

Chapter 9

Other matters considered

Introduction

9.1 This chapter canvasses other matters considered by the committee including management of resource and service agreements, contract management, performance reporting and accountability of DPS to the Parliament.

Management of resource and service agreements

9.2 The inquiry terms of reference included consideration of resource agreements and/or memoranda of understanding for the provision of services within and by DPS. The committee received very little information on these matters. The following provides an overview of arrangements entered into by DPS.

9.3 DPS has three resource agreements in place:

- DPS and Australian Federal Police (AFP) security services agreement: this agreement has been in place for over 20 years for the AFP to provide external perimeter security for Parliament House. DPS pays the AFP around \$10 million per year for this service;
- DPS and the Department of the House of Representatives: under this agreement the Department of the House of Representatives provides, and is paid for provision of, payroll services to DPS; and
- Secretary, DPS, and the Parliamentary Librarian: this agreement specifies the annual level of funding for the Parliamentary Library.¹

9.4 The former arrangement between Department of Finance and Deregulation (Finance) and DPS IT helpdesk has now been superseded by the transfer of electorate office IT to DPS.

Service levels

9.5 DPS advised that it has seven main areas of services:

- library and research services;
- parliamentary records services (including Hansard and broadcasting services);
- information and communication technology (ICT) services;
- security services;
- building services and amenities (including building operations and maintenance, heating, cooling, catering, cleaning, landscape maintenance and events management);
- visitor services; and

1 Department of Parliamentary Services, *Submission 3*, p. 15.

- support services (including project/capital works management, as well as finance, HR and procurement).²

9.6 The DPS Services Catalogue outlines the services provided by DPS and how senators, members and staff access them.³

9.7 Commenting on service levels, Mr Andrew Podger, former Parliamentary Service Commissioner, stated:

Some articulation in agreements or memorandums of understanding of the service levels expected from a common provider can be helpful to clarify expectations and to promote proper monitoring and evaluation. But there are dangers in taking such formalities too far, in encouraging the sense that one department (or one part of DPS) is purchasing services from another and has concomitant power over the service provider. Agreements should promote collaboration including shared learning from performance reviews. The Parliamentary Service is too small to benefit from formal purchaser/provider contracts between or within departments.⁴

Contract management

9.8 Two of the largest on-going contracts managed by DPS are the catering and cleaning contracts. The following provides a overview of the contacts and their management by DPS as many aspects of the contracts relate to commercial-in-confidence matters.

Cleaning contracts

9.9 External cleaning of the building is undertaken by Canberra Queanbeyan Cleaning Services (CQCS). Limro Cleaning Services (Limro) undertakes the general cleaning of the inside of the building.

9.10 Limro was first awarded the contract for cleaning at Parliament House in 1988. The contract has been renewed on several occasions, the last being 2003. The current expiry date of the Limro contract is up to 2018. Its current value is \$3.774 million.⁵

9.11 The committee sought information about the Limro cleaning contract at its hearing on 30 October 2012. Ms Carol Mills, Secretary, DPS, stated that DPS has sought information in the past as to whether the contract could be altered or a new contract could be formed, and whether there were ways in which the contract might be effectively managed. Ms Mills stated that 'the advice that we have received, at least in

2 Department of Parliamentary Services, *Submission 3*, Attachment 1, p. 2.

3 Department of Parliamentary Services, *Services Catalogue*, December 2011.

4 Mr Andrew Podger, *Submission 11*, p. 3.

5 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 18.

recent years, has been that the contract that was put in place in 2003 has limited possibility for us to change until its expiry date', that is, 2018.⁶

9.12 In addition, DPS had commissioned Knight Frank in 2009 to audit cleaning services including the DPS management team and systems associated with the management and administration of the contract, a physical audit of Parliament House and a contractor audit. Knight Frank identified a number of areas which were 'challenges' for DPS in contract management.⁷ Knight Frank also provided recommendations to DPS, including that no further extensions be granted to Limro Cleaning Services 'beyond the current extension expiry date of 30 June 2011'.⁸

9.13 Following receipt of the review, DPS sought legal advice as to whether it could terminate the contract. However, in April 2010 the contract was extended to 30 June 2014.⁹

