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## PORTFOLIO AND DEPARTMENTAL OVERVIEW

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2001–02

### Portfolio overview

#### Mission

The department and the six agencies comprising the Prime Minister's portfolio share the following mission:

to achieve well coordinated, efficient and accountable public administration, supported by a values based Australian Public Service (APS).

#### Portfolio agencies

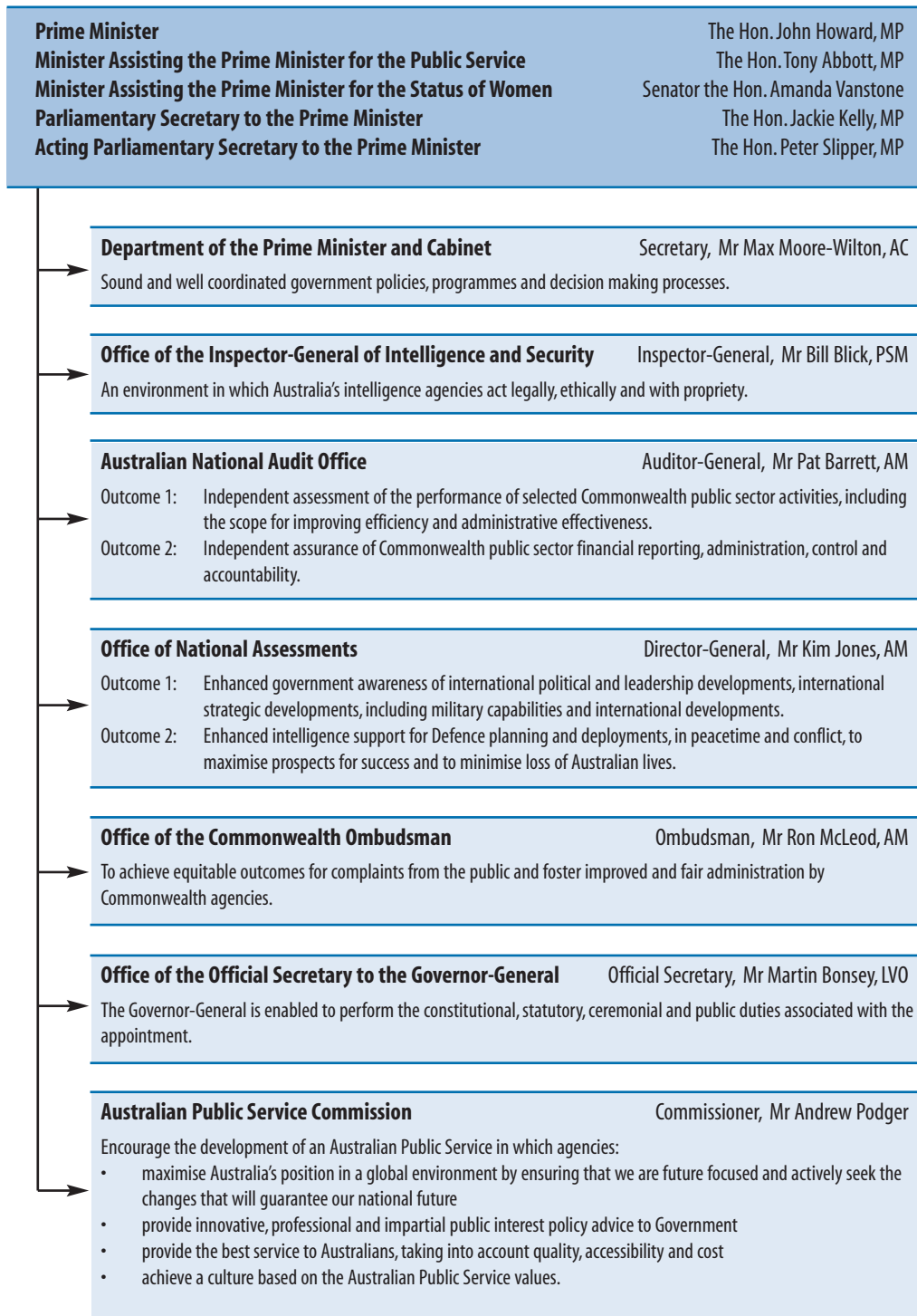
Figure 1 lists the agencies which comprise the portfolio, showing their planned outcomes and identifying their executive officers.

A thorough overview of the role and functions of the Department of the Prime Minister and Cabinet is presented in the 'Departmental overview' on page 9. More detailed information about the activities and responsibilities of the other portfolio agencies may be obtained from each agency's annual report or website.

