

PART 4 – SPECIAL REPORTS

Part 4—Special reports

4.1 Financial issues

4.1.1 *The Podger Report and security-related funding cuts*

The *Final Report of the Review by the Parliamentary Service Commissioner of Aspects of the Administration of the Parliament* (the Podger Report) was released in September 2002. It recommended the amalgamation of the three joint service departments, and predicted savings of \$5m to \$10m per year.

In April 2003 the Minister for Finance and Administration advised the Presiding Officers that:

- funding of \$25.5m would be provided over four years for enhancement of security at Parliament House; and
- that savings would need to be made against the appropriations for the parliamentary departments of equivalent amounts over the last three of those four years, these savings to be found through the introduction of efficiencies either by implementing the recommendations of the Podger Report or by alternative means.

The 2004-05 figures shown in the 2003-04 Budget papers reflected a cut of just over \$1.2m for each of the five parliamentary departments.

In August 2003 the Senate and the House of Representatives approved resolutions for the abolition of the three joint service departments, and the creation of the Department of Parliamentary Services (DPS) to take over all the functions of the three abolished departments. In both Houses, the original resolution proposed by the Presiding Officer concerned was amended to include the following words:

That any savings achieved by the amalgamation may be used to offset increases in costs of security measures approved by the Presiding Officers for Parliament House, but if those increases in costs exceed those savings, the appropriations for the parliamentary departments are to be supplemented for the excess.

In the Senate, the final resolution agreed to also included the following words:

That any redundancies arising from the amalgamation must be of a voluntary nature and that no staff will be forced to take involuntary redundancies as a result of the amalgamation.

In March 2004 the Government agreed to provide an extra \$1.3m in total to be shared between the Chamber Departments in 2004-05. This amount was to be appropriated to DPS and set off against security charges that would otherwise have been billed to the Chamber Departments.

In June 2004, the Presiding Officers decided that the remaining cuts for each Chamber Department would be transferred to DPS, along with security funding previously appropriated to the Chamber Departments (a net transfer of \$19.6m to DPS). The previous arrangement, under which DPS provided security services through a purchaser/provider arrangement with the Chamber Departments, was abandoned. This transfer of funds was effected in July 2004.

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The net effect of these events is that DPS is currently required to find savings of \$4.8m in 2004-05, \$6.3m in 2005-06 and \$6.4m in 2006-07.

4.1.2 Predicted savings—general

Part 5.2.7 of the Podger Report addressed the potential cost efficiencies with the following introduction:

We have not been able to undertake a detailed analysis of the cost efficiencies that might result from amalgamation of the three service provision departments. However, we believe that very significant savings would be derived from amalgamation of the corporate function.

The Report then outlines the areas of potential savings in general terms, and sets out some attempts to estimate potential amalgamation savings by extrapolation from other experiences.

Savings through staff reductions

Predictions

The Report referred to a PriceWaterhouseCoopers assessment of 148 full-time equivalent (FTE) employees, with a salary cost of \$10m, providing management and corporate functions across the five parliamentary departments.² Of these 148 employees, 88 belonged to the three joint departments. For these staff, the Report assumed a total salary cost of around \$6m.³

The Report judged that, through the amalgamation of three departments:

... salary savings of \$3 million a year in the corporate area would be achievable in the medium term (2-3 years). Allowing for on-costs and overheads, this would generate savings of the order of \$5 million a year.⁴

Realised savings

As predicted in the Podger Report, the main area of savings has been through reductions in staff numbers in areas of overlap or potential overlap. So far, 19 positions have been abolished, and another two will be abolished later this year. A further four possible redundancies or departures have been identified. Savings from the confirmed reduction in staffing, including superannuation on-costs, are around \$2m. Savings from the four other positions that may be abolished would be a maximum of \$0.3m including superannuation on-costs. Redundancy payments have been, or will be, met out of DPS reserves.

However, having regard to the creation of a new position of Secretary at a higher salary than those of the previous Secretaries (so that it is equal to the salary of the Clerks), and the requirement to create a new position of Parliamentary Librarian,⁵ the guaranteed net savings from staff reductions will be closer to \$1.5m.

The confirmed reduction in positions represents about 25% of the corporate staffing numbers of the joint departments as mentioned in the Podger Report. The result of the reduction is that the DPS Corporate and Executive groups now have 71 staff servicing a department with a total staff of around 900. Salary and superannuation on-costs for the remaining Corporate and Executive staff are budgeted at \$5.4m for 2004-05.

² Podger Report, page 24.

