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Mary Egan

**Review of the Auditor-General's
efficiency audit report
on the AGPS**

JOINT COMMITTEE ON PUBLICATIONS

November 1988

Parliament of the Commonwealth of Australia

Parliament of the Commonwealth of Australia

JOINT COMMITTEE ON PUBLICATIONS

9TH SPECIAL REPORT

**Review of the Auditor-General's efficiency audit report
on the Australian Government Publishing Service**

November 1988

**Australian Government Publishing Service
Canberra 1988**

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Secretary : P.J. Mason

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1. Discharged from attendance on Committee, 20 April 1988.
 2. Appointed, 20 April 1988.
 3. Appointed, 19 May 1988.
 4. Discharged from attendance on Committee, 19 May 1988.
 5. Appointed, 1 November 1988.

JOINT COMMITTEE ON PUBLICATIONS

Senate Standing Order 36

36. (1) A Publications Committee, to consist of seven Senators, shall be appointed at the commencement of each Parliament, with power to confer or sit as a Joint Committee with a similar Committee of the House of Representatives.

(2) All Petitions and Papers presented to the Senate which have not been ordered to be printed by either House of the Parliament shall stand referred to the Committee, which shall report from time to time as to what petitions and Papers ought to be printed, and whether wholly or in part:

Provided that when a Paper has been laid on the table, a Motion may be made at any time, without notice, that the Paper be printed.

(3) When conferring with a similar Committee of the House of Representatives, the Committee shall also have power :

- (a) to inquire into and report on the printing, publication and distribution of Parliamentary and Government Publications and on such matters as are referred to it by the relevant Minister, and
- (b) to send for persons, papers and records.

House of Representatives Standing Order 28

28. A Publications Committee, to consist of 7 Members, shall be appointed at the commencement of each Parliament with power to confer with a similar committee of the Senate. All petitions and papers presented to the House which have not been ordered to be printed by either House of the Parliament shall stand referred to the Committee, which shall report from time to time as to what petitions and papers ought to be printed, and whether wholly or in part. in addition, when conferring with a similar committee of the Senate, the committee shall have power -

- (a) to inquire into and report on the printing, publication and distribution of Parliamentary and Government Publications and on such matters as are referred to it by the relevant Minister, and
- (b) to send for persons, papers and records.

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EXTRACT OF RECOMMENDATIONS

Chapter 2 - Resume and Comment on the Audit Report

The Committee recommends :

1. That the planning and conduct of future efficiency audits, wherever possible, lead directly to specific remedial action by the auditee and not further review of the audit subject matter. (para. 2.55)
2. That discussion of industrial relations matters be integrated into future efficiency audit reports, in particular, where such matters may have significant bearing on the likely success of reforms recommended by the audit. (para. 2.58)
3. That all future efficiency audit reports detail expected administrative audit follow up action and that comment on the implementation of efficiency audit recommendations be provided in annual reports of auditees and the Australian Audit Office. (para. 2.62)

Chapter 3 - Analysis of AGPS Response to the Audit Report

The Committee recommends :

4. That the AGPS, the Parliamentary Information Systems Office, and the Department of the Parliamentary Reporting Staff, continue the development of computer systems for the electronic transfer of *Hansard* to the Government Printing Office as a matter of urgency, and, introduce such systems progressively during the 1989 sittings of the Parliament. (para. 3.17)

5. That the Parliamentary Information System, Office, the Department of the Senate and the Department of the House of Representatives develop computer systems, as a matter of urgency, for the in-house production of camera-ready text for the *Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper* and the *Votes and Proceedings of the House of Representatives*, and, introduce such systems progressively during the 1989 sittings of the Parliament. (para. 3.23)
6. That, following the implementation of recommendation 5, the requirements of the Parliament for copies of the *Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper* and the *Votes and Proceedings of the House of Representatives* be met by in-house printing. (para. 3.23)
7. That, following the implementation of recommendation 5, copies of the *Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper* and the *Votes and Proceedings of the House of Representatives* for users outside of the Parliament be met by AGPS printing and distribution from camera-ready copy provided by the Parliament. (para. 3.23)
8. That the AGPS reassess the Government Printing Office three shift operation and examine a range of other alternative shift patterns, times and arrangements during the 1989 Budget parliamentary sittings after trials of the electronic transfer of *Hansard* have progressed and turnaround times can be assessed. (para. 3.26)
9. That, as a matter of priority, the AGPS continue the development and implementation of its management operations system. (para. 3.37)
10. That AGPS give special attention to the management of its ADP consultants and the development of software to ensure that no further slippage in the management operations system implementation schedule occurs. (para. 3.37)

11. That, in view of the importance of the AGPS management operations system to the efficient provision of AGPS printing and publishing services to Commonwealth Departments and selected statutory authorities, the Government ensure that the AGPS continues to receive appropriate and sufficient allocations of funds in order to be able to complete the development of its management operations system and fully implement the system without further delay. (para. 3.37)
12. That the AGPS charge the relevant Commonwealth department or other body for publications currently classed as 'public interest' services, in particular, that :
- . copies of the *Commonwealth Government Directory* provided to Members of the House of Representatives and Senators be charged to the Department of Administrative Services; and
 - . AGPS charge the full cost of providing the *Ministerial Document Service* to the Department of the Prime Minister and Cabinet. (para. 3.41)
13. That the AGPS, in conjunction with the Australian Audit Office and the Department of Finance, continue development of AGPS financial statements such that the statements conform, as soon as possible, with the Minister for Finance's *Guidelines for the Form and Standard of Financial Statements for Commonwealth Government Undertakings*. (para. 3.43)
14. That, when developed, the financial statements of the AGPS be presented to the Parliament either as part of the Department of Administrative Services annual report or as part of a separate annual report on the operations, performance and outlook of the AGPS. (para. 3.43)
15. That the AGPS continue regular formal review and assessment, at least on an annual basis, of Government Printing Office :
- . equipment and associated staff to determine the scope for further machine rationalisation and redevelopment of capacity;
 - . machine costing and overhead absorption rates;

- performance standards, output standards and the provisions of the Estimating Manual;
 - use of, requirement for and alternatives to work performed on overtime; and,
 - supervisory costs and associated Government Printing Office workforce organisation structure. (para. 3.45)
16. That these [refer previous recommendation] regular reviews of Government Printing Office operations should be formally integrated into AGPS management's annual program, implemented such that they become a characteristic of on-going AGPS management practice and planned such that the reviews are executed promptly and resultant reforms introduced expeditiously. (para. 3.45)
17. That an AGPS Internal Audit Unit, separate from the Internal Audit Section of the Department of Administrative Services, be established as a matter of priority. (para. 3.58)
18. That the Government ensure that adequate human and financial resources are provided for the establishment, maintenance and development of an AGPS Internal Audit Unit commensurate with the size and nature of AGPS operations. (para. 3.58)
19. That all aspects of the operations of the AGPS be regularly reviewed by the AGPS Internal Audit Unit and that resultant internal audit reports be made direct to the Government Printer. (para. 3.58)
20. That the Australian Audit Office continue to audit the AGPS on a regular basis, as required. (para. 3.58)

Chapter 4 - Comment on Related Issues

The Committee recommends :

21. That Commonwealth departments and non-exempt statutory authorities and like bodies not be tied to the AGPS for non-core 'general printing' and 'publications' work up to a value of \$20,000. (para. 4.11)

22. That, pursuant to recommendation 21 of this report and Principles 4 and 15 of the *Principles for the operation of services to Government agencies*, Commonwealth departments or non-exempt statutory authorities should continue to seek and consider price quotations from the AGPS for all work. (para. 4.11)
23. That, in respect of recommendation 21, those organisations who choose not to place 'publications' work up to a value of \$20,000 with the AGPS still be subject to the responsibilities listed at section 4(ii) of the *Commonwealth Charter of Printing and Publishing Responsibilities*. (para. 4.11)
24. That all AGPS core work, that is the printing and publishing tasks of the Parliament and the urgent and/or confidential printing and publishing requirements of Commonwealth departments, statutory authorities and like bodies, be charged for on a full cost recovery basis. (para. 4.11)
25. That AGPS charge Commonwealth departments, statutory authorities and other like bodies competitive commercial equivalent rates for all non-core work. (para. 4.11)
26. That the *Commonwealth Charter of Printing and Publishing Responsibilities* be amended, where necessary, to reflect the recommendations of this report as soon as possible. (para. 4.11)
27. That the Joint Committee on Publications be consulted prior to the introduction of any proposed changes to the *Commonwealth Charter of Printing and Publishing Responsibilities*. (para. 4.24)
28. That any proposed changes to the *Commonwealth Charter of Printing and Publishing Responsibilities* incorporate explicit recognition of -
- . the unique relationship between the AGPS and the Parliament;
 - . the requirement to maintain special arrangements and conditions for parliamentary printing and publishing; and
 - . the need for parliamentary work to have priority over other Government Printing Office work. (para. 4.24)

29. That the Government recognise that increased appropriations for parliamentary printing and publishing will be required when AGPS revises the basis of its charges in light of the recommendations of the efficiency audit report and implements a policy of full cost recovery for parliamentary work as-

- . cost recovery rates will recoup all costs incurred with parliamentary work plus costs not recovered from non-core work charged out at commercial rates, and
- . AGPS will no longer receive any deficit funding. (para. 4.24)

30. That :

- (i) the Joint Committee on Publications regularly meet with the Government Printer and senior officers of the AGPS during each of the Budget and autumn periods of sittings of the Parliament to discuss matters of mutual interest and concern, and
- (ii) the Committee, where appropriate, report to the Parliament on the outcome of these meetings. (para. 4.25)

Chapter 1

INTRODUCTION

Background to the Inquiry

1.1 This is the 9th special report of the Joint Committee on Publications and the first review by the Committee of an efficiency audit report of the Auditor-General since the Committee's commencement in 1970.¹

1.2 On 18 November 1987 the Auditor-General's report on an efficiency audit of the Australian Government Publishing Service (AGPS) was tabled in the Senate and the House of Representatives by the President of the Senate and the Speaker of the House of Representatives, respectively.²

1.3 At a meeting on 26 November 1987 the Joint Committee on Publications resolved to review, by public inquiry, the audit report. The Committee resolved that the terms of reference for the inquiry would be to :

- . assess the substantive content of the audit exercise and the quality of the efficiency audit report, and
- . examine the response of the AGPS to the efficiency audit report and related matters.

1.4 A number of factors, apart from the traditional concern of every parliamentary committee for the efficient and effective use of public resources, influenced the Committee to undertake this inquiry.

1.5 The formal and historical links between the Joint Committee on Publications and the AGPS ensure that the Committee continues to be responsible for parliamentary oversight of AGPS activities, functions and responsibilities. In particular, standing order 36 of the Senate and standing order 28 of the House of Representatives empower the Committee to '... inquire into and report on the printing, publication and distribution of Parliamentary and Government Publications ...'. Furthermore, the establishment of the AGPS and the present Joint Committee on Publications stem directly from recommendations contained in the 1964 Joint Select Committee on Parliamentary and Government Publications *Parliamentary and Government Publications* inquiry report.³

1.6 The AGPS, in its present role as the principal Commonwealth publishing and printing service and regulatory organisation, affects the programs of all Commonwealth departments and statutory bodies. Therefore, the Committee was concerned to ensure that any changes made to AGPS structure and operations consequent on the findings of the efficiency audit report were appropriate to the current economic climate.

1.7 The Committee also wished to participate in the process of parliamentary committee review of efficiency audit reports. As observed by the House of Representatives Standing Committee on Expenditure, 'assessment of the quality of an EA [efficiency audit] report is tied up with the contribution it has made to improving the efficiency of the area under examination and its contribution to public accountability'.⁴ In the case of the AGPS efficiency audit report the benefits of the audit could not be quantified directly nor compared with the \$148,500 audit cost.⁵

1.8 The Committee last examined the operations of the AGPS ten years ago. The 1978 6th Special Report of the Committee comprehensively reviewed the AGPS and made 108 recommendations for its improvement. That report led to, among other things, the creation of the *Commonwealth Charter of Printing and Publishing Responsibilities* and the establishment of the *Commonwealth Printing and Publishing Manual*.⁶

1.9 This examination of the efficiency audit report, whilst not a detailed review of the AGPS, affords the Committee an opportunity to report to the Parliament on progress made at the AGPS since the Committee's 1978 report.

1.10 Finally, the most fundamental reason for the Committee reviewing the efficiency audit report is the scale and opportunity cost of AGPS human and financial resources. Some 1,036 staff are currently employed at the AGPS. In terms of numbers of apprenticeships, the AGPS, regardless of economic conditions, has consistently made a major training and development contribution to the Australian printing industry through its employment of apprentices. On average the Government Printing Office has employed 28 apprentices in various printing trade classifications for each of the last 4 years.⁷

1.11 The amount of public financial resources devoted to AGPS operations are also significant. \$8.837m was appropriated during 1987-88 to the AGPS in order to achieve its program objective "to provide for the publishing and printing requirements of the Parliament and the Commonwealth Government in a commercially viable and timely way".⁸ In 1988-89 the AGPS Trust Account will handle \$81.5m estimated receipts and \$80.35m estimated payments while \$3.473m will be outlayed on plant and equipment during this period.⁹ This report is part of the parliamentary system of accountability for these public funds.

Submissions, Witnesses and Work of the Committee

1.12 At the outset the Committee determined that it would seek submissions on the efficiency audit report and the current status of AGPS operations from a wide range of sources.

1.13 The inquiry's terms of reference were widely advertised in all national and several state newspapers on 18 and 19 December 1987. The Committee also sought written submissions from all Commonwealth and parliamentary departments, 39 major statutory authorities who are exempt from using AGPS printing and publishing facilities, 9 non-exempt Commonwealth bodies and all unions whose members are employed at the AGPS.

1.14 In seeking submissions from Commonwealth and parliamentary departments and non-exempt bodies the Committee sought comment on the following matters :

- . any significant and/or recurring problems the organisation may have experienced with the AGPS during the last 2 years;
- . whether the present *Commonwealth Charter of Printing and Publishing Responsibilities* and *Commonwealth Printing and Publishing Guidelines* placed undue or unnecessary restrictions on the organisation's printing and publishing program;
- . the policy and/or guidelines used by the organisation to determine the number of 'free issues' of publications produced by the organisation;
- . the extent and nature of the development of in-house printing and publishing capacity in the organisation; and
- . the number, type and value of major (in excess of \$10,000) publishing requests and general printing tasks placed with commercial printers by the organisation without reference to the AGPS during 1985-86.

1.15 Written comment was also sought from exempt bodies on the first three of the above matters.

1.16 In total, 58 organisations made 80 submissions to the inquiry (refer Appendix B for details).

1.17 The Committee took evidence from 53 witnesses representing 21 Commonwealth departments and organisations (refer Appendix C for details). The Committee also held private discussions with a number of individuals. In addition, members of the Committee conducted site inspections of the AGPS central office and the Government Printing Office at Kingston, ACT.

1.18 The Committee recognised that since the establishment of the AGPS in 1970 :

- . the number of problems experienced by AGPS clients in publishing and/or printing specific individual titles through AGPS has generally been outweighed by the number of successful publishing/printing tasks handled for each client by the AGPS;
- . the AGPS has been required to work within the public sector environment with all the concomitant accountability requirements associated with the expenditure of public monies; as observed by the Government Printer, this environment is characterised by 'systematic rigidities which prevent, or at least inhibit, truly commercial operation[s]'¹⁰;
- . the AGPS, unlike private printing and publishing facilities, has been required under the Charter to tailor its operations and limit its capacity to that required for the needs of '... the Parliament and the urgent and confidential needs of government'¹¹;
- . AGPS operations have been reviewed in part or in full many times by many different internal and external groups; it appears that AGPS management has attempted to respond positively, albeit sometimes slowly, to the recommendations of each of these reviews;
- . the nature of the Australian publishing and printing industry, in terms of production techniques, marketing, distribution, management and industrial relations, has undergone considerable changes over the last 18 years; and
- . the framework and perspective of government policy for the operation of central service agencies like the AGPS has changed markedly.

1.19 It was unfortunate that many witnesses who appeared before the Committee in this inquiry, including to some extent the Government Printer, seemed to circumnavigate the efficiency audit report's findings and concentrate on their own personal agenda for the AGPS.

Endnotes :

1. The previous special reports of the Committee are :

Australia, Parliament 1986, Review of the Cost and Distribution of the Parliamentary Paper Series : Report from the Joint Committee on Publications (R.C. Elstob, Chairman), Parl. Paper 450, Canberra. (Henceforth, Elstob Report.)

Australia, Parliament 1979, Annual Reports of Commonwealth Departments and Statutory Authorities : Report from the Joint Committee on Publications (R. Gillard, Chairman), Parl. Paper 211, Canberra.

Australia, Parliament 1978, The Australian Government Publishing Service and its role in Commonwealth Printing and Publishing 1964-78 : Report from the Joint Committee on Publications (J.C. Hodges, Chairman), Parl. Paper 335, Canberra.

Australia, Parliament 1978, Inquiry into the publication of Commonwealth Acts, Statutory Rules and Legislation of the Territories : Report from the Joint Committee on Publications (J.C. Hodges, Chairman), Parl. Paper 335, Canberra.