9.14 In relation to concerns about damage to the fabric of the building from inappropriate cleaning methods, DPS stated:

Some general surface damage through bathrooms has been identified related to the use of inappropriate cleaning products, scourers and processes. This is generally as a result of cleaners trying to clean large areas in short time frames. The use of environmentally friendly products is recommended at Parliament House; however, they generally do take more time to use. On occasion when the cleaners are meeting deadlines, it is evident that unapproved products are used. DPS has improved consultation, induction and supervision of the internal cleaning contract in an effort to reduce future damage.¹⁰

9.15 DPS also outlined other areas where there has been concern about damage to the fabric and/or contents of building and the action taken:

- External stone paving: high pressure hosing of the external stone paving has resulted in damage to the jointing. In July 2012, external stone cleaning procedures were revised to ensure best practice. In addition, the use of high pressure hosing reduced to its lowest pressure setting has been trialled and DPS indicated that this should reduce any ongoing damage;
- Internal stonework: some efflorescence and staining were evident on internal stonework, due to use of unclean water. Best practice cleaning procedures,

6 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 18.

7 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, pp 18–19.

8 Department of Parliamentary Services, *Answer to question on notice No. 5*, dated 12 November 2012.

9 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 19.

10 Department of Parliamentary Services, *Answer to question on notice No. 8*, dated 12 November 2012.

using distilled water, were introduced in June 2011 and there has been an improvement in these surfaces. DPS noted that distilled water is expensive and can be difficult to store in adequate quantities and, as a result, the cleaners have substituted tap water. DPS is currently trialling the production and use of reverse osmosis water;

- Ewater: Ewater is an electrolysed water cleaning product introduced into the new kitchens. Its use is primarily as a sanitising agent for foodstuffs as well as for cleaning kitchen preparation surfaces. The use of this products as a cleaning agent was extended beyond the kitchen spaces against the recommendations of specialist curators working in APH and the DPS furniture managers. This is because Ewater's acid and alkaline levels are too high to be used on building fabrics—long term use could cause damage. Permission for the widespread use of this product has been withdrawn;
- Chipped stone: the facades are chipped as a result of the impact on the stone by machinery used to clean or maintain external facades and this practice is being reviewed;
- Brass work: in the past, the cleaners were found to be responsible for damage to brass work. DPS Building Fabric Services section has been working with the cleaners over the last three years to better understand the patina of the brass work and, since this time, damage has ceased. The patina will redevelop over time; and
- Carpet shrinkage: there have been some incidents over the last few years where cleaners have over-wet carpets, resulting in shrinkage.¹¹

9.16 Ms Mills indicated that there had been more 'active management' of the contract in recent times including working with the contractor to rectify cleaning methods which have damaged the fabric of the building as noted above. DPS noted that it had issued 14 breach notices to Limro since August 2009.¹² Ms Mills concluded:

I believe that the department has improved its management of the contract. The reality remains that the contract is not as robust as one might like in terms of performance indicators. There certainly appear to be relatively few mechanisms for us to deal with it if we had a very serious issue, but we are certainly more focused on working with the cleaning company to provide consistently high service across the building.¹³

11 Department of Parliamentary Services, *Answer to question on notice No. 8*, dated 12 November 2012.

12 Department of Parliamentary Services, *Answer to question on notice No. 7*, dated 12 November 2012.

13 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 22.

Catering contracts

9.17 On 1 July 2008, DPS entered a contract with IHG to provide event catering in Parliament House and with W Catering to provide catering in the Staff Dining Room and Queen's Terrace Café. From 1 July 2010, all catering in Parliament House has been provided by IHG following the termination of the contract with W Catering. A new contract with IHG was entered into in January 2012. The new contract consolidated IHG's original contract for event catering and the catering in the Staff Dining Room and Queen's Terrace Café which IHG had taken over from W Catering on an temporary basis. The IHG contract has an expiry date of 2017 but has the potential to run to 2022, that is 10 years.¹⁴ Ms Mills stated that IHG had approached DPS with a proposal to combine the contracts. A catering consultant had indicated to DPS that it was an effective proposal and contract negotiations were completed in December 2011.¹⁵