³ Podger Report, page 22. Note that the Podger Report calculations presumably reflected 2001-2002 salary levels.

⁴ Podger Report, page 52.

⁵ The previous position of Parliamentary Librarian was filled on an acting basis by the Secretary to the Department of the Parliamentary Reporting Staff (and therefore did not have to be separately funded)

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The saving from staff reductions so far achieved is considerably less than that predicted in the Podger Report.

The reduction in positions is, however, close to that predicted in an Ernst & Young report commissioned in December 2003 by the then Secretary of the Joint House Department (JHD). That report predicted a total loss of 19.5 positions for a total saving of \$1.8m.

On-costs, overheads and economies of scale

The Podger Report identified a variety of savings possibilities apart from the direct reduction in duplicated corporate positions⁶. These include the following:

- amalgamation of three groups of consultative, advising and decision-making forums and secretariats;
- amalgamation of three sets of systems requiring hardware, licences, development and support;
- amalgamation of three sets of policies requiring development and maintenance;
- amalgamation of three CAs requiring separate administration, interpretation, processing and advising;
- elimination of threefold opportunities for the provision of consultancy advice to the Parliament;
- \$2m a year in on-costs and overheads saved as a result of salary savings of \$3m a year (it is not clear whether this estimate is an attempt to cost the potential savings from the matters referred to above, or a separate set of savings).

These savings possibilities have been examined and costed as well as we are able to at this stage. Many of the savings suggested duplicate those achieved through reductions in corporate services staff (for instance, replacing three SES heads of corporate services areas with one SES head provides a saving in staff costs, but there is no extra saving arising from the fact that only one of those SES heads, instead of three of them, now attend meetings with equivalent officers in the Chamber Departments).

We have identified annual savings of around \$0.6m from these changes.

Other efficiencies within the Parliamentary Service

Provision of services to the Chamber Departments

In due course, as a result of improved DPS processes and economies of scale, DPS will probably be in a position to offer certain services to the Chamber Departments more cheaply than those services can be provided by those departments themselves. However, whether the Chamber Departments will take up our offer, and how much of those savings can be harvested by DPS rather than retained by the Chamber Departments, is unclear at this stage.

Purchasing of common items

Arrangements previously in place under the five-department structure have been maintained (eg the travel contract has been renegotiated by DPS on behalf of the three current departments). However, as the Podger Report pointed out, "it is doubtful whether any significant financial benefit would be gained by centralising the procurement of common items across the [five] parliamentary departments".

⁶ Podger Report, page 50.

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4.1.3 Other financial matters

Building management costs

The costs of managing Parliament House have increased disproportionately to past increases in budget funding. This divergence between costs and funding is likely to increase in the next few years, since many of our current contracts involve annual increases equal to or greater than CPI, whereas indexation of budget funding is routinely reduced by the efficiency dividend.

Significant elements of building maintenance (eg painting, lift maintenance, fire systems maintenance) are outsourced under contracts that provide for CPI and other cost increases.

As well, DPS provides various building services, including electricity, gas, water and sewerage, air conditioning, cleaning and waste management and security to all building occupants. Many of these services, or elements of them, are sourced from external providers, leaving DPS vulnerable to both CPI and other cost increases. As well, DPS supplements the accommodation in Parliament House with accommodation rented in West Block (DPS staff accommodation) and Queanbeyan (storage).

As mentioned in section 4.1.1, DPS faced a total cut of \$4.8m in its operating budget for 2004-05 compared with the budgets of the three former departments; after amalgamation savings are accounted for, this still leaves us \$2.7m short for 2004-05, with larger cuts expected in later years.

Negotiations with Finance

In August 2004, we commenced negotiations with the Department of Finance and Administration (Finance) about the possible reversal of any of the funding cuts imposed for 2004-05 or the forward years. Finance has recommended a careful analysis of all our activities to determine whether any further efficiencies can be found (whether or not related to the amalgamation). The process of analysing our activities will in any case be useful in our future planning for the department. However, identifying the services for which we have been notionally funded in the past will be difficult, and it may be that we will need to start from first principles in determining what level of services we can continue to provide, and in recommending to the Presiding Officers where service reductions can be made.

We may also need to renegotiate the arrangements under which DPS provides services to the Executive (eg through services to the Ministerial Wing).

4.2 Visit of President Bush of the United States of America

During the year Parliament House was visited by President Bush of the United States of America and President Hu of the People's Republic of China. A description of President Bush's visit on 23 October 2003 demonstrates the breadth of services provided by DPS.

