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Introduction

1 The 2004-05 financial year was the first full year of operation of the Department of Parliamentary Services (**DPS**), which was created on 1 February 2004 by the amalgamation of the three joint departments in the Parliamentary Service, namely the Department of the Parliamentary Library (**DPL**), the Department of the Parliamentary Reporting Staff (**DPRS**), and the Joint House Department (**JHD**).

2 As far as we can judge, our external clients appear to have found the transition process fairly seamless; indeed many of those clients appear to be still unaware of the organisational changes that have taken place within the Parliamentary Service.

3 From within DPS, especially from the perspective of staff who came from one of the three former departments, the transition processes have been far more dramatic. So far, our core services, and the way we provide them, have not changed substantially. However, both a proposed departmental restructure, and forthcoming efficiency reviews required under a new certified agreement, have left many staff uncertain about their futures, and the future shape of the department.

4 Amalgamation has also placed a heavy workload on many staff. In addition to their normal responsibilities, staff have had to contribute to the tasks of creating systems, structures and policies to suit the new department.

5 Because DPS was created through a genuine merger of three departments (rather than a take-over of other agencies by one dominant department), and is headed by a Secretary chosen from outside the Parliamentary Service, there was no automatic adoption of the systems, structures or policies of any one of the former departments.

6 In some cases previous arrangements in one of the former departments provided a starting point, but in most cases models from each of the former departments were so different from those of the other departments that they could not be readily applied to the activities of the other departments. As well, most of the

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arrangements in the previous departments appeared to be due for re-appraisal and revision.

7 Thus, many of our systems, structures and policies have had to be developed almost from scratch, and with a view to addressing the varied activities and cultures of the three different departments. This work has imposed a heavy extra burden on staff in the corporate area, as well as on senior staff in each of the Groups, who have had to work with corporate staff and the DPS executive to ensure that proposed systems, structures and policies will operate satisfactorily in the particular circumstances of their Groups.

8 Thus, for all staff, 2004-05 has been a year of change and uncertainty, and for many staff it has been a year of very hard work.

Amendments to the *Parliamentary Service Act 1999*

9 The Parliament's resolutions for the abolition of the three former joint parliamentary departments and the creation of DPS included a recommendation that a statutory office of Parliamentary Librarian be created.

10 During the year the *Parliamentary Service Act 1999* was amended to establish the statutory office of Parliamentary Librarian. The amending Bill was passed in March 2005 and received Royal Assent on 1 April 2005.

11 In addition to establishing the office of Parliamentary Librarian, the new provisions set out the functions of the office; provide for the Parliamentary Librarian's appointment, termination and remuneration; enable an acting Parliamentary Librarian to be appointed; and require resources to be provided to the Parliamentary Librarian.

12 The amending Act also established a Security Management Board. This followed a recommendation of the Senate Appropriations and Staffing Committee in a report on the Senate Department Budget 2004-05. The report also recommended the transfer of security funding and assets to DPS (see paragraphs 456 and 457).

13 The *Parliamentary Precincts Act 1988* provides that the Parliamentary Precincts are under the joint control and management of the Presiding Officers. The Presiding Officers approve security policy to be implemented throughout the Parliamentary precincts.

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14 The statutory Security Management Board is responsible for providing advice as required to the Presiding Officers on security policy, and the management of security measures for Parliament House.

Senior staff changes

Appointment of Deputy Secretary

15 Mr David Kenny was appointed to the newly created position of Deputy Secretary of DPS in January 2005. Mr Kenny joined DPS from the Department of Defence, where he headed the Information Systems Division. His initial responsibilities were to lead negotiations for a new certified agreement for the department, and to review DPS's governance arrangements for information and communications technology and propose a new set of arrangements. It was noted that this review might have implications for a broader reorganisation of DPS (see paragraphs 80 to 85). In July 2005, following the vote on the certified agreement, Mr Kenny took over line management responsibilities for three Groups.

Appointment of Parliamentary Librarian

16 Following the creation of the statutory position of Parliamentary Librarian (see paragraph 10), the position was advertised nationally in early April 2005 and applications closed at the end of April 2005. Interviews took place on 27 July, and on 5 October 2005 the Presiding Officers announced the appointment of Ms Roxanne Missingham, Assistant Director-General, Resource Sharing Division, National Library of Australia, as the new Parliamentary Librarian.