Australia, Parliament 1977, Inquiry into the purpose, scope and distribution of the Parliamentary Papers Series : Report from the Joint Committee on Publications (J.C. Hodges, Chairman), Parl. Paper 216, Canberra.

Australia, Parliament 1972, Report relating to the Pink Pages advertising contract for the Victorian telephone directories : Report from the Joint Committee on Publications (G.D. Erwin, Chairman), Parl. Paper 175, Canberra.

Australia, Parliament 1972, Report relating to departmental publishing activities : Report from the Joint Committee on Publications (G.D. Erwin, Chairman), Parl. Paper 285, Canberra.

Australia, Parliament 1971, Report relating to the distribution and pricing of Parliamentary Publications : Report from the Joint Committee on Publications (G.D. Erwin, Chairman), Parl. Paper 153, Canberra.

2. Australia, Senate 1987, Journals, no. 27, p. 292 and House of Representatives 1987, Votes and Proceedings, no. 25, p. 232.
3. Australia, Parliament 1964, Parliamentary and Government Publications: Report from the Joint Select Committee (G.D. Erwin, Chairman), Parliamentary Paper 32, Canberra, paras. 35-36, 198, 373. (Henceforth, Erwin Committee Report.)
4. Australia, Parliament 1987, 'An Efficient Organization, or, an Efficient Audit ?' - Review of the Auditor-General's efficiency audit report into construction project management practiced by the Department of Housing and Construction: Report from the House of Representatives Standing Committee on Expenditure (J.G. Mountford, Chairman), Parl. Paper 74, Canberra, para. 8.1, p. 44.

5. Evidence (proof), p. 41.
6. Elstob Committee Report, paras. 11.14 and 16.5, refer also to Appendix D.
7. Department of Administrative Services/AGPS submission dated 14 September 1988, Attachment C.
8. Department of the Treasury, Portfolio Program Estimates 1988-89 ; Budget Paper No. 3, AGPS, Canberra, p. 32.
9. *ibid.*
10. *ibid.*, p. 263.
11. Australian Government Publishing Service 1988, Commonwealth Printing and Publishing Manual, 2nd edition, AGPS, Canberra, Annexe 1A - Commonwealth Charter of Printing and Publishing Responsibilities, para. 2(c).

Chapter 2

RÉSUMÉ AND COMMENT ON THE AUDIT REPORT

Structure and Content of the Audit Report

2.1 Although the Auditor-General has described his report as 'an efficiency audit of the Australian Government Publishing Service'¹, the main focus of the report is the Government Printing Office. The Australian Audit Office audit team manager described the situation as follows :

... it was considered that the primary focus of the audit should be directed at the cost-effectiveness of the operations of the Printing Office ... It was largely because the Printing Office had the lion's share of the resources and therefore if there was scope for improvement, the greatest improvement was likely to occur there ... In addition ... Audit reviewed the publishing activities, particularly as they affected the Government Printing Office, management information and general financial information.²

2.2 The 9 chapter structure of the 80 page efficiency audit report reflects this focus. Apart from the introductory and summary chapters, the main body of the efficiency audit report is concerned with a detailed examination of the capacity and cost effectiveness of the Government Printing Office and ancillary services. The remaining chapters of the report review publishing operations, financial administration and management information primarily in the context of the Government Printing Office operations.³

2.3 The Committee concludes that the title of the efficiency audit report does not accurately reflect the report's contents.

2.4 As the subject matter of the efficiency audit is both detailed and complex, particularly as far as understanding various forms of interactions and interdependencies, the Committee has found it useful to report the following résumé and comments.

(a) Capacity of the Government Printing Office

2.5 The term 'capacity' has been used in the audit report to describe both the physical (plant and machinery) and staff resources of the Government Printing Office.

2.6 The primary concern of the report here was :

... the lack of a systematic process within the Government Printing Office to identify and measure the volume of parliamentary and urgent and confidential work; and consequently to enable Government Printing Office management to make an accurate assessment of the resources required to fulfill its Charter obligations.⁴

2.7 The Charter provides, *inter alia*, that the capacity of the Government Printing Office will be limited to that required for the Parliament and the urgent and confidential needs of government. As the parliamentary workload is variable, the Government Printing Office frequently has significant spare capacity available for other 'fill-in' work, in particular, during the third evening shift when the Parliament is not sitting. The efficiency audit report contends that:

... as the cost of printing much of this ['fill-in'] work is significantly higher than the prices offered by commercial printers ... it is desirable that the volume of other printing work allocated to the Government Printing Office be kept to the minimum level consistent with using effectively the total resources provided.⁵

2.8 The Committee is of the view that AGPS acceptance of all 40 recommendations of the efficiency audit report constitutes tacit agreement with Audit's general proposition about higher Government Printing Office costs. While AGPS disagreed with Audit's methodology used to arrive at the efficiency audit conclusion that 'AGPS costs appear to be 35% higher than the price of similar [fill-in] work done in the private sector', AGPS's general reaction to the efficiency audit supported this conclusion.⁶

2.9 The efficiency audit report also examined the need for the Government Printing Office to measure and consistently identify work classed as parliamentary and urgent and confidential, i.e. core work. This is important for cost recovery reasons. The full production costs of core work have been recovered by charging for such work at differential rates which recover higher costs stemming from additional shift work, overtime and back-up facilities that may be necessary to complete core work within tight time frames. The differential rates are generally 30-35% higher than the basic rates used for other work.

2.10 The original justification for the existence of the Government Printing Office was for it to undertake tasks for the Parliament and the urgent and confidential needs of government. The trend for these tasks, or core work, to constitute a little over half of the total direct or chargeable Government Printing Office hours was continued in 1986-87.⁷ The Committee remains concerned the Government Printing Office appears to be drifting away from the main purpose for which it was established.

2.11 Significant excess capacity was also reflected in the efficiency audit statistics for 1986-87 for fill-in work in the Government Printing Office photolitho, press room, machine bindery and hand bindery sections.⁸ Only the staff resources of the composing and security sections of the Government Printing Office were engaged predominantly on core work.

2.12 If AGPS clients continue the trend towards greater provision of camera ready copy and/or printing via direct data transfer using the AGPS PENTA system, the amount of staff resources of the composing section needed for core work may be significantly reduced.

(b) Cost effectiveness of the Government Printing Office

2.13 Although the efficiency audit report gives no explicit definition of the term 'cost effectiveness' the analysis in the report was directed at interpreting the ability of the Government Printing Office to undertake work at prices comparable to those of commercial contractors.

2.14 The logical difficulty of this type of public and private sector comparison was recognised in the efficiency audit report. Much discussion was devoted to the variety of unavoidable factors which the Government Printing Office had to contend with in its operations and which added to its costs. For example, the variable nature of the parliamentary workload in terms of the length of sittings, the quantity and page content of legislation.

2.15 In order to form judgments on the Government Printing Office's cost effectiveness the audit reviewed the levels of Government Printing Office labour productivity, overhead costs, machine use, and overtime. Government Printing Office shift arrangements and procedures for acceptance and scheduling of work were also examined.

2.16 The latest 1986-87 figures for direct and indirect Government Printing Office labour hours obtained by the Committee supported the efficiency audit report's finding that Government Printing Office labour productivity was lower than that suggested by the industry costing guide.⁹ Also, the 1986-87 figures showing that approximately 67% of all Government Printing Office salaries and allowances must be recovered as overheads (as compared to 60% in 1985-86) confirmed the efficiency audit report's finding that generally Government Printing Office overhead costs were high.¹⁰

2.17 Clearly this growth rate in the level of Government Printing Office overhead costs to be absorbed cannot be sustained or justified. Moreover it is noted :

... this overhead component refers only to the [Government] Printing Office and does not include sales, marketing and distribution costs ...¹¹

2.18 In terms of using machine use as an indicator of Government Printing Office cost effectiveness, the efficiency audit report referred to difficulties encountered in determining an accurate assessment of machine use because of the absence of formal standards or performance measures. The general audit finding of a low level of machine use was described as 'indicative rather than conclusive' because of the range of variables to be considered. The efficiency audit report made the point, however, that its 'broad analysis':

... does point to a significant volume of spare capacity and the need for a comprehensive review, together with regular monitoring, of equipment holdings and use.¹²

2.19 Other factors which the efficiency audit report identified as reducing the cost-effectiveness of the Government Printing Office were inappropriate shift arrangements and high levels of overtime. The report queried the need for continuing the present three shift arrangement and various aspects of the timing of those shifts. As in previous areas examined, audit analysis was hampered by inadequate records of production in respect of each shift.

2.20 The significant increase in Government Printing Office overtime in recent years was also criticised in the efficiency audit report. The latest 1986-87 figures available to the Committee showing 16.6% of all hours worked as overtime reinforced the trend identified in the efficiency audit report (12.6% in 1984-85, 14.6% in 1985-86).¹³

2.21 Audit also found that 52% of overtime related to fill-in work, hence the report concluded :

... a high level of overtime on this work will reduce the opportunity for the Government Printing Office to be competitive with the private sector. It also gives rise to questions concerning the desirability of the Government Printing Office accepting such [fill-in] work, which is not central to its primary role and can be completed only at extra cost.¹⁴

2.22 Finally, the cost effectiveness of the Government Printing Office was found to be wanting because of an absence of a structured scheduling system for determining whether to accept or reject work offered to the Government Printing Office by the Publishing Office. Audit found that this key decision being made on the basis of the Production Control Officer's personal knowledge of current work on hand together with a computer report of registered jobs on hand classified by broad priority classification. Frequently the current workload was found to be mismatched with available resources.

(c) Ancillary services

2.23 The three types of AGPS activity identified as ancillary services were :

- . document reproduction,
- . production of micrographics, and
- . 'supplementary services' - the outposting of staff, stores handling and a forms composition system.

2.24 The efficiency audit report found that :

... the operating profits from ancillary services ... made a significant contribution to the financial results of the Government Printing Office. However ... the prices for these services are not competitive with the private sector and the recorded profits are largely a result of higher prices charged by the Government Printing Office.¹⁵

2.25 This trend appears to be continuing. The latest figures available to the Committee on the operating profit of these services indicated that, in 1986-87, while the Government Printing Office cost centre lost \$479,640 the 6 ancillary service cost centres contributed \$1,919,034 operating profit.¹⁶

2.26 The efficiency audit report examined the operations of various AGPS document reproduction units (or sub-printeries) in four Canberra locations and in Brisbane and Hobart. It found that, although these document reproduction units were originally introduced to contain the proliferation of in-house printing equipment in departments, the lack of records of jobs at document reproduction units made it difficult to establish whether the capacity of the document reproduction units was in accordance with the Charter.

2.27 As with the efficiency audit findings on Government Printing Office capacity, the evidence obtained by Audit on document reproduction units capacity suggested that it is greater than that needed to satisfy the urgent and confidential needs of government. Consequently substantial fill-in work was being

obtained from departments but, contrary to the stated policy regarding industry comparable prices for fill-in work, the prices charged for this fill-in work were considerably higher than contract prices from commercial printers.

2.28 Again, the latest figures available to the Committee supported the efficiency audit finding that document reproduction units overtime was consistently high - in 1986-87 overtime accounted for approximately 24% of all hours worked at document reproduction units.¹⁷ Similarly 1986-87 figures for productivity levels at the four ACT document reproduction units indicated a decline in productivity since 1983-84.¹⁸

2.29 In its brief examination of the AGPS Micrographics Bureau the efficiency audit again queried whether the capacity of the Micrographics Bureau was in accordance with the Charter and found that 'departments in the ACT are obliged to use the Micrographics Bureau despite the resultant costs being double those of the private sector'.¹⁹ Similarly, the efficiency audit report found that the on-costs of out-posted staff and stores handling (two AGPS 'supplementary' ancillary services) were being over recovered.

(d) Publishing Operations

2.30 The *Commonwealth Charter of Printing and Publishing Responsibilities* requires departments and specified authorities to arrange for all publications to be produced by AGPS. As well, major printing tasks must be referred to AGPS but clients may make their own arrangements for general printing up to a value of \$10,000 provided it is first offered, through the AGPS Publishing Office, to the Government Printing Office. To expedite printing and publishing requests the AGPS has arranged period contracts for more common types of publications and specific titles produced on a recurring basis.

2.31 When a publishing request is received the job must be offered to the Government Printing Office if it has the necessary facilities/equipment to perform the work. If the Government Printing Office is unable to accept the job, the Publishing Office arranges for its printing by commercial printers, either by calling tenders or using established period contracts.

2.32 Although the statistics in the efficiency audit report for the value of work placed with the Government Printing Office by the Publishing Office suggested that the Government Printing Office was handling less and less of the total value of available work (down from 33% in 1983-84 to 14.7% in 1985-86) the latest figures available to the Committee indicated otherwise.²⁰ In 1986-87 the Government Printing Office performed 19.9% of all work referred to the AGPS, although the total value of all work placed by the Publishing Office during 1986-87 remained stable at \$31m as per 1984-85 and 1985-86.²¹

2.33 In its 'summary of main audit findings' chapter the efficiency audit report referred to its 'limited evaluation' of Publishing Office operations revealing 'scope for more effective and efficient procedures' in :

- . improved liaison with the Government Printing Office, particularly in relation to estimates for printing jobs,
- . reduced delays and increased control and monitoring of print procurement,
- . greater initiative in promoting AGPS services and in identifying client needs,
- . enhanced control over total numbers and free issues of publications, and
- . adoption of a 'user-pays' principle for publishing services.²²

2.34 The efficiency audit report's examination of the last two of the above matters was surprisingly brief. Submissions to the Committee's inquiry have demonstrated that unenforceable administrative solutions characterise the issue of AGPS control over total numbers and free issues of publications. Furthermore, the debate over free issues is generally swathed in a long history of changing perceptions and successive reviews.

2.35 In respect of the concept of 'user pays', the efficiency audit report succinctly stated that :

... when clients are not free to choose other suppliers or perform functions themselves the scope for resource allocation improvements is limited²³

2.36 This problem surrounding the implementation of the user pays principle in a constrained environment was echoed repeatedly in evidence given to the Committee by AGPS clients.

2.37 In reviewing AGPS publishing operations, the efficiency audit report also made a brief comment the lack of suitable AGPS staff to ensure compliance with promulgated publishing and printing standards and guidelines and noted that there are arrears in the examination of publications. The report found that 'AGPS is not fully discharging its standards responsibilities outlined in the Charter'.²⁴

(e) Financial administration

2.38 This section of the efficiency audit report was essentially a review of job costing and pricing in the Government Printing Office. The report identified 4 major deficiencies :

- . inadequate methodology and incorrect data in developing cost recovery rates, e.g. application of flat percentage increases to rates since 1981,

- . inaccuracies in recording and processing source data, e.g. incorrect recording of the issue of direct materials,
- . inappropriate pricing arrangements in view of Ministerially approved policy - the efficiency audit report identified five different types of pricing arrangements when, in theory, Government Printing Office prices should fall into two approved categories, i.e. full cost recovery or industry comparable, and
- . unconventional accounting treatment resulting in inappropriate disclosure in financial statements.

2.39 The efficiency audit report also detailed the results of several studies of the variations between the estimated and actual costs of various jobs completed in the Government Printing Office during 1985-86. Among the major factors that were found to have led to significant differences between estimated and actual costs for these jobs (both over and under quote) were :

- . the Government Printing Office was uncompetitive when the industry rate was applied,
- . errors were made in the Government printing Office specifications,
- . excess bindery time was charged to jobs,
- . excessive preparation costs were incurred,
- . spoilt work occurred, and
- . undetected errors occurred in the finance costing system.

(f) Management Information

2.40 Audit considered that the AGPS management information system should :

- ... provide relevant and timely information to managers at all levels to facilitate their monitoring of performance, use of resources and setting of priorities.²⁵

2.41 Generally AGPS was found to have a series of unsatisfactory informal and formal management information systems in use, ranging from detailed financial budgeting information to *ad hoc* records held throughout the organisation.

2.42 The efficiency audit report noted that the AGPS is developing a comprehensive management operations system embracing the areas of production, sales, accounting, stock control,

personnel, salaries, registry and management information. While it is intended that the management operations system will address many of the deficiencies in existing systems it will be some years before it is completely developed and, at the time of the audit, no functions had been implemented fully.

2.43 The efficiency audit report found that current AGPS systems :

... are inadequate to enable management to monitor the operations of AGPS effectively. The general inadequacy of records resulted in Audit constructing information from subsidiary records and source documents to enable an assessment of AGPS performance. Such records were often incomplete, unreconciled, and not subject to adequate review by management. Fundamental information for the efficient operation of AGPS was found to be deficient and Audit experienced difficulty locating documentation to support management decisions and consequently was unable to evaluate the basis of such decisions.²⁶

2.44 The Australian Audit Office efficiency audit Team Manager commented on this situation as follows :

We experienced full cooperation from both the management and staff of AGPS but we did have considerable difficulty in obtaining information on which to make informed decisions concerning its operations. This difficulty was largely due to the nature of the AGPS records and its information systems ... information had to be obtained from raw data going back to base records ...²⁷

2.45 In particular, the efficiency audit report noted that considerable duplication of recording occurred in the job recording system and that '... schedulers must rely on their personal knowledge of current jobs in progress or discussion with section supervisors'.²⁸

2.46 The efficiency audit report also expressed concern about the extent of Government Printing Office jobs completed late and details job completion statistics showing that in the last four years more than one quarter of all jobs were late compared to the AGPS Corporate Plan goal of 10%. The latest statistics available to the Committee confirmed this finding with 24.7% of jobs classed as late in 1986-87.²⁹

2.47 As could be expected, the efficiency audit report's findings concluded on a critical note. Management information systems employed by AGPS were described as :

... predominantly unstructured and labour intensive and do not provide management with

adequate, timely information to enable an effective level of monitoring and review of its operations. Present manual records are not being properly used to facilitate management decisions which could lead to more efficient operations.³⁰

Conclusions and Recommendations of the Report

2.48 All 40 efficiency audit report recommendations have been accepted by the AGPS. The recommendations have provided the starting point for many of the reforms that the AGPS has developed and is implementing.