The websites for the department and its six agencies are:

- Department of the Prime Minister and Cabinet <[www.dpmc.gov.au](http://www.dpmc.gov.au)>
- Inspector-General of Intelligence and Security <[www.igis.gov.au](http://www.igis.gov.au)>
- Australian National Audit Office <[www.anao.gov.au](http://www.anao.gov.au)>
- Office of National Assessments <[www.ona.gov.au](http://www.ona.gov.au)>
- Office of the Commonwealth Ombudsman <[www.comb.gov.au](http://www.comb.gov.au)>
- Office of the Official Secretary to the Governor-General <[www.gg.gov.au](http://www.gg.gov.au)>
- Australian Public Service Commission <[www.apsc.gov.au](http://www.apsc.gov.au)>.

**Figure 1 Structure of Prime Minister and Cabinet portfolio**



## Departmental overview

### Role and outcome

The primary role of the Department of the Prime Minister and Cabinet is to provide support to the Prime Minister and to achieve a coordinated approach to the development and implementation of government policies. The planned outcome for the department is:

sound and well coordinated government policies, programmes and decision making processes.

### Structure and outputs

At 30 June 2002, the department comprised the Executive, seven divisions, the Cabinet Secretariat, and the Ceremonial and Hospitality Branch, all of which were supported by corporate service units which also purchased a range of goods and services from private sector providers.

The operations of the department are divided into four output groups:

- group 1 outputs include policy advice on economic, industry, infrastructure and environment issues; and effective Council of Australian Governments (COAG) operations
- group 2 outputs include policy advice on social and women's issues, as well as administering, on behalf of the Government, a number of programmes, including Partnerships Against Domestic Violence (PADV) and grants to non-government women's organisations
- group 3 outputs include policy advice to the Prime Minister on international relations and security issues
- group 4 outputs include policy advice on parliamentary, machinery of government and legal and cultural issues; and the support services for government operations (coordination of Cabinet and Executive Council business; policy advice on coordination and promotion of national awards and symbols; coordination of government communications and advertising; administration of the Prime Minister's official establishments; and administration of the visits and hospitality programme).

Figure 3 identifies the senior staff responsible for each output. Some of the outputs involve administered items; those are described in detail in the relevant reports on performance. The outputs are set out in figure 4.

