

Management and Accountability

Corporate governance

Senior executives and their responsibilities¹

The Secretary of the Department of the Prime Minister and Cabinet, **Mr Max Moore-Wilton**, is responsible for the efficient and effective operation of the department. He chairs meetings of the department's SES managers and the Audit Committee.

Just as the Secretary is responsible for the broader department, Senior Executives are responsible for the efficient and effective operation of their individual work units (groups, divisions or branches).

Output Group One

Dr Ian Watt was the Executive Coordinator, Economic Policy, until he left the department on 16 March 2001 to take up the position of Secretary, Department of Communications, Information Technology and the Arts on 27 April 2001. His successor, **Mr David Borthwick**, joined the department on 9 July 2001.

The Executive Coordinator, Economic, Industry and Resources Policy is responsible for providing policy advice on economic, industry, infrastructure and environment issues; effective Council of Australian Governments (COAG) operations; and the finalisation of Regional Forest Agreements and related work.

Mr Richard Murray is First Assistant Secretary, Economic Division. He is responsible for providing policy advice on economic, fiscal, taxation and superannuation matters.

Dr James Horne is the First Assistant Secretary, Industry, Infrastructure and Environment Division. He is responsible for providing policy advice on industry, infrastructure, and rural, regional and environment issues.

Output Group Two

Ms Jane Halton is the Executive Coordinator, Social Policy. She is responsible for providing policy advice on social and women's issues. In addition, the group is responsible for administering on the Government's behalf a number of programmes, including Partnerships Against Domestic Violence and grants to non-government women's organisations.

Ms Katrina Edwards is the First Assistant Secretary, Social Policy Division. She is responsible for providing policy advice on health, community services, education, immigration, families and income support, employment and Indigenous affairs.

¹ See overview for a table showing the department's organisational structure and senior staffing.

Ms Rosemary Calder is the First Assistant Secretary of the Office of the Status of Women. Ms Calder is responsible for providing policy advice on women's issues and administering, on behalf of the Government, a number of programmes, including Partnerships Against Domestic Violence, and grants to non-government women's organisations.

Mr Peter Vaughan was the First Assistant Secretary of the Office of Indigenous Policy until 30 January 2001, when the Office became the Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs. As First Assistant Secretary, Office of Indigenous Policy, Mr Vaughan was responsible for providing advice on Indigenous issues, including Aboriginal reconciliation.

Output Group Three

Mr Michael Potts is the First Assistant Secretary, International Division. Mr Potts reports directly to the Secretary and is responsible for providing policy advice on international issues, security and defence.

Output Group Four

Mr Alan Henderson is the Executive Coordinator, Government and Corporate. Mr Henderson is responsible for providing policy advice on parliamentary, machinery of government, legal and cultural issues; and on awards and national symbols. The group provides a range of support services for government operations, including coordination of Cabinet and Executive Council business, and corporate and support services to the department itself. The Group also coordinates government communications and advertising, administers the Prime Minister's official establishments, manages the visits and hospitality programme and coordinates the staging of the 2001 Commonwealth Heads of Government Meeting (CHOGM).

Ms Barbara Belcher is the First Assistant Secretary, Government Division. She is responsible for providing policy advice on parliamentary, machinery of government and legal and cultural issues, and awards and national symbols.

Mr Greg Williams is the First Assistant Secretary, Government Communications Division. Mr Williams is responsible for coordination of government communications and advertising, for providing information services (information technology, records and library services) and coordination of ministerial correspondence.

Senior management committees and their roles

The Secretary chairs the **SES meetings**, which are held every fortnight. The meetings oversee corporate governance issues and provide strategic direction to the department and advice and support to the Executive.

The Secretary also chairs the **Audit Committee**, which meets quarterly. The committee endorses the department's internal audit plan and considers the recommendations of internal audits that have been performed.

The Executive Coordinator, Corporate and Government, Mr Henderson, chairs the **Consultative Committee**, the department's principal staff consultative body. The committee comprises four elected staff representatives, two union representatives and three management representatives and meets at least quarterly. Significant outcomes for the committee in 2000–01 included negotiation of the department's second Certified Agreement and implementation of Australian Workplace Agreements for Executive level staff.

