Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009

Angus Martyn
Law and Bills Digest Section

Contents

Purpose ........................................................................................................... 2

Background ................................................................................................... 2

Financial implications ..................................................................................... 3

Key issues ....................................................................................................... 3

Main provisions ............................................................................................ 4
Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009

Date introduced: 13 May 2008
House: House of Representatives
Portfolio: Finance and Deregulation
Commencement: On Royal Assent.

Links: The relevant links to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at http://www.aph.gov.au/bills/. When Bills have been passed they can be found at ComLaw, which is at http://www.comlaw.gov.au/.

Purpose

To appropriate $170.956 million out of the Consolidated Revenue Fund for expenditure in relation to the Parliamentary Departments.

Background

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 The current third Parliamentary Department, the Department of Parliamentary Services, commenced operations in February 2004, following the amalgamation of the (then) Joint House Department with the Departments of the Parliamentary Reporting Staff and the Parliamentary Library.

Note that as the Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009 is not for the ordinary annual services of the Government, it may be amended by the Senate.²

2. Section 53 of the Commonwealth Constitution states in part: ‘The Senate may not amend proposed laws imposing taxation, or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government’

Warning:
This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.
This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.
Financial implications

The Bill appropriates $170.956 million for the 2008-09 financial year. This compares to $169.807 million for 2007-08.\footnote{The actual amount appropriated by the \textit{Appropriation (Parliamentary Departments) Act (No. 1) 2007-08} was 170.730 million. However, the $169.807 million figure is the ‘actual available appropriation’ for 2007-08 quoted in schedule 1 of the Bill, and thus a more accurate figure for comparison.}

Key issues

The Parliamentary Departments are facing budgetary pressures in terms of maintaining existing levels of services. For example, the Department of Parliamentary Services Budget paper notes:\footnote{Australian Government, Portfolio Budget Statements 2008-09: \textit{Budget related paper No. 1.18C}, Department of Parliamentary Services, Commonwealth Australia, Canberra, 2008, p. 13, \url{http://www.aph.gov.au/dps/publications/2008-09_DPS_PBS.pdf}, accessed 20 May 2008.}

The main financial challenge for DPS in the year ahead is to manage the reduction in the appropriation from the additional 2% efficiency dividend while trying to maintain services. Although the cut is referred to as a “one-off”, the effect of the 2008-09 cut will continue to be felt in subsequent years, because the future years’ appropriations are effected by the reduction to the 2008-09 base funding.

The application of the additional 2% efficiency dividend has reduced the DPS 2008-09 departmental appropriation by $2.373m. The efficiency dividend is not applied to DPS’s administered funds.

As part of the strategy to manage the reduction in appropriation, DPS is actively looking at the budget allocations between the major resource groups and is reviewing the maintenance plans and replacement cycles of our assets. \textbf{DPS may have to consider cuts in services but will put any such proposals to the Presiding Officers [emphasis added].}


The decrease in revenue for 2008-09, when compared to 2007-08, reflects the decision by government to apply a one-off 2% increase to the efficiency dividend. Departmental funding is not expected to return to 2007-08 levels before 2010-11.

\footnotesize

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

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.
The combination of reduced income and pressure on expenses is expected to result in a very tight budgetary situation for the Department from next financial year onwards. **While the Department will endeavour to maintain its levels of service to the Chamber, committees and Members, the budgetary pressure may mean the Department has to reassess service levels.**

Table 1: comparison of proposed 2008-09 appropriations and actual available appropriations for 2007-08.

<table>
<thead>
<tr>
<th>Department</th>
<th>2008-09</th>
<th>2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of the Senate</td>
<td>$20.254 million</td>
<td>$19.727 million</td>
</tr>
<tr>
<td>Department of the House of Representatives</td>
<td>$21.935 million</td>
<td>$23.132 million</td>
</tr>
<tr>
<td>Department of Parliamentary Services</td>
<td>$128.767 million</td>
<td>$126.948 million</td>
</tr>
<tr>
<td>Total of Parliament Departments</td>
<td>$170.956 million</td>
<td>$169.807 million</td>
</tr>
</tbody>
</table>

Source: Schedule 1, Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009

**Main provisions**

**Clause 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.

**Clause 6** states that the total appropriation for the Parliamentary Departments is $170.956 million, a figure virtually unchanged from 2007-08. **Schedule 1** to the Bill details the appropriations for each Parliamentary Department, a summary of which is reproduced in Table 1 in this Digest.

**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. **Subclause 11(6)** provides that any such determination by the Finance Minister may be disallowed by either House of Parliament in accordance with the provisions of section 42 of the Legislative Instruments Act 2003.

**Warning:**

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

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.
Clause 12 allows for the reduction the appropriation for administered items. Under this provision, if the relevant Parliamentary Departmental annual report specifies that the amount required for the item is less than that originally anticipated, the appropriation is taken to have been reduced to the lesser amount. The Explanatory Memorandum to the Bill comments:

Clause 12 is a new clause in the annual appropriation bills. Section 8 of the previous Appropriation Act appropriated amounts for administered items and provided for those amounts to be reduced in accordance with a determination of the Finance Minister (see paragraph 22 above). Determinations under section 8 limited the amount of annual appropriation available, but did not reduce the amount of the appropriations.

Clause 12 establishes a more efficient process to permanently reduce administered items. It does this by limiting the amount that may be applied for an administered item to the amount reported for that item in a Parliamentary Department’s annual report. Subclause 12(1) provides that if the amount published in the annual report is less than the amount of the item, then the administered item is taken to be reduced to the amount specified in the annual report. The amount of the item specified in Schedule 1 of the Bill may be increased or reduced by the other clauses of Part 3 of the Bill or in accordance with sections 30 to 32 of the Financial Management and Accountability Act 1997. The amount in the annual report must therefore be compared with the amount for the item in Schedule 1 together with any adjustments that have been made to that amount.

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 Finance Minister – known as a Net Appropriation Agreements or Section 31 Agreements. Clause 13 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.

Clause 14 deals with increases (‘advances’) to appropriations due to unforeseen and urgent circumstances. These advances are made via determinations by the responsible Presiding Officer. The maximum advance 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. These amounts are the same as those contained in the equivalent 2007-2008 Appropriation Act. Determinations under clause 14 are legislative instruments, but not subject to disallowance: subclause 14(6).

Clause 18 appropriates funds from the Consolidated Revenue Fund for services specified in Schedule 1.


Warning:
This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.
This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.