17 Ms Missingham is expected to take up the position in December 2005.

Other SES changes

18 During the reporting year two of the seven Assistant Secretaries left DPS, and a third began a period of leave preparatory to retirement.

- (a) Mr Rob Johnston, formerly Assistant Secretary, Information and Resource Services, DPL, retired.

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- (b) Mr Peter Crowe, formerly acting Assistant Secretary, Security and Facilities, JHD, resigned to take up a private sector position outside Canberra.
- (c) Dr June Verrier, formerly Assistant Secretary, Information and Research Services, DPL, announced her intention to leave DPS; she retired in August 2005.

Departmental restructure

19 In March 2005 I announced a proposal for a restructure of the department. The proposal was developed by the Deputy Secretary, and arose out of his review of DPS's governance arrangements for information and communications technology. The proposal will be further developed and implemented by a special project team put together for that purpose. Further details can be found in paragraphs 80 to 85 of this report.

Security enhancement works

20 The design brief for Parliament House required the architects to build an open and accessible building. The developments in terrorist activity in recent years mean that Parliament House is at some risk of terrorist attack. One of the major vulnerabilities that has been identified is the risk of attack by a vehicle-borne explosive device.

21 A program of security enhancement works was developed to address this risk. Parliamentary and National Capital Authority approval was granted in June 2004, with construction work commencing on site in October 2004. Handover of the last element of this works program took place in September 2005. The approved budget was \$11.7m and current indications are that the project was completed on or under budget. The works include:

- (a) Parliament Drive security barriers—construction of a low wall and associated fixed and retractable bollards around the inside of Parliament Drive, to prevent unauthorised vehicle access to areas inside Parliament Drive, while permitting authorised vehicle access to those areas. This project included substantial redevelopment of the assembly area in front of the public entrance to Parliament House.

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- (b) Slip road security barriers—the installation of retractable bollards at the slip roads to the Senate, House of Representatives and Ministerial Wing entrances to enable the exclusion of unauthorised vehicles while permitting authorised vehicle access.
- (c) Melbourne Avenue car park—access to the Ministerial wing ground level car park is to be restricted because of its proximity to Parliament House. Changes have been made to the Melbourne Avenue car parks to compensate for the loss of parking spaces outside the Ministerial Wing. Most of the Melbourne Avenue car parks will only be available to Parliament House pass holders.
- (d) Ministerial wing windows—blast mitigation measures have been put in place for all Ministerial Wing windows on all levels facing the Ministerial Wing Forecourt.

22 These measures will provide improved protection against the risks of an attack on Parliament House involving a vehicle-borne explosive device. They have already enabled the removal of the temporary white plastic barriers from the north aspect of Parliament House. The remaining plastic barriers will be removed when the use of the retractable bollards to restrict vehicle access to the building is settled.

23 The construction program was delayed for reasons that include:

- (a) a lack of qualified and experienced tradespeople in the Canberra region;
- (b) the need to re-run some tender processes in an attempt to source elements of the works at more acceptable prices;
- (c) discovery and treatment of a water leak in the Forecourt;
- (d) discovery and treatment of a major latent condition (the expansion joints to the surface of the original assembly area did not line up with the expansion joints to the structure itself); and
- (e) delays in the delivery of bollards from the USA.

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24 The new perimeter security arrangements will enable vehicles to be excluded from the area within the Parliamentary precincts surrounded by Parliament Drive. Final decisions on the level of exclusion will be made by the Presiding Officers based on DPS's consultation with our security advisers.

Security incidents

25 During the reporting period, there were a number of "white powder" incidents in which mail items received in Parliament House were found to contain a suspicious substance.

26 In June 2005, there were four such incidents within a two-week period. In all cases, the substances were subjected to pathology testing and were determined to be non-hazardous. In all but one of the incidents, the suspicious items were identified by security staff in the Loading Dock.

27 Parliament House is well supported by the ACT Emergency Services, in particular the ACT Fire Brigade HAZMAT team, in dealing with these kinds of incidents.

