

Chapter 3

Heritage management, building and asset management and contract management

Heritage management

3.1 In its final report for the previous inquiry, the committee observed that the vast majority of change to the Parliament House building, and the maintenance of heritage values, is the responsibility of the Department of Parliamentary Services (DPS). The committee concluded:

...DPS has not undertaken this important role to the standard required by the Parliament, with the building being subject to many largely unchecked decisions relating to architectural changes, configuration, design, décor, furniture selection and disposal. There has been a lack of proper regulated heritage assessment policies and a misunderstanding of the intrinsic value of some items to the building and overarching design integrity.¹

3.2 The committee welcomed the intention of the then Secretary of DPS, Ms Carol Mills, to make a significant shift in the way in which DPS approached its responsibility for the building, with a heritage management approach to be taken to planning and the overarching design of the building.²

3.3 In the following section of the report the committee considers the changes to the heritage management of the building which have occurred since its final report in 2012.

Conservation Management Plan and Design Principles

3.4 The committee's previous inquiry considered the Parliament House Heritage Management Framework (Framework), which was approved by the Presiding Officers in November 2011:

The Heritage Management Framework provides underpinning principles to respond to the changing requirements of a working building. The framework provides guidance for making decisions in relation to the management of the Parliament House building, including its landscaped gardens, and commissioned furniture, fabrics, artworks and craft.³

3.5 The Framework provided for the establishment of a Heritage Advisory Board, which had as members the Secretary of DPS, Usher of the Black Rod and the

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

2 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary services: Final report*, November 2012, pp 213-214.

3 DPS, Parliament House Heritage Management Framework 2011, p. 2. See also Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary services: Interim report*, June 2012, pp 37-39.

Serjeant-at-Arms. The primary function of the Heritage Advisory Board was to provide advice to the Presiding Officers on the heritage management of Parliament House.⁴

3.6 The committee's 2012 interim and final reports noted the criticism of a number of organisations and experts of the Framework. In October 2012, prior to the committee tabling its final report, Ms Mills indicated that the Framework would be replaced. Ms Mills informed the committee that there was a need for a more robust process for long-term planning for the building and a strengthened framework:

I have proposed and it was endorsed by the Heritage Advisory Board in October that we should commence immediately the development of a conservation management plan for the building based on the Burra Charter principles...It is my recommendation and, as I said, which has been endorsed, that we would develop a set of design principles, hopefully in consultation and active participation of the architect and the architecture team who were originally involved, so that we have a full set of what I might call [a] permanent record of the core design principles around landscape, lighting, the building design, the furniture integrity and so on.⁵

3.7 Further detail on the Conservation Management Plan (CMP) and the Design Principles was provided in DPS' Annual Report 2013-14:

The CMP will help deliver an integrated approach to the medium and long term management and conservation of Parliament House. It will set out the heritage values for the building and its furnishings, including the intangible heritage values connected with significant events, [and] associations created as part of its living history. The CMP will also establish supporting policies and strategies, and monitoring and reporting regimes to ensure the building is managed appropriately to both protect these heritage values and to provide a functional environment which meets the needs of a working Parliament...

[The Design Principles] will become a permanent reference source for the conservation of the building, its contents and surrounds. It will be used to clarify original design intent, manage proposals for change and influence planning controls for Parliament House.⁶

3.8 DPS' Annual Report 2013-14 outlined the status of the CMP and the Design Principles at that time, stating that a contract had been awarded for the Design Principles in April 2014 and for the CMP in May 2014.⁷ DPS anticipates that both documents will be completed around the middle of 2015.⁸

4 DPS Annual Report 2012-13, p. 66.

5 *Committee Hansard*, 30 October 2012, p. 6.

6 DPS Annual Report 2013-14, p. 47.

7 DPS Annual Report 2013-14, p. 47.

8 Mr Garry Gordon, Assistant Secretary, Strategic Asset Planning and Performance Branch, DPS, *Committee Hansard*, 16 March 2015, p. 29.

3.9 In its report on the management of assets at Parliament House, the Australian National Audit Office (ANAO) noted that, with the Framework abandoned and the CMP yet to be completed, 'there has not been an overarching framework guiding the management of heritage values in Parliament House since October 2012'.⁹

3.10 In evidence to the committee, Mr Andrew Morris, Executive Director, Performance Audit Services Group, ANAO, made the following observations about the effect of the lack of guidance on heritage management:

By the time [the ANAO] went to do the audit, we would have expected to see quite a sophisticated system in place for heritage management; or at least be able to have good visibility about what the policies and procedures were, how they had gone about making assessments, what the criteria were for an assessment and then what the assessments had found. I think it made it more difficult for [DPS] that the heritage management framework was disbanded fairly quickly after it had been set up. Nevertheless, they did have a heritage management team and they had a precursor to that team. We really would have expected more consistency across capital works and the particular heritage items. We were looking for some sort of evaluation of the heritage management and some repository of heritage assessments. We could not see that. I know that they are building towards this at this time. But that lack of a framework for the 18 months or two years really has stopped their progress.¹⁰

Heritage Advisory Board and the Expert Advisory Panel

3.11 In addition to endorsing the development of a CMP and the Design Principles, the Heritage Advisory Board also endorsed the establishment of an independent Expert Advisory Panel. The role of the Expert Advisory Panel is:

[T]o help guide the preparation of the Design Principles and the CMP, using a best practice approach to ensure that a practical document is prepared that will retain the heritage significance of the building while managing change.¹¹

3.12 The Heritage Advisory Board was subsequently discontinued in June 2014.¹² The ANAO provided the following assessment of the work of the Heritage Advisory Board:

[Heritage Advisory Board] minutes, including the action items, indicate that the board only partially fulfilled its roles. [The board] only provided limited advice to the Presiding Officers on heritage matters and was disbanded before the development of the final CMP and design principles. With the [board] disbanded, the board's roles were reallocated within DPS to the

9 Australian National Audit Office (ANAO), *Managing Assets and Contracts at Parliament House, Department of Parliamentary Services*, No. 24, 2014-15, p. 18.

