

# **Appropriation Bill 2005**

## **Explanatory Notes**

### **General Outline**

#### **Policy Objectives of the Bill**

Section 21(a) 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 ordinary Annual Appropriation Act.

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 Bill provides for:

- Appropriation for 2005-06 to fund the cost of delivering departmental outputs, administered items and equity adjustment in that year and certain outputs, administered items and equity adjustment delivered in the previous year but not previously funded; and
- Supply for 2006-07 to allow the normal operations of government to continue until the Appropriation Bill for 2006-07 receives assent.

## **Notes on Provisions**

Clause 1 provides for the short title of the Act.

Clause 2 provides that for each department, the vote amount mentioned for the department in Schedule 2 is appropriated for the 2005-06 financial year for the department for application to its departmental outputs, equity adjustment and administered items as stated in Schedule 2.

It also provides that part of the vote amount may be applied for some payments necessary in respect of departmental outputs, equity adjustment and administered items delivered in 2004-05 which departments were not paid for by the end of that financial year.

Clause 2(3) provides that the total amount of \$21 306 386 000 includes the amount already authorised by the *Appropriation Act 2004*, section 3, to be paid for the financial year starting 1 July 2005.

Clause 3 provides that the amount of \$11 000 000 000 is authorised to be paid for the 2006-07 financial year for departments for application to their departmental outputs, equity adjustment and administered items until the Appropriation Bill for 2006-07 receives assent.

Clause 4 repeals the *Appropriation Act 2002 (2002 Act No. 27)* and *Appropriation Act (No. 2) 2002 (2002 Act No. 69)*.

Schedule 1 sets out how the amount appropriated from the Consolidated Fund for the year starting on 1 July 2005 is to be distributed between departments, other than the Legislative Assembly and parliamentary service.

Schedule 2 details the total amount appropriated for each department for application to its outputs, equity adjustment and administered items for the financial year.

Accountable Officers may apply the total of funds received from the Treasurer for departmental outputs across the individual outputs of the department.

Under section 24 of the *Financial Administration and Audit Act 1977*, the Treasurer may pay a department's appropriation in amounts different to those set out in the Annual Appropriation Act, provided that the total Vote amount is not exceeded. 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 a department, the Treasurer may allocate an amount to one or more of the headings that are deficient from the heading or headings in surplus.

Section 24A of the Act, provides for an amount called the Treasurer's Advance which is included in the Vote for the Treasury Department but which may be used for purposes that may be delivered by any department. Amounts from the Treasurer's Advance may be paid by the Treasurer to other departments for departmental outputs, equity adjustments or administered items, even though the amount appropriated to other departments under the relevant Annual Appropriation Act for the financial year will be exceeded.

In 1999-2000 an equity return charge was introduced to reflect the cost of capital in the delivery of services. During 2004-05, a decision was taken to discontinue the equity return charge effective from 1 July 2004. This

decision reflects the difficulties in applying the concept in the public sector context. Most other jurisdictions over recent years have adopted similar positions in relation to the application of asset charges. Therefore, equity return is not included in the 2004-05 Estimated Actual for departmental appropriation payments or for the 2005-06 Vote.

The Office of the Information Commissioner separated from the Office of the Ombudsman on 24 February 2005, and is being treated as a department until 30 June 2005. On 1 July 2005 it is anticipated the Office of the Information Commissioner will become a statutory body and therefore appropriation has not been provided in the 2005-06 Vote.

## **Legislative Standards**

### **Consultation**

Appropriate consultation has been undertaken with departments in establishing the appropriations payable to them pursuant to this Bill.