Procurement changes—Free Trade Agreement

28 As a direct consequence of the 2004 Free Trade Agreement (**FTA**) between Australia and the United States, the *Commonwealth Procurement Guidelines (CPGs)* were revised. The new guidelines took effect on 1 January 2005 and there is now a greater focus on procurements that involve expenditure of \$80,000 or more. Those acquisitions are referred to as "covered" procurements (the term originates from the FTA), and trigger the new mandatory procurement procedures.

29 The main impact of the revised CPGs for DPS has been in the areas of tendering and reporting. Except for limited circumstances, there is now a requirement to pursue an open tender method for all procurements that exceed the \$80,000 threshold, with a view to encouraging greater competition. DPS's tendering templates were reviewed during December 2004 to make sure they comply with the new procurement framework. In addition, our internal procurement guidelines and procedures have been rewritten and are in the process of being finalised.

30 DPS is now required to prepare and publish an Annual Procurement Plan in June of each year for the subsequent financial

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year. The plan facilitates advance procurement planning for DPS, as well as drawing businesses' attention to our planned procurements.

31 Under the new CPGs, DPS is undertaking an increased number of open tenders, and there has been a commensurate increase in the administrative burden on departmental staff.

DPS certified agreement 2005-2008

32 In November 2004, work commenced on the development of a single certified agreement to replace three agreements of the former departments (all due to expire on 30 June 2005). The DPS Certified Agreement Negotiating Group (**CANG**) was established to conduct the certified agreement negotiations. CANG membership comprised union organisers and workplace delegates, staff representatives and management representatives. From January 2005, CANG was chaired by the Deputy Secretary.

33 A total of 17 meetings were held over a seven-month period. Staff were kept informed of the progress of CANG through a dedicated portal on the DPS intranet site, by feedback from their staff and union representatives, and through articles in the staff newsletter.

34 Under the three agreements to be replaced, there were many different classifications and pay rates, and other inconsistent terms and conditions. For instance, the three agreements provided for 42 different job classifications (see Figure 38).

35 One of my main aims for the new certified agreement was to achieve a significant degree of consistency in the conditions which applied across the department, particularly in relation to rates of pay, working hours and leave arrangements. The agreement achieves this consistency to a greater degree than might have been expected so early after the creation of the new department. In addition to this consistency, the main features of the agreement include the following:

- (a) Provision for continuous improvement reviews of the operations and resources of each Group within DPS over the life of the certified agreement. It is expected that these reviews will deliver the underpinning productivity improvements required to fund pay increases under the agreement. A percentage of the second and third

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increases payable under the agreement are contingent upon the reviews doing so.

- (b) The establishment of a single eight-level classification structure. Staff will translate into the new structure at their current salary and progression through a salary range will be based on performance.
- (c) Provision for the introduction of a new performance management scheme that links individual performance to departmental outcomes.

Review of performance indicators in the 2005-06 Portfolio Budget Statement

36 An initial review of performance indicators in 2004-05 has resulted in a revised performance information structure that includes:

- (a) an Outcome effectiveness indicator—an indicator that allows an assessment of the extent to which Outputs and administered items make effective contributions to meeting the Outcome, or part of the Outcome; and
- (b) Output indicators—these are “quality, quantity and price” indicators. Price and quantity indicators generally relate to the efficiency of delivering the Output, while the quality indicators generally relate to delivering it at a particular standard. Quality indicators can also link to demonstrating the capacity of the Output to contribute to the Outcome.

37 This brings the department into line with both the Department of Finance and Administration guidelines, and the Australian National Audit Office (**ANAO**) publication, *Performance Information in Portfolio Budget Statements—Better Practice Guide—2002*.

38 The initial review will be followed up during 2005-06 with further work to develop effectiveness indicators and to confirm or replace current Output indicators. This will be done as part of the implementation of the newly developed business planning policy and framework (see paragraphs 392 to 394 in Part 5).

Archiving of parliamentary proceedings

39 Broadcasting records and Hansard transcripts provide an important historical record of parliamentary proceedings, and are therefore considered a valuable national resource. During the year, a review into DPS's approach to archiving its records of parliamentary proceedings commenced. The purpose of the review is to develop, for the first time, an agreed policy on what content is archived, in what format, and for how long.

