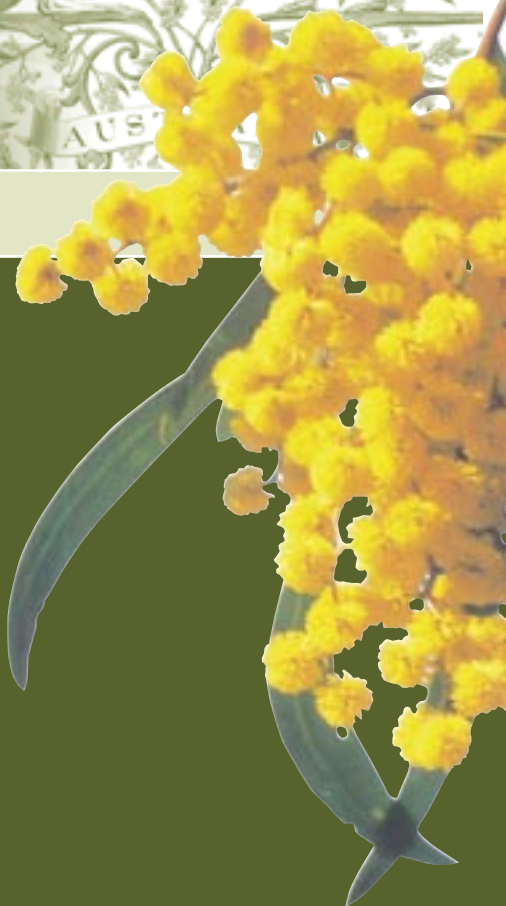




Australian Government
Department of the Prime Minister and Cabinet



ANNUAL REPORT 2003-04





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SECRETARY

13 October 2004

The Hon John Howard MP
Prime Minister
Parliament House
Canberra ACT 2600

Dear Prime Minister

I have pleasure in submitting the Annual Report of the Department of the Prime Minister and Cabinet for the financial year ending 30 June 2004 prepared in accordance with subsection 63(2) of the *Public Service Act 1999*.

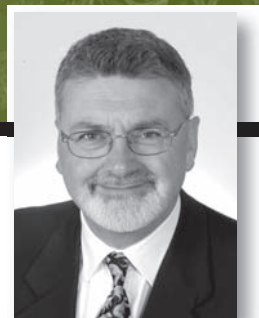
Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Shergold', with a horizontal line underneath.

Peter Shergold

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Dr Peter Shergold

Annual reports provide lots of useful information. The committed reader can learn much from the identification of departmental outputs and their price, the financial operating result, the staffing statistics and details of the use of consultants and contractors. Of greater interest, a good report—and I include this account of twelve months in the life of the Department of the Prime Minister and Cabinet (PM&C)—can provide a sense of the major issues which faced us during the course of a year and the wide variety of initiatives to which we contributed.

Yet I sometimes worry that the formulaic structure of reports, while undoubtedly improving the scrutiny of organisational performance, fails to capture the vital essence of what a department does—and why. The intellectual stimulation, camaraderie, frustration and fun (yes, truly) that is the working life of a professional public servant is generally not portrayed adequately.

PM&C provides policy advice to the Prime Minister. I can tell you how much: in 2003–04, 2,972 briefings in the form of minutes. The raw statistic hides the variety of policy advice that is the *raison d'être* of the department. Some advice addressed straightforward matters. Most, because public policy is wickedly difficult, was complex. Some briefs dealt with immediate issues. Others—such as the work undertaken in the last year on demographic change, water access, energy pricing or countering terrorism—demanded medium or long-term policies. They required extensive consultation, successive iterations and detailed discussion with the Prime Minister and his advisers.

Sometimes our role is to provide the Prime Minister with an independent assessment of a policy initiative brought to Cabinet or a budget proposal prepared for the Expenditure Review Committee. More often our people will have been in close contact with their colleagues in other departments as the policy has evolved, to a greater or lesser extent influencing its framing. That is the process that lies at the heart of 'coordination'.

In some key instances the department, or a task force established within it, will take the lead in driving the process. This year we had a substantial role in developing policy on families, small business, health, schools education, childhood obesity, national security, residential aged care, support for carers, veterans' entitlements, transport, science, bushfire mitigation and industry adjustment for sugar growers.

I think the policy advice we provide is generally of a high standard. I know that the Prime Minister always takes account of it, although, entirely appropriately, he is not always fully persuaded by it. The ability to influence the national interest on such a wide array of difficult and fascinating matters is what rewards so many of us who work in PM&C.

It is no surprise that this year's staff survey showed that 87 per cent of us found the work interesting and that 81 per cent of us took pride in our achievements.

Of course, advice has to be timely, accurate, comprehensive and strategic. It has to be balanced: responsive to the directions set by the elected government but frank and robust in its assessment of the relative merits of different options.

That much is set out well in the *Public Service Act 1999*. But the best departmental advice should also be more—it should interest the Prime Minister because of the quality of its argument and the creativity of its proposals. In an environment in which advice is contested, the role of PM&C should be to capture the imagination of government by identifying innovative approaches to public policy. Did we succeed this year? I can't provide a figure on influence, but having read the responses of the Prime Minister to the briefs, participated in policy discussions with him and sat in on Cabinet and its committees, I am assured that the department did its job pretty well. Our analyses, and the views that emerged from them, were often influential.

Policy advice is important but 'it don't mean a thing if it ain't got that zing.' Nothing is more frustrating to a government than to oversight the development of policy, make and announce a decision and then find that the public service fails to meet its expectations in delivering the policy to citizens. The implementation of policy is every bit as important as its development.

With the notable exception of the Office of the Status of Women, PM&C does not bear direct responsibility for programme delivery. That is the role of the line departments and operational agencies. However this year our involvement changed significantly. In order to improve the quality of delivery a Cabinet Implementation Unit was established in the department. Its objective is to ensure that when a policy initiative is brought forward it clearly identifies how and when it will be implemented and the risks that will need to be managed. To ensure that good planning is matched by effective delivery, key outcomes are now monitored against agreed timetables. The Prime Minister, and his colleagues, will in the future receive a quarterly report on implementation.

