2005

THE LEGISLATIVE ASSEMBLY

FOR THE AUSTRALIAN CAPITAL TERRITORY

APPROPRIATION BILL 2005-2006

EXPLANATORY MEMORANDUM

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TREASURER

APPROPRIATION BILL 2005-2006

The *Appropriation Bill 2005-2006* is the mechanism for the appropriation of moneys for the financial year 2005-2006.

Under Section 58 of the *Australian Capital Territory (Self-Government) Act 1988,* public money may not be issued or spent except as authorised by law. Under Section 6 of the *Financial Management Act 1996*, no payment of public money may be made unless it is in accordance with an appropriation. Section 8 of the *Financial Management Act 1996* provides for separate appropriations to be made under an Appropriation Act in respect of each department. The *Financial Management Act 1996* also provides for appropriation units, being a class of outputs, or a group of output classes, for which an appropriation is made by an Appropriation Act. The Bill satisfies the provisions of each of these Acts.

The Bill provides for appropriations for:

(a) the provision of outputs by departments;
(b) any capital injection to be provided to departments; and
(c) any payments to be made by the department on behalf of the Territory.

Moneys are appropriated to departments and appropriation units within departments, established by the Administrative Arrangements Order effective at 4 November 2004, and guidelines issued under Section 67 of the *Financial Management Act 1996* (FMA). Output classes that make up each appropriation unit are specified in Schedule 2 of the Bill.

The Bill includes provision of $25.7 million for the Treasurer's Advance. This will enable the Treasurer to authorise expenditure in excess of that appropriated, or not provided for by an appropriation, in accordance with Section 18 of the *Financial Management Act 1996*. This section provides for unforeseen expenditures necessary for the efficient administration of the Territory, and limits the Treasurer's Advance to no more than 1% of the total amount appropriated under the Appropriation Act.

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Clause 1 cites the short title of the Act as being the *Appropriation Act 2004-2005* as it relates to the 2005-2006 financial year.

Clause 2 provides that the Act commences on 30 June 2005.

Clause 3 refers to the legislative basis for making appropriations.

Clause 4 deals with definitions for the purposes of the Bill.

Clause 5 deals with interpretation for the purposes of the Bill.

Clause 6 provides for the appropriation of $2,604,792,000 for the net cost of outputs, capital injection, and payments on behalf of the Territory, in the financial year 2005-2006.

Clause 6(1) provides for appropriations to the departments for the corresponding appropriation unit specified in Schedule 1.

Clause 6(2) provides for the appropriation of the Treasurer's Advance.

Clause 7 identifies, in accordance with the *Financial Management Act 1996,* classes of outputs for the purposes of the Bill.

Clause 7(1) identifies classes of outputs as specified in Schedule 2.

Clause 7(2) identifies the classes of outputs, including groups of such output classes, corresponding to the appropriation units specified in Schedule 2.

Clause 8 declares that all capital injection appropriations listed in Schedule 1 are for, or partly for, the net cost of purchasing or developing assets.

Clause 9 gives effect to Section 17 of the *Financial Management Act 1996*, which allows for on-passing increases to Commonwealth specific purpose payments identified in the Budget Papers. This clause applies Section 17 of the *Financial Management Act 1996* to all departments and appropriation units identified in Schedule 1, except those listed in the clause.

Clause 10 gives effect to Section 17A of the *Financial Management Act 1996* which allows for an increase in a specified appropriation to make payment to the Commonwealth for the provision of a service.

Clause 11 declares that appropriations made to the Superannuation Unit are superannuation appropriations for the purposes of the *Territory Superannuation Provision Protection Act 2000*.

Clause 12 omits the word revenue from section 11 (6) of the *Financial Management Act 1996* and replaces it with income. The change is necessitated by the adoption of International Accounting Standards in Australia, on 1 January 2005.

Clause 13 omits the effect of section 17A(4) of the *Financial Management Act 1996* and removes an unnecessary administrative process that necessitated the renewal of the sunset clause every year. The removal of the sunset clause is in recognition of the long-term nature of the payments for which Section 17A was designed to apply.

Schedule 1 details the departments and appropriation units and the amounts that are appropriated for:

(a) the net cost of outputs;
(b) capital injections; and
(c) payments on behalf of the Territory

for each department and appropriation unit in the financial year.

Schedule 2 identifies the classes of outputs making up each appropriation unit and department listed in Schedule 1.