



Appropriation (Parliamentary Departments) Bill (No. 1) 2007-2008

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Law and Bills Digest Section

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Appropriation (Parliamentary Departments) Bill (No. 1) 2007-2008

Date introduced: 9 May 2007

House: House of Representatives

Portfolio: Finance and Administration

Commencement: On Royal Assent.

Purpose

To appropriate \$170.730 million out of the Consolidated Revenue Fund for expenditure in relation to the Parliamentary Departments.

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 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, 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.²

The new Department of Parliamentary Services commenced on 1 February 2004.³ The President of the Senate and the Speaker of the House of Representatives are joint Presiding Officers responsible for the Department.

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Main provisions

Proposed section 4 provides that the Portfolio Budget Statements (PBS) may be used to interpret provisions of the Bill where necessary under section 15AB of the *Acts Interpretation Act 1901*.⁴

Proposed section 6 states that the total appropriation for the Parliamentary Departments is \$170.730 million. **Schedule 1** to the Bill details the appropriations for each Parliamentary Department.

Proposed section 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 PBS.

For administered expenses, **proposed section 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. They include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of goods and services by third parties.

Proposed section 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 42 of the *Legislative Instruments Act 2003*.

Under section 31 of the *Financial Management and Accountability Act 1997*, departments have access to certain monies received in payment for services. These payments are facilitated via an agreement between the relevant department and the Minister for Finance and Administration – known as a Net Appropriation Agreements or Section 31 Agreements. **Proposed section 12** provides that any increases in section 31 payments must be made according to the conditions set out in the Net Appropriation Agreement, and that the increase cannot be more than the relevant receipts covered by the agreement.

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The types of 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.

Proposed section 13 deals with increases in items due to unforeseen and urgent circumstances, which are not provided for in the Schedule 1 appropriations. The maximum increase under **proposed section 13** is a total of \$300,000 each for the chamber departments, and a total of \$1 million for the Department of Parliamentary Services. These amounts are the same as those contained in the equivalent 2006-2007 Appropriation Act.

Proposed section 16 facilitates the appropriation of funds from the Consolidated Revenue Fund for services specified in **Schedule 1**.

Schedule 1 specifies the services for which money is appropriated, as follows:

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| Department of the Senate | \$20.220 million |
| Department of the House of Representatives | \$23.025 million |
| Department of Parliamentary Services | \$127.485 million |

Each Department's PBS spells out in more detail the outcomes and outputs the money is being spent on. The House of Representatives PBS states:

2007-08 will see reduced activities relating directly to the work of the Chamber and committees (with fewer sitting days of the House and fewer committee meetings and reports likely due to the holding of a general election). The budgeted zero operating surplus for 2007-08 reflects that the Department will need to meet the demands of the changeover in Parliaments and that it uses this time in the parliamentary cycle to undertake reviews and planning of its services.⁵

The Senate PBS states that the 2007-2008 represents no significant change on the departmental appropriation for 2006-2007.⁶

The PBS for the Department of Parliamentary Services states:

DPS PBS: DPS was able to manage within the allocated budget for 2005-06 and is expecting a surplus of \$4m for 2006-07. If the effect of the lower anticipated depreciation expense to the original budget is removed, the 2006-07 expected result on the controllable costs would be a deficit of \$1m. This figure includes payments for redundancies of \$2.1m.

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*DPS's capacity to manage within the allocated budget for 2007-08 and forward years depends on the savings generated from the continuous improvement reviews and the capacity of other areas within DPS to continue to supplement the security budget. There will be yearly increases in contract costs based on CPI for electricity, gas, cleaning and painting, and general, possibly substantial, increases in charges for water. [emphasis added]*⁷

Concluding Comments

The Bill appropriates approximately \$900,000 *less* than the equivalent 2006-2007 Appropriation Act.

In terms of content of the Bill, there is no longer the provision, as there was in the equivalent 2006-2007 Appropriation Act, for the responsible Presiding Officer/s to be able to increase the amount allocated to a departmental item by a maximum of \$200,000 for each of the three Departments.⁸ However there remains the ability for additional funding over and above the scheduled appropriation in 'unforeseen and urgent circumstances' under proposed section 13.

Endnotes

1. *Parliamentary Services Act 1999*, s. 54.
2. Podger, Andrew, *Review by the Parliamentary Service Commissioner of aspects of the administration of the Parliament: final report*, Canberra, 2002, http://www.aph.gov.au/publications/final_report.pdf.
3. The issue of savings coming from the amalgamation was discussed in Senate Budget Estimates (Finance and Public Administration Legislation Committee) on 22 May 2006 (pp 29–30) and 24 May 2006 (pp. 10–12).
4. The PBS are available at:
House of Representatives:
http://www.aph.gov.au/house/dept/pbs2007/DHR_2007-08_PBS.pdf;
Senate:
<http://www.aph.gov.au/Senate/dept/pbs2007-08/pbs0708.pdf>;
Department of Parliamentary Services:
<http://www.aph.gov.au/dps/publications/pbs2007-08.pdf>.
5. Department of the House of Representatives, *Portfolio Budget Statements 2007-08*, p. 3.
6. Department of the Senate, *Portfolio Budget Statements 2007-08*, p. 11.
7. Department of Parliamentary Services, *Portfolio Budget Statements 2007-08*, p. 34.

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8. *Appropriation (Parliamentary Departments) Act (No. 1) 2006-2007*, section 13. The Minister's second speech for the Bill notes this provision has never been used and is considered redundant.

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