



Appropriation (Parliamentary Departments) Bill (No. 1) 2011–2012

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Appropriation (Parliamentary Departments) Bill (No. 1) 2011–2012

Date introduced: 10 May 2011

House: House of Representatives

Portfolio: Finance and Deregulation

Commencement: The day of Royal Assent

Links: The links to [the Bill, its Explanatory Memorandum and second reading speech](#) can be found on the Bill's home page, or through <http://www.aph.gov.au/bills/>. When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the ComLaw website at <http://www.comlaw.gov.au/>.

Purpose

To appropriate \$180.166 million out of the Consolidated Revenue Fund for expenditure in relation to the three parliamentary departments.¹

Financial implications

The Bill appropriates \$180.166 million for the 2011–12 financial year. This compares to \$222.098 million for 2010–11.²

Main issues

The 2011-12 Budget provides \$5.1 million over five years for additional support for the Parliament.³ The two chamber departments will receive a slight increase in their appropriations for the 2011–2012 financial year as a result of new budget measures. The 2011-12 appropriation for DPS is \$43.827 million less than that of the previous financial year.

In addition, the 2011-12 Budget provides \$24.9 million (to be separately appropriated) to establish a Parliamentary Budget Office.⁴

1. See **clause 6** of the Bill.

2. See **Schedule 1** of the Bill.

3. Australian Government, *Budget measures: budget paper no. 2: 2011–12*, Commonwealth of Australia, Canberra, 2011, p. 282, viewed 20 May 2011, <http://www.aph.gov.au/budget/2011-12/content/download/bp2.pdf>

4. *Ibid.*, p 283

Table 1: comparison of proposed 2011-2012 appropriations with actual available appropriations for 2010-2011

	2010–2011 \$m	2011–2012 \$m
Department of the Senate	20.540	21.569
Department of the House of Representatives	22.387	23.253
Department of Parliamentary Services	179.171	135.344
Total: Parliamentary Departments	222.098	180.166

Source: information extracted from **Schedule 1** of the Bill.

Chamber departments

The 2011-12 Budget provides an additional:

- \$2.1 million over four years to the Department of the House of Representatives to support the Joint Committee on the National Broadband Network, plus a further \$1 million over two years for costs associated with additional scheduled sitting hours in the Chamber and in the Main Committee
- \$1.4 million over four years to the Department of the Senate to support the Joint Select Committee on Gambling Reform.⁵

Department of Parliamentary Services

The 2011-12 Budget provides an additional \$0.7 million over two years for the Department of Parliamentary Services for additional staffing, Hansard, Broadcasting and security costs associated with additional scheduled sitting hours in the House of Representatives and the Main Committee.⁶

⁵ Ibid., p. 282

⁶ Budget paper no. 2, 2011-12, op. cit., p. 282.

The *total* DPS appropriation in the 2011–2012 Budget has reduced from the 2010–11 financial year, (\$135.34 million compared with \$179.17 million), but represents an increase over its 2009–10 appropriation (\$102.774 million). The variation is in part explained by the provision in the 2010–11 Budget of additional funding (\$18.330 million) to upgrade physical security at Parliament House.⁷ Funding for the Parliamentary Library will decrease slightly from \$25 665 million (2010–2011) to \$25 443 (2011–2012).⁸

The 2010–11 Budget also provided additional funding of \$500 000 in 2010–11 and in 2013–14 to “enhance the capacity of the Parliamentary Library to assist non-Government parties in developing policies in the lead up to the federal elections.”⁹ This was a Government initiative stemming from the Operation Sunlight reforms. To implement this measure the Library established a Pre-Election Policy Unit on 17 June 2010.

