

Standing Committee on
Appropriations and
Administration

Budget Estimates 2015–2016

REPORT NO.9

MAY 2015

DEPARTMENT OF THE HOUSE OF REPRESENTATIVES

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MEMBERS OF THE COMMITTEE

The Speaker (ex officio, Chair), Hon Bronwyn Bishop MP

Ms Julie Owens MP (Deputy Chair)

Mr Russell Broadbent MP

Ms Sharon Claydon MP

Mr Mark Coulton MP

Ms Jill Hall MP

Mr Chris Hayes MP

Mr Ken O'Dowd MP

Hon Philip Ruddock MP

Secretariat

Secretary Ms Bronwyn Notzon

Research Ms Kay Saunders

THE COMMITTEE

The Standing Committee on Appropriations and Administration, appointed pursuant to standing order 222A, considers estimates of the funding required for the operation of the Department of the House of Representatives for each year and provides to the Speaker for presentation to the House and transmission to the Minister for Finance, estimates of amounts for inclusion in the appropriation bills for the Department.

The Committee also considers proposals for changes to the administration of the Department of the House of Representatives or variations to services provided by the Department, other matters of finance or services as may be referred to it by the Speaker or the House, the administration and funding of security measures affecting the House, and proposals for works in the parliamentary precincts that are subject to parliamentary approval. The Committee reports on these matters to the Speaker or the House, as appropriate.

When conferring with the Senate Standing Committee on Appropriations, Staffing and Security, the Committee may consider estimates of the funding required for the operation of the Department of Parliamentary Services (DPS) each year, and provide to the Speaker for presentation to the House and transmission to the Minister for Finance, estimates of amounts for inclusion in appropriation bills for the DPS.

The Committee makes an annual report to the House on its operations (standing order 222(a)(vi)).

Introduction

Standing order 222A(a)(ii) requires that the Committee provide to the Speaker for presentation to the House the amounts for inclusion in the appropriation bills for the Department of the House of Representatives.

Proposed Appropriation for 2015–16

1. Departmental Annual Appropriation

The amount to be included for the Department of the House of Representatives in Appropriation (Parliamentary Departments) Bill (No. 1) 2015–2016 is calculated in accordance with current Commonwealth funding policy. Under this policy, the prior year's appropriation amount is adjusted by application of an efficiency dividend (ED) and a parameter adjustment and any applicable Budget measures.

The Committee noted with concern the continuing adverse effect on the Department's operational and capital budgets as a result of an increase to the ED to 2.5 for the 2015-16 and 2016-17 years. In response to this, the Committee considered a number of possible savings proposals together with a number of funding proposals.

The Committee endorsed four funding proposals – additional resources to support the work of committees, support for the administration work of the new Parliamentary Skills Centre and funding for specialist legislative drafting services. The Chair of the Committee agreed to write to the Prime Minister outlining these proposals.

In response, the Government provided additional funding for departmental work. A total of \$1.5m has been provided over three years, commencing in 2014-15.

The Committee notes this increase in funding is very welcome, and will alleviate the immediate pressure on the Department's budget. However:

there will still be pressure on resources and, at this stage, the forward years 2017-18 and 2018-19 will see a return to a decline of appropriation in real terms. For the budget and forward year one, continued expenditure restraint will be required to enable the Department to deliver effective services which can reasonably be expected and remain within budget.¹

The Committee commends the Department's careful financial management over many years. It will continue to closely monitor the Department's financial position in 2015 and into the future.

The Committee also met in 2014-15, in accordance with standing order 222A(a)(viii) to discuss security matters. The Committee was briefed by officers from the DPS about these matters, and the Chair of the Committee subsequently provided a verbal report to the House on the Committee's deliberations.

¹ Department of the House of Representatives *Portfolio Budget Statements 2015– 16*, May 2015, p. 8.

From 1 April 2015, as a result of the implementation of paid parking within the Parliamentary triangle, the Department is liable for the payment of Fringe Benefit Tax for employees who access the private car parks at Parliament House. The balance of the additional funding through the budget (\$0.828m) will meet the liability from 1 July 2015.

The table below illustrates the movement in the Department's Appropriation since the 2014-15 Portfolio Budget Statements (PBS).

	(\$'000)	(\$'000)
Appropriation 2014-15 (as per Appropriation (Parliamentary Departments) Act (No. 1) 2014-2015)		21,146
Estimate of Appropriation 2015-16 as reported in 2014-15 PBS		20,989
Adjustment for Prices & Wages Indices	-62	-62
<u>Expense Measures</u>		
Committee Services	+0.500	
FBT Liability	+0.207	
		+0.707
<u>Other Movements</u>		
Departmental supplementation 2014-15	+0.500	
		+0.500
Appropriation 2015-16 (as per Appropriation (Parliamentary Departments) Bill (No. 1) 2015-2016)		22,134

2. Departmental Capital Appropriation

The annual appropriation includes an amount for capital expenditure of \$0.642m as disclosed in the department's 2015-16 Portfolio Budget Statements.

3. Accumulated Prior Year Appropriation and Operating Results²

The Department also has access to resources accumulated from prior years. The Department can use these funds to fund liabilities (including provisions for employee expenses) and capital purchases that are not provided for in the departmental capital budget. They can also be used to fund operational losses should the situation arise.

	2014-15 (\$'000)	2015-16 (\$'000)
Prior year departmental appropriation	15,213	14,638
Estimate of total Comprehensive Income attributable to the Department	(138)	Nil

² Amounts relating to the special accounts are not included.

4. Special Appropriations (Members' remuneration and entitlements)

Special appropriations for 2015-2016 comprise the following amounts:

Department of Finance	(\$'000)
<i>Parliamentary Entitlements Act 1990</i>	300
<i>Parliamentary Superannuation Act 2004</i>	3,812
<i>Commonwealth of Australia Constitution (section 66)</i>	3,390
Australian Public Service Commission	(\$'000)
<i>Remuneration Tribunal Act 1973</i>	39,080

The Department accesses these special appropriations by way of a third party drawing right. The amounts are disclosed in the respective entity Resource Statement in the PBS.

In summary:

The **total appropriation** to be approved by the Parliament for the Department of the House of Representatives in the Appropriation (Parliamentary Departments) Bill (No. 1) 2015–2016 will be **\$22.134m** (compared to \$21.146m in 2014-15).

The Department will also draw down on **special appropriations** of **\$46.582m** (compared to an estimate of \$45.992m in 2014-15).

The Committee reports to the House of Representatives accordingly.

Hon Bronwyn Bishop MP
Chair

May 2015