outlays will fall from 30.8 per cent of GDP to 29.8 per cent and the budget deficit will be reduced by $1.8 billion to $4.9 billion. This budget deficit represents 2.1 per cent of GDP compared with 3.3 per cent in 1984-85. Total taxation revenue in 1985-86 is forecast to increase by 11.8 per cent (18 per cent in 1984-85) which is slightly below the forecast increase in nominal GDP of 12 per cent.

In addition to other major welfare initiatives, the 1985-86 Budget gives great priority to policies for the youth covering job training, financial support and education.

Main Provisions

Clause 3 allows the Minister for Finance to spend $10,231,883,000 from the CRF on items set out in Schedule 2, in the year ending 30 June 1986.
Under the Supply Act (No. 1) 1985-86, expenditure of $7,184,562,000 was authorised for the period 1 July 1985 to 30 November 1985. Clause 4 appropriates $17,416,445,000 for expenditure on items set out in Schedule 2 in respect of the 1985-86 financial year. Of this amount, $10,231,883,000 is authorised by clause 3 of this Bill, the remaining $7,184,562,000 having been authorised by Supply Act (No. 1) 1985-86.

Clause 5 authorises the Minister for Finance to pay, from the CRF, additional amounts necessary for increases in salaries, for which provision is made in Schedule 2, which become payable during 1985-86 financial year under any law, award etc.

Clause 6 provides that the amounts paid under Supply Act (No. 1) 1985-86 for increases in salaries are deemed to have been issued and applied under this Bill.

Clause 7 allows the Minister for Finance to pay amounts from the CRF in 1985-86 into the Loan and Consolidation Investment Reserve. This provision has been used in the past to handle surpluses arising from the CRF.

Clause 8 provides that this Bill has effect subject to the Loans Act 1985.

For further information, if required, contact the Economics and Commerce Group.