

Chapter 2

Progress in responding to committee's previous inquiry and the senior management structure

Response to the committee's previous inquiry

2.1 The committee considered DPS' progress in implementing the recommendations of the committee's 2012 reports. Set out below are an overview of the responses by DPS, the government and the Presiding Officers to the recommendations in the committee's interim and final reports, tabled in June (2012 interim report) and November 2012 (2012 final report), respectively. Chapters 3 and 4 of this report consider DPS' responses to individual recommendations in more detail.

Response to the 2012 interim report

2.2 The 2012 interim report contained one recommendation, namely, that the Commonwealth Government provide DPS with a one-off additional appropriation of \$100,000 to be used, together with the existing DPS allocation of funds, for the completion of the document, *The Architect's Design Intent for Parliament House, Canberra: Central Reference Document (CRD)*, by Ms Pamille Berg.

2.3 The CRD was commissioned by the Joint House Department (JHD), the predecessor to DPS which had responsibility for maintaining Parliament House and managing its facilities. The intention of the CRD was that it 'should stand as a basic record of the Architect's design intent to be utilized in the assessment and management of proposals for change and maintenance for the specified 200-year lifespan of the Parliament House building'.¹

2.4 The history of the development of the CRD was outlined in the 2012 interim report.² To summarise, following commissioning of the CRD in 1999 a draft document was completed in 2004, consisting of 31 chapters. At the time the committee tabled the interim report in June 2012, the CRD was still not complete. Ms Berg estimated that there was still a substantial amount of work to be done on the CRD which would take approximately two years.³

2.5 The government response to the committee's recommendation in the 2012 interim report on the completion of the CRD was:

1 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary Service: Interim Report*, June 2012, pp 55-56, quoting Ms Pamille Berg, *Submission 13*, p. 3.

2 See Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary Service: Interim Report*, June 2012, pp 55-59.

3 See Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary Service: Interim Report*, June 2012, p. 58.

Any proposal for this purpose brought forward by the Presiding Officers, in the 2014-15 Budget context, would be considered at that time.⁴

2.6 In its submission, DPS stated that it 'does not intend to complete the CRD at this stage'.⁵ At the public hearing on 17 November 2014 the then Secretary of DPS, Ms Carol Mills, advised that DPS had applied for additional funding for the completion of the CRD, but had not been successful in obtaining that funding. Subsequently, DPS had set aside funding for the completion of the CRD, but has prioritised the completion of other documentation in relation to heritage management above the completion of the CRD.⁶

2.7 The CRD remains uncompleted. Further discussion on the CRD is set out in Chapter 3 in the context of the broader heritage management issues at Parliament House.

Response to the 2012 final report

2.8 The 2012 final report made 23 recommendations. In February 2013, DPS tabled its response to the 2012 final report, stating it supported 20 of the 23 recommendations.⁷ Of the remaining three recommendations DPS indicated:

- the Presiding Officers would consider matters in relation to the oversight of funding and administration of DPS (Recommendation 1);
- DPS would consult with the Australian National Audit Office (ANAO) in relation to the Auditor-General undertaking an audit of DPS' contract development and management (Recommendation 20); and
- consideration of exempting DPS from further additional efficiency dividends was a matter for government (Recommendation 23).

2.9 The responses to Recommendation 1, 20 and 23 are discussed below, before moving on to consideration of DPS' progress in responding to the remaining 20 recommendations in the 2012 final report.

Oversight of funding and administration of DPS (Recommendation 1)

2.10 Recommendation 1 of the 2012 final report recommended that the funding and administration of DPS should be overseen by the Senate Appropriations and Staffing Committee and the House Appropriations and Administration Committee meeting jointly for that purpose, and that standing orders should be amended as appropriate.

4 Government Response to the Senate Finance and Public Administration Legislation Committee Interim Report into the performance of the Department of Parliamentary Services, July 2013, p. 2.

5 *Submission 1*, p. 1.

6 *Committee Hansard*, 17 November 2014, pp 7-9.

