

OPENING STATEMENT

ADDITIONAL ESTIMATES
DEPARTMENT OF PARLIAMENTARY SERVICES
23 FEBRUARY 2014

Inquiry: Additional Estimates
2013-14
Date/Time: 24/2/14
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Organisation: DPS

Thank you Chair. Committee members.

Senators you may have read some news articles in the weekend press relating to the DPS budget and concerns about the possible implications for the security of the building.

I would like to reassure you that the DPS and, of course, the Presiding Officers place the highest priority on maintaining the security of this building, its occupants and visitors.

As I have previously advised this Committee, on cyclical basis across our business we are reviewing all areas of major expenditure and responsibility to ensure our resources go where they are most needed in supporting the Parliament. This includes the Parliament's security arrangements.

It is appropriate that we include such elements as staff rostering arrangements given the improvements that have been made to physical security infrastructure across the precincts, particularly over the last three years. Given our current MOU with the AFP for perimeter guarding is due for renewal it is also important that DPS thoroughly examine its support needs.

The combined staffing costs of PSS officers and AFP personnel are now more than 25% of the DPS operating budget.

On this basis alone they should be regularly reviewed.

It is true, however, to say that the timing of this work is even more imperative now given the Department's budget situation - which I have spoken about at previous Estimates hearings and covered in our annual report. It was an issue also acknowledged in the Committee's report arising from its inquiry into the performance of DPS in 2011 and 2012.

As you would be aware, DPS services support the functioning of the Parliament. These services are broad and fundamental, and include Hansard, the Parliamentary library, security, ICT to Parliamentarians, cleaning, gas, electricity, water and maintenance.

The vast majority of these services are not discretionary. They cannot be discontinued to save money. Despite these constraints, I am proud to say that in the period 2005-06 to 2012-13 DPS has garnished sustainable efficiencies amounting to some 15% of the current DPS operating budget. However, these savings are not sufficient to offset the real increases in demands, particularly in the ICT area, as well as cost increases of utilities, wages and maintenance of a 25 year old building.

The weekend media reports indicated that the Department was likely to post an operating deficit of \$6m at the end of this financial year. I can confirm that despite our best endeavours the figure is likely to be at least that amount.

Since becoming Secretary of the Department I have undertaken a literally line by line analysis of the budget and expenditure. Whilst some small further efficiencies are possible over the next three years, especially as long standing contracts are renegotiated, this will not be sufficient to meet the departments projected deficits.

In light of our budget position DPS recently sought an injection of funds from Government and we are grateful for the one-off supplementation of \$5.5m received as part of the MYEFO process.

Unfortunately, however, the Department is in a position of structural deficit brought on by the cumulative impact of a decade of funding freezes and efficiency dividends. In 2003-4 our operating appropriation was \$105.5m. This year, prior to the one-off supplementation it was \$101.4m. From next year onwards due to the ongoing impact of efficiency dividends it falls below \$100m.

Over the same period CPI has risen by 27%. Our long term contracts and catering are linked to CPI so have increased by at least this amount. Other costs, such as utilities have risen by even more and are projected to keep rising, even if the carbon tax is repealed.

Whilst the efficiency gain of 15% previously mentioned is, in my view, sustainable we have already made reduction beyond that figure. Major cuts made in services since 2009 in particular have been delivered at considerable cost to the quality of services to the parliament.

On the basis of Forward Estimates much more difficult decisions will have to be made almost immediately. These will affect all areas of our services from the Parliamentary Library to building maintenance and security. These service reductions will impact directly on the parliament, the work of parliamentarians and our ability to adequately maintain this internationally important, iconic building.

On this basis DPS has been working for several months with the Presiding Officers and the Department of Finance to develop funding options designed to enable the Parliament and this building to receive the services needed.

We recognise it is a difficult time in the economic cycle, but the Australian Parliament and this building require a sustainable funding base.

I would be happy to table this statement and a set of explanatory material for the Committee's information.