9.18 As part of the previous contract with IHG, there was a cost reimbursement that related to the 'difference between the revenues they generate at the counter compared with the total costs'. At the February 2011 Additional Estimates this was stated as being around \$700,000 to \$800,000 per annum.¹⁶ Following the 30 October hearing, DPS indicated that:

The catering contractor is not paid a subsidy. The contract provides for DPS to pay the catering contractor an annual management fee of \$530,000 per annum ex-GST (CPI indexed from 1 July each year). The management fee reflects:

- services provided by the contractor to the Parliament. The contract requires the contractor to cover the costs of the set-up of parliamentary funded activities (including CERHOS in the Great Hall), up to 220 events per calendar year. If the number of events exceeds 220 per calendar year, DPS pay the contractor at a rate of 0.1% of the management fee for each additional event; and
- the challenges of operating at Parliament House (such as irregular trade, requirement to give precedence to parliamentary activities, security and other requirements).

Payment of the management fee in full is contingent on the contractor meeting key performance indicators set out in the contract. Up to 50 per cent of the management fee can be withheld. In accordance with transition

14 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, pp 20, 24.

15 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 21.

16 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Additional Estimates Hansard*, 21 February 2011, p. 44.

in plan set out in the contract, for the first year of the contract (2012), DPS will pay the management fee in full.¹⁷

9.19 The 2012 client survey indicated a lack of satisfaction with catering services, mainly in the Staff Dining Room, including variety of food and timeliness.¹⁸ DPS pointed to the difficulties of catering in APH – the cyclical nature and the logistics of bringing food into the building including vetting through the security arrangements.¹⁹ Ms Mills also added her view:

It is certainly clear that, over an extended period, catering contracts at this building have not always worked effectively. Inevitably, as you suggested, with the peak and trough, it is virtually essential to have some type of subsidy built in and some kind of incentive for contractors to come here—similar to other parliament houses. My understanding is that, in a very early period, it was an in-house contractor, and a decision was made fairly early on to go to an outsourced model. That in itself is not uncommon. Certainly across the houses of parliament in Australia there is a mixed set of arrangements. So it has always been complicated.²⁰

9.20 Ms Mills also noted that the same model had been utilised for a number of years with the outcome being a compromised response. Ms Mill went on to state that other ways of delivering catering services had not been explored and there is a need to review the model periodically.²¹

Committee comments

9.21 The committee did not explore in any great detail the cleaning or catering contracts. However, the committee considers that, even on the little information received, it would appear that DPS (and JHD in relation to the cleaning contracts) has shown poor contract development and management. In particular, the committee notes the long time periods before contracts have been re-negotiated or have been put out to competitive tender, the lack of flexibility in contracts and deficiencies in the management of contracts by DPS. The committee notes DPS's comments that indicate that management of the cleaning contract has improved. However, it is concerned that inappropriate cleaning practices have damaged the fabric of the building.

17 Department of Parliamentary Services, *Answer to question on notice No.10*, dated 12 November 2012.

18 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 22.

19 Mr Alan Thompson, Secretary, Department of Parliamentary Services *Additional Estimates Hansard*, 21 February 2011, p. 45.

20 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 20.

21 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 30 October 2012, p. 24.

Accountability of DPS to the Parliament

9.22 A matter considered by the committee was the accountability arrangement for DPS. The discussion below canvasses the governance arrangements for DPS including the role of the Presiding Officers and the bodies which assist and advise the Presiding Officers as well as performance reporting through annual reports. The committee's conclusions on accountability arrangements are provided in chapter 10 of the report.

Governance arrangements

9.23 The *Parliamentary Service Act 1999* provides for the establishment of the parliamentary departments. Section 57 provides for the responsibility for managing a department:

- (1) The Secretary of a Department, under the Presiding Officers, is responsible for managing the Department and must advise the Presiding Officers in matters relating to the Department.
- (2) The Secretary of a Department must assist the Presiding Officers to fulfil the Presiding Officers' accountability obligations to the Parliament and provide factual information, as required by the Parliament, in relation to the operation and administration of the Department.