7 See DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013.

2.11 In response, DPS stated that it supported 'an appropriate level of scrutiny and advocacy for its role within the parliamentary system'.⁸ DPS then outlined four layers of parliamentary accountability under which DPS operates, namely:

- the direct line of accountability between the Presiding Officers and the Secretary of DPS, as well as advisory committees such as the Security Management Board, the Joint Library Committee and the Parliamentary Information and Communications Technology (ICT) Advisory Board;
- the Joint House Committee, comprising the separate House committees of the Senate and the House of Representatives;
- this committee, the Senate Finance and Public Administration Legislation committee; and
- the Parliament itself, under the statute and resolutions requiring the Parliament to be involved in parliamentary administration and the activities of DPS.⁹

2.12 DPS' response concluded:

In this context the Presiding Officers will consider whether alternative mechanisms for both accountability and advocacy should be established either along the lines recommended by the Committee or as a stand-alone arrangement. In the Interim, the Presiding Officers will continue to affect accountability on the Department Secretary as specified in the [*Parliamentary Service Act 1999*] and will closely monitor the performance of the Secretary in the delivery of her duties.¹⁰

2.13 The then President of the Senate, Senator the Hon John Hogg, in responding to the 2012 final report indicated that, in the first instance, Recommendation 1 would be considered by the Senate Appropriations and Staffing Committee. The President stated that he would bring the recommendation to the attention of that committee for its consideration.¹¹

2.14 The Appropriations and Staffing Committee considered the matter in a meeting on 15 May 2013. The President advised the Appropriations and Staffing Committee that the Senate's House Committee 'would be convened to undertake

8 DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013, p. 2.

9 DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013, pp 2-3.

10 DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013, p. 3.

11 President of the Senate's response to the Senate Finance and Public Administration Legislation Committee report into the performance of the Department of Parliamentary Services, 21 March 2013. The Senate Appropriations and Staffing Committee is now the Senate Appropriations, Staffing and Security Committee.

oversight of the provision of services to Senators by the Department of Parliamentary Services and the Department of the Senate'.¹²

2.15 On 14 May 2013, the House Committee met and received a briefing from the Secretary of DPS. A report of that meeting states the President called the meeting following the tabling of the committee's report of the previous inquiry into the performance of DPS:

In particular, this meeting would be a useful mechanism for Senators to raise concerns about services and facilities which could then be forwarded to the Joint House Committee.¹³

2.16 The Secretary of DPS briefed the House Committee on various aspects of services and facilities provided by DPS, including progress made in relation to heritage issues.¹⁴

2.17 The House Committee met again on 11 February 2014 and received another briefing by the Secretary of DPS. The House Committee's report of this meeting states:

As part of this briefing, [the Secretary of DPS] noted that DPS is under significant financial pressure and that while...

The [House] Committee noted the importance of all parliamentary departments being adequately funded to carry out their primary function of supporting the Parliament.¹⁵

2.18 The committee understands there has been no formal steps to implement the oversight of DPS' funding and administration as set out in Recommendation 1 of the 2012 final report. Further discussion about budget-setting for DPS is in Chapter 5.

Audit by the Australian National Audit Office (Recommendation 20)

2.19 Recommendation 20 of the 2012 final report recommended DPS consider approaching the Auditor-General to undertake an audit of DPS' contract development and management.

2.20 In its response, while not stating that it supported the recommendation, DPS indicated it would 'approach the Auditor-General to seek his views on the best way to undertake an evaluation of DPS contract development and management, including a potential timetable for the evaluation'.¹⁶

2.21 The Australian National Audit Office (ANAO) subsequently conducted an audit of DPS' management of contracts and assets at Parliament House and a report

12 Senate Appropriations and Staffing Committee, *Annual Report 2012-13*, p. 4.

13 House Committee of the Senate, *Report*, June 2013, p. 1.

14 House Committee of the Senate, *Report*, June 2013, p. 1.

15 House Committee of the Senate, *Report*, May 2014, p. 1.

16 DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013, p. 15.

for the audit was tabled in February 2015.¹⁷ The then Auditor-General, Mr Ian McPhee AO PSM and ANAO officers appeared at a public hearing on 2 March 2015 to discuss the ANAO's report with the committee. The committee's first interim report, tabled in May 2015, discussed the ANAO's report and evidence at the public hearing in some detail. The committee does not intend to repeat at length that material in this report, however, the committee will refer to the ANAO's report where it is relevant to specific matters discussed in this report.