10 *Committee Hansard*, 2 March 2015, p. 5.

11 DPS Annual Report 2012-13, p. 66.

12 Mr Garry Gordon, Assistant Secretary, Strategic Asset Planning and Performance Branch, DPS, *Committee Hansard*, 16 March 2015, p. 18.

Building and Maintenance Division, with the final CMP to be approved by the Presiding Officers.¹³

3.13 DPS has also established a dedicated heritage management team to 'focus on the management of heritage and moral rights obligations'.¹⁴ Mr Garry Gordon, Assistant Secretary, Strategic Asset Planning & Performance Branch DPS, set out the experience of the heritage management team:

[P]eople were brought in from various departments with a wide range of skills, including, a detailed knowledge of the [*Environment Protection and Biodiversity Conservation Act 1999*]. People were recruited with museum experience, and we also have people with longstanding knowledge of the building already in the team around the design and the design of the building itself.¹⁵

Central Reference Document

3.14 As discussed in Chapter 2, during the course of this inquiry the committee pursued the progress of *The Architect's Design Intent for Parliament House, Canberra: Central Reference Document* (CRD), which was the subject of the committee's only recommendation in its 2012 interim report. DPS' submission indicated that the completion of the CRD was not a priority for the department and that the focus was now on developing the CMP:

[The CRD] does not include conservation policies and strategies, or management guidelines. While it was originally felt that the CRD could be used as a management document, its structure and narrative style is not suited for this purpose.

[DPS] has engaged heritage expertise to prepare a Conservation Management Plan (CMP). The CMP will...apply heritage best practice principles to the management of the heritage values of Parliament House (which include the design values of the building). A CMP is the recognised industry best-practice tool to manage the heritage values of a place. The CMP will help deliver a holistic and integrated approach to the medium and long term management and conservation of Parliament House. The principal architect of Parliament House, Mr Romaldo Giurgola AO, is being consulted during this process.

The development of the CMP is considered the highest priority for managing the heritage of Parliament House. DPS has allocated funds to the development of the CMP, rather than completion of the CRD, as the CMP will provide clear management guidance. DPS does not intend to complete the CRD at this stage. However, the CRD will be one of the primary source

13 ANAO, *Managing Assets and Contracts at Parliament House, Department of Parliamentary Services*, No. 24, 2014-15, p. 61.

14 Mr Neil Skill, First Assistant Secretary, Building and Asset Management Division, DPS, *Committee Hansard*, 17 November 2014, pp 2-3.

15 *Committee Hansard*, 16 March 2015, p. 18.

documents used to develop the CMP, as well as remaining as a valuable resource document.¹⁶

3.15 DPS' submission indicated that, like the CMP, the Design Principles 'are to be generated from the work of, and discussions with Mr Giurgola'.¹⁷

3.16 At the public hearing on 17 November 2014, the committee sought clarification as to whether the CRD had been abandoned. Mr Neil Skill, then First Assistant Secretary, Building and Asset Management, DPS, stated:

The CRD is already a substantial multivolume work and is one of the primary source documents being used to develop the CMP as well as remaining a valuable resource document. The next steps in the development of the CRD will be considered in the new year [2015], drawing on the learnings of the CMP project.¹⁸

3.17 As noted in Chapter 2, DPS was not successful in securing the additional funds to complete the CRD pursuant to the committee's recommendation in its 2012 interim report. However, Ms Mills confirmed that DPS has sufficient funds set aside without requiring a new policy proposal (NPP), to complete the CRD once the CMP is complete:

[DPS] do not require an NPP to enact the spirit of the recommendation [in the committee's interim report of June 2012], which is to fund and complete the CRD...

[DPS] sought the money at the time [of the committee's recommendation] and we were unable to secure it. We are conscious and committed to doing all of the necessary support and documentation for this building. We are doing it in a staged process. We expect to have the CMP completed early in 2015 and we will then sequentially, as we committed to two years ago, move to completing the CRD, and we have set funds aside. Due to the ability of the department to provide funding, we now have \$15 million additional recurrent operating funds thanks to the government decision in the budget for this year that allows us to do this type of work.¹⁹

3.18 Ms Mills reiterated the point that the completion of the CRD would be considered following completion of the CMP and the Design Principles:

[DPS] were going to prioritise doing the conservation management plan and also the design principles, which absolutely require the active involvement of Mr Giurgola. Once those two are completed, which we anticipate being early in the New Year, we will then review what aspects of the CRD still require additional work, and we would then look to progress those.²⁰

16 *Submission 1*, p. 1.

17 *Submission 1*, p. 1.

18 *Committee Hansard*, 17 November 2014, p. 4. See also Ms Carol Mills, Secretary, DPS, *Committee Hansard*, 17 November 2014, p. 7.

19 *Committee Hansard*, 17 November 2014, p. 9.

20 *Committee Hansard*, 17 November 2014, p. 7.

