

Standing Committee on  
Appropriations and  
Administration

Budget Estimates 2014–2015

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REPORT NO.7

MAY 2014

DEPARTMENT OF THE HOUSE OF REPRESENTATIVES

978-1-74366-153-6 Printed version

978-1-74366-154-3 HTML version



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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 Robyn McClelland

Research Ms Kate Moore

## 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 and Staffing, 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 2014–15

### 1. Departmental Annual Appropriation

The amount to be included for the Department of the House of Representatives in Appropriation (Parliamentary Departments) Bill (No. 1) 2014–2015 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 and a parameter adjustment and any applicable Budget measures.

The committee endorsed the department's proposal to seek exemption for the department's operational and capital budgets from the **increase** to the efficiency dividend (ED) to 2.25 per cent, for the three years from 2014-15 to 2016-17. The increase was announced in the Economic Statement of August 2013. Exemption was also sought from any further increase to the ED in the 2014-15 Budget. In the event, a further 0.25 per cent increase was applied, resulting in an ED of 2.5 per cent for the Budget and two forward years.<sup>1</sup>

The committee also endorsed the department's proposal to seek support to enter into discussions in the context of the 2015-16 Budget about a revised funding model for the Department of the House of Representatives that would better suit the needs of the House, committees and members into the future. The department's activity levels and expenditure vary over the parliamentary cycle with significant variations over a three year Parliament.

In response, the Government supported the proposal for the department to enter into discussions about a revised funding model, to be brought forward in accordance with future Budget processes. However, the request for exemption from the increase to the efficiency dividend was not agreed.

The committee notes with concern the following statement about the budgetary position of the department from the department's Portfolio Budget Statements:

Although the department's appropriation has remained flat in absolute terms over the past decade, there has been a significant decline in real terms. This trend, of a relatively static level of appropriation but a decline in real terms, will continue for the budget and forward years. While it has been the approach of the department over many years to implement savings measures so that expenditure can remain within budget and be sustainable in the longer term, the department's budgetary position over the forthcoming parliamentary cycle is very tight. With the increase in the efficiency dividend to 2.5 per cent for the Budget and two forward years, continued and significant expenditure restraint will be required to enable the department to deliver effective services and remain within budget. Every endeavour will be made to do so. However, it is very likely that there will be no option but to consider reductions in services at some time during the 44th Parliament.<sup>2</sup>

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<sup>1</sup> Exemption was not sought from the full ED, but from the reduction in funding from the increase in the ED rate to 2.5 per cent from the rates of one or 1.25 per cent that had been projected to apply during the period.

<sup>2</sup> Department of the House of Representatives *Portfolio Budget Statements 2014 – 15*, May 2014, p. 8.

The committee commends the department's careful financial management over many years. It will continue to closely monitor the department's financial position in 2014 and into the future.

The committee is supportive of a revised funding model for the department and will actively monitor the department's proposals in this area, as they develop.

### Variations to services

The committee notes that the department's appropriation in 2014-15 is reduced as a result of variations to services provided by the department arising from the centralisation of ICT services in the Parliament. It also notes the cessation of a payroll service provided by the department to another parliamentary department, with a reduction in departmental revenue as a result.

The committee was briefed on these variations, as required under standing order 222A(a)(iii). Further information is provided in the department's Portfolio Budget Statements 2014-15. The applicable amounts in relation to ICT are set out in the table below.<sup>3</sup>

	(\$'000)	(\$'000)
<b>Appropriation 2013-14 (as per Appropriation (Parliamentary Departments) Act (No. 1) 2013-2014)</b>		<b>23,218</b>
Estimate of Appropriation 2014-15 as reported in 2013-14 PBS		22,692
Adjustment for Prices & Wages Indices	-1	-1
<b>Expense Measures</b>		
Reduction for Microsoft Volume Licensing Savings	-80	<b>-80</b>
<b>Efficiency Dividends</b>		
Increase to 2.25% (2013 Economic Statement)	-225	
A further increase of 0.25%	-54	<b>-279</b>
<b>Other Movements</b>		
Transfer to DPS - ICT Consolidation - Operating	-779	
Transfer to DPS - ICT Consolidation - Capital	-407	<b>-1186</b>
<b>Appropriation 2014-15 (as per Appropriation (Parliamentary Departments) Bill (No. 1) 2014-2015)</b>		<b>21,146</b>

## 2. Departmental Capital Appropriation

The annual appropriation includes an amount for capital expenditure of \$0.649m as disclosed in the department's 2014-15 Portfolio Budget Statements.

## 3. Accumulated Prior Year Appropriation and Operating Results<sup>4</sup>

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

<sup>3</sup> The reduction in departmental revenue as a result of the cessation of the payroll service is not reflected in the department's appropriation in the Appropriation bill, and is thus not included in the table.

<sup>4</sup> Amounts relating to the special accounts are not included.

that are not provided for in the departmental capital budget. They can also be used to fund operational losses should the situation arise.

	<b>2013–14 (\$'000)</b>	<b>2014–15 (\$'000)</b>
Prior year departmental appropriation	16,013	14,654
Estimate of total Comprehensive Income attributable to the Department	1,364	Nil

#### **4. Special Appropriations (Members' remuneration and entitlements)**

Special appropriations for 2014-2015 comprise the following amounts:

<b>Department of Finance</b>	<b>(\$'000)</b>
<i>Parliamentary Entitlements Act 1990</i>	450
<i>Parliamentary Superannuation Act 2004</i>	3,430
<i>Commonwealth of Australia Constitution Act (section 66)</i>	3,152
<b>Australian Public Service Commission</b>	<b>(\$'000)</b>
<i>Remuneration Tribunal Act 1973</i>	38,960

The department accesses these special appropriations by way of a third party drawing right. The amounts are disclosed in the respective agency 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) 2014–2015 will be **\$21.146m** (compared to \$23.218m in 2013-14).

The department will also draw down on **special appropriations** of **\$45.992m** (compared to an estimate of \$45,214m in 2013-14).

The committee reports to the House of Representatives accordingly.

Hon Bronwyn Bishop MP  
Chair

May 2014