

Standing Committee on
Appropriations and
Administration

Budget Estimates 2016–2017

REPORT NO.11

MAY 2016

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 Russell Broadbent MP

Ms Sharon Claydon MP

Mr Mark Coulton MP

Ms Jill Hall MP

Mr Chris Hayes MP

Mr Ken O'Dowd MP

Ms Nola Marino MP

Secretariat

Secretary Ms Bronwyn Notzon

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 2016–17

1. Departmental Annual Appropriation

The amount to be included for the Department of the House of Representatives in Appropriation (Parliamentary Departments) Bill (No. 1) 2016–2017 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 2016-17 year. In response to this, the Committee considered an alternative funding model for the Department based on the concept of a base line budget and a number of funding proposals.

The Committee endorsed a number of funding proposals – additional resources to support the work of committees, support for parliamentary publications and systems, funding for capacity building and representative activities and funding for departmental operations more generally. The Chair of the Committee agreed to write to the Prime Minister outlining these proposals.

In response, the Government provided additional funding of **\$1.016m for the 2015-16 year** for committee support. A total of **\$4.819m has been allocated for the specific activities** noted above across the budget and forward years. **\$1.212m in funding for departmental operations** has been provided for 2016-17.

The additional funding will sustain the Department in striving to meet its 'business as usual' priorities across the forward estimates as well as ensuring that sufficient resources can be allocated to underpin the commencement of the 45th Parliament.

The Committee notes this increase in funding is very welcome, and will alleviate the immediate pressure on the Department's budget. However:

Current projections for the forward years 2017-18 to 2019-20 will see a return to a decline of appropriation in real terms. Based on expected levels of funding, the Department will need to implement expenditure restraint and consider reductions in services to remain within budget.¹

The Committee commends the Department's careful financial management over many years. It will continue to closely monitor the Department's financial position in 2016 and into the future.

¹ Department of the House of Representatives *Portfolio Budget Statements 2016– 17*, May 2016, p. 7.

The table below illustrates the movement in the Department's Appropriation since the 2015-16 Portfolio Budget Statements (PBS).

	(\$'000)	(\$'000)
Appropriation 2015-16 (as per Appropriation (Parliamentary Departments) Act (No. 1) 2015-2016)		22,134
Estimate of Appropriation 2016-17 as reported in 2015-16 PBS		21,544
Adjustment for Prices & Wages Indices	-0.042	-0.042
<u>Expense Measures</u>		
Committee Support	+0.440	
Parliamentary publications and systems	+0.500	
Capacity building and representational activities	+0.216	
Departmental operations	+1.212	
		+2.368
<u>Other Movements</u>		
Interest equivalency - IPR	+0.051	
Departmental supplementation 2015-16	+1.016	
Standardisation of employer contribution rates ^(a)	+0.196	
Reduction for PSSAP administration costs ^(a)	-0.010	+1.253
Appropriation 2016-17 (as per Appropriation (Parliamentary Departments) Bill (No. 1) 2016-2017)		25,123

^(a) Whole of Government savings measures

2. Departmental Capital Appropriation

The annual appropriation includes an amount for capital expenditure of \$0.642m as disclosed in the department's 2016-17 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.

	2015-16 (\$'000)	2016-17 (\$'000)
Prior year departmental appropriation	12,959	11,485
Estimate of total Comprehensive Income attributable to the Department	Nil	Nil

² Amounts relating to the special accounts are not included.

4. Special Appropriations (Members' remuneration and entitlements)

Special appropriations for 2016-2017 comprise the following amounts:

Department of Finance	(\$'000)
<i>Parliamentary Entitlements Act 1990</i>	300
<i>Parliamentary Superannuation Act 2004</i>	5,034
<i>Commonwealth of Australia Constitution (section 66)</i>	3,086
Australian Public Service Commission	(\$'000)
<i>Remuneration Tribunal Act 1973</i>	40,275

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) 2016–2017 will be **\$25.123m** (compared to \$22.134m in 2015-16).

The Department will also draw down on **special appropriations** of **\$48.695m** (compared to an estimate of \$46.582m in 2015-16).

The Committee reports to the House of Representatives accordingly.

Hon. Tony Smith MP
Chair

May 2016