

# **Review of the Department of Parliamentary Services**

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MR KEN BAXTER

# Review of Department of Parliamentary Services Parliament House, Canberra

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## **Recommendations**

### **Recommendation 1**

That the funding arrangements for the Parliament should be consolidated into a 'global' or whole of parliament funding of the Parliament based on:

- a. credible long term strategic and annual operating plans,
- b. a sinking fund or equivalent being established to adequately cover the minimum essential modernisation and renovation of Parliament House,
- c. relevant parts of Ministerial and Parliamentary Services being transferred from the Department of Finance to the Parliament with a clear definition of their functions, roles and reporting relationships to the Presiding Officers, and
- d. the Chief Finance Officer having a direct reporting line to the Chief General Manager (Secretary).

### **Recommendation 2**

That clear delineation of roles and responsibilities within DPS and between DPS and the two House departments be determined and measurable performance targets assigned in the case of DPS.

### **Recommendation 3**

That the title of Chief General Manager Parliamentary Services replace the current title of Secretary of the Department of Parliamentary Services for operational use, with the title of Secretary used only as required for statutory purposes.

### **Recommendation 4**

That as soon as practicable after the change of title to the Head of DPS the changes should flow quickly through the organisation to Band 2 (General Manager) and Band 1 (Deputy General Manager) staff.

### **Recommendation 5**

That a small advisory board be established within the existing statutory and administrative arrangements.

### **Recommendation 6**

Noting the earlier recommendation that the Head of DPS be given the operational title of Chief General Manager, that the following options for structural change are considered:

- a. the Parliamentary Recording and Reporting Branch should come under the control of the Parliamentary Librarian,
- b. the Assistant Secretaries in the Parliamentary Library should be responsible for the total knowledge and ICT within DPS, the other Assistant Secretary should have the responsibility for incorporation of the Parliamentary Recording and Reporting which would become part of the total 'knowledge management' branch within the Parliamentary Library,
- c. A new position of General Manager – Services should be established,
- d. A new position of General Manager – Building and Assets should be established, and
- e. The current position of Chief Finance Officer report to the General Manager – Services and simultaneously have a direct reporting line to the Chief General Manager.

### **Recommendation 7**

That the Chief General Manager have all senior executive roles assessed by December 2016 to determine if they are appropriately classified and necessary for the delivery of DPS outcomes.

### **Recommendation 8**

That as a matter of priority the Chief General Manager:

- a. review and revise the current financial projections and variances for the 2015-2016 period,
- b. review and revise the strategic plan for 2015-19 and incorporate projected financial results for the period with best and worst case scenarios along with assumptions supporting the forecasts,
- c. assess the implications of the Building Condition Assessment Report on the cost projections for Parliament House, initially for the next five years and prior to 30 June 2016, 10 year projections and financial forecasts,
- d. in conjunction with the Presiding Officers, establish meaningful performance targets for the Chief General Manager and General Managers prior to 31 March 2016 and for General Managers and Deputy General Manager to work with branch head staff to develop budgets and performance agreements for 2016-17,
- e. work with the Clerks to establish and agree inter-organisational communications arrangements with a focus on whole of parliament issues and efficient service delivery to senators and members and other building occupants,
- f. establish within the department a group to ensure that DPS is compliant with all the statutory requirements and that at the end of the 2015-16 financial year the Chief General Manager is:
  - i. safely able to sign the Compliance Certificate that Departmental Secretaries are required to sign,
  - ii. in a position that a credible Corporate Plan as required under the *Public Governance Performance and Accountability Act 2013* can be presented to the Presiding Officers, and
- g. work with the Presiding Officers and the Clerks and in consultation with the Parliamentary Service Commissioner to establish a vehicle for measuring the achievement of agreed objectives and monitoring financial and operational performance.

## Review of Department of Parliamentary Services Parliament House, Canberra

*"...the Parliament, containing the elected components of the Nation's system of Government, and acting, as the Nation's legislature, is an institution of fundamental importance for all Australians".<sup>1</sup>*

1. The Presiding Officers requested the Parliamentary Service Commissioner to undertake a review under section 40(1)(b) of the *Parliamentary Service Act 1999* (the Act) of the capacity of the Department of Parliamentary Services to fulfil its role to serve the Parliament of Australia efficiently and effectively.
2. The focus of the review (Appendix 1) was to be on the structures, systems and staffing profile of the Department in order to make an assessment of whether the structure is fit for purpose and recommend appropriate change.
3. The Presiding Officers noted that the Department of Parliamentary Services had been the subject of a series of reviews and inquiries over recent years and were mindful of the need for this review to be timely and to avoid interfering with the daily work of the Department.
4. The review was to take account of the Inquiry by the Senate Finance and Public Administration Legislation Committee into the Department of Parliamentary Services, referred by the Senate on 26 June 2014 and the February 2015 ANAO report on Managing Assets and Contracts at Parliament House.
5. During the course of the review consultations were held with current and former senators and members, staff in the parliamentary departments, a number of office holders in state and international parliaments and a number of individuals with expertise relevant to the review. These consultations were conducted on a confidential basis.

### Background

6. The Parliamentary Service is established under the Act and is currently comprised of the Department of the Senate, Department of the House of Representatives, Department of Parliamentary Services and Parliamentary Budget Office.
7. For the purposes of this review the Parliamentary Budget Office (PBO) has been largely excluded from the review process due to the fact that it is essentially independent from the rest of the parliamentary administration. The role of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.
8. While the work done by the PBO is highly valued by senators and members, the PBO's relationship with the other parliamentary departments is essentially limited to purchasing a range of back office services. The PBO is of course involved in a range of appropriate

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<sup>1</sup> Australia's Commonwealth Parliament 1901-1988; GS Reid & Martyn Forrest, Melbourne University Press 1989.

administrative consultative processes with the other parliamentary departments. References to parliamentary administration for the purpose of this report are references to the Departments of the Senate, House of Representatives and Parliamentary Services.

9. The Department of Parliamentary Services (DPS) was formed following a review of aspects of the parliamentary administration carried out by the then Parliamentary Service Commissioner, Mr Andrew Podger AO. The report was tabled on 23 October 2002 and recommended that a single department replace the three existing joint service departments.
10. By resolution of both Houses of Parliament in August 2003, the Department of Parliamentary Services (DPS) was established with effect from 1 February 2004. The Department replaced the Joint House Department, the Department of Parliamentary Library and the Department of the Parliamentary Reporting Staff.
11. Broadly, DPS provides services used in common by members of both Houses, the House departments and other building occupants. The services provided or facilitated include: library and research, information and communication technology, security, building, grounds and heritage, audio visual and Hansard, art, visitor, food and beverage, retail, health and childcare, and corporate.
12. It is important to note that the creation of DPS brought together three departments that were providing services to the Parliament and all had a strong client service focus. However, the three departments were different in the nature of their work, management structures, skills base of their staff and their cultures.
13. Bringing these departments together into a single service-oriented department has presented a challenge to successive Secretaries and Presiding Officers and, most of all, to the staff of DPS.
14. While DPS has provided efficient and effective support to the Parliament since its establishment in 2004, there have been ongoing management issues such as those highlighted by the Senate Finance and Public Administration Legislative Committee. In addition, there are ongoing challenges in continuing to meet the evolving needs of parliamentarians in carrying out their responsibilities in the Parliament, its Committees and in the wider community.
15. From the 1980s the numbers of senators and members has increased and the work of the two Houses of Parliament and their committees expanded. As a consequence the administration of the Parliament has become more extensive and complex. The degree of that complexity has increased significantly following the relocation of Parliament from the Old Parliament House to the new Parliament House in 1988. The rapid changes in communications technology and the absolute need for senators and members to be able to access and utilise the most current forms of communication and information gathering means the degree of administrative complexity will continue to increase.
16. Contemporaneously, there have been continuing calls from senators and members of all political complexions for greater overall financial autonomy of the Parliament, something

borne out in discussions with senators and members. This is not to suggest that the funding to Parliament and its directly related entities should be a blank cheque. The examples of other Westminster parliaments illustrate that they are subject to the widespread public sector discipline that applies to departments of state.

## Parliamentary Administration

17. In fulfilling the terms of reference it was necessary to consider to some extent the 'triumvirate' within Parliament House that makes up the 'corpus operandi' of the Parliament and how they support senators and members.
18. The Departments of the Senate and the House of Representatives are the two core departments (House departments) providing the direct support roles for the Senate and the House of Representatives and their committees.
19. The House departments are headed by the Clerk of the Senate and the Clerk of the House of Representatives. The Clerks' primary responsibilities are to support and ensure the effective operation of both Houses of Parliament and their committees. The roles of each Clerk are to ensure the effective operation of each House and provide advice to senators and members on procedural and legislative matters. The Clerks do not have any direct administrative responsibility for the services that are provided by DPS but clearly have a responsibility to ensure that those services effectively support the operation of both Houses and their committees.
20. "The Clerk of the Senate is the principal adviser to the President, the Deputy President and Chair of Committees, and senators generally"<sup>2</sup> in relation to proceedings of the Senate. "The Clerk of the House of Representatives is responsible for...advising the Speaker and Members on parliamentary law, practice and procedure"<sup>3</sup>.
21. The Clerk of each House reports to a Presiding Officer<sup>4</sup> – the President in the case of the Senate, and the Speaker in the case of the House of Representatives. The Clerks and the staff in their departments are not primarily responsible for providing senators and members with what might be described broadly as "house-keeping services" e.g. travel, provision and maintenance of office facilities in Parliament House, Library research services, telephone, ICT, catering and retail outlets.
22. The Clerks each have an administrative role as a departmental head for the House departments. For the purpose of this review the role of the Clerks is as a departmental head responsible for the provision of services to the Presiding Officers and the Senate and the House of Representatives. The Departments of the Senate and House of Representatives provide administrative support for the conduct of proceedings in the Senate and House of Representatives and their committees. The Clerks have an administrative relationship with the DPS and support services are provided by DPS to the House departments.