2.49 As the AGPS responses to the efficiency audit recommendations have changed over time a digest of the efficiency audit report recommendations, the various AGPS responses and Committee comment (where appropriate) has been assembled. (refer Appendix A)

2.50 While the efficiency audit report can be said to have identified a plethora of problems at the Government Printing Office, in terms of the nature of the majority of its recommendations the efficiency audit report does not provide concrete solutions - only probable pathways to solutions. For example, of the 40 recommendations :

20 call for AGPS to '... review, ... re-assess, ... assess, ... clarify, ... revise, ... re-appraise, ... examine, ... recalculate',³¹

12 call for AGPS to '... develop',³² and

8 call for other forms of action, usually direct implementation of a specific matter.³³

2.51 This characteristic can be expected where chronic problems are present in an organisation and possible solutions need to be further researched in detail before management chooses a particular option. However it has the combined dangers of :

- . perpetuating the internal or external review of an organisation and its subsystems and thereby justifying a lack of reform on the basis that the matter 'is being investigated', albeit seemingly *ad nauseam*; and
- . overburdening the management of the organisation either directly (in carrying out the further reviews) or indirectly (in

considering the reports of consultants who have carried out the reviews) and thus reducing the time available for management to manage.

2.52 The efficiency audit Team Manager summarised his Office's general position as follows :

We have not done a lot of work, other than to analyse what we believe are the symptoms of the problem, and that is the purpose of AGPS. The recommendation was for AGPS to undertake further reviews or to engage consultants with a view to identifying how AGPS could overcome some of these problems and difficulties. Audit cannot go too far down the track of implementing solutions to problems; that is a management prerogative. There is a question of priorities in terms of where you deploy your resources. It is not Audit's task to tell management how to deploy its resources. We can indicate that we believe there are problems, but we cannot make the decisions for them. Secondly, if we get too involved in the decision making, in the management, we are no longer the auditors. There would be a conflict of interest if we are both introducing change and then coming in later to audit the success of that change.³⁴

2.53 Another senior Australian Audit Office official, in evidence to the Committee, acknowledged that various factors had to be weighed up in choosing how far to take an audit :

What causes us difficulty in our management of audits is knowing when we should and when we should not take on consultants. It was considered in this audit but it [would have] extend[ed] the time of the audit and the slowness with which we might provide reports. It is a bit of a balanced question ... In this instance, AGPS has taken on a variety of consultants and so we hope that the outcome still eventuates.³⁵

2.54 The Committee concludes that while the efficiency audit report has clearly identified the problems at the GPO it does not go far enough in identifying solutions. More often than not the efficiency audit report calls for further research in some form or another.

2.55 Accordingly, the Committee recommends :

1. *That the planning and conduct of future efficiency audits, wherever possible, lead directly to specific remedial action by the auditee and not further review of the audit subject matter.*

2.56 Furthermore, the efficiency audit is deficient in not discussing or examining in any depth the industrial relations aspects of the various Government Printing Office problems identified. There is only limited reference to 'consultation with staff associations' and problems experienced during trials of direct electronic transfer of *Hansard* copy.

2.57 While section 2.1 of the 'Summary of Main Audit Findings' chapter does make some effort to comment on the Government Printing Office industrial relations there is little subsequent reference to this important aspect of Government Printing Office operations. Nearly all of the matters examined in the efficiency audit report involve the Government Printing Office workforce, its current and future conditions of employment and the working environment.

2.58 The Committee recommends :

2. *That discussion of industrial relations matters be integrated into future efficiency audit reports, in particular, where such matters may have significant bearing on the likely success of reforms recommended by the audit.*

2.59 Similarly, the efficiency audit report frequently stresses the general point, in varying particular applications, that the Government Printing Office is not competitive when compared to the private sector printing industry. However there is little clear detailed discussion of, and quantification of, the impact of those 'handicaps' the Government Printing Office suffers because it is a government organisation and those 'handicaps' the Government Printing Office experiences because of the way the Government Printing Office arranges its business. As a committee member succinctly put it 'How much do we inflict on them and how much of it is their own?'.³⁶ Sections 2.9.13 and 2.9.14 of the efficiency audit report containing the Department's response refers these factors but does little else.

2.60 The perspective of the efficiency audit report could also have been improved by the provision of some explicit comment on expected Australian Audit Office follow up action. While it is recognised that parliamentary scrutiny of most efficiency audit reports occurs, explicit comment on expected Australian Audit Office follow up action acknowledges the ongoing public accountability of any efficiency audit exercise. The Committee understands, that under the current organisation of the Australian Audit Office, follow up to efficiency audit reports will occur in the context of checks to be made in the progress of 'normal' financial compliance audits and through the participation of Australian Audit Office staff on special interdepartmental working parties, where applicable.

2.61 The Committee also understands that quarterly reports detailing the progress made in implementing the efficiency audit recommendations will also be made by the Minister for Administrative Services to the Minister for Finance until satisfactory progress has been made to ensure that the audit reforms are properly addressed. Unless AGPS reforms are promptly generated in response to the efficiency audit report these quarterly progress reports will be of little use beyond providing administrative throughput.

2.62 The Committee recommends :

3. *That all future efficiency audit reports detail expected administrative audit follow up action and that comment on the implementation of efficiency audit recommendations be provided in annual reports of auditees and the Australian Audit Office.*

Endnotes :

1. Australia, Auditor-General 1987, Efficiency Audit Report : Australian Government Publishing Service, November 1987, AGPS, Canberra, passim. (Henceforth, efficiency audit report.)
2. Evidence (proof), pp. 6-7.
3. It is also somewhat ironic that a report on the organisation responsible for the standards of Commonwealth publications is very austere in its presentation. It should have been possible for some of the information presented in the 25 detailed statistical tables which permeate the efficiency audit report to have been presented in chart or graph form. A limited number of appropriate illustrations of the Government Printing Office and document reproduction unit would have improved the efficiency audit report. Also each of the 25 statistical tables should have been numbered in accordance with the recommendations of the Style Manual.
4. Efficiency audit report, para. 2.2.4, p. 8.
5. Ibid., para. 2.2.3, p. 8.
6. Ibid., para. 3.1.11, p.17.
7. Department of Administrative Services/AGPS submission dated 10 February 1988, attachment 5, p. 1.

8. Ibid.
9. Ibid., p 2.
10. Ibid.
11. Efficiency audit report, para. 4.3.2, p. 27.
12. Ibid., para. 4.4.16, p. 30.
13. Department of Administrative Services/AGPS submission dated 10 February 1988, attachment 5, p. 3.
14. Efficiency audit report, para. 4.5.16, p. 33.
15. Ibid., para. 5.1.6, p. 38.
16. Department of Administrative Services/AGPS submission dated 10 February 1988, attachment 5, p. 4.
17. Ibid.
18. Ibid.
19. Efficiency audit report, para. 5.6.8, p. 43.
20. Ibid., para. 6.1.10, p. 47.
21. Department of Administrative Services/AGPS submission dated 10 February 1988, attachment 5, p. 5.
22. Efficiency audit report, para. 2.6.1, p. 10.
23. Ibid., para. 6.7.3, p. 52.
24. Ibid., para. 6.6.2, p. 52.
25. Ibid., para. 8.1.1, p. 64.
26. Ibid., paras. 8.2.2 and 8.2.3, p. 65.
27. Evidence (proof), p. 7.
28. Efficiency audit report, para. 8.3.7, p. 66.
29. Department of Administrative Services/AGPS submission dated 10 February 1988, attachment 5, p. 6.
30. Efficiency audit report, paras. 8.6.1 and 8.6.2, p. 68.
31. Refer efficiency audit recommendations 1, 3, 4, 8, 10, 12, 13, 16, 18, 19, 20, 24, 28, 29, 30, 32, 33, 35, 36, and 40.
32. Refer efficiency audit recommendations 2, 6, 7, 11, 15, 17, 21, 25, 34, 37, 38 and 39.

33. Refer efficiency audit recommendations 5, 9, 14, 22, 23, 26, 27 and 31.
34. Evidence (proof), p. 16.
35. Ibid., pp. 43-4.
36. Ibid., p. 18.

Chapter 3

ANALYSIS OF AGPS RESPONSE TO THE AUDIT REPORT

Implementation of the Audit Recommendations and Achievement of Results

3.1 The Committee has serious doubts as to the certainty and value of the outcome, to date, of AGPS responses to the efficiency audit report. This is despite all 40 of the efficiency audit report recommendations having been 'accepted and implemented' by the AGPS (refer Appendix A).

3.2 The Committee believes that :

- . the efficiency audit recommendations do not pose effective solutions to the main problems of the AGPS, and
- . the AGPS responses to the efficiency audit recommendations have not led to material changes in AGPS operations.

3.3 The initial reaction of the AGPS to audit criticism presents a change from the adverse responses of other efficiency audit auditees.¹ This point was not lost on the Australian Audit Office efficiency audit Team Manager who characterised the AGPS as having :

... adopted a very positive and constructive approach to their [the efficiency audit recommendations] implementation. If there is a difference of opinion between Audit and AGPS it is in relation to some of the conclusions reached by Audit and the emphasis placed on certain central elements.²

3.4 However the usefulness of AGPS cooperation in this instance is questionable as :

- . the efficiency audit recommended AGPS exploration of possible solutions thus implementation of efficiency audit recommendations *per se* has been relatively easy to achieve but has led to little improvement;³ and

many of the efficiency audit recommendations reflect AGPS actions that were underway or planned at the time of the audit thus few real reforms can be said to have resulted from the audit.

3.5 Furthermore the slowness of the AGPS in actioning needed changes highlights how far AGPS has drifted from the ideal of providing an efficient service which is responsive and competitive. For example the Auditor-General stressed that :

... the development of the Ministerial submission concerning clarification of the work required to be undertaken by the Government Printing Office and the method of charging for this work (see [efficiency audit] recommendations 1, 19, 36, 37) should be given the highest priority.⁴

3.6 AGPS should have addressed this problem many years ago. It should not have been necessary for the efficiency audit report to highlight this issue. Despite this, the outcome of many of the AGPS actions on this matter remains uncertain. AGPS has moved to clarify the nature of work to be undertaken by the Government Printing Office. A consultant (J.N. Kelly, Kayem Consultants Pty Ltd) has reviewed the Government Printing Office operations and reported to the AGPS over a year ago. Since then the AGPS has considered the consultant's report and only recently prepared a submission to Cabinet on the matter. The Committee understands that Cabinet has considered this issue. Although the Minister for Administrative Services has provided written advice to the Committee about this matter there has been no public announcement of the outcome of Cabinet's deliberations.

3.7 Scrutiny of the consultant's report shows that the utility of some of its recommendations is questionable as they reiterate the call for review of matters already identified for review by the efficiency audit report, for example 'it is recommended that the system for dealing with overtime should be reviewed'.⁵

3.8 The consultant's report provides a long overdue examination of the performance of Government Printing Office printing presses/bindery machines and the calculation of machine rates. These findings have been used by the AGPS to rationalise its equipment in response to efficiency audit recommendations 3 and 10, and to re-assess the basis of its charges in response to efficiency audit recommendations 4, 28 and 29.

3.9 It is of particular concern to the Committee that the AGPS does not seem to have been able to make any substantial headway in modernising processes for the preparation of *Hansard*. There is little evidence of effective consultation between *Hansard* staff and the AGPS having occurred in the past on this matter. This is despite an apparent universal recognition of the value of, and need for, modernising *Hansard* production. While working parties have been formed and discussions taken place on this issue over many years only marginal changes have resulted.

3.10 The responses of AGPS to recommendation 5 of the efficiency audit state that AGPS is 'exploring wider applications' of the direct electronic transfer of *Hansard* via the PENTA computerised phototypesetting system. Major savings and efficiency improvements will result from this initiative because, as noted by the Australian Audit Office :

Typesetting is the major element in the cost of producing daily *Hansard* for the Parliament. Because of the timing of parliamentary sittings the bulk of *Hansard* production is undertaken on the night shift and overtime, which significantly increases the costs. Consequently any move towards electronic data transfer could result in savings in Government Printing Office charges....It should be noted that the Government Printing Office has had the equipment to receive and process electronic data since 1984.⁶

3.11 Previous trials of the electronic transfer of *Hansard* in 1984 posed problems for both *Hansard* and the AGPS. These trials were unsuccessful for a variety of reasons most of which have now been overcome.⁷

3.12 The Parliamentary Reporting Staff's Tape Transcription Centre has been re-equipped with a multi-user word processing system running on hardware which is fully compatible with other (new) Parliament House systems. It is planned that a similar facility will be installed during 1988-89 to assist in the preparation of the *Hansard* reports of the Senate and the House of Representatives. This will enable file transfer between the Tape Transcription Centre and Parliament House *Hansard* systems and provide the capability for direct electronic links to the Government Printer.⁸

3.13 The Committee notes that, in an effort to reduce double keystroking, *Hansard* conducted a pilot trial of computer aided transcription in 1987 but abandoned it because of :

- . problems with computer software, which had been designed for use by court reporters not parliamentary reporters;
- . technical problems with the equipment, particularly computer discs and printers;
- . reservations held by the participants about their ability to use the system effectively in the preparation of the *Hansard* reports;
- . the perceived adverse impact that using the system might have on the performance of the work *Hansard* reporters; and

- the opinion of those involved in the trial that in order to undertake a proper evaluation of the applicability of computer aided transcription to *Hansard* reporting a group of reporters would have to be engaged in a trial for a period of at least six months and perhaps up to two years, and in the context of the current staff situation and the need to continue to produce the *Hansard* reports of the Houses, such a trial was impossible.⁹

3.14 Some of these problems should be able to be promptly resolved through support and advice from the Parliamentary Information Systems Office. It is recognised, however, that the procurement of additional suitable *Hansard* staff is difficult and will take time.

3.15 The Committee notes that the findings of the AGPS consultant's report skirt around these matters and lead to only general self evident recommendations, for example :

Hansard are considering options for improving technology in the form of computer assisted transcription. If this initiative eventuated it would have a dramatic effect on the Government Printing Office's Preparation area. Government Printing Office should form a joint working party with *Hansard* to ensure that the most effective system is established.¹⁰

3.16 The Committee understands that a joint working party comprising officers from *Hansard*, the Parliamentary Information Systems Office and the AGPS are developing arrangements to permit the direct on-line transfer of *Hansard* to the Government Printing Office.

3.17 The Committee recommends :

4. *That the AGPS, the Parliamentary Information Systems Office, and the Department of the Parliamentary Reporting Staff, continue the development of computer systems for the electronic transfer of Hansard to the Government Printing Office as a matter of urgency, and, introduce such systems progressively during the 1989 sittings of the Parliament.*

3.18 While the focus of the efficiency audit recommendation is directed at modernising processes for the preparation of *Hansard*, it remains that there is considerable scope for similar improvements to be made to the way the *Senate Notice Paper*, *Journals of the Senate*, *House of Representatives Notice Paper* and *Votes and Proceedings of the House of Representatives* are prepared, produced and distributed.

3.19 With the advent of the (new) Parliament House information systems network, in-house preparation of these documents is possible, desirable and should be undertaken without delay. These documents are straightforward productions with recurring format and layout characteristics. They are produced on each sitting day of the Parliament in a proof form and later edited to a final form.

3.20 The Committee believes that it would be a more efficient use of human and financial resources, both within the Parliament and at the AGPS, if parliamentary requirements for the *Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper* and *Votes and Proceedings of the House of Representatives* were met by in-house printing.

3.21 The professional support of the Parliamentary Information Systems Office may be required, particularly in the area of software development for multi-font production of camera-ready copy, to ensure that the quality of the copy maintains current standards.

3.22 The same camera-ready copy of the *Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper* and *Votes and Proceedings of the House of Representatives* should be forwarded to AGPS each sitting day for reproduction and distribution to users outside of the Parliament, in accordance with existing arrangements.