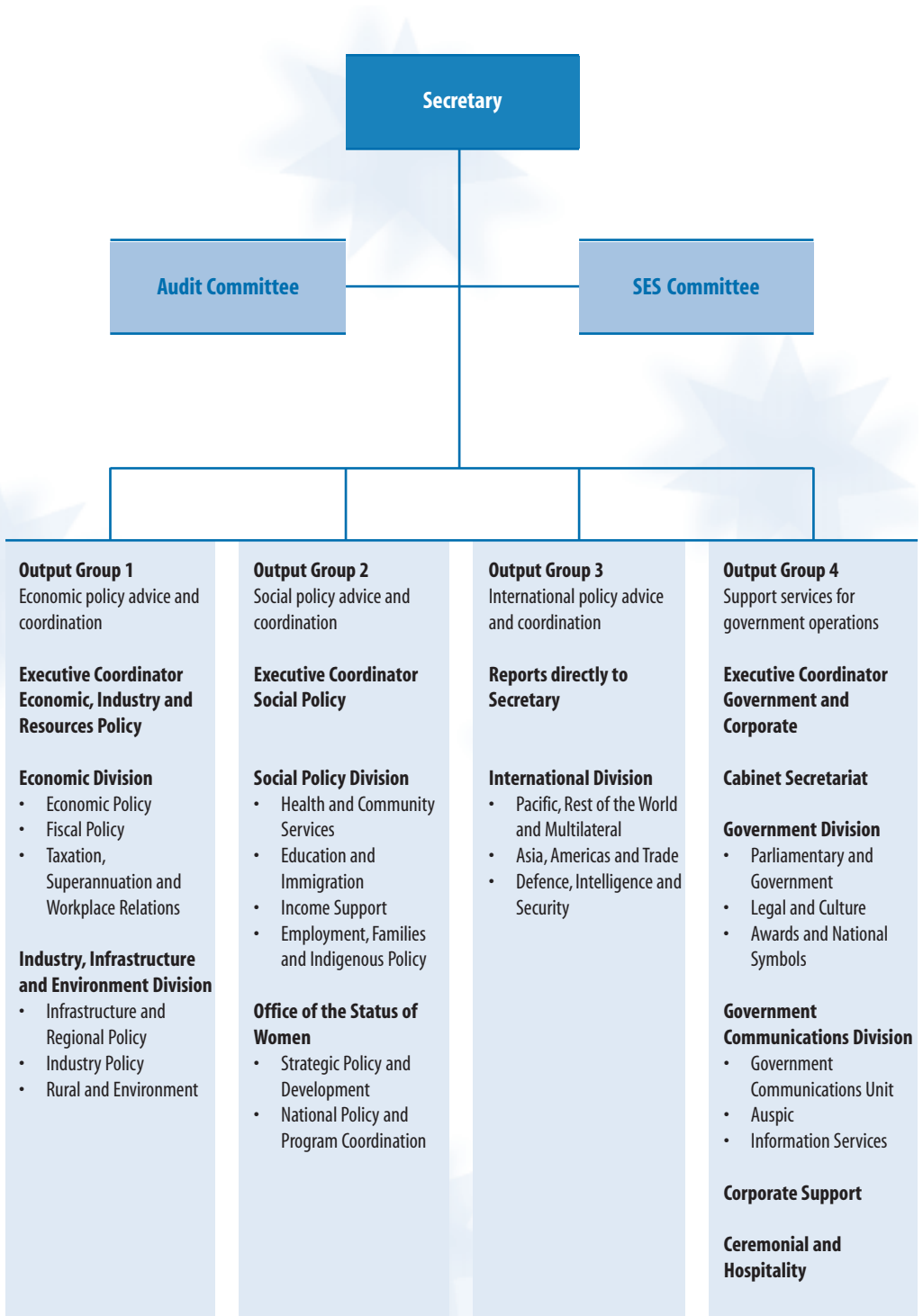
### Responsibilities

To briefly demonstrate the practical responsibilities the output groups entail, the department's activities can be loosely divided into eight areas, as follows (the illustrative information provided here is discussed in detail in the performance chapters of this annual report):

- coordination of government administration – for example, as a member of the Budget Coordination Committee, we work closely with Treasury and the Department of Finance and Administration on all aspects of Commonwealth Budget preparation

- assistance to Cabinet and its committees – for example, during 2001–02 we took part in establishing and supporting the Sustainable Environment Committee of Cabinet
- policy advice and administrative support to the Prime Minister – this includes the full scope of the Prime Minister’s domestic and international areas of interest
- inter-governmental relations and communications with state and territory governments – for example, in 2001–02 we provided advice and conducted research to inform COAG on the regulations governing medical research using embryos
- Australian honours and symbols policy – for example, in 2001–02 we handled preparations for new awards, such as the Anniversary of National Service 1951–1972 Medal, and applications for existing awards, such as the Centenary Medal
- government ceremonial and hospitality activities – for example, in 2001–02 we organised events as disparate as a visit from Her Majesty The Queen and the state funeral of the last Gallipoli veteran
- status of women – this is the responsibility of the dedicated Office of the Status of Women, which advises Ministers and manages various programmes as well as collecting and providing information of particular interest to women
- coordination of government communications and advertising – through the Government Communications Unit, our centralised approach both promotes a coherent government message and reduces costs.

**Figure 2**      **Organisational structure**



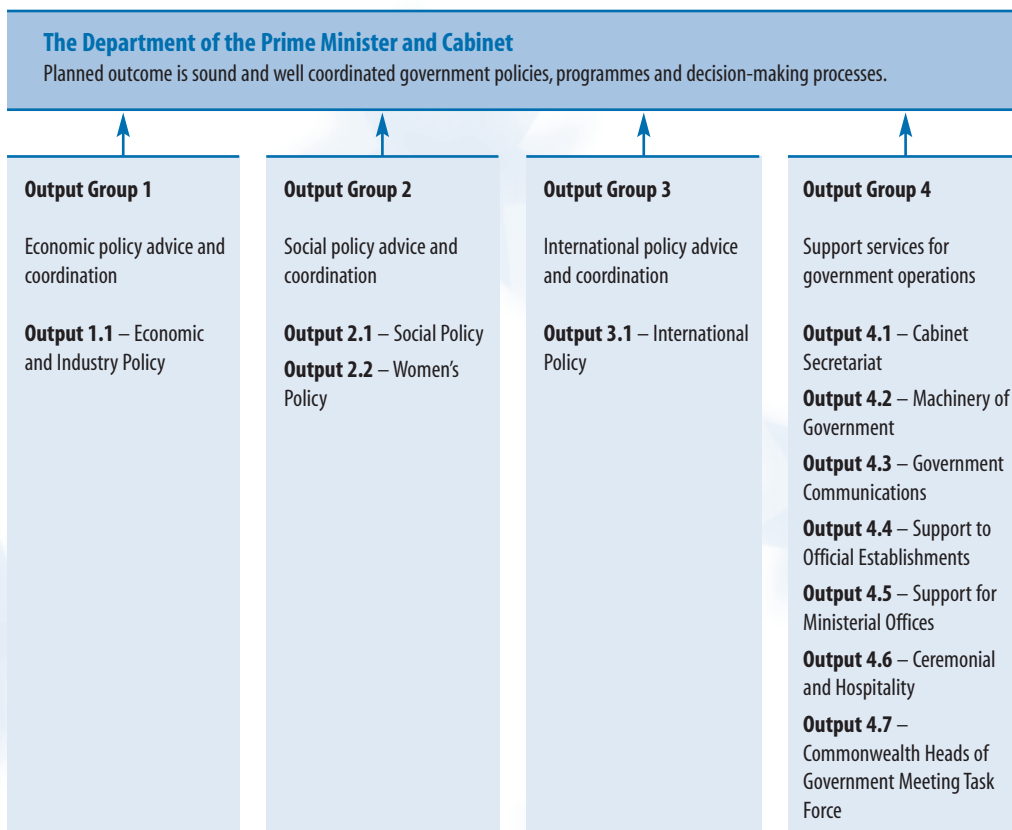
**Figure 3 Senior staffing as at 30 June 2002**