3.19 At the public hearing on 16 March 2015, Mr Garry Gordon, Assistant Secretary, Strategic Asset and Performance Branch, DPS, informed the committee that the CMP and the Design Principles were being worked on in parallel and once those two documents were completed DPS 'will have a good understanding of what information we may need to explore for the [CRD]'.²¹ Mr Gordon then stated that the CRD would be completed 'after or in parallel with the last stages' of the CMP and the Design Principles and that DPS was hoping to start work on the CRD this financial year, that is 2014-15, but the work is likely to extend into the next financial year.²²

3.20 The committee expressed concern about Mr Giurgola's ability to participate in the completion of the CRD, given his age and health. Ms Mills noted that while the CRD required Mr Giurgola's input, the original authors of the CRD, Ms Berg and Mr Hal Guida, had worked with Mr Giurgola.²³

Moral rights consultations

3.21 The committee's 2012 interim and final reports considered the manner in which DPS has carried out its obligations to consult with Mr Giurgola, as the moral rights holder of the design of Parliament House, under the *Copyright Act 1968*. The committee concluded that DPS' consultations with the building architect have been 'less than satisfactory, and could even be viewed as disrespectful, dismissive and contravening the requirements of the *Copyright Act 1968*'.²⁴ Further:

[The] committee [considered] that Mr Giurgola has continued, despite difficulties, to provide DPS with constructive input to projects. Often this appears to have taken a great deal of his time and has been provided without charge to DPS'.²⁵

3.22 The committee welcomed Ms Mills' commitment to changing the style of engagement with Mr Giurgola.²⁶

3.23 The committee has not directly considered DPS' consultations with Mr Giurgola as the moral rights holder during the course of this inquiry. However, the committee did receive some evidence about the moral rights consultations for the security works around the Ministerial wing, during the course of its inquiry into the proposed Parliament House security upgrade works.²⁷

21 *Committee Hansard*, 16 March 2015, p. 29.

22 *Committee Hansard*, 16 March 2015, pp 29-30.

23 *Committee Hansard*, 17 November 2014, p. 7.

24 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary services: Final report*, November 2012, p. 213.

25 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary services: Final report*, November 2012, p. 213.

26 Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary services: Final report*, November 2012, p. 213.

27 See Senate Finance and Public Administration Legislation Committee, *Proposed Parliament House security upgrade works*, June 2015, pp 13-16.

3.24 The committee notes that moral rights consultations for the design of Parliament House are now carried out by Mr Giurgola's nominees. In the case of the security works, the primary contact for this consultation was Ms Berg.²⁸

3.25 In its report on the proposed Parliament House security upgrade works, the committee expressed its disappointment that the urgency of parts of those works meant that while the required moral rights consultation were undertaken, there was no opportunity for the so-called 'nice to have' consultations.²⁹

Committee view

3.26 It is now approaching three years since the then Secretary of DPS announced the development of the CMP and the Design Principles. It is well over 12 months since the contracts for these documents were awarded and yet the CMP and the Design Principles are still not finished.

3.27 Meanwhile, the CRD, which the committee recommended should be completed nearly three years ago, languishes awaiting the finalisation of the CMP and the Design Principles.

3.28 In the absence of any form of overarching documentation on heritage management there is reluctance within DPS to put in place any subordinate policies and procedures for heritage management and, more generally, 'absence of coordinated work' in this area.³⁰

3.29 DPS' achingly slow progress on finalising these documents has been to the detriment of the heritage management of Parliament House. In the committee's view, DPS' glacial progress on these matters has severely curtailed its ability to engage with Mr Guirgola and to benefit from his full participation in the consultation processes to develop all three of these documents.

3.30 The committee is at a loss as to what further can be done in order to impress upon DPS the importance of having these three key documents finished as soon as possible. In relation to the CRD, the committee notes that Ms Berg has stated that it will take a further two years to complete. The committee accepts Ms Berg's estimate as an appropriate timeframe for completion of the CRD.

3.31 Further, until such time as the CMP, the Design Principles and the CRD are complete, DPS should provide to the committee, prior to each estimates hearing, an update on the status of each of these documents.

28 Senate Finance and Public Administration Legislation Committee, *Proposed Parliament House security upgrade works*, June 2015, p. 15.

29 Senate Finance and Public Administration Legislation Committee, *Proposed Parliament House security upgrade works*, June 2015, p. 22.

30 See Mr Andrew Morris, Executive Director, Performance Audit Services Group, ANAO, *Committee Hansard*, 2 March 2015, p. 5.

Recommendation 2

3.32 The committee recommends that DPS dedicate the necessary resources to have the final Conservation Management Plan and the Design Principles completed by 30 October 2015 and take the necessary steps to have the Central Reference Document completed by 30 September 2017.

Recommendation 3

3.33 The committee recommends that prior to each estimates hearing, DPS provide the committee with an update of the status of the Conservation Management Plan, the Design Principles and the Central Reference Document. These updates should continue to be provided until such time as all three documents are complete.

3.34 The committee notes that there has been some improvement in the manner in which DPS has carried out its obligations with regards to moral rights consultations. The committee notes that DPS is endeavouring to have an 'ongoing conversation' with Mr Giurgola and his nominees with regard to all works on which moral rights consultation is required.³¹ The committee is of the view it should be a very rare circumstance where the so-called 'nice to have' discussions in conjunction with the required moral rights consultation would not occur.

Building and asset management

3.35 In its 2012 final report, the committee was highly critical of DPS' management of the Parliament House building and assets. The committee made a number of recommendations in relation to building and asset management, including:

- that the Presiding Officers table in both Houses, on a biennial basis, a 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 (Recommendation 13);
- DPS undertake capability reviews in relation to design integrity, project management and technical areas including fire safety and engineering services (Recommendation 14);
- DPS undertake an audit of fire safety in Parliament House and consider reviewing the standard of building documentation (Recommendation 15); and
- DPS undertake a full audit of the Parliament House status A and B furniture with particular regard to condition, conservation measures, use of furniture and past disposal practices (Recommendation 17).