9.24 The DPS annual report states that the Presiding Officers have joint powers in relation to DPS that are similar, but not identical, to those of a minister administering an executive department.²² In this role, the President of the Senate appears before the committee during estimates with DPS.

9.25 Former President, Senator the Hon. Paul Calvert, explained his understanding of the role of the Presiding Officers in relation to DPS and stated:

It is not the Presiding Officers' role to interfere with the DPS. We are presiding officers and we do not interfere with the chamber departments or the DPS. If you look at the [Parliamentary Service Act], it points out that the only hands-on role in the DPS that we provide is appointing the secretary.²³

9.26 The committee does not share this view. While the committee notes that the Secretary of DPS is the administrative head of the department, the Parliamentary Service Act provides the Presiding Officers with responsibility for DPS along the lines of a minister: DPS is responsible to the Parliament through the Presiding Officers.

9.27 In undertaking their role in relation to DPS, the Presiding Officers are assisted by the:

- Joint House Committee: a House committee is established under the standing orders of each House. The two committees may sit as a joint committee with the senior Presiding officer as the chair. The committee considers any matter

22 Department of Parliamentary Services, *Annual Report 2010–11*, p. 95.

23 Senator the Hon. Paul Calvert, President of the Senate, *Budget Estimates Hansard*, 23 May 2005, p. 19.

relating to the provision of facilities in Parliament House for example, security works, IT, parking and catering. Matters to be considered may be referred by the Senate, House of Representatives or the Presiding Officers. The committee met twice in 2010–11;

- Joint Standing Committee on the Parliamentary Library: a Library committee is established under the Parliamentary Service Act. The committee has joint chairs and considers any matters related to the provision of library services to parliamentarians;
- Art Advisory Committee: assists the Presiding Officers in determining the suitability of artworks for addition to the Parliament House Art Collection;
- Security Management Board: provides advice to the Presiding Officers on security policy and the management of security measures for Parliament House; and
- Heritage Advisory Board: provides advice to the Presiding Officers on the heritage management of Parliament House.

9.28 DPS also noted that DPS officers regularly meet with House of Representatives Committee on Appropriations and Administration.²⁴

9.29 In relation to ICT matters, the Presiding Officers' Information Technology Advisory Group (POITAG) has assisted the Presiding Officers. As a consequence of the implementation of the recommendations of the Roche Review of ICT for the Parliament, POITAG is to be abolished and replaced by the Parliamentary ICT Advisory Board. A further development as a result of the Roche Review will be the establishment of a joint appropriations and staffing committee with oversight of the delivery of parliament-wide ICT services by DPS.²⁵

9.30 Senators and members comprise, or are included in, the membership of all the above committees and boards except the Heritage Advisory Board and the Security Management Board.

9.31 There are also two other coordination bodies: the Senior Management Coordination Group (SMCG) and the Project Assessment Committee (PAC). The SMCG is established to coordinate corporate and related matters among the three parliamentary departments. DPS is represented by the Deputy Secretary. The Department of the House of Representatives is represented by the Serjeant-at-Arms, and the Usher of the Black Rod represents the Department of the Senate. The position of chair of the SMCG rotates annually among the three members. The PAC has the same membership as SMCG and is part of the formal approval process for projects and makes recommendations on the prioritisation and selection of projects based on a whole-of-parliament perspective.²⁶

