

Senate F&PA Committee

Tabled Document

Inquiry: Additional Estimates 2013-14

Date/Time 24/2/14

Witness Name Ms Carol Mills

Organisation:  PARLIAMENT OF AUSTRALIA

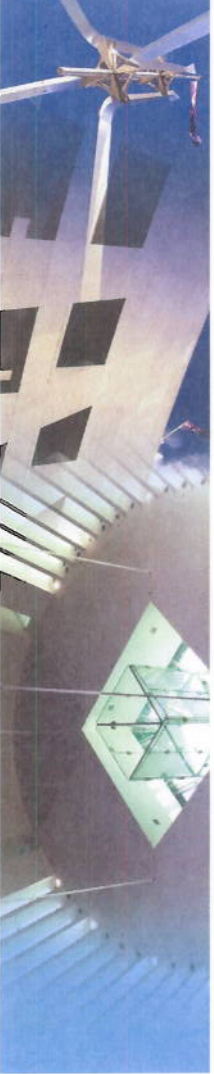
DEPARTMENT OF PARLIAMENTARY SERVICES

## DPS Budget Position

### Additional Estimates – 24 February 2014







## Role of DPS

Department of Parliamentary Services (DPS) role is to support the:

- functioning of Parliament including its engagement with the community
- work of individual parliamentarians
- Parliamentary departments

Parliament House is a \$2.7 Billion dollar asset and requires significant investment each year to maintain its value. The commercial benchmark is between 2% -2.5% of the value of the building which is around \$54 million per annum. Over the past five years, DPS has received an average of \$12.1 million per annum, which is approximately 0.4% of the 2013 value of Parliament House.

DPS's purpose is to support the work of Parliament, with 85 cents in every dollar of funding going directly to supporting Parliament.



## DPS Appropriations

Appropriations have remained static for a decade:

- 2003-04 our appropriation was \$105.5M.
- 2013-14 our appropriation was \$101.4M (plus ERC supplement of \$5.5M).
- 2014-2015 our appropriation is \$100.2M
- 2015-2016 our appropriation is \$99.6M

Since 2003-04, this means a real decrease in operational funding of 27%.

From 2005-06 to 2012-13, DPS delivered 15% in efficiency gains:

- The gap remains unfunded and is increasing.

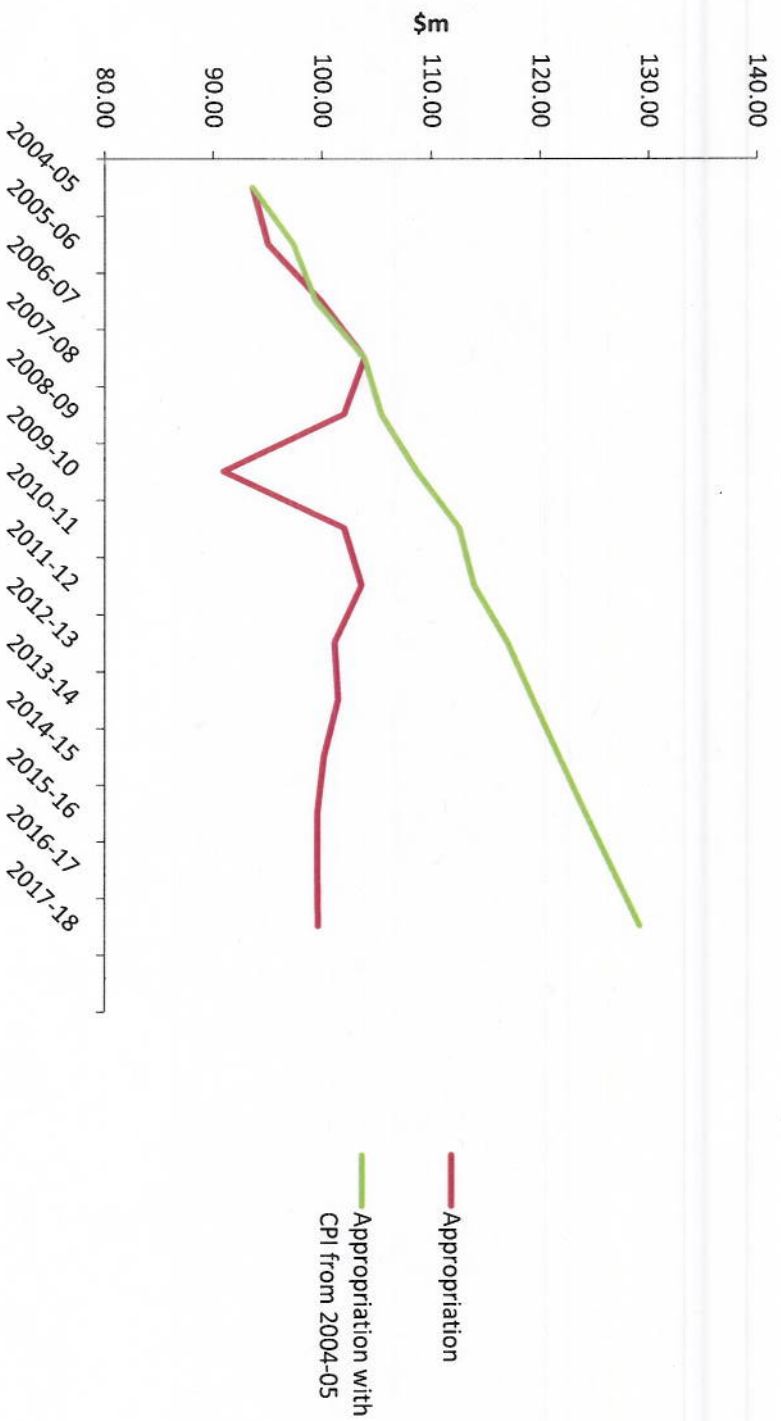
In 2012, the Senate Inquiry into DPS recommended DPS be exempt from additional efficiency dividends. This has not occurred.