Social justice, equity and ecological sustainability

The department advised on a number of social policy initiatives in 2000–01 that sought to contribute to **social justice and equity**, including:

- the \$1.7 billion Australians Working Together package, which puts in place a mix of support, incentives and requirements to help people move back into paid jobs and participate more fully in the community;
- arrangements for Goods and Services Tax compensation for low-income Australians;
- ways of improving support and long-term outcomes for separated families, through involvement in the work of the Family Law Pathways Advisory Group;
- the 2001–02 Budget initiatives for older Australians, including older veterans, which recognise the contribution that older Australians have made to their community; and
- new initiatives in the 2001–02 Budget to improve housing, health, employment and education for Indigenous Australians and promote economic independence and self-reliance for Indigenous communities.

The Office of the Status of Women (OSW) continued to ensure that the views of all women were considered in its advice to government. Social justice and equity were promoted, for example, via a series of workshops aimed at strengthening the capacity of national women's non-government organisations to represent their constituencies and provide input into government policy to benefit women. In addition, OSW's new website was designed to ensure that people with disabilities, people from regional and rural Australia and people with older computer equipment could access the site readily.

The department also undertook work to raise awareness of Australian Honours in the community and to ensure that Honours are accessible to all Australians. The ongoing promotional campaign by the Awards and National Symbols Branch focused on rural and regional Australia, and on providing support to local government and a broad range of community groups and associations.

Internally the department continued to observe and promote the principles of **workplace diversity**. A Workplace Diversity Programme was revised and made available on the department's website and in the department's induction package to inform prospective job applicants and others of the department's commitment to workplace diversity.

The department has identified the roles of 'Policy Adviser' and 'Employer' as relevant to its responsibilities under the **Commonwealth Disability Strategy**.

In the area of policy advice, the major responsibility falls to the Social Policy Division. The division takes account of the needs of a range of target groups in the development of policy advice. OSW provided a grant to Women with Disabilities Australia for the development of information resources that address the particular needs of this target group, including needs associated with their vulnerability to violence because of their high level of dependence on relatives, friends and carers.

The Government Communications Unit continued to assist departments and agencies to comply with the Government's policies to ensure that information activities provided for the delivery of messages in ways that met the needs of the hearing- and sight-impaired.

As an employer, the department continued to support the needs of people with disabilities during the year through the application of well established strategies, including the Disability Action Plan, the Workplace Diversity Programme and a staff selection process that reflects merit, fairness and freedom from unjustified discrimination.

The department provided advice on a broad range of environment, heritage, fisheries, greenhouse and air-quality policy issues related to **ecologically sustainable development**. A key focus was the development and implementation of the National Action Plan for Salinity and Water Quality, agreed to by COAG in November 2000.

Domestic and international greenhouse policy were other key areas of activity for the department, including the development of Australia's negotiating position for the Sixth Conference of the Parties to the United Nations Framework Convention on Climate Change in November 2000 and July 2001.

Internally the department has introduced **energy savings** programmes involving the installation of energy efficient water boiling and chilling units and light sensors in kitchens and meeting areas. The lighting in these areas automatically switches off if, after a short period, no activity is sensed. The purchase of software that will automatically shut down computers and monitors left on after hours was under consideration at 30 June. The software will be installed during 2001–02.

A programme has also been implemented to reduce office lighting levels to that required under the current Australian Standard. This measure has resulted in a 4 per cent decrease in energy consumption compared with the comparable period last financial year.

The department is also a purchaser of green power via an agreement with the electricity supplier ACTEW–AGL. This energy form constitutes 10 per cent of total usage, which the Australian Greenhouse Office estimates reduces the quantity of carbon dioxide produced by the department's energy consumption by 1,800 tonnes annually.

Ethical standards and accountability

Appropriate ethical standards are promoted by publicising the Australian Public Service (APS) Values specified in the *Public Service Act 1999* and the APS Code of Conduct. This is done primarily via the department's intranet but also, when appropriate, by circulating hard-copy material provided by the Public Service and Merit Protection Commission.