Exemption from one-off, additional efficiency dividends (Recommendation 23)

2.22 Recommendation 23 of the 2012 final report recommended that the government exempt DPS from any future one-off, additional efficiency dividends. DPS gave in-principle support for the recommendation, but noted that it was a matter for the government to respond.¹⁸ The government response to the committee's report did not support this recommendation, stating that 'Budget decisions are a matter for government consideration at the relevant time'.¹⁹

Progress in addressing remaining recommendations

2.23 DPS' submission to the inquiry in September 2014 outlined progress against the recommendations from the previous inquiry. At that stage, although work was underway in addressing the recommendations, it was clear that there was still substantial work to be done to fully complete the work pursuant to the recommendations.

2.24 DPS' submission highlighted difficulties as a result of a lack of funding in addressing some recommendations, but noted that additional funding from the 2014-15 Budget would assist in accelerating changes.²⁰

2.25 As noted in the committee's first interim report, the ANAO considered DPS' efforts to address the recommendations in the 2012 interim and final report.²¹ The ANAO acknowledged the 'considerable resources' that DPS had invested in responding to the committee's reports. However, the ANAO was critical of the changes which had occurred. For example, the ANAO stated that changes to heritage management practices 'lacked continuity, and the department was unable to demonstrate broad or systemic consideration of cultural or heritage value in making changes to the building[.]'²² In relation to contract management, the ANAO

17 See Australian National Audit Office (ANAO), *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, Performance Audit Report No. 24, 2014-15.

18 DPS, Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services, February 2013, p. 18.

19 Government response to the Senate Finance and Public Administration Legislation Committee Final Report into the performance of the Department of Parliamentary Services, July 2013, p. 2.

20 *Submission 1*, p. 9.

21 See Senate Finance and Public Administration Legislation Committee, *Department of Parliamentary Services: Interim report*, April 2015, pp 7-10.

22 ANAO, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, Performance Audit Report No. 24, 2014-15, p. 16.

commented there had been 'little improvement in the department's contract management framework, processes or capability since the [2012 final report]'.²³

2.26 In May 2015 DPS provided the committee with an update of its progress against the committee's recommendations from the last inquiry. A copy of that update is available at Appendix 4.

2.27 That update identified three items still outstanding at that time:

- the Presiding Officers tabling of a biennial report devoted specifically to the building and its contents including information on the condition of the building and its contents, costs of upkeep of the building, heritage concerns and any other related matter so as to fully inform the Parliament and the public about the building (Recommendation 13);
- DPS undertaking an audit of fire safety in Parliament House and consider reviewing the standard of building documentation (Recommendation 15); and
- The Security Management Board reviewing the criteria for the issue of photographic security passes for Parliament House (Recommendation 21).

Committee view

2.28 The committee has previously expressed its frustration at DPS' slow rate of progress in addressing the recommendations from the committee's 2012 reports. While DPS now reports that it has completed its response to all but three of the committee's recommendations, the committee has reservations. In the following chapters of this report the committee will consider DPS' response to specific recommendations from the previous inquiry.

Senior management structure of DPS

2.29 There have been significant changes to DPS' executive structure since Ms Mills took up the position of Secretary of DPS in May 2012. These changes to the management structure took place alongside, and in some cases as part of, DPS' implementation of its response to the committee's previous inquiry.

