



PARLIAMENT of AUSTRALIA  
Joint Standing Committee on the Parliamentary Library

20 January 2011

Mr Russell Chafer  
Committee Secretary  
Joint Select Committee on the Parliamentary Budget Office  
Department of House of Representatives  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

e-mail: [jscpbo@aph.gov.au](mailto:jscpbo@aph.gov.au)

Dear Mr Chafer

At its meeting on 25 November 2010, the Joint Standing Committee on the Parliamentary Library (the Committee) considered the invitation to prepare a submission to the Joint Select Committee on the Parliamentary Budget Office (JSCPBO).

After some discussion, the Committee resolved a set of key principles and issues that the Committee considered were relevant to the JSCPBO's inquiry.

The Committee believes that the Parliamentary Library's services are vital to the Parliament and remains most concerned about the budget pressures being experienced by the Parliamentary Library. While the proposed Parliamentary Budget Office is essential, it appears, for a modern effective Parliament, the Joint Standing Committee on the Parliamentary Library's submission is framed within the need to ensure that such a service does not compromise the current services of the Library, particularly its highly valued research services especially those that deliver economic analysis and advice and associated statistical analysis.

Please find attached our detailed submission. If further information is required please do not hesitate to contact us.

Yours sincerely

Handwritten signature of Dick Adams in black ink.

The Hon Dick Adams MP  
Joint Chair, Joint Standing Committee  
on the Parliamentary Library

Handwritten signature of Russell Trood in black ink.

Senator Russell Trood  
Joint Chair, Joint Standing  
Committee on the Parliamentary  
Library



# Submission to the inquiry into the Parliamentary Budget Office from the Joint Standing Committee on the Parliamentary Library

## Background

1 To quote the former speaker, the Hon. David Hawker<sup>1</sup>:

Australia has a record which suggests that the nation is strongly committed to democratic principles. Ensuring that the Australian -- Parliament is effective is vital for a parliament that can truly represent the people and scrutinise the government through legislation, expenditure and policy making.

2 The Parliamentary Library and the proposed Parliamentary Budget Office are vital elements to ensuring that members of the Federal Parliament can obtain information, analysis and advice to perform the representational and parliamentary roles to which they are elected.

3 Members of parliament value highly the services of the Parliamentary Library, particularly the research and analysis services. The *Parliamentary Services Act 1999* provides a mandate for the service:

### **38B Functions of Parliamentary Librarian**

- (1) The functions of the Parliamentary Librarian are:
  - (a) to provide high quality information, analysis and advice to Senators and Members of the House of Representatives in support of their parliamentary and representational roles; and
  - (b) to undertake such other responsibilities within the joint Department, consistent with the function set out in paragraph (a), as are conferred in writing on the Parliamentary Librarian by the Secretary of the joint Department with the approval of the Presiding Officers.
- (2) The Parliamentary Librarian must perform the function mentioned in paragraph (1)(a):
  - (a) in a timely, impartial and confidential manner; and
  - (b) maintaining the highest standards of scholarship and integrity; and

---

<sup>1</sup> Unpublished paper, see also Hawker, D *Funding arrangements for the Parliament of Australia: A view to the future*. Canberra, Democratic Audit of Australia, Australian National University, 2007. [http://democratic.audit.anu.edu.au/papers/20070302\\_hawker\\_parlfund.pdf](http://democratic.audit.anu.edu.au/papers/20070302_hawker_parlfund.pdf)

- (c) on the basis of equality of access for all Senators, Members of the House of Representatives, parliamentary committees and staff acting on behalf of Senators, Members or parliamentary committees; and
- (d) having regard to the independence of Parliament from the Executive Government of the Commonwealth.

4 The Joint Standing Committee on the Parliamentary Library (the Committee) has considered issues relating to establishment of Parliamentary Budget Offices at its meetings over the past year . The Committee has noted the critical elements that need to be considered and, while recognising that there is a gap in the financial and economic information available to members of parliament, believe that it is vital that this not be provided at the expense of existing Parliamentary Library services.

5 This submission canvasses the following issues:

- (a) the need for independent funding of parliamentary administration;
- (b) issues in respect of the Parliamentary Library and its possible relationship to a Parliamentary Budget Office;
- (c) some principles under which a Parliamentary Budget Office should be considered; and
- (d) comments about the recent experience of the funding for a pre-election policy service in the Parliamentary Library.