3.23 The Committee recommends :

5. *That the Parliamentary Information Systems Office, the Department of the Senate and the Department of the House of Representatives develop computer systems, as a matter of urgency, for the in-house production of camera-ready text for the Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper and the Votes and Proceedings of the House of Representatives, and, introduce such systems progressively during the 1989 sittings of the Parliament.*
6. *That, following the implementation of recommendation 5, the requirements of the Parliament for copies of the Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper and the Votes and Proceedings of the House of Representatives be met by in-house printing.*
7. *That, following the implementation of recommendation 5, copies of the Senate Notice Paper, Journals of the Senate, House of Representatives Notice Paper and the Votes and Proceedings of the House of Representatives for users outside of the Parliament be met by AGPS printing and distribution from camera-ready copy provided by the Parliament.*

3.24 Another area where the AGPS has implemented the efficiency audit recommendation but no improvement has resulted is the response to efficiency audit recommendation 12. The recommendation suggests that AGPS 'assess the cost-effectiveness and essentiality of the present three shift arrangements'.¹¹ The J.N. Kelly, Kayem Consultants Pty Ltd report examined this issue but concluded that the *status quo* be maintained and warned :

Any attempt to approach the problem by moving shift patterns or resources in order to save money could place the present level of service in jeopardy whilst only achieving a token cost saving.¹²

3.25 The Committee acknowledges the background to this finding but strongly questions the need for maintenance of the three shift arrangement throughout the year, i.e. sitting and non-sitting days. It seems that because of structural inflexibility of the AGPS workforce resources cannot be redirected to other tasks and shifts on non-sitting days. With the advent of systems for the electronic transfer to the Government Printing Office of *Hansard* rationalisation of the three shift arrangement on sitting and non-sitting days should be possible.

3.26 Accordingly, the Committee recommends :

8. *That the AGPS reassess the Government Printing Office three shift operation and examine a range of other alternative shift patterns, times and arrangements during the 1989 Budget parliamentary sittings after trials of the electronic transfer of Hansard have progressed and turnaround times can be assessed.*

3.27 One of the main recommendations of the consultant's report is that the work to be performed by the Government Printing Office be redefined into a number of categories, as follows :

Primary work - that parcel of work that the Government Printing Office has been established to perform, including parliamentary work and government work which is either urgent or confidential;

Secondary work - that work, which if performed by the Government Printing Office would reduce the costs of primary work; and,

Filler work - work which would assist to fill capacity although not of a size which make it optimum.¹³

3.28 The consultant's report contains many other recommendations for changes to the operations of the Government Printing Office. It is difficult to assess proposals such as these without a detailed explanation of how they are to be introduced, what concomitant regulation and administration will be required (if any) and how such changes will impact on the financial and human resources of both the AGPS and its clients.

3.29 The degree to which the AGPS has accepted, modified or rejected its consultant's recommendations on the nature of work to be undertaken by the Government Printing Office and the method of charging for this work is not known. These matters are understood to form part of the AGPS Cabinet submission.

3.30 In appointing a consultant to review matters highlighted in the efficiency audit, considering the consultant's report at length and then using the Cabinet submission process AGPS appears to have passively obstructed and delayed reform.

3.31 A further area where the AGPS has implemented the efficiency audit recommendation but the success of the outcome remains uncertain is the development and introduction of the proposed management operations system. Scrutiny of the AGPS response to efficiency audit recommendation 39 shows that the AGPS has consistently failed to meet the target dates for the system's implementation.

3.32 The Committee concurs with the view of the Australian Audit Office that :

The efficiency audit report expressed concern about the delays in implementing the management operations system. At the time of the audit the system had been under development for some three years [i.e. since 1983] and was not expected to be finalised until 1988-89. In the evidence given to the Committee yesterday a further 12 months has elapsed and it is now suggested by AGPS that the system will not be fully operational until July 1990. In view of its central role in any improvement in AGPS operations this further delay is a matter of serious concern.¹⁴

3.33 The management operations system project has been found to be more complex and require more central processing capacity than originally thought. To meet the target completion date of July 1990 for the complete system particular emphasis will have to be placed on software development. If the experience of other public service ADP systems developments is any guide, delays in software development can be expected, e.g. the Department of Social Security's STRATPLAN, the Department of Defence's Project DESINE, and the current Australian Taxation Office computer re-equipment program. The AGPS has already had major problems with this project and it appears probable that further significant difficulties will be experienced.

3.34 The Government Printer, in evidence to the Committee, stated that AGPS had experienced considerable difficulty in finding off-the-shelf software applications packages that could be used in the management operations system.¹⁵ However, the Committee notes the Audit comment that :

During the audit, inspections were made of the [State] Government Printing Offices in Victoria and South Australia. In both cases the Government Printing Offices were using packaged software for production control and scheduling purposes.¹⁶

3.35 Management operations system development costs to date have totaled approximately \$2.1m and AGPS anticipates that \$1m will be spent on management operations system equipment in 1988/89. While salary costs for management operations system development are expected to grow by \$41,438 (14.3%) between 1987/88 and 1988/89, consultant costs for management operations system development are expected to increase by \$381,018 (1218.6%) during the same period. In 1987/88 management operations system consultant costs accounted for \$31,266 (7.4%) of total management operations system development costs, in 1988/89 they are expected to account for \$412,284 (48.4%) of total management operations system development costs.¹⁷ Thus AGPS will face a substantial challenge in managing this rapid growth of ADP consultants.

3.36 Overall, the responses of AGPS to a number of efficiency audit recommendations indicate that existing difficulties may be overcome when the management operations system is introduced.¹⁸ As with the developments surrounding the AGPS Cabinet submission, the Committee does not doubt the veracity of the current AGPS effort to develop the management operations system. However, it remains that the success of the outcome of the AGPS response to many efficiency audit recommendations is dependent on the successful development and timely introduction of the management operations system - to date, the development of that system continues to be surrounded by uncertainty and risk.

3.37 The Committee recommends :

9. *That, as a matter of priority, the AGPS continue the development and implementation of its management operations system.*
10. *That AGPS give special attention to the management of its ADP consultants and the development of software to ensure that no further slippage in the management operations system implementation schedule occurs.*

11. *That, in view of the importance of the AGPS management operations system to the efficient provision of AGPS printing and publishing services to Commonwealth Departments and selected statutory authorities, the Government ensure that the AGPS continues to receive appropriate and sufficient allocations of funds in order to be able to complete the development of its management operations system and fully implement the system without further delay.*

3.38 Another area where the success of the AGPS response to the efficiency audit recommendation remains uncertain is the development of AGPS financial statements. Efficiency audit recommendation 38 suggests that AGPS improve its financial reporting to accord with the standard required for government undertakings operating in a commercial environment. The AGPS response as detailed in Appendix A shows that some progress has been made in this area but that the nature and success of the outcome is far from clear at this stage and linked to the AGPS management operations system development.

3.39 The Committee believes that it is vital for the AGPS to be treated as a self contained management unit employing appropriate management accounting systems. All activities of the AGPS should be accounted for and charged out to appropriate departments or other bodies.

3.40 It is noted that some AGPS publications are still subject to the vague classification of 'public interest' publications and hence subject to on-going deficit funding by the Government, e.g. the *Ministerial Document Service* and the provision of the *Commonwealth Government Directory* to Members and Senators. This practice should cease. Such publications should be charged to the relevant Commonwealth department or other body and not be Budget-funded through AGPS appropriations.

3.41 The Committee recommends :

12. *That the AGPS charge the relevant Commonwealth department or other body for publications currently classed as 'public interest' services, in particular, that :*

- *copies of the Commonwealth Government Directory provided to Members of the House of Representatives and Senators be charged to the Department of Administrative Services; and*
- *AGPS charge the full cost of providing the Ministerial Document Service to the Department of the Prime Minister and Cabinet.*

3.42 The Committee understands that a joint working party of officers from the Australian Audit Office, Department of Finance and AGPS are developing AGPS financial statements in accordance with the requirements of Section 41D of the Audit Act and the Minister for Finance's *Guidelines for the Form and Standard of Financial Statements for Commonwealth Government Undertakings*. To this end the Australian Audit Office has commented that :

... it is unlikely that the development of appropriate [AGPS] accounting systems will be advanced sufficiently for the [Audit Act] Section 41D arrangements to be implemented in 1988-89. Also as many of the [management operations system] systems are still being developed it may be premature to introduce full accrual accounting before the systems have been tested and evaluated in an operational mode. Experience with other auditees has shown that a full financial period is often necessary to establish the adequacy of systems and to overcome teething problems. In the circumstances it is considered that full implementation of Section 41D arrangements is unlikely to be achieved until 1989-90.¹⁹

3.43 The Committee recommends :

13. *That the AGPS, in conjunction with the Australian Audit Office and the Department of Finance, continue development of AGPS financial statements such that the statements conform, as soon as possible, with the Minister for Finance's Guidelines for the Form and Standard of Financial Statements for Commonwealth Government Undertakings; and*
14. *That, when developed, the financial statements of the AGPS be presented to the Parliament either as part of the Department of Administrative Services annual report or as part of a separate annual report on the operations, performance and outlook of the AGPS.*

3.44 In general, the nature of AGPS responses to the recommendations of the efficiency audit report (refer Appendix A) is such that, in order for current AGPS actions to be of long term benefit, it will be necessary to maintain acceptance of the need for reform and regular review of Government Printing Office operations.

3.45 Accordingly, the Committee recommends :

15. *That the AGPS continue regular formal review and assessment, at least on an annual basis, of Government Printing Office :*

- . equipment and associated staff to determine the scope for further machine rationalisation and redevelopment of capacity;*
- . machine costing and overhead absorption rates;*
- . performance standards, output standards and the provisions of the Estimating Manual;*
- . use of, requirement for and alternatives to work performed on overtime; and,*
- . supervisory costs and associated Government Printing Office workforce organisation structure.*

16. *That these [refer previous recommendation] regular reviews of Government Printing Office operations should be formally integrated into AGPS management's annual program, implemented such that they become a characteristic of on-going AGPS management practice and planned such that the reviews are executed promptly and resultant reforms introduced expeditiously.*

AGPS Disagreement with Audit Findings

3.46 Scrutiny of the efficiency audit report, evidence given to the Committee and submissions made to the inquiry shows that the main areas of AGPS disagreement with the efficiency audit findings concern :

- . Audit's '... narrow, ... literal and rigid' interpretation of AGPS responsibilities as laid down by the Charter;*
- . Audit's interpretation of Ministerial approval given for printing work allocation and pricing procedures; and*
- . the efficiency audit report's finding that Government Printing Office prices are 35% higher than the private sector and that the cost of Government Printing Office excess capacity is in the order of \$3m.²⁰*

3.47 AGPS criticisms of the audit are debatable and overshadowed by the total acceptance of all the efficiency audit report's 40 recommendations by the AGPS. However three aspects of these criticisms are worthwhile noting.

3.48 Firstly, there appears to be some grounds for questioning the arithmetic correctness of the efficiency audit finding that Government Printing Office prices are 35% higher than the private sector as it does assume that the lowest private printer tenderers have the capacity to handle the whole of fill-in work at the contract rates. Also different results are obtained if the calculation is based on the number of jobs rather than the number of impressions. However, as all parties to the Committee's inquiry freely acknowledged that AGPS costs are too high there seems little value in pursuing this matter except to acknowledge that the precision and methodology of Audit's calculations may be debated but the general finding is correct.

3.49 Secondly, although the AGPS have stressed that there are a number of factors over which it has little control and which prevent it from competing on an equal basis with commercial operators,²¹ little recognition has been given to the factors AGPS has, or has had, operating in its favour. For example :

- . AGPS has not had to pay rent on its bookshops located in the central business districts of the capital cities or for its outlying document reproduction unit centres or its central office and factory at Kingston ACT (this will change following recent initiatives in the Australian Property Office to charge Commonwealth departments and statutory authorities rent);
- . AGPS does not pay insurance, sales and payroll taxes and workers compensation premium; and
- . the AGPS has not been charged for corporate public sector services e.g. internal and external audit, the Department of Finance payroll system.

3.50 Moreover, in this context of costs not borne by private sector printers, some debate has ensued over the burden of superannuation costs borne by AGPS. Repeatedly the Government Printer has stressed that the employer's share of superannuation costs at the AGPS is 27.2%.²² This matter needs to be seen in perspective.

3.51 The figure of 27.2% will come into effect from 1 January 1989 and contains an element of catch up to recover short payments made in the past. At the time of the efficiency audit the provision for superannuation contained in the AGPS financial statements prepared for 1984-85 and 1985-86 was 8.8% and 8.9% respectively.²³ The current AGPS employer's share of superannuation costs is 21.9% plus is a differential rate of 2.3% to recover shortfalls in superannuation from previous years. In addition there is the 3% industry superannuation charge which is payable in two sums - 1.5% on 1 January 1988 and another 1.5% on 1 January 1989.²⁴ Thus, until recently AGPS did not pay its employer share of superannuation regularly as a normal business would. Moreover, the figure of 27.2% which will apply from 1 January 1989 incorporates an abnormal catch up component and an industry wide component.

3.52 The third aspect of AGPS criticism of the efficiency audit which should be noted concerns the extent of audit activity that has occurred in recent years and the demands placed on the AGPS by these activities. In evidence to the Committee the Government Printer stated that :

It is ironic that as AGPS has been pursuing commercial reforms ... it has become eminently more auditable as evidenced by the number of audits referred to earlier. These processes ... create their own pressures and would not be tolerated in a truly commercial environment. It is also ironic that a considerable proportion of AGPS scarce financial resources have needed to be diverted towards paying for consultants to assist us in carrying out reviews arising from audits. It must be acknowledged that AGPS performance improvement of some of the recommendations might have been slower without the impetus of some of the recommendations but in many instances the process of change was underway as the work of the AGPS/Finance Steering Committee demonstrates.²⁵

3.53 The Committee does not agree that AGPS have been 'over-audited'. Australian Audit Office evidence indicates that prior to the efficiency audit commencing in May 1986 there had been four comparatively small audits conducted in the previous three years :

- 1983 - a review of client services and print procurement;
- 1983 - audits of the Sydney, Adelaide and Hobart AGPS bookshops;

1984 - audit of the Perth AGPS bookshop,
audit also in Canberra (not concluded
because of an internal review by
AGPS); and

1986 - audit of the AGPS trust account.
(taken into account during the
efficiency audit).

3.54 Also during the efficiency audit in 1987 the Department of Sport, Recreation and Tourism undertook two minor internal audits.

3.55 Given the amount of public resources invested in the AGPS and the flow-on effects of AGPS operations on all Commonwealth programs the Committee believes that AGPS should be regularly audited, both by its own internal audit team and by the Australian Audit Office. The efficient management of any private printer requires internal audits on a scale and frequency appropriate to the size and nature of the business together with external audits for reporting to shareholders.

3.56 During evidence the Government Printer stated that :

The internal auditors sometimes appeared to take on the role of external auditors ... they were not doing the sorts of things that I would have expected ... internal audits came from the Department [of Administrative Services] itself, not from AGPS. AGPS itself does not have any internal auditors ... [internal audit was outside the control of AGPS top management] yes, top management of AGPS.²⁶

3.57 The Committee believes that the establishment and development of an effective internal audit unit at the AGPS, separate from the Department of Administrative Services Internal Audit Section, is essential to the proper and efficient functioning of the AGPS. This is particularly important in the case of AGPS as the Government Printing Office factory production environment within the AGPS organisation is unlike the clerical administrative functions present in other areas of the Department of Administrative Services. As with all internal audit groups, the AGPS internal audit unit should report directly to the head of the organisation, the Government Printer.

3.58 The Committee recommends :

17. *That an AGPS Internal Audit Unit, separate from the Internal Audit Section of the Department of Administrative Services, be established as a matter of priority.*

18. *That the Government ensure that adequate human and financial resources are provided for the establishment, maintenance and development of an AGPS Internal Audit Unit commensurate with the size and nature of AGPS operations.*
 19. *That all aspects of the operations of the AGPS be regularly reviewed by the AGPS Internal Audit Unit and that resultant internal audit reports be made direct to the Government Printer.*
 20. *That the Australian Audit Office continue to audit the AGPS on a regular basis, as required.*
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Endnotes :

1. Several Australian Audit Office efficiency audit reports have been the subject of critical review by parliamentary committees because of controversy about the suitability of their recommendations, for example An Efficient Organisation, or, An Efficient Audit ? Review of the Auditor-General's efficiency audit report into construction project management practiced by the Department of Housing and Construction : Report from the House of Representatives Standing Committee on Expenditure (J.G. Mountford, Chairman), Parl. Paper 74/1987, Canberra.
2. Evidence (proof), p. 5.
3. The role of the Auditor-General in conducting efficiency audits has been the subject of regular debate and criticism, for example, in submissions to the current Joint Committee of Public Accounts Reform of the Australian Audit Office inquiry (cf Finance defines role of Auditor, Canberra Times, 11 October 1988, "The Auditor-General's role was not to question the merits of government policy ... it was the executive's responsibility to formulate and defend policy").
4. Efficiency audit report, p. 76.
5. Department of Administrative Services/AGPS submission, dated 10 February 1988, Attachment 6, p. 20.
6. Australian Audit Office submission, dated 4 February 1988, p. 2.