The establishment of the CIU represents a significant new direction in our coordination role. It is not the only example. In terms of matters as diverse as the reporting and assessment of intelligence, the organisation of

counter-terrorism measures or the administration of indigenous affairs, PM&C took on a more significant role during 2003–04. The department, to select two instances, led the interagency development of the policy and diplomacy underpinning the Regional Assistance Mission to Solomon Islands, and took a lead in formulating the policy that led to an Enhanced Cooperation Package for Papua New Guinea. We also led reviews of Australia's aviation and maritime security arrangements. We worked closely with Defence, and Foreign Affairs and Trade, to ensure that the Prime Minister was continuously advised on all aspects of our operations in Iraq and East Timor.

The key to our success is to exercise restraint in the way we seek to exert influence across the Australian Public Service. PM&C should not be seen as a regulatory, interfering policeman. Coordination depends upon cooperation at all levels. The challenge for PM&C, to which it has responded well during the year, is to exhibit a spirit of collegiality. A 'whole-of-government' approach to policy development and delivery means that narrow departmentalisation must be eschewed—not least by ourselves.

PM&C also organises things. That may sound easy. It's not. During the year, for example, the Cabinet Secretariat set in place the arrangements, and minuted the outcomes, of 67 meetings of Cabinet and its committees. CERHOS (the wonderful acronym for our Ceremonial and Hospitality Branch) had a major role in organising the simultaneous visits of United States President George W Bush and Chinese President Hu Jintao. The Prime Minister's busy schedule of overseas travel was arranged and administered to a high standard. The moving commemorations for the first anniversary of the 12 October 2002 terrorist attacks in Bali were carefully planned.

In June 2004, a major campaign to combat violence against women was launched, and a National Helpline established: in the first three weeks over 16,000 calls were received. Other major campaigns facilitated by the department's Government Communication Unit dealt with issues as varied as travel advisories, superannuation co-contributions, waste oil, Medicare, regional telecommunications and Australian Defence Force recruiting.

Australians write to the Prime Minister in increasing numbers. This year well over 800 letters or emails arrived each day. More than 90 per cent were answered promptly. In such small but important ways democracy works. So, too, in a rather different manner, does good governance depend upon the way in which we create and manage the written and electronic records of what we do.

In these, and a wide variety of other ways, do our 380 staff support the Prime Minister. They are a diverse and relatively youthful group: around a third aged less than 35 years; a third 35–44 years; and a third older. We continue to attract the very best graduates and high-fliers from around the Service.

This financial year we saw the departure of two outstanding Deputy-Secretaries. Jeff Whalan was appointed to the position of Managing Director of the Health Insurance Commission in September 2003. We warmly welcomed Patricia Scott, from the Department of Industry, Tourism and Resources, on board the Executive team to lead our Social Policy Division, People, Resources and Communications Division and the Office of the Status of Women. David Borthwick was appointed as Secretary of the Department of the Environment and Heritage in March 2004. Jenny Goddard successfully acted as Deputy Secretary of the Economic, Industry, Infrastructure and Environment and Cabinet Divisions throughout the Budget period and was promoted in August 2004 to this position. Andrew Metcalfe continued to provide excellent leadership of the National Security, International and Government Divisions of the Department.

Around two-thirds of our staff are women, and more than half of our senior executives are women. Overall, some 79 per cent of our staff find their job satisfying. They enjoy working for the Prime Minister, being at the centre of government and being intellectually stimulated. The challenge is to provide them with a supportive workplace environment. This year, as our annual report elaborates, we have devoted great effort to recognising individual achievement, providing more career support and development, investing in better quality IT and help, improving performance management and helping committed people to balance their work and personal lives over the long term.

These people are our performance. It's in recognition of that fact that I chair the department's People and Leadership Committee. It's why each month I talk to every single new employee about their roles and responsibilities as an officer in PM&C and the values and conduct that frame their duty as a professional public servant. I set out my expectations of their performance and behaviour.

As this year's annual report shows, to a very considerable extent the staff in the department have more than met those expectations. I thank them.

THE YEAR IN Pictures



Meeting in the Oval Office 3 June 2004, from far left to close right: Mr Arthur Sinodinos, Chief of Staff, Prime Minister's Office, Dr Ashton Calvert, Secretary Department of Foreign Affairs and Trade, Dr Peter Shergold, Secretary Department of the Prime Minister and Cabinet, HE Michael Thawley, Australian Ambassador to the US, the Prime Minister, Mr John Howard, President George W Bush, Vice President Dick Cheney, Secretary of State Mr Colin Powell, National Security Adviser Dr Condoleeza Rice, HE Thomas Schieffer, US Ambassador to Australia.



The Prime Minister, Mrs Howard and Senator Kay Patterson with school students at the unveiling of the Commonwealth Franchise Act and Launch of the \$1 suffrage coin at Parliament House on 3 December 2003.



President Hu Jintao addressing a joint sitting of Parliament in the House of Representatives chamber on Friday 24 October 2003.



2003 graduate Allison Crowe gives 2004 graduate Martin Bendeler a 'haircut' during the 'World's Greatest Shave for a Cure' competition to raise funds for the Leukaemia Foundation.



Annual White Ribbon Campaign ambassadors with the Minister Assisting the Prime Minister for the Status of Women, Senator Kay Patterson. From left: Andrew Denton (ABC), Dr Shergold, Lionel Quartermaine (ATSIC acting Chairman), Wil Anderson (ABC), Federal Agent Graham Ashton (General Manager, AFP Counter Terrorism) Simon Woolford (Canberra Raiders captain) and Senator Robert Hill (Minister for Defence).



Lining up to perform as the other half of the Blues Brothers at the departmental Christmas party are the Soul Sisters from the department's executive. From left to right: Kim Nadurak, Louise Mulcahy, Rebecca Lannen and Andra Putniš.



The Prime Minister and US President George W Bush with staff at the luncheon held in his honour at The Lodge on 23 October 2003. Back row (L-R): Chris Peisly, Michael Oldfield, Duncan Howard. 2nd row (L-R): John Clancy, Vanessa Barisic, Audrey Rough, Cameron Robb. 3rd row (L-R): Krystle Clancy, Adam Thomas, Catherine Walsh, Phillip Allan. Front row ((L-R): Stuart Heddle, Sharon Dominick-Gill; the President, Ann-Maree Knowles, Trish Corbell, the Prime Minister.