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<sup>2</sup> Odgers Senate Practice p. 148

<sup>3</sup> House of Representatives Practice p. 205

<sup>4</sup> *Parliamentary Services Act 1999*

23. The other important leg of the Parliamentary 'tripod' is DPS whose Chief Executive carries the title Secretary of the Department of Parliamentary Services. It is the predominant focus of this review. However, the relationships that are maintained between the three entities have been and are of considerable importance to the effective, long term operation of the Parliament.
24. Within the Department of Parliamentary Services there is a statutory position of Parliamentary Librarian. The Parliamentary Library provides high quality, impartial and confidential information, analysis and advice to senators and members in support of their parliamentary and representative roles. It is a very important role in the operation of the legislative, policy making and research elements of the parliamentary system. It provides independent advice about legislation and international and domestic issues associated with the operation of the Parliament and Government more generally<sup>5</sup>.
25. Across the whole of the parliamentary administration a wide range of services are provided to senators and members which have evolved over time as parliamentary administration has changed in response to the changing nature of the support required by senators and members. All indications are that the rate of change will continue to accelerate and parliamentary administration will need to continue to adapt. DPS in particular will need to anticipate change to ensure that it provides senators and members with the range, level and quality of services they require.
26. Since the formation of DPS in 2004 significant difficulties have arisen from the lack of clearly defined responsibilities in terms of the common services provided to members of both Houses and to other building occupants. While such issues would normally have been resolved through effective communication and consultation, this has not always happened to the extent that would be expected in one of the Commonwealth's important professional public sector organisations. The lack of effective communication and consultation is a focus of this review.
27. It is significant to note that similar issues and challenges are facing other Westminster style parliaments. Recently there have been reviews in the Palace of Westminster, the Canadian Parliament and several of the Australian State Parliaments. Common issues include the administrative relationships between the various branches of parliamentary administration, funding, technology and maintenance/replacement of the parliamentary buildings.
28. The relocation to the new Parliament House in 1988 brought with it:
  - a. a very much larger building and along with it the need for extensive and complex building services e.g. ICT, power supply and emergency backup services, regular continuing maintenance requirements and security,
  - b. extensively dispersed locations of senators and members offices,
  - c. a greater physical separation of the Senate and the House of Representatives with large public areas, gardens, and meeting rooms. While the design had considerable logic to it

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<sup>5</sup> DPS Annual Report 2014-2015, p.81



an unintended consequence was to remove the forced and mainly positive interaction that existed in the original Parliament House in Canberra, and

- d. a separate Ministerial wing (known as the 'Min Wing') that is physically remote from many senators and members. A number of senators and members raised concerns about the 'isolation' of the Ministerial wing, and the political effects of more difficult access to ministers.
29. There has also been an exponentially increased focus on and physical involvement by security staff and the installation of electronic surveillance devices in the Australian Parliament since the disastrous events at the World Trade Centre in New York in 2001. Along with the evolution in Australian society of taking greater interest in personal security, the increased presence of police and armed security guards, along with the design of the building, has influenced the 'culture' and personal relationships within Parliament House.
30. As will be discussed in more detail later in this review the organisational and physical changes have had an impact on the 'culture' in Parliament House which in turn has impacted on the relationships between the three parliamentary departments and the effective provision of support services. Efforts to counter this by strengthening formal communication and consultation arrangements have not been as effective as they should have been.
31. The relationship creates a challenge for the Presiding Officers in fulfilling their responsibility to maintain the integrity of the Westminster style parliamentary process, ensuring the provision of day to day support services for senators and members as well as ensuring the structural and operational integrity of 'The Building' and its physical support services.

### **Resource Allocation**

32. Since the establishment of the Commonwealth Parliament there has been a continuous argument about the relationship between the Parliament and the Executive. On one hand it is contended that Ministers and the Public Service effectively control Parliament not only in terms of its day to day 'housekeeping' operations but also the policy and administrative decisions made by both 'Houses'. There is also a consistent theme that surfaces in the discussion about the independence of the Parliament. That is, if any Department of State has significant control or influence over the funding of critical aspects of senators' and members' remuneration and allowances, that Department will have the means of effective control.
33. On the other hand, there is another very important aspect that comes into focus, especially when dealing with accountability and responsibility issues. That is the trifurcation of the flows of funds between the Department of Finance as the source of the initial cash flow and the subsequent flows within the Parliament and between various sections of the parliamentary administration.
34. If for no other reason than to take full responsibility and accountability for expenditure Parliament needs to be able to demonstrate its independence from the Executive. In terms of 'whole of organisation' accountability and overall responsibility for the preparation of a 'whole of parliament' strategic plan and budget, there should be complete and clear

separation of finances and this should apply across the totality of its operations. As the attached flow-of-funds diagram illustrates, that is not currently the case (Appendix 2).

35. Concomitant with undertaking the financial and operational responsibility, the Parliament needs to demonstrate to the community that it is also to be held accountable to the highest standards expected by the community at large. This will increasingly become the case as expenditure on renovation, repair and reconstruction of 'The Building' climbs exponentially.
36. As will be discussed in a later part of this review, the disaggregation of operational and financial responsibility leads to a serious dispersal of accountability. The payment of salaries and wages is handled by Ministerial and Parliamentary Services (MAPS) in the Department of Finance. In discussions with senators and members this has been a matter of interest and concern. This is a fundamental area where there are not clear lines of accountability between elected senators and members and those responsible for paying salaries and allowances. Currently, the funding arrangements are convoluted and influenced by historical arrangements. Australian parliamentary history is littered with newspaper headlines and committee inquiries about these matters.
37. Additionally, there are other areas of dispersed accountability and responsibility, some of which are structural and others which flow from poor planning and financial management and control within DPS. From time to time the funding of repairs and maintenance of 'The Building' has also been handled through several sources. The diversified sources and applications of funds have made it very difficult to establish and continuously maintain clear lines of accountability. As it is pointed out later in this review 'The Building' and all the agreed and planned expenditure will and should dominates the debate about funding and, crucially, will require clearly delineated lines of responsibility and accountability within DPS and greater supervision and control by the Parliament through the Presiding Officers. The examination of the various engineering and other technical reports that have been prepared, or are in the process of being prepared, illustrates that this stage has been reached.
38. The current funding flows, associated administrative arrangements, and the management structure of DPS diminishes the ability of the Department to prepare for implementation of a meaningful, measurable, medium to long term strategic plan for the whole of parliament and to gain acceptance of that plan from the Presiding Officers. Each of the parliamentary departments has completed annual corporate plans in accordance with the *Public Governance Performance and Accountability Act 2013* (PGPA Act). However, in spite of their close and inter-related relationships there is no credible, comprehensive whole of parliament long term Strategic Plan. A serious consequence is the impact on the efficiency and effectiveness of the whole of parliamentary administration. The lack of a credible, medium to long term whole of parliament strategic plan is dealt with later in this review.
39. The Presiding Officers have been presented with the 2015-19 DPS Corporate Plan. While this complies with the requirements of the PGPA Act, neither this plan nor any other document contains comprehensive, quantitative measures of performance and in particular

divisional budgets and measurement of performance against those budgets. It is a major deficiency that has wider implications for DPS and for the Parliament as a whole.

40. It is a basic principle of sound operational and financial governance that there be a clear, credible long term strategic plan and related annual operating plans leading to precise budgets and financial and operational performance reporting. This is crucial for whole of parliament operations, especially in light of the financial impact of 'The Building' on current and future finances. Components of the forward planning processes and performance measurement will be dealt with in more detail later in the review.
41. From discussions with senators and members, the Clerks and DPS management and staff, it became evident that there is a lack of clear lines of accountability and responsibility. This has led to administrative inefficiencies, duplication and sub-optimal, inconsistent governance of parliamentary resources. A significant example is the lack of a sinking fund to provide for the exponentially increasing requirement to refurbish and maintain Parliament House. Examples from other Parliaments with similar challenges indicate that failure to plan for the next 10-15 years and beyond, and to establish realistic operational budgets and capital expenditure plans, will have an increasingly adverse financial and operational impact. It leads to ad hoc, short term funding adjustments and unproductive arguments about who should have been responsible when things go wrong.
42. Dealing effectively and efficiently with the financial relationships between the Parliament and the Executive is fundamental to "internal structures, systems and staffing profiles". Clear lines of responsibility and accountability are essential for the Parliament to operate effectively and efficiently. It is also necessary in order to convince the community that Parliament is able to sustain its fundamental role in Australia's democratic system with high levels of integrity. The three parliamentary departments must be able to demonstrate fulfilment of their specific roles with internal governance and financial management aspects being part of a homogenous 'whole of system' in which efficiency and effectiveness can be maximised.
43. It is critical to ensure that the roles and responsibilities of senior management, which includes the Clerks of the House departments and the Head of DPS, are clearly defined and relate specifically to work that is, or should be, done. Historically there has been a strong and effective working relationship between the President of the Senate and the Speaker of the House of Representatives. The relationship and communication channels between the Presiding Officers and the Clerks of the two Houses are working well. The working relationship between the Presiding Officers and the parliamentary departments as a whole has been problematic.
44. The consultations that have taken place in the course of the review indicate that the culture that is developing is positive. Leadership on inter-organisational co-operation and effective working arrangements should be a focus of the new Secretary. However, measures must be put in place to ensure that effective professional working relationships are reinforced and do not rely solely on personality and goodwill.

## **Review Themes**

45. Following extensive discussions with senators and members, management and staff of DPS, the Clerks of the House departments and meetings and discussion with senior officials of the Palace of Westminster, the Victorian and NSW Parliaments, the Canadian Parliament, perusal of several previous reviews and academic literature on the subject of the roles, responsibilities and functions of management and staff within bicameral parliaments in democratic systems, four core findings were reached. They are:
- a. there is a need for frequent, regular and well planned consistent communications within the whole of parliament and in particular between senators and members and their services provider, DPS,
  - b. currently, a credible long term strategic and financial plan on a whole of parliament basis does not exist in either the parliamentary administration or any Executive Department,
  - c. far greater attention should be paid to the substantial contingent liabilities associated with the ageing of Parliament House. A sinking fund or equivalent needs to be established with realistic, professionally assessed funding commitments that recognise the exponentially increasing costs of maintaining a unique, single purpose building. It may mean also that some of the conventional Commonwealth accounting principles for a unique asset of this kind need to be assessed and adapted to meet best private sector practice, and
  - d. the funding, and consequently responsibilities and accountabilities for the funding, of the Parliament are trifurcated which in turn leads to administrative and financial inefficiencies and a diminution of focused and measurable accountability.

## **Communications and Consultation**

46. Within the Parliament attempts are being made to improve inter and intra-departmental communications. However, the approaches are not consistent and not across the Parliament as a whole. Some of the communication problems arose from the instability in the senior management in DPS since its establishment in 2004. Some of these problems were exacerbated because the specific roles of DPS have not been clearly and succinctly defined and pursued and others were the result of personality differences and inconsistent, poor management practices and attitudes.
47. Senators and members want to ensure that there is high level responsibility and accountability for the resources used to provide them with a wide range of high standard services. In normal commercial circumstances the expectation would be that the Heads of the Departments within the Parliament set performance standards and indicators for their staff. Reports to the Presiding Officers and relevant parliamentary committees should be based upon senior management reporting performance against the key performance indicators. There is no reason why this should not be done in a rigorous professional way.
48. However, sometimes as a reaction to critical cross examination of senior DPS staff, short term quasi-structural changes were made in an attempt to deal with matters raised. Implementation has been made quite difficult because they sometimes are inconsistent with

an annual or long term plan or have been ad hoc reactions to very short term issues. This is not to suggest that DPS management and staff should not be held publicly accountable. The existence of a credible, long term whole-of-Parliament strategic/corporate plan would enable committees to focus on performance vis-à-vis operational and financial targets. It would be desirable for the head of DPS to brief appropriate committees at the commencement of each financial year – after having secured agreement for the annual plan and financial projections from the Presiding Officers.

49. In addition to the ever increasing annual operational financial demands of the building for repairs, the major elephant in the room is that there is not an appropriate organisational structure to deal with major maintenance and renovation of 'The Building'.
50. The extent of the changes that have occurred between 1988 and 2015 in terms of the nature of services required by senators and members and demands on the building have been far greater than could have been originally projected or expected. These trends are likely to continue and the future management structures of DPS, the occupants of management positions and staff reporting to them will need to develop a culture of regular, consistent adaptation to the changing requirements for DPS services.