7. Ibid. Among the problems encountered in 1984 were :
 - . the previous Hansard Honeywell word processing equipment was unable to cope with the workload;
 - . training was insufficient;
 - . there were difficulties in coping with the additional keying arising from editorial amendments;
 - . changes in parliamentary sitting times;
 - . repetitive strain injury; and
 - . workplace industrial relations deteriorated because of a perceived threat of redundancies.
8. Department of the Parliamentary Reporting Staff Annual Report 1987-88, pp. 6-7.
9. Ibid., p. 6.
10. Department of Administrative Services/AGPS submission, dated 10 February 1988, Attachment 6, p. 14 and 39.
11. Efficiency audit report, p. 37.
12. Department of Administrative Services/AGPS submission, dated 10 February 1988, Attachment 6, p. 35.
13. Ibid., p. 21.
14. Australian Audit Office, Response to Committee submission, dated 19 July 1988, p. 6.
15. Evidence (proof), p. 270.
16. Australian Audit Office, Response to Committee submission, op. cit., p. 7.
17. Department of Administrative Services submission, dated 14 September 1988, response to question 4.
18. For example, AGPS responses to Efficiency audit recommendations 2, 7, 9, 14, 15, 21, 34 and 39.
19. Australian Audit Office submission, dated 4 February 1988, p. 4.
20. Efficiency audit report, p. 12 and 13.
21. For example as cited in the Departmental response section of the efficiency audit report, para. 2.9.14, p. 13.

22. For example see evidence (proof) pp. 67, 89, and 103.
23. Australian Audit Office submission, dated 4 February 1988, p. 4.
24. In-camera evidence.
25. Evidence (proof) p. 69.
26. Ibid., p. 86 and 86.

Chapter 4

COMMENT ON RELATED ISSUES

Deregulation of Commonwealth Printing and Publishing

4.1 During the Committee's public hearings it emerged that departmental and statutory authority witnesses were concerned not only about the issues examined in the efficiency audit report but also about the potential for changing the way Commonwealth printing and publishing is currently organised and regulated.

4.2 To this end one witness stated :

What we have been seeking and what we have not obtained from AGPS is dispensation ... to allow us to carry out our own publishing. We have the expertise in the Department, not specifically to do the publishing but as an adjunct to our information activities ... we seek is to avoid the administrative process of having to go to AGPS and have it act as our agent in simply placing work with printers and then passing it back and returning it to us. We are quite happy to have AGPS people come over and determine that we do possess professional standards to operate independently, and we would invite them to come back whenever they liked ... to ensure that we are adhering to the design and publishing standards that they set down.¹

4.3 The AGPS is empowered to give Commonwealth departments and selected authorities dispensation from normal arrangements through the operation of section 4(i)(b) of the *Commonwealth Charter of Printing and Publishing Responsibilities* :

In relation to printing and publishing, the responsibilities of departments, statutory authorities such as those staffed under the

Public Service Act and like bodies serviced by AGPS are to ... arrange for each publication to be designed, printed, published and/or distributed through AGPS unless otherwise agreed with AGPS.²

4.4 However little evidence emerged during the Committee's inquiry that the AGPS had taken a pro-active stance on this issue or endeavoured to work with Commonwealth departments and other bodies to facilitate such dispensations where they were sought. Rather it appeared that the AGPS had consistently sought to constrain the freedom of its clients to manage more of their own publishing and printing programs.

4.5 A representative from the Department of Finance commented that :

Our view is that departments should be given the opportunity either to establish their own capacity or to go to AGPS or go to the private sector ... We believe in the rationale of competition and placing discipline in the right place ... we do acknowledge that because of the cash accounting arrangements of normal budgets of departments that departments that set up their own in-house capacity are not conscious of the full costs. In the establishment of the various Department Administrative Services common services the Government has adopted a set of principles which are to be adhered to and one of those principles is that if a department wishes to establish its own in-house capacity rather than use the Government's own central service agency, it should be required to demonstrate that it is cost efficient to do so. It should not be prohibited from doing so, but it should be required to prove that it is cost effective to do so and in doing that to ensure that it brings to account all of the costs and not just the cash costs that it has to incur.³

4.6 The Committee strongly supports this position. After careful consideration of all the evidence before it the Committee believes that there should be some freeing-up of the current system requiring Commonwealth departments and non-exempt bodies to be tied clients of the AGPS. Current Government administrative initiatives have been directed at devolving management responsibilities to departments and allowing managers more freedom to judge where and how to place resources to achieve optimum returns.

4.7 The issue of deregulation should not be confused with current efforts being made to place the AGPS on a more commercial footing. Both should be able to coexist. However, if the result of the AGPS being made more commercial is a redistribution of the previous AGPS deficits on operations to clients through increased charges then little will be gained. Major changes have occurred in AGPS operations recently and are still occurring. Efficiency gains must be realised by these changes if the AGPS is to be competitive for non-core work.

4.8 The Committee believes that the current requirement for non-core 'general printing' work up to \$10,000 (e.g. stationery) and non-core 'publications' work (e.g. books, manuals, reports etc.) of Commonwealth departments and non-exempt statutory authorities and like bodies to be arranged through the AGPS needs to be relaxed. Notwithstanding this, these organisations should still be required to seek and consider quotations from the AGPS. If the AGPS is efficient and effective in its management and operations then it will be competitive in bidding for non-core work and not require deficit funding.

4.9 This approach accords with the Government's *Principles for the operation of services to Government agencies* (refer Appendix E), in particular principles 4 and 15 as follows :

Devolution to individual departments of management responsibilities for the supply of services, whether by way of managing in-house supply or contracting supply from the private sector, should satisfy the test that service supply by individual departments is more cost effective than supply by a central service agency from the perspective of the Commonwealth at large (as distinct from the perspective of individual departments). [principle 4]

Insofar as program departments are permitted to contract services from the private sector in accordance with Principle 4, they should be required to seek price quotations for the required service from existing Commonwealth agencies. [principle 15]

4.10 As part of this system any organisation which chooses not to use the AGPS should be subject to the provisions of the *Commonwealth Charter of Printing and Publishing Responsibilities* governing exempt statutory authorities and like bodies. These provisions cover, among other things, important responsibilities such as :

the need to comply with the standards, guidelines and procedures for publications required to be presented to Parliament; and

- . the requirement to arrange with the AGPS for the printing and distribution of Parliamentary Papers editions of publications (refer Appendix D).

4.11 Accordingly the Committee recommends :

21. *That Commonwealth departments and non-exempt statutory authorities and like bodies not be tied to the AGPS for non-core 'general printing' and 'publications' work up to a value of \$20,000.*
22. *That, pursuant to recommendation 21 of this report and Principles 4 and 15 of the Principles for the operation of services to Government agencies, Commonwealth departments or non-exempt statutory authorities should continue to seek and consider price quotations from the AGPS for all work.*
23. *That, in respect of recommendation 21, those organisations who choose not to place 'publications' work up to a value of \$20,000 with the AGPS still be subject to the responsibilities listed at section 4(ii) of the Commonwealth Charter of Printing and Publishing Responsibilities.*
24. *That all AGPS core work, that is the printing and publishing tasks of the Parliament and the urgent and/or confidential printing and publishing requirements of Commonwealth departments, statutory authorities and like bodies, be charged for on a full cost recovery basis.*
25. *That AGPS charge Commonwealth departments, statutory authorities and other like bodies competitive commercial equivalent rates for all non-core work.*
26. *That the Commonwealth Charter of Printing and Publishing Responsibilities be amended, where necessary, to reflect the recommendations of this report as soon as possible.*

4.12 The Committee also believes that it is appropriate to introduce these measures as past rationales for maintaining tied client arrangements are less relevant to the current circumstances. For example the AGPS was originally established as a central printing and publishing authority on cost efficiency

grounds and the need for co-ordination. At present there is strong evidence to suggest that the AGPS is not cost efficient in many instances and that, as long as the conditions of recommendation 23 above are met, central co-ordination should be able to be maintained.

4.13 The Committee acknowledges the comments of the Government Printer that :

Technological advances ... permit easier production of camera-ready material by departments. But this is only one element of the publishing process. You have heard already that publishing is not just typesetting, it is not just having a desktop publishing unit on a desk somewhere, it is not just having the Ventura system or the XPS or whatever else it is that comes out of the woodwork next week, it is a total process. It involves the typesetting, the printing, the binding, the distribution and the marketing - getting the stuff out to the people.⁴

4.14 The Committee believes that the reality of today's market is that Commonwealth departments, statutory authorities and like bodies can efficiently and effectively manage this 'total process' using either or both the AGPS and services from the private sector.

4.15 The AGPS should not be a static organisation. It should be adaptive and responsive to needs and varying levels of demands. It should be able to expand and contract its operations within the terms of the *Commonwealth Charter of Printing and Publishing Responsibilities*.

4.16 The AGPS is required to prepare and promulgate appropriate standards and guidelines and Commonwealth departments, statutory authorities and like bodies are required to comply with them.⁵ Under the arrangements proposed by the Committee this requirement to observe standards will not change when organisations choose not to place work with the AGPS. The Committee remains concerned however that the efficiency audit report highlighted deficiencies in AGPS systems for maintaining Commonwealth printing and publishing standards. These problems need to be promptly and effectively rectified by the AGPS.

4.17 The performance of the AGPS must significantly improve in terms of both service efficiency and cost effectiveness after full implementation of the efficiency audit recommendations (in particular the introduction of the complete AGPS management operations system) if the AGPS is to be self sufficient in the long run.

Maintenance of the AGPS Special Relationship with the Parliament

4.18 A further matter which emerged during the Committee's review of the efficiency audit report concerned the relationship between the AGPS and the Parliament.

4.19 In many ways the Parliament is central to the *raison d'être* of AGPS. The origin of AGPS stems from the work of this Committee and its predecessors. Parliament provides the majority of the Government Printing Office workload. Under the provisions of the Charter parliamentary printing and publishing are subject to special arrangements, differing in many respects to those for departments and selected authorities.

4.20 Importantly, the Charter ranks Parliament first when defining the responsibilities of AGPS.⁶

4.21 The Committee believes that the priority status of the Parliament should continue to be recognised by the AGPS and in the Charter. Any moves to 'commercialise' AGPS should acknowledge this special relationship.

4.22 Clearly, as AGPS moves towards operating on a more commercial basis and pursues full cost recovery there will be greater pressure on the Parliament to manage its printing and publishing requirements as efficiently as possible. With the implementation of the Committee's recommendations concerning the electronic transfer of *Hansard* and other parliamentary publications the Parliament should be able to minimise the rate of increase of costs associated with its printing and publishing. However, it remains that the Parliament, because of its special requirements, will, under a full cost recovery basis, require a substantial increase in funds to meet AGPS charges.

4.23 The cost of parliamentary printing and publishing will also increase as a direct result of non-core work being charged out at commercial rates. Commercial rates quoted by AGPS for non-core work will, in the majority of cases, not be high enough to cover all the AGPS overheads associated with a job. Previously these costs were met via deficit funding of the AGPS. Under a full cost recovery regime where deficit funding of AGPS is not undertaken by Government, rates for core work will most probably rise to cover this cost element. As parliamentary work constitutes the majority of core work it will be subject to these cost escalations. Effectively core work will cross-subsidise non-core work charged out at commercial rates.

4.24 The Committee recommends :

27. *That the Joint Committee on Publications be consulted prior to the introduction of any proposed changes to the Commonwealth Charter of Printing and Publishing Responsibilities.*

28. That any proposed changes to the Commonwealth Charter of Printing and Publishing Responsibilities incorporate explicit recognition of -

- . the unique relationship between the AGPS and the Parliament;
- . the requirement to maintain special arrangements and conditions for parliamentary printing and publishing; and
- . the need for parliamentary work to have priority over other Government Printing Office work.


29. That the Government recognise that increased appropriations for parliamentary printing and publishing will be required when AGPS revises the basis of its charges in light of the recommendations of the efficiency audit report and implements a policy of full cost recovery for parliamentary work as -

- . cost recovery rates will recoup all costs incurred with parliamentary work plus costs not recovered from non-core work charged out at commercial rates, and
- . AGPS will no longer receive any deficit funding.

4.25 Overall the Committee believes that the current links between the Parliament and the AGPS need to be maintained and enhanced. Accordingly, it is recommended :

30. That :

- (i) the Joint Committee on Publications regularly meet with the Government Printer and senior officers of the AGPS during each of the Budget and autumn periods of sittings of the Parliament to discuss matters of mutual interest and concern, and
- (ii) the Committee, where appropriate, report to the Parliament on the outcome of these meetings.


(H A JENKINS, MP)
Chairman

Endnotes :

1. Evidence (proof) p. 188.
2. Refer section 4 of the Charter for similar sections, e.g. 4(i)(g).
3. Ibid., p. 304.
4. Evidence (proof) p. 265.
5. Refer sections 2 and 4 of the Charter.
6. For example, refer sections 1, 2(c), 3 of the Charter.

APPENDIX A

Audit Recommendations, AGPS Responses*, Committee Comments

* AGPS responses have been coded as follows :

- Sep 87 - initial AGPS response as received by the Australian Audit Office on 11 September 1987 and incorporated in efficiency audit report dated 18 November 1987
- Feb 88 - AGPS response update as contained in Appendix 4 of 10 February 1988 Department of Administrative Services/AGPS submission
- Jul 88 (I) - AGPS response update as contained in 'Efficiency Audit Recommendations Current Status' document tabled by AGPS at 18 July 1988 public hearing
- Jul 88 (II) - AGPS response update as contained in 'Statement Relating to the Attachments to the Original Submission and to Other Submissions Referred to Therein' document tabled by AGPS at 18 July 1988 public hearing

Audit Recommendation :

1. Clarify the nature of work to be undertaken by the Government Printing Office, including the definition of urgent and confidential needs of government, and seek government endorsement to those requirements (efficiency audit section 3.7.1)

AGPS Responses :

- Sep 87 - a consultant has been engaged to review aspects of the Government Printing Office operations; following consideration of consultants report and discussions between the Government Printer, Parliament, Department of Administrative Services and the Department of Finance a Ministerial submission will be made seeking endorsement of work to be redefined as required for Parliament and the urgent and confidential needs of Government
- Feb 88 - consultant's report received in September 1987; Cabinet submission on revision of Charter and redefining AGPS work and capacity being prepared; submission expected to be available for Cabinet consideration by the end of March 1988
- Jul 88 - (I) Cabinet submission and draft Charter expected to be available in August/September 1988 following Joint Committee on Publications inquiry
- Jul 88 - (II) preparation of the submission has been delayed pending recent approval by Government of the Department of Administrative Services Business Principles and the progress of [the Joint Committee on Publications] inquiry; the submission will now be put forward for government consideration before the end of 1988

Committee Comment :

To date, there is no evidence of AGPS holding discussions with Parliament or parliamentary departments on proposed revisions to the Charter. The special relationship between AGPS and the Parliament needs to be acknowledged in the Charter. At present there has been no public announcement of the outcome of Cabinet's consideration of the AGPS submission. The substantial delay in preparing the Cabinet submission is of concern given the Auditor-General's final comment in the efficiency audit report that the submission's development "is of paramount importance and should be given the highest priority".

Audit Recommendation :

2. Develop a system to enable the volume of approved printing requirements for the Parliament and government to be measured (efficiency audit section 3.7.1)

AGPS Responses :

- Sep 87 - the production sub-system of the management operations system should enable AGPS management to capture this data by April 1988
- Feb 88 - the introduction of the management operations system is proving much more complex than originally anticipated; the production sub-system is now scheduled for implementation by June 1988; a work study analysis of Government Printing Office workload profile is being conducted and a monitoring system will be maintained pending implementation of the management operations system
- Jul 88 (I) - the production sub-system is now scheduled for implementation in the 1988/89 financial year, the work study analysis and monitoring system continues
- Jul 88 (II) - following a capacity planning consultancy on computing requirements for the management operating system, tenders are being invited for additional hardware; a firm schedule for systems development has been established and the first elements of the production system will be introduced in June this year [1988] with all elements of management operations system in place by June 1990

Committee Comment :

The original forecast management operations system completion date now shown to be totally inadequate. This reflects poorly on AGPS' initial understanding of the task to be undertaken and the Auditor-General's judgement that "... the timetable proposed by the Department [for implementation of the efficiency audit recommendations] is realistic and reflects a sound assessment of the priorities to be afforded to the matters raised." (refer page 76 of efficiency audit report). The implementation date of the management operations system production sub-system is still uncertain. The work study analysis and monitoring system may be in danger of becoming a 'permanent temporary' measure of sub-optimum utility.

Audit Recommendation :

3. Review and re-assess at regular intervals the resources required to undertake such [approved printing requirements for the Parliament and government] work (efficiency audit section 3.7.1)

AGPS Responses :

- Sep 87 - these resources will be reviewed at least annually in consultation with clients
- Feb 88 - following completion and receipt of a consultant's report 35% (34 out of 98) of Government Printing Office machines to be disposed without replacement and the balance monitored for further rationalisation, AGPS corporate planning involves review of human and financial resources
- Jul 88 (I) - [no change]
- Jul 88 (II) - considerable rationalisation of plant capacity has been undertaken in accordance with a consultancy report; this rationalisation should result in productivity improvements

Committee Comment :

The 35% disposal of machinery reflects poorly on past AGPS asset management. Significant reduction in Government Printing Office machinery apparently not accompanied by concomitant reduction/redeployment of associated staff and reduction in overheads associated with those staff. AGPS capacity reviews should be a regular part of AGPS management processes as required by the Charter. The reviews should encompass and result in changes to all aspects of resources - human, financial and physical.

