

# CHAPTER 1

1.1 On 26 June 2014, the Senate referred the following matters to the Finance and Public Administration Legislation Committee (committee) for inquiry and report by the 7<sup>th</sup> sitting day in March 2015:

- (a) progress in implementing the recommendations of the committee's 2012 reports into the performance of the Department of Parliamentary Services (DPS), with particular reference to:
  - (i) workplace culture and employment issues,
  - (ii) heritage management, building maintenance and asset management issues, and
  - (iii) contract management;
- (b) the senior management structure of DPS and arrangements to maintain the independence of the Parliamentary Librarian;
- (c) oversight arrangements for security in the parliamentary precincts and security policies;
- (d) progress in consolidating Information and Communication Technology services and future directions;
- (e) the future of Hansard within DPS;
- (f) the use of Parliament House as a commercial venue;
- (g) further consideration of budget-setting processes for the Parliament and the merits of distinguishing the operating costs of the parliamentary institution and such direct support services such as Hansard, Broadcasting and the Parliamentary Library, from the operations and maintenance of the parliamentary estate;
- (h) consideration of whether the distinction between the operations of the parliamentary institution and its direct support services, and the operations and maintenance of the parliamentary estate, is a more effective and useful foundation for future administrative support arrangements, taking into account the need for the Houses to be independent of one another and of the executive government; and
- (i) any related matters.<sup>1</sup>

1.2 The Senate also agreed that, in undertaking the inquiry, the committee have access to relevant records and evidence of the committee in the previous Parliament.<sup>2</sup>

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1 *Journals of the Senate*, No. 37 – 26 June 2014, p. 1019.

2 *Journals of the Senate*, No. 37 – 26 June 2014, p. 1019.

1.3 On 2 March 2015 the Senate extended the committee's reporting date until 25 June 2015.<sup>3</sup>

### **Conduct of the inquiry**

1.4 The inquiry was advertised in *The Australian* newspaper and on the committee's website. The committee invited submissions from interested individuals, organisations and DPS by 5 September 2014.

1.5 The committee received eight public submission as well as confidential submissions. A list of individuals and organisations which made public submissions, together with other information authorised for publication by the committee, is at Appendix 1. The committee held public hearings in Canberra on 17 November 2014 and 2 and 16 March 2015. A list of the witnesses who gave evidence at the public hearings is available at Appendix 2.

1.6 Submissions, additional information and the Hansard transcript of evidence may be accessed through the committee website at: [www.aph.gov.au/senate\\_fpa](http://www.aph.gov.au/senate_fpa).

### **Background to the inquiry**

1.7 In 2011-2012 the committee undertook a comprehensive inquiry into the performance of DPS. During that inquiry the committee considered a wide range of matters in relation to the performance of DPS, including employment issues, asset and heritage management, security and information technology (IT). The full terms of reference for that inquiry are set out at Appendix 3.

1.8 In its final report the committee acknowledged the contribution made by the vast majority of DPS staff. However, the committee concluded:

[It] is obvious that some decisions made since the establishment of DPS have not provided a sound, long-term strategic approach to the management of Parliament House. In addition, the committee considers that the department has lacked strong leadership and vision. Poor employment practices have been allowed to flourish and become entrenched and projects have been undertaken which have threatened the design integrity and heritage values of Parliament House.<sup>4</sup>

1.9 The committee made a total of 24 recommendations: one recommendation in an interim report in June 2012 and 23 recommendations in the final report. Those recommendations were broad-ranging and addressed a range of issues including recruitment practices, workplace culture, asset and heritage management and contract development and management. A list of all the recommendations from the committee's previous inquiry are set out at Appendix 4.

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3 *Journals of the Senate*, No. 79 – 2 March 2015, p. 2203.

4 Senate Finance and Public Administration Legislation Committee, *Inquiry into the performance of the Department of Parliamentary Services – Final Report*, November 2012, p. 207.

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1.10 DPS agreed to the majority of the committee's recommendations.<sup>5</sup>

1.11 At the time its final report was tabled in November 2012, the committee understood that the implementation of the recommendations would take a period of time. In particular, the nature of a number of the recommendations required that DPS undertake reviews, audits, provide training, and establish new work practices. The committee's intention was to continue to scrutinise the performance of DPS and to oversee the implementation of those recommendations through the mechanisms available in Standing Order 25(20) (the examination of Annual Reports) and Standing Order 26 (estimates hearings).

