

*Department of the
Parliamentary Library*



INFORMATION AND RESEARCH SERVICES

Bills Digest

No. 103 2001–02

Appropriation (Parliamentary Departments) Bill
(No. 2) 2001-2002

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 103 2001-02

Appropriation (Parliamentary Departments) Bill (No. 2)
2001-2002

Ian Ireland
Law and Bills Digest Group
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Contents

Purpose	1
Background	1
Main Provisions	3

Appropriation (Parliamentary Departments) Bill (No. 2) 2001-2002

Date Introduced: 14 February 2002

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To authorise the Minister for Finance to issue \$474 000 from the Consolidated Revenue Fund (CRF), in addition to funds appropriated by the *Appropriation (Parliamentary Departments) Act (No. 1) 2001-2002*, for the operation of the Parliamentary Departments during 2001-2002.

Background

The 2001-2002 budgets for the Parliamentary Departments have been prepared using an accrual basis and provide funding for departmental outcomes, administered expenses and capital items.

Since 1982, the appropriations for the Parliamentary Departments have been effected by a separate Bill. This followed the Fraser Government's consideration of the Report of the Senate Select Committee on Parliamentary Appropriations and Staffing which was tabled on 18 August 1981.

Under current arrangements, the executive government maintains control over the contents of the Bill as introduced. In theory however, as the Appropriation (Parliamentary Departments) Bill is not for the ordinary annual services of the government, it may be amended by the Senate.

The *Parliamentary Service Act 1999* provides that the administration of the Parliament is undertaken by five Parliamentary Departments - the Department of the Senate, the Department of the House of Representatives, the Joint House Department, the Department of the Parliamentary Reporting Staff and the Department of the Parliamentary Library.

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

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The Department of the House of Representatives and the Department of the Senate are responsible for providing procedural advice, information and administrative support to Members and Senators respectively. The Joint House Department performs building management and maintenance services, and provides a range of commercial support services and facilities in Parliament House. The Department of the Parliamentary Reporting Staff provides broadcasting, transcription and information technology services to the Parliament, and the Department of the Parliamentary Library is responsible for the provision of information services, research and policy analysis.

The primary source of funds for each of the parliamentary departments is the annual Appropriation (Parliamentary Departments) Bill, supplemented as required by a second bill introduced with the government's supplementary appropriation bills, known as the additional estimates.

The *Appropriation (Parliamentary Departments) Act (No. 1) 2001-2002* appropriated a total of \$164 761 000.00 for all five departments for the 2001-2002 financial year. The Schedule to the Act dealt with the allocation of expenditure for each Department. Appropriations for 2001-2002, with the previous year's figures in brackets, are as follows:

House of Representatives - \$29 111 000 (\$27 598 000)

Senate - \$29 748 000 - (\$29 252 000)

Joint House Department - \$44 927 000 (\$38 581 000)

Parliamentary Reporting Staff - \$44 146 000 (\$42 239 000)

Parliamentary Library - \$16 829 000 (\$16 499 000)

Total - \$164 761 000 (\$154 328 000)

In addition to appropriations from the Consolidated Revenue Fund, certain money receipts may be credited to a Parliamentary department's operating expenses. That is, these receipts are deemed to have been appropriated. Departments are able to credit receipts from, for example, proceeds of the sale of parliamentary and educational materials, and resources received free of charge, such as from the National Library of Australia or the Australian National Audit Office.

The additional appropriations sought by this Bill for the Parliamentary Departments for 2001 - 2002 is:

Department of the Parliamentary Library – \$474 000

The rationale given by the Government in the Second Reading Speech to the Bill for seeking the additional appropriation is that the increase sought "...relates solely to increased depreciation and capital use charge expenses arising from a revaluation of the library collection in the Department of the Parliamentary Library."

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The following explanation is given by the Department of the Parliamentary Library in its *Portfolio Additional Estimates Statement 2001-2002* for the additional appropriation:

“The additional appropriation of \$0.474m in 2001-2002 is for Output 2. This amount includes;

- \$0.260m supplementation for depreciation expenses resulting from revaluation of Library Collection undertaken at 30 June 2001: and
- \$0.214m increase in the capital use charge following changes to the net assets resulting from the revaluation undertaken at 30 June 2001 and a reduction in the capital use charge rate from 12% to 11%.”