Tracy Pateman, Senate Parliamentary Liaison Officer, who took part in the Hartley Challenge bike ride in November 2003, raising over \$1000 through donations from departmental staff for children with disabilities and their carers.



Tracy Byron, building security officer and Myra Croke, Assistant Secretary Cabinet Secretariat, assist the Secretary Dr Shergold to open the department's new secure conference facility in May 2004.



Santa arrives at the departmental children's Christmas party held at the Lodge, December 2003 (featuring Jamie Fox, Senior Adviser Government as Santa).



Recipients of the 2004 Australia Day Achievement Award for their contribution to the success of the simultaneous visits by President Hu and President George W Bush in October 2003. From left: Gillian Bird, Simeon Gilding, Mary Deane, Rebecca Christie, Alison Rigby, Anne Carnevale, Tara Laan, Julie Yeend, Chris Wheatley and John Fisher.



Operators of Café-in-Confidence stand ready to cope with the onslaught at the opening of the department's coffee shop in December 2003. The department's barrista, Haley Billings (front) is flanked by co-owners Jamie Royal (left) and Mark Aspin (far right), and manager Katy Harris (right of Haley).

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.

Portfolio agencies

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

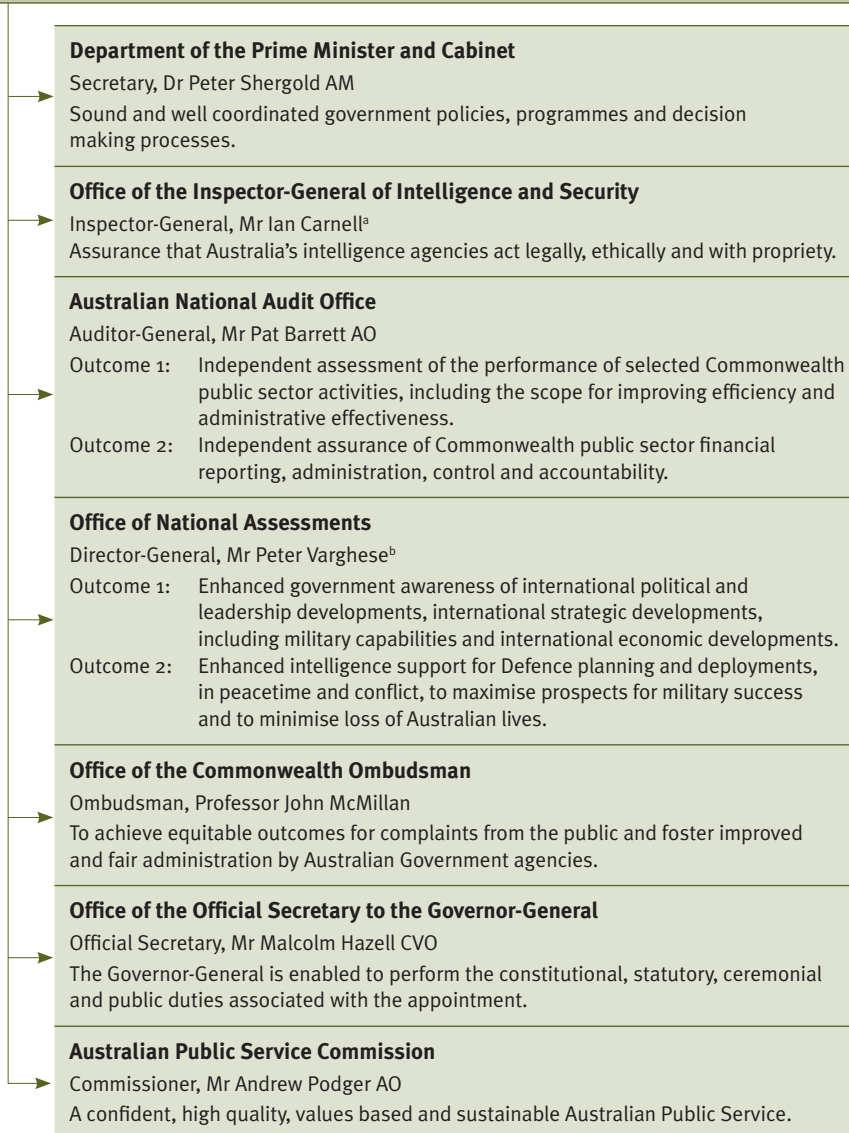
An overview of the role and functions of the Department of the Prime Minister and Cabinet is presented in the Departmental Overview below. More detailed information about the activities and responsibilities of the other portfolio agencies, which are administered under the *Financial Management and Accountability Act 1997*, 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.pmc.gov.au
- Office of the Inspector-General of Intelligence and Security, www.igis.gov.au
- Australian National Audit Office, www.anao.gov.au
- Office of National Assessments, www.ona.gov.au
- Office of the Commonwealth Ombudsman, www.ombudsman.gov.au
- Office of the Official Secretary to the Governor-General, www.gg.gov.au
- Australian Public Service Commission, www.apsc.gov.au.

Figure 1 Structure of Prime Minister and Cabinet portfolio, 2003–04

Prime Minister	The Hon John Howard MP
Minister Assisting the Prime Minister	The Hon Gary Hardgrave MP
Parliamentary Secretary to the Prime Minister	The Hon Jackie Kelly MP
Minister Assisting the Prime Minister for Reconciliation	Senator the Hon Amanda Vanstone
Minister Assisting the Prime Minister for the Status of Women	Senator the Hon Kay Patterson
Minister Assisting the Prime Minister for the Public Service	The Hon Kevin Andrews MP



a Succeeded Mr Bill Blick PSM on 22 March 2004.

b Succeeded Mr Kim Jones AM on 17 January 2004.

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.

Figure 2 shows the relationship between the department's key drivers, outcomes and outputs.