## **Funding**

51. The review examined the funding arrangements for other Australian parliaments (mainly Victoria and NSW), the Palace of Westminster (Commons and House of Lords), and the Canadian House of Commons. It also looked at the principles set out in the recent 'First Principles Review: Creating One Defence' (2014)<sup>6</sup>. It did so because a number of the asset related challenges are similar to Parliament House. Additionally, there were a wide range of discussions with DPS management and staff, the Clerks and the Presiding Officers. The view has been reached that:
  - a. the funding arrangements for the Parliament should be consolidated into a 'global' or whole of parliament funding of the Parliament. The Presiding Officers should present to the Minister for Finance annually the funding requirements and be subject to same scrutiny as Departments of State,
  - b. the Parliament and its three administrative divisions, the Departments of the Senate, House of Representatives and Parliamentary Services should move as quickly as possible to establishing accounting and financial management systems associated with the 'global' or whole of parliament funding. This would require a single annual appropriation based on:
    - i. credible long term strategic and annual operating plans – all of which should include soundly based financial projections and variance analyses for preceding years,
    - ii. a sinking fund or equivalent being established to adequately cover major repairs, maintenance, replacement of inbuilt asset redundancies, and undertaking the

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<sup>6</sup> The 'First Principles Review: Creating One Defence' was published in 2014. Many of the observation and conclusions of the Review are applicable to the Review of the Department of Parliamentary Services.

minimum essential modernisation and renovation of Parliament House, taking into account advances in building technology and support services equipment – especially in areas such as ICT,

- iii. relevant parts of Ministerial and Parliamentary Services being transferred from the Department of Finance to the Parliament with a clear definition of their functions, roles and reporting relationships to the Presiding Officers, and
- iv. recognising the importance of the funding and financial management aspect of DPS's roles. The Chief Finance Officer should have a direct reporting line to the Chief General Manager<sup>7</sup> (Secretary) and be a key member of a Finance sub-committee that meets monthly and comprises the Chief General Manager and the three proposed General Managers. The organisational structures and roles are dealt with later in this review.

#### **Recommendation 1**

**That the funding arrangements for the Parliament should be consolidated into a 'global' or whole of parliament funding of the Parliament based on:**

- a. credible long term strategic and annual operating plans,**
- b. a sinking fund or equivalent being established to adequately cover the minimum essential modernisation and renovation of Parliament House,**
- c. relevant parts of Ministerial and Parliamentary Services being transferred from the Department of Finance to the Parliament with a clear definition of their functions, roles and reporting relationships to the Presiding Officers, and**
- d. the Chief Finance Officer having a direct reporting line to the Chief General Manager (Secretary).**

## **DPS Organisational Arrangements**

- 52. The terms of reference require examination of the appropriateness and efficiency of the current "structures, systems and staffing profiles of the Department of Parliamentary Services" and seek recommendations of "any changes considered necessary for the Department to deliver its services more effectively".
- 53. An examination of what has occurred in the last seven years, coupled with an analysis of the original organisational structure and the ways in which attempts have been made to meet the requirements and demands of senators and members, lead to a concern about the capacity of DPS to meet future challenges and to successfully and efficiently meet the demands of the Parliament as a whole.

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<sup>7</sup> The proposed re-titling of the Head of DPS's position to Chief General Manager is dealt with at pages 22-24

54. As part of this term of reference the review team discussed with the Clerk of the House of Commons and other senior Palace of Westminster officials the change processes that have taken place and are being put in place, the organisational structures and the delineation of roles and responsibilities. Although the two Houses that make up the Palace of Westminster, the House of Commons and the House of Lords have many more members, operating in a larger and older building, much can be learned from the approaches that are being taken to the overall management, funding, financial controls and reporting and long term asset management. Similar discussions were held with senior officials in the Victorian, NSW and Canadian Parliaments. Although the state parliaments are smaller in numbers of parliamentarians and with smaller buildings many of the principles and practices they have developed and adopted could be adapted in the Commonwealth Parliament.
55. As noted earlier, within the Commonwealth Parliament the review consulted internal management and staff, a broad spectrum of senators and members and also examined a wide range of internal documents from DPS and other related reports and external documents.
56. After these meetings and an extensive review of literature on organisational structures, roles and responsibilities and implementation of effective systems in a parliamentary system, the conclusion was reached that the current organisational structures have not been and are not designed to maximise the standards of services for senators and members and simultaneously create an 'esprit de corps' which is fundamental in an organisation as unique as a parliament.
57. The preceding analyses, along with an analysis of the current operating situation of DPS within the whole-of-parliament environment, led to an overall assessment that the current organisational, operational and financial structures were not fit for purpose, and not suitable to meet the demands of senators and members as well as promptly and efficiently adapting to short, medium and long term demands.

#### **Role of the Head of DPS**

58. No matter the size of an operating organisation or the sector of society in which it operates, the key to long term success of the organisation is the calibre and capacity of the Chief Executive Officer (CEO). The relationship between the CEO and the people who report to the CEO must be open, professional and accompanied by a high degree of mutual trust. It is little different to the relationship that exists between a CEO and Chairman of a listed public company.
59. Concomitantly, the CEO must have the ability to command the confidence of those working in the organisation and for them to see that the relationships at the very top work continuously and effectively. With an organisation as unusual as DPS within the Parliamentary system these basic conditions are essential. They will 'make or break' the professional working relationships both within DPS and with the House departments.
60. The Presiding Officers are de facto representatives of the 'shareholders' and the Clerks are almost akin to the other parts of the 'Holy Trinity'. It is to the credit of the Presiding Officers

that the arrangements have operated as well as they have and continue to do so. In spite of differences of opinion and at times publicly expressed dissatisfaction with the Secretary of DPS, various official and external consultants' reports demonstrate that there have been no major financial catastrophes.

61. Each Secretary of DPS, of whom there have been three, has each served around three or more years in the position<sup>8</sup> and each departed for different reasons. Most Commonwealth departmental heads remain in office for five years or more. The continuity contributes positively to organisational stability and performance. It also assists the accretion of corporate memory.
62. Commonwealth departmental heads have the support and protection of a Minister. While the DPS departmental head has the support of the Presiding Officers, he or she is also directly accountable to a range of parliamentary committees and the competing demands and expectations of all building occupants. This accountability and expectation can be intense.
63. A professional CEO will create and build a culture where building occupants will have the confidence to raise genuine matters of concern with the CEO in the first instance rather than seek alternative means to expose such matters.
64. Very few private sector CEOs in similar organisations would be subjected to the same experiences. For example, the way in which the CEO performs before a parliamentary committee is broadcast throughout Parliament House and instant judgements can be made about how well the Head of DPS performs. In turn that influences the degree of respect and support that will flow from staff to the Chief Executive.
65. Unlike Commonwealth Departmental Heads, who are not based in Parliament House, the Head of DPS is continually accessible to senators and members when they are in Parliament House and will be contacted directly on a range of services delivery matters.
66. As continuity in the position of Head of DPS is a fundamental part of successfully operating DPS, a system of review must be found which:
  - a. maximises the professional accountability of the Head of DPS and senior management and staff that report to the position,
  - b. enable reporting to parliamentary committees and appearances before such committees to focus on linking CEO performance with strategic and financial plans that have been agreed by the Presiding Officers, and
  - c. provides the Presiding Officers with greater confidence about the substance of the corporate plans and the supporting financials and opens up a process that will enable the senior management team to brief them on a regular cyclical basis e.g. once every six

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<sup>8</sup> Hilary Penfold, appointed 4 February 2004 and departed 11 January 2008  
Alan Thompson, appointed 20 May 2008 and departed 26 January 2012  
Carol Mills, appointed 28 May 2012 and departed 21 April 2015



weeks and, in turn, enables them to brief the relevant parliamentary committee/s either with or without senior DPS staff present.

67. While appointing a CEO for a fixed term does not ensure the occupant will see out his or her term, it would be a step in the right direction to have a term of office that provides certainty and continuity. Conceptually, because of the size of the organisation and the breadth of the tasks involved it would be expected that a successful CEO of DPS would serve for a term of at least five years minimum with a right of renewal or preferably seven years with a right of renewal.
68. Building a new, appropriate culture will not happen immediately. The recently appointed Head of DPS will require support from the Presiding Officers, co-operation and support from the Clerks and a greater appreciation on the part of senators and members about what is involved in maintaining the level and quality of services they need to carry out their parliamentary responsibilities.

### **Evolution of the Department of Parliamentary Services**

69. As noted earlier, DPS was established in 2004 following the amalgamation of the Joint House Department, the Department of Parliamentary Library and the Department of Parliamentary Reporting Staff. It was established by the *Parliamentary Service Act 1999*.
70. The legislative and operational changes flowed from a research paper prepared in 2002 by the then Parliamentary Service Commissioner, Andrew Podger. Simultaneously, Podger had been reviewing parliamentary administration. His report was released in September 2002.
71. The three major objectives of the Podger Review were:
  - a. achievement of cost efficiencies through the amalgamation by rationalisation of the corporate support function of the three service departments,
  - b. allocating the savings from improved efficiency to provide better quality services for senators and members, and
  - c. enabling rationalisation of services delivery to senators and members and between all the parliamentary departments and executive government agencies.
72. In reviewing the history, and in light of the current review, the overriding objectives should have been to successfully amalgamate the three departments, so that there would be delineation of clear, specific roles, responsibilities and duties for the senior management of DPS and a unified sense of direction and purpose. In the economic climate at the time the priority was given to making savings. However, after discussions with DPS and other officials who were involved at the time the consistent view is that the objective was not achieved and the exercise not particularly successful.
73. In retrospect, it would have been better had the focus been on securing and implementing the structures that would enable the objectives to be achieved. Primary amongst these should have been clear enunciation of the responsibilities, roles, duties and the chains of command within the new organisation and promptly thereafter systematically addressing

the financial management and the supporting financial systems. There is a clear lesson to be learned from the failure of the initial structural changes.

74. By virtue of the Act, the President of the Senate and the Speaker of the House of Representatives jointly administer DPS. In turn the Head of DPS is responsible to the Presiding Officers for the day to day financial, organisational and personnel operations as well as providing a wide range of services to senators and members in Parliament House and to a lesser extent in their electorate offices.
75. At the time of the establishment of DPS the cultures of the three departments were very different. At some stages in the past the relationships between the three entities could best be described as highly divisive and this seriously limited the ability for there to be close co-operation at the administrative and whole of parliament organisational levels. This was a situation which frustrated successive Presiding Officers who expected a much more professional relationship than was evident on many occasions.
76. The ensuing internal organisational culture within the parliamentary administration worked against achieving an organisational structure that clearly delineated how DPS would be structured and conjointly service all parliamentarians and their staff.
77. It is easy to be judgemental in hindsight. However, at the time had there been focussed, adequate, consistent and continuing oversight of the formation of DPS and its internal relationships very different and far more positive results would have been achieved. It would have resulted in greater clarity of roles and responsibilities and there would have been more positive results. The initial lack of an overall positive outcome of the initial melding of the three departments sends a very clear message for future changes in the organisation structures and the working relationships that will be necessary in the future.
78. Although much has been done in recent years by the Presiding Officers to overcome the differences, elements of the old culture still exist – albeit diminishing. Changing the culture in a positive way is fundamental to the effective, long term implementation of any organisational change in parliamentary administration. The importance and advantages of there being a close, well planned and managed organisation servicing senators and members cannot be overstated. A soundly based organisational structure which is capable of adaptation will survive and perform successfully for generations.

