

Annual Report 2013-14

Introduction

1.1 The Standing Committee on Appropriations and Staffing presents its annual report for 2013-14 to the Senate. The Committee is appointed under Senate standing order 19. The Committee inquires into:

- proposals for the annual estimates and the additional estimates for the Senate;
- proposals to vary the staff structure of the Senate, and staffing and recruitment policies; and
- other matters as are referred by the Senate.

1.2 The Committee has the explicit capacity to scrutinise security funding and administration and to advise the President and the Senate as appropriate. Under a resolution of the Senate agreed to in 1987 the Committee also examines proposed changes in the structure and responsibilities of the parliamentary departments and, following the adoption by the Senate on 27 November 2012 of the recommendation in the Committee's 54th Report, the Committee may advise the President and the Senate on the administration and funding of information and communications technology services for the Parliament.

1.3 Under standing order 19(3) the Committee is required to make an annual report to the Senate on the operations of the Senate's appropriations and staffing and related matters.

1.4 The Committee is chaired by the President of the Senate and includes 8 other senators. The Senate Leaders of the Government and the Opposition are *ex officio* members.¹

Committee membership

1.5 This report covers the first year of the 44th Parliament, which commenced on 12 November 2013. During the year, the following senators were Committee members:

- The President of the Senate, Senator the Hon. John Hogg (Chairman)
- The Leader of the Government in the Senate (Senator the Hon. Eric Abetz)
- The Leader of the Opposition in the Senate (Senator the Hon. Penny Wong)
- Senator the Hon. Jacinta Collins

1 Senate Standing Order 19(4).

- Senator the Hon. Mitch Fifield
- Senator Bridget McKenzie
- Senator John Madigan
- Senator Gavin Marshall
- Senator Stephen Parry

1.6 During the reporting period, the Committee tabled its 56th report, entitled *Estimates for the Department of the Senate 2014-15*. The Committee's Annual Report for 2012-13 was tabled on 28 June 2013.

1.7 In addition to a meeting held on 27 June 2013, which was not recorded in the Committee's 2012-13 Annual Report, the Committee met on three occasions during the year: on 12 December 2013, 6 March 2014 and 15 May 2014. It considered the following matters at those meetings.

27 June 2013

1.8 The Committee approved the draft of its 2012-13 Annual Report and considered correspondence from the President to the Clerk (dated 26 June 2013) and from the Clerk to the President (dated 27 June 2013) concerning a proposed review of the rationalisation of shared services by the parliamentary departments. The Committee agreed that this matter should not proceed at this time.

12 December 2013

1.9 The President welcomed all members appointed to the Committee for the 44th Parliament. The Committee then noted the Department's Financial Report for the 2012-13 financial year and the quarterly financial report for 30 September 2013 and discussed a paper on the Department's Future Financial Position given the cumulative impact of proposed efficiency dividends. The Committee noted that the paper projected a deficit equivalent to 25 full-time staff by 2016-17 and agreed to write to the Finance Minister seeking an exemption for the Department from future 'super' efficiency dividends.

1.10 The Committee noted the report of the Audit and Evaluation Committee.

1.11 The Committee also noted that the Australian Parliamentary Service Shared Services Inquiry had concluded that the savings possible from adopting a shared services model for the parliamentary departments were outweighed by the costs of the necessary system upgrades.

1.12 While the inquiry concluded that the case for further shared services was not financially viable, it nonetheless recommended that the parliamentary departments submit to the Presiding Officers their preferred option for a shared services model to commence on 1 July 2014. The Committee rejected the recommendation outright for the Senate Department.

1.13 In relation to the ordinary annual services of the Government, the Committee noted that the passage of the *Financial Framework Legislation Amendment Act (No 3) 2012* ('the Act') had called into question the value of its practice of drawing to the attention of the Finance Minister items of expenditure which appeared to have been inappropriately included in the appropriation bill for the ordinary annual services of the government. As the Act had established a mechanism of 'authorisation by regulation', the Committee agreed that the President, on its behalf, should ask the Regulations and Ordinances Committee to monitor the making of regulations under the Financial Framework legislation and report to the Senate on the nature and extent of expenditure approved by this method.

6 March 2014

1.14 The Committee noted the financial report for the second quarter of the 2013-14 financial year and discussed a response from the Minister for Finance to the Committee's letter of 17 December 2013 concerning the effect of future efficiency dividends. The Committee again noted the disproportionate effect, over time, of cumulative efficiency dividends on smaller departments and agencies and agreed to seek discussions with the Finance Minister on appropriate mechanisms to ensure the future funding of the Parliament.

1.15 The Committee discussed and approved a draft letter to be sent to the Regulations and Ordinances Committee concerning the monitoring of items which may have been incorrectly classified as ordinary annual services of the government.

1.16 The Committee received a briefing on security matters from the Secretary, and the First Assistant Secretary, Building Management Division, of the Department of Parliamentary Services.

15 May 2014

1.17 With regard to financial matters, the Committee determined that an amount of \$20.627m be included in the 2014-15 parliamentary appropriation bills for the annual appropriations for the Senate and agreed to report to the Senate accordingly.

1.18 In relation to the impact of proposed efficiency dividends on the current and future financial position of the Department, the Committee, noting correspondence with the Minister for Finance (dated 19 March, 9 April and 14 April 2014), reiterated that the full effect of cumulative efficiency dividends would become apparent in future years and agreed to accept an offer from the Minister for Finance to discuss this matter further.

1.19 The Committee noted a letter from the Clerk to the President (dated 14 April 2014) concerning items of expenditure that may have been inappropriately classified as ordinary annual services of the government. The Committee noted that the Regulations and Ordinances Committee had now begun to draw the Senate's attention

to such potentially inappropriate characterisations in its Delegated Legislation Monitor. The Committee agreed that this approach was preferable to the existing approach of drawing the attention of the Minister for Finance to the matter.

1.20 In relation to the repeal of 'old' appropriation acts for parliamentary departments which were neither spent nor exhausted, the Committee noted with approval paragraphs 2.5 to 2.8, and paragraph 2.35 in the report of the Finance and Public Administration Legislation Committee on the provisions of the Omnibus Repeal Day (Autumn 2014) Bill 2014.

Senator the Hon Stephen Parry
Chairman

September 2014

COMMITTEE CORRESPONDENCE