<b>Secretary – Max Moore-Wilton</b>	
<b>Output Group 1 – Executive Coordinator <i>David Borthwick</i></b>	
<b>Economic Division</b> First Assistant Secretary <i>Jenny Goddard</i> Economic Policy Assistant Secretary <i>Arthur Camilleri</i> Fiscal Policy Assistant Secretary <i>Barry Sterland</i> Taxation, Superannuation and Workplace Relations Assistant Secretary <i>Michael Carnahan</i>	<b>Industry, Infrastructure and Environment Division</b> First Assistant Secretary <i>James Horne</i> Infrastructure and Regional Policy Assistant Secretary <i>Stuart Sargent</i> Industry Policy Assistant Secretary <i>Sean Innis</i> Rural and Environment Assistant Secretary <i>Stephen Clively</i>
<b>Output Group 2 – Executive Coordinator <i>Jeff Whalan</i></b>	
<b>Social Policy Division</b> First Assistant Secretary <i>Joanna Davidson</i> Health and Community Services Assistant Secretary <i>Gavin Jackman*</i> Education and Immigration Assistant Secretary <i>John Matthews*</i> Income Support Assistant Secretary <i>Cath Halbert</i> Employment, Families and Indigenous Policy Assistant Secretary <i>Helen Hambling</i>	<b>Office of the Status of Women</b> First Assistant Secretary <i>Rosemary Calder</i> Strategic Policy and Development Assistant Secretary <i>Sandra Parker</i> National Policy and Programme Coordination Assistant Secretary <i>Mary Meaney*</i>
<b>Output Group 3 – Reports directly to the Secretary</b>	
<b>International Division</b> First Assistant Secretary <i>Michael Potts</i> Pacific, Rest of the World and Multilateral Assistant Secretary <i>Patrick Cole</i>	Asia, Americas and Trade Assistant Secretary <i>Simeon Gilding</i> Defence, Intelligence and Security Assistant Secretary <i>Richard Sadleir</i>
<b>Output Group 4 – Executive Coordinator <i>Alan Henderson**</i></b>	
<b>Government and Corporate</b> Cabinet Secretariat Assistant Secretary <i>Peter Hamburger</i> Corporate Support Assistant Secretary <i>Richard Oliver</i> Ceremonial and Hospitality Assistant Secretary <i>Julie Yeend</i>  <b>Government Communications Division</b> First Assistant Secretary <i>Greg Williams</i> Information Services Assistant Secretary <i>Susan Ball</i>	<b>Government Division</b> First Assistant Secretary <i>Barbara Belcher</i> Parliamentary and Government Assistant Secretary <i>David Macgill</i> Legal and Culture Assistant Secretary <i>Philippa Lynch</i> Awards and National Symbols Assistant Secretary <i>Paul O'Neill</i> Parliamentary Liaison Officers House of Representatives <i>Alistair Sherwin*</i> Senate <i>Myra Croke*</i>

\*denotes acting

\*\*until 28 June, when succeeded by Andrew Metcalfe

**Figure 4 Departmental outcome and output groups**



## Performance overview

### Staff performance

The performance of individual staff members is monitored and measured through the department's recently revised Performance Appraisal and Development Scheme (introduced in August 2001), which involves the development of individual performance agreements, incorporating common performance standards at each level, and a process of performance review and assessment. More information about the scheme is provided in the chapter 'Corporate Governance'.

### Output performance

Outputs report on their performance – in terms of specific indicators of price, quality, quantity and timeliness – in the 'Report on Performance'.

## Departmental performance

### *Price*

The total price of providing the department's outputs in 2001–02 was \$82.9 million. This comprised \$78.4 million appropriation and \$4.5 million revenue from other sources (interest, sale of goods and services, free resources, special accounts and miscellaneous revenue). More detailed information is provided in the 'Financial performance' section in this chapter.

Table 1, Appropriation for Outcome 1, shows detail on the expenditure against the department's price of outputs appropriation.