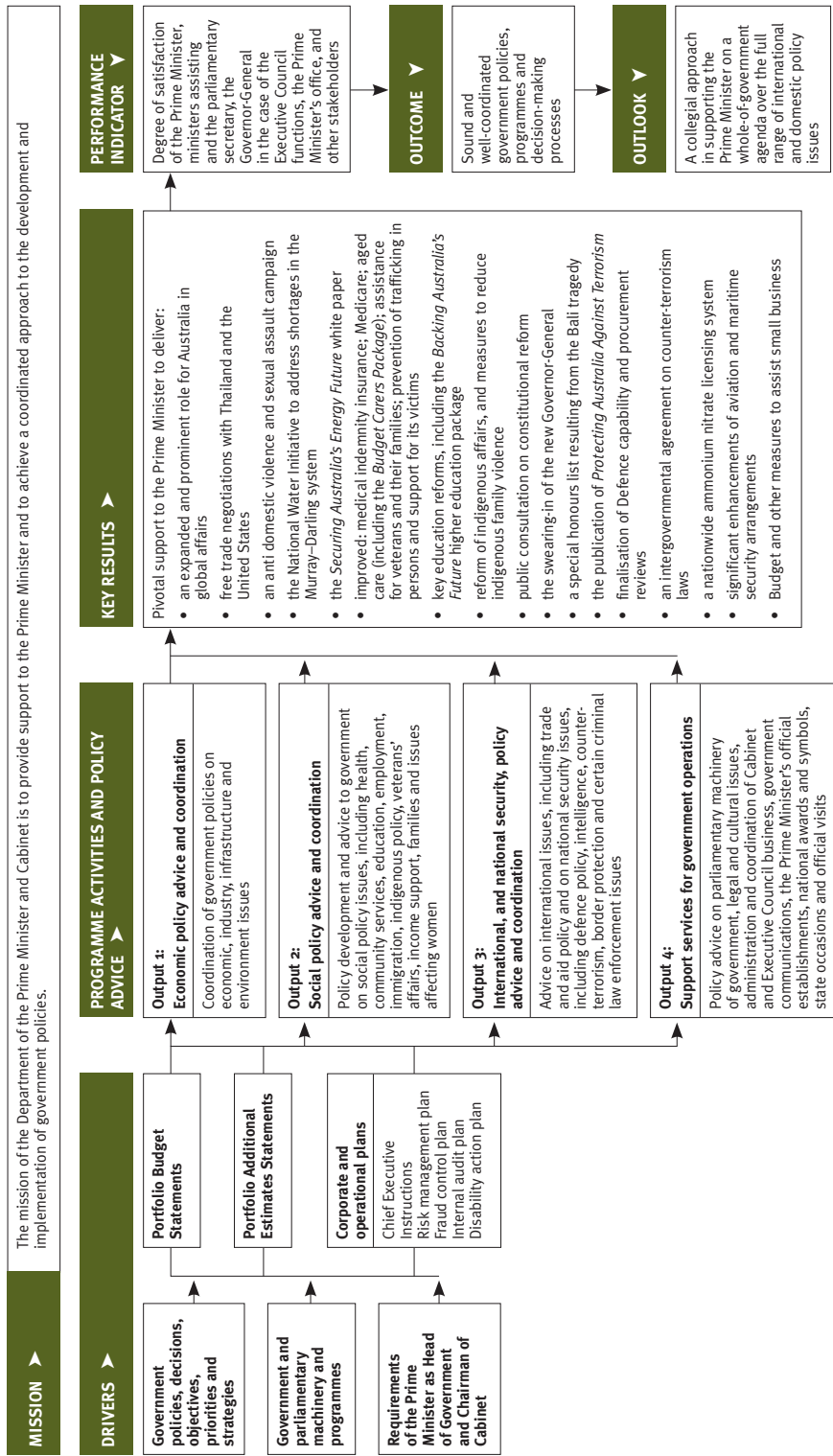
Structure and outputs

At 30 June 2004, the department comprised the Executive, nine divisions and the Energy Taskforce Secretariat. The revised organisational structure announced by the Secretary on 23 May 2003 and reported in last year's annual report was in place and operating effectively to ensure the department was providing the highest level of support to the Prime Minister.

During 2003–04, the department contributed to the achievement of its outcome through four output groups:

- the group 1 output included policy advice on economic, industry, infrastructure and environment and resource issues, and effective Council of Australian Governments (COAG) operations
- the group 2 outputs included policy advice on social policy issues, including income support, indigenous policy, health and aged care, veterans' affairs, housing, disabilities, employment, education and training, immigration and multicultural affairs, families, youth and community services, and women's issues; and the administration of a number of government programmes and initiatives for women, including Partnerships Against Domestic Violence, the National Initiative to Combat Sexual Assault and grants to women's non-government organisations
- the group 3 outputs included policy advice on international issues, including trade and aid, and on national security issues, including defence, intelligence, counter-terrorism and border protection
- the group 4 outputs included policy advice on parliamentary, machinery of government, legal and cultural issues; and a range of support services including coordination of Cabinet and Executive Council business, coordination of government communications, coordination and promotion of national awards and symbols, administration of the Prime Minister's official establishments, and administration of the visits and hospitality programme.

Figure 2 Performance framework, 2003–04



The costs of corporate services were apportioned across the four output groups, and are reflected in each group's price of outputs.

Figure 3 sets out the organisational structure and the senior staff responsible for each output. Some of the outputs involved administered items; these are described in detail in the relevant reports on performance. The outputs are set out in Figure 4.

Responsibilities

The principal matters with which the department deals are:

- coordination of government administration—ensuring a whole-of-government approach on issues ranging from national security and border protection to programmes supporting individuals, families and communities
- assistance to the Cabinet and its committees—managing processes and procedures to facilitate the decision-making role of Cabinet
- policy advice and administrative support to the Prime Minister—covering the full spectrum of the Australian Government's responsibilities, including major domestic and international matters
- intergovernmental relations and communications with state and territory governments—including coordinating arrangements for meetings of the Council of Australian Governments (COAG), developing strategies and providing advice on a diverse range of matters from sport and tourism to natural resources policy
- Australian honours and symbols policy—including support for related public education and communications campaigns, nominations for awards and applications for medals
- government ceremonial and hospitality activities—including organising major events such as visits by heads of state, making logistic arrangements for the Prime Minister's overseas visits, and organising memorial services and welcome home parades to honour personnel who have contributed to overseas military operations
- status of women—ensuring awareness of gender issues is reflected in government policy and programme development
- coordination of government communications and advertising—ensuring the development and implementation of government information campaigns and ensuring a reliable and cost-effective media placement service for departments and agencies through the Central Advertising System.

