

Bills Digest  
No. 157 2002–03

## Appropriation Bill (No. 2) 2003–2004

ISSN 1328-8091

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Published by the Department of the Parliamentary Library, 2003

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Appropriation Bill (No. 2) 2003–2004

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Digest Groups

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# Appropriation Bill (No. 2) 2003–2004

**Date Introduced:** 13 May 2003

**House:** House of Representatives

**Portfolio:** Finance and Administration

**Commencement:** Royal Assent

## Purpose

To appropriate \$5 528 876 000 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

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; 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. An example of a special appropriation is spending on the age pension that is funded under the *Social Security (Administration) Act 1999*.

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.

It should be noted that administered expenses<sup>1</sup> for new outcomes that are not funded through special appropriations are funded through Appropriation Bill (No. 2). Once Parliament has passed Appropriation Bill (No. 2), these new programs become part of the

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ordinary annual services of government and are included in Appropriation Bill (No. 1) for the following year (assuming they are on-going).

An overview of the process and context of appropriation bills can be found in a Department of the Parliamentary Library publication [\*The Commonwealth Budget: Process and Presentation\*](#).<sup>2</sup>

The data on spending under Appropriation Bill (No. 2) is highly aggregated and so of limited usefulness. Details on the spending proposals can be found in the Portfolio Budget Statements. Further information is contained in a Parliamentary Library E-Brief [\*Budget 2003: Editorials, Opinion, and Media Releases\*](#).<sup>3</sup>

### Basic appropriation

The \$5 528 876 000 appropriated by this Bill compares to \$6 120 821 000 in 2002-03 and \$4 524 716 000 in 2001-02.

## Main Provisions

The total amount appropriated by the Bill is \$5 528 876 000 (**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 in **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**).

The Minister for Finance may increase the amounts specified in departmental items up to a maximum of \$20 million over all departmental items (**clause 11**). 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 12**). Parliament must be notified of increased spending under **clauses 11 and 12**.

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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

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- 1 See Bills Digest No. 156, 2002–03 Appropriation Bill (No. 1) 2003–2004 for an explanation of 'departmental' versus 'administered' expenses.
- 2 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>)
- 3 <http://libiis1/Services/budget/budgeteditorials2003.htm>.

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