### *Quality*

All the department's activities are expected to achieve satisfactory results in terms of:

- the degree of satisfaction of the Prime Minister and other portfolio Ministers, their offices and the departmental Executive – as expressed through formal and informal feedback – with the quality and timeliness of advice and the achievement of key tasks
- an assessment of outputs against the annual divisional work plans and individual performance agreements.

During 2001–02, the department's overall performance was satisfactory in terms of both quality criteria.

**Table 1 Appropriation for Outcome 1 (\$'000)**

	<i>Budget Estimate 2001–02</i>	<i>Actual 2001–02</i>
<b>ADMINISTERED EXPENSES</b>		
Allowance to former Governors-General	537	943
Support to former Governors-General	640	767
State occasions and official visits	3,365	2,744
Women's programmes	16,922	10,554
Prime Minister's official residences	1,439	1,443
Compensation and legal expenses	423	–
National Australia Day Council	568	568
CHOGM security	2,621	10,000
<b>Total Administered</b>	<b>26,515</b>	<b>27,019</b>
<b>DEPARTMENTAL PRICE OF OUTPUTS</b>		
<b>Output Group 1 – Economic policy advice and coordination</b>		
Output 1.1 – Economic and Industry Policy	9,242	8,318
<b>Subtotal Output Group 1</b>	<b>9,242</b>	<b>8,318</b>
<b>Output Group 2 – Social policy advice and coordination</b>		
Output 2.1 – Social Policy	5,307	4,961
Output 2.2 – Women's Policy	7,673	7,214
<b>Subtotal Output Group 2</b>	<b>12,980</b>	<b>12,175</b>
<b>Output Group 3 – International policy advice and coordination</b>		
Output 3.1 – International Policy	4,129	3,737
<b>Subtotal Output Group 3</b>	<b>4,129</b>	<b>3,737</b>
<b>Output Group 4 – Support services for government operations</b>		
Output 4.1 – Cabinet Secretariat	2,596	2,441
Output 4.2 – Machinery of Government	7,014	6,431
Output 4.3 – Government Communications	1,606	1,418
Output 4.4 – Support to Official Establishments	532	498
Output 4.5 – Support for Ministerial Offices	2,399	2,061
Output 4.6 – Ceremonial and Hospitality	2,726	2,477
Output 4.7 – CHOGM Task Force	13,750	35,649
<b>Subtotal Output Group 4</b>	<b>30,623</b>	<b>50,975</b>
<b>Total departmental</b>	<b>56,974</b>	<b>75,205</b>
<b>TOTAL APPROPRIATION</b>	<b>83,489</b>	<b>102,224</b>
<b>AVERAGE STAFFING LEVEL</b>	<b>395</b>	<b>390</b>

### Other department-wide measures

There are certain issues in relation to which the department's performance is measured across all output groups, rather than separately by output. They are: Cabinet minutes, ministerial correspondence, parliamentary questions on notice, ministerial briefings, and requests made under the *Freedom of Information Act 1982* (FOI Act). Each of these is discussed in more detail – in terms of timeliness and quantity indicators – below.

#### Cabinet minutes

**Timeliness:** • to release Cabinet minutes within 24 hours of a Cabinet or committee meeting

During the period 1 July 2001 to 30 June 2002, 96 per cent of Cabinet meeting minutes met this performance target. A small proportion of minutes required additional time to finalise, due mainly to the large volume of business dealt with during the Budget period.

#### Ministerial correspondence

**Quantity:** • to process in excess of 100,000 items of ministerial correspondence  
• to provide 4,000 briefings to the Prime Minister, other portfolio Ministers and their offices

**Timeliness:** • for correspondence on substantive issues from Commonwealth Ministers, heads of state, Premiers and Chief Ministers, and other important correspondents, a response is to be prepared within 10 working days  
• for other correspondence, a response is to be prepared within 20 working days  
• referral of correspondence to other Ministers should occur within five working days of its receipt in the department  
• briefings should be prepared in anticipation of being needed, or as required by the Prime Minister, another Minister or a Minister's office

The department processed approximately 121,000 pieces of correspondence – an average of 483 per day – addressed to the Prime Minister or to a Minister Assisting the Prime Minister.