The activities of the Prime Minister's Energy Taskforce Secretariat under the chairmanship of Associate Secretary Russell Higgins culminated in the release on 15 June 2004 of the white paper, *Securing Australia's Energy Future*. The taskforce was established in January 2003 reporting under Output Group 1.

Figure 3: Organisational structure and senior staffing as at 30 June 2004

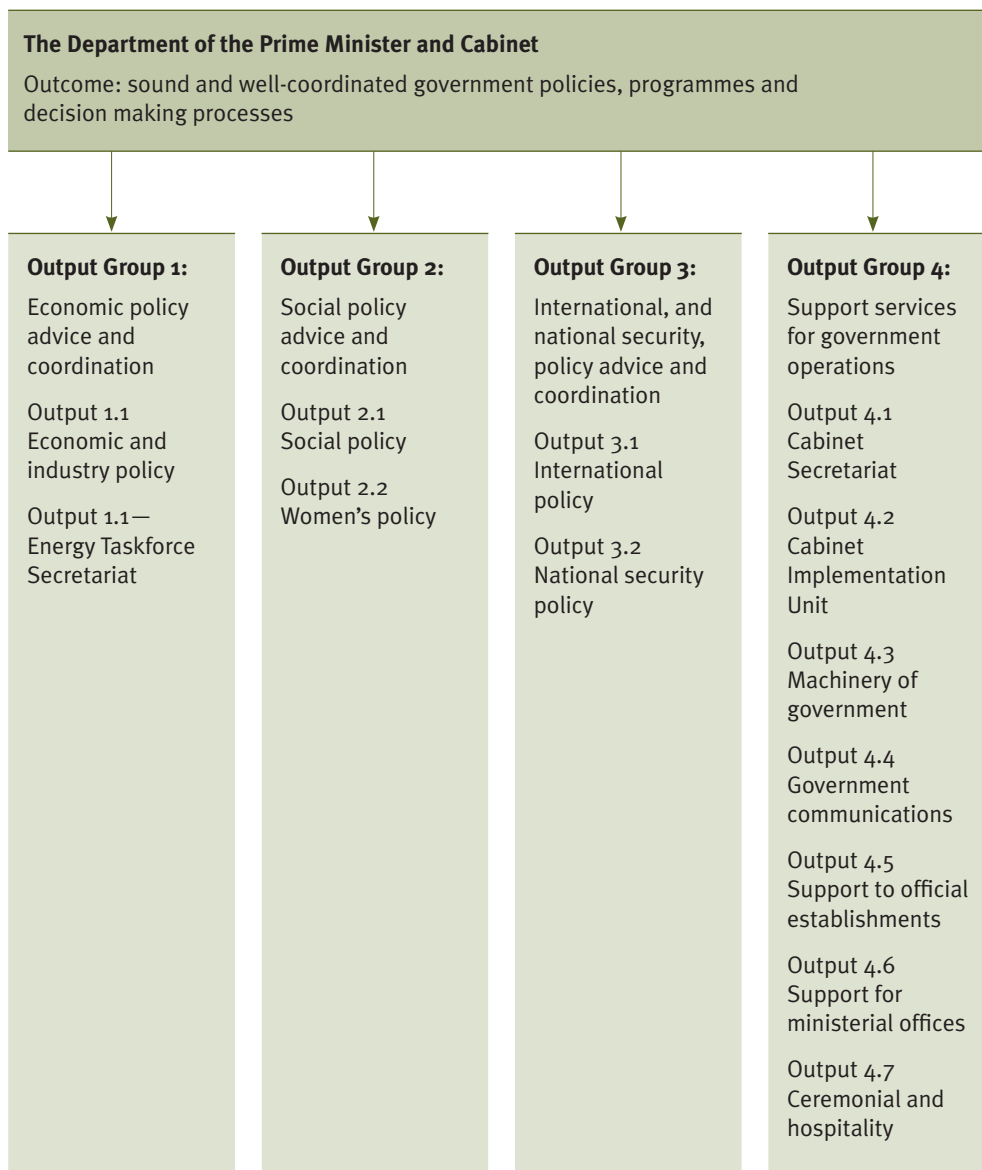


a Held by David Borthwick until 6 February 2004.

b Succeeded Jeff Whalan on 22 September 2003.

* Acting.

Figure 4 Departmental outcome and output groups



This section provides an overview of staff performance, and departmental performance assessed in terms of price, quality and other department-wide measures. Each output reports on its individual performance, in terms of the indicators identified in the Portfolio Budget Statements, in the Report on Performance chapter.

Staff performance

The performance of individual staff members is monitored and measured through the department's Performance Appraisal and Development scheme (introduced in August 2001), which involves the negotiation of individual performance agreements, incorporating common performance standards at each level, and a process to review and assess performance against those agreements. More information about the scheme is provided in the Management and Accountability chapter.

Departmental performance

Price

The total price of the department's outputs in 2003–04 was \$60 million. This comprised \$56.7 million in revenue from government and \$3.3 million from other sources (sale of goods and services, special accounts and miscellaneous revenue).

Details of the price of outputs and the administered and departmental expenses incurred in delivering the department's outputs are detailed in Table 1 below. The table also shows the budget allocation for the 2004–05 financial year for these items.