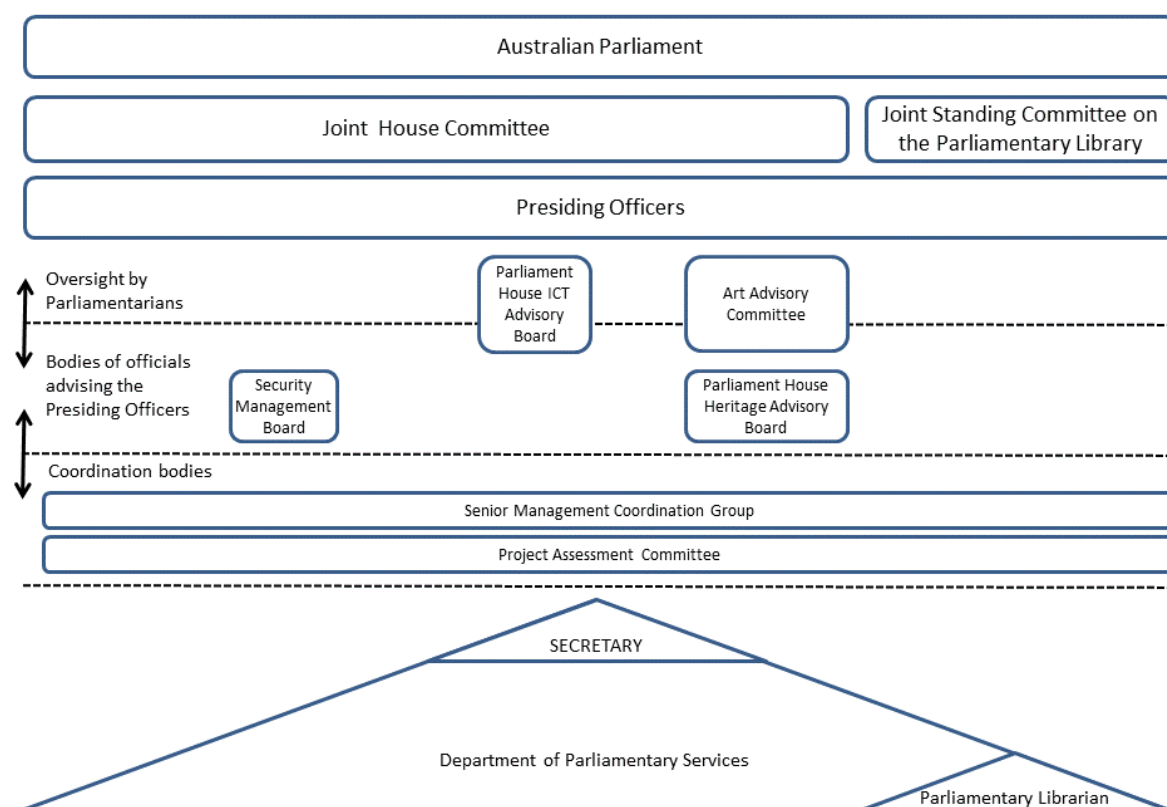
24 Department of Parliamentary Services, *Submission 3, Attachment A*, p. 9.

25 Senator the Hon. John Hogg, President of the Senate, *Supplementary Estimates Hansard*, 15 October 2012, p. 3.

26 Department of Parliamentary Services, *Submission 3, Attachment A*, p. 10.

9.32 The following figure provides an overview of the DPS governance arrangements and groups advising the Presiding Officers. The committee notes that the internal structure of DPS is currently under review and a number of new bodies will be established as a result of the Roche Review.

Figure 9.1: Existing DPS governance arrangements



Note: in addition to the arrangements indicated above, DPS appears at estimates hearings held by the Senate Finance and Public Administration Legislation Committee.

Governance arrangement in other legislatures

9.33 The committee has identified a range of governance arrangements in other parliaments and for iconic buildings.

- bodies directly engaged in governance:
 - The Scottish Parliamentary Corporate Body (SPCB) is an example of such an approach, being a statutory body, consisting of 5 members of the parliament elected as individuals to represent the interests of all members and not as party representatives. The SPCB provides staff, accommodation and services for the Parliament. It meets fortnightly and agendas and minutes are published on the Scottish Parliament website. The Presiding Officer chairs the SPCB.²⁷

²⁷ The Scottish Parliament, *Parliamentary bodies – relationships*, p. 2.

