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Introduction

1 The reporting year was the second full year of operation for the Department of Parliamentary Services (**DPS**). In reviewing the year, it is useful to consider both particular events and milestones achieved, and ongoing progress in other areas.

2 Events and milestones in the development and operations of DPS include:

- (a) the implementation of a major departmental restructure;
- (b) a substantial performance audit of DPS by the Australian National Audit Office;
- (c) the finalising of two new certified agreements to replace the four agreements inherited by DPS when it was formed;
- (d) the appointment of the Parliamentary Librarian, and the negotiation between me and the Parliamentary Librarian of an agreement for the provision of resources to the Parliamentary Library;
- (e) the conclusion of the security enhancement project begun in 2004;
- (f) a decision by the Presiding Officers to call for expressions of interest to operate a childcare centre in Parliament House;
- (g) the conduct of a client survey relating to IT services provided by DPS to the Parliament;
- (h) the signing of an agreement between DPS and the National Library of Australia to transfer to DPS the Library's remaining interest in Magna Carta.

3 More generally, we made progress on many fronts during the year. A major focus of activity, of course, was on the ongoing provision of day-to-day services to our clients, including library services, information and communications technology services and support, broadcasting and Hansard services, security, building

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maintenance and facilities management, and visitor services. These activities are covered in more detail in Part 4 of this report.

4 Beyond the provision of ongoing services, however, considerable energy was directed to improving the operations of DPS in a variety of ways, including through:

- (a) improving governance arrangements;
- (b) developing our strategic focus and our planning capability;
- (c) improving the efficiency of our operations;
- (d) improving existing services or developing new services; and
- (e) cooperation with the chamber departments in the interests of the Parliament and the Parliamentary Service.

Events and milestones

Departmental restructure

Origins of restructure

5 A review of IT governance arrangements began in early 2005 with a recognition that the outcomes of the review might have implications for the department more broadly. The review, conducted by the new Deputy Secretary, recommended a substantial restructure of parts of DPS, with flow-on effects across the rest of the department.

6 Before the restructure and because of its origins, DPS was structured entirely by reference to the skills and activities of its expert staff, not by reference to what its managers should be doing. This left the amalgamated department with a lack of strategic planning capacity, and with several characteristics that reduced its ability to provide the right service to clients in the long term. In particular:

- (a) DPS tended not to make an adequate distinction between clients and service providers, which had a tendency to disempower clients;
- (b) more regard was paid to project delivery than to infrastructure maintenance; and

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- (c) work was done in silo-based structures that detracted from the quality of problem-solving within DPS.

7 The new structure addressed these problems by setting up a strategic planning area, and also by separating the design and provision of services so that, for instance, infrastructure maintenance and project delivery are now in distinct parts of the organisation. The new approach was designed to lead to improved management decision-making, more accountability, better allocation of resources, better interactions with our clients and, generally, doing our job better.

Elements of restructure

8 Under the restructure, the Corporate Group lost its finance role (which was separated out into a new branch under the CFO) but gained responsibility for strategic policy and planning for the whole department.

9 The information technology area was split three ways, to separate day-to-day ICT support and maintenance, ICT projects delivery and ICT strategic planning.

- (a) Day-to-day ICT support and maintenance is in the Infrastructure Services Branch with client support and building maintenance. The general role of this branch is to keep things running smoothly.
- (b) ICT projects delivery is grouped with other project delivery areas (building and security) in the Product and Service Development Branch. The general role of this branch is to deliver projects identified and approved elsewhere in the department.
- (c) ICT strategic planning has moved into the Strategy and Business Services Branch with other strategic planning. There will be a greater focus on the strategic use of ICT to drive efficiencies within the department and provide improved services for external clients.

10 The Library acquired Hansard publishing (but not the Hansard editors) and responsibility for the DPS intranet. It also kept elements of the Electronic Media Management Unit, but IT support for the system is now with all other IT support in the Infrastructure Services Branch.

