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LEGISLATIVE RESEARCH SERVICE  
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

APPROPRIATION BILL (NO. 1) 1986-87

Date introduced: 19 August 1986  
House: House of Representatives  
Presented by: Hon. Paul J. Keating, M.P.,  
Treasurer

DIGEST OF BILL

**Purpose**

To appropriate \$11 383 852 000 from the Consolidated Revenue Fund (CRF) for the ordinary annual services of the Government during the 1986-87 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 the 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.

The 1986-87 Budget was preceded by much speculation that the deficit would be reduced from the 1985-86 deficit of \$5.7 billion. The speculation was largely the result of government statements and the deterioration of the terms of trade and the value of the dollar during the previous financial year.

#### Outline

The major features of the budget are:

- outlays are estimated to increase by 6.9% over 1985-86 (this represents zero real growth) and outlays as a percentage of GDP will fall from 30.1% in 1985-86 to 29.4%;
- the budget deficit is estimated to be \$3.5 billion for 1986-87 compared with \$5.7 billion in 1985-86 (this represents 1.4% of GDP in 1986-87 compared with 2.5% in 1985-86); and
- receipts for 1986-87 are estimated at \$71 261 million, an increase of \$7069 million or 11% over 1985-86.

The major cuts in expenditure will occur in the social security (estimated cutbacks of over \$500 million) and health (estimated \$300 million cut) areas while the major new revenue raisers will be through an increase in the Medicare levy (from 1% to 1.25%), an increase in petroleum excise (by 3 cents per litre) and an increase and broadening in sales tax.

### Main Provisions

Clause 3 will allow the Minister for Finance to spend \$11 383 852 000 from the CRF in the year ending 30 June 1987 on the items set out in Schedule 3.

Clause 4 will deem the sum of \$19 370 762 000 (the aggregate of the amounts appropriated by this Bill and the Supply Act (No. 1) 1986-87) to have been appropriated from 1 July 1986.

Clause 5 will authorise 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 1986-87 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 will allow the Minister for Finance to pay amounts from the CRF in 1986-87 into the Loan and Consolidation Investment Reserve. This provision has been used in the past to handle surpluses arising from the CRF.

This Bill will be subject to the Loans Act 1986 (clause 9).

Clauses 10 to 20 will amend the Supply Act (No. 1) 1986-87 to substitute a number of new items into the Schedule to that Act.

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

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