### **Independent funding**

6 On 15 July 2008 the Committee made a submission to the Joint Committee of Public Accounts and Audit Inquiry into the effects of the ongoing efficiency dividend on smaller public sector agencies. The submission proposed that the funding model for the parliament did not provide a means of ensuring the Parliament was supported by appropriate quality services over time.

7 The submission noted that the Parliamentary Library has, before and since the creation of Department of Parliamentary Services, experienced over a decade of efficiency dividend reductions. While the Library has achieved significantly improved productivity from its resources during this time, achieving further efficiencies to fund the pay increases necessary to attract and retain skilled staff and meet efficiency dividend reductions, without significant cuts in services, remains a very difficult if not impossible task.

8 A consequence of the efficiency dividend has been a reduction in the ability to purchase information resources for use by Senators and Members. Although the current buoyant Australian dollar has had a favourable impact on maintaining the status quo for information resources purchased from the US, the UK and European publishers and international providers of online resources it was necessary in 2009-10 to divert \$100,000 from the information resources budget to the research services salary budget. The continuing pressure of increasing salary costs and the need to meet senators' and members' expectations for information resources to move with the times and to take up and offer improved online resources, combined with the

efficiency dividend will lead to a further reduction in the number of staff delivering research services, simply because of the predominance of salaries in the Research Branch budget (over 96%).

9 It was apparent to the Committee that the Library's capacity to perform core functions or to be innovative in meeting new service expectations is being affected by the efficiency dividend.

10 While the inquiry into the Parliamentary Budget Office does not specifically address the issue of funding for parliamentary administration, the continued application of the efficiency dividend and the current funding process will mean that the Parliamentary Library and any new Parliamentary Budget Office will experience decreasing resources that limit their ability to respond to the needs of the Parliament.

11 We recommend that the JSCPBO note this issue and encourage the future adoption of a model of funding for the Parliament similar to that of the United Kingdom and Canada based on recognising the independence of the Parliament from government.

### **Parliamentary Library and Parliamentary Budget Office: relationship and issues**

12 As previously noted, the Parliamentary Library provides services that are vital for all senators and members. Recognising that a Parliamentary Budget Office is expected to meet specific needs on budget related matters, financial analysis and policy costing as well as promoting greater public awareness of budget and fiscal policy issues, the Committee recommends that :

- (a) the new Parliamentary Budget Office be established without reducing the Parliamentary Library's services and budget, noting that there should not be duplication of services. A possible transfer of a small number of functions such as budget briefings could be carefully negotiated;
- (b) the new service needs to be separated from the day-to-day library services. The Committee believes that current library services, particularly individual client requests, must not be reduced or compromised. While there could be professional knowledge sharing between staff, individual client requests across a wide range of issues should continue to be delivered by the Library as occurs presently; and
- (c) resourcing of the Parliamentary Library needs to be maintained and if possible increased to provide improved services that increase the effectiveness of the research service and allow the delivery of information resources to evolve in line with the expectations of senators and members for innovative application of available technologies. The Parliamentary Budget Office similarly should be provided with sufficient funding to meet the needs of clients for its services.

**Parliamentary Budget Office: principles and protocols**

13 The legislation, protocols (policies and procedures) and culture of the Parliamentary Library provides a model for the operation of the Parliamentary Budget Office. The Committee noted that the following principles have successfully operated in the Library and are considered vital for a successful Parliamentary Budget Office:

14 Services are provided to all senators and members. Government, opposition, minor party and independent senators and members should all be provided with access to the Parliamentary Budget Office. Analysis of the use of the Parliamentary Library for individual client enquiries demonstrates that while those not in government are the primary users of the service, all senators and members are clients and benefit from the service.