### **Provision of Services**

79. The role of the Head of DPS is directly akin to that of a Chief Executive Officer, Managing Director or General Manager in a private sector services provider. Some may be uncomfortable with the private sector comparison, but it needs to be kept in mind that DPS is overwhelmingly a service delivery organisation, not a department of state.
80. In the course of this review it became very clear that there have been times when DPS attempted to exceed its role as a services provider and assume the role of the lead or portfolio agency. Consequently, it crossed into areas of the operations of the House departments and went beyond its scope or functions. In some cases it had neither the

expertise nor experience to undertake some of the roles it sought to assume. At a bare minimum consultation with the House departments should have occurred in the first instance to determine if a need for such moves existed. There is no evidence that effective prior consultation occurred.

81. The effective and efficient operation of DPS requires goodwill and co-operation between the services provider (DPS), the Clerks and parliamentarians. It requires also a very clear understanding of roles and responsibilities – especially on the part of DPS.
82. When Parliament is sitting, the two Houses are the public displays of the Parliament at work. However, the greater number of senators and members more frequently operate away from Parliament House and Canberra. Even for most Ministers more time is spent away from Canberra than in it. Thus, the services provider must not only be able to meet immediate, urgent demands of senators and members when Parliament is sitting but they must also be able to meet the demands when senators and members and their staff are spread throughout the country.
83. For services provision to be optimised it requires a deeply seated, continuing culture of high standards of service delivery and internal organisational co-operation. A culture needs to be created, pursued and adapted to meet the varying individual needs of senators and members while simultaneously preserving the interests of the Parliament as a national, highly regarded institution.
84. The standards need to be set by the senior management of DPS in consultation with the Clerks of the Senate and House of Representative and approved by the Presiding Officers. As the Presiding Officers are the ultimate source of authority and power within Parliament House the communication with and between the three heads of department and the Presiding Officers needs to be the embodiment of frequent and effective communications. The proposed Governance arrangements and mode of operation will be set out in more detail later in this review.
85. On 26 February 2015 the Australian National Audit Office undertook an independent performance Audit dealing with “Managing Assets and Contracts at Parliament House”.<sup>9</sup> As stated previously in this review the management of assets, contracts and technological change within Parliament House and its precincts is the dominant, mid to long term financial focus of DPS – in terms of quantum of funds involved and accounting for future contingencies.
86. The current and contingent costs associated with the Parliament House building rank as the largest cost centre and will grow exponentially as Parliament House ages. Within the next decade some of the required works will involve major expense and re-organisation within Parliament House.

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<sup>9</sup> Australian National Audit Office Report No.24 2014-15 Performance Audit

87. The ANAO report of 2015 followed on from several investigations of the Senate Finance and Public Administration Legislation Committee<sup>10</sup> and other external reviews.
88. All the various reports and reviews indicated that major improvements were required in DPS. Following those reviews and inquiries, some of the recommendations have been implemented, some implemented only in part and not with maximum effectiveness and some not at all. There is evidence also that changes in some areas were not pursued over the longer term and former practices returned.
89. The approach to introducing and pursuing effective implementation of organisational change and improved management systems has been sporadic, not well handled and largely ineffective. It has suffered from a lack of continuing, effective, systemic oversight at very senior levels on a continuing structured basis over three to four years. Part of the reason for the lack of systematic oversight has been the absence of a permanent oversight group or body equivalent to the Board of Internal Economy (BoIE) in the Canadian House of Commons and the House of Commons Executive Committee in the House of Commons and the House of Lords Management Board in the House of Lords.
90. Intriguingly, during the course of interviewing a significant cross section of senators and members there was a bi-partisan view that the general services provided in Parliament House and to electorate offices were of a high standard and met senators and members demands – especially with ICT support services and office services. The general view is that “if everything works in my office I am happy.” This is consistent with the ANAO and DPS survey of September 2014.<sup>11</sup> Thus on the one hand there has been consistent reporting of senators and members general satisfaction with services provided by DPS, but at the same time there has been rigorous and at times intense dealing with the head of DPS and senior officials which has not helped in building a deep seated, positive culture in a fragile environment.
91. Understandably, it is clear that many senators and members are not fully aware of the depth of activity that is necessary to effectively supply them with their ‘on-demand’ service requirements. While some understand and are concerned about addressing the ongoing maintenance of building and facilities, only a limited number focus on the challenges associated with forward and financial planning and interim logistical arrangements.

### **Management of the Building**

92. While the Building and Asset Management Division of DPS ardently attempts to minimise the disruption and inconvenience to the operation of the Parliament and its committees, in doing so there is an inevitable addition to costs. Thus, many of the normal performance benchmarks associated with a large office building or factory are not applicable in full and in some cases are irrelevant. However, that should not preclude many of the usual performance measurement benchmarks being utilised by DPS.

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<sup>10</sup> Inquiry into the Performance of the Department of Parliamentary Services, November 2012 and September 2015

<sup>11</sup> Australian National Audit Office Report No 24, 2014-15, p.117

93. One of the major challenges will be for rigorous, realistic benchmarks to be developed, approved and incorporated into a revised 2015-2019 Corporate Plan, the annual operating plans and all the plans thereafter. These must apply not only to building renovations, repairs and maintenance but to the entire gamut of DPS services.
94. The nature of the Parliament and the building it occupies poses a significantly more challenging task than many large office renovations and replacements – and it is all carried out under continuing public and media scrutiny. The fact that most of the national media occupy space in Parliament House introduces another dimension to DPS's roles and functions. The fact that the media occupies office spaces in and uses the services of Parliament House almost places it in a conflict of interest situation when reporting upon and critiquing the operations of the DPS.
95. While there will be aspects that are aimed at cost savings, the major emphasis will have to be ensuring that the repairs and renovations are delivered in a cost effective manner.<sup>12</sup> There will be considerable public attention given to the costs and the progress of major renovations and repairs.
96. One of the lessons learned from past experience is that once the decisions are starting to be made about major works DPS, in conjunction with the Presiding Officers and the Clerks, must ensure the relevant parliamentary committees are adequately briefed ahead of works actually commencing and progress regularly reported to them.
97. Parliament House poses unusual challenges in designing and implementing effective, operational organisational structures, business plans and supporting financial systems. To date it appears that the level of priority accorded at the senior levels of DPS to financial management and planning has been variable and is considerably far less than would have been expected in an organisation of this kind and in particular with the challenges posed by its largest asset.
98. The various reports that have been made following nine inquiries, reviews and investigations since 2002 (Appendix 3) have resulted mainly in ad hoc partial changes in the organisational structures and supporting systems. In some cases these changes appear not to have been well thought through and have been short term.

### **Role Clarity**

99. The nature of the organisation and its relationships with senators and members and House departments makes wholesale changes very difficult. Until very recently there has not been a well-planned and co-ordinated approach to ensure that DPS prepares and systematically enables the implementation of core, fundamental changes. In the early stages of DPS there is evidence to suggest that systemic delineation of roles and responsibilities were considered

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<sup>12</sup> While it was not part of this review previous ANAO and other reviews and reports indicate that the design of the building, some of the architectural and 'heritage' requirements have added exponentially to costs. As the future repairs and renovations required will be increasingly costly the administrative and operational structures of the DPS and the oversight by the Presiding Officers will have to be rigorous and of a very high, continuing standard.

and attempted. For a wide variety of reasons a consistent, credible approach was not sustained.

100. It is a very positive sign that during the course of this review, the Clerks and senior management staff of DPS now clearly acknowledge that there is an urgent need for significant change, greater and better co-ordination and planning and far better inter-organisational communications.
101. In order to achieve continuing, positive results it is critical that there is a clearer delineation of roles and responsibilities within DPS and between DPS and the two House departments and measurable performance targets assigned in the case of DPS.

#### **Recommendation 2**

**That clear delineation of roles and responsibilities within DPS and between DPS and the two House departments be determined and measurable performance targets assigned in the case of DPS.**

### **Governance**

102. Both Presiding Officers recognise that significant changes must be made. The conclusions of the 2015 Australian National Audit Office Report and the Senate Finance and Public Administration Legislation Committee's preceding reviews and reports cannot be ignored. They provide the substantiation for such changes and strongly support major as against marginal change.
103. One of the main purposes of this review is to propose organisational structures and governance arrangements that should maximise clarity of roles and responsibilities to enable changes to occur as planned and during the process for DPS to be fully accountable for its decisions, operations and financial outcomes.
104. The following changes are underpinned by two basic principles:
  - a. simplicity of planning and implementation, and
  - b. clarity of objectives.
105. The changes are:
  - a. clear delineation and observance of roles, relationships and accountabilities,
  - b. improvements in meaningful and regular inter-organisational relationships and clear organisational operational and financial accountability to the Presiding Offices,
  - c. elevation of the role of the financial management and accounting division of DPS,
  - d. redrafting of the 2015-2019 Corporate Plan and its integration with the long term financial plan and annual operating plans,

- e. simplification of the flows of funds and establishment of clear, succinct, well managed, continuing channels of communications at and between all levels within DPS,
  - f. the establishment of whole of parliament funding, financial and assets management plans and supporting organisational financial and accounting systems,
  - g. flexibility in accommodating future changes especially in knowledge management and ICT, and
  - h. a clear recognition at all levels of the logistical and financial challenges imposed by 'The Building' (Parliament House) and the consequential need for continuing adaptation.
106. Prior to dealing with some key organisational structure principles it is fundamental to ensure that the relationships between the three organisations within the Parliament are understood and respected. None of the basic principles will work unless this happens and there is a strong, consistent commitment from the Presiding Officers and senior DPS management to apply the principles and make them work.

### **Nomenclature**

107. The Clerks of the Senate and the House of Representatives are both Head of the Departments of the Senate and the House of Representatives respectively. They carry the title 'Secretary of the Department' (of the Senate and House of Representatives respectively). The title 'Clerk' accurately describes the roles and functions of that position. The title of Secretary in each case is ancillary and is necessary for legislative and statutory purposes.
108. Neither the Department of the Senate nor the Department of the House of Representative has administrative control over DPS but each relies heavily on DPS for many of their services.
109. Under the current legislation<sup>13</sup> the head of DPS carries the title 'Secretary' of the Department of Parliamentary Services. In Australia the term 'Secretary' is used to describe the position of the head of a department of state. It is often understood to apply to 'policy departments' although service delivery departments also use the title.
110. Akin to the British system a Secretary (or Permanent Secretary) is a position that develops material or initiatives that feed into the Cabinet system.<sup>14</sup> It is highly unlikely DPS would generate policy papers or produce material that is fed into the Cabinet system.
111. In the private sector and in government owned and operated Corporations e.g. an electricity or water company or a railway system, in predominately services delivery type organisations, the head of the organisation will hold the title 'Chief Executive Officer' or 'Managing Director' or 'General Manager'. The titles come close to broadly defining the roles and responsibilities of the most senior manager in the organisation.
112. One of the 'cultural' issues within the Parliament is that the Clerks (bearing titles as Secretary of the Department of the Senate or House of Representatives) have seen their

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<sup>13</sup> Parliamentary Service Act 1999

<sup>14</sup> Pgs 67 and 71-72: 'The British Cabinet System'. Martin Burch and Ian Holliday, Prentice Hall 1996

positions as distinctly different from that of the Head of the Department of Parliamentary Services. There is a traditional and logical reason for the two Clerks maintaining the title 'Secretary' to describe the other role they play alongside the very specific role of 'Clerk'. Nowhere else in the Commonwealth public service is there an organisation equivalent to the Houses of Parliament (except perhaps in some of the law courts where a position may be designated as 'Clerk of the Court'. In that case it describes accurately the role).