1.12 The committee was also cognisant of the fact that, pursuant to Recommendation 20 of its final report, the Australian National Audit Office (ANAO) would be undertaking an audit of DPS' contract development and management. The tabling of the ANAO's report, once completed, would also provide a further means of assessing DPS' progress in implementing the committee's recommendations from its 2011-12 inquiry.<sup>6</sup>

1.13 However, evidence received during the course of the Budget Estimates hearing on 26 May 2014 on several matters renewed the committee's concern about the ongoing management and operations of DPS.

1.14 At that hearing the committee received evidence in relation to:

- the trial of new security arrangements involving the reduced screening of certain parliamentary pass holders;<sup>7</sup>

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5 See Department of Parliamentary Services (DPS), *Response to the Senate Finance and Public Administration Legislation Committee report: The performance of the Department of Parliamentary Services*, available on the committee's website at: [www.aph.gov.au/~media/wopapub/senate/committee/fapa\\_ctte/completed\\_inquiries/2010-13/dept\\_parliamentary\\_services/SPOS\\_response.ashx](http://www.aph.gov.au/~media/wopapub/senate/committee/fapa_ctte/completed_inquiries/2010-13/dept_parliamentary_services/SPOS_response.ashx). DPS agreed to recommendations 2-19 and 21-22 of the committee's final report. DPS noted that Recommendation 1 of the interim report (funding for the completion of the Central Reference Document) and Recommendation 23 of the final report (an exemption for DPS from future one-off, additional efficiency dividends) were matters for Government. In response to Recommendation 1 of the final report (that the funding and administration of DPS be overseen by the Senate Appropriations and Staffing Committee and the House Appropriations and Administration Committee meeting jointly for that purpose), DPS indicated that it supported an appropriate level of scrutiny and advocacy for its role within the parliamentary system and noted that there were currently four main layers of Parliamentary accountability for DPS. In relation to Recommendation 20 of the final report (that DPS consider approaching the Auditor-General to undertake an audit by arrangement of DPS contract management and development), DPS stated that it would approach the Auditor-General to seek his views on the best way to undertake an evaluation of DPS contract development and management, including a potential timetable for the evaluation.

6 The Australian National Audit Office (ANAO) subsequently tabled a report, *Managing Assets and Contracts at Parliament House: Department of Parliamentary Services*, Audit Report No. 24, 2014-15 (ANAO Report), in the House of Representatives on 26 February 2015.

7 *Estimates Hansard*, 26 May 2014, pp 42-48, 78-85.

- renovations to create offices for the DPS executive;<sup>8</sup>
- turnover and suspensions of Hansard staff;<sup>9</sup>
- procurement processes for the Australian flag for Parliament House;<sup>10</sup> and
- fundraising events in Parliament House, including use of Presiding Officers' suites.<sup>11</sup>

1.15 In addition, the committee was also told of an investigation of a DPS staff member for a potential breach of the code of conduct. During the course of that investigation, DPS accessed closed circuit television (CCTV) footage which showed the DPS staff member delivering an envelope to the office of Senator Faulkner. That footage was subsequently referred to in a draft code of conduct report.<sup>12</sup>

1.16 The Secretary of DPS, Ms Carol Mills, informed the committee of the matter during the course of questioning about the Parliament House CCTV Code of Practice. Ms Mills advised the committee the matter had only come to her attention that morning.<sup>13</sup> Ms Mills stated that CCTV footage had been used to 'gather evidence in a potential code of conduct case around an individual', but that it 'is certainly not the case' that CCTV footage was being used for a more 'broad-brushed approach' to monitor DPS staff.<sup>14</sup>

1.17 The committee sought an assurance from Ms Mills that in accessing the CCTV footage for this purpose, DPS had not affected the work of either members of the House of Representatives or senators. Ms Mills was unable to provide such an assurance:

The department understands the principles, understands the guidelines and believes, in acting on a code of conduct matter against a staff member, that it had followed the principles and guidelines appropriately. It would appear in the course of that action, following access of the CCTV footage, another issue may have occurred which is in conflict with the principles, which we are now investigating.<sup>15</sup>

1.18 Later in the hearing excerpts were read from a draft report for the investigation into the code of conduct matter which confirmed that the CCTV footage accessed had captured vision of the DPS staff member under investigation placing an envelope under the door of suite 42 of the Senate side of Parliament House.