40 Initial discussions were held with the National Archives of Australia (**NAA**) and the National Library of Australia (**NLA**) and agreement was reached on the approach being taken. Further consultations have been scheduled with the chamber departments and other interested stakeholders.

41 A final proposal will be developed during the coming year for the Presiding Officers' consideration. After this, formal agreements with both NAA and NLA will be finalised.

Amalgamation issues

42 The 2003-04 Annual Report identified a number of amalgamation issues that required further work and consultation. Progress on addressing these issues during 2004-05 is detailed below.

Chief Executive's Instructions (CEIs)

43 CEIs are the primary source of policy information and advice for staff on the internal financial management practices of an agency. In the last 12 months, DPS has reviewed the interim CEIs carried forward from the former departments and developed a new set for DPS. The new CEIs were the subject of extensive consultation within DPS and were issued in July 2005.

Chief Executive's Procedures (CEPs)

44 The CEIs are supplemented by the CEPs, which provide detailed procedural guidance on a range of financial matters. In the last 12 months, CEPs have been finalised for official travel and cash advances, and drafts have been developed for most other topics that were covered by the former departments' CEPs. These CEPs will be issued progressively in the coming financial year.

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Governance arrangements

45 A considerable amount of work has gone into developing governance arrangements for the department over the last 12 months. This work has been focused in the areas of risk management and business planning policy and frameworks. The progress made is described in paragraphs 392 to 394 of this report.

SAP upgrade

46 On 1 July 2004, DPS adopted SAP as the financial management information system for the whole department (Oracle had previously been used by two of the three former departments). SAP will be used not only for financial management but also in our building management and project management activities.

47 The current version of SAP (version 3.1H) was implemented in the former Joint House Department (**JHD**) in 1998. This version is no longer supported by the vendor and there are a number of identified shortcomings for DPS. During the reporting year, a decision was taken to upgrade SAP.

48 The SAP upgrade project will replace the current SAP system with an upgraded version; implement consistent business processes; address ease of use, workflow and management reporting limitations in the current system; and review the contracted system support, warranty and maintenance arrangements.

49 The SAP Upgrade Project is broken into two stages, with Stage One focused on the requirements analysis and the conduct of a tender to select an implementation partner, and Stage Two on delivering the upgrade.

50 The DPS Request for Tender was published on the AusTender site in July 2005 with a closing date of August 2005. Following tender evaluation and contract negotiations, it is expected that an implementation partner will start work in DPS in September 2005. Stage Two is likely to take around nine months to complete.

(HRMIS)

51 As foreshadowed in the 2003-04 Annual Report, the evaluation and selection of a payroll/human resources system for DPS was a priority for the reporting year.

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52 The department inherited two human resource management information systems from the three former joint departments—JHD used the CHRIS system while DPL and DPRS both used the PeopleSoft application.

53 A comprehensive evaluation of these two systems was undertaken through a limited Request for Proposal process during the period July to November 2004. The purpose of the evaluation was to assess which system would best suit DPS's ongoing requirements in terms of functionality and cost.

54 As a result of this process, DPS selected the PeopleSoft system as its payroll and human resources system on the basis that it had a higher level of compliance with DPS's requirements. It is expected that the new version of the system will be on line early in 2006.

Australia Day medallions

55 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 six DPS staff at DPS's first birthday function on 1 February 2005.

56 DPS staff who received Australia Day medallions were Katriina Arte (Information and Research Services), Mark Aston (Parliamentary Security Service), Mark Dymock (Building Fabric Services), Michael Pedvin (Building Information), Anil Singh (Electronic Media Monitoring Unit), and Judy Tahapehi (Client Support).

57 All staff recognised through these awards made a significant contribution to client service, whether directly to our external clients, or through the services they provide to other staff members.

DPS Services Directory for 41st Parliament

58 The DPS Services Directory for the 41st Parliament was published in November 2004. It consolidates information about the services provided by DPS to Senators and Members and other building occupants.

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59 The Directory has been published in hard copy and is also available electronically through a direct link on the Senators' and Members' Services Portal.

Summary of performance and financial results

60 DPS provides occupants and other users of Parliament House with a wide range of services and facilities. The performance report at Part 3 measures and discusses how well this was done. While the results demonstrate success in a variety of areas, there is always room for further improvement.

