

Standing Committee on
Appropriations and
Administration

Budget Estimates 2017–2018

REPORT NO.13

MAY 2017

DEPARTMENT OF THE HOUSE OF REPRESENTATIVES

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MEMBERS OF THE COMMITTEE

The Speaker (ex officio, Chair), Hon Tony Smith MP

Ms Julie Owens MP (Deputy Chair)

Mr Ross Hart MP

Mr Chris Hayes MP

Ms Nola Marino MP

Mr Rob Mitchell MP

Mr Ben Morton MP

Mr Rowan Ramsey MP

Mr Bert van Manen MP

Secretariat

Secretary Mr James Catchpole

Research Ms Kay Saunders

THE COMMITTEE

The Standing Committee on Appropriations and Administration, appointed pursuant to standing order 222A, considers estimates of the funding required for the operation of the Department of the House of Representatives for each year and provides to the Speaker for presentation to the House and transmission to the Minister for Finance, estimates of amounts for inclusion in the appropriation bills for the Department.

The Committee also considers proposals for changes to the administration of the Department of the House of Representatives or variations to services provided by the Department, other matters of finance or services as may be referred to it by the Speaker or the House, the administration and funding of security measures affecting the House, and proposals for works in the parliamentary precincts that are subject to parliamentary approval. The Committee reports on these matters to the Speaker or the House, as appropriate.

When conferring with the Senate Standing Committee on Appropriations, Staffing and Security, the Committee may consider estimates of the funding required for the operation of the Department of Parliamentary Services (DPS) each year, and provide to the Speaker for presentation to the House and transmission to the Minister for Finance, estimates of amounts for inclusion in appropriation bills for the DPS.

The Committee makes an annual report to the House on its operations (standing order 222(a)(vi)).

Introduction

Standing order 222A(a)(ii) requires that the Committee provide to the Speaker for presentation to the House the amounts for inclusion in the appropriation bills for the Department of the House of Representatives.

Proposed Appropriation for 2017–18

1. Departmental Annual Appropriation

The amount to be included for the Department of the House of Representatives in Appropriation (Parliamentary Departments) Bill (No. 1) 2017–2018 is calculated in accordance with current Commonwealth funding policy. Under this policy, the prior year's appropriation amount is adjusted by application of an efficiency dividend (ED) and a parameter adjustment and any applicable Budget measures.

The Committee noted with concern the continuing adverse effect on the Department's operational and capital budgets as a result of an increase to the ED to 2.5% for the 2017-18 year, 2% for 2018-19 and 1.5% for 2019-20 and a return to 1% in 2020-21.

In response to this, the Committee endorsed two funding proposals – additional resources to support the work of committees and funding for additional resources to strengthen the Department's procedural capacity. The Chair of the Committee agreed to write to the Prime Minister outlining these proposals.

In response, the Government provided supplementary funding of **\$12.4m** over four years, commencing in 2017-18. The first element of the additional funding (**\$5.8m over four years**) will strengthen the Department's procedural capacity and provide additional support to meet the increasingly complex procedural advice and services required by Members and their staff. It will support, into the future, the new Procedure Office established recently by the Department to reinforce its procedural capacity. The second element of the additional funding (**\$6.6m over four years**), is to provide further support to parliamentary committees administered by the Department. The number of committees administered by the Department has increased, as has the inquiry workload of committees, and they require additional staffing and administrative support as well as access to specialised expertise in the complex and, at times, technical matters they are examining.

For a number of years, the Department has commented that it has welcomed additional funding but has warned that the forward years would be difficult for the Department. However,

The receipt of additional funding over the full four years of the budget cycle means that the Department will have the level of base funding and the financial sustainability it needs to meet the expected levels of service delivery to parliamentarians and the community¹.

The Committee notes this increase in funding is very welcome, and it will enable the Department to plan and budget with certainty for the forthcoming years.

¹ Department of the House of Representatives *Portfolio Budget Statements 2017-18*, May 2017, p. 11

The Committee commends the Department’s careful financial management over many years. It will continue to closely monitor the Department’s financial position in 2017 and into the future.

The table below illustrates the movement in the Department’s Appropriation since the 2016-17 Portfolio Budget Statements (PBS).

| | (\$'000) | (\$'000) |
|--|----------|-----------------------------|
| Appropriation 2016-17 (as per Supply (Parliamentary Departments) Act (No. 1) 2016-2017 and Appropriation (Parliamentary Departments) Act (No. 1) 2016-2017) | | 25,123 |
| Estimate of Appropriation 2017-18 as reported in 2016-17 PBS Adjustment for prices and wages indices | -87 | 22,521 -87 |
| Expense Measures | | |
| Chamber support | +1,455 | |
| Committee support | +1,650 | +3,105 |
| Other Movements | | |
| Efficiency dividend increase ^(a) | -336 | -336 |
| Return of Superannuation Governance and Administration Reform Savings | -1 | -1 |
| Appropriation 2017-18 (as per Appropriation (Parliamentary Departments) Bill (No. 1) 2017-2018) | | 25,202 |

^(a) Whole of Government savings measures

2. Departmental Capital Appropriation

The annual appropriation includes an amount for capital expenditure of \$0.640m as disclosed in the department’s 2017-18 Portfolio Budget Statements.

3. Accumulated Prior Year Appropriation and Operating Results²

The Department also has access to resources accumulated from prior years. The Department can use these funds to fund liabilities (including provisions for employee expenses) and capital purchases that are not provided for in the departmental capital budget. They can also be used to fund operational losses should the situation arise.

| | 2016–17 (\$'000) | 2017–18 (\$'000) |
|---|---------------------|---------------------|
| Prior year departmental appropriation | 11,801 | 14,473 |
| Estimate of total Comprehensive Income attributable to the Department | 3,113 | Nil |

² Amount relating to the former special account is not included.

4. Special Appropriations (Members' remuneration and entitlements)

Special appropriations for 2017-2018 comprise the following amounts:

| Department of Finance | (\$'000) |
|--|-----------------|
| <i>Parliamentary Entitlements Act 1990</i> | 300 |
| <i>Parliamentary Superannuation Act 2004</i> | 4,601 |
| <i>Commonwealth of Australia Constitution (section 66)</i> | 3,141 |
| Australian Public Service Commission | (\$'000) |
| <i>Remuneration Tribunal Act 1973</i> | 41,114 |

The Department accesses these special appropriations by way of third party payments on behalf of other entities. The amounts are disclosed in the respective entity Resource Statement in the PBS.

In summary:

The **total appropriation** to be approved by the Parliament for the Department of the House of Representatives in the Appropriation (Parliamentary Departments) Bill (No. 1) 2017–2018 will be **\$25.202m** (compared to \$25.123m in 2016-17).

The Department will also draw down on **special appropriations** of **\$49.156m** (compared to an estimate of \$48.695m in 2016-17).

The Committee reports to the House of Representatives accordingly.

Hon. Tony Smith MP
Chair

May 2017