# DPS Appropriations vs. CPI Increase

## CPI impact on appropriation



Note: Appropriations have remained steady over the period apart from 2009-10 when the Department returned \$27m to the Department of Finance in unspent depreciation and amortisation as part of Operation Sunlight.



## Challenging Budget Circumstances

- Between 2004 -2008 all of the more easily achievable, back of house efficiency measures were undertaken.
- By 2008-09 DPS was no longer able to live within its budget without impacting on front of house services and the building condition.
- 2008-09 saw major cuts to services including:
  - Abolishing the heritage team;
  - Severe cuts to security services;
  - Reduction of tours and other key visitor services;
  - Reduction in Hansard staffing; and
  - Reduction in Library services.
- Key positions across all areas of the department were cut.



## Structural Deficit in DPS Budget

- There is a structural deficit built into the budget for DPS.
- Without increases in the DPS' Budget position, Parliament will not receive even current levels of support beyond 2014.
- The consequence of this structural deficit is that the services Parliament receives will have to be further and significantly cut.





## Budget snapshot

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operating budget	\$108.1m	\$109.1m	\$107.5m	\$107.0m	\$107.2m	\$107.0m
Appropriation	\$101.3m	\$101.6	\$100.2m	\$99.6m	\$99.6m	\$99.7m
Other revenue	\$6.8m	\$7.5m	\$7.3m	\$7.4m	\$7.6m	\$7.3m
Additional funds from PAES	Nil	\$5.5m	Nil	Nil	Nil	Nil
Expenditure (forecast)	\$112.6m	\$121.1m	\$123.5m	\$125.9m	\$128.5m	\$131.1m
Utilities costs <sup>(1)</sup>	\$6.1m	\$5.7m	\$5.7m	\$5.8m	\$6.0m	\$6.1m
Staffing costs	\$68.1m	\$73.9m	\$75.5m	\$76.9m	\$78.5m	\$80.1m
Supplier costs <sup>(2)</sup>	\$38.4m	\$41.5m	\$42.3m	\$43.2m	\$44.0m	\$44.9m
Difference	-\$4.5m	-\$6.5m	-\$16.0m	-\$18.9m	-\$21.3m	\$-24.1

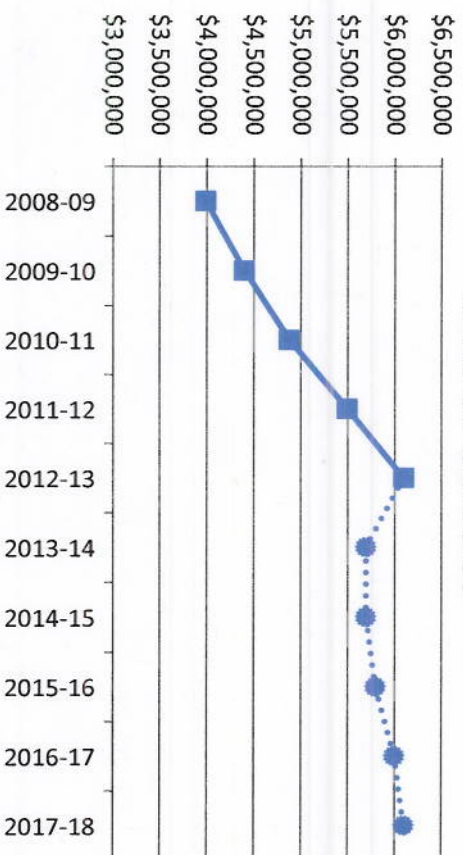
(1) Utility costs for the forward estimate years have been increased by a CPI rate of 2.0%