2.30 In October 2012, Ms Mills addressed the committee at the Supplementary Budget Estimates hearing foreshadowing plans to change the executive structure of the department:

I very much see [DPS] as a service department. We are here to provide services to and for the parliament, both directly to members, senators, staffers and residents of this building and electorate offices, and to others more broadly, but also the wider Australian community, which has a vested interest in the performance of parliament. We do that in a number of different ways. It is my belief that the way the organisation was structured was not enabling us to provide those services to best effect and I have commenced a realignment of the functions inside the organisation. That will proceed over the next few months. It has commenced with some

23 ANAO, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, Performance Audit Report No. 24, 2014-15, p. 16.

changes to our executive structure. There is an interim arrangement for a leadership team. A number of [Senior Executive Service (SES)] officers left the department recently as part of those changes.²⁴

2.31 In the Secretary's review for the 2012-13 DPS Annual Report, Ms Mills provided an update on the 'transformational change agenda to reshape DPS into a more professional, outward-looking and service-focused department'.²⁵ Ms Mills wrote:

Appointments to the new senior leadership team were made throughout 2012–13, enabling us to begin our structural realignment and to put in place the organisational building blocks for the transformation of DPS. This included the appointment of the first Chief Information Officer (CIO) for the Parliament. Work units have been regrouped to improve clarity of function and strengthen strategic planning, project delivery and reporting capabilities...

New measures brought in to realign DPS management structures, strengthen ethical behaviour in the workplace, and refresh corporate planning processes took shape throughout the year...²⁶

2.32 At the Additional Estimates hearing in February 2014 the committee sought further information about changes Ms Mills had made to the executive structure of the department. On notice, DPS advised there had been a net increase of five Senior Executive Service (SES) positions.²⁷

2.33 DPS gave the following explanation for the increase in SES positions

These changes were introduced to improve the performance of [DPS] by bringing business areas into clearer functional alignments; increase levels of accountability; drive performance improvements; target specific areas of weakness in ICT, security, heritage and contract management. The changes also addressed the findings of the Senate Finance and Public Administration Legislation Committee report [in November 2012] – particularly with regard to leadership weaknesses – and the Roche Review – which led to the transfer of ICT functions from the chamber departments and the Department of Finance to DPS.²⁸

24 Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 15 October 2012, p. 34.

25 Department of Parliamentary Services (DPS) Annual Report 2012-13, Secretary's review, p 1.

26 DPS Annual Report 2012-13, Secretary's review, p. 2.

27 Senate Finance and Public Administration Legislation Committee, Additional Estimates 2013-14, Department of Parliamentary Services, *Answer to question on notice No. 135*.

28 Senate Finance and Public Administration Legislation Committee, Additional Estimates 2013-14, Department of Parliamentary Services, *Answer to question on notice No. 135*. The Roche Review was a review of information and communication technology for the Parliament which was initiated by the Presiding Officers and carried out by Mr Michael Roche. The Roche Review was completed in August 2012 and tabled by the then President of the Senate, Senator the Hon John Hogg, during the Supplementary Budget Estimates 2012-13 hearings in October 2012.