The department has also developed a policy on the appropriate use of the department's information technology (IT) facilities and Internet services, covering aspects such as workplace email, web browsing and privacy. The fundamental principle underlying the policy is that Commonwealth property is to be used primarily for official purposes and is to be managed efficiently, effectively and ethically.

The department is subject to **external scrutiny** by parliamentary committees, the Australian National Audit Office (ANAO) and the courts.

The Joint Committee on Public Accounts and Audit (JCPAA) undertook a review of Audit Report No. 12, 1998–99, *Taxation Reform, Community Education and Information Programme* and reported its findings in its Report No. 377, which was tabled on 4 October 2000. The report contains one recommendation: 'The Committee recommends that the Government adopt the Joint Committee of Public Accounts and Audit's draft guidelines for government advertising'. In line with usual practice, the Government is considering the JCPAA report and its recommendation.

The Auditor-General provided an unqualified audit opinion on the department's 1999–2000 Financial Statements.

The department was one of a number of agencies covered by the audits of travel, financial management information systems, and parliamentary entitlements undertaken by the ANAO. Where they were relevant, the department has accepted and is implementing the ANAO's recommendations.

The department also participated in the cross-agency audit of payroll management. The audit was able to confirm that the department's outsourced payroll environment was mature and stable and that sound controls were in place. A total of 15 recommendations, 14 of which related to better-practice improvement, were included in the report. The department will pursue implementation of those better-practice initiatives.

During 2000–01 the ANAO also commenced a full performance audit of the selection processes and ongoing management of the major projects element of the Federation Fund. It is expected that the final report of the audit will be tabled in early 2001–02.

There were no **judicial decisions** in 2000–01 that had, or might have, a significant impact on the department's operations. Charges under the Code of Conduct were considered against one employee of the department during the year. That employee had been convicted by a court on charges of theft from the department. The employee was dismissed from the department's employ.

In July 2000, Deloitte Touche Tohmatsu commenced a three-year contract for the provision of the department's **internal audit and fraud control** services. During the year, 22 audits were performed in line with the internal audit plan for 2000–01.

As part of the contract, Deloitte Touche Tohmatsu developed a three-year strategic internal audit plan. The audits contained in the plan focus on areas of highest risk and those areas where management feels the greatest value can be added. The Audit Committee approved the plan in June 2001.

For a number of years, the department has had in place a range of procedures and plans to deal with major risks such as a natural disaster or catastrophic failure of the IT network. Work commenced in 2000–01 to establish a **departmental risk management plan** that is both comprehensive and consistent with Australian–New Zealand Standard AS/NZS 4360. A key focus for the plan will be to bring existing procedures and plans together in a comprehensive and integrated document.

In 2000–01, the department received 24 requests (one more than in 1999–2000) for access to documents under the *Freedom of Information Act 1982*. These documents covered a range of administrative activities undertaken by the department. The department received one application for internal review.

Information about the department's Freedom of Information (FOI) procedures and about access to departmental and archival records in various categories appears in Appendix 2. More information on FOI activity is to be found in the *Annual Report on the Operations of the FOI Act* produced by the Attorney-General's Department.

Financial resources

The **remuneration of Senior Executive Service (SES) employees** in the department is determined using the following general principles:

- remuneration is to be clearly linked to performance to provide better rewards for better work;
- arrangements for determining remuneration should be sufficiently flexible to reflect the particular skills, experience and work responsibilities of each SES employee;
- remuneration determinations should be demonstrably fair and equitable between employees but with market factors considered in individual cases where appropriate; and
- remuneration levels may take account of efficiency gains, including any reduction in administrative complexity and cost achieved through the simplification of rules.

The salary ranges for SES bands remain unchanged since the negotiations completed in the preceding year (early 2000). They are:

Band	\$
1	80,000 – 110,000
2	100,000 – 130,000
3	120,000 – 160,000

Where agreed by both parties, individual employees within particular bands may be paid outside these salary ranges. The points in these salary ranges were determined having regard to the annual survey of SES remuneration commissioned by the Department of Employment, Workplace Relations and Small Business, and general economic conditions.