113. The structures and functions of the House departments are in stark contrast with the organisation that is designated as the Department of Parliamentary Services - it is totally a service providing organisation. There is no strong, consistent body of evidence that warrants the Head of the Department of Parliamentary Services retaining the title 'Secretary'. On the contrary, to do so retains fertile ground for maintaining uncertainty about its core roles and responsibilities. It does not create and maintain a clear boundary between its roles and those of the two House departments.
114. In terms of overall organisational structures and positions the general principles are explicitly stated in the well-respected Harvard Business School text on organisational structure and performance 'The Balanced Scorecard' by Robert Kaplan.<sup>15</sup> Clearly, the Chief Executive Officer of the business unit is the ultimate 'process owner'. As the system that specifies the goals and objectives of the entire unit, sets performance targets and allocate resources and initiatives to achieve these targets, monitors results, and rewards or punishes realised performance, the strategic management system must be the personal responsibility of the CEO and the Senior Executive team. But the **ongoing operation of the system must be assigned to a particular person, otherwise gaps will develop in measurement, reporting, and monitoring** (my emphasis).
115. The CEO will, in normal commercial operations, report to a Board of Directors. The Board of Directors is a consistent, continuous recipient of reports, approver of overall operational and financial strategy, the measurer and assessor of senior management performance, and a key interface with external stakeholders. The reporting aspects are dealt with later. Currently, the stakeholder interface does not really exist and because of the nature and structure of Parliament is not replicated in any of the existing arrangements.
116. As a starting point, in an organisation such as DPS which is overwhelmingly a services provider and an asset manager the title of Chief General Manager or Chief Executive Officer should be used. The title 'Chief General Manager' is more directly related and far more appropriate to the basic functions of DPS. It clearly indicates that the office holder is involved with management of the organisation, there is no indication that it is involved with 'high policy' and clearly conveys that the Chief General Manager is a 'doing' officer. The title Secretary does not sufficiently describe the key roles. The title Chief General Manager can be cascaded easily down through the levels of the DPS. As an example, a position of First Assistant Secretary would carry the title of General Manager (of an operating division). Subject to long term individual position analysis, it does not preclude current remuneration levels being applied.

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<sup>15</sup> Translating Strategy into Action – 'The Balanced Scorecard'



117. The title of 'Chief General Manager' is strongly recommended and preferred in place of the current 'Secretary'. Consequently, there is no doubt to an outsider or a recipient of the organisation's services about the role the head of the organisation fulfils. In a single succinct phrase it differentiates the roles as distinctly different from that of Secretary. Under the current legislation the descriptor Secretary for the Head of the Department of Parliamentary Services could remain and be used only when required for statutory purposes. In a day to day business its use should be discouraged. In the longer term, consideration should be given to amending the legislation to reflect this.

### **Recommendation 3**

**That the title of Chief General Manager Parliamentary Services replace the current title of Secretary of the Department of Parliamentary Services for operational use, with the title of Secretary used only as required for statutory purposes.**

118. The Chief General Manager will need to regularly review roles and responsibilities to ensure that subsidiary titles and roles are consistent with those of the Chief General Manager.
119. If the recommendation for the title 'Chief General Manager' is accepted and the title 'Secretary' remains for statutory and legislative purposes the Chief General Manager will assiduously have to watch out for 'title creep' where middle to lower level officials in DPS attempt to retain the traditional public service titles, in part to retain their 'value' in the context of broader public service positions. The Parliamentary Service Commissioner, in conjunction with the Chief General Manager, may have to regularly monitor the organisational structures and allocations of roles and titles for the first two to three years after the Chief General Manager is appointed.
120. The use of the title 'Chief General Manager' separates the unclear boundaries that currently exist between the Secretaries of the Department of the Senate and the House of Representatives. Additionally, on the basis of the principles of "Simplicity" and "Clarity of Objectives"<sup>16</sup> the title for 'Chief General Manager' accurately describes the roles and functions and differentiates the head of DPS clearly from the roles of the Clerks. One of the positive effects will be to publicly clarify the duties, roles and relationships of each Departmental head and reduce one of the bases for the 'cultural' tensions that have been evident in the system.
121. As soon as practicable after the change of title to the Head of DPS the changes should flow through the organisation to ensure that staff reporting to the Chief General Manager are quite clear about their roles and functions. Instead of the title First Assistant Secretary or Assistant Secretary the title General Manager or Deputy General Manager should be used.

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<sup>16</sup> See page 21

#### **Recommendation 4**

**That as soon as practicable after the change of title to the Head of DPS the changes should flow quickly through the organisation to Band 2 (General Manager) and Band 1 (Deputy General Manager) staff.**

#### **Financial planning**

122. The next most important aspect of dealing with roles, responsibilities and accountabilities is the financial planning and management of DPS. For a series of reasons the financial aspects of DPS warrant far more extensive and focussed continuing attention than has been applied since DPS was formed in 2004. On the basis of the evidence presented to and examined by the review the significance of the financial planning and management was accepted as a necessity. However, it was not given the degree of importance that was warranted and needed.
123. However, caution needs to be issued, in relation to implementing the recommendations. While bound by statute the Chief General Manager's approach, in co-ordination with the Presiding Officers must be to establish a far simpler and effective financial management and accounting system.
124. Most of the duty statements applying to management positions in DPS are either out-of-date, or have not been reviewed on a regular basis (annually) and are not matched with performance targets. A consequence is that this contributes to a blurring of the lines of financial management and accountability.
125. While the DPS annual reports include financial statements which are kept on a systematic basis that meets the Auditor-General's requirements and satisfies the annual reporting requirements, there does not appear to be the critical focus on the current and forecast financial positions of DPS that should exist for an organisation of this size, importance, public exposure and exponentially increasing contingent liabilities ('The Building'). The evidence received by the review indicates that the middle management of DPS is undertaking the necessary work, and that much of the financial data received and able to be analysed is capable of meeting the DPS's, then the Presiding Officers' and finally the external agencies' requirements. A basic omission is the absence of any financial forecasts on an annualised basis for the revenue flows, projected annual operating budgets and the capital budget in the 2015-19 Corporate Plan or elsewhere.
126. Closely following that omission is the absence of any financial projections or forecasts aligned with the 'key performance indicators'. As an example in the 2014-15 DPS annual report there is historical reporting of the financial results for 2014 and 2015 but there is no detailed reporting of annual performance against budget or medium to long term financial projections aligned with the 2015-19 Corporate Plan.

127. In marked contrast, and as one example only, the House of Lords 2014-19 Strategic Plan includes overall and divisional portfolio financial projections to 2018-19 and in cases of ICT for example include comparative figures for the House of Commons.<sup>17</sup>
128. Attached as Appendix 2 is a simple flow of funds diagram which illustrates that there are six 'parts' of the Houses of Parliament 'institutions' that receive funds for their own purposes (operating and capital) and for subsequent disbursement to senators, members, contractors etc. The diagram also indicates remuneration and allowances of senators and members with the funds flowing through several arms of 'the Parliament' and externally prior to payment into senators' and members' bank accounts. Prima facie the current system could be simplified.
129. In addition to the day to day running costs, the exponentially increasing financial challenge is that of obtaining the funds for and managing the planning, implementation and completion on time and within budget of the repairs and renovations that are needed and will be required for Parliament House over the next 5-10 years (and beyond).
130. Using the current organisational structures as a starting point there is scope for significant positive change to be made to meet the challenges of 'The Building' over the next 15-20 years. DPS commissioned, in 2014-15, external advisers to prepare a Building Condition Assessment Report (BCAR). That report concluded that future building costs will be at least \$329 million (in current dollars). Based on experiences elsewhere it is likely the costs will escalate and be significantly higher than the current estimates. It is quite possible that the costs will end up being in excess of \$500 million. If the current 'Heritage' (not to be confused with the wider concept of heritage ie being very old) definitions are applied strictly, then the costs will climb to higher than anticipated levels. For purposes of clarity and reducing confusion it would be preferable to describe 'The Building' as being 'unique'. In some instances the slavish adherence to the 'Heritage' principles flowing from the original architectural designs are impractical, unnecessary and very expensive. A balance between what is consistent with the concepts and the availability of the off-the-shelf replacements will become more and more important as the building continues to age.
131. Increasingly, the overall financial commitment to 'The Building' will play a more dominant role in DPS's operations. The BCAR report was completed in March 2015. The main findings were that additional investment is required to support ageing plant and equipment as well as providing increased workplace safety and enhanced access for people with disabilities. The report recommended a 10-year asset replacement and refurbishment program.
132. In conjunction with the BCAR, the consultants also developed a Strategic Asset Management Plan (SAMP), which determined the funding required to undertake the works identified in the BCAR. The additional funding that will be required over the next 10 years to address the

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<sup>17</sup> House of Lords: Business Plan 2015-16: and House of Lords Administration Strategic Plan 2014-19: <http://www.parliament.uk/documents/lords-committees/house/Papers/2013-14/180613/StrategicPlan2014-19.pdf>

issues is identified in the BCAR. The Presiding Officers agreed with the recommendations of the BCAR report.