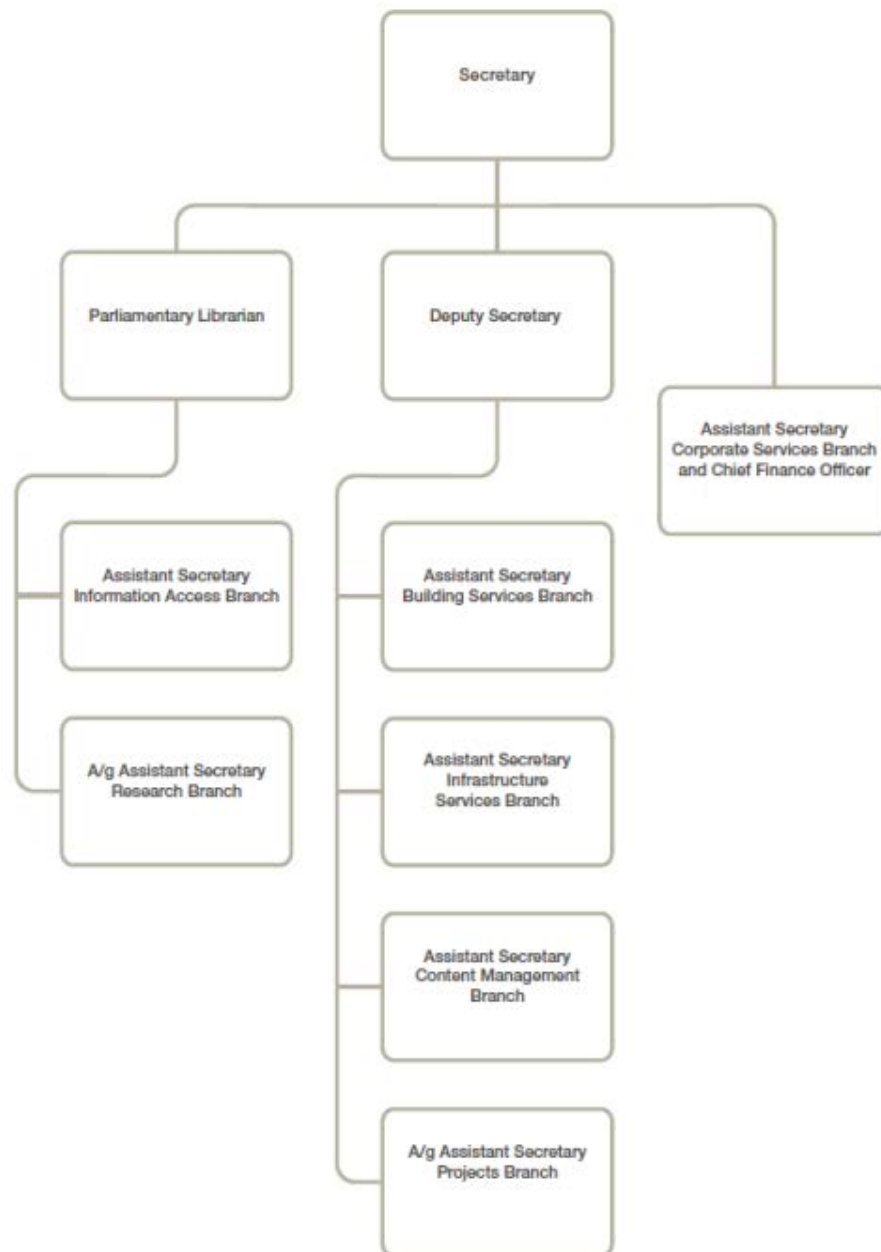


Figure 1: DPS Departmental Structure as at 30 June 2012,

Source: *DPS Annual Report 2011-12*, October 2012, p. 7.
(Names of individuals holding positions have been removed)

