



Appropriation (Parliamentary Departments) Bill (No. 1) 2005-2006

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Law and Bills Digest Section

Contents

| | |
|---------------------------|---|
| Purpose. | 2 |
| Background. | 2 |
| Main Provisions | 3 |
| Endnotes. | 5 |

Appropriation (Parliamentary Departments) Bill (No. 1) 2005-2006

Date Introduced: 10 May 2005

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To appropriate \$167.413 million for the recurrent and capital expenditure of the three parliamentary departments for the 2005-2006 financial year.

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 Appropriation (Parliamentary Departments) Bill is not for the ordinary annual services of the Government, it may be amended by the Senate.

The *Parliamentary Services 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 (the chamber departments) are created by force of law. Other departments may be established or abolished by resolutions passed by each House¹. 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 Staff and the Parliamentary Library. The amalgamation was recommended by the 2002 *Review by the Parliamentary Service Commissioner of aspects of the administration of the Parliament*, more popularly known as the Podger Report.³

The new Department of Parliamentary Services commenced on 1 February 2004. The President of the Senate and the Speaker of the House of Representatives are joint Presiding Officers responsible of the Department.

One of the major reasons in the Podger report for amalgamating the three departments was cost savings.⁴ The report suggested that these savings might:

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imply significant resources could be redirected...to core parliamentary business, eg to improve the quality of services to Senators and Members.⁵

In 2005-2006 the required savings from the amalgamation of the former joint parliamentary departments is \$6.26 million.⁶

A significant part of these savings appear to have been redirected to meet increased Parliamentary security costs. In the 2003-04 budget, \$6 million was provided to the chamber departments for increased security in Parliament House. The Government also decided that the parliamentary departments were to fund offsetting savings to pay for this additional expenditure, and as a result, the next year's budgets for each of the parliamentary departments was reduced by a share of the total savings required. On 1 July 2004 the funding for the security function was transferred from the chamber departments to the Department of Parliamentary Services.⁷

In 2004-05 the Government provided additional capital funding of \$11.7 million for the construction of a security barrier around the perimeter of Parliament Drive and for other associated security measures.⁸ This year, 2005-06, the Government is providing capital funding of \$0.476 million to upgrade the audio-visual facilities and provide acoustic support in the Cabinet Room and the two Party rooms used by the Government and the Opposition in the House of Representatives wing of Parliament House. According to the Budget papers, this additional capital funding is to ensure that the rooms have the same level of facility as committee meeting rooms in Parliament House.⁹

In this Budget, the rate of the efficiency dividend has increased from 1 per cent to 1.25 per cent. The efficiency dividend is a mechanism through which the Government achieves a share of productivity gains through the more efficient delivery of services by departments.¹⁰ The increase in the efficiency dividend reduces the appropriation to the parliamentary departments. It is cumulative in its application and will therefore have an increasing effect in future years.

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 the 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.

Clause 6 lists the total amount appropriated by the Bill – that is \$167.413 million. This is approximately \$11 million less than was contained in the *Appropriation (Parliamentary Departments) Act (No. 1) 2004-05*. The appropriations for the chamber departments have decreased by around \$10 million each, with the Department of Parliamentary Services

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receiving an increase of over \$8 million. These changes are largely the result of the transfer of the security function from the chamber departments to the Department of Parliamentary Services and the required savings from the amalgamation of the three parliamentary support departments.

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 Minister for Finance 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 House of Representatives.

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 subclauses 11(1)** and **11(3)**). **Proposed subclause 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 42 of the *Legislative Instruments Act 2003*. However, the sunset provisions contained in Part 6 of the *Legislative Instruments Act* do not apply to such a determination.

Under section 31 of the *Financial Management and Accountability Act 1997*, departments have access to certain monies received in payment for services (**clause 12**). Services provided by parliamentary departments that may attract 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.

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Under **clause 13**, the responsible Presiding Officer/s will be able to increase the amount allocated to a departmental item to a maximum of \$200 000 for each of the three Departments.

Clause 14 is similar to **clause 13** but deals with increases in items due to unforeseen and urgent circumstances. The maximum increase under **clause 14** is a total of \$300 000 each for the chamber departments, and a total of \$1 million for the Department of Parliamentary Services.

Clause 17 will appropriate the funds for services specified in **Schedule 1** from the Consolidated Revenue Fund.

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 Podger, Andrew, *Review by the Parliamentary Service Commissioner of aspects of the administration of the Parliament: final report*, Canberra, 2002, recommendation 5, p. 8.
- ⁴ *ibid.*, see particularly pp. 40 and 45–46.
- ⁵ *ibid.*, p. 46.
- ⁶ Department of Parliamentary Services, *Portfolio Budget Statement 2005-06*, p. 34.
- ⁷ *Financial Management and Accountability Act 1997*, section 32.
- ⁸ Department of Parliamentary Services, *Portfolio Budget Statement 2005-06*, p. 35.
- ⁹ Budget Measures 2005-06, *Budget Paper No. 2*, p. at: <http://www.aph.gov.au/Budget/2005-06/bp2/html/capital-06.htm>
- ¹⁰ House of Representatives, *Portfolio Budget Statements 2005-06*, p. 20.

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