

The Senate

Appropriations and Staffing
Committee

Senate Department Budget 2004-05

40th report

May 2004

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The committee

The Standing Committee on Appropriations and Staffing, appointed under standing order 19, determines the amounts for inclusion in the parliamentary appropriation bills and reports to the Senate on its determinations prior to the Senate's consideration of those bills.

The committee also examines matters affecting the staffing and administration of the Department of the Senate, including proposals to vary the staffing structure, and other matters referred to it by the Senate. It makes an annual report to the Senate on the operations of the Senate's appropriations and staffing and related matters (standing order 19(3)). 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.

The committee is chaired by the President and includes the Senate Leaders of the Government and the Opposition as *ex officio* members.

Members of the committee

The President of the Senate, Senator the Hon. Paul Calvert (*Chairman*)

The Leader of the Government in the Senate, Senator the Hon. Robert Hill

The Leader of the Opposition in the Senate, Senator the Hon. John Faulkner

Senator Lyn Allison

Senator the Hon. Nick Bolkus

Senator the Hon. Ron Boswell

Senator Jeannie Ferris

Senator the Hon. Bill Heffernan

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THE SENATE
STANDING COMMITTEE ON APPROPRIATIONS AND STAFFING
FORTIETH REPORT

Standing order 19 (2) and (3) requires that the committee determine the amount to be included in the parliamentary appropriation bill for the Department of the Senate.

In recent years the performance of this function has involved only the committee endorsing the figure for the annual appropriation based on the previous year's figure subject to the normal adjustments required by current financial policy, principally the efficiency dividend.

On this occasion, however, the committee's task was complicated by matters relating to funding for security and the establishment of the Department of Parliamentary Services, which was the subject of the committee's 39th report in June 2003 and the resolution of the Senate of 18 August 2003.

The figure provided for the department's budget by the Minister for Finance and Administration included a significant reduction of \$1.2m. This is the cut which the minister originally put forward to offset increased expenditure on security at Parliament House, and which was to reflect savings to be achieved by implementation of the report of the Review of Aspects of Parliamentary Administration (the Podger report) recommending the amalgamation of the three joint parliamentary departments to establish the Department of Parliamentary Services.

The Presiding Officers had pointed out to government that increased security measures at Parliament House would require extra funds. Government advised that extra funds would be provided, but would have to be offset by savings. As senators pointed out during the 2003-04 estimates hearings and in the Senate, the parliamentary departments were virtually singled out in being required to fund increased security measures from savings.¹

Government required that the savings be found by implementing the Podger report or by alternative means. Government specified savings to be made in 2004-05 and following years, even though the Podger report indicated that savings would not be realised so quickly, and, as the committee pointed out in its 39th report, the Podger savings figures lacked support and were not verified. The postulated savings were distributed between the parliamentary departments. As some senators noted in debate in the Senate, this appeared to be contrived to force the Senate to accept the Podger report and amalgamate the joint parliamentary departments.²

The Senate agreed on 18 August 2003 to approve certain recommendations made in the Podger report and the joint departments were amalgamated. In approving the amalgamation, the Senate resolved:

1 Finance and Public Administration Legislation Committee, transcript of estimates hearing, 26/5/2003, pp 20-37, 28/5/2003, pp 463-4; *Senate Debates*, 23/6/2003, pp 12164-8, 18/8/2003, pp 13780-802.

2 *Senate Debates*, 23/6/2003, pp 12164-8, 18/8/2003, pp 13780-802.

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.

As was pointed out in the estimates hearings in February this year, any savings achieved by the Podger amalgamation would be achieved in the new Department of Parliamentary Services. Any budgetary cuts to reflect those savings should therefore not affect the budget of the Senate Department as such.³

In spite of this situation, in putting forward the figure for the 2004-05 budget, government persisted in seeking to impose the stipulated cut of \$1.2m on the budget of the Senate Department. This cut was to be followed by further cuts in the department's budget in future years (\$1.3m in 2005-06 and \$1.3m in 2006-07). The Senate Department's budget was thereby to be reduced in order to save money for a function (security) which is the responsibility of another department under an amalgamation of other departments which was supposed to be the source of the savings to pay for increased expenditure on that function.

This was pointed out to government in the pre-budget consultation process, with the result that government agreed to make available to the Department of Parliamentary Services additional funding of \$1.3m which may be applied to security services. The apparent intention of this step is that that department will charge the Senate Department \$650 000 less for the provision of security services under the purchaser-provider arrangement applying to those services. This would mean that the Senate Department's budget would, on the figures, be cut by \$1.2m, but the cut would effectively be reduced by \$650 000. The Senate Department's budget would still be effectively cut by \$550 000 to pay for security measures.

At the estimates hearing the President indicated the view that any cuts to pay for security expenditure should be attributed to the Department of Parliamentary Services as the department responsible for security and as the department in which any savings resulting from the Podger amalgamation will be realised.⁴ The President therefore accepted a recommendation by the Senate Department that the whole of the \$1.2m cut in the Senate Department's budget be transferred to the Department of Parliamentary Services. In the absence of any further rearrangement of funding, this could be done by reducing the charge to the Senate Department for security services by \$1.2m rather than \$650 000.

In conjunction with this decision, however, the President considered that, as the Department of Parliamentary Services would absorb all of the savings required to pay for increases in security expenditure, that department should have the ability to manage the available funds. The President therefore also decided, in consultation with the Speaker of the House of Representatives, that the purchaser-provider arrangement for security services should be dispensed with. The President took the view that, given that the Department of Parliamentary Services now has responsibility for the security personnel and equipment at Parliament House, it is logical that the funding for these should go directly to the Department of

3 Finance and Public Administration Legislation Committee, transcript of estimates hearing, 16/2/2004, pp 2-3.

4 *ibid.*

Parliamentary Services, provided that adequate safeguards are put in place to protect the interests of senators and the Senate.