The President arrived via motorcade and there was a ceremonial welcome in the Marble Foyer upon arrival. The official party then moved through the Great Hall to the Members Hall, where the President signed the Parliament House Visitors Book. From here he moved through the Cabinet Suite to the Prime Minister's Office for discussions with the Prime Minister.

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After the meeting with the Prime Minister, President Bush met with senior Cabinet Ministers and the Leader of the Opposition in the Cabinet Suite. Following this meeting, the official party moved to the House of Representatives chamber where the President addressed members of Parliament. Upon concluding his address, President Bush returned to the Cabinet Suite for a further meeting with the Prime Minister and invited guests before departing via motorcade from the Prime Minister's Courtyard.

Of paramount importance for this visit were the security arrangements. The Deputy Security Controller, Parliamentary Security Service (PSS), in consultation with the Australian Federal Police, the Protective Security Coordination Centre (PSCC) and other relevant parties, developed a detailed security plan for the visit.

Parliament House was closed to the public throughout the visit and until after the departure of the Presidential motorcade. Entry to the building was restricted to Members and Senators and their invited guests, Parliament House pass-holders, and other people involved with the visit.

All persons entering the building were meticulously security screened (unless they were part of the official party). Special selected viewing areas were set up in order to allow viewing of the official party by building occupants and invited guests. These viewing points included the first floor of the Members Hall, the first floor of the Marble Foyer and the head of the east and west stairs in the Foyer.

PSS staff preceded the official party in order to ensure that once inside the building, the routes traversed by the party were clear of obstructions. Access to the route via lateral and intersecting corridors was also controlled and restricted before and during the passage of the official party.

Bomb searches were conducted by the PSS and by the Australian Protective Service explosive detection dog team before the arrival of the official party.

A number of key security points were identified both inside and outside Parliament House. A separate and specific set of security measures was formulated for each point, designed to pre-check the area, secure it during the visit and respond to any security event that might occur.

The joint sitting of Parliament involved considerable planning and preparation from the Broadcasting area. Multi-camera coverage of the Presidential address was made available via the internal House Monitoring Service and re-broadcast by international television networks CNN and CNBC and all Australian networks. In addition, feeds were provided for radio coverage via the NewsRadio network.

A webcast service was accessible to the public via the Parliament House web site and this proved very popular. For the address by President Bush, all 800 webcast connections were used and an additional 400 connections were then provided. These were fully used very quickly—this required DPS to support our highest ever volume of concurrent webcast connections.

The Hansard area provided support for the Presidential visit through their preparation and delivery of the transcript of the Presidential address using digital audio and voice recognition technology. The transcript was then published on the Parliament House web site.

The Facilities Management area liaised with the Ceremonial and Hospitality Unit of the Department of Prime Minister and Cabinet (CERHOS) and with security personnel

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regarding requirements for equipment and labour, and arranged these as required. This included staging, furniture, the Forecourt layout, tables and bins in the public car park for military and police personnel, and flagpoles and flags in areas designated by CERHOS. They also arranged for additional cleaning of areas to be used during the visit and cleaning of venues after the event.

The Visitor Services area provided special tours of Parliament House for visiting embassy staff and journalists. The same area was also involved in providing escort services within Parliament House for journalists and other visitors.

The Parliamentary Library captured print and electronic media coverage of the visit in its database for future reference by the Parliament.

4.3 Ecologically sustainable development

Parliament House does not occupy a site of significant environmental heritage or environmental conservation value for the purposes of the *Environmental Protection and Biodiversity Conservation Act 1999*. However, in this report, ecological sustainability has the same meaning as in that Act.

4.3.1 Environmental Management System

An Environmental Management Committee (EMC), established by the former JHD, met almost fortnightly throughout the year to progress a range of environmental issues.

The most notable issue was the development of an Environmental Management System (EMS) covering the then JHD's operations and activities. Training was provided to relevant middle and senior management and other departmental staff to undertake an Environmental Impact Review. The outcome of this review was an Environmental Management Program, an important element of the EMS.

DPS has adopted the JHD EMS. As well, the Clerks of the two Houses have advised the Department of the Environment and Heritage that DPS would facilitate and coordinate sustainability issues on behalf of all the parliamentary departments. This means that further work will be required on the EMS to cover the additional operational aspects and impacts. This work will progress during the 2004–05 financial year with a view to having one common endorsed EMS for the Parliamentary Service by 30 June 2005.

4.3.2 Environmental performance indicators

For information on a range of environmental performance indicators and results for 2003–04, see Figure 25 in section 3.4.1. Further detail is also available from the DPS web site environmental portal at <http://www.aph.gov.au/JHD/EMS/index.htm>.