- Under the Parliament of Canada Act, the Board of Internal Economy governs the House Administration. It is responsible for all matters of financial and administrative policy that affect the House and its Members, premises, services and employees. It has the legal authority to make by-laws—which are tabled in the House—to regulate the use of resources available to the House of Commons.²⁸
- The House of Commons Commission is responsible for the administration and services of the House of Commons, including the maintenance of the Palace of Westminster and the rest of the Parliamentary Estate. The Commission provides the non-executive governance of the House by Members, but it does not manage day to day operations. It has delegated this power to the senior officials who make up the House of Commons Management Board. The Board is responsible for the management of the services provided for the House of Commons by the Departments of the House; and advising the Corporate Officer of the House of Commons on the nature and level of services that should be provided by joint departments of the two Houses.
- independent skills-based entities to assist with the maintenance of iconic buildings:
 - the Old Parliament House Advisory Council;
 - the Official Establishments Trust advising on Government House and The Lodge in Canberra, and Admiralty House and Kirribilli House in Sydney; and
 - the Sydney Opera House Trust.

Annual reporting and the examination of performance

9.34 The provision of annual reports is a significant mechanism for informing the Parliament about the operation of departments and agencies and assisting with the examination of the performance of those entities. The scrutiny of annual reports is formalised in the Senate Standing Orders which provide that legislation committees inquire into, and report upon, annual reports and the performance of departments and agencies allocated to them.²⁹

9.35 The matters to be included in the annual reports of departments are set out in the *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies* (the Requirements) issued annually by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit. The Requirements list the specific information required in annual reports. However, the Requirements also emphasise that annual reports are an accountability

28 Canadian Parliament, *The House of Commons Administration*, http://www.parl.gc.ca/About/House/StrategicOutlook/41/so41_04-e.html (accessed 31 October 2012).

29 Senate Standing Orders 25(2)(a) and 25(20).

mechanism and should 'provide sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance'.³⁰

9.36 The following discussion provides the committee's views on the adequacy of DPS annual reports as reports on performance and as an accountability mechanism.

Assessment of performance reporting

9.37 The committee has reviewed all of DPS's annual reports from the establishment of the department in February 2004 to the most recent report for the financial year 2011–12. The committee notes that the annual report for 2011–12 was not available for examination at the October 2012 Supplementary Budget estimates but was tabled in the Senate by the due date on 30 October 2012. Ms Mills, the Secretary of DPS, apologised for the delay in tabling the report and explained the reasons for that delay:

I feel as part of the changes that I am trying to make to the organisation that the annual report as drafted did not meet some of the expectations that I think are important for us in providing you with as much information and clarity as possible about the organisation's delivery of services.³¹

9.38 The committee welcomes Ms Mills' comments about the need to ensure that the 2011–12 annual report provides sufficient information to analyse the department's performance. The committee's review of the DPS annual reports from previous years indicates that improvement in performance reporting is required as a matter of priority. Indeed, since DPS was established, the quantity and quality of information provided in annual reports has declined to such an extent that the 2010–11 Annual Report is notable only by its level of opacity and the extent of use of abstract data which is of no assistance in judging performance. The committee also notes the comments of one submitter who stated that there has been 'a long term practice of disguising the truth in the DPS Annual Report'.³²

9.39 The following highlights some of the deficiencies identified in DPS annual reports.

9.40 The inclusion of a secretary's review is a requirement for annual reports. The review is used to provide a summary of significant issues and developments for the year. The first report for the full financial year provided by DPS was that for 2004–05. The secretary's review included a discussion of amalgamation issues, problems faced in the completing of the construction program for security enhancement works and the outlook for the department in 2005–06. In contrast, the secretary's review of 2010–11 provides few insights into difficulties encountered during the reporting period. For example, there are no comments regarding problems being experienced with the

30 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies*, 28 July 2012, p. 4.

31 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Supplementary Estimates Hansard*, 15 October 2012, p. 24.

32 *Confidential submission*.

completion of the upgrade of the Parliament House website which was experiencing significant delays and increases in costs at that time.

9.41 Little information is provided about other major capital works being undertaken by DPS in Parliament House. During 2010–11, DPS undertook a range of security enhancement work including a security wall in the public car park. Additional funding of \$18.3 million was received to undertake this work. The 2010–11 Annual Report commented that 'upgrades to security infrastructure were also a major focus during 2010–11' and included a new operations room, improved security for the various garages, film on external windows and a security wall in the public car park.³³ However, there are few other detail provided about the expenditure of \$18.3 million of additional funds provided to DPS for security enhancements.