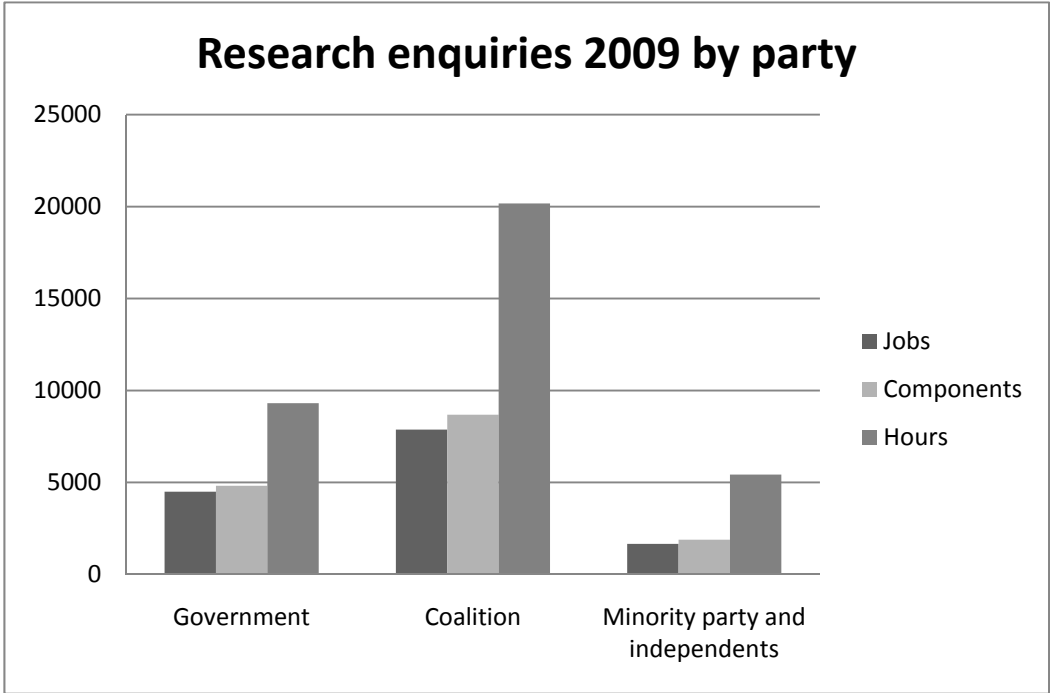


Chart 1. Individual client enquiries from senators and members by party for the calendar year 2009. Data obtained from the Parliamentary Library's Time and Activity Recording Data Information System (TARDIS) system.

15 Core values of impartiality, timeliness and confidentiality are vital for the success of any parliamentary service. The Parliamentary Service Act mandates these values for the Parliamentary Librarian and these core values will be useful to the operations of a Parliamentary Budget Office. Without these core values the new service would struggle to find direction and may not meet the needs of senators and members.

16 Integrity and scholarship are also critical to ensure that the outputs in terms of information, analysis and advice are relevant to the needs of members of parliament. Further, an understanding of the needs of members of parliament is vital. Again the legislative provisions for the Parliamentary Librarian are a good model.

17 Governance is also an important issue. The Parliamentary Library has a close relationship to the Parliament and is able to operate well under the guidance of the Committee. A Parliamentary Budget Office should also have

oversight of a parliamentary committee, whether it be an existing economic based committee or a new committee. The oversight committee should be a joint committee.

### **Evidence from the pre-election policy service**

18 In 2010-11 the Parliamentary Library received \$500,000 for the delivery of a service “to assist non-Government parties in developing policies in the lead-up to Federal elections”. The Joint Standing Committee on the Parliamentary Library approved a set of operating principles for the new service at its meeting of 17 June 2010. The model of having service principles approved by a parliamentary committee is also recommended for a Parliamentary Budget Office. The principles are attached (Attachment 1).

19 An independent evaluation of the service was carried out by Mr Stephen Bartos of LECG Consultants. The report can be found at <http://www.aph.gov.au/library/pubs/PEPU/PEPUreportfinal.pdf>. It found:

- (a) The services provided by the pre-election policy service (PEPU) have the potential to add value to the development of sound and workable policies by non-government parliamentarians. However, the timing of the introduction of the PEPU shortly before an election meant that the potential of the PEPU was not fully realised in 2010.
- (b) There is an unmet need for a comparable service to be available to parliamentarians on an ongoing basis. This is likely to be overtaken by discussions on the proposed Parliamentary Budget Office, outside the scope of this evaluation. Nevertheless many of the lessons for the future would be equally applicable to that new organisation.
- (c) In the event that resource constraints prevent establishment of an ongoing source of costing and modelling support, an earlier timetable for the provision of a PEPU service—12 to 18 months prior to the last available date for calling of a Federal election—would be an improvement. This would require shifting the allocation of funding already shown in the forward estimates from the 2013-14 financial year to 2012-13.