The salary of an individual within these ranges is determined having regard to the employee's performance appraisal assessment, their skills and experience and the market for their particular combination of skills and experience.

Performance payments were made to SES staff for the appraisal cycle ending 30 September 2000. Annual appraisals are made against the objectives, milestones and indicators set out in each employee's performance agreement. The amount of any bonus was a matter for the Secretary's judgement, with 15 per cent of the employee's salary being the maximum payable.

Of the 43 staff eligible to be assessed for the year ending 30 September 2000, 40 received performance pay. A total of \$343,076 was paid, distributed as follows: SES Band 1, \$184,491; SES Band 2, \$100,585; and SES Band 3, \$58,000.

Details of the number of SES staff who received or who were due to receive total remuneration of \$100,000 or more are set out in Note 11 to the Financial Statements in this report.

Discretionary grant programmes administered by the department during 2000–01 were as follows:

- the National Women's Non-Government Organisation Grants Programme, providing national secretariat funding to three national women's non-government organisations, funding for projects undertaken by women's non-government organisations and capacity-building funding for sector development;
- the Indigenous Family Violence grants programme, providing funding for projects undertaken;
- the Australiana Fund Grant-in-Aid Programme, providing assistance towards administrative costs of the Australiana Fund; and
- a grant to the Commonwealth Business Council for assistance with staging the Commonwealth Business Forum, a CHOGM related event.

A list of grant recipients is available to members of parliament, senators and the general public and can be obtained on request to the department.

Information on the grants made by the former Office of Indigenous Policy can be found in the annual report of the Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs.

The policies and procedures for selecting **consultancies** and approving expenditure for them are set out in the department's Chief Executive Instructions (CEIs). The procurement method is determined by reference to a series of cost thresholds set out in the CEIs.

During the year, 50 consultants were engaged to carry out research projects or to provide professional and technical advice that could not be provided by staff of the department. Three consultants were engaged for more than one consultancy each.

The following table shows total expenditure on consultancy services, covering both payments made on all new contracts let in 2000–01 and payments made on contracts let in previous years.

The total expenditure by the department on consultancy services amounted to \$2.9 million. This compares with expenditure of \$11.4 million in 1999–2000 and \$3.1 million in 1998–99, and represents 25 per cent of last year’s expenditure on consultancies.

The following table shows the distribution of expenditure on consultancies by the department during the past three years.

Distribution of expenditure on consultancy services						
	2000–01		1999–2000		1998–99	
	Number let	Total expenditure \$	Number let	Total expenditure \$	Number let	Total expenditure \$
Policy advice and coordination and support services for government operations	28	1,035,272	44	7,201,419	15	564,159
Women’s policy	19	1,743,589	34	1,147,648	13	455,656
Indigenous policy	Not applicable	Not applicable	22	2,956,057	37	1,589,785
Corporate services	3	73,168	16	159,258	14	473,046
Total	50	2,852,029	116	11,464,382	79	3,082,646

Appendix 4 to this report contains details of consultancy contracts let during 2000–01 to the value of \$10,000 or more.

The department undertook **competitive tendering and contracting** for the provision of the following services:

- international travel services;
- air transport brokerage services in support of the Guest of Government programme;
- banking facilities;
- preparation of the e-procurement business case;
- salary packaging for departmental staff; and
- internal audit and fraud control services.

A number of corporate contracts continued, including for the provision of payroll and corporate support services, domestic travel, cleaning, building maintenance and security services.

Details of payments made to **advertising and market research organisations** during 2000–01 are contained in Appendix 3 to this report.

Purchasing activities within the department were conducted in accordance with the Commonwealth Procurement Guidelines. During the financial year the department commenced investigating options to meet the Government's policy on e-procurement. The department expects to meet the Government's timetable to pay all suppliers electronically by December 2001 and expects to meet the timetable of January 2002 for trading electronically with all simple procurements suppliers who wish to do so using open systems.