<http://www.aph.gov.au/library/pubs/corp/pbs/paes.pdf>

Accrual budgeting allows for the incorporation of all assets, liabilities, expenses and revenues, including cash receipts and expenditures. Under accrual budgeting, agencies are funded for the full cost of their functions, including non-cash costs such as depreciation or employee entitlements. Thus the amount an agency is appropriated under accrual budgeting in any one year may exceed its cash costs. Any unspent amount is accumulated for use in future years when required – for example accumulated depreciation to replace assets and equipment.

Each agency is required to revalue its assets every three years so that it has a true picture of their worth. On 30 June 2001 the Department of the Parliamentary Library revalued its library collection and found that the collection had increased in value over the preceding three years. Depreciation on the collection at its new value over its remaining life will now be at a higher rate. In other words, because it will cost more to replace the collection at its increased value, more must be set aside for depreciation. The amount sought in the additional estimates for this purpose is \$260 000.

The Department of Finance and Administration levies a charge on each agency for its use of Commonwealth assets. The charge was levied at a rate of 12 per cent of the value of an agency’s assets. This rate was reduced to 11 per cent of the value of an agency’s assets. An increase in the value for the Library’s collection has resulted in a higher capital use charge. It is for this reason that the Department of the Parliamentary Library is seeking additional funding of \$214 000.

Main Provisions

Clause 4 provides that Portfolio Budget Statements are to be considered as relevant extrinsic material which may assist in the interpretation of the Appropriation (Parliamentary Departments) legislation. Portfolio Budget Statements are statements prepared by portfolios (or by departments in the case of Parliamentary Departments) to

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explain the Budget appropriations in terms of outcomes. Their purpose is to assist in explaining the proposed appropriations in the Appropriation Bills.

Clause 6 lists the total amount appropriated by the Bill - that is \$474 000.

Clause 7 provides that for Departmental items, the Finance Minister may issue from the Consolidated Revenue Fund amounts that do not exceed that listed in the Schedule to the Bill and that such funds must be used for the departmental expenses of the relevant Parliamentary Department. Departmental expenses are used to purchase programs and services provided by the Parliamentary Department as indicated in the Portfolio Budget Statement. **Subclause 7(3)** provides that where the amount is for remuneration or allowances payable under the *Remuneration Tribunal Act 1973* or the *Remuneration and Allowances Act 1990*, the Minister for Finance must issue the amount.

For administered expenses, **clause 8** provides that the Finance Minister may issue the lesser of two amounts; either the amount specified in the item or the amount the Minister determines to be the administered expenses incurred by the Parliamentary Department during the current year. Administered expenses are funds administered by the Parliamentary Department on behalf of the Commonwealth for its purposes. An example is the Citizenship Visits Program funded jointly by the Department of the House of Representatives and the Department of the Senate and managed by the Department of the House of Representatives.

Under section 31 of the *Financial Management and Accountability Act 1997* departments have access to certain monies received in payment for services. Services provided by Parliamentary Departments which may attract credit receipts include contributions from participants towards the cost of conferences and seminars conducted by the Departments, asset sales, monies for accrued leave entitlements of transferred employees and interest earned on fixed term deposits with the Reserve Bank of Australia. It should be noted that resources received free of charge are not covered by section 31 receipts but are part of the price of outputs. The Department's operating expenses are reduced by the expected earnings (**clause 11**).

The responsible Presiding Officer/s will be able to increase the amount allocated to an item to a total maximum of \$200 000 for both the House of Representatives and the Senate (for these Departments this power is exercisable by the Speaker for the House of Representatives and by the President for the Senate) and to a total maximum of \$200 000 for all the remaining Departments combined (exercisable jointly by the Speaker and President) (**clause 12**).

Clause 13 is similar to clause 12 but deals with increases in items due to unforeseen and urgent circumstances. The maximum increase under **clause 13** is a total of \$300 000 for the Senate, \$300 000 for the House of Representatives, and a total of \$1 million for the other Departments combined.

Clause 16 will appropriate formally from the Consolidated Revenue Fund the funds for the Bill.

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