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Staffing aspects

11 The restructure caused significant uncertainty among many staff, and its implementation has created some upheaval across DPS. In particular, many Executive Level 2 staff were moved to positions at the same level elsewhere in DPS. For some staff the new arrangements were a welcome change, but others decided to seek career opportunities elsewhere. The outcomes of the restructure in terms of staff numbers and staff retention will not be clear for some time yet.

12 A number of SES Band 1 positions in DPS were advertised early in 2006 and filled towards the end of the reporting year. As a result of the restructure and some retirements, there were five vacant positions, including the Chief Finance Officer position which had been upgraded to the SES Band 1 level. The Chief Finance Officer position and one other SES Band 1 position were filled from within DPS. Four employees from outside the Parliamentary Service were also engaged (one to fill a position left vacant by a retirement announced before the recruitment exercise was finished).

13 Of the eleven officers who now make up the departmental executive, only one was an SES officer in one of the former joint departments. Two others are former employees of those departments who have been promoted from within DPS, and a third is a former employee of one of the joint departments now acting in a vacant SES position. All other executive staff have come from Australian Public Service agencies.

ANAO performance audit

14 During the reporting year DPS was subject to a performance audit by the Australian National Audit Office (**ANAO**).

15 The ANAO's audit objectives were to report on the implementation of the parliamentary resolutions and other actions arising out of the recommendations of the 2002 *Review by the Parliamentary Service Commissioner of Aspects of the Administration of the Parliament*. The ANAO also looked broadly at the effect of the creation of DPS on services provided to the Parliament, and on accommodation space within Parliament House.

16 The ANAO concluded that eight of the nine relevant parliamentary resolutions had been partly or fully implemented (the outstanding resolution related to the establishment of a resource agreement between me and the Parliamentary Librarian, which was

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completed during the reporting year). The ANAO acknowledged the significant effort made by DPS to implement the parliamentary resolutions.

17 In relation to services, the ANAO noted perceptions within the chamber departments of improved security services but reduced service quality in the areas of IT projects and building and maintenance services. To the extent that these falls in service quality are not simply related to budget constraints, they are intended to be addressed by elements of the departmental restructure and the introduction of new approaches to developing and monitoring project plans.

18 In relation to accommodation, the ANAO noted a shortage of accommodation space within Parliament House, but did not draw any conclusions about links between the creation of DPS and the accommodation position in Parliament House.

19 The ANAO also suggested that there would be benefit in DPS developing a security strategic plan and an ICT strategic plan. Work on both these plans is already under way.

New certified agreements

20 The two new certified agreements replaced four agreements inherited from the former departments (the Department of the Parliamentary Reporting Staff, the Department of the Parliamentary Library and the Joint House Department).

21 A significant feature of the certified agreement with the PSS was that it largely reflects the general DPS certified agreement, in both its contents and its end date (30 June 2008). It is intended that the two certified agreements will in due course be replaced by a single certified agreement covering the whole of DPS. Specific provisions addressing particular aspects of PSS working arrangements will be included as an Appendix to the main agreement, in the same way as is done currently with provisions applying only to particular workgroups within the rest of DPS (eg the Parliament House Guides and some of the trade groups).

22 An important element of the certified agreements was the requirement to conduct continuous improvement reviews across all areas of DPS (see paragraphs 41 to 44).

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Parliamentary Librarian and resource agreement for the Parliamentary Library

23 The appointment of the Parliamentary Librarian in December 2005, and the finalisation of a Resource Agreement between the Parliamentary Librarian and the Secretary of DPS in June 2006, completed the implementation of parliamentary resolutions passed in 2003 that created DPS by amalgamating the three former joint service departments.