Responsibility for **asset management** within the department is shared between Information Services Branch, Corporate Support Branch and the outsourced corporate services providers, Advantra and RelCorp. The department assures itself that asset management is effective by requiring regular reports from those responsible, including Advantra and RelCorp. In addition, departmental managers meet regularly with representatives of Advantra and RelCorp to review performance, including the management of assets.

Operational initiatives

A **client service charter** for the delivery of corporate services to the Prime Minister, his office, Ministers Assisting and departmental staff has been in effect for 12 months. The charter, which is available on the department's intranet, sets out standards of service delivery for a range of corporate services.

Performance in 2000–01 against the quantitative service levels, in many cases, consistently exceeded service targets. In the case of the Ministerial Correspondence Unit, however, the amount of correspondence being sent to the Prime Minister substantially increased. While a satisfactory level of service was provided to clients for most of the year, referrals to other Ministers and acknowledgements did not meet the service standards between February and May due to the increased workload (up by some 40 per cent). Additional resources have overcome the correspondence backlog and service levels are improving.

Planning commenced in 2000–01 for a survey of client satisfaction. The survey, to be held before the end of 2001, will focus on the qualitative measures specified in the client service charter.

The department developed its inaugural **Online Action Plan** in accordance with the Government's Online Strategy and the guidelines issued by the former Office of Government Online. The plan was posted on the department's website in September 2000 and updated in June 2001. Three reports were submitted on time to the National Office of the Information Economy on the progress made with online service delivery.

During the year, the department redeveloped its Internet websites to meet the level of information and service delivery required by the Government in its government online information service obligations.

The department was appointed as the lead agency for the development and management of a **women's portal**. The first stage of the portal, to be completed by December 2001, will provide a single point of access to information and services specifically for women. The Government has allocated \$5.5 million over four years for an Informed Choices for Australian Women initiative of which the portal is a key element.

The operations of the **Ministerial Correspondence Unit (MCU)** were reviewed to identify the services required by clients, and to improve efficiency and effectiveness to reflect best practice in service delivery. This involved identifying clients' expectations; benchmarking against seven other Commonwealth agencies; mapping and analysing current work flows; developing work instructions; revising template letters, the ministerial correspondence guidelines and the functional directory; reviewing the MCU's structure; conducting a trial of revised working arrangements; and identifying staff's and clients' responsibilities and training needs. The review recommendations will be considered in the new financial year and implemented where agreed.

The contract with Advantra Pty Ltd for the provision of **IT and telecommunications services** to Group 5 agencies has been in operation for more than two years. Group 5 agencies include the Department of Communications, Information Technology and the Arts, the Department of Industry, Science and Resources, the Department of Transport and Regional Services, and the Australian Competition and Consumer Commission.

Monthly service levels are still not being met in some areas, although there was an overall improvement in service delivery. Accordingly, the department continued to impose service credits as specified in the agreement with Advantra. Surveys are conducted every six months to measure client satisfaction with the outsourced service delivery. In 2000–01, Group 5 commissioned two audits of Advantra's activities to measure compliance with contract provisions. Advantra is addressing issues raised by the audits. The Group has developed a plan to undertake a number of audits over the life of the contract.

A new Standard Operating Environment (SOE) was being implemented across the department's computing infrastructure and was scheduled for completion in mid-July 2001. The SOE should improve the stability of the department's computer network.

A small project team was established to implement the new standards for a best-practice approach to **record keeping** within the Commonwealth. These standards have been developed by the National Archives of Australia (NAA) and follow the Australian Standard AS 4390–1996, *Records Management*. The first stages of the project were completed and approved by the NAA. Documentation and the departmental Business Classification Scheme required for the next stage of the process are nearing completion.

In **employee relations**, the department's aim is a workplace that is secure and satisfying and that recognises personal commitments whilst ensuring the effective and responsive operation of the department. This is explicit in the department's Certified Agreement and demonstrated by the department's human resource initiatives, such as the comprehensive Human Resource Management segment of the department's intranet site, the department's Performance Appraisal and Development Scheme, the departmentally sponsored Health Week, workstation assessments conducted for staff on commencement and the employee assistance programme.