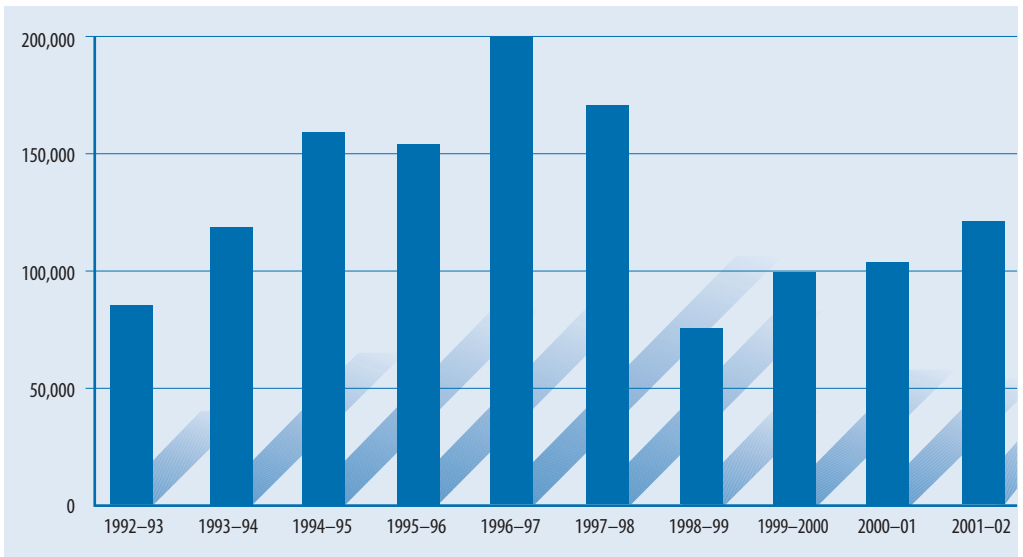
The largest volumes of correspondence related to: the Tampa incident (9,280 items), the Governor-General (2,340 items), terrorist attacks and events in Afghanistan (1,449 items) and asylum seekers (1,438 items).

Approximately 90 per cent – being 108,537 items – of correspondence was processed within the department's timeliness targets.

Some 1,772 briefings (in the form of minutes) were provided to the Prime Minister, Parliamentary Secretary and Ministers Assisting the Prime Minister, on a range of topics covering all four output groups and the various corporate support and information services functions of the department.

The volume of ministerial correspondence received in the last 10 years is shown below in figure 5. The figure shows that the volume of correspondence has been gradually increasing during the last four years.

**Figure 5** Items of correspondence processed



*Parliamentary questions on notice*

Quantity:	<ul style="list-style-type: none"> <li>to prepare draft answers to 100 parliamentary questions on notice</li> </ul>
Timeliness:	<ul style="list-style-type: none"> <li>to respond to parliamentary questions on notice within the number of days set in the Standing Orders of each house, currently 60 days for the House of Representatives and 30 days for the Senate<sup>1</sup></li> </ul>

The department had 33 questions on hand at 1 July 2001 (not 30 questions, as stated incorrectly in last year’s annual report).

The department received 64 parliamentary questions on notice during 2001–02: 47 from the House of Representatives and 17 from the Senate.

We lodged responses to 35 questions during the year: 24 House of Representatives questions and 11 Senate questions.

Four questions asked in 2001–02 – one from the House of Representatives and three from the Senate – were referred to Ministers in other portfolios. Due to the November 2001 election, 37 questions lapsed: 24 from the House of Representatives and 13 from the Senate. There were 21 questions on hand at 30 June 2002.

The average time taken to lodge responses to questions asked in 2001–02 was 55 days for the House of Representatives, representing a 9 per cent improvement on the department’s 2000–01 performance.

The target of 30 days for responding to Senate questions on notice was again not met. The average time taken to answer questions asked in the Senate in 2001–02 was 45 days which, compared to 51 days in 2000–01, represented approximately 12 per cent improvement. It should be noted, also,

<sup>1</sup> The department notes that the Senate Procedure Committee recently recommended that the time limit for responding to Senate questions on notice be extended to 60 days.

that only one of the eight questions asked and answered in the Senate in the 2001–02 financial year was not answered within 60 days, whereas five questions exceeded that deadline in 2000–01.

#### *Freedom of Information requests*

Quantity:	to respond to 25 FOI requests
Timeliness:	various, as specified in the FOI Act

The department received 27 FOI requests during 2001–02. The department had five FOI requests on hand at 1 July 2001. Twenty-six FOI requests were finalised during the year and six FOI requests were on hand at 30 June 2002.

## Financial performance

The following is a summary of the department's financial performance in 2001–02; detailed results are shown in the audited financial statements, and the departmental appropriation is shown in more detail in table 1, Appropriation for Outcome 1.

The department received an unqualified audit report for 2001–02.

## Operating result

The department reported an operating surplus for 2001–02 of \$5.2 million – 43 per cent greater than the operating surplus for 2000–01. Table 2 demonstrates the differences between the department's key results for the two financial years.

Of that operating surplus, \$0.6 million was returned to the Commonwealth as a notional payment and a further \$0.7 million will be returned, as payment of the capital use charge. The capital use charge is a levy that an agency is required to pay to compensate the Commonwealth for the use of the equity funds invested by the Commonwealth in the agency.