Conclusion of the security enhancement project

24 Early in 2006 the security enhancement project begun in 2004 as a result of ASIO advice received in 2003 was completed with the activation of bollards to restrict vehicular entry to the Senate, House of Representatives and Ministerial Wing access roads. While reducing both the likelihood and the consequences of an attack on Parliament House involving a vehicle-borne improvised explosive device, the new arrangements have caused inconvenience to many building occupants and visitors, in particular by limiting the scope for people to be picked up outside the building entrances (except by drivers who are themselves Parliament House passholders).

25 The increased use of Parliament Drive as a pick-up and drop-off point has in turn created, or drawn attention to, a range of issues relating to the personal security of building occupants and visitors. Traffic congestion arising from increased traffic activity on Parliament Drive has been mitigated by the designation of most of Parliament Drive as a one-way road (taking effect in August 2006), but issues relating to inadequate lighting and shelter, and perceived threats to personal safety, for people waiting to be picked up on Parliament Drive, are yet to be fully resolved.

26 A survey of building occupants and other passholders, intended to gauge the extent of the problems and to invite possible solutions, was begun in June 2006 and will be analysed and responded to in 2006-07. A review of lighting around building entrances and on Parliament Drive has already been initiated.

Childcare centre for Parliament House

27 Following consideration of various proposals by the Joint House Committee over nearly two years, the Presiding Officers decided in June 2006 that DPS should call for expressions of interest to operate a childcare centre in Parliament House to cater for the children of building occupants, including Senators and Members. The

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centre is proposed to operate from the Old Staff Bar, which will be refurbished for the purpose. Centre operating costs will not be subsidised by DPS.

Client survey—IT services

28 In early 2006, DPS conducted a survey of client satisfaction with IT services. Such surveys have been undertaken once in the life of each Parliament—the previous survey was done in 2003. The survey used an online questionnaire distributed via email to everyone with an account on the Parliamentary Computing Network (**PCN**).

29 A total of 507 responses were received. As well as answering specific questions (eg “what IT services are important to you”), respondents provided 683 comments on aspects of the IT service. Respondents indicated that the most important IT services are client support, ParlInfo and email. Respondents also noted that client support, general system performance, electorate office networks, application support and ParlInfo are the areas where they currently see problems.

30 The results of the survey will be taken into account in the next stage of work on our ICT Strategic Plan.

Transfer of Magna Carta

31 In October 2005 the National Library of Australia formally transferred to DPS all its remaining interest in the *Inspeximus* issue of Magna Carta that is displayed in Parliament House.

32 This Magna Carta was acquired by the Joint Parliamentary Library Committee in 1952, when that Committee was acquiring works for both the future National Library and for the Parliamentary Library. In 1968 the Council of the National Library decided to commit Magna Carta to the care and custody of the Presiding Officers, and some years ago it was recorded as an asset on the then Joint House Department asset register. However, the ownership of Magna Carta was never absolutely certain, and so the decision by the National Library Council to make a formal transfer to DPS on behalf of the Presiding Officers provided a welcome resolution of the uncertainty.

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Other progress

Improving governance arrangements

- 33 Highlights of our progress on governance matters included:
- (a) the implementation of the restructure (see paragraphs 5 to 13);
 - (b) the development and implementation of a new business planning framework;
 - (c) a preliminary review of our performance information and reporting arrangements, with a view to a further review being conducted in 2006-07;
 - (d) the development of a new fraud control policy and framework, and of a Fraud Control Plan 2006-2008;
 - (e) the issue of a variety of new documents setting out internal policies and procedures and client-service policies.

Developing our strategic focus and planning capability

General

34 As described in paragraph 7, one aim of the restructure was to establish an effective strategic planning capability for DPS. Staff have been identified to provide the foundation of the relevant section, and work has begun on strategic planning in the areas of security, ICT, energy and water use, and asset replacement.

Security

35 Strategic planning in this area began with a review of the risk assessments provided by the Australian Security Intelligence Organisation in 2003 and the Protective Security Coordination Centre in 2005. The outstanding recommendations from those reviews have been identified, and will form the starting point for a broader review of all aspects of security in the Parliamentary precincts.