3.36 As noted in Chapter 2, in the update provided by DPS in May 2015, both Recommendations 13 and 15 are yet to be completed.

31 Mr Neil Skill, First Assistant Secretary, Building and Asset Management Division, DPS, *Committee Hansard*, 14 May 2015, p. 4. This hearing was for the committee's inquiry into the proposed Parliament House security upgrade works.

Report on the condition of the Parliament House building (Recommendation 13)

3.37 In September 2014, DPS' submission noted, in relation to progress on Recommendation 13, that DPS had received funding in the 2014-15 Budget to conduct a full Building Condition Assessment Report which would 'provide a point-in-time assessment of the condition of the building'.³² At the public hearing on 17 November 2014, Mr Neil Skill, then First Assistant Secretary, Building and Asset Management, DPS, highlighted the importance of the Building Condition Assessment Report to form the basis for the biennial report to be tabled by the Presiding Officers:

This assessment of the current state of the building provides a robust basis for developing the detailed maintenance and refurbishment plans and will form the basis of funding proposals to seek appropriate funding for the iconic building as a working parliament into the future. The reports and data collected will also enable DPS to establish regular, robust mechanics for reporting on the standard of the building against heritage and other standards.³³

3.38 At the 2 March 2015 hearing Mr Skill explained further about the Building Condition Assessment Report:

It is fairly voluminous—it has 14 different volumes of data that has been collated across the precinct. We had specific areas of expertise—engineering expertise or consultancy expertise—that came in and provided their input into the development of that condition assessment report. Essentially it has gone into...40 different areas of 'discipline' [and] has assessed the status both from a physical perspective and from an operational perspective of the infrastructure associated with the precinct. So we are talking about the building itself, rather than any of the furniture for example. We [included] fabrics, walls, flushometers and fire systems right through to the structural integrity of different areas of the precinct et cetera. It was very comprehensive, and quite deliberately so.³⁴

3.39 The Building Condition Assessment Report has been used to develop a Strategic Asset Management Plan to 'outline the best methods to maintain and enhance the condition of the building for the next twenty-five years'.³⁵

3.40 At the 17 November 2014 hearing, Mr Skill indicated the current timeframes around the production of the Building Condition Assessment Report and the Strategic Asset Management Plan:

A draft of the building condition report was received recently and is currently being reviewed for completeness. It is expected the final report will be provided before the end of this calendar year. Concurrently, the

32 *Submission 1*, p. 7.

33 *Committee Hansard*, 17 November 2014, pp 4-5. See also Mr Neil Skill, First Assistant Secretary, Building and Asset Management Division, DPS, *Committee Hansard*, 16 March 2015, p. 32.

34 *Committee Hansard*, 2 March 2015, p. 16.

35 *Submission 1*, p. 7.

strategic infrastructure management plan is being developed based on those findings and subsequent analysis. The infrastructure management plan will be provided in early 2015 and will form the basis of a proposal to government for funding.³⁶

3.41 In May 2015, DPS stated that the response to Recommendation 13 was 'in train' and provided the following update:

The Strategic Asset Management Plan was delivered 31 March 2015.

The Building Condition Assessment [Report] was delivered 2 March 2015.

The format and content of the report to Parliament is being developed with the Presiding Officers.³⁷

3.42 The ANAO's report on the management of assets and contracts at Parliament House described the Building Condition Assessment Report and the development of the Strategic Asset Management Plan as:

[A] useful baseline for assessing the condition of Parliament House assets, particularly as many engineering assets are reaching a critical state in the asset management lifecycle. These processes should also provide a way forward in managing Parliament House assets and prioritising acquisition, replacement, refurbishment, and maintenance expenditures.³⁸

3.43 However, the ANAO continued:

While the [Building Condition Assessment Report and the Strategic Asset Management Plan] can provide the high-level direction for managing Parliament House assets, they will need to be supported by more robust and integrated management practices than are currently in place, to ensure effective asset management. In this regard, there is scope for significant improvements in the department's asset management policies, procedures, sub-plans (including capital works plan), systems and reporting arrangements.³⁹

Capability reviews (Recommendation 14)

3.44 In relation to the capability reviews recommended in Recommendation 14 of the committee's 2012 final report, on 17 November 2014, Mr Skill informed the committee:

DPS has reviewed its project management and procurement areas and, thanks to the availability of new funding this financial year, we are

36 *Committee Hansard*, 17 November 2014, p. 5. The committee understands that the references to the 'strategic infrastructure management plan' are a reference to the Strategic Asset Management Plan.

37 Answer to question on notice, received 1 May 2015, p. 9.

38 ANAO, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, No. 24, 2014-15, p. 55.

39 ANAO, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, No. 24, 2014-15, p. 55.

advanced in the process of restructuring those business areas to resolve some of the issues identified through the reviews and to best meet current and future needs. The skills and qualifications required by DPS employees in those roles have been reflected in revised duty statements for relevant positions, new recruitment exercises and individual learning and development plans.⁴⁰

3.45 Mr Skill also noted:

It has become clear, through the capability reviews, that the in-house teams have not been provided with the training or with clear direction about how these works were to be delivered. As individual reviews are completed recommendations have been considered and are being implemented expeditiously. This has included the short-term engagement of technical specialists, particularly in the fire safety and engineering fields, and project management specialists to fill the capability and skills gaps identified through the reviews.