### **Advisory Board**

133. The review has examined general options for a transparent governance arrangement that could be established and operated effectively. After examining a series of options based on public and private sector models and the examples of the Palace of Westminster, the Canadian House of Commons and the NSW and Victorian parliaments, the review proposes that a small advisory board be established within the existing statutory and administrative arrangements. It would operate in a similar manner to a listed public company board with many of the duties and obligations of listed public company directors.
134. The Advisory Board should comprise:
  - a. the two Presiding Officers (joint chairs),
  - b. the Clerks of the Senate and the House of Representatives,
  - c. the Chief General Manager (Secretary) of DPS, and
  - d. two Independent Directors.
135. A board of seven Directors is a workable size. The Presiding Officers would be joint chairs. The two independent Directors would be people who had lengthy careers in the private and/or public sectors and/or who understand the working of the parliamentary system. The two independent directors would serve for up to three years and then new appointments made.
136. The board would meet regularly every four to six weeks on a non-sitting day either in Canberra (preferably), or elsewhere, to suit the convenience of the Presiding Officers.
137. The role of the board would be to:
  - a. receive regular financial and operational reports from the Chief General Manager and in particular review performance against budget and non-financial performance indicators,
  - b. receive regular reports on the development of the medium to long term plans for the repairs and renovations of the building,
  - c. ensure the improvement and consistency of the communications between the Presiding Officers, the Clerks and the Chief General Manager, and where appropriate advise and assist in resolution of financial and operational disagreements or provide third party advice on resolution of operational and financial problems,
  - d. provide comfort to the Minister for Finance and the Auditor-General that highest financial standards are being met,

- e. perform a governance oversight role through:
    - i. providing advice on compliance matters especially those set out under the PGPA Act and related legislation,
    - ii. reviewing the risk profile of the DPS and the risk mitigation strategies to be adopted and pursued by the DPS and its staff,
    - iii. ensuring the Board meets annually with the Australian National Audit Office,
    - iv. providing comfort to the Chief General Manager that the Compliance Statement can be signed, and
  - f. make the independent directors available to assist the Chief General Manager in the conduct of annual performance reviews of the General Managers.
138. Should the Chief General Manager request it one or more Directors, but particularly the independent directors, along with the Parliamentary Service Commissioner, could sit on panels interviewing shortlisted candidates for General Manager or Deputy General Manager positions in DPS.
139. In the medium to long term the Board may assist in providing 'second opinions' or the implementation of plans for the refurbishment of Parliament House along with managing what will be a contentious issue of replacement policy.
140. It was noted in discussions on the concept of a Board that there was support for senators and members to be represented on the Board. This would of course be a matter for consideration by the Presiding Officers but it would enlarge the Board and potentially make meetings (desirably on non-sitting days) more difficult to organise.
141. Representation of senators and members would also need to be considered in terms of future accountability arrangements with parliamentary committees. The Senate Finance and Public Administration Committee recommendation was noted and is a matter for the Presiding Officers to consider:

*Recommendation 12: The Committee reiterates its recommendation for the funding and administration of the Department of Parliamentary Services to be overseen by the Senate Appropriations, Staffing and Security Committee and the House Appropriations and Administration Committee meeting jointly for that purpose, and that standing orders be amended as necessary.*

142. It should also be noted for consideration that a number of senators and members considered that it might be appropriate to establish a Joint Standing House Committee with appropriate terms of reference to oversight DPS. The intention was to have a sole focus on parliament wide service provision and to replace the existing House Committees which are purely advisory. Once again this would be a matter for consideration by the Presiding Officers.

## **Recommendation 5**

**That a small advisory board be established within the existing statutory and administrative arrangements.**

### **Organisational Structure**

143. In analysing the current organisation structure and governance of DPS there are six major observations:

- a. The management structure is top heavy – from the documents sighted and discussion with former and current senior management staff it is difficult to establish a rationale for the current structure in terms of the services DPS is expected to deliver. The Department structure has expanded very considerably since 30 June 2012 (Appendix 4).
- b. The management positions reporting to the acting Secretary and the First Assistant and Assistant Secretaries have no clear linkages with the 2015-19 Corporate Plan and in some cases it is unclear what the occupants of some positions are expected to deliver and be accountable for. In a number of cases the position descriptions and statements provide no tangible information about specific roles, operational and financial objectives and outcomes. As pointed out earlier in the report, in many instances the position descriptions bear little or no relation to the work being undertaken.
- c. There are no clear, measurable linkages between the 2015-19 Corporate Plan which is overwhelmingly a narrative document and the budget. Upon examination of the detailed financial documents prepared by the finance division it would not take a great deal of effort to upgrade and expand the current overall budget forecasts and the Departmental Capital, Administered and Third Party Capital forecasts supported by more analytically based forecasts. The current forecasts are for the 2015-16 to 2018-19 periods. In the case of major renovations to the building the forecasts should extend to seven years and preferably 10 years.
- d. The significance and importance of the Finance Branch is inadequately recognised.
- e. Since 2010 there have been three Corporate/Strategic Plans which have varied considerably in relevance, content and comprehensiveness. Over the five years that DPS has been operating there has been no consistency in the structure or content of the Corporate/Strategic Plans. It would appear also that the Corporate/Strategic Plans have not been dealt with by both the Presiding Officers prior to DPS appearing before Senate Estimates or the Finance and Public Administration Legislation Committee although in September 2015 a detailed written report was presented and specific responses made by DPS to the committee.
  - i. In the case of the 2012-14 Corporate Plan there were no credible budget forecasts, no measurable key performance indicators and a nebulous and largely unmeasurable set of performance indicators below that level.
  - ii. The 2015-19 Corporate Plan is more comprehensive in its narrative and divisionally focussed and there is recognition that 'DPS will continue to be challenged by financial resources available' and 'for DPS this remains a

significant challenge in light of the increasing costs of running the building.’ However, this should be supplemented with detailed financial forecasting or tangible performance criteria.

- iii. Measured against the Corporate and Strategic plans of DPS’s Victorian and NSW counterparts and the Palace of Westminster and Canadian Parliament the DPS 2015-19 Corporate Plan does not meet the standard of what should be included in a report of this importance.
  - iv. The Chief General Manager should have the Corporate Plan scrutinised, adopt what is relevant and have the Finance Branch make preliminary financial estimates for 2015-16 and then set about completely overhauling the plan.
- f. Insufficient emphasis is given to communications within DPS, between DPS and the two House departments, and between DPS, the House departments and the Presiding Officers. The current reporting arrangements by DPS to the Presiding Officers do not appear to meet the same standards as would apply to a CEO reporting to the Chair of a board of a substantial private sector company. It is recognised that formal, programmed reporting will be made more difficult by the exigencies of the parliamentary timetable. However it is not impossible. In many of the interviews with senators, members, some management and DPS staff, the lack of regular and consistent inter-organisational communications was raised as a serious deficiency. It appears also that the organisational communications with the Presiding Officers has been inconsistent and of a lesser standard than would have been expected from a professional service provider.
- i. In the course of interviews with senators and members and staff of the two House departments the lack of adequate, clear communication was raised frequently as a major matter that needs to be addressed.
  - ii. One of the major strengths of the NSW, Victorian Palace of Westminster and Canadian parliaments is the high and consistent level of inter-organisational communications. In all cases inter-organisational communications are supported by extensive internal communications within the equivalent of DPS. In the last three to six months attempts have been made to improve internal communications within DPS but the efforts and results have been inconsistent and delivered variable results.
144. Based on the evidence presented from internal and external sources and the analyses of other bicameral parliaments, I find that:
- a. in recognition of the nature and pace of information and knowledge dissemination changes, this review recommends that the Parliamentary Recording and Reporting Branch should come under the control of the Parliamentary Librarian,
  - b. the position of Parliamentary Librarian (which is a statutory position) should be retained. In addition one of the Assistant Secretary positions in the Parliamentary Library should be responsible for the total knowledge and ICT within DPS with the title to reflect the existing and recommended job titles. It is recommended the General Manager – Knowledge Management (which includes ICT) and the other Deputy General Manager

(Assistant Secretary) should have responsibility for incorporation of Hansard which would become part of the total 'knowledge management' branch within the Parliamentary Library,

- c. a new position of General Manager – Services should be established and the occupant of that position would take responsibility for all the direct services to senators and members and their Parliament House and electoral offices, parking, food and beverages, day to day maintenance,
  - d. a new position of General Manager – Building and Assets should be established within DPS. The current division and components dealing with the Parliament House building and the security services of which the DPS is currently responsible should be responsible to the General Manager Building and Assets. A sub-division of the General Manager – Building and Assets would work closely with a sub-division of the Chief Finance Officer and would deal solely with the building and related matters, and
  - e. the current position of Chief Finance Officer report to the General Manager – Services and simultaneously have a direct reporting line to the Chief General Manager. Within the first six months following the appointment of the Chief General Manager an assessment will have to be made of the most effective way for the Chief Financial Officer and related finance staff to support the General Manager – Building and Assets. Ultimately, it may be necessary to install a small specialist finance group into the Building and Asset Management Division.
145. The Chief Operating Officer position should also remain at the Band 2 level, with the resultant structure maintaining four General Managers (Band 2 equivalent) reporting to the Chief General Manager. There was no case made for the retention of the vacant Band 3 (Deputy Secretary) position, nor did the review see this as needed or warranted.

#### **Recommendation 6**

**Noting the earlier recommendation that the Head of DPS be given the operational title of Chief General Manager, that the following options for structural change are considered:**

- a. **the Parliamentary Recording and Reporting Branch should come under the control of the Parliamentary Librarian,**
- b. **the Assistant Secretaries in the Parliamentary Library should be responsible for the total knowledge and ICT within DPS, the other Assistant Secretary should have the responsibility for incorporation of the Parliamentary Recording and Reporting which would become part of the total 'knowledge management' branch within the Parliamentary Library,**
- c. **a new position of General Manager – Services should be established,**
- d. **a new position of General Manager – Building and Assets should be established, and**



- e. **the current position of Chief Finance Officer report to the General Manager – Services and simultaneously have a direct reporting line to the Chief General Manager.**

### **Responsibilities and accountability**

146. In the course of this review position descriptions and duty statements of the senior to middle level management were examined. As a result of that examination the conclusions are very similar to those in the 2015 ANAO report<sup>18</sup> - "more work also needs to be done to build cohesion and engagement between DPS management and staff over the longer term to encourage working relations within an environment of ongoing parliamentary and public scrutiny."
147. Put more bluntly the position descriptions and statements are superficial. They have become peripheral in determining organisational structures and placing staff in positions where they should know what they are doing and are committed to achieving the organisation's objectives. This has had a detrimental effect on 'esprit de corps' amongst DPS staff. With the exception of the Parliamentary Library and Hansard staff there appeared to be a lack of 'esprit de corps' although a number of individual staff members demonstrated a commitment to making the system work.
148. From the data available and without having had access to all the detailed records over the last three years, it has been difficult to establish a function related rationale for many of the positions and the appointments that were made to those positions. In some cases, there is evidence to suggest that the duty statements do not reflect accurately what the position holder is doing or is supposed to be doing and achieving and no certainty about the criteria against which performance will be measured.
149. It was notable that the position descriptions and duty statements are not held in a single repository within DPS and in most cases have not been regularly scrutinised and where required revised. It would seem that most of the duty statements have remained in the file without regular review and updating with regard to the role of the person occupying the position and how this relates to the Corporate Plan or financial deliverables.
150. In several cases senior officers could not adequately and succinctly explain their roles, responsibilities and accountabilities and in some cases the explanations they gave were inconsistent with their duty statements without any clear linkages to specific deliverables, the Corporate Plan or the financial plans.
151. Over the first 12 months from December 2015 the Chief General Manager will have to scrutinise and assess the position descriptions and the duty statements.
152. As suggested by the ANAO in its 2014-15 report, there were and continue to be serious deficiencies in the personnel management of DPS. These deficiencies should be rectified promptly. It should be a high priority for the incoming Chief General Manager.