Audit Recommendation :

4. Re-assess the basis of charges being applied to printing for the Parliament and the urgent and confidential needs of government (efficiency audit section 3.7.1)

AGPS Responses :

- Sep 87 - a consultant has been engaged to review machine rates
- Feb 88 - following receipt of the consultant's report a revised method of calculating machine costing rates has been established ; new rates introduced on 18 January 1988 for job costing and quotation, prices and charges are being reviewed and will be progressively changed where necessary
- Jul 88 (I) - [no change]
- Jul 88 (II) - a more commercial mechanism for calculating machine costing rates has been introduced; these now provide a more equitable basis for cost recovery

Committee Comment :

Consideration should be given to timetabling future reviews of rates and regularising implementation dates for changes in rates such that AGPS clients can accommodate, within reason, any expected cost increases in their budgets. Random, sudden and/or very large changes to the level of charges are difficult to accommodate, disruptive to program budgets and will result in a deterioration of the AGPS client relationship.

Audit Recommendation :

5. Actively pursue with parliamentary departments the scope for modernising processes for the preparation of Hansard (efficiency audit section 3.7.1)

AGPS Responses :

- Sep 87 - AGPS and the parliamentary departments are aware of consideration being given to introducing new technology in the Hansard production process; 1984/85 Hansard trials were unsuccessful
- Feb 88 - AGPS is exploring wider applications of the computerised typesetting (PENTA) system with clients including the parliamentary departments, agreement reached with the Printing Kindred Industries Union to realise full potential of system
- Jul 88 (I) - [no change]
- Jul 88 (II) - the PENTA type-setting system installed at AGPS provides considerable flexibility to provide a variety of alternatives for transfer of data for professional typesetting

Committee Comment :

The PENTA system was purchased by AGPS many years ago yet little substantial progress appears to have been made in this area of Hansard data transfer. The efficiency audit report is deficient in not examining and stressing the industrial relations aspects of this recommendation. The AGPS response is vague, no timetable for Hansard transfer via PENTA is given. AGPS progress in exploring wider applications of PENTA with the Departments of the Senate and the House of Representatives appears to be non-existent. July 88 (II) AGPS comment gives no indication of progress in implementing the efficiency audit recommendation.

Audit Recommendation :

6. Develop measurable performance standards, with appropriate consultation, with staff associations, for production processes in the Government Printing Office with the aim of increasing productivity (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - development of standards is well advanced, publication scheduled with revised Estimating Manual for November 1987
- Feb 88 - standards revised and issued in a new Estimating Manual on 7 December 1988; an ongoing machine performance monitoring system has been put in place to ensure future revision of standards
- Jul 88 (I) - [no change]
- Jul 88 (II) - [no change]

Committee Comment :

Data from the planned management operations system should be integrated into the performance monitoring system.

Audit Recommendation :

7. Establish effective formal processes to monitor achievement against performance standards and implement remedial action where standards are not being achieved (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - see responses to efficiency audit recommendations 2 and 6; the management operations system job costing system will provide the monitoring information; the work study group will examine the management operations system reports and amend standards or recommend remedial action to the Director Printing
- Feb 88 - the work study group is monitoring standards pending the introduction of management operations system
- Jul 88 (I) - [no change]

Committee Comment :

The work study group action appears to be a sub-optimum solution, a stop gap measure.

Audit Recommendation :

8. Revise the existing Estimating Manual in the light of desirable work practices and current equipment (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - revision of the Manual began on 3 June 1987 and is expected to be completed in November 1987, thereafter it will be reviewed on an ongoing basis; revisions to take account of improved work practices, planned replacements and current equipment
- Feb 88 - see responses to efficiency audit recommendations 6 and 7;
- Jul 88 (I) - [no change]

Committee Comment :

The efficiency audit report appears to recommend revision of the AGPS Estimating Manual in light of desirable (i.e. ex ante) work practices but the AGPS response refers to such revisions taking account of ex post improved work practices only. The efficiency audit report should have commented on the industrial relations negotiation aspects of this recommendation.

Audit Recommendation :

9. Include estimated times for each production process on work tickets for jobs as a basis for monitoring productivity (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - AGPS Production Control Section has implemented this for selected jobs which are charged at 'industry comparable rates'; full implementation is subject to the implementation of the management operations system production system
- Feb 88 - it is now planned that the estimated process times for all jobs will be included on work tickets by 1 March 1988 (prior to management operations system implementation)
- Jul 88 (I) - from 1 July 1988 estimated times for each production process have been shown on all work tickets

Committee Comment :

The value of this recommendation and the AGPS response is dependent on this information actually being used to improve productivity.

Audit Recommendation :

10. Review the level of unused machine capacity with the aim of rationalising equipment needs (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - the machines in the Press Room and Binding Sections have been investigated by a consultant; rationalisation to begin in mid-September 1987; initial disposal action to commence by the end of October 1988 and a review of all current equipment is to be completed by 30 April 1988
- Feb 88 - disposal action begun; a further review will be completed by 30 April 1988
- Jul 88 (I) - see response to efficiency audit recommendation 3; further review of all equipment has taken longer than anticipated due to other operational priorities; installation of a new Web Offset Press later in 1988 will result in further rationalisation; matter will be kept under review

Committee Comment :

AGPS management have not regularly reviewed the Government Printing Office's capacity to establish the need for all equipment. The efficiency audit report recommendation should not be necessary if AGPS was to abide by the provisions of the Charter re maintenance of capacity (cf. paragraph 2(c) of the Charter). Generally, AGPS asset management practices appear to have been poor.

Audit Recommendation :

11. Develop output standards as a basis for measuring machine productivity (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - establishment of output standards is part of the current project referred to in response to efficiency audit recommendation 6; establishing a productivity monitoring process will be undertaken with the assistance of a consultant and be in place by 31 December 1987
- Feb 88 - see responses to efficiency audit recommendations 6,7 and 9; following the consultant's report and reassessment of machine rates the productivity of each machine has been checked and is being reviewed on a monthly basis by Government Printing Office management and the work study group
- Jul 88 (I) - [no change]

Committee Comment :

Response satisfactory but begs the question as to how effective AGPS output standards and productivity measures were before the efficiency audit report.

Audit Recommendation :

12. Assess the cost-effectiveness and essentiality of the present three shift arrangements (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - a consultant has been engaged for this project; report due mid-September 1987; other options for when Parliament is not in session are being considered in the context of the second tier wage negotiations
- Feb 88 - consultant's report received in September 1987; report concludes that due to the level of service required by the Parliament and the work volumes received the current 3 shift arrangement must be maintained; out of session changes to the shift pattern found to be impractical to introduce given the timing and uncertainty of the parliamentary sitting pattern
- Jul 88 (I) - [no change]

Committee Comment :

The Committee remains sceptical that the parliamentary sitting pattern is significantly uncertain. Little deviation from the parliamentary sitting pattern first issued at the beginning of 1988 has occurred. The necessity for the maintenance throughout the year of the out-of-session night shift remains questionable.

Audit Recommendation :

13. Review the present level of overtime hours, with particular reference to the acceptance and scheduling of 'fill-in' work (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - review to be undertaken; the size of the cost of overtime and the need to reduce overtime is acknowledged by AGPS; overtime for fill-in work is often necessary to complete jobs which have become urgent because of priority given to the demands of the Parliament
- Feb 88 - review completed; policy established to work overtime on a strictly controlled basis against urgent production requirements; second tier agreement ratification on 23 December 1987 means overtime no longer worked on an across the shift basis but on a roster basis where the number of staff and the workload is directly related to the need; consideration is also being given to the operation of staggered day shifts to cover the one and a half hour gap between the day and night shift thereby reducing overtime
- Jul 88 (I) - [as above] staggered day shifts have been introduced
- Jul 88 (II) - new shift arrangements and the second tier agreement with the Printing Kindred Industries Union which permits more flexible overtime arrangements have enabled overtime costs to be reduced

Committee Comment :

Abolition of the AGPS one-in-all-in overtime policy was long overdue. Overtime levels for fill-in work are not being reduced on the latest statistics and may reflect unrealistic commitments initially being given to clients by the Government Printing Office in order to capture fill-in work.

Audit Recommendation :

14. Implement, at an early date, a computer-based scheduling system that provides an accurate matching of workload to available resources (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - included in the development of the management operations system and planned to be in operation by April 1988
- Feb 88 - see response to efficiency audit recommendation 2; development of management operations system is continuing; introduction of the computer based scheduling system will occur late in 1988
- Jul 88 (I) - introduction of the computer based scheduling system will occur late in the 1988/89 financial year

Committee Comment :

A key recommendation highlighting the need for action to ensure that the introduction of the management operations system is not delayed any further.

Audit Recommendation :

15. Develop a systematic process to facilitate decisions for the acceptance of jobs, including the identification of types of work which either are most suited to the Government Printing Office production processes or have proved to be unprofitable (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - to be undertaken as part of the development of the job scheduling referred to in the response to efficiency audit recommendation 14
- Feb 88 - a profile of suitable work is being developed for use within the job scheduling system when it becomes available
- Jul 88 (I) - [no change]

Committee Comment :

Success of response to this recommendation is dependent on the introduction of the management operations system which has been delayed until (some unspecified time in) the 1988/89 financial year.

Audit Recommendation :

16. Examine the feasibility of establishing an easy-print section within the Government Printing Office capable of processing smaller jobbing tasks (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - an internal review team will commence an examination of this before the end of the 1987/88 financial year
- Feb 88 - [as above]; the review team will take account of the recommendations of the consultant's review of AGPS ancillary services (refer response to efficiency audit recommendation 19)
- Jul 88 (I) - [no change]

Committee Comment :

Recommendation still to be taken up by the AGPS.

Audit Recommendation :

17. Develop procedures to improve the accuracy of timesheets used for costing purposes (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - training courses have been and will continue to be conducted; procedures to improve the system of recording time sheets and related records issued in an AGPS Administrative Instrument on 3 September 1987
- Feb 88 - training courses conducted in September, October and November 1987; management operations system to provide for more accurate methods of recording time for costing purposes
- Jul 88 (I) - [no change]

Committee Comment :

The efficiency audit recommendation reflects a deficiency in past AGPS management. This lack of basic cost control practices needs to be addressed not only by improved training but also on-going action by AGPS management and the proposed AGPS Internal Audit section to ensure that such costing procedures are properly effected.

Audit Recommendation :

18. Undertake a detailed examination of indirect labour costs, including supervisory and general overhead components (efficiency audit section 4.8.1)

AGPS Responses :

- Sep 87 - to be examined by 31 December 1987 under the guidance of the joint working group with a view to reducing the level of both supervisory and overhead components
- Feb 88 - costs reviewed in the process of implementing the consultant's report and reassessing the machine rates; as part of its ongoing rationalisation AGPS aims to reduce these costs; supervisory costs are being reduced through reorganisation following the second tier wage agreement
- Jul 88 (I) - [no change]

Committee Comment :

A satisfactory response in the context of the consultant's review. The desirability or otherwise of other more general AGPS overheads, e.g. maintenance of an apparently large personnel/payroll processing section, remains unaddressed.

Audit Recommendation :

19. Audit recommends that AGPS undertake a comprehensive review of the rationale for the provision of the ancillary services currently provided by the AGPS. The issues to be considered in such a review should include :

- (a) clarification of the government decision to limit the capacity of the services provided
- (b) the definition and measurement of urgent and confidential work
- (c) whether existing resources should be rationalised to handle only urgent and confidential work
- (d) the pricing structure for both core work and also for fill-in work, if it continues to be done by AGPS
- (e) whether commercial contractors would provide adequate levels of service and maintain their lower prices if AGPS facilities were reduced or disbanded
- (f) the industrial and employment implications of reducing or disbanding these AGPS services
- (g) the measures possible to improve the cost-effectiveness of AGPS services
- (h) the impact on departmental operations of any change in AGPS services, particularly where Document Reproduction Units have served as de facto in-house printing service
- (i) the essentiality of overtime levels and cost-effectiveness of accepting jobs that can only be completed by working overtime
- (j) the cost-effectiveness of shift operations in the Micrographics bureau and the Kingston Document Reproduction Unit and assess whether allocation of some work to commercial contractors would be more economical
- (k) overhead costs, including the appropriateness of present supervisory levels
- (l) the on-cost applied to materials, and
- (m) the viability of the plan printing and copy services, with a view to allocating this work to commercial contractors (efficiency audit section 5.9.1)

AGPS Responses :

- Sep 87 - the need for review of the provision of ancillary services is acknowledged; it is planned to conduct such a review within the next 6 months
- Feb 88 - a consultant has commenced the review on 7 December 1987; report to be presented during February 1988
- Jul 88 (I) - the consultant's report was presented on 7 March 1988; the majority of the recommendations have been accepted and implementation has commenced
- Jul 88 (II) - [no change]; copy of report provided to Joint Committee on Publications

Committee Comment :

Satisfactory response.

Audit Recommendation :

20. Examine the feasibility of introducing computer software to improve the accuracy and timeliness of the preparation of estimates (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - in June 1987 the Publishing Section introduced a computerised system for handling printing and publishing contracts; new contracts will be entered into the system so that within 12 months AGPS will be able to provide computer generated estimates for most titles
- Feb 88 - introduction of new contracts is continuing; by June 1988 most estimates will be available in computer generated form
- Jul 88 (I) - the introduction of new contracts is continuing; of the 23 panel period contracts suitable for computer estimating 15 are accessible on computer, the balance are being progressively completed

Committee Comment :

This response is satisfactory but highlights the need for AGPS ADP development effort to be maintained.

Audit Recommendation :

21. Develop a procedure within the Government Printing Office to ensure that the Publishing Office is informed of unforeseen variations not included in the original estimate and that prices are adjusted accordingly (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - co-location of the Publishing Section with the Printing Section at Wentworth Avenue Fyshwick ACT in November 1986 means that the Government Printing Office has informed the Publishing Operations section of any variations as they occur; the advent of the management operations system early in 1988 means that variations will be derived from job production data and appear on invoices generated by the management operations system - prior to this the Finance section will be notified of variations and these will be shown on the invoice or an attachment to the invoice
- Feb 88 - liaison between the Publishing and Printing section is continuing; the costs attributable to author's corrections are now listed as a separate item on each client's bill
- Jul 88 (I) - [no change]

Committee Comment :

Satisfactory response but affected by the delay in implementing the management operations system.

Audit Recommendation :

22. Improve machinery to monitor the progress of publishing contracts, and checking of suppliers' invoices to facilitate remedial action where problems and delays are indicated (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - current AGPS reorganisation means that a larger proportion of publishing staff will be available to check the progress of contracts and the accuracy of invoices
- Feb 88 - the reorganisation was expected to be completed in February 1988 but has been complicated by the outcome of the second tier wage negotiations with the Administrative and Clerical Officers Association and the Australian Public Service Association and the introduction of the new Australian Public Service office structures
- Jul 88 (I) - reorganisation completed in February 1988

Committee Comment :

This response is ambiguous in that it is directed at providing more staff time not necessarily improving the process to monitor the progress and outcome of publishing contracts.

Audit Recommendation :

23. Provide clients with copies of suppliers' invoices to enable them to identify and verify component costs (efficiency audit section 6.9.1)

AGPS Responses :

Sep 87 - implemented since 1 August 1987; where the invoiced amount and the amount assessed by Publishing as payable are different the invoice is appropriately stamped and a Finance Form 12 for the correct amount is attached

Feb 88 - [no change]

Jul 88 (I) - [no change]

Committee Comment :

A satisfactory response.

Audit Recommendation :

24. Review the appropriateness of procedures and liaison arrangements for controlling publications arranged by agencies without reference to AGPS (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - AGPS believes that it has sufficient controls in place to monitor and respond to those clients illegally arranging production of work on their own behalf
- Feb 88 - since the efficiency audit report there have been suggestions that AGPS controls are not adequate; this matter will now be addressed in the Cabinet submission (refer response to efficiency audit recommendation 1) probably in the form of proposed revisions to the Charter
- Jul 88 (I) - [no change]

Committee Comment :

AGPS has changed its position on this matter since the initial efficiency audit finding. Revisions to the Charter appear unnecessary, rather changes to the method of ensuring the implementation of the existing Charter provisions are adhered to may be required. At present the outcome of Cabinet's consideration of AGPS' submission is not known publicly.

Audit Recommendation :

25. Develop more effective procedures for determining, in conjunction with clients, the distribution, including free issues, of publications (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - the Manager Marketing will prepare a detailed policy document on this matter to be placed before the joint departmental working group
- Feb 88 - a paper canvassing various options was placed before the joint Department of Finance/AGPS working group on 5 November 1987; aim is to have a policy in place by April 1988 so departments can take it into consideration when finalising budgets for 1988/89
- Jul 88 (I) - [as above] AGPS now has departmental approval to introduce charging for formerly 'free' distribution services
- Jul 88 (II) - measures proposed to dissuade Departments from making large free issues are contained in Attachment 8 to the [Department of Administrative Services/AGPS 10 February 1988] submission; it is our view that if free issues are minimised Departments will actually reduce the overall costs of their publications

Committee Comment :

The effectiveness of this response is dependent on the outcome of the Cabinet decision. AGPS departmental approval to introduce charging for formerly 'free' distribution services may lead some departments to circumvent AGPS distribution for some titles contrary to the provisions of the Charter (refer section 4(b) of the Charter). Examples of such circumstances arose in evidence given to the Committee by current AGPS clients. The Committee's position on this matter remains unchanged from recommendation 68 in its 1978 report - departments should be charged the recommended retail price less 40% trade discount and the provisions of the Charter enforced.

