

# APPROPRIATION BILL 1999

## EXPLANATORY NOTES

### GENERAL OUTLINE

#### Policy Objectives of the Bill

Section 21 of the *Financial Administration and Audit Act 1977* provides that for each financial year, the Treasurer is to present to the Legislative Assembly a Bill for an Annual Appropriation Act.

In accordance with accepted practice, the policy objectives of the Bill, the reasons for those objectives and the ways in which the policy objectives will be achieved by the Bill are detailed in the Budget Speech and the accompanying Budget Papers. The usual community and departmental consultation has been undertaken in preparing the Budget proposals to be effected by the Bill.

This Bill provides for:

- appropriation for 1999-2000 to fund the State's contribution to the cost of providing government services in that year;
- supplementary appropriation for 1998-99 to provide for unforeseen expenses that occurred in that financial year, authorised by the Governor in Council under section 25 of the *Financial Administration and Audit Act 1977* pending supplementary appropriation by the Legislative Assembly; and
- initial supply for 2000-2001, to allow the normal operations of government to continue until the Appropriation Bill to be presented to Parliament in 2000 receives assent.

The funds appropriated by Parliament represent the contribution from State receipts towards the total cost of government services to be provided rather than the total cost itself. State receipts which are defined as "administered" under the *Financial Administration and Audit Act 1977* are forwarded to the Consolidated Fund by departments and it is these which fund payments by the Treasurer from the Fund under appropriation. Administered receipts include taxes, fees, fines, rents, royalties and the

Commonwealth general purpose financial assistance and specific purpose capital grants. However, departments also have other sources of revenue which are defined as "controlled" receipts under that Act. These are mainly departmental own source fees and charges and specific tied recurrent purpose Commonwealth grants. They are retained by them for spending as part of the total funding available to a department.

### **Consistency with Fundamental Legislative Principles**

Under the *Financial Administration and Audit Act 1977*, section 22, words used in this Bill that are defined in the *Financial Administration and Audit Act 1977* have the same meaning the words have in that Act, subject to a contrary intention in this Bill. Words which are defined in the *Financial Administration and Audit Act 1977* which have the same meaning in this Bill are "administered items", "appropriation", "consolidated fund", "department", "departmental outputs", "equity adjustment", "financial year" and "vote".

## **NOTES ON PROVISIONS**

*Clause 1* provides for the short title of the Act.

*Clause 2 (1)* authorises the Treasurer to pay a total of \$17,963,032,000 from the Consolidated Fund to departments for the financial year 1999-2000 in the amounts detailed in Schedule 1.

*Clause 2 (2)* provides that for each department, the total amount mentioned for the department in Schedule 2 for 1999-2000 is appropriated for the department for application to its departmental outputs, equity adjustment and administered items for the financial year. It is the total amount that is appropriated. The amounts for departmental outputs, equity adjustment and administered items are not individually appropriated. Section 3 of the *Financial Administration and Audit Act 1977* provides that an amount is not appropriated merely because it is stated in an Annual Appropriation Act as an amount for departmental outputs, equity adjustment or administered items.

*Clause 2 (3)* provides that the total amount of \$17,963,032,000 includes the amount already authorised by the *Appropriation Act 1998*, section 4, to be issued for the financial year 1999-2000.

*Clause 3 (1)* authorises the Treasurer to issue and apply for supplementing services for the financial year starting 1 July 1998, the sum of \$2,239,151,000. This expenditure has been authorised by the Governor in Council as expenditure in advance of appropriation and charged as unforeseen expenditure pursuant to section 25 of the *Financial Administration and Audit Act 1997*. Section 25A of the Act requires in respect of such expenditure that as soon as possible after the end of the relevant financial year, the Treasurer is to prepare and sign a Statement of Unforeseen Expenditure to be Appropriated, have it audited by the Auditor-General and lay it before the Legislative Assembly for the purpose of obtaining supplementary appropriation.

*Clause 3 (2)* specifies that the supplementary services for which supplementary appropriation is being sought are those specified in Schedule 3.

*Clause 4* provides initial supply for 2000-2001 and authorises the Treasurer to pay \$9,430,592,000 from the Consolidated Fund to departments for the financial year starting 1 July 2000 to allow the normal operations of government to continue until the Appropriation Bill to be presented to Parliament in 2000 receives assent.

*Clause 5* provides that the Act is an Annual Appropriation Act for the purposes of the *Financial Administration and Audit Act 1977*. This will facilitate the format of the Bill, which provides for the presentation of departmental outputs, equity adjustment and administered items at an aggregate level rather than detailing their composition which is included separately in the Budget Papers.

*Clause 6* repeals the *Appropriation Act 1996* and the *Appropriation Act (No 2) 1996* which have had their effect.

*Schedule 1* sets out how the total which the Treasurer is authorised to pay from the Consolidated Fund for the year starting on 1 July 1999 is to be distributed amongst individual departments.

*Schedule 2* details the total amount appropriated, or Vote, for each department for application to its departmental outputs, equity adjustment and administered items for the financial year and the amounts for the outputs, adjustment and items. The details are grouped in accordance with the scope of each Estimates Committee.

Accountable officers have discretion to apply the total of funds received from the Treasurer for departmental outputs across their individual outputs as they see fit.

Pursuant to section 24 of the *Financial Administration and Audit Act 1977*, the Treasurer may pay a department's appropriation to it in amounts for the headings departmental outputs, equity adjustment or administered items different to that set out in the Annual Appropriation Act, provided that the Vote is not exceeded under this section. If the Treasurer considers there is a surplus in one or more of the headings of a department for a financial year and a deficiency in another heading or headings of the department, the Treasurer may allocate an amount to one or more of the headings that are deficient from the heading or headings in surplus.

Further, pursuant to section 24A of the Act, where an amount for Treasurer's Advance is included in the Vote for the Treasury Department for purposes that may be delivered by any department, the Treasurer may pay to a department achieving those purposes by delivering a departmental output, equity adjustment or administered item, the amount involved. When this occurs, the Treasury Department's Vote is decreased and the delivering Department's Vote is increased, by the amount involved.

*Schedule 3* specifies the supplementary services for which supplementary appropriation is being sought. Because it refers to the financial year 1998-99, the format of this Schedule needs to conform with the format of the *Appropriation Act 1998* and it is therefore different to Schedules 1 and 2.

## **LEGISLATIVE STANDARDS**

The other matters outlined in section 23 (1) of the *Legislative Standards Act 1992* are not applicable to Appropriation Bills.