Specifically, in the Building and Asset Management Division we have undertaken significant restructuring of project teams in response to the findings of the capability reviews and the draft building condition report, which provided evidence of some systemic poor practice, inadequate internal oversight and, to some degree, a lack of in-house capability to deliver outcomes, which has led to some unnecessary costs to the department over a number of years.⁴¹

3.46 Mr Skill reiterated the point of the then Secretary, Ms Carol Mills, on the difficulty of recruiting staff to DPS:

[The unnecessary costs to DPS are not only] financial but have damaged the department's ability to attract and retain competent staff and have had a progressively negative impact on the safety, security and quality of the building.⁴²

3.47 However, Mr Skill expressed optimism about the changes:

I am confident that the changes we have introduced in these areas will turn these results around. DPS was only able to begin quite slowly on these reforms in 2013 because of its financial position, but thanks to the additional recurrent funding received in the 2014-15 budget these changes have accelerated[.]⁴³

3.48 In May 2015, DPS stated that the response to Recommendation 14 was now complete:

The following actions have occurred:

40 *Committee Hansard*, 17 November 2014, p. 5.

41 *Committee Hansard*, 17 November 2014, p. 5.

42 *Committee Hansard*, 17 November 2014, p. 5.

43 *Committee Hansard*, 17 November 2014, p. 5.

- Design Integrity – a specialist Heritage management team was established in 2013, including qualified Heritage expertise.
- The Project Management Section restructure was completed July 2014 including the recruitment of a Director with Fire Engineer experience.
- Appropriate additional short [term] fire and engineering resources are engaged on an as needed basis.⁴⁴

Audit of fire safety (Recommendation 15)

3.49 In relation to the audit of fire safety (Recommendation 15), in November 2014, Mr Skill stated:

To date DPS has spent just over \$1 million on fire safety with a further \$5 million scheduled on fire upgrades and enhancement in the coming months. A component of the building condition report is a point-in-time audit of the condition of the building's fire services, and the draft [Building Condition Assessment Report] has identified that substantial works will be required to be consistent with the scheduled fire upgrades and enhancements. So, it has identified that we are on the right track with regard to those. To support this work the strategic infrastructure management plan will outline the most appropriate methods and risk based timing to upgrade, enhance and maintain the building, including fire services, over the coming years.⁴⁵

3.50 Mr Skill noted that new building documentation systems were being considered as part of the CMP and the strategic asset management plan reports.⁴⁶

3.51 In May 2015, DPS indicated the response to Recommendation 15 would be complete by June 2015:

Priority work completed in September 2014. Further work will be completed between November 2014 and June 2015.

The approach to upgrading the system has been revised to draw upon the Building Information Modelling (BIM) capabilities, now and scope being developed as a component of the [Conservation Management Plan] work.⁴⁷

Status A and B furniture audit (Recommendation 17)

3.52 At the public hearing on 17 November 2014, Mr Skill informed the committee:

DPS proactively commenced a full audit of status A and B furniture in Parliament House, including assets owned by the chamber departments. The audit was completed on 14 August 2014. Work was delayed following the 2013 federal election and the commencement of the 44th Parliament as DPS staff were unable to gain ready access to items under the management

44 Answer to question on notice, received 1 May 2015, p. 9.

45 *Committee Hansard*, 17 November 2014, p. 5.

46 *Committee Hansard*, 17 November 2014, p. 5.

47 Answer to question on notice, received 1 May 2015, p. 10.

of the chamber departments at that time. We believe that all status A and B furniture should be assets owned and retained by DPS in line with other assets of Parliament House.⁴⁸

3.53 At the 2 March 2015 hearing there was some discussion on the cataloguing and tracking of all assets within Parliament House, not just Status A and B furniture.⁴⁹ The discussion related to the findings in the ANAO report regarding asset disposal, and particularly the consideration of heritage value at disposal:

In 2013-14, DPS disposed of 629 assets...

To assess DPS' consideration of heritage value at disposal, the ANAO selected 24 items (out of a total of 629 assets) recorded as being disposed of in 2013-14. The majority of these assets were in categories that do not require a heritage assessment prior to disposal. As such, the ANAO's sample was selected based on judgement of the type of items that may have required a heritage evaluation at the time of disposal.

Of the 24 items sampled by the ANAO, only two had been disposed of through the department's formal disposal processes. The other 22 items were identified through DPS' annual stocktake process and removed from the asset register (and therefore may not have had a required assessment of cultural heritage value). Of these 22 items: eight were written off because DPS had not found the items since the previous stocktake; 13 items were identified by operational staff as having been disposed of or replaced as part of recent refurbishments; and one was identified as having been disposed of or replaced as part of general operations.⁵⁰

3.54 When questioned about this, Mr Skill argued that the 22 items which the ANAO identified as not going through the formal disposal process may not have been disposed of:

Out of the 24 items [the ANAO] sampled, two had been disposed of through the formal disposal process. That means that they physically left the building. The other 22 were identified through the annual stocktake process. There was an assessment of where the items were. From that, there

48 *Committee Hansard*, 17 November 2014, p. 6. The committee outlined the categorisation of Parliament House furniture in its 2012 final report. Status A furniture is found in all areas of Public and/or VIP status which require a unique and comprehensive design service for loose furniture and furnishings; Status B furniture areas include all other Ministerial offices, Members' and Senators' offices and areas which require special design and/or selection services for a limited range of standard items of loose furniture and furnishings that will be duplicated within all areas of similar status throughout the building; Status C furniture includes all items apart from those listed under Status A and Status B and in those areas there are ready-manufactured items that provide a range of standard elements for loose furniture and furnishings within each area of similar status. For more information see Senate Finance and Public Administration Legislation Committee, *The performance of the Department of Parliamentary Services: Final report*, November 2012, p. 108.