Audit Recommendation :

26. Adopt a more active role in initiating contact with clients and promoting AGPS services (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - AGPS has recently taken several initiatives to develop a more effective relationship with its clients and to promote its services, e.g. establishment of an AGPS Marketing Liaison Committee, publication of a client newsletter ['Printlink']
- Feb 88 - [as above] a marketing liaison officer has been appointed to provide expert advice to clients; a second liaison officer will be appointed before July 1988; several seminars and exhibition/information seminars and various promotional product launches have been held
- Jul 88 (I) - [as above] an AGPS video has been purchased for promotions/training work
- Jul 88 (II) - AGPS is continuing its proactive stance in marketing the organisation and has run seminars for that purpose [as above Jul 88 (I)]

Committee Comment :

A satisfactory response. This change in the public profile and enhancement of client relationships of the AGPS is a welcome improvement, vital for the continued existence of a service and regulatory organisation. AGPS officers need to meet regularly with clients at the client's workplace.

Audit Recommendation :

27. Recruit suitable staff to enable the overview of standards of Commonwealth publications to be maintained (efficiency audit section 6.9.1)

AGPS Responses :

- Sep 87 - an AGPS Standards Committee was established in December 1986; the Committee meets monthly and processes urgent matters out of session; recruitment action being taken to fill the Standards Officers position on a temporary basis
- Feb 88 - an experienced Publishing Officer was temporarily transferred to the Standards Officer position on 6 October 1987; permanent filling is being complicated by the reorganisation following the introduction of the new Australian Public Service office structures; the Standards Committee was upgraded to a full subcommittee of AGPS senior management in November 1987 and is now chaired by the Director Publishing and Marketing
- Jul 88 (I) - [no change]

Committee Comment :

The Committee views this recommendation and response with concern. If AGPS was operating effectively under the Charter and adhering to the guidelines in the Manual (in particular in relation to its responsibilities under section 2(a), (d) of the Charter and the guidelines at section 9 of the Manual) this recommendation would not be required. As it stands the matter of staffing the Standards Officer position appears unresolved and the effectiveness of AGPS in ensuring adherence to standards is uncertain. It is ironic to note that the AGPS has recently launched the second edition of the Commonwealth Printing and Publishing Manual and the fourth edition of the Style Manual and yet has had difficulty in filling its own Standards Officer position.

Audit Recommendation :

28. Review the underlying basis of labour/machine recovery rates and establish basic and differential rates in the light of current equipment and staffing levels taking into account all associated operating costs (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - a consultant has been engaged to review these matters
- Feb 88 - see responses to efficiency audit recommendations 4, 6 and 7; consultants report received and new rates introduced/machinery rationalised
- Jul 88 (I) - [no change]

Committee Comment :

[refer to comments at efficiency audit recommendations 4,6 and 7]

Audit Recommendation :

29. Re-assess the adequacy of the labour machine rates annually, taking into account actual machine use and operating costs (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - once the new machine rates have been established they will be reviewed quarterly as part of an ongoing process of management control
- Feb 88 - see responses to efficiency audit recommendations 4,7 and 11
- Jul 88 (I) - [no change]

Committee Comment :

[refer to comments at efficiency audit recommendations 4,7 and 11]

Audit Recommendation :

30. Examine stores procedures to overcome identified shortcomings noted in the stores recording system (efficiency audit section 7.13.1)

AGPS Responses :

Sep 87 - a review of stores procedures and revisions of related manuals has commenced with a view to progressive implementation; full stores recording should occur by the end of the current [1987/88] financial year

Feb 88 - Department of Administrative Services Internal Audit Section is assisting with the review of the Finished Goods Store procedures; the review will proceed onto the Raw Materials and Consumables stores in due course

Jul 88 (I) - [no change]

Committee Comment :

Satisfactory response. As with other deficiencies in the AGPS costing system identified in the efficiency audit report, AGPS need to ensure that revised procedures and manuals are implemented effectively. The need for the development of an AGPS Internal Audit section is highlighted by this matter.

Audit Recommendation :

31. Determine the level of the stores on-cost applied to direct material issues to recover actual costs only (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - to be reviewed as part of the quarterly budget review process; as in the past AGPS will endeavour to set the on-cost to recover actual costs
- Feb 88 - AGPS has reviewed and reduced the level of stores in-cost being applied; the future aim will be to set the level for absorption of actual cost and to prevent over-absorption
- Jul 88 (I) - [no change]

Committee Comment :

A satisfactory response. Action to be maintained.

Audit Recommendation :

32. Recalculate overhead absorption rates to recover those budgeted factory overhead items not a legitimate direct charge to customers (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - see response to efficiency audit recommendation 18; overheads are being investigated and absorption rates recalculated
- Feb 88 - within the calculation of new machine rates overhead absorption is now done in accordance with generally accepted industry standards
- Jul 88 (I) - [no change]

Committee Comment :

A satisfactory response. Revisions to machine rates and overhead absorption rates need to be regularly undertaken.

Audit Recommendation :

33. Revise the accounting treatment for consumable stores to disclose fully all associated transactions (efficiency audit section 7.13.1)

AGPS Responses :

Sep 87 - a new system of reporting on consumable stores was introduced on 1 July 1987

Feb 88 - [no change]

Jul 88 (I) - [no change]

Committee Comment :

A satisfactory response.

Audit Recommendation :

34. Enhance the job costing system to
- provide accurate job costing information on each job
 - reconcile with subsidiary records, and
 - overcome the current high incidence of errors and incorrect recording (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - a new system with these features will be introduced with the implementation of the management operations system in April 1988
- Feb 88 - see responses to efficiency audit recommendations 14 and 15; development of management operations system job costing system continues and user testing is expected in June 1988; job costing has been improved by the introduction of a new system of calculating machine rates and by changes to the accounting system
- Jul 88 (I) - [as above] management operations system job costing system development continues and user testing is expected in the 1988/89 financial year

Committee Comment :

The success of the outcome of this response is dependent on the effective implementation of the AGPS management operations system.

Audit Recommendation :

35. Re-appraise the types of work attracting the differential rate (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - work attracting the differential rate will be redefined in light of the consultants report on Government Printing Office operations and discussions held between the Government Printer, Parliament, Department of Administrative Services and Department of Finance; a submission at Ministerial level will be made seeking endorsement of a list of work attracting this rate
- Feb 88 - see response to efficiency audit recommendation 1; the Cabinet Submission may identify specific types of work and the rates charged for them
- Jul 88 (I) - [no change]

Committee Comment :

[refer to comment at efficiency audit recommendation 1]

Audit Recommendation :

36. Review predetermined prices in the light of performance and re-assess the method of calculating such prices (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - a Prices and Rates Committee has been established which reviews these prices on an ongoing basis and refers them to the AGPS Senior Management Committee for endorsement; Ministerial support for the policy of establishing these prices will be sought as part of the Ministerial Submission referred to in the response to efficiency audit recommendation 1
- Feb 88 - [as above] see response to efficiency audit recommendations 1 and 4
- Jul 88 (I) - [no change]
- Jul 88 (II) - Ministerial support will be sought for the policy of establishing pre-determined prices for certain publications and printing jobs, such as passports

Committee Comment :

AGPS review following efficiency audit recommendation yet to be implemented.

Audit Recommendation :

37. Develop and apply a consistent policy for setting the price of urgent and confidential work received by the Publishing Office (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - a new policy is being developed with the assistance of a consultant; this policy will be included in the Ministerial Submission referred to in the response to efficiency audit recommendation 1
- Feb 88 - see responses to efficiency audit recommendations 1 and 4
- Jul 88 (I) - [no change]
- Jul 88 (II) - [no change]

Committee Comment :

A logical corollary of efficiency audit recommendation 1.

Audit Recommendation :

38. Improve financial reporting to accord with the standard required for government undertakings operating in a commercial environment (efficiency audit section 7.13.1)

AGPS Responses :

- Sep 87 - this matter is being addressed by a consultancy commenced on 21 July 1987
- Feb 88 - consultant's report and system description is expected on 29 February 1988
- Jul 88 (I) - consultant's report received and is being used for an AGPS Accounting Manual which will be published by 1 August 1988; a draft form of financial statements has also been prepared and submitted to the Department of Administrative Services Business Development Group for comment

Committee Comment :

It is most desirable for progress to be made in developing AGPS financial reporting such that financial statements for the AGPS can be published in accordance with the Minister for Finance's Guidelines for the Form and Standard of Financial Statements for Commonwealth Government Undertakings as soon as possible. Public accountability of AGPS operations is a necessary adjunct to implementation of any form of user pays policy.

Audit Recommendation :

39. That AGPS gives a high priority to the development and implementation of the proposed management operations system with a view to its staged introduction at the earliest practicable dates (efficiency audit section 8.7.1)

AGPS Responses :

Sep 88 - AGPS has given a high priority to the development and implementation of the management operations system since 1985; in expectation of this, management operations system systems planned for implementation by June 1988 are :

- . production (majority of sub-systems)
- . finance (excluding fixed assets)
- . inventory (excluding spare parts)
- . sales
- . payroll
- . management information system

management operations system systems planned for implementation by June 1989 are:

- . plant and maintenance
- . personnel
- . registry
- . office automation
- . balance of production

Feb 88 - following an internal reassessment and the recommendations of the Auditor-General's DP audit and a subsequent consultants report it has been found that more central processing capacity will be required to operate the full management operations system; implementation of management operations system delayed by complexity, restrictions on staff resources and the varying amounts of time taken to learn to use new ADP development tools; the revised management operations system implementation schedule is :

printing production -

- | | |
|-----------------------------|----------------|
| . job costing, job billing, | June 1988 |
| attendance recording I | February 1988 |
| . raw material inventory | September 1988 |
| . job scheduling | December 1988 |
| . plant maintenance | |

sales operations -

. mail sales, part I	February 1988
. mail sales, part II	April 1988
. finished goods inventory	February 1988
. list management (subscriptions)	February 1988

financial -

. general ledger	March 1988
. debtors ledger	March 1988
. creditors ledger	May 1988
. budgeting	September- December 1988
. assets register	December 1988 - February 1989
. Gazette charging redevelopment	August 1988

payroll -	March-June 1989
personnel records	April-June 1989
occupational health	March 1988
attendance recording (final)	April-July 1989
registry (final version)	July 1989
decision support systems	January-March 1989

Jul 88 (I) - [as above except for the following revised implementation timetable and additional response] AGPS is examining the cost effectiveness of options for accelerated implementation by either June 1989 or June 1990 using in-house staff, contract labour or consultants; current plans are for management operations system to be fully operational by July 1990 and AGPS will need to have engaged extra resources (software developers) by July 1988 for a period of two years to enable this date to be met; the revised management operations system development schedule with applications being available for user testing and acceptance is :

production -

. attendance recording I	June 1988
. job registration I, customer registration, product definition	October 1988
. job planning, job costing I	December 1988
. job scheduling I, job billing	December 1988
. job registration II, job quoting, job delivery	March 1989

. job costing II, job scheduling II	June 1989
. contract administration, job ordering/tracking	June 1989
sales -	
. customer registration, order delivery, order requirements, payment	July 1988
. subscription management	July 1988
stock control -	
. finished goods	July 1988
. raw materials	August 1988
. consumables	December 1988
finance -	
. fixed assets	February 1990
. debtors	March 1989
. creditors	May 1989
. general ledger	May 1989
. budgeting	December 1989
. banking	March 1990
. Gazette billing redevelopment	August 1988
personnel -	
. personnel records	April 1990
. attendance recording II	April 1990
. payroll	June 1990
management information systems	January - July 1990
plant maintenance	June 1990
Jul 88 (II) -	a revised implementation schedule for introducing the management operations system has been prepared recognising the greater complexity of the task than was originally anticipated; management commitment of resources including new hardware should ensure the revised timetable is met

Committee Comment :

Given these significant delays in implementing the AGPS management operations system, and the importance the Auditor-General has attached to the development of the management operations system in his report, the Committee remains concerned about the ability of AGPS management to manage current operations effectively and efficiently.

Audit Recommendation :

40. That pending the introduction of this [management operations] system, existing manual records be reviewed and rationalised with the aim of providing management with an accurate measure of performance (efficiency audit section 8.7.1)

AGPS Responses :

- Sep 87 - having regard to the implementation of the management operations system AGPS manual records are being reviewed and rationalised in order to provide management with more meaningful information and to minimise unnecessary duplication of records
- Feb 88 - refer response to efficiency audit recommendations 6, 7 and 39
- Jul 88 (I) - [no change]

Committee Comment :

The efficiency audit recommendation and AGPS responses are generalisations. The previous specific efficiency audit recommendations and responses are more constructive.

APPENDIX B

List of Submissions

Pursuant to, the power conferred by section 2(2) of the *Parliamentary Papers Act 1908* the Joint Committee on Publications has authorised the publication of the following submissions -

Aboriginal Affairs, Department of
(dated 25 March 1988)

Administrative Services/AGPS, Department of
(dated 20 January 1988, 10 February 1988, 12 February 1988,
26 February 1988, 10 March 1988, 11 March 1988 (2), 19 April
1988, 2 May 1988, 5 May 1988, 11 May 1988, 31 May 1988, 22 June
1988 and 26 July 1988, 14 September 1988, respectively)

Albury-Wodonga Development Corporation
(dated 26 April 1988)

Arts, Sport, the Environment, Tourism and Territories,
Department of
(dated 25 February 1988)

Attorney-General's Department
(undated, received 11 March 1988)

Australia Council
(dated 30 March 1988)

Australian Airlines
(dated 24 March 1988)

Australian Audit Office
(dated 4 February 1988)

Australian Biological Resources Study Advisory Committee
(dated 17 February 1988)

Australian Bureau of Statistics
(dated 28 March 1988, 16 August 1988 and 22 August 1988,
respectively)

Australian Capital Territory Electricity Authority
(dated 15 March 1988)

Australian Customs Service
(dated 25 March 1988)

Australian Federal Police
(dated 22 April 1988)

Australian Government Retirement Benefits Office
(dated 24 March 1988)

Australian International Development Assistance Bureau
(dated 16 March 1988)

Australian Institute of Marine Science
(dated 23 March 1988)

Australian National
(dated 11 March 1988)

Australian National Gallery
(dated 24 March 1988)

Australian National Line
(dated 22 March 1988)

Australian National Parks and Wildlife Service
(dated 7 April 1988)

Australian Nuclear Science and Technology Organisation
(dated 16 March 1988)

Australian Taxation Office
(dated 6 July 1988)

Australian Telecommunications Commission (Telecom Australia)
(dated 22 March 1988)

Australian Trade Union Training Authority
(dated 3 March 1988)

Australian Wheat Board
(dated 17 March 1988)

Australian Wine and Brandy Corporation
(dated 4 March 1988)

Commonwealth Banking Corporation
(dated 22 March 1988)

CSIRO
(dated 15 March 1988)

Community Services and Health, Department of
(dated 19 February 1988, 16 August 1988 and 23 August 1988,
respectively)

Defence, Department of
(dated 1 March 1988)

Employment, Education and Training, Department of
(dated 7 April 1988)

Finance, Department of
(dated 22 February 1988)

Foreign Affairs and Trade, Department of
(dated 9 March 1988 and 25 July 1988, respectively)

High Court of Australia
(dated 16 March 1988)

Housing Loans Insurance Corporation
(dated 15 March 1988)

Immigration, Local Government and Ethnic Affairs
(dated 11 February 1988)

Industrial Relations, Department of
(dated 8 March 1988)

Industries Assistance Commission
(dated 28 March 1988)

Industry, Technology and Commerce, Department of
(dated 21 April 1988)

Joint House, Department of
(dated 6 January 1988)

Law Reform Commission of Australia
(dated 24 March 1988)

Library Association of Australia, The
(dated 15 February 1988)

Murray-Darling Basin Commission
(dated 16 March 1988)

Parliamentary Council, Office of
(dated 11 March 1988)

Parliamentary Library, Department of
(dated 14 March 1988)

Parliamentary Reporting Staff, Department of
(dated 12 February 1988 and 4 August 1988, respectively)

Pipeline Authority, The
(dated 14 March 1988)

Primary Industries and Energy
(dated 25 February 1988)

Prime Minister and Cabinet, Department of the
(dated 8 April 1988)

Printing and Kindred Industries Union
(dated 19 February 1988)

Qantas Airways Limited
(dated 21 March 1988)

Reserve Bank of Australia
(dated 24 March 1988)

Snowy Mountains Council
(dated 30 March 1988)

Snowy Mountains Engineering Corporation
(dated 24 March 1988)

Social Security, Department of
(dated 8 February 1988)

Trade Practices Commission
(dated 28 March 1988)

Transport and Communications, Department of
(dated 19 February 1988)

Treasury, Department of the
(dated 25 February 1988 and 28 July 1988, respectively)

Veterans' Affairs, Department of
(dated 10 February 1988 and 22 August 1988, respectively)