Asset replacement

36 Asset replacement strategies, and processes for developing and monitoring project plans, are proving difficult to develop and implement in the face of long-established practices in these areas.

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37 Asset replacement, in relation to both administered and departmental assets, slowed after the creation of DPS.

38 The original causes of the slowdown were varied, and included the diversion of project management resources to the security enhancement project in 2004 and 2005, and a move by new management to require more rigour in the development of asset replacement projects.

39 More recently, the slowdown reflects the significant and deliberate challenge posed to established project development and management practices in DPS by the departmental restructure, a CIR of our ICT structures and processes, and the development of a fleet management approach to many departmental assets.

40 The development of a new strategic approach to asset management will be a major focus in 2006-07.

Improving the efficiency of our operations

Continuous improvement reviews

41 Continuous Improvement Reviews (**CIRs**) of all parts of DPS are required under the two new certified agreements that took effect during the reporting year.

42 Reviews started during the reporting year include those covering Hansard editing, the Loading Dock and ICT staffing and structures.

43 The reviews are conducted by teams of operational staff from both the area under review and other parts of DPS. This ensures that each team has a mix of knowledge of the work area under review, and new perspectives on how that work might be performed more cost-effectively.

44 Savings identified through the CIRs will fund parts of the salary increases provided for by the certified agreements.

Human resource management issues

45 As well as the finalisation of two new certified agreements, progress was made in several other areas affecting human resource management, including:

- (a) the upgrade of our human resource management and information system (PeopleSoft);

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- (b) the development and implementation of a new performance management scheme; and
- (c) a major review of PSS rostering arrangements.

Accommodation

46 DPS initiated a review of its current and future accommodation needs, with a view to establishing whether the accommodation available to DPS (including some in West Block) can be used more efficiently, having regard to falling staff numbers.

Improving existing services or developing new services

47 Changes were made in several aspects of security services, and work began on reviews of existing services or the development of new services in several other areas, including:

- (a) security;
- (b) catering;
- (c) the provision of childcare services in Parliament House;
- (d) ICT services (through a substantial client survey); and
- (e) a range of Library services (see Part 2 of this Report).

48 Work was also done on the Parliament House Art Collection.

Catering

49 One of the major catering contracts for Parliament House was due to expire in 2006, the other in mid-2007. The earlier contract has been extended to match the mid-2007 expiry date of the later contract. DPS engaged catering consultants to review the current arrangements, including the split of services between the two contracts, and to advise on a new tender process which will begin later in 2006. One of the aims of the new tender process will be to bring more competition, and more variety, to catering services in Parliament House.

Security

50 Security has again been a major area of activity for DPS. Changes were made to screening arrangements applied to people entering Parliament House, involving reducing the sensitivity of walk-through metal detectors used at building entrances. This has resulted in fewer detections requiring secondary screening; however,

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under the new settings, metal detections indicated by the screening equipment will be followed up until the source of the detection can be positively identified.

51 The long-standing pass policy applicable in Parliament House was reviewed by the Security Management Board, and a proposed new policy is now being considered by the Presiding Officers.

52 The ACT Police were invited to resume routine traffic enforcement in the Parliamentary precincts (after some years in which this did not happen). Work was also done to resume the enforcement of parking restrictions within the precincts—enforcement activities will commence late in 2006.

53 The policing model used for AFP-Protection deployment was reviewed and a replacement model proposed by the AFP. Adoption of the new model depends on further work, which will be done before the end of 2006, on our external surveillance infrastructure.

Parliament House Art Collection

54 Negotiations with Artbank for assistance with the acquisition of works for the Parliament House Art Collection were nearly completed during the year, but were deferred following the resignation of the Director of Artbank late in the reporting year. DPS now proposes to call for expressions of interest for a consultancy to provide this assistance. No new works were acquired during the year, but a major conservation project was largely completed.