The Commonwealth government, through the Department of the Environment and Heritage, established the Greenhouse Challenge Office with responsibility for encouraging industry and government agencies to reduce greenhouse gas emissions and energy use. JHD became a Greenhouse Challenge partner in November 1997, agreeing to reduce greenhouse gas emissions by 1.5% per annum until 2005. The JHD/DPS Greenhouse Challenge target in 2003–04 was 154,084 GJ, with actual energy consumption 151,605 GJ (the DPS internal target was 145,940GJ—see Figure 25).

During the reporting period there was no measurable leachate runoff from the parliamentary precincts into the stormwater drainage system, or the creek that enters the lake at Lotus Bay.

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4.3.3 Initiatives in 2003-04

Training sessions in the concepts of sustainability and Triple Bottom Line (TBL) reporting were provided to most of the then JHD middle and senior management staff. As a result, proposals to commit funds were prepared and presented using a TBL approach. Work also commenced to restructure business plans using the TBL format.

To ensure that sustainability is considered in all purchasing decisions, further amendments were made to the *Parliament House Site Book*, which specifies requirements and expectations of persons and companies working at Parliament House for DPS. *The Site Book* is provided to all construction contractors and sub-contractors. It is also available on the Parliament House Web Site to facilitate easy access and reference.

An environmental portal was created and is accessible through the Parliament House web site (see address in section 4.3.2). It facilitates access to environmental information relating to operations at Parliament House. Informal feedback is positive and suggests that the portal is a useful medium for communicating environmental issues and outcomes to other government departments, private enterprise and the wider community.

An energy education training program for a number of the then JHD staff was developed following a telephone survey to determine existing staff attitudes and behaviours in relation to energy efficiency. Twenty JHD business unit leaders and other senior staff attended an energy forum to build support for energy management initiatives, before involving general staff. Ten workshops were then conducted and attended by over 100 interested staff who took back ideas to consider and implement in their workplaces. They were also encouraged to identify other ways in which energy could be saved.

This training was followed by collaborative energy audits in Landscape Services and Building Information and a telephone survey of staff three months after the workshops to determine the program's level of impact. The Landscape Services and Building Information units were chosen for the follow up as they are discrete areas where performance outcomes could be easily monitored to obtain a benchmark for future reference. Evidence of energy reduction in these business units is available on the DPS environmental portal.

A number of areas within DPS have been involved in seeking ways to reduce adverse environmental impacts of the Parliament's operations by:

- identifying ways to further reduce the volume of waste going to landfill;
- identifying ways to increase the levels of recycling occurring at, or of materials removed from, Parliament House;
- reducing water consumption both on the landscape and internally;
- investigating ways to reduce reliance on potable water in preference to recycled water;
- implementing recommendations contained in the EMS;
- putting a new waste and recycling contract in place;
- improving recording and monitoring of environmental issues; and
- continuing to purchase 10% green energy to reduce the carbon dioxide impact of Parliament House's energy use.

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4.3.4 Bird deaths

A number of birds were found dead in a southern courtyard during the period of the spring Bogong moth migration to the Snowy Mountains. It was suggested in the Senate and in the media that the bird deaths had been caused by spraying the building with a synthetic pyrethroid, Cislin 10, which discourages the moths from roosting.

While Cislin 10 had been used for some years without any previous adverse effects on bird life around Parliament House, its use has been discontinued after the Senate agreed to a motion that the Senate:

(a) notes:

- (i) the death of at least 14 currawongs around Parliament House during the last 2 weeks of October 2003, and the subsequent absence of most magpies and currawongs,
- (ii) that the likely cause of the bird deaths is their consumption of contaminated bogong moths,
- (iii) that the contamination of the bogong moths is most likely due to the application of Cislin, a pyrethrum-based spray, around Parliament House, to kill bogong moths, and
- (iv) that the data sheet prepared by the manufacturers of Cislin notes that it is highly toxic to fish, aquatic organisms and bees and also toxic for birds in various concentrations; and

(b) asks that the Joint House Department cease any further spraying of Cislin, or other substances toxic to birds, in any concentration, in 2003 or in future years.

A review of alternative treatments and deterrents will continue in 2004-05.

4.3.5 Compliance with government energy policy

DPS complied with all the applicable requirements of the government's policy for improving energy efficiency in Commonwealth government operations. Details can be found on the environmental portal accessible from the Parliament House web site at <http://www.aph.gov.au/JHD/EMS/index.htm>.