49 *Committee Hansard*, 2 March 2015, pp 18-19.

50 ANAO, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, No. 24, 2014-15, pp 70-71.

were eight that were written off because they could not find them in the 2012-13 stocktake and, subsequently, they could not find them again in the 2013-14 stocktake.⁵¹

3.55 Mr Skill explained why he believed the items were still in the building:

Some of these are [heritage items], because the date of acquisition is 1988-89. That is why I am confident that they are still in the building. The issue is that the stocktake may not have had access to the areas where those items are now held. That raises the question of how we get a clearly valid stocktake when we cannot get into large areas of the building. That is a bigger question. If we talk about what these eight items [which were written off] are and where they went, we do not know where they are because we cannot access everywhere in the precinct. But, I will give evidence today that they have not left the precinct. They are somewhere in the building.⁵²

3.56 Mr Skill noted that technology such as radio-frequency identification (RFID) was available to track assets, but that would not be a viable option for tracking all furniture within Parliament House as DPS did not have access to all areas of the building where furniture was stored:

You can use technology like RFID tagging, which has been in place for a long time now, and it is not overly expensive, but there is no value in doing that unless we can guarantee that we have [access to] the entire precinct. We could do the DPS parts, but we cannot do the Senate parts, and we cannot do the House of Representatives parts. Without access to the entire precinct, we cannot sit in these fora and say, 'Yes, we've captured everything and this is what we think we are missing,' and 'This is what we don't think we are missing.'⁵³

3.57 Mr Skill noted that access had been granted across the building for the purposes of the Status A and B furniture audit.⁵⁴

3.58 The information provided by DPS in the May 2015 update reiterated Recommendation 17 was complete. In addition:

DPS will continue to explore options for a comprehensive tracking system of status A and B furniture.⁵⁵

Committee view

3.59 The committee accepts that DPS has made a considered effort to address the recommendations in relation to building and asset management in the committee's 2012 final report. Further, the committee acknowledges that, until the 2014-15 Budget, DPS' progress in responding to these recommendations was constrained by its

51 *Committee Hansard*, 2 March 2015, p. 18.

52 *Committee Hansard*, 2 March 2015, p. 18.

53 *Committee Hansard*, 2 March 2015, p. 18.

54 *Committee Hansard*, 2 March 2015, p. 18.

55 Answer to question on notice, received 1 May 2015, p. 12.

financial position. The committee also note the difficulties that DPS is having in recruiting staff.

3.60 However, the committee is concerned that DPS has not been able to complete its response to these recommendations. Further, the committee is concerned, given the ANAO's assessment, that there is a danger that the progress that has been made, such as the Building Condition Assessment Report and the Strategic Asset Management Plan, may be of little use due to a lack of robust and integrated management practices and the need for significant improvement to DPS' asset management policies and procedures.

3.61 While the committee accepts the evidence from DPS that it is working to address these issues,⁵⁶ this is obviously an area that needs to be monitored closely. The committee is putting DPS on notice that it will be following up with regards to the status of all governance policies and procedures through the estimates process.

3.62 It appears that there is some reluctance on DPS' part to undertake a comprehensive system of asset tracking and management on the basis that DPS does not have access to all areas of Parliament House. Essentially, DPS has argued that although the technology exists for this purpose, and such technology would not be overly expensive, a DPS stocktake is not a sufficient reason to impose on the chamber departments on a regular basis.⁵⁷ The committee does not agree. While the committee accepts that an initial cataloguing and stocktake of all assets in Parliament House may be an onerous task, DPS has the responsibility and expertise to conduct such a task. In the committee's view, it would then simply be a matter of performing a periodic stocktake, for example every three years, for all areas of Parliament House.

Recommendation 4

3.63 The committee recommends that DPS perform a stocktake of all assets in all areas of Parliament House once every three years.

3.64 The committee looks forward to the Presiding Officers tabling the inaugural report into the condition of Parliament House and its contents in the near future.

Contract management

3.65 The committee's first interim report referred to the findings of the ANAO with regards to contract management by DPS. The ANAO concluded there had been little improvement in DPS' contract management framework, processes or capabilities since the committee's 2012 final report.⁵⁸ Given the comprehensive analysis undertaken by the ANAO in its report and the recommendations that it has made in relation to improving contract management at DPS, the committee does not intend to duplicate

56 See Mr Neil Skill, First Assistant Secretary, Building and Asset Management Division, DPS, *Committee Hansard*, 2 March 2015, pp 17-18.

57 See Mr Neil Skill, First Assistant Secretary, Building and Asset Management Division, DPS, *Committee Hansard*, 2 March 2015, p. 18.

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

the work of the ANAO. The committee's focus is concluding its examination of the process to select Ms Anne Zahalka for the contract for the photographic commission for the 25th Anniversary of Parliament House.

Photography commission for the 25th Anniversary of Parliament House

3.66 The committee's first interim report set out in detail the background to the photography commission for the 25th Anniversary of Parliament House.⁵⁹ Briefly, in August 2013, DPS commissioned Ms Zahalka to take a series of 10 photographs to commemorate the 25th Anniversary of Parliament House. Ms Zahalka was paid \$30,000 for the commission. The Parliamentary Library subsequently purchased a further two photographs, for a total of \$10,000, from Ms Zahalka. At the Supplementary Estimates hearing in October 2014 it was drawn to the committee's attention that Ms Zahalka was, in fact, a neighbour of Ms Mills, who was at the time the Secretary of DPS. The committee questioned Ms Mills and other DPS officers about the process which was used to select Ms Zahalka for the commission, given that she was personally known to the Secretary. The committee was informed that there was a substantive gap in the documentation regarding the commissioning process and there were no records of the reasons for the decisions for commissioning Ms Zahalka.

