

## **Review of parliamentary administration**

In April 2002 the then President, Senator the Honourable Margaret Reid, and the Speaker, the Honourable Neil Andrew MP, commissioned a review by the Parliamentary Service Commissioner of aspects of the administration of the Parliament. The review was to focus on:

- the administration of security within Parliament House;
- management and corporate functions across the Parliamentary departments; and
- the centralisation of the purchasing of common items.

In providing the terms of reference to the committee in March 2002, the then President emphasised ‘that the purpose of this is for a practicability and cost assessment of three specific areas of Parliamentary administration to see if there can be further efficiencies and cost savings. I do not see this exercise as a proposal to revive the amalgamation of parliamentary departments.’ The committee understands that, during the last month of the review, the review team shifted the focus of the review to the issue of amalgamation.

The full terms of reference of the review appear at Appendix 1.

The Commissioner presented his first report, on security matters, to the Presiding Officers in June 2002. The recommendations on security were later subsumed, with some minor edits, in his final report, received by the Presiding Officers on 30 September 2002 and tabled in the Senate on 23 October 2002.

A summary of the recommendations of the review appears at Appendix 2.

A number of those recommendations propose changes to the structure and responsibilities of the Parliamentary Departments, including recommendation 5, which proposes the amalgamation of the three joint departments. Before any such changes can be made they must be examined by the Appropriations and Staffing Committee.

## **Role of the committee**

Standing order 19 provides for the appointment of a Standing Committee on Appropriations and Staffing to inquire into:

- (a) proposals for the annual estimates and the additional estimates for the Senate;
- (b) proposals to vary the staff structure of the Senate, and staffing and recruitment policies; and
- (c) such other matters as are referred to it by the Senate.

Further, a resolution of the Senate declares, ‘that no changes in the structure or responsibilities of the parliamentary departments should be made until—

- (a) particulars of proposed changes have been provided to all Senators;

- (b) the Standing Committee on Appropriations and Staffing has examined the proposed changes and reported to the Senate; and
- (c) the Senate has approved of the changes.<sup>1</sup>

### **Meetings and submissions**

The committee considered the matters covered in the review, including consideration of related security matters, at meetings held on 13 November, 4 December and 10 December 2002, and on 5 March, 19 March, 14 May and 18 June 2003.

The committee received a number of submissions in relation to its consideration of the review, including submissions to the Presiding Officers which were made available to the committee in December 2002. Those submissions are tabled together with this report, except where they were received on a confidential basis.

### **Administration of parliamentary security**

On 18 November 2002 the committee presented its 37<sup>th</sup> Report, on the Administration of Parliamentary Security. That report reflected the consideration by the committee of in principle decisions made by the Presiding Officers on security matters following the review by the Parliamentary Service Commissioner. The resolutions contained in that report were endorsed, and the proposals for the reorganisation of the security function in Parliament House approved, by the Senate<sup>2</sup>.

### **Costs and savings in the amalgamation proposal**

In its consideration of the review, the committee was concerned by the lack of evidence for the savings claimed in the amalgamation proposal.<sup>3</sup> The review document notes that:

... the potential cost efficiencies from such rationalization could be substantial, and would be in the order of \$5 million to \$10 million a year. That would, in turn, imply significant resources could be redirected... to core parliamentary business, e.g. to improve the quality of services to senators and members.<sup>4</sup>

The committee invited the Parliamentary Service Commissioner to provide a briefing on the matter. That briefing was received on 19 March 2003. The committee also received additional material from the Commissioner arising from his briefing and that material is tabled together with this report.

The Parliamentary Service Commissioner estimates that the initial implementation costs of amalgamation would be in the order of \$1.2 million. He further estimates that annual savings from having a single joint service department would be in the order of

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<sup>1</sup> Agreed to 3 June 1987, J.1951.

<sup>2</sup> 18 November 2002, J. 1120.

<sup>3</sup> Review of aspects of the administration of the Parliament, pp 50 – 52.

<sup>4</sup> Review of aspects of the administration of the Parliament, p. 6.

between \$4.9 million and \$5.2 million. The committee was not able to independently determine the likely costs and savings. It appears from evidence given by the Department of Finance and Administration that the Government has accepted the savings figures put forward in the review document without independent verification.<sup>5</sup>

### **Enhanced security measures**

The committee's consideration of the review coincided with the emergence of significant new costs for the enhancement of security at Parliament House. The committee accepts that the enhancement of security is a result of the changed international security environment and professional advice to the Presiding Officers that previous security measures were inadequate. The committee strongly supports the Presiding Officers in meeting their responsibility for the occupants of, and visitors to, Parliament House.