Under the purchaser-provider arrangement the Departments of the Senate and the House of Representatives hold funds for security and pay the Department of Parliamentary Services for certain security services under a memorandum of understanding which sets a cap on the “price” to be paid for those services. The arrangement was a recommendation of the Podger review. It is in accordance with the principle that the recipient of services should pay for them and the provider should have to justify its costs, in order to impose financial discipline on the provision of the service.

Apart from this principle, the purchaser-provider arrangement was adopted to safeguard the involvement of senators and the Senate Department in oversight of the security system. Giving the Senate Department custody of security funds was to ensure that senators and their department would be adequately consulted about security administration and funding. Also, this system allowed the committee to oversee security administration and funding and advise the President and the Senate as appropriate. The President considers that this role of the committee has been valuable.

In place of this safeguard provided by the purchaser-provider arrangement, the President has determined that he will issue a direction that advice on security affecting senators, Parliament House or the parliamentary precincts will not be regarded as satisfactory advice to him unless signed by the appropriate officer of the Department of the Senate. In addition, the committee considers that the following safeguards should be adopted:

- the terms of reference of the committee in standing order 19 should be amended to give the committee the explicit capacity to continue its oversight of security funding and administration on behalf of the Senate and to advise the President and the Senate as appropriate
- in conjunction with the forthcoming amendment of the *Parliamentary Service Act 1999* to provide for the position of Parliamentary Librarian, the Act should also be amended to ensure the continuation of the current arrangement whereby the Security Management Board, representing the Senate, House of Representatives and Parliamentary Services Departments, provides management and policy advice on security matters.

The committee accordingly agreed to the following resolution:

- (1) The committee recommend that, conditional on the Department of the House of Representatives taking identical steps:
 - (a) approximately \$11m of the amount allocated to the provision of security currently shown for the Department of the Senate in the 2004-05 budget papers and out years be transferred to the Department of Parliamentary Services (DPS);
 - (b) the security assets of the Department of the Senate be transferred to DPS with effect from 1 July 2004, and that the Clerk and the Secretary of DPS conclude an agreement on the transfer of an appropriate amount of depreciation reserves;

- (c) any expenditure on security services for the Parliament incurred by DPS from 1 July 2004 (including under the agreement with the Australian Federal Police) not be billed to the Department of the Senate.
- (2) The President direct, for his part, that any advice on security matters affecting senators, Parliament House and the parliamentary precincts tendered by the Secretary or another officer of DPS shall be co-signed by the Usher of the Black Rod or another officer of the Department of the Senate nominated by the Clerk, and, unless it is so co-signed, it shall not constitute satisfactory advice to the President.
- (3) The committee recommend that the Senate amend the committee's terms of reference to give the Committee responsibility for oversight of expenditure and administration of security measures affecting the Senate.
- (4) The committee recommend that the Parliamentary Service Act be amended to provide for the continuation of the Security Management Board to advise the Presiding Officers on security management and policy issues.

Under the Parliamentary Service Act and the resolution of the Senate of 3 June 1987, these steps require the approval of the Senate. The committee therefore recommends that the Senate endorse this resolution.

Attachments 1 and 2 to this report indicate suggested amendments of standing order 19 and the Parliamentary Service Act to give effect to the resolution.

The committee believes that these arrangements will provide a rational system for dealing with security funding and administration, while ensuring that the Senate and senators have adequate oversight of the security system, which significantly affects the performance of their parliamentary duties.

Paul Calvert
Chairman
May 2004

ATTACHMENT 1

PROPOSED AMENDMENT OF STANDING ORDER 19 TERMS OF REFERENCE OF THE STANDING COMMITTEE ON APPROPRIATIONS AND STAFFING

(new paragraph in bold type)

- (1) A Standing Committee on Appropriations and Staffing shall be appointed at the commencement of each Parliament.
- (2) The committee shall 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.
- (3) The committee shall:
 - (a) in relation to the estimates –
 - (i) determine the amounts for inclusion in the parliamentary appropriation bills for the annual and the additional appropriations, and
 - (ii) report to the Senate upon its determinations prior to the consideration by the Senate of the relevant parliamentary appropriation bill;
 - (b) in relation to staffing –
 - (i) make recommendations to the President, and
 - (ii) report to the Senate on any matter; ~~and~~
 - (c) make an annual report to the Senate on the operations of the Senate's appropriations and staffing, and related matters; **and**
 - (d) consider the administration and funding of security measures affecting the Senate and advise the President and the Senate as appropriate.**

ATTACHMENT 2

PROPOSED AMENDMENT OF THE *PARLIAMENTARY SERVICE ACT 1999*

Add new section (position in Act may be varied):

64A Security Management Board

- (1) A Security Management Board is established by this section.
- (2) The Board consists of:
 - (a) the Secretary of the Department of Parliamentary Services, or an SES employee of that department appointed by the Presiding Officers;
 - (b) an SES employee of the Department of the Senate, appointed by the President of the Senate;
 - (c) an SES employee of the Department of the House of Representatives, appointed by the Speaker of the House of Representatives;
 - (d) any other persons the Board, with the approval of the Presiding Officers, second to the Board.
- (3) The Board must regularly advise the Presiding Officers on the policy and management of measures relating to the security of Parliament House.