(2) Supplier costs are total supplier costs less utility costs

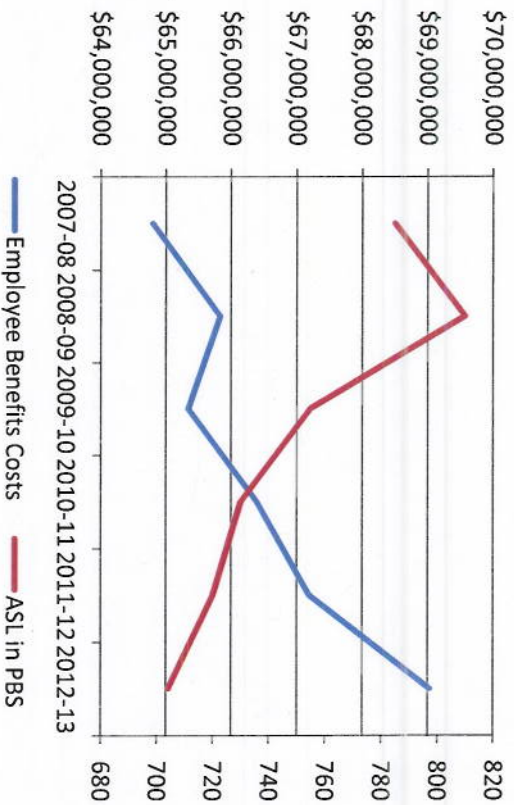


# Challenging Budget Circumstances

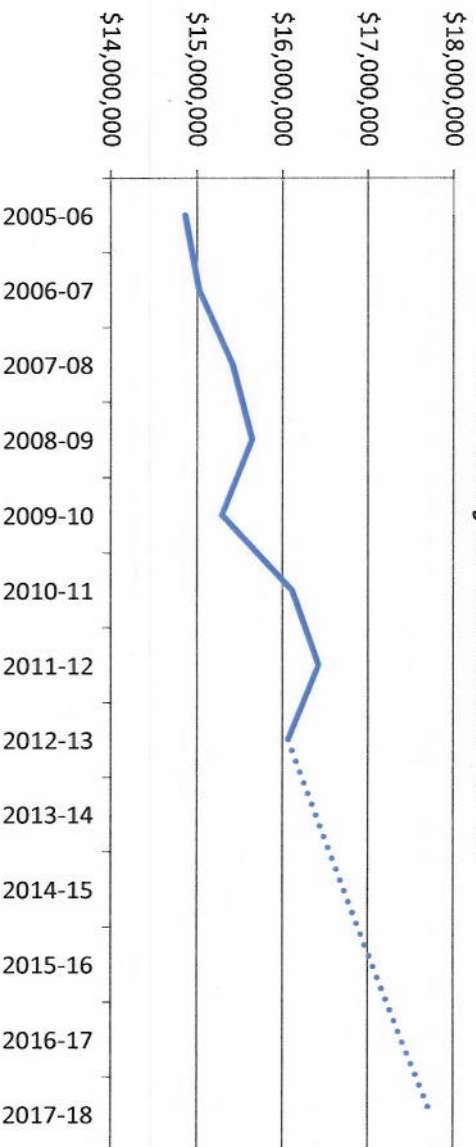
Cost of Utilities



Employee Costs vs. Average Staffing Level



DPS Major Contract Costs







## **Consequences of an underfunded DPS**

DPS' role is critical in the functioning of Parliament and maintenance and operation of the building.

If DPS does not receive additional funds, on current projections DPS will run out of cash in May 2015.



## **Increase in Demand for DPS Services**

There has been a significant increase in the workload of Parliament and changes in the way it operates. This has led to increased demands on DPS services such as ICT, broadcasting, Hansard and the Library. For example:

- In 2006, 188 Bills were presented, and 172 Acts passed;
- In 2012, 210 Bills were presented and 206 Acts passed;
- In 2005-06 there were 59 bill references and 16 other references to Senate Committees; and
- In 2012-13 there were 138 bill references and 40 other references to Senate Committees.

These have a direct flow-on effect to DPS' costs.





## **Current examples of budget reductions impact on building maintenance**

- Cleaning of building façade – this should be done every 5 years to maintain and protect the building fabric. Has only been done once in the last 15 years.
- Cleaning of windows – this should be done once every 6 months for the same reasons as above. Last undertaken in May 2012.
- Cleaning of plant rooms – this should be done 6 monthly. Due to budget constraints, this has not been done for over 2 years.
- Air-conditioning air return grills – this should be done 12 monthly. This has not been done for over 2 years.