3.67 As the committee noted in its conclusions on this matter in its first interim report, questions remained as to the events which lead to Ms Anne Zahalka being selected to undertake the photography commission. At a public hearing on 14 May 2015, Ms Myra Croke, Chief Operating Officer, DPS and Ms Fiona Bowring-Greer, Director, Operations Division, DPS, gave further evidence regarding this matter.

Additional payments provided for in the contract

3.68 The committee sought clarification on provisions in the contract between DPS and Ms Zahalka which appear to enable Ms Zahalka to sell editioned copies of the work which were not exclusive to DPS. On notice, DPS provided the following explanation of the contract term:

The contract term that stipulates the number of photographs that can be editioned by the artist only pertains to the ten photographs (the Goods) to which the Commonwealth is entitled.

Of those ten images, three are exclusive to the Commonwealth. The terms of the contract allow for an edition of no more than five copies of each of the remaining seven images that comprise the Goods.

The contract makes no provision for editioning or exclusivity of any other images taken in the course of the commission.

The two images purchased by the Parliamentary Library do not come within the scope of the Goods under the contract, and do not impact on the contract terms that allow for editioning as described above.⁶⁰

59 See Senate Finance and Public Administration Legislation Committee, Inquiry into the Department of Parliamentary Services: First Interim Report April 2015, pp 10-13.

60 Answer to question on notice, received 5 June 2015, p. 6.

3.69 The contract with Ms Zahalka also provided for royalty fees to be paid in relation to the commercialisation of certain items:

There was an agreement that there would not be any additional payment to the supplier for reproducing goods on commercial paper products—such as posters, cards and calendars—and for online or digital purposes. But the reproduction of goods on other commercial products, such as T-shirts, mugs and iPad covers would be done in consultation with her[.]⁶¹

3.70 On notice, DPS advised that no royalty fee has been paid to Ms Zahalka:

No royalty fee has been paid to Ms Zahalka for use of the images on merchandise or for any other purpose.

The only costs paid by DPS [were]: \$30,000 for the commission, an additional \$10,000 for the photographs purchased by the Parliamentary Library, and a one-off payment of \$1425.24 to reimburse the artist for costs incurred during a second visit to Canberra.⁶²

Documentation of the commissioning process

3.71 At the public hearing on 14 May 2015, the committee also canvassed the discrepancies in documentation in relation to the commissioning of Ms Zahalka which DPS provided to the ANAO as part of its audit and those documents it provided to the committee in January 2015 in an answer to a question on notice. Ms Croke provided the following explanation:

It came to my attention sometime after the last hearing [on 16 March 2015] that, in giving evidence last time, I had indicated that I thought the response to our question No. 27 [received by the committee on 30 January 2015] was largely consistent with what the ANAO had in their time line, even though we had had a discussion about the fact that that ANAO time line was constructed by the ANAO for their report, based on a whole lot of documents they had. It was only when it came to my attention—and I looked at it very closely afterwards—and I had time to thoroughly check it through, that I realised that in fact there were some draft documents listed in the ANAO time line that we had not provided to the committee. So I got people to go back through our TRIM [records management] system and spend some time actually checking what happened to each of those documents. Ms Bowring-Greer [Director, Operations Division, DPS] was also aware of one of those documents, and had brought to my attention that one of them had not made it through to the [DPS] Secretary at all. So we attempted to go through and really get to the nub of all of those documents and clarify that for the committee[.]⁶³

61 Ms Fiona Bowring-Greer, Director, Operations Division, DPS, *Committee Hansard*, 14 May 2015, p. 3.

62 Answer to question on notice, received 5 June 2015, p. 7.

63 *Committee Hansard*, 14 May 2015, p. 1.

3.72 Ms Croke stated that the documents provided to the committee in the answer to the question on notice were all final versions of documents that had been given to the Secretary:

The additional documents we have identified this time are drafts. There were two drafts and I think there was one letter. Two of them were in fact draft documents that never, ever got—probably—beyond the person who drafted them, or beyond their supervisor.⁶⁴

3.73 Ms Croke outlined the reason that this particular issue had arisen:

The difficulty we have with our system of filing on TRIM is that it stores every draft document from the very first rough draft that somebody at quite junior level might create on the system, right through to the final version that gets through and might go all the way up to the secretary, or even to the Presiding Officers. Unless people carefully label those documents on the way through, it is not always clear how far the document got—as to whether it was in fact a very rough draft or it was in fact the final.⁶⁵

3.74 With regards to the missing documentation for the three month period from March to June 2013, DPS confirmed that it was not possible for documents to have been accidentally deleted from the records management system:

Documents created or saved in TRIM remain in the system as DPS records unless they are disposed of consistent with the policies and guidance of the National Archives of Australia (NAA). The [department's Governance Paper on the Disposal of Records by Normal Administrative Practice (NAP)] states that records on TRIM can only be deleted by Records Management Unit staff and the Database Administrator, ICT.

Records cannot be deleted accidentally. The process requires staff to email a record removal request to TRIM administration. An assessment is then made to ensure the request complies with disposal requirements. If valid, the record is moved to a NAP folder, it is not deleted immediately. Records are kept in the NAP folder for a period of time, as a precaution in case a record has been wrongly identified for disposal. Following authorised disposal of a record, metadata relating to the record is retained (e.g. details such as the document, the date of creation, the author and the date of disposal).