**Table 2 Comparison of 2000–01 and 2001–02 overall performance**

<i>Indicator</i>	<i>2001–02 (\$'000)</i>	<i>2000–01 (\$'000)</i>	<i>Movement (per cent)</i>
Revenue from Commonwealth Government	78,915	56,578	+39.5
Other revenue	3,989	5,352	-25.5
<b>Total revenue</b>	<b>82,904</b>	<b>61,930</b>	<b>+33.9</b>
Employee expenses	30,617	29,420	+4.1
Supplier expenses	36,540	21,359	+71.1
Other expenses	10,589	7,548	+40.3
<b>Total expenses</b>	<b>77,746</b>	<b>58,327</b>	<b>+33.3</b>
<b>Operating result</b>	<b>5,158</b>	<b>3,603</b>	<b>+43.2</b>

### Revenue

Total revenue was \$82.9 million.

The department received \$78.9 million in direct revenue from the Government, (appropriation \$78.4 million and free resources \$0.5 million) amounting to \$22.3 million more than in 2000–01.

Most of the additional funding was provided to ensure that adequate resources were available both to honour the commitments made in relation to the planned October 2001 Commonwealth Heads of Government Meeting (CHOGM), which did not proceed, and to fund the CHOGM meeting which did take place in March 2002. (More information about CHOGM is provided in a special article later in this report.)

Revenue from other sources decreased by \$1.4 million because there were no contributions to task forces from other departments and less revenue for the campaign reserve special account.

### Expenses

The department's expenses during 2001–02 were \$19.4 million more than in 2000–01.

Most of that increase resulted from higher supplier expenses; that is, expenses incurred when purchasing goods or services from suppliers outside the department. Such purchases may range from property and equipment to fares for travel or fees for contract processing. In preparing for CHOGM, the department made an unusually large number of purchases and some purchases were also of high value.

### Administered items

'Administered items' are those assets, liabilities, revenues and expenses that are controlled by the Commonwealth Government but managed or overseen by the department on the Commonwealth's behalf.

Table 3 provides comparisons between the department's 2000–01 and 2001–02 results for administered items.

**Table 3 Comparison of 2000–01 and 2001–02 results for administered items**

<i>Administered expense</i>	<i>2001–02 (\$'000)</i>	<i>2000–01 (\$'000)</i>	<i>Movement (per cent)</i>
Allowances to former Governors-General	943	424	+122.4
Support to former Governors-General	767	489	+56.9
State occasions and official visits	2,744	3,416	–19.7
Women's programmes	10,554	5,923	+78.2
Prime Minister's official residences	1,443	1,624	–11.1
Compensation and legal	0	38	Not applicable
National Australia Day Council	568	Not applicable	Not applicable
CHOGM security	10,000	7,424	+34.7
<b>Total administered expenses</b>	<b>27,019</b>	<b>19,338</b>	<b>+39.7</b>

### **Significant variations**

There were six movements of more than 10 per cent in the cost of, or the return on, administered expenses in 2001–02, as explained below.

- With the retirement of Hon. Sir William Deane, there was a 122 per cent increase in the cost of allowances to the former Governors-General. This is the result of an actuarial assessment of the provisions for personal benefits payable.
- The cost of the ‘support to former Governors-General’ administered item increased by 57 per cent. This reflected the costs involved in Sir William Deane’s retirement. Most of these were one-off costs, such as those involved in furnishing a suitable office for Sir William.
- The ‘state occasions and official visits’ administered item was 20 per cent lower than in the previous year, because the 2000–01 expenses included the unusually high levels of activity flowing from the Sydney 2000 Olympic Games.
- ‘Women’s programmes’ received an extra \$4.3 million dollars in the 2001–02 Budget – for four measures: National Initiative to Combat Sexual Assault; National Leadership Initiative; Informed Choices for Women; and Women’s Development Programmes – which is reflected in the 78 per cent increase in outlays for that item.
- There was an 11 per cent drop in the cost of ‘Prime Minister’s official residences’, because the 2000–01 total included expenditure on maintenance and rejuvenation projects undertaken in preparation for events connected with the Sydney 2000 Olympic Games.
- As a result of the size and complexity of the security task for the reconvened CHOGM (post 11 September 2001), the ‘CHOGM security’ cost increased by 35 per cent.

The ‘National Australia Day Council’ is a new administered item.