In March 2003, the committee noted the new policy proposal raised by the Presiding Officers to increase funding for security (\$3.35 million for 2003-04 then \$3.0 million for each year to 2006-07 for each of the two House departments).

In May 2003, the President informed the committee that the Government had written to the Presiding Officers regarding the new policy proposal relating to enhanced security. The Government had agreed to fund the proposal for 2003-04, but advised that savings must be found to offset the \$18.8 million sought over the subsequent 3-year period. Specifically, the Government has required offsetting savings either from the implementation of the recommendations in the review for the amalgamation of the three joint parliamentary departments, or by making the savings by other means against the appropriations for the five parliamentary departments.<sup>6</sup>

The requirement to find offsetting savings of this quantum changes the dynamics of the consideration of the review. The review arose as an assessment of potential administrative and organisational savings measures, which could be returned in the form of enhanced services to senators and members (as maintained throughout the review document). In the new budget context, it becomes a search for cuts required by the Government to meet unforeseen costs for the enhancement of security at Parliament House.

As far as the committee is aware, with the exception of the parliamentary departments, no other department is being required to fund significant unforeseen security measures through savings.

The committee notes that, even if the estimated savings from amalgamation were fully realised, the Parliament's increased security needs would require an additional \$2.6 million in the first full year (2004-05) and around \$1.3 million in both 2005-06 and 2006-07.

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<sup>5</sup> Finance and Public Administration Legislation Committee, Consideration of budget estimates, 28 May 2003, pp 432 - 433

<sup>6</sup> *Budget Measures 2003-04*—Budget Paper No. 2, p 209.

## **Resolutions for determination by the Senate**

On 18 June 2003, the President informed the committee:

Notwithstanding that Mr Podger's figures relating to amalgamation have not, to my mind, been fully tested, the Speaker and I nevertheless cannot ignore the potential for real savings.

The President indicated that the issue, as the Presiding Officers see it, is the need to produce efficiencies in the administration of the Parliament. The President presented to the committee a resolution intended to achieve efficiencies through the adoption of the recommendations of the review relating to the amalgamation of the three joint departments.

The President indicated his belief that, even if the amalgamation proposal did not achieve savings at the level contemplated by the review, the Parliamentary Departments would be in a stronger position to argue for a better budgetary outcome having made this attempt to find savings.

## **Recommendation**

The Standing Committee on Appropriations and Staffing agreed, without binding any committee member to supporting the proposal, that the following resolution proposed by the President be put to the Senate for determination:

That the Senate resolves under section 54 of the *Parliamentary Service Act 1999*<sup>7</sup> that:

- (a) the Joint House Department, Department of the Parliamentary Library and the Department of the Parliamentary Reporting Staff be abolished; and
- (b) a new joint service department, to be called the 'Department of Parliamentary Services' be established to fulfil all the functions of the former joint departments;

And recommends:

- (c) that the independence of the Parliamentary Library be reinforced by strengthening the current terms of reference of the Library committees of both Houses of Parliament;
- (d) that amendments be introduced to the *Parliamentary Service Act 1999* to provide for a statutory position of Parliamentary Librarian within the new joint service department and conferring on the Parliamentary Librarian direct reporting responsibilities to the Presiding Officers and to the Library committees of both Houses of Parliament;
- (e) that resources and services to be provided to the Parliamentary Library in the new joint service department be specified in an annual agreement between the Departmental Secretary and the Parliamentary Librarian, approved by the Presiding Officers following consideration by the Library Committee of both Houses of Parliament; and

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<sup>7</sup> Section 54 of the *Parliamentary Service Act 1999* provides that parliamentary departments, other than the Department of the Senate and the Department of the House of Representatives, may be established and abolished by resolutions passed by each House of the Parliament.

- (f) that consideration be given, after the establishment of the joint service department, to that department providing human resources, finance and transactional-processing activities for all the Parliamentary departments, subject to such an arrangement being proven to be both cost-effective and efficient.

The committee noted that it would be the manner in which any amalgamation was managed that would determine the extent of savings and ensure that the quality of services provided to the Parliament is maintained. The management of these issues would be in the hands of the Presiding Officers and their departmental heads.

The committee supports the need to take measures to guarantee the independence of the Parliamentary Library should any amalgamation of the joint departments proceed.

(Paul Calvert)  
Chairman

23 June 2003