Cooperation with the chamber departments

Accommodation review

55 As well as our internal accommodation review, DPS took part in a review, commissioned by the Presiding Officers and chaired by the Serjeant-at-Arms, of the current and future accommodation needs of all the agencies that occupy Parliament House, and of options for meeting those needs over the next 20 years. The review is expected to report during 2006-07.

Business continuity planning

56 DPS, through the Security Management Board, is leading the development of a business continuity plan relating to the operations of the Parliament. This plan involves all three parliamentary departments, and is intended to address a range of circumstances in which parliamentary activity would need to resume in the absence of

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some or most of the resources usually provided by the parliamentary departments and other agencies serving Parliament House.

57 In conjunction with the whole-of-Parliament planning, DPS has started reviewing and updating the business continuity plans previously developed for some of the services provided by DPS, and developing new plans for those services not currently covered. DPS has also begun developing a business continuity plan for the department as such.

Financial outcomes

Operating result

58 DPS recorded an operating surplus of \$0.939m for 2005-06. This result was derived from a savings against budgeted expenses of \$0.875m and a small increase against budgeted revenue from independent sources of \$0.064m.

59 The savings against budgeted expenses was derived from a savings against depreciation of \$2.32m, offset by an excess of other expenditure, mainly employee and supplier expenses, of \$1.445m. A large component of the employee result was \$0.978m paid to staff as one-off redundancy costs.

Finance Committee role

60 At the beginning of the 2005-06 financial year, operational funding bids were \$8.615m more than the available budget. The DPS Finance Committee decided to fund each group to the amount bid, but noting that the Finance Committee believed there were savings to be made in the proposed budgets without having any major impacts on client service. To enable the Finance Committee to consider opportunities for savings during 2005-06, Finance Committee approval was required for all:

- (a) recruitment action;
- (b) renewals or extensions to existing contracts;
- (c) new contracts;
- (d) advertising of tenders; and
- (e) issuing requests for quotations.

61 Although the Finance Committee rejected very few of the requests for approval that it received, and its scrutiny of spending by

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purchase order only took place after the spending in question was complete, the final expenditure figures for the 2005-06 year suggest that a significant number of spending proposals were not ever raised for Finance Committee approval, and that other spending was more constrained in the knowledge that it was subject to Finance Committee scrutiny.

62 The additional scrutiny of expenditure enabled us to achieve a close to budget result for the department as a whole. In fact, however, this involved significant overspending on security services, which was largely offset by underspending across the rest of the department. Output Group 3.1—Occupant Services, which includes the security function, recorded expenses of \$38.341m against allocated revenue of \$34.104m, a deficit of \$4.237m.

Asset replacement spending and depreciation

63 The actual spend on the purchase of property, plant and equipment, and intangibles was \$7.917m, \$14.419m less than the budgeted amount. This lower than budgeted spend is the reason the actual depreciation charge for 2005-06 was less than the budget estimate. The department is currently developing strategic asset replacement plans for each major class of asset. Once the plans are approved, and project work starts, asset replacement expenditure will increase to budgeted levels, with a consequential increase in the depreciation expense.

Valuation of administered assets

64 DPS reported a write-down of \$4m in the value of administered assets and this amount appears as an expense in 2005-06. This write-down reflected a new treatment of a major artwork held in the Parliament. During 2005-06, it emerged that the Tom Roberts painting, *Opening of the First Parliament of the Commonwealth of Australia by H.R.H. The Prince of Wales 9th May 1901*, although listed as an asset on the DPS administered asset register, was in fact on permanent loan from the Royal Collection. In these circumstances, the painting cannot be considered an asset of the Commonwealth, and it was accordingly removed from the face of the statements.

65 DPS now reports the painting in the Notes to the Financial Statements as an asset held in trust, in accordance with the Finance Minister's Orders. DPS will continue to maintain insurance for the painting.