9.42 Another major project completed in 2010–11 was the DPS Staff Accommodation project. Staff moved into the new accommodation in April and May 2011. The cost of the project was \$5.11 million. Significant issues occurred during the project as the building architect, Mr Romaldo Giurgola, raised objections to the planned work and DPS failed to recognise that it should have consulted Mr Giurgola in relation to moral rights requirements. As a consequence, the project was delayed. The 2010–11 departmental overview lists the management of the project as an achievement to consolidate DPS staff accommodation³⁴ and that two projects undertaken during the year 'were delayed to meet planning and consultation requirements'.³⁵ No other discussion is provided in relation the accommodation project nor is there any indication of the cost of the project.

9.43 In DPS's discussion on administered funds, one of the quality indicators is the price indicator 'Extent to which building projects are completed on budget' with the measure described as 'Projects are completed within approved total budget (target: 100%)'. For the three financial years 2008–09 to 2010–11, the annual report indicated that the target of 100 per cent of projects completed within the approved total budget was met.³⁶ The committee considers such information to be of little use; it would be expected that the budgets of all projects would be approved by the DPS Strategy and Finance Committee (SFC). What is not indicated in the annual report is whether the initial estimate of the cost of a project was met, or not, or whether additional funds were allocated by the SFC. While it might be the case that all projects undertaken by DPS were completed within the initial budget, the committee considers that this is unlikely.

9.44 The lack of specific financial information in regard to major projects is an obvious deficiency and is thrown into stark contrast by the information provided about consultancies undertaken. A list of all consultancies valued at more \$10,000 was a mandatory requirement for departmental annual reports until 2012–13. DPS provided

33 Department of Parliamentary Services, *Annual Report 2010–11*, p. 2.

34 Department of Parliamentary Services, *Annual Report 2010–11*, p. 21.

35 Department of Parliamentary Services, *Annual Report 2010–11*, p. 76.

36 Department of Parliamentary Services, *Annual Report 2010–11*, p. 78.

a list of 77 consultancies (total expenditure of \$2.7 million) in its 2010–11 report but did not provide detailed information on project expenditure of \$23.4 million for security enhancements and the Staff Accommodation project.³⁷

9.45 A further deficiency in relation to financial information is the omission of discussion and analysis of the department's financial performance. This is a mandatory annual reporting requirement. For all annual reports from 2005–06 to 2010–11, the compliance index references the DPS Financial Statements for this item.³⁸ In some reports, for example, the 2008–09 Annual Report, limited commentary on the department's financial performance has been provided in the Secretary's review.³⁹ This is less than adequate and does not provide the Parliament with a clear and easily accessible analysis of the department's financial performance. For example, in 2010–11, DPS recorded an operating deficit of \$14.2 million, an increase from the operating deficit of \$25.5 million in 2009–10.⁴⁰ This is recorded in the department's financial statements. However, no explanation is given for the deficit or the change recorded. The committee points to the Department of Finance and Deregulation's reporting on financial performance as a suitable model for the reporting of financial performance.

9.46 DPS annual reports have over a number of reporting periods identified, but failed to adequately canvass, significant issues in relation to the fabric of the building. Comments, for example, are made that the ageing of the building is influencing the level of the Building Condition Index. Given that the building is nearly 25 years old, that is only to be expected. However, there is little frank discussion in annual reports about priority projects and any difficulties being experienced in addressing ageing of systems, for example funding and design integrity issues.

9.47 The committee is concerned that the annual reports do not provide adequate commentary on some of the measures reported and lack clarity about what is being measured. For example, the 2010–11 Annual Report states that Maintenance Services achieved 89 per cent of the planned maintenance for the year.⁴¹ There is no discussion about whether or not this level of maintenance is adequate for a 25 year-old building with many unique systems and custom made fittings.