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8 *Estimates Hansard*, 26 May 2014, p. 45.

9 *Estimates Hansard*, 26 May 2014, pp 48-51.

10 *Estimates Hansard*, 26 May 2014, pp 66-68.

11 *Estimates Hansard*, 26 May 2014, pp 52-59.

12 *Estimates Hansard*, 26 May 2014, pp 33-42, 74-78.

13 *Estimates Hansard*, 26 May 2014, p. 33.

14 *Estimates Hansard*, 26 May 2014, p. 33.

15 *Estimates Hansard*, 26 May 2014, p. 37.

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Senator Faulkner advised the committee that he occupied suite 42 on the Senate side of Parliament House.<sup>16</sup>

1.19 Pursuant to this evidence, on 18 June 2014, the Senate agreed to a motion by Senator Faulkner and Senator Bernardi, in his capacity as Chair of the committee, that the use of CCTV footage by officers of DPS for internal investigations of DPS staff be referred to the Senate Committee of Privileges (Privileges Committee) for inquiry and report. The specific terms of reference for the Privileges Committee report are set out at Appendix 5.<sup>17</sup>

1.20 Subsequently, the Senate agreed to the current inquiry and its terms of reference.<sup>18</sup>

### **The context and need for an interim report**

1.21 At the time this inquiry was referred to the committee in June 2014, DPS was also the subject of inquiries by the Privileges Committee and the ANAO. The committee was mindful of the fact that, to a certain extent, there was an overlap between various aspects of the three inquiries, and that there would be resource limitations on DPS' ability to engage fully with each inquiry. The committee therefore decided to only hold one public hearing with DPS, on 17 November 2014, prior to these other inquiries being completed. Two further public hearings have subsequently been held, on 2 and 16 March 2015.

1.22 On 5 December 2014, the Privileges Committee tabled its report into the use of CCTV material in Parliament House. The Privileges Committee drew this committee's attention to contradictory evidence provided by Ms Mills during the Budget Estimates hearing on 26 May 2014. The committee decided to consider this evidence under the auspices of the current inquiry. The committee wrote to Ms Mills and sought an explanation from her of the contradictory evidence identified by the Privileges Committee in its report. The committee received correspondence from Ms Mills on this matter on 20 February 2015. In addition, the Clerk of the Senate, Dr Rosemary Laing, also wrote to the committee on 17 March 2015, providing information relevant to the committee's deliberations on this issue.

1.23 The ANAO tabled its report on the management of assets and contracts at Parliament House in the House of Representatives on 26 February 2015.

1.24 With the tabling of reports by the Privileges Committee and the ANAO, along with the three public hearings that the committee has held in this inquiry, as well as two estimates hearings, it is an opportune time for the committee to bring together some of this evidence and table an interim report.

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16 *Estimates Hansard*, 26 May 2014, pp 75-76.

17 The Privileges Committee tabled its report into the matter on 5 December 2014. See Senate Committee of Privileges, *The use of CCTV material in Parliament House*, 160<sup>th</sup> Report, December 2014.

18 *Journals of the Senate*, No. 37 – 26 June 2014, p. 1019.

1.25 The purpose of this interim report is to highlight concerns the committee has regarding some of the matters that the committee has focussed on so far in its inquiry. Specifically, the interim report discusses the ANAO's report, the process for selecting Ms Anne Zahalka for a photographic commission for the 25<sup>th</sup> Anniversary of Parliament House and the committee's investigation to date of misleading evidence by the Secretary of DPS at the Budget Estimates hearing on 26 May 2014.

### **Acknowledgement**

1.26 The committee thanks all those who contributed to the inquiry by making submissions, providing additional information and appearing at the public hearings. The committee would also like to place on the record its thanks to former Senators the Hon John Faulkner and the Hon Kate Lundy for their work on the current inquiry.