### **Balance sheet**

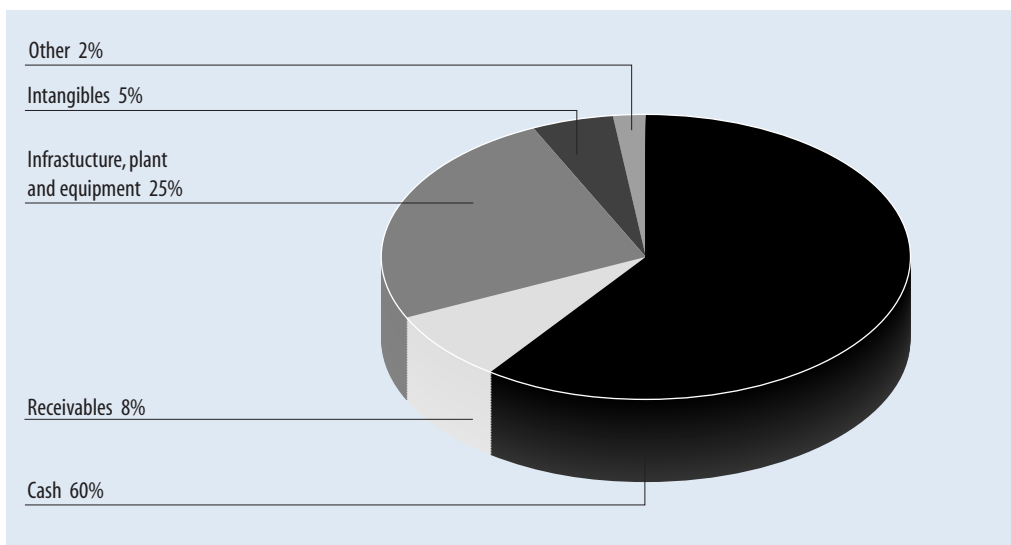
The department’s total equity – that is, the sum of the department’s assets less its liabilities – increased from \$12 million in 2000–01 to \$14.3 million in 2001–02.

The department’s operating surplus of \$5.2 million is largely offset by the requirement to return \$4 million to the Commonwealth as a distribution of equity.

### **Assets**

The department’s assets may be broken into four main categories:

- cash
- infrastructure, plant and equipment
- intangibles (non-physical assets such as software), and
- receivables (amounts due to be paid to the department).

**Figure 6** Departmental assets shown by category

The department's own total assets decreased, to the value of \$28.6 million, during 2001–02.

The largest part of that decrease was in cash holdings. The department made two exceptional types of cash outlays during 2001–02. The first was to acquit CHOGM contract liabilities from 2000–01.

The second was to return \$5 million to the Commonwealth Government. That amount consisted of two elements:

- an efficiency dividend of \$1 million, first identified by the Expenditure Review Committee of Cabinet in preparations for the 2000–01 Budget but not required to be paid until after CHOGM
- the return of \$4 million from the Campaign Reserve special account, being money declared surplus by the pricing review completed by the department in 2001–02.

The department's non-financial assets increased by \$1.4 million. This was mainly due to a revaluation of assets in June 2002.

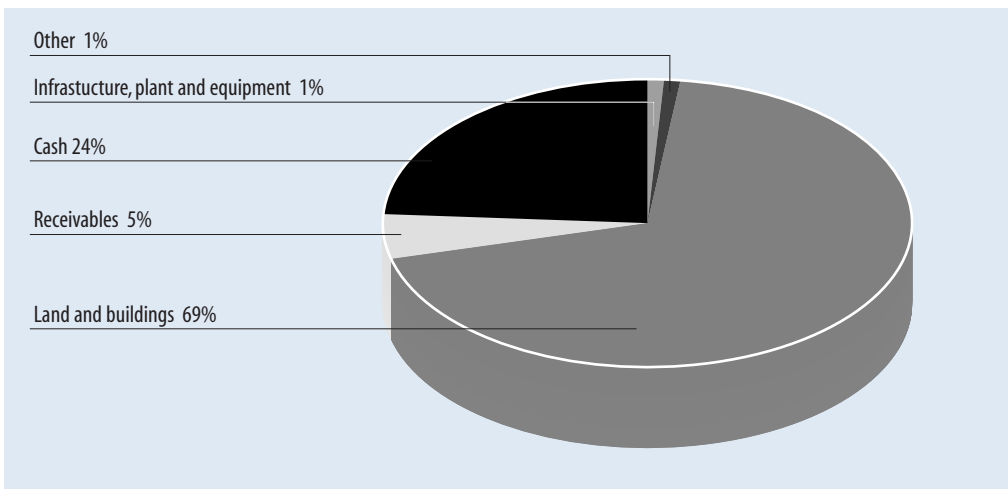
**Liabilities**

The department’s liabilities also decreased markedly during 2001–02, by \$5.3 million, largely due to the acquittal of obligations arising from CHOGM.

One area of liability – employee entitlements, including salaries and other entitlements such as payment for study leave – increased during the year, by \$1.5 million. The increase represented a natural escalation in employee entitlements.

**Administered assets**

**Figure 7 Administered assets shown by category**



The composition of the department’s administered assets remained stable during 2001–02.