<sup>18</sup> ANAO Report No 24 – 2014-15 Performance Audit – 'Managing Assets and Contracts and Parliament House' February 2015

153. The underlying causes of the problems arising at senior management levels appear to be:
- a. a lack of a comprehensive, clear understanding of the overall and particular roles, relationships and functions of the organisation,
  - b. a lack of adequate emphasis, at the most senior levels in the organisation, on short, medium and long term financial management and the financial controls needed within it. These concerns were dealt with in the ANAO report of 26 February 2015,<sup>19</sup>
  - c. little or no reference to the objectives and key performance indicators of the Corporate Plan (which may arise because many of the performance indicators in the plan are nebulous and unquantified),
  - d. poor and in some cases non-existent inter and intra-organisational communications,
  - e. a lack of priorities and co-ordination to ensure that the day-to-day demands of senators and members are met and balanced with the medium to longer term critical demands of the Parliament House building,
  - f. in some instances senior managers do not appear to understand that 'The Building' and its future funding is the elephant in the room. The same observation can be made about some of the parliamentarians that were interviewed. However, if substantial changes are to be made over the next three to five years senators and members will need to be advised on a regular basis what is planned and when it is likely to happen, and
  - g. for the Head of DPS and the Presiding Officers to whom the staff of DPS are ultimately accountable, it is expected that there will need to be a greater degree of relevant timely organisational knowledge and information made available on a regular systematic basis – especially if judgement is going to be made about DPS's financial and operational performance and adjustments made to the long term and annual operating plans and financial statements.

**Recommendation 7**

**That the Chief General Manager have all senior executive roles assessed by December 2016 to determine if they are appropriately classified and necessary for the delivery of DPS outcomes.**

154. If there is to be effective Parliamentary oversight of DPS's operations and performance, there needs to be regular, relevant, succinct and consistent financial and operational reporting, supported by a greater degree of regular organisational information, especially if judgements are going to be made of DPS performance.
155. The lack of adequate emphasis on the financial aspects of DPS has to be rectified quickly for regular operational reasons if DPS is to take on responsibility for the overall management of Parliament's funding.

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<sup>19</sup>Ibid ANAO Report No 24 – 2014-15 Performance Audit – 'Managing Assets and Contracts and Parliament House' February 2015

156. In part, some of the problems arise from the diversity of funding sources, the trifurcation of some of the roles that support senators and members i.e. those handled via the Department of Finance and others arise as a result of imperfect inter-organisational arrangements.
157. The current flow of funds and the absence from the 2015-19 Corporate Plan of any previous financial projections and relevant forecasts breach many of the good governance principles. As noted on page 21 of this review, the fundamental principles are simplicity of planning and implementation, and clarity of objectives. Additionally, there is a strong need for improvements in meaningful and regular inter-organisational relationships and clear organisational accountability to the Presiding Officers.
158. Coincidentally, the challenges facing DPS and the Departments of the Senate and the House of Representatives are almost identical to the those facing the Department of Defence Review that was commissioned by the then Minister for Defence in 2014<sup>20</sup>. They were and are worth repeating:
  - a. "Clear authorities and accountabilities that align with resources
  - b. Decision-makers are empowered and held responsible for delivering on strategies and plans with agreed resourcing
  - c. Outcome orientation
  - d. Delivering what is required with processes, systems and tools being the 'means not the end'
  - e. Simplicity
  - f. Eliminating complicated and unnecessary structures and processes, systems and tools
  - g. Focus on core business
  - h. Defence doing only for itself that no one else can do more effectively and efficiently
  - i. Professionalism
  - j. Committed people with the right skills in appropriate jobs
  - k. Timely, contestable advice
  - l. Using internal and external expertise to provide the best advice so that the outcome is delivered in the most cost effective manner
  - m. Transparency
  - n. Honest and open behaviour which enable others to know exactly what Defence is doing and why".
159. While DPS is considerably smaller than Defence similar organisational and financial principles can be applied. Several of the conclusions of the Defence Review<sup>21</sup> are applicable to DPS. Those most relevant are:

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<sup>20</sup> First Principles Review/Creating One Defence Centre 2014

<sup>21</sup> One Defence Implementation, Chapter 7 of page 83

"b) as a condition for setting any new funding profile for Defence under the White Paper, the Government should ensure that Defence improve the effectiveness and transparency of expenditure by improving Defence budget arrangements and governance capability development and delivery.

c) transparency and control for Government should be significantly improved by stronger budget processes including through the Expenditure Review Committee. For new capital, in particular new projects, this would include holding funds in separate allocations and releasing them as projects are approved. Such expenditure should be treated as administered funding rather than departmental funding, so there is greater financial control".

160. The process referred to in (c) above is similar to the processes put in place between the UK Treasury and the House of Commons commission. Note: the House of Lords in common with government departments, derives its funding from the House of Commons ('supply') within a formal system of financial control administered by the Treasury.

### **Sustaining change and decision making**

161. In order to achieve the objectives of the Presiding Officers and on the presumption that the key recommendations will be accepted the next critical step is implementation of the recommended changes.
162. Effective implementation is fundamental to sustained improvement of the performance of DPS. Following examination of the past changes that have accompanied changes in the leadership of DPS the key missing elements were:
- a. clear understanding of the organisational objectives by the incoming head of DPS,
  - b. consistently well planned and co-ordinated management of relationships between the two Presiding Officers and the head of DPS,
  - c. little or no organisation wide communication with senators, members, staff of the House departments and DPS, and other related parties,
  - d. inadequate senior management support for successive Chief Executives of DPS, and
  - e. an insufficient implementation plan and no effective medium to long term operational plan and supporting financial projection and targets.
163. While the newly appointed Head of DPS will have prime responsibility implementation of agreed recommendations, the history of DPS illustrates very clearly that the Presiding Officers will need to act much more closely and in a co-ordinated way - in the same way as the Chair of a non-executive board of a private sector corporation. Noting the time and location constraints on the Presiding Officers, the proposal to establish an advisory board is designed to support and effect the changes and most importantly to provide the Chief General Manager with the necessary continuing support.
164. As soon as possible after his appointment the Head of DPS should give priority to:

- a. review and revision of current financial projections and variances for the 2015-2016 period,
- b. review and revision of the strategic plan for 2015-19 and incorporation of projected financial results for the period with best and worst case scenarios along with assumptions supporting the forecasts,
- c. the implications of the BCAR on the cost projections for Parliament House – initially for the next five years and, prior to 30 June 2016, 10 year projections and financial forecasts,
- d. in conjunction with the Presiding Officers establish meaningful performance targets for the Chief General Manager and General Managers prior to 31 March 2016 and for General Managers to work with branch head staff to develop budget and performance agreements for 2016-17,
- e. working with the Clerks to establish and agree inter-organisational communications arrangements with a focus on whole of Parliament issues and efficient service delivery to senators and members and other building occupants,
- f. to establish within the department a group to ensure that DPS is compliant with all the statutory requirements and that at the end of the 2015-16 financial year the Chief General Manager (in the statutory position as Secretary of DPS) is:
  - i. safely able to sign the Compliance Certificate that Departmental Secretaries are required to sign,
  - ii. is in a position that a credible Corporate Plan (which would most likely be a subset of the Strategic Plan) as required under the PGPA Act can be presented to the Presiding Officers, and
- g. to work with the Presiding Officers and the Clerks and in consultation with the Parliamentary Service Commissioner to establish a vehicle for measuring the achievement of agreed objectives and monitoring financial and operational performance.

#### **Recommendation 8**

**That as a matter of priority the Chief General Manager:**

- a. review and revise the current financial projections and variances for the 2015-2016 period,
- b. review and revise the strategic plan for 2015-19 and incorporate projected financial results for the period with best and worst case scenarios along with assumptions supporting the forecasts,
- c. assess the implications of the Building Condition Assessment Report on the cost projections for Parliament House, initially for the next five years and prior to 30 June 2016, 10 year projections and financial forecasts,
- d. in conjunction with the Presiding Officers, establish meaningful performance

**targets for the Chief General Manager and General Managers prior to 31 March 2016 and for General Managers and Deputy General Manager to work with branch head staff to develop budgets and performance agreements for 2016-17,**

- e. work with the Clerks to establish and agree inter-organisational communications arrangements with a focus on whole of parliament issues and efficient service delivery to senators and members and other building occupants,**
- f. establish within the department a group to ensure that DPS is compliant with all the statutory requirements and that at the end of the 2015-16 financial year the Chief General Manager is:**
  - i. safely able to sign the Compliance Certificate that Departmental Secretaries are required to sign,**
  - ii. in a position that a credible Corporate Plan as required under the *Public Governance Performance and Accountability Act 2013* can be presented to the Presiding Officers, and**
- g. work with the Presiding Officers and the Clerks and in consultation with the Parliamentary Service Commissioner to establish a vehicle for measuring the achievement of agreed objectives and monitoring financial and operational performance.**

## **Conclusion**

- 165. The review reached the conclusion that the DPS has played and continues to play an essential role in providing support services to the Parliament. In so doing it should keep firmly in its sights that it is a service provider and work cooperatively with the Clerks in their roles as Secretary of each House department.
- 166. Likewise the Clerks should work constructively with the Presiding Officers and DPS to maximise the effectiveness and efficiency of services to senators and members. There should be a professional, personal and operational relationship between the three Heads of Department and with the Presiding Officers.
- 167. The review also reached the conclusion that the management of the financial aspects of running the Parliament and in particular the provision of services to senators and members would be more simply and efficiently handled by DPS rather than the current trifurcated funding arrangements. Once the current administrative and financial issues have been resolved, this could best be delivered by transferring MAPS from the Department of Finance to DPS and for the staff of MAPS to be physically as close as possible to Parliament House.
- 168. An important part of modern corporate and organisational governance is to ensure that Operating Policies and Plans are regularly reviewed and updated to be consistent with modern, efficient practices. There is a tendency in the public sector for legislation and regulations to 'sit on the shelf' until an urgent issue demands significant change. For a

service organisation such as DPS the review and updating of legislation and regulations should be an annual task.

169. The proposed organisational restructuring and establishment of the board are aimed at moving as quickly to meet one of the key terms of reference set for the review by the Presiding Officers:

“to examine the structures systems and staffing profile of the Department and to recommend any changes considered necessary for the Department to deliver its services most effectively.”

170. In undertaking the review full co-operation has been received from the Presiding Officers and their staff, the Clerks and their staff, the management and staff of DPS including the Parliamentary Library and former heads of DPS.
171. The Australian Public Service Commission has been most supportive in facilitating the review and enabling enquires to be made in the Australian States’ Parliaments, the Palace of Westminster, the Canadian and New Zealand Parliaments. The response from the Australian States’ Parliaments and those of the Commonwealth have been very positive and supportive. It is relevant and of interest to note that they are also undertaking similar reviews.
172. The Australian Public Service Commission also arranged the secondments of two senior officers with detailed knowledge of the Parliament and the Public Service to the review. Their knowledge and commitment to the review was of very considerable value.
173. A significant number of senators, members and former Presidents of the Senate and Speakers of the House of Representatives responded positively and devoted considerable time meeting with the review team. It is hoped the outcome of the review will make their lives easier in the service of the nation.