APPENDIX C

List of Public Hearings, Witnesses and Observers

Monday, 18 July 1988 - Canberra

Witnesses -

- Administrative Services, Department of :
Mr B F Cox, Acting Deputy Secretary
- Australian Audit Office :
Mr B J Boland, Acting Senior Assistant Auditor-General
Ms R J Fanning, Assistant Director
Mr M J Jacobs, Acting First Assistant Auditor-General
Mr E A Muir, Director
- Australian Government Publishing Service :
Mr R E Crane, Acting Director, ADP Systems
Mr D A Drew, Business Manager
Mr R H Hargreaves, Director, Printing and Supply
Mr R D Rubie, Government Printer
Mr F W Thompson, Director, Publishing and Marketing
- Community Services and Health, Department of :
Mr R Eckhardt, Director, Public Relations
Ms P M Fitzgerald, Director, Publications Unit
Dr A D Hawke, First Assistant Secretary, Corporate Services Division
- Parliamentary Reporting Staff, Department of the :
Mr J M Campbell, Principal Parliamentary Reporter
Mr M J Farrelley, Administrative Officer
Mr K Shearwood, Leader of Staff (Committees)

Tuesday, 19 July 1988 - Canberra

Witnesses -

Attorney-General's Department :
Mr L G Glare, Deputy Secretary
Mr J F Travers, Director, Legislative and
General Printing Section

Australian Audit Office :
Mr B J Boland, Acting Senior Assistant
Auditor-General

Australian Bureau of Statistics :
Mr D A Harding, Assistant Statistician,
User Services Branch
Mr B Thorp, Director,
Publishing Projects

Australian Government Publishing Service :
Mr R D Rubie, Government Printer

Community Services and Health, Department of :
Mr R Eckhardt, Director, Public Relations
Ms P M Fitzgerald, Director, Publications
Unit
Dr A D Hawke, First Assistant Secretary,
Corporate Services
Division

Finance, Department of :
Mr J V Galloway, Assistant Secretary,
Resource Policies and
Management Branch
Mr P Muir, Chief Finance Officer,
General Expenditure
Division
Mr P Veryard, Acting Director, Finance
and General Section,
Resource Policies and
Management Branch

Foreign Affairs and Trade, Department of :

Mr G Cotsell	Assistant Secretary, Personnel and General Services Branch
Mr H Hurst,	Acting Assistant Secretary, Australian Overseas Information Service
Mr E Radclyffe,	Acting Assistant Secretary, Passports Branch
Mr R Skivington,	Acting Director, Production, Australian Overseas Information Service

Immigration, Local Government and Ethnic Affairs, Department
of :

Ms J R Bell,	Journalist, Office of Local Government
Mr R L Greenaway,	Assistant Director, Publications and Production Section
Mr B Jeffrey,	Director, Publications and Production Section

Primary Industries and Energy, Department of :

Mr R Everingham,	Director, Corporate Information and Public Relations
Mr N R Hardiman,	Deputy Director, Corporate Information and Public Relations
Mr M J Part,	Assistant Director, Financial Services

Social Security, Department of :

Dr O Donald,	First Assistant Secretary, Resource Management Division, Central Office
Mr B Godfrey,	National Manager, Field Services, Central Office
Mr P Moran,	Director, Pensions Systems, Central Office

Treasury, Department of the :

Mr D W Borthwick,

Mr B J Gleeson,

Mr R Murray,

First Assistant Secretary,
Fiscal Policy Division
Assistant Secretary,
Co-ordination and
Management Branch
Chief Finance Officer,
Current Economic
Conditions Section

Veterans' Affairs, Department of :

Mr G M McLaughlin,

Ms M Vernon,

Senior Executive Officer,
Public Information Section
Director, Public
Information Section

Wednesday, 31 August 1988 - Canberra

Witnesses -

Administrative Services, Department of :

Mr B F Cox,

Acting Deputy Secretary

Australian Government Publishing Service :

Mr M P Davis,

Acting Director, Printing
and Supply

Mr D A Drew,

Business Manager

Mr R D Rubie,

Government Printer

Mr F W Thompson,

Director, Publishing and
Marketing

Observers -

Department of Finance -

Mr T Gallagher,

Acting Assistant
Secretary, Services and
ACT Branch

Australian Audit Office -

Mr B Boland,

Acting Senior Assistant
Auditor-General

APPENDIX D

The Commonwealth Charter of Printing and Publishing Responsibilities

This Charter has been adopted by the Commonwealth Government in response to statements made by the Parliamentary Joint Committee on Publications in its Sixth Special Report that there was a need to clarify the responsibilities in printing and publishing functions as they relate to Parliament, the Australian Government Publishing Service (AGPS), departments and statutory authorities.

The Government is conscious that technological changes will require the printing and publishing processes performed by AGPS to reflect such developments and that it must be recognised there will be changes from time to time in government policies. This Charter thus defines the responsibilities of the organisations concerned in broad terms.

The Australian Government Publishing Service

1. The responsibilities of AGPS are broadly to provide printing, publishing and distribution services and advice for Parliament, departments and statutory authorities.
2. Subject to the requirements of later sections of this Charter, particular responsibilities of AGPS are to:
 - (a) prepare and promulgate standards and guidelines for the publishing, printing, marketing and distribution of publications, the free and official use of publications and library deposit arrangements, and the purchase of general printing;
 - (b) provide facilities and advice for design, editing, print procurement, marketing and distribution of publications and other printed matter;
 - (c) operate and control government printing, micrographic and reproduction facilities with capacity limited to that required for Parliament and the urgent and confidential needs of government;
 - (d) examine manuscripts submitted for compliance with AGPS standards, guidelines and procedures and advise departments and authorities accordingly;
 - (e) decide in accordance with government policy the allocation of printing and publishing tasks to Commonwealth and State Government Printers and to commercial printers and publishers, taking into account any special circumstances advised by the author body;
 - (f) make arrangements with statutory authorities for the printing of Parliamentary Paper editions of publications required to be submitted to Parliament;
 - (g) ensure that Crown copyright is claimed and protected where appropriate for Commonwealth publications and, in consultation with author bodies and the Attorney-General's Department, deal with requests for rights and permissions and determine any conditions to be attached;
 - (h) compile and publish lists of Commonwealth publications, whether sold or distributed free of charge, to facilitate public access;
 - (i) after consultation with the author body, assess market demand and publicity requirements for each publication or program, and decide on and implement an overall marketing (including sales promotion) and distribution plan;
 - (j) make arrangements for the supply by wholesale of Commonwealth publications to commercial retailers;
 - (k) operate and control retail selling arrangements including bookshops and mail order services for Commonwealth publications, selected commercial publications and other authorised items;
 - (l) where practical and economic, provide physical distribution facilities for departments and, on request, for statutory authorities and other bodies;
 - (m) fix recommended retail prices for publications financed through the Publications Trust Account, including arrangements for subsidies by clients and discounts in accordance with government policy;

- (n) provide advice to departments and statutory bodies on proposals for the purchase, lease or hire of in-house printing equipment;
- (o) administer formal library deposit arrangements for AGPS publications;
- (p) collaborate with the National Library of Australia in matters connected with the international exchange of publications;
- (q) with the approval of the Minister responsible initiate and undertake appropriate publishing projects either alone or in collaboration with other bodies;
- (r) provide advice, assistance and training in the publishing processes for other publishing houses as may be approved by the Minister responsible for AGPS.

Parliamentary printing and publishing

3. In relation to printing and publishing, the responsibilities of parliamentary departments are to:

- (a) notify AGPS of all parliamentary publications tabled (and publications other than those for internal use) and their contents, including publications which are printed on parliamentary facilities;
- (b) unless exempted by the Presiding Officer(s), arrange with AGPS for the design, printing, publication and/or distribution of publications;
- (c) as required, arrange direct with the Government Printer for the timely production of regular and urgent parliamentary publications, e.g. Bills, Notice Papers, Journals, Votes and Proceedings, Hansards, Committee Reports etc.;
- (d) comply with guidelines promulgated by AGPS except where otherwise determined by the Presiding Officer(s);
- (e) collaborate with AGPS to provide publications required for sale and formal library deposit and with the National Library in respect of overseas exchange.

Printing and publishing for departments and statutory authorities and like bodies

4. (i) In relation to printing and publishing, the responsibilities of departments, statutory authorities such as those staffed under the Public Service Act and like bodies serviced by AGPS are to:

- (a) submit annual publishing programs, prepare contents and provide manuscripts to AGPS;
- (b) arrange for each publication to be designed, printed, published and/or distributed through AGPS unless otherwise agreed with AGPS;
- (c) comply with standards and procedures promulgated by AGPS;
- (d) determine, within AGPS guidelines, the targeting of free issues of publications;
- (e) collaborate with AGPS in providing information for promotional and marketing purposes for individual publications or programs;
- (f) refrain from operating retail outlets for publications unless approved by the Minister responsible for AGPS, consulting as appropriate;
- (g) arrange for general printing in accordance with standards, guidelines and procedures promulgated by AGPS;
- (h) notify AGPS of the release of any publication not processed through AGPS;
- (i) collaborate with AGPS to provide publications required for formal library deposit, and with the National Library in respect of overseas exchange;
- (j) as appropriate, seek advice from AGPS on proposals for the purchase, lease or hire of in-house printing equipment.

(ii) In relation to printing and publishing, the responsibilities of statutory authorities and like bodies other than those referred to in (i) are to:

- (a) decide on publications to be produced and their contents;
- (b) arrange directly or through AGPS for the provision of their printing and publishing requirements;

- (c) comply with approved standards, guidelines and procedures promulgated by AGPS for publications required to be presented to Parliament;
- (d) arrange with AGPS for the printing and distribution of the Parliamentary Paper editions of publications required to be tabled in Parliament;
- (e) notify AGPS of the release of publications not processed through AGPS;
- (f) collaborate with AGPS to arrange the sale of publications through the Publishing Service, and with the National Library in respect of overseas exchange;
- (g) consult with AGPS, as appropriate, on the purchase, lease or hire of in-house printing equipment;
- (h) observe where practicable standards, guidelines and procedures promulgated by AGPS.

Definitions

5. In this Charter, the following definitions of terms apply:
- (a) *Departments* are those departments which are listed in Schedule 2 of the *Public Service Act 1922*, excluding the parliamentary departments.
 - (b) *Parliamentary departments* are the Department of the Senate, the Department of the House of Representatives, the Department of the Parliamentary Reporting Staff, the Department of the Parliamentary Library and the Joint House Department.
 - (c) *Non-exempt statutory authorities and like bodies serviced by AGPS* include all agencies staffed under the Public Service Act and other statutory authorities and Commonwealth agencies who enter into agreements with AGPS for the supply of printing and publishing services.
 - (d) *Print procurement* is the process by which printing is arranged for material originating from an author body.
 - (e) *Printing* is the process of transferring an image on to receptive material by whatever means to form a body of text or an illustration, and in the Commonwealth sphere is undertaken by:
 - (i) the Commonwealth Government Printer, State Government Printers or commercial printers; and
 - (ii) in-house reproduction units situated within departments or statutory authorities. This definition is not intended to include reproduction from small photocopiers (as defined in AGPS circulars).
 - (f) *General printing* items are stationery, forms, circulars, promotional material etc. and documents intended exclusively for internal use by the agency concerned.
 - (g) *Publications* are all documents, illustrations and microforms emanating from Parliament, a department, statutory authority or like body, however printed or reprinted, which are intended for use other than solely within the author body; excluded are items of general printing, documents which have a security classification placed on them, documents produced exclusively for internal government purposes or which have such limited circulation among an author body's consultants and advisers as makes them akin to documents produced for internal government purposes.
 - (h) *Publishing* in the Commonwealth sphere is the process of editing material and arranging for its design, printing, promotion and sale and/or distribution.
 - (i) *Author body* means a publishing client of AGPS, including a department, statutory authority or like body, responsible for the preparation of a manuscript and for funding.

APPENDIX E

Principles for the operation of services to Government agencies

Principles applicable to all DAS services

PRINCIPLE 1

Efficiency and effectiveness in the achievement of Government objectives, assessed against the full range of economic and social objectives to be achieved, is the ultimate test against which arrangements for the provision of services should be judged.

PRINCIPLE 2

Options and arrangements for the provision of services should be assessed on a case-by-case basis and be the subject of full consultation with client agencies and relevant unions from the initial planning stage through implementation. Principles for services should provide a framework for the conduct of such case-by-case assessments rather than seek to specify uniform delivery arrangements for all services.

PRINCIPLE 3

Any changes to future service arrangements should be implemented over an appropriate period in order that service providers and client departments may be afforded an adequate adjustment period, and that Government may have the opportunity for review in the light of experience.

PRINCIPLE 4

Devolution to individual departments of management responsibilities for the supply of services, whether by way of managing in-house supply or contracting supply from the private sector, should satisfy the test that service supply by individual departments is more cost effective than supply by a central service agency from the perspective of the Commonwealth at large (as distinct from the perspective of individual departments).

PRINCIPLE 5

Each service unit should be managed in accordance with a written management 'charter' endorsed by the responsible Minister and/or Cabinet as appropriate

PRINCIPLE 6

Each unit supplying a service should provide the responsible Minister with a corporate plan covering periods of three to five years ahead for consideration and approval.

PRINCIPLE 7

If Government decides that policy objectives of functions extending beyond the supply of a basic service to clients are to be pursued, these should be identified explicitly in the management charter and corporate plans for the service in question and be taken into account in assessing the service agency's performance.

PRINCIPLE 8

All service agencies should be in a position to inform Government of the costs of the services they provide, including costs which they do not fund directly under current arrangements (eg. superannuation, rent). Program departments managing and/or providing their own services as significant undertakings in their own right should be in a position to report their costs in similar detail.

Principles relevant to those DAS services for which Government decides it is appropriate to charge.

PRINCIPLE 9

Services which do not contain any significant 'public interest' component should be charged for unless it can be demonstrated that the costs of implementing and operating charging systems exceed the potential efficiency gains.

PRINCIPLE 10

Where in accordance with Principle 9 the majority of a service agency's services are properly chargeable, its financial objective should, in general, be to at least recover its costs from revenues after allowance for the financial effects of meeting any 'public interest obligations' forming part of the management charter for the service(s) in question.

PRINCIPLE 11

The introduction of charges should normally be accompanied by devolution of responsibility to program departments for bidding for associated funding. However, there will for some services be a *continuing requirement for policy advice to Ministers* regarding the expenditure and other implications of the resulting bids of individual departments for such funding.

PRINCIPLE 12

Where charges are made for services, client departments should normally receive and control the *appropriations available to acquire the services*. However, if charges are introduced for a service subject to a tied client arrangement, case-by-case consideration should be given to the desirability of the supplying agency having control over the funds (through appropriation or sub-warrant control arrangements).

PRINCIPLE 13

Introduction of charges for a given service with devolution of associated funding to departments should be accompanied by supplementation of clients budgets, the level to be decided on a case-by-case basis.

Principles relevant to those DAS services which Government decides should operate on a quasi-commercial basis

PRINCIPLE 14

Where the Government considers it appropriate to commercialise a service the relevant service agency should normally be structured with a *distinct identity* within a departmental framework.

PRINCIPLE 15

Insofar as program departments are permitted to contract services from the private sector in accordance with Principle 4, they should be required to seek price quotations for the required service from existing *Commonwealth agencies*.

PRINCIPLE 16

The cost effectiveness of service management or provision by individual program agencies should be subject to external scrutiny no less rigorous than that applied to service provision by central service agencies.

PRINCIPLE 17

Subject to achievement of their overall financial targets and consistent with commercial practice, service agencies should retain full management discretion in relation to the structure and level of charges for their individual services to individual clients. Where service agencies retain a degree of 'monopoly power in relation to a given service, disputes regarding the level or structure of charges for that service should be referred to the responsible Ministers if not resolved between the service provider and its clients.

PRINCIPLE 18

Where a service agency is expected to operate as a quasi-commercial undertaking with charges for its services predominantly set on a cost recovery or commercial basis, the agency's finances should normally be conducted through Group 2 Trust Account arrangements.

PRINCIPLE 19

The disposition of the net surplus ('*if any*') of the service agency after payment of all costs, should be considered annually against the general principle that surpluses will often need to be retained by the agency to finance future requirements of the agency.

PRINCIPLE 20

Where service agencies are established as quasi-commercial undertakings and operate through Group 2 Trust Accounts, their annual financial reports should be prepared in general accord with the Minister for Finance's *Guidelines for the Form and Standard of Financial Statements for Commonwealth Undertakings*

PRINCIPLE 21

Service agencies operating in competition with the private sector should not be subjected to audit or disclosure requirements entailing disclosure of information of potential benefit to competitors.

PRINCIPLE 22

As a first step in establishing any quasi-commercial service agencies, and subject to agreement regarding their 'bottom line financial targets, they should be free to exercise a high degree of management discretion and flexibility by removal of controls in respect of

-
- ASL and staffing profiles;
 - the resourcing mix to be adopted in service delivery (directions regarding the mix of in-house and contract resources);
 - the use of fee receipts in meeting operating and capital expenses;
 - the structure and level of fees for services to individual clients; and
 - reporting requirements other than those applicable to government business enterprises and to meet the reporting requirements of the Parliament.

PRINCIPLE 23

Service agencies operating on a full cost recovery basis in competition with the private sector for Commonwealth business should be free, subject to the agreement of the responsible Minister (if not already current practice), to compete for non-Commonwealth business.