61 Improvements to services, and to our efficiency and effectiveness in providing them, are expected from the forthcoming departmental restructure described in paragraphs 80 to 85 and from the continuous improvement reviews provided for under the new certified agreement.

62 DPS recorded an operating surplus of \$0.769m in 2004-05, its first full year of operations. This result was derived from a savings against budgeted expenses of \$1.643m and an increase against budgeted revenue from independent sources of \$0.654. These amounts were offset by unbudgeted asset expenses of \$1.528m.

63 The savings against budgeted expenses can be attributed to:

- (a) savings in the corporate areas arising from the amalgamation of the three joint departments;
- (b) savings arising from reduced demand for some services in an election year (for instance, in the Hansard, broadcasting and library areas); and
- (c) a general tightening in expenditure across all areas of the department in order to manage a \$4.84m reduction in the 2004-05 budget.

64 The \$4.84m reduction in the 2004-05 budget relates to a 2003-04 Budget decision to reduce the appropriations of the then five parliamentary departments by \$6.14m to offset the funds provided for increased security at Parliament House.

65 The effect of the amalgamation of the former joint parliamentary departments, and the transfer of security funding from the chamber departments to DPS, has been that the entire \$6.14m of the offset savings was applied against the DPS budget. The

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original decision required these offset savings to commence in 2004-05, but one-off supplementation of \$1.3m was provided in the 2004-05 budget in recognition that the chamber departments could not find the required savings in the first year. These additional funds were applied to the DPS budget when the security function was transferred.

66 The increased revenue mentioned in paragraph 62 was due to a one-off payment from the Department of the Senate to cover security function purchase orders outstanding when the security function was transferred to DPS.

67 DPS was required to ensure all assets were re-valued to fair value as at 30 June 2005. This re-valuation resulted in a \$1.323m write down expense, largely from re-stating computing assets at their market selling price. The balance of the unbudgeted asset expenses related to the value of assets sold.

Outlook for 2005-06

68 The new Parliamentary Librarian should take up duty before the end of 2005.

69 A major focus of activity across DPS during the year will be the departmental restructure (intended to be finalised on 1 February 2006, the second anniversary of DPS's creation). Continuous improvement reviews as provided for under the DPS Certified Agreement 2005-2008 will also commence—all areas of the department are to be reviewed during the three-year life of the agreement, and efficiencies identified during those reviews will fund part of the salary increases payable under the agreement.

70 Negotiations have commenced on a new certified agreement covering Parliamentary Security Service (**PSS**) staff, which will need to be finalised early in 2006.

71 Other corporate activity will be focussed on:

- (a) the upgrades of our financial management information system (SAP) and human resource management information system (PeopleSoft);
- (b) the implementation of a new performance management scheme provided for under the certified agreement covering DPS staff other than PSS staff;

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- (c) refinement of the business planning and performance reporting arrangements;
- (d) completion of the risk register; and
- (e) development and issue of further consolidated policies and guidelines.

72 As well, the Finance Committee will monitor a wide range of departmental spending with a view to enabling DPS to meet its further reduced budget this year.

73 Security will continue to be a major issue for DPS. The use of bollards to restrict access to the three slip roads running off Parliament Drive, and other changes to Parliament House access arrangements (including the future use of the Loading Dock and the possible designation of Parliament Drive as a one-way road), will need to be resolved. We will then need to examine the outstanding recommendations from the ASIO review conducted in 2003 and a review currently being finalised by the Protective Security Coordination Centre. As well, there is work to be done on the arrangements for issuing security passes for Parliament House, and on other aspects of security policies and procedures that could usefully be clarified, for the benefit of both the staff who have to administer them and the building occupants and others who are affected by them.

74 Other areas of focus will include:

- (a) a review of accommodation requirements in Parliament House;
- (b) an examination of information provision by the department, including web site arrangements and the future of ParlInfo;
- (c) the provision of childcare for occupants of Parliament House;
- (d) finalising arrangements for the future administration of the Parliament House Art Collection;
- (e) development of a water strategy for Parliament House, with particular reference to the continued use of sandy soils in the Parliament House landscape.

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75 The Australian National Audit Office is planning an audit during 2005-06 of "the administration of the Parliamentary Departments, including consideration of the effectiveness of administration under the revised arrangements".