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Changes to administered funding arrangements

66 In November 2005, DPS was notified by the Department of Finance and Administration (**Finance**) that an amount of \$10.6m of previous years' unspent administered funding would not be made available for building works in 2005-06. Following that advice, all administered works projects were put on hold while a review was conducted with the view to cancelling, slowing down or deferring scheduled projects to ensure cash spending was limited to the \$10.63m available from the 2005-06 appropriation.

67 A flow-on effect of the slowdown in scheduled projects was that cash spending also slowed, and it was estimated that \$3m would remain unspent at 30 June 2006. To ensure this amount did not lapse, an application was made to and approved by the Finance Minister to re-phase that amount from 2005-06 into 2006-07. At 30 June 2006, DPS still had \$1.272m of unspent administered funds and this amount lapsed.

68 The Finance Minister also agreed to change the source of administered funding from lapsing operating funding to non-lapsing assets and liability funding. This change took effect from the 2006-07 budget and will ensure that unspent appropriation will not lapse at the end of each year.

Coins in Parliament House water features

69 In November 2005, the Presiding Officers asked DPS to put arrangements in place for any money retrieved from water features in and around Parliament House to be paid to UNICEF through the QANTAS Change for Good program, whether the coins were Australian or foreign currency.

70 The money retrieved from the water features falls into three categories:

- (a) bankable Australian currency (currently banked);
- (b) non-bankable foreign currency (currently held); or
- (c) mutilated coins (given to the Reserve Bank).

71 The total amount collected as unsolicited donations of Australian coins from 2000-01 to 2005-06 was \$379.45. Following negotiations with Finance, agreement has been reached at officer level for the creation of a Special Account with the specific

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purpose of allowing money from the water features to be donated to charity.

Fraud Control

72 During the year a large amount of work went into reviewing DPS's exposure to potential fraud risks. A draft Fraud Control Plan was developed for 2006-2008 (it was issued in October 2006). For the purposes of paragraph 2.8 of the *Commonwealth Fraud Control Guidelines 2002*, I am satisfied that fraud risk assessments and fraud control plans have been prepared that comply with the Guidelines and that appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place in the department.

73 DPS submitted responses to the 2005-06 Commonwealth Fraud Control Guidelines Annual Reporting Questionnaire in accordance with the Guidelines.

Australia Day Achievement Awards 2006

74 DPS's commitment to serve the Australian people is reflected in the award of Australia Day medallions to our high-performing staff. These awards also recognise the value of a diverse workforce consisting of skilled staff, and encourage their development and contribution to the work of the department. Australia Day medallions were presented to DPS staff at DPS's anniversary function on 1 February 2006.

75 DPS staff who received the awards were Bernice Donnellan, Lenore Hale, Karen Hoad, Paul James and Angus West. As well, group awards were presented to the employee representatives on the negotiating teams for the two new certified agreements. All staff recognised through these awards made a significant contribution to client service, whether directly to our external clients, through the services they provide to other staff members, or through their role in the effective functioning of the department.

Outlook for 2006-07

76 Our internal focus will be on strategic planning, covering in particular:

- (a) project development and approval processes, with special emphasis on speeding up asset replacement activities, both for administered and for departmental assets;

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- (b) security, in relation to both infrastructure and policies and procedures;
- (c) environmental matters, especially in relation to energy and water use; and
- (d) business continuity planning for the Parliament.

77 The remaining CIRs will absorb substantial staff resources over the year, but should also produce significant ongoing efficiencies in our operations.

78 In relation to client service, the main areas of development will include:

- (a) implementing the decision to provide childcare in Parliament House;
- (b) letting new contracts for catering in Parliament House;
- (c) renewing licence arrangements with major licensees of Parliament House accommodation, in particular the Press Gallery;
- (d) improving access arrangements for Parliament House occupants and visitors, while maintaining appropriate security;
- (e) reviving acquisition activities for the Parliament House Art Collection;
- (f) reviewing Library products, the various news-related services provided by the Library, and other Library services;
- (g) developing a replacement for ParlInfo.



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