DPS has a NAA authorised records disposal authority for all our records. All records in TRIM have a business classification that is linked to the records disposal authority. The classification determines how long a record is kept (the retention period). When records reaches the end of their retention period a report is submitted to a branch head or above, requesting approval to destroy the records. When a record is destroyed, the metadata is retained in TRIM as a record of the action.⁶⁶

64 *Committee Hansard*, 14 May 2015, p. 1.

65 *Committee Hansard*, 14 May 2015, pp 1-2.

66 Answer to question on notice, received 5 June 2015, p. 1.

Next steps

3.75 Ms Bowring-Greer acknowledged that the process for commissioning of the photographs by Ms Zahalka could be improved on.⁶⁷ However, Ms Croke noted that it would be impossible to give an assurance that such a situation would never arise again:

The assurance I can give you is that we have procedures, systems and controls in place to try and minimise the chances of it occurring. I do not think I can give an assurance that it will never ever happen in DPS. I do not think any department could give you that assurance. But we can say we are doing a lot of work to put appropriate controls in place to minimise the chances of this occurring and to ensure staff are trained and knowledgeable about what they are doing.⁶⁸

3.76 Ms Croke outlined some of the work that DPS are doing to address the shortcomings which had been identified in this commissioning process:

We have made quite a lot of changes in the procurement space of late. We have got a complete new set of financial delegations, which were issued from 1 January and were reissued just recently with some very minor changes. Sitting underneath those we have agency advice instructions which we are required to have under the [*Public Governance, Performance and Accountability (PGPA) Act 2013*]. That is standard for any agency in the Commonwealth and we have those in place.

We have also recently reissued a very comprehensive set of procurement manuals based on the ANAO better practice guide. We have conducted training for staff on procurement and contract management. It is a two-day training course run by the Public Service Commission. We had training sessions in February and again in April. We have had a fairly large number of staff trained in that space.

We have also started setting up a regular discussion with all of our contract managers and people who are doing procurement regularly. We are calling it a practitioners forum. We are meeting roughly quarterly. We held the first meeting just a few weeks ago. The idea of that is to keep building on all the training that we have so that we continue the learning. We have a discussion with all the contract managers across the department about what we are finding is occurring in terms of practice, the sorts of learnings that we gain through both our procurement team and our legal team and the work they are doing with all the areas across the department. We are trying to increase the knowledge and the learning base on an ongoing and continuing basis.⁶⁹

3.77 Ms Croke noted that DPS has also invited the ANAO back to do a follow-up audit, which would probably occur in the 2016 calendar year. Ms Croke also indicated

67 Ms Fiona Bowring-Greer, *Committee Hansard*, 14 May 2015, p. 8.

68 *Committee Hansard*, 14 May 2015, p. 4.

69 *Committee Hansard*, 14 May 2015, p. 4.

that DPS are considering an internal audit towards the end of this year 'to look at contracts that have been put in place this year to make sure we are actually improving'.⁷⁰

3.78 Ms Croke also referred to recruitment within the procurement team and changes to record keeping systems as other areas that DPS had addressed:

[W]e have also built up the procurement team within the CFO branch, so we have a good team of people there who are very familiar with procurement. The procurement team and the legal team are working very closely together on issues as they occur, and that is what we are feeding back in to the contract practitioners group to try and train staff around the sorts of issues that are coming up across the department and to keep staff informed. You cannot just conduct training for contract management and wheel people through their two-day training in February and think they are fine and that they do not need any more. They actually need some reinforcement of what they are doing and some further guidance as things change. As an organisation, as we learn about how we can do things more effectively we will cover that.

In terms of record keeping, if you are conducting a procurement, the procurement manual clearly sets out the nature of the records we should be keeping. We have already rolled out some changes to the SAP system. We now have finance running on SAP, and all of the procurement and payment arrangements will be fully up by the end of June. We are consciously trying to reinforce that records are kept either in SAP, which is our payment and [human resources] system, or within the TRIM system, so we should have a thorough record-keeping system as we go forward. I think that is the one area that we still need to do some work on.⁷¹

Committee view

3.79 The committee can find no redeeming aspect in relation to the process to select an artist for the photographic commission for the 25th Anniversary of Parliament House.

3.80 The evidence the committee received since its first interim report merely highlights the continuing problems that DPS has with contract management practices. While the committee understands that DPS are working to address these issues, the committee finds it inexplicable that there has been so little improvement in DPS' contract management since the committee's 2012 final report.

3.81 The committee notes that DPS has invited the ANAO back to undertake a follow up audit and this is likely to occur in the 2016 calendar year. In the committee's view a follow-up audit is essential to determine whether DPS' actions to address its contract management issues have resulted in any improvement in this area.

70 *Committee Hansard*, 14 May 2015, p. 5.

71 *Committee Hansard*, 14 May 2015, p. 5.

3.82 The committee also notes that DPS has discussed the possibility of carrying out an internal audit of the contracts put in place in 2015 to ensure that contract management within DPS is improving. The committee strongly supports an internal audit and recommends that DPS provide a copy of the audit report to the committee.

Recommendation 5

3.83 The committee recommends that the Australian National Audit Office undertake a follow-up audit of DPS' contract management in 2016.

Recommendation 6

3.84 The committee recommends that DPS conduct an internal audit of contracts put in place in 2015 and provide a copy of the audit report to the committee by 1 February 2016.