Table 1 Total resources for Outcome 1 (\$'000), 2003–04

	(1) Budget 2003–04 ^a	(2) Actual expenses 2003–04	Variation (1) – (2)	Budget 2004–05 ^b
ADMINISTERED EXPENSES				
Allowance to former Governors-General ^c	735	1,434	-699	784
Support to former Governors-General ^d	1,082	1,098	-16	1,102
Superannuation surcharge for former Governors-General	0	0	0	0
State occasions and official visits	2,868	1,684	1,184	2,886
Women's programmes	25,011	24,900	111	11,589
Prime Minister's official residences	1,683	1,460	223	1,747
Compensation and legal expenses	478	45	433	476
National Australia Day Council	1,127	1,147	-20	1,126
National Counter-Terrorism Committee ^e	62	42	20	63
Total Administered Expenses^f	33,046	31,810	1,236	19,773
DEPARTMENTAL PRICE OF OUTPUTS				
Output Group 1: Economic policy advice and coordination				
Output 1.1—Economic and industry policy	13,071	13,010	61	11,852
Subtotal Output Group 1	13,071	13,010	61	11,852
Output Group 2: Social policy advice and coordination				
Output 2.1—Social policy	5,659	6,101	-442	6,030
Output 2.2—Women's policy	8,170	7,850	320	7,577
Subtotal Output Group 2	13,829	13,951	-122	13,607
Output Group 3: International, and national security, policy advice and coordination^g				
Output 3.1—International policy	4,569	3,874	695	3,907
Output 3.2—National security policy	3,951	5,421	-1,470	6,024
Subtotal Output Group 3	8,520	9,295	-775	9,931
Output Group 4: Support services for government operations				
Output 4.1—Cabinet Secretariat	3,168	3,222	-54	3,392
Output 4.2—Cabinet Implementation Unit	1,089	1,289	-200	1,379
Output 4.3—Machinery of government	7,716	7,695	21	7,793
Output 4.4—Government communications ^h	1,556	5,169	-3,613	3,470
Output 4.5—Support to official establishments	464	614	-150	722
Output 4.6—Support for ministerial offices	2,416	2,625	-209	2,655
Output 4.7—Ceremonial and hospitality	2,804	2,886	-82	2,817
Subtotal Output Group 4	19,213	23,500	4,287	22,228
Revenue from government (appropriation) for Departmental Outputs	54,994	54,994	0	54,614
Revenue from other sources	2,996	4,988	-1,992	3,004
Total Price of Outputs	57,990	59,982	-1,992	57,618
TOTAL FOR OUTCOME 1 (total of price of outputs and administered expenses)	91,036	91,792	-756	77,391
STAFFING	392	389ⁱ	-3	392

- a This column shows the full-year budget including additional and supplementary additional estimates.
- b This column shows the budget estimates prior to additional estimates
- c The actual expense for the allowance to former Governors-General includes \$0.7 million representing a one-off annual adjustment to the superannuation liability in respect of former Governors-General, following an independent actuarial assessment.
- d Expenditure includes the first full year's support for Dr Hollingworth including the one-off costs of fitting out his new office.
- e There were no expenses for 2002–03 for the National Counter-Terrorism Committee item as the department assumed responsibility for this item for the first time in 2003–04.
- f The total Administered Expenses in this table do not agree with the total Administered Expenses in the financial statements as this table is limited to appropriated expenses and therefore does not include expenses from the Media Commissions special account.
- g Resourcing amounting to \$1 million was transferred from Output 3.1 to Output 3.2 for the new National Security Division (shortly after its establishment). Further resources of approximately \$1.7 million were allocated to Output 3.2 to support the Flood inquiry and greater than anticipated complexity and workload in relation to security issues. These allocations were not reflected in the 2003–04 Budget estimates for these outputs.
- h Output 4.4 includes expenditure relating to the Campaign Special Account.
- i This figure represents the Average Staffing Level (ASL) as at 30 June 2004.

Note: Figures have been rounded to the nearest \$1,000 dollars.

Performance criteria

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

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

During 2003–04, the department's overall performance was satisfactory in terms of the above criteria.

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 below.

Cabinet minutes

<i>Timeliness</i>	The department aimed to meet the following deadline in relation to Cabinet minutes: <ul style="list-style-type: none">■ the release of Cabinet minutes within 24 hours of a Cabinet or Cabinet committee meeting.
-------------------	---

During the period 1 July 2003 to 30 June 2004, 98 per cent of minutes from meetings of Cabinet and its committees, including the National Security Committee (NSC), were settled and circulated within 24 hours of the conclusion of the meetings (92 per cent were settled and circulated within that timeframe in 2002–03).

Ministerial correspondence

<i>Quantity</i>	On the basis of past experience, in 2003–04 the department expected to: <ul style="list-style-type: none">■ process in excess of 120,000 items of Ministerial correspondence.■ provide over 4,700 briefings to the Prime Minister, other portfolio Ministers and their Offices.
<i>Timeliness</i>	The department aimed to meet specific deadlines as follows: <ul style="list-style-type: none">■ for correspondence on substantive issues from Australian Government Ministers, Heads of State, Premiers, Chief Ministers etc, a response is to be prepared within 10 working days■ for other correspondence, a response is to be prepared or appropriate action is to be carried out within 20 working days■ the preparation of briefings reasonably in advance of when they are required or within such other time periods as may be specified by the Prime Minister, the other portfolio Ministers, the Parliamentary Secretary or their offices.

During the period 1 July 2003 to 30 June 2004, the department processed approximately 207,000 items of correspondence—an average of 828 per day—addressed to the Prime Minister or to a minister assisting the Prime Minister.

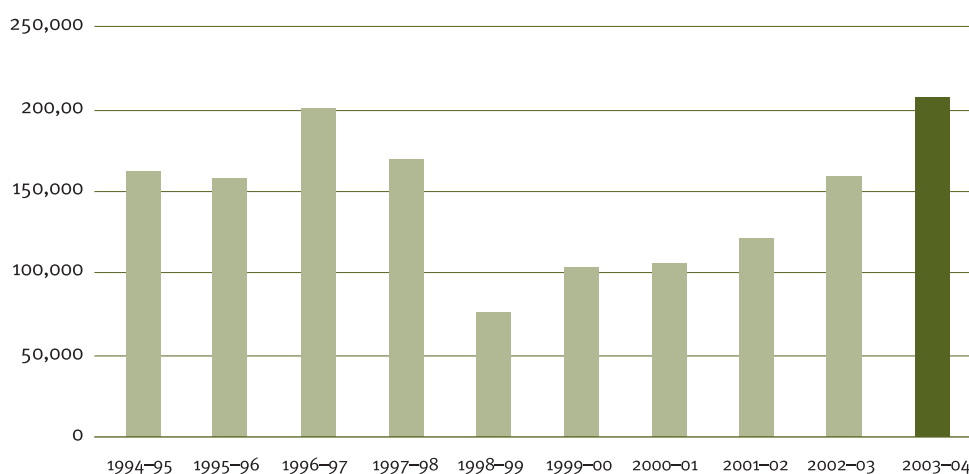
The largest volumes of correspondence related to the engagement of the Australian Defence Force in Iraq, live animal exports and forestry in Tasmania.