20 Among other things, the evaluation report recommended:

- (a) In the event a parliamentary budget office (PBO) is established, its brief should include provision of the kinds of assistance offered by the PEPU in 2010 such as costing and economic modelling.
- (b) Reflecting the iterative, interactive nature of policy development, this assistance should be available to parliamentarians on an ongoing basis.

21 The evaluation also made a small number of recommendations concerning future administrative processes and operating procedures.

22 Overall the service enabled the Library to test the costs of more detailed commissioned financial analysis services. The average cost of each

enquiry, not including overheads of Library staff allocated to the unit, was \$25,000 per client enquiry.

## Conclusion

23 The Parliamentary Library provides a highly valued service and the creation of a Parliamentary Budget Office should not compromise the ongoing access of all senators and members to the Parliamentary Library's services.

24 The Committee notes that a review of Parliamentary Budget Offices<sup>2</sup> suggested that there are four key services required:

- (a) Economic forecasts;
- (b) Baseline estimates;
- (c) Analysis of budget proposals of the Executive; and
- (d) Medium-term analysis.

25 In supporting the establishment of a Parliamentary Budget Office that would deliver these services, the Committee recommends that application of the principles and values that underpin the Parliamentary Library would lead to a quality service, which could be efficiently and quickly established to meet the needs of the Parliament.

26 We also encourage consideration of the funding model for parliamentary administration. Mr Jenkins said in 2010<sup>3</sup>

My point is that the parliamentary departments are fundamentally different from government agencies. It is perfectly reasonable that government be able to determine the priorities of government agencies. However, any proposition that government should be able, through the exercise of budgetary control, to determine the priorities of the Parliament is surely not one that we as presiding officers, or our Houses of parliament, could accept.

27 The Committee supports the creation of a Parliamentary Budget Office:

- (a) as long as this is adequately and independently funded and does not lead to a reduction in funding of the Parliamentary Library; and that
- (b) the PBO be established as complementary to, and not in competition with, the services provided by the Parliamentary Library..

---

<sup>2</sup> Anderson, B. (2009) 'The changing role of parliament in the budget process', *OECD Journal of Budgeting*, Volume 2009/1, pp. 37-47.

<sup>3</sup> 1 Jenkins, H. (2010) Funding the Australian Parliament – financial autonomy – is there a way forward? Paper delivered to the 41st Conference of Presiding Officers and Clerks of Australia and the Pacific, Darwin, 3-9 July 2010

<http://www.nt.gov.au/lant/parliament/41%20Conference%20POC%20July/4.%20Jenkins%20-%20Funding%20the%20Australian%20Parliament-%20Speakers%20Paper.pdf>



**Attachment 1. Principles for the operation of the Parliamentary Library's pre-election policy service approved by the Joint Standing Committee on the Parliamentary Library**

- (a) The service is focused on providing information, analysis and advice to non-Government clients in the pre-election period. The funding, which is allocated across the whole financial year, will be expended as far as possible before the election but some final papers and advice may be provided after the election.
- (b) A separate new unit will be established by the Library to coordinate individual requests, produce publications that fall within the scope of the service and commission external specialist advice.
- (c) Non-Government Senators and Members will be informed about the new service and asked for their views on how the resources might best be applied to meet their needs.
- (d) The service will take election policy enquiries from all non-Government Senators and Members, with requests from Government Senators and Members referred to other research staff.
- (e) The Library will seek to ensure that access to the service is shared as equitably as possible between non-Government Senators and Members.
- (f) The Library will commission external experts for perspectives on key policy issues of interest in order to produce background material for policy development. Selection of experts will be consistent with Library practice. They may also be called on to provide advice to be used in the preparation of responses to individual client requests by library staff.
- (g) The Library will discuss possible cooperation with the Departments of Finance and Treasury to access information about their economic models.
- (h) The Library notes that costings of election commitments will continue to be able to be requested from the Secretaries of the Treasury and Department of Finance under the Charter of Budget Honesty. The Library's service will therefore not provide costings of election commitments.
- (i) The unit will commence on 1 July 2010 with the secondment of at least one existing Library Senior Researcher and will cease operation some time after the election. The Parliamentary Librarian will provide a report to the Library Committee on its operation and outcomes.