However, arising from the *Agreement for a Better Parliament*, the Government has committed some \$6 million per annum to establish a Parliamentary Budget Office, headed by a statutory officer, to provide Parliament with independent advice and policy analysis. Accordingly, the Government will redirect the \$0.5 million in 2013–14, provided to the Parliamentary Library to the PBO to allow it to perform a similar function.¹⁰

Funding Pressures

Although the three Departments have received some financial supplementation to help service increased chamber and committee activity in the 43rd Parliament, operational budgets remain tight. The increase in the efficiency dividend rate to 1.5 per cent set by the Government for 2011/12 and

7 M A Neilson, *Appropriation (Parliamentary Departments) Bill (No. 1) 2010–2011*, Bills Digest, no. 146, 2009–10, pp. 3–4, <http://www.aph.gov.au/library/pubs/bd/2009-10/10bd146.pdf>

8 Australian Government, *Portfolio budget statements 2011–12: budget related paper no. 1.19C*, Department of Parliamentary Services, Commonwealth of Australia, Canberra, 2011, p. 16, viewed 16 May 2011, http://www.aph.gov.au/DPS/publications/2011-12_DPS_PBS.pdf

9 Australian Government, *Budget measures: budget paper no. 2: 2010–11*, Commonwealth of Australia, Canberra, 2010, p. 282, viewed 20 May 2011. http://cache.treasury.gov.au/budget/2010-11/content/bp2/download/bp2_v2.pdf

10 Australian Government, ‘Part 2-Expense measures: Parliament’, in *Budget measures: budget paper no. 2: 2011–2012*, Commonwealth of Australia, Canberra, 2011, viewed 17 May 2011, <http://www.budget.gov.au/2011-12/content/bp2/html/index.htm>

Further information about the PBO is available from Wayne Swan, MP and Senator the Hon. Penny Wong’s joint press release: W Swan, MP and Senator the Hon. Penny Wong, *Establishment of a Parliamentary Budget Office*, joint media release, 10 May 2011. See also Joint Select Committee on the Parliamentary Budget Office, *Inquiry into the proposed Parliamentary Budget Office*, Commonwealth of Australia, March 2011, Canberra, Recommendation 28, viewed 19 May 2011, <http://www.aph.gov.au/house/committee/jscpbo/report.htm>. See also See, B Holmes and C Madden, ‘Budget 2011–2012: parliamentary issues’, *Budget review 2011–2012*, Parliamentary Library, May 2011, viewed 19 May 2011, <http://www.aph.gov.au/library/pubs/RP/BudgetReview2011-12/Parliamentary.htm>

2012/13 will increase the parliamentary departments' difficulties in delivering the expected level of service within budget.¹¹

The Department of the House of Representatives' Portfolio Budget Statements states:

The Department's activity levels reflect the parliamentary cycle, with significant variations in activity over the three years of a parliament. The financial year 2011-12 marks the peak year in the current parliamentary cycle and activity levels across all areas of operations of the Department are expected to be high. In addition to these pressures, the advent of the 43rd Parliament, with the first minority government in the House of Representatives for nearly 70 years, has increased the pressure on advice and service delivery. There are additional sitting hours for the House and Main Committee and an additional joint parliamentary committee on the National Broadband Network that is being supported by the Department. The Department has been successful in obtaining additional funding for both these measures, although the increase in the efficiency dividend to 1.5 per cent for the Budget and following year will require expenditure constraint to enable the Department to deliver increased service levels within budget. The additional funding for the new measures should take considerable pressure off the Department's budgetary position in 2011-12 and 2012-13. In the longer term, however, the Department's budgetary projections show that the budgetary position will remain tight in the forward years.¹²

DPS' Portfolio Budget Statement states:

The continuing challenge for DPS is to maintain high-quality day-to-day services to Parliament and the Australian people against a background of continuing "operating budget" restraints.

...

Increases in funding for normal DPS operations will be below CPI increases, and various cost reduction actions will be required.¹³

As funding will be below CPI increases, there will be a decrease in operational funding to DPS in *real* terms not just in nominal terms.