Approximately 93 per cent of correspondence was processed on time. This was similar to the percentage of correspondence processed on time during the previous year, although the volume of correspondence had increased by more than 30 per cent.

Some 2,972 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 past 10 years is shown in Figure 5. The figure shows that the volume of correspondence has increased significantly over the past six years.

Figure 5 Items of correspondence processed



Parliamentary questions on notice

Quantity	On the basis of past experience, in 2003-04 the department expected to: <ul style="list-style-type: none"> ■ prepare draft answers to 145 Parliamentary Questions on Notice.
Timeliness	The department aimed to meet specific deadlines as follows: <ul style="list-style-type: none"> ■ the preparation of responses to Parliamentary Questions on Notice within 60 days for the House of Representatives and 30 days for the Senate.

The department received 93 parliamentary questions on notice during 2003-04: 48 from the House of Representatives and 45 from the Senate. The department had 29 questions on hand at 1 July 2003.

Responses to 45 questions were lodged during the year: 27 from the House of Representatives and 18 from the Senate. In 2003-04, the average time taken to lodge responses to questions asked in 2003-04 was 104.33 days for the House of Representatives and 82.88 days for the Senate.

Twenty-three questions asked in 2003–04—two from the House of Representatives and 21 from the Senate—were transferred to other ministers. There were 51 questions on hand at 30 June 2004.

The target of 30 days for responding to Senate questions on notice and 60 days for responding to House of Representatives questions on notice was not met this year.

Freedom of information requests

<i>Quantity</i>	On the basis of past experience, in 2003–04 the department expected to: <ul style="list-style-type: none"> ■ respond to 35 Freedom of Information requests.
<i>Timeliness</i>	The department aimed to meet specific deadlines as follows: <ul style="list-style-type: none"> ■ the various timing requirements for Freedom of Information requests as specified in the <i>Freedom of Information Act 1982</i>.

The department was responsible for managing 66 new requests for information under the *Freedom of Information Act 1982* (FOI Act) received during 2003–04 (26 requests were received during 2002–03) plus 12 existing FOI requests on hand at 1 July 2003. During the year, 54 FOI requests were finalised (showing a 170 per cent increase, compared with 20 requests finalised during 2002–03), leaving 24 FOI requests on hand at 30 June 2004.

The department received two applications for internal review during the reporting period, and one was finalised. Further information about the department’s 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 operation of the FOI Act produced by the Attorney-General’s Department.

This section provides a summary of the department's financial performance for 2003–04. Departmental and administered results are shown in the audited financial statements, and this summary should be read in conjunction with those statements. The departmental total resources are shown in some detail in Table 1.

Audit report

The department received an unqualified audit report for 2003–04.

Operating result

The department's Statement of Financial Performance reports an operating surplus for 2003–04 of \$0.2 million (in 2002–03 a \$0.7 million operating surplus was reported). The result was less than the operating result of \$0.5 million forecast in the 2003–04 Portfolio Budget Statements.

The reduction in the operating surplus was due to expenditure associated with the Inquiry into Australian Intelligence Agencies and expenditure associated with building and security enhancements, at the department's premises at 3–5 National Circuit, Canberra.

Table 2 demonstrates the department's key results for the financial years 2002–03 and 2003–04.

Table 2 Key results in financial performance

Indicator	2002–03 (\$'000)	2003–04 (\$'000)	Movement (per cent)
Revenues from government	45,253	56,695	25
Other revenues	2,100	3,299	57
Total revenue	47,353	59,994	27
Employee expenses	29,314	35,983	23
Supplier expenses	14,623	20,158	38
Other expenses	2,683	3,616	35
Total expenses	46,620	59,757	28
Operating result	733	237	–68

Special account

The department manages the Campaign Special Account. This account derives revenue through the imposition of a levy on campaign advertising undertaken by government agencies. The revenue generated is used to fund the operating expenses of the Central Advertising System of the department's Government Communications Unit. These expenses are included in tables 1 and 2 above. The account achieved a small surplus for the 2003–04 financial year.

Statement of financial performance

Revenue

Total revenue received in 2003–04 was \$60 million, made up of \$55 million from appropriations for outputs, \$1.7 million from resources received free of charge, and \$3.3 million from revenue from other sources. This represented an increase of \$12.6 million over the revenue for 2002–03.

Appropriation revenue increased by \$10.4 million, due to the establishment of the National Security Division, the bushfire inquiry, and the water and energy taskforces.

Revenue from other sources increased by \$2.2 million. This was due to an increase of \$1 million in resources received as a result of the increase in the number of officers seconded from other agencies, particularly to the National Security Division; a \$0.9 million increase in revenue from the sale of goods and services; and an increase of \$0.5 million in independent revenue from the Campaign Special Account, offset by a reduction in departmental interest of \$0.2 million due to the abolition of the Agency Banking Incentive Scheme.

Expenses

The department's expenses for 2003–04 were \$13.1 million higher than in 2002–03. This was due to the increased employee, supplier, building enhancement and security expenses required to deliver the new activities outlined above.

Statement of financial position

Equity

The department's total equity increased from \$6.2 million in 2002–03 to \$12.5 million in 2003–04. The increase in equity was due to the transfer of the 2003–04 \$0.2 million operating surplus to reserves, and the correction of two previous accounting transactions, namely the \$4.0 million dividend to the Official Public Account and the \$2.1 million contributed equity related to the

department's special accounts (see Note 9 to the 2003–04 audited financial statements for further explanation).

The increase of \$6.1 million arising from the accounting corrections referred to above is only temporary, as the cash holdings will be transferred to consolidated revenue during 2004–05 when the purpose clauses of the special accounts have been changed. This will return the department's equity to \$6.5 million.