The department's second **Certified Agreement** for non-SES staff was negotiated during the year. The agreement covers the period 1 October 2000 to 31 September 2002 and provides for:

- pay increases of approximately 4 per cent from 1 October 2000 and 3.5 per cent on 1 October 2001;
- revised salary points for Executive Level 1, APS 6 and APS 5 staff;
- a revised four-band structure providing separate bands for Executive Level 1 and 2 staff; and
- more flexible leave arrangements to assist staff to balance their work and private lives.

Australian Workplace Agreements (AWAs) were offered to Executive Level 1 and 2 staff, providing access to performance pay, a remuneration offer at least matching the outcomes available under the Certified Agreement 2000–02, and the introduction of revised travel expense arrangements for travel on duty. A total of 88 Executive Level 1 and 2 staff had signed an AWA by 30 June 2001, 70.4 per cent of those eligible.

The indicative salary ranges for non-SES staff are as follows:

Band		\$
1	APS 1–3	26,750 – 37,250
2	APS 4–6	38,500 – 54,750
3	Executive Level 1	59,000 – 65,500
4	Executive Level 2	68,500 – 81,500

The department's **Performance Appraisal and Development Scheme** aims to foster a high-performance culture through a framework of consultation and agreement on individual responsibilities, performance and development needs. A revised scheme was developed in 2000–01 and will come into effect for the new cycle beginning in October 2001.

The department supported the personal and professional **training and development** of staff during the year via:

- induction programmes;
- training in policy formulation, negotiation, administration, management and IT;
- regular updates on available training and development programmes;
- performance appraisal training;
- training for the graduate recruit intake; and
- regular lunchtime briefings.

A total of 195 staff participated in 430 training days during the year. One staff member returned from an exchange posting to the United Kingdom and another staff member took up a new posting. Four staff participated in the SES Career Development Assessment Centres organised by the Public Service and Merit Protection Commission, and one employee received a full-time study award. The award enables a successful applicant to undertake full-time study at any university or institution for one academic year.

The department employed eight graduates recruits in 2000–01. All graduate recruits complete an extensive training and development programme, with sessions on policy formulation and advice, on Senate and legislative process, and on government and the APS. There are also sessions on writing, communication, conflict resolution and negotiation.

The department's **Occupational Health and Safety (OH&S)** Policy and operational guidelines are available to all staff on the department's intranet.

OH&S initiatives undertaken during the year included Health Week (free health and fitness checks), influenza vaccinations and the establishment of a nursing mothers' room. All staff new to the department receive a workstation assessment within two weeks of commencement as part of the department's strategy to minimise personal risk to employees.

No major health and safety issues were reported in 2000–01. Comcare was notified of one case under section 68 of the *Occupational Health and Safety (Commonwealth Employees) Act 1991*.

Financial year 2000–01 represented the first year of operation of The New Tax System, including, in particular, the **Goods and Services Tax (GST)**. The department's system and processes were adjusted to take account of the GST and the department was able to prepare and electronically lodge its monthly Business Activity Statement with the Australian Taxation Office in a timely manner.

The department met the deadline, set under the Government's **e-commerce strategy**, of paying all accounts by direct credit by January 2001.

The department was one of the first to market test its banking arrangements as part of the Government's devolved banking policy. A new banking contract was signed with Westpac in November 2000 and the transition was undertaken smoothly.

The department managed the leasing and fit-out of office accommodation in Canberra for Sir William Deane, AC, KBE prior to his retirement as Governor-General. A range of services and support was also provided to His Excellency the Right Reverend Dr Peter Hollingworth, AC, OBE during his term as Governor-General designate.

The department managed a number of tenant related aspects of the refurbishment of **4 Treasury Place, Melbourne**, which accommodates the Prime Minister's Office and the offices of former Governors-General Sir Zelman Cowen and Sir Ninian Stephen. The refurbishment, which took 15 months to complete, significantly enhanced the workplace and provided modern office facilities in the heritage-listed building. The Prime Minister reopened the refurbished offices on 8 May 2001 as part of the Centenary of Federation celebrations.

The department also negotiated the extension of the portfolio cluster's **domestic travel** management services contract with Ansett Australia. The negotiations included agreement on an increased fare rebate.