DPS's Portfolio Budget Statement also states:

Departmental appropriation and results

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11. Senator the Hon. Penny Wong (Minister for Finance and Deregulation), *Driving efficiencies in government*, media release, 21 April 2011, viewed 24 May 2011, http://parlinfo.parlInfo/download/media/pressrel/738113/upload_binary/738113.pdf;fileType=application/pdf#search=%22wong%22
 12. Australian Government, *Portfolio budget statements 2011-12: budget related paper no. 1.19A*, Department of the House of Representatives, Commonwealth Australia, Canberra, 2011, p. 8, viewed 16 May 2011, http://www.aph.gov.au/house/dept/pbs2011/DHR_PBS_2011-12.pdf
 13. *Ibid.*, pp. 9–10.

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DPS is managing within our cash budget for 2010-11 with some savings made from the reduced sitting over the election period.

Looking to the future, the DPS operational budget is subject to the same adjustments as the majority of APS agencies. ...

The decline in purchasing power and the additional 0.5% efficiency dividend in 2011-12 will necessitate a succession of cost savings actions.

Asset replacement

DPS is actively tackling a major backlog of asset replacement. In 2010-11 DPS received new funding for security works staged over two years. DPS has been provided with the requested level of asset replacement funding in 2011-12 but, thereafter, the base funding for necessary capital investment will be about half the long-term need.¹⁴

Key provisions

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

Clause 6 states that the total appropriation for the parliamentary departments is \$180.166 million. **Schedule 1** to the Bill provides details of the appropriations for each parliamentary department—a summary of which was reproduced in Table 1 in this Digest. The total appropriation includes amounts for departmental items (**clause 7**), administered items (**clause 8**), administered assets and liabilities items (**clause 9**) and other departmental items (**clause 10**).

Clause 11 provides that the responsible Presiding Officer may request the Finance Minister to make written determinations to reduce the appropriation for departmental items, administered assets and liabilities items and other departmental items in the budget of a parliamentary department by an amount specified in the relevant determination. The written determination would be a legislative instrument and may be subject to parliamentary disallowance under section 42 of the *Legislative Instruments Act 2003* (Legislative Instruments Act), but would not be subject to the sunset provisions in Part 6 of that Act (**subclause 11(7)**).

Clause 12 allows for the reduction in the appropriation for administered items. Under this provision, if the relevant parliamentary departmental's 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. **Subclause 12(2)** enables the Finance Minister to make written determinations relating to the proposed reduction. Again, the written determination would be a legislative instrument and may be subject to parliamentary disallowance under section 42 of the *Legislative*

14. *Ibid.*, p. 33.

Instruments Act 2003, but would not be subject to the sunseting provisions in Part 6 of that Act (**subclause 12(3)**).

Clause 13 deals with increases (‘advances’) to appropriations due to unforeseen and urgent circumstances, or because of an erroneous omission or understatement. These advances are made via determinations by the responsible Presiding Officer. The maximum advance under **clause 13** is a total of \$300 000 for each of the chamber departments, and a total of \$1 million for DPS. These amounts are the same as those contained in the equivalent *Appropriation (Parliamentary Departments) Act (No. 1) 2010–2011*.

Determinations under **clause 13** are legislative instruments, but would not be subject to disallowance nor sunseting under section 42 and Part 6 respectively of the Legislative Instruments Act (**subclause 13(6)**).

Clause 14 provides for crediting amounts to Special Accounts. A ‘special account’ is one established by either the Finance Minister, or an Act other than *Financial Management and Accountability Act 1997* (the FMA Act).¹⁵

Clause 15 appropriates funds from the Consolidated Revenue Fund as necessary for the purposes of the proposed Act, including the operation of the proposed Act as affected by the FMA Act.

15. See *Financial Management and Accountability Act 1997* sections 5 (definitions), 20 (establishment of special accounts by Finance Minister) and 21 (special accounts established by other Acts).

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