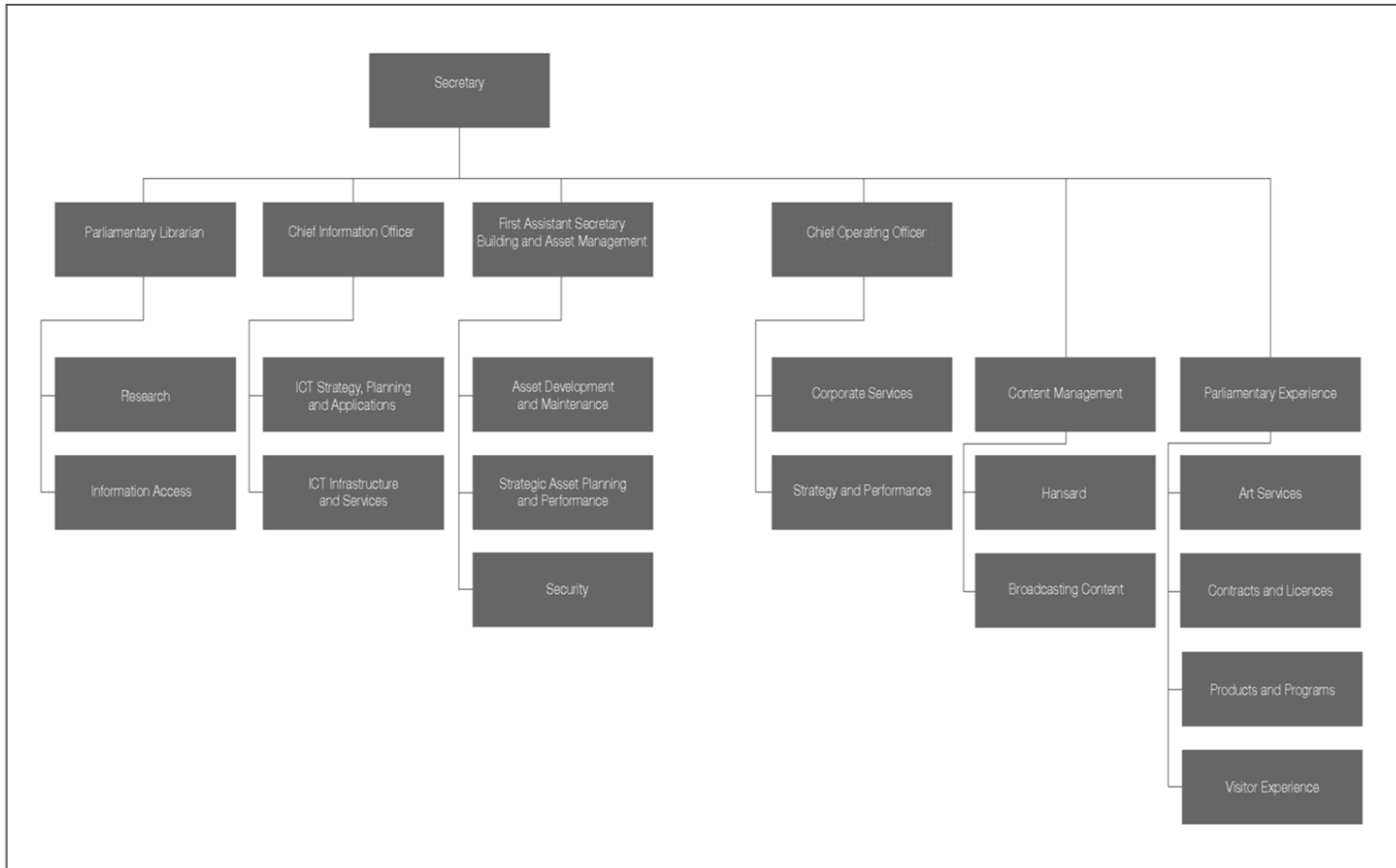


Figure 2: DPS Departmental Structure as at 30 June 2014

Source: *DPS Annual Report 2013-14*, October 2014, pp 16-17.
(Names of individuals holding positions have been removed)

2.34 The additional cost of the five SES positions was approximately \$1.3 million per annum and was partly covered by the transfer of \$22 million in funding for ICT to DPS and 'more than offset by a range of measurable efficiency and effectiveness benefits'.²⁹ The committee had previously been told, prior to the implementation of the new executive structure, there would be no net cost increase for the new SES positions:

From July 2013, DPS' structure will be somewhat different from what it was in July 2012. However, it is too early in the change process to identify the specific staffing profile for 2013-14 – other than the changes at the [SES] level, which will be at no net cost increase, as positions created have replaced positions abolished.³⁰

2.35 Since February 2014, it would appear that two further SES positions have been added to the DPS organisational structure, namely the position of Chief Operating Officer and the Assistant Secretary, Program Delivery Branch.³¹

2.36 In February 2015 the Australian National Audit Office (ANAO) noted, as part of its audit of the management of contracts and assets at Parliament House, there had been a delay in recruiting people to some of the key executive positions.³² At the public hearing on 2 March 2015 Ms Mills outlined some of the difficulties in recruiting to some positions:

There are a variety of reasons that we have not been able to recruit to these jobs including the time it takes in government and, I have to say, partly the reputation of the department and the challenge of people wanting to come here and tackle a department that had had such a negative report released in November [2012].³³

2.37 However, Ms Mills spoke highly of the executives that had been recruited:

Although it has taken time, having taken that time I am very comfortable to say here today that the management team that sits around me is a strong one

29 Senate Finance and Public Administration Legislation Committee, Additional Estimates 2013-14, Department of Parliamentary Services, *Answer to question on notice No. 135*.

