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Appropriation (Parliamentary Departments) Bill (No. 2) 2003–2004

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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. 95 2003–04

Appropriation (Parliamentary Departments) Bill (No. 2)
2003-2004

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1 March 2004

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Appropriation (Parliamentary Departments) Bill (No. 2) 2003-2004

Date Introduced: 11 February 2004

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To appropriate an additional \$341 000 for the operation of the parliamentary departments during 2003-2004.

Background

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 Appropriations (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 at least two parliamentary departments. Only the Departments of the Senate and the House of Representatives are created by force of law. Other Departments may be established by resolutions passed by each House.¹ In August 2003 the Senate and the House of Representatives both resolved that there would be a Department of Parliamentary Services to support the work of the Parliament,² and that it would be established by amalgamating the Joint House Department with the Departments of the Parliamentary Reporting Service and the Parliamentary Library. The new Department of Parliamentary Services commenced on 1 February 2004. The President is the Presiding Officer responsible for the Department of the Senate, the Speaker for the Department of the House of Representatives, and the President and the Speaker together for the Department of Parliamentary Services.

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The 2003-2004 budgets for the parliamentary departments have been prepared on an accrual basis and provide funding for departmental expenses, administered expenses and capital items. 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. The *Appropriation (Parliamentary Departments) Act (No. 1) 2003-2004* appropriated a total of \$167 279 000 for the parliamentary departments for the 2003-2004 financial year. In addition to appropriations from the Consolidated Revenue Fund, revenue from other sources may be credited to a parliamentary department. These revenues are deemed to have been appropriated. Departments are able to credit revenues from, for example, proceeds from 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.

Comcover

According to the second reading speech, this Bill seeks additional funds principally to meet increases in Comcover insurance premiums for 2003-2004.³ Comcover is a managed fund that insures more than 180 Commonwealth departments and agencies. It was set up on 1 July 1998 and replaced the Commonwealth's previous policy of non-insurance.⁴ Members of Comcover pay an annual premium that takes into account the member's current level of risk and past claims record. Comcover is managed by a branch within the Department of Finance and Administration. Its operational tasks, including risk management advice, underwriting, claims management, actuarial service, and reinsurance are outsourced to the private sector and are currently handled by Marsh Pty Ltd.⁵

Main Provisions

Clause 4 provides that Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES) are to be considered as relevant extrinsic material which may assist in the interpretation of the Appropriation (Parliamentary Departments) legislation. PBS and PAES are statements prepared by portfolios (or by departments in the case of parliamentary departments) to explain the Budget appropriations in terms of outcomes. Their purpose is to assist in explaining the proposed appropriations in the Appropriation Bills. No PAES has been prepared by the parliamentary departments to support this Bill. Speaking to the Senate Estimates Committee on 16 February 2004, the President of the Senate, Senator the Hon Paul Calvert, said:

I would like to point out to the committee that, last year, the government agreed to fully supplement agencies for increases in Comcover insurance premiums for 2003-04. In the case of the Senate the supplementation for 2003-04 is \$23,602, which is less than 0.1 per cent of the department's appropriation. Ordinarily, significant

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changes to an agency's appropriation require the preparation of portfolio additional estimate statements, especially where a budget measure is involved. The Department of Finance and Administration advised the department [of the Senate] that preparation of the portfolio additional estimate statements would not be necessary, given the small amount involved and the fact that this change did not stem from a budgetary measure.⁶

Similar advice from the Department of Finance and Administration was received by the Department of the House of Representatives and the Department of Parliamentary Services.⁷

Clause 6 lists the total amount appropriated by the Bill, that is, \$341 000.

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 incurred by parliamentary departments in providing the programs and services indicated in the Portfolio Budget Statements. **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 Finance Minister must issue that 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.

This Bill contains two clauses (**clauses 11 and 12**) that did not appear in earlier Appropriation Bills for the parliamentary departments. In the second reading speech on Appropriation Bill (No. 3) 2003-04, the Parliamentary Secretary to the Minister for Finance and Administration, Hon Peter Slipper said of the new provisions:

Two new clauses have been added to the three additional estimates bills. The new clauses will provide a mechanism for the finance minister, on request from a portfolio minister, to lapse amounts of departmental expense appropriations which are not required. Such amounts may not be required because of an accounting reclassification, efficiency gains resulting in reduced spending or changes in the structure of government.