K.P.BAXTER  
Parliament House, Canberra  
December 2015

## **APPENDIX 1: Terms of Reference**

### **Purpose**

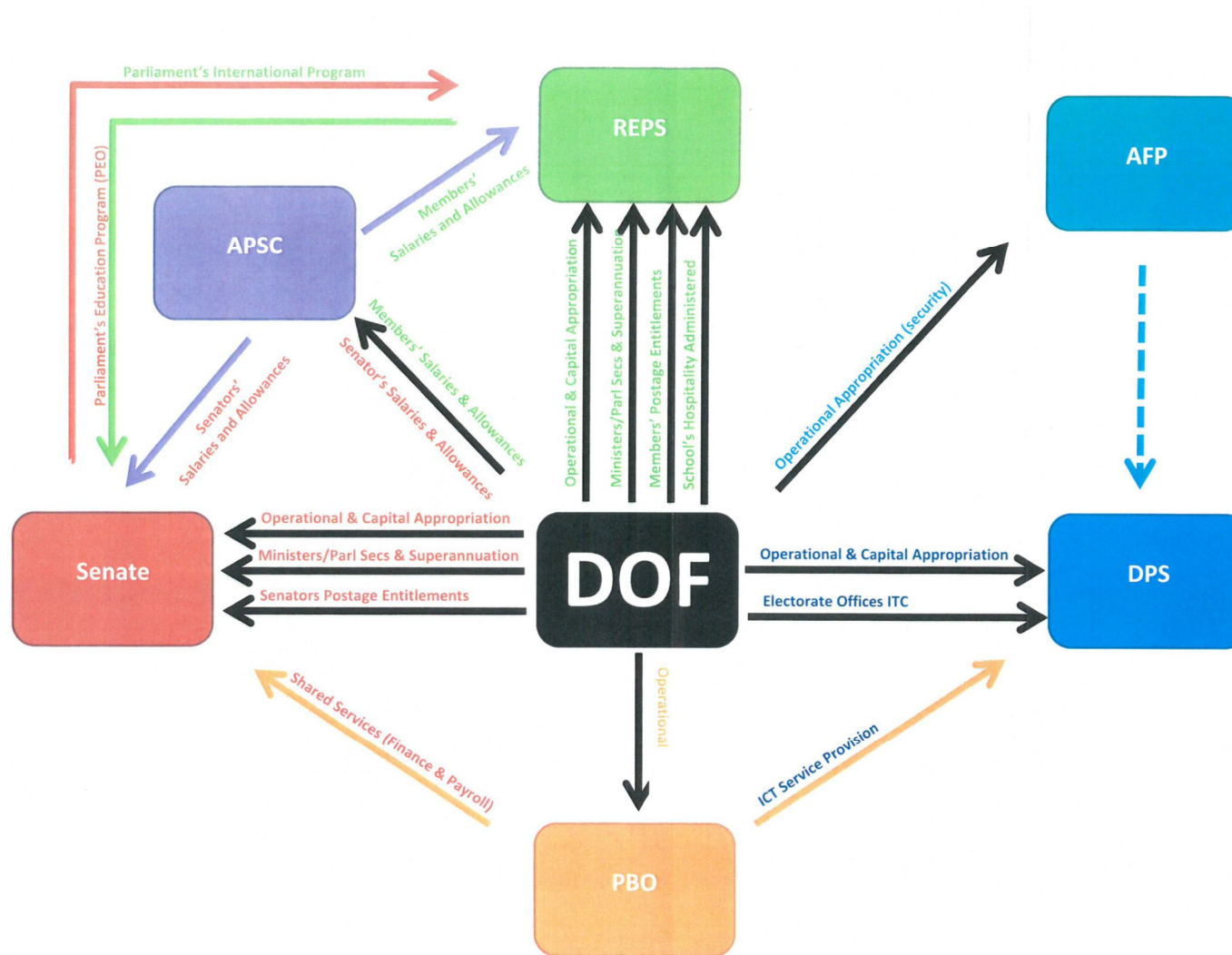
1. This review will inquire into the capacity of the Department of Parliamentary Services to fulfil its role to serve the Parliament of Australia efficiently and effectively.
2. The objective of the review is to examine the structures, systems and staffing profile of the Department and to recommend any changes considered necessary for the Department to deliver its services most effectively.

### **Governance and reporting**

3. The review is being carried out by the Parliamentary Service Commissioner under section 40(1)(b) of the *Parliamentary Service Act 1999*, at the request of the Presiding Officers. The Commissioner has engaged Mr Ken Baxter, an eminent former public servant, to assist him to conduct the review. Mr Baxter will be supported by a small secretariat.
4. The Commissioner will report to the Presiding Officers on the findings and any recommendations of the review in October 2015.
5. The review will take account of the Inquiry of the Finance and Public Administration Legislation Committee into the Department of Parliamentary Services, referred by the Senate on 26 June 2014, and the February 2015 ANAO report on *Managing Assets and Contracts at Parliament House*.
6. Mr Ken Baxter will consult with key stakeholders, including those within the Parliament and the Parliamentary Departments.



## APPENDIX 2: Flow of Funds



## **APPENDIX 3: List of Reviews and Senate Inquiries**

### ***2002 Review by the Parliamentary Services Commissioner of Aspects of the Administration of the Parliament (the Podger Report) 2002***

April 2002, the Presiding Officers commissioned the Parliamentary Service Commissioner to review the administration of the Parliament.

### ***2006 Implementation of the Parliamentary Resolutions Arising from the Review by the Parliamentary Service Commissioner of Aspects of the Administration of the Parliament – Australian National Audit Office 2006***

This performance audit arose out of advice by the Joint Committee of Public Accounts and Audit (JCPAA), in August 2003. The audit objectives were to report on the implementation status of the parliamentary resolutions and other actions arising out of the six recommendations.

### ***2008 Review of the Implementation of the Amalgamation of the Former Joint Departments – Lynelle Briggs Australian Public Service Commissioner 2008***

The Presiding Officers agreed to the Parliamentary Service Commissioner to undertake a review of the implementation of the amalgamation of the former joint parliamentary departments, in particular whether the administration of the parliament is more efficient and effective than prior to the amalgamation. The review took into account the findings the ANAO made in its report.

### ***2011 Review of Department of Parliamentary Services Asset Disposal Policies and Practices – Robert Tonkin October 2011***

The review was undertaken at the request by the Department of Parliamentary Services in response to issues arising from the Senate Finance and Administration Legislation Committee Estimates hearings of February and May 2011. The review examined disposal policies and practices.

### ***2012 Review of Information and Communication Technology for the Parliament – Michael Roche August 2012***

The Review examined the management and delivery of Information and Communication Technology (ICT) for the parliament.

### ***2015 Managing Assets and Contracts at Parliament House Department of Parliamentary Services – The Auditor General No 24 ANAO Report 2014-15 Performance Audit***

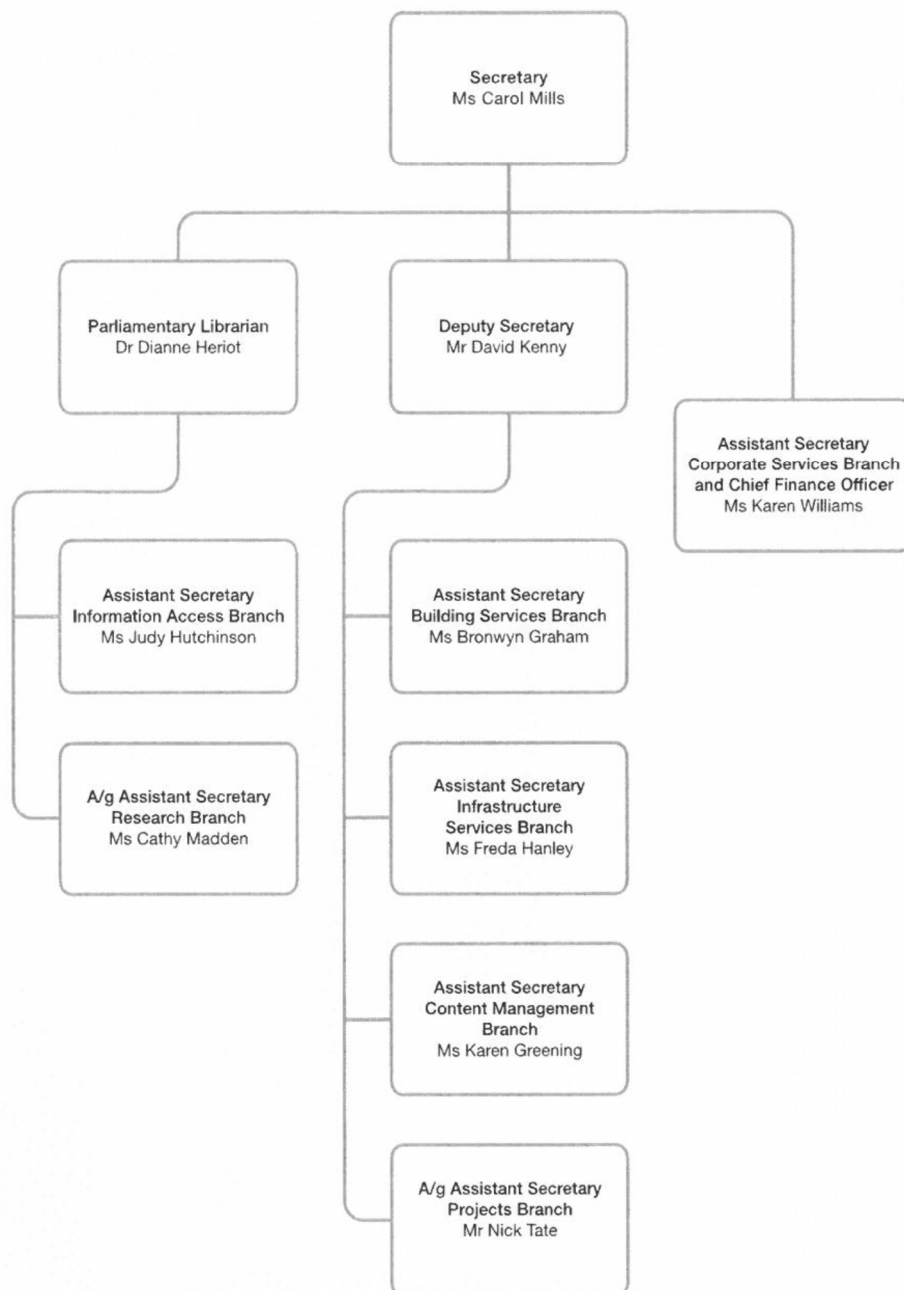
The ANAO undertook an independent performance audit to assess the effectiveness of the Department of Parliamentary Services' management of assets and contracts to support the operations of Parliament House.

**List of Inquires by Senate Committees**

- 2012 *The Senate Finance and Public Administration Legislation Committee – Inquiry into the Performance of the Department of Parliamentary Services – November 2012***
- 2014 *The Senate Standing Committee of Privileges – Proposed Parliament House security upgrade works – December 2014***
- 2015 *The Senate Finance and Public Administration Legislation Committee –Inquiry into the Performance of the Department of Parliamentary Services – September 2015***

## APPENDIX 4: DPS Organisational Structures

Figure 1—DPS Departmental Structure at 30 June 2012





PARLIAMENT OF AUSTRALIA  
DEPARTMENT OF PARLIAMENTARY SERVICES

Organisation Chart

30 November 2015