30 Senate Finance and Public Administration Legislation Committee, Supplementary Budget Estimates 2012-13, Department of Parliamentary Services, *Answer to question on notice No. 173*.

31 The creation of the Chief Operating Officer position was not mentioned in the Additional Estimates 2013-14, Department of Parliamentary Service, *Answer to question on notice No 135* which was provided in April 2014. However the DPS organisational structure as at 30 June 2014 did include the position of Chief Operating Officer, see DPS Annual Report 2013-14, pp 16-17. In April 2015, DPS provided a submission to the committee's inquiry into the proposed Parliament House security upgrade works which noted that a separate branch and Assistant Secretary had been established as a non-ongoing reportable entity within the DPS Executive, see Senate Finance and Public Administration Legislation Committee, Inquiry into the Parliament House security upgrade works, *Submission 6*, p. 5.

32 Australian National Audit Office (ANAO), *Managing Contracts and Assets at Parliament House: Department of Parliamentary Services*, 2014-15, Report No. 24, p. 42.

33 *Committee Hansard*, 2 March 2015, p. 19.

and one dedicated to making the changes—not just committing to them, but actually achieving them.³⁴

2.38 The ANAO noted the delay in recruiting appropriately skilled staff had slowed the implementation of some initiatives to address recommendations in the 2012 final report.³⁵

Committee view

2.39 The committee accepts that the management structure for DPS prior to May 2012 was in need of restructure. In fact, in its final report of the previous inquiry the committee noted:

If DPS is to move forward, it must attract appropriately qualified staff. Improvements in processes and the new structure being implemented by Ms Mills will go far in improving the image of DPS.³⁶

2.40 Unfortunately, it appears the expectation the committee had for an improvement in the image of DPS has not come to fruition. As Ms Mills noted in her evidence, DPS has had difficulty in attracting suitably qualified people to work for the department. Presumably, the recent ANAO report and additional attention on DPS as a result of issues pursued during this inquiry would not have assisted DPS' image with prospective employees.

2.41 On this point, the committee agrees with the observation by Mr Ian McPhee AO PSM, then Auditor-General, at the public hearing on 2 March 2015:

While having the right governance structures and processes in place is important, it is an entity's people who achieve excellence and drive change. A vital role for senior executives is to set the right tone at the top and to reinforce entity values, enthusiasm for good governance and a focus on performance and accountability. More work also needs to be done to build cohesion and engagement between DPS management and staff over the longer term to encourage constructive working relationships within an environment of ongoing parliamentary and public scrutiny.³⁷

2.42 On a separate issue, the committee notes that the current DPS management structure has up to seven more SES positions than in May 2012. While the management structure prior to May 2012 would appear to have been inadequate, the committee does not believe that the addition of many more SES positions has necessarily brought a commensurate improvement in management within DPS.

34 *Committee Hansard*, 2 March 2015, p. 20.

35 ANAO, *Managing Contracts and Assets at Parliament House: Department of Parliamentary Services*, 2014-15, Report No. 24, p. 23.

36 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary Services: Final report*, November 2012, p. 212.

37 *Committee Hansard*, 2 March 2015, pp 1-2.

2.43 Given the impending consultations on the position of the Secretary and the structural review of DPS, the committee has decided it will not comment further on the changes made to the DPS senior management since May 2012 in this report.

2.44 However, the committee intends to follow the progress of the structural review and any changes made to the senior management structure of DPS as a result. To this end, the committee would like DPS to provide it with information about any changes to the senior management structure, including the movement of personnel, prior to each estimates hearing. The provision of this information is consistent with information provided by other parliamentary departments, namely the Department of the Senate and the Parliamentary Budget Office, which both provide the committee with updates on particular administrative matters prior to estimates hearings.

Recommendation 1

2.45 The committee recommends that prior to each estimates hearing, DPS provide an update on the senior management structure of the department, including an organisational chart indicating changes to the personnel in senior executive staff positions.