The first clause provides the lapsing mechanism in respect of the three bills. The second clause provides the same mechanism in respect of the annual appropriation acts agreed to since the 1999 budget.⁸

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Clause 11 provides that the responsible Presiding Officer may request the Finance Minister to make a written determination reducing the appropriation for an item in the budget of a parliamentary department by an amount specified in the determination. The amount of reduction is to be no greater than the amount requested, or, where payments have already been made from the Consolidated Revenue Fund, the difference between the amount appropriated to an item and the amount already paid (**proposed paragraph 11(4)(b)**.) Reductions can only be made at the request of the responsible Presiding Officer (**proposed subsections 11(1) and 11(3)**). **Proposed subsection 11(8)** provides that a determination made under this section may be disallowed by either House of Parliament in accordance with the provisions of section 46A of the *Acts Interpretation Act 1901*.

A similar mechanism to reduce the appropriations from previous years, back to 1999, is provided by **clause 12**. This clause provides that the Finance Minister, on receipt of a written request from the responsible Presiding Officer, may make a written determination reducing amounts allocated by the Acts set out in the table in **proposed subsection 12(1)**. All the Acts listed in the table are Appropriation Acts of earlier years, back to 1999-2000.

Under section 31 of the *Financial Management and Accountability Act 1997*, departments have access to certain monies received in payment for services (**clause 13**). Services provided by parliamentary departments which may attract receipts include contributions from participants towards the cost of conferences and seminars conducted by 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. Revenues from other sources are applied to the department's operating expenses.

The responsible Presiding Officer will be able to increase the amount allocated to an item by a maximum of \$200 000 for each of the three parliamentary departments (**clause 14**). The responsible Presiding Officer must give Parliament details of amounts determined under **proposed section 14**.

Clause 15 is similar to clause 14 but deals with increases due to unforeseen and urgent circumstances. The maximum increase under **proposed section 15** is \$300 000 for each of the chamber departments, and \$1 million for the Department of Parliamentary Services. **Proposed subsection 15(6)** requires the responsible Presiding Officer to give Parliament details of amounts determined under this section.

Clause 18 will appropriate the funds for services specified in **Schedule 1** from the Consolidated Revenue Fund.

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Concluding Comments

The House of Representatives and the Senate, when resolving to create the Department of Parliamentary Services through the amalgamation of the Joint House Department with the Departments of the Parliamentary Reporting Service and the Parliamentary Library, also resolved:

That any savings achieved by the amalgamation may be used to offset increases in costs of security measures approved by the Presiding Officers for Parliament House, but if those increases in costs exceed those savings, the appropriations for the Parliamentary departments are to be supplemented for the excess.

This resolution of the two Houses may be relevant in the context of **clauses 11 and 12**, but will not take effect until future financial years.

Endnotes

- 1 *Parliamentary Service Act 1999*, section 54.
- 2 The House of Representatives agreed to the resolution on 14 August 2003 and the Senate on 18 August 2003.
- 3 Hon Peter Slipper, Parliamentary Secretary to the Minister for Finance and Administration, ‘Second Reading Speech’, House of Representatives, *Debates*, 11 February, 2004, p. 24256.
- 4 Hon John Fahey, Minister for Finance and Administration, ‘Responsible risk management for the Commonwealth Government’, *Media Release*, 60/98. See also Comcover’s website at: www.finance.gov.au/comcover/about_comcover.html
- 5 Senator the Hon Eric Abetz, Special Minister of State, ‘Marsh wins Comcover outsource tender’, *Media Release*, 7 August 2001.
- 6 Senator the Hon Paul Calvert, ‘Parliament: Department of the Senate’, Senate Estimates Committee, *Hansard*, 16 February 2004, p. 2.
- 7 Personal communications 24 February 2004. The additional funding will be referred to in the parliamentary departments’ 2004-2005 Portfolio Budget Statements.
- 8 Slipper, Hon Peter, Parliamentary Secretary to the Minister for Finance and Administration, ‘Second Reading Speech’, Appropriation Bill (No. 3) 2003-2004, House of Representatives, *Debates*, 11 February 2004, p. 242555.

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