9.48 DPS annual reports provide the indices used to measure the condition of the building. However, while the factors influencing the calculation of the indices are provided, there is little or no discussion about the significance of the factors identified. For example, a contributing factor to the decrease in the Building Condition Index in the Ministerial Wing in 2009–10 was that painting and carpet replacement was reduced in the general circulation area. No commentary is provided as to why a

37 Department of Parliamentary Services, *Annual Report 2010–11*, pp 173–78.

38 See for example, Department of Parliamentary Services, *Annual Report 2010–11*, p. 193.

39 Department of Parliamentary Services, *Annual Report 2008–09*, p. 12.

40 Department of Parliamentary Services, *Annual Report 2010–11*, p. 116.

41 Department of Parliamentary Services, *Annual Report 2010–11*, p. 57.

decision has been made to paint and re-carpet less frequently, the long-term effect, or whether or not the decrease is a temporary measure.⁴²

9.49 DPS annual reports include a range of performance measures for many services. While these are provided over a three year reporting period, often there is little explanation of trends and the data provided does not allow for an analysis of actual performance. For example, the quality indicators provided for security services include 'extent to which procedures are followed' and 'validation of security procedures'. While performance for these indicators have been either 100 per cent, or close to it, for the three financial years to 2010–11, there is no discussion about the adequacy of security measures being used in Parliament House.⁴³

9.50 Another area where it is difficult to identify trends is with complaints about cleaning and catering. Prior to 2010–11, complaints for cleaning, catering and other services were provided in subprogram 2.2.⁴⁴ The presentation of this data changed in 2010–11 with catering remaining under program 2 and cleaning and other services moving to program 3.⁴⁵ While there may be valid reasons for this change, the committee considers that disaggregated data should have been provided for previous years so that trends could be identified.

9.51 Other areas of concern identified in reviewing the annual reports are errors in calculations and lack of the provision of reasons for changes in data from that provided in previous annual reports. For example, as part of its review of program 4, parliamentary records services, the 2010–11 Annual Report provides a quantity indicator for broadcasting services. For the Chambers, it is stated that there were 1,138 hours of Chamber proceedings broadcast which, while fewer than 2009–10 levels, was a '44% increases in the activity levels of the previous election year (2007–08: 929 hours)'. Rather, this is a 22.5 per cent increase over 2007–08, not 44 per cent as the incorrect financial year was used in the calculation. Similarly, in relation to the recording of committee proceedings of 1,961 hours in 2010–11, it is stated that there was an 81 per cent increase over the previous election year (1,208 hours). This is an increase of 63 per cent when comparing election years.⁴⁶

9.52 In some tables the data presented for previous annual reports is different to that provided in the 2010–11 Annual Report. For example, in relation to security provided for non-parliamentary functions, there are major changes to the number of functions listed in the 2009–10 Annual Report as follows:

42 Department of Parliamentary Services, *Annual Report 2009–10*, p. 48.

43 Department of Parliamentary Services, *Annual Report 2010–11*, p. 44.

44 See for example, Department of Parliamentary Services, *Annual Report 2009–10*, p. 39.

45 Department of Parliamentary Services, *Annual Report 2010–11*, pp 47, 57.

46 Department of Parliamentary Services, *Annual Report 2010–11*, p. 65.

Table 9.1: Security provided for non-parliamentary functions

Measure	2009–10 Annual Report		2010–11 Annual Report	
	2008–09	2009–10	2008–09	2009–10
Number of non-parliamentary functions	419	766	495	1013

Source: DPS Annual Report 2009–10, p. 38; Annual Report 2010–11, p. 46.

9.53 No explanation is provided in the 2010–11 annual report as to the reasons why the numbers reported previously had changed.

9.54 The committee also notes that there should be a 'clear read' between the Portfolio Budget Statements (PBS) and the annual report in regard to performance information, for example, if there is a change in program structure, the details should be provided. The committee has found that the DPS annual report does not provide a 'clear read' with the PBS. For example, the KPI 'Parliament House Works Programs: Extent to which design integrity is preserved' is reported under Program 3 in the annual report but is under Program 5 in the PBS. The PBS contains, at sub-program 3.1, the deliverable 'Waste volume reduced as a percentage of total waste generated'. This is not reported on in the 2010–11 Annual Report.

9.55 There are also a number of less significant issues which should be addressed to improve the quality of the DPS annual report including the provision of a more comprehensive index.