Assets

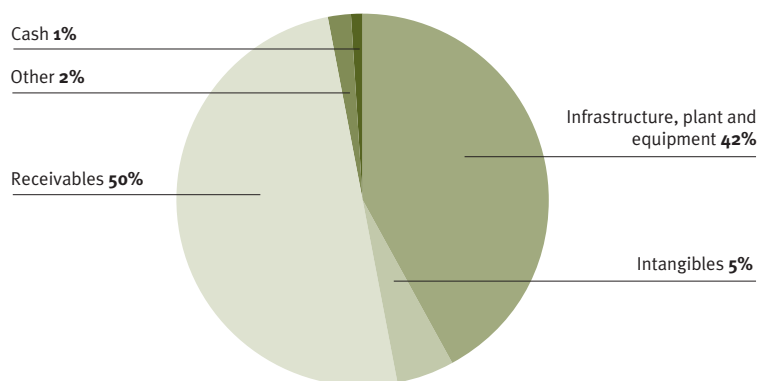
The department's assets may be broken into four main categories:

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

There is also an 'other' category comprising other departmental assets which relate to prepayments, and other administered assets which relate to prepayments and inventories.

The proportions of each category of asset held during 2003–04 are illustrated in Figure 6.

Figure 6 Composition of departmental assets at 30 June 2004



The department has \$12.2 million in cash holdings recorded as a receivable in the Official Public Account. Of this amount \$7.7 million relates to the Campaign Special Account and \$4.5 million relates to departmental funds. The department's total assets increased from \$20 million in 2002–03 to \$26.8 million. This increase was made up of \$3 million in financial assets and \$3.8 million in non-financial assets.

Financial assets

The \$3 million increase in the department's financial assets referred to above resulted from a \$4.7 million increase in receivables offset by a reduction in cash reserves of \$1.7 million. The increase in receivables is due to the reversal of prior year transactions (see Note 9 to the 2003–04 audited financial statements for further explanation).

Non-financial assets

The \$3.8 million increase in non-financial assets referred to above was comprised of a \$3.6 million increase due to information technology purchases and security and building enhancements, increased intangibles of \$0.4 million due to the upgrading of the department's information systems standard operating environment and a decrease in prepayments of \$0.2 million.

Liabilities

The department's total liabilities increased by \$0.5 million to \$14.3 million from \$13.8 million in 2002–03. This resulted from an increase of \$0.9 million in employee entitlements and \$0.2 million in payables offset by a decrease of \$0.6 million in outstanding leasehold payments.

Administered items

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

Expenses

Table 3 provides for comparison between the department's 2002–03 and 2003–04 administered expenses.

Significant variations in expenses

The significant variations (10 per cent or more) in administered expenses for 2003–04 are explained below.

Expenses for the 'Allowance to former Governors-General' item decreased by \$2.5 million in 2003–04. This was due to a significant actuarial adjustment from \$3.3 million in 2002–03, when Dr Hollingworth's lifetime entitlements were recognised for the first time, to \$0.7 million in 2003–04 to cover the provision of future entitlements including those of the current Governor-General. Notwithstanding the high-profile visits of presidents George W Bush and Hu Jintao, expenses for 'State occasions and official visits' decreased by \$1.2 million due to overall visit numbers declining during 2003–04.

Table 3 Key results for administered expenses

Administered expense	2002–03 (\$'000)	2003–04 (\$'000)	Movement (per cent)
Allowance to former Governors-General	3,884	1,434	-63
Support to former Governors-General	1,062	1,098	3
Provision of superannuation surcharge for former Governors-General	0	0	N/A
State occasions and official visits	2,876	1,684	-41
Women's programmes	8,751	24,900	185
Prime Minister's official residences	1,521	1,460	-4
Compensation and legal expenses	61	45	-26
National Australia Day Council	1,274	1,147	-10
National Counter-Terrorism Committee ^a	0	42	N/A
National security public information campaign ^b	18,549	0	N/A
Total administered expenses^c	37,978	31,810	-16

a This is a new item for 2003–04; responsibility for the committee was transferred to the department from the Attorney-General's Department in September 2003.

b This item did not carry over into 2003–04 as responsibility was transferred to the Attorney-General's Department.

c Expenses from the Media Commissions Special Account do not form part of administered expenses as these are funded from revenue earned by the account and not from appropriations.

Expenses in 2003–04 for 'Women's programmes' increased by \$16.2 million primarily due to the allocation of \$7.6 million in the 2003–04 Budget to maintain the government's commitment to the Partnerships Against Domestic Violence programme and the National Initiative to Combat Sexual Assault. In addition, funding of \$5.1 million was provided through the 2003–04 supplementary additional estimates process for the National Campaign for the Elimination of Violence Against Women. Expenses for the 'Compensation and legal expenses' item decreased by 26 per cent in comparison to those for 2002–03. This is a demand-driven item and expenditure is unpredictable.

Special account

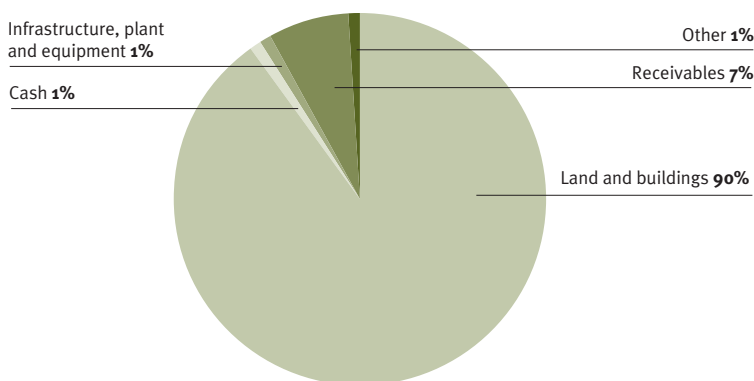
The department manages the Media Commissions Special Account. This account is administered on behalf of the Australian Government. This special account earns revenue from commissions received from government advertising. The revenue is used to remunerate the Australian Government's contracted master media placement agencies and, if required, any creative advertising agencies, for the placement of Australian Government advertising.

The account achieved a balanced outcome for the 2003–04 financial year with expenses equalling revenue (see Note 19 of the financial statements for more details).

Assets

The majority of administered assets are comprised of land and buildings. The main change in the composition of the department’s administered assets during 2003–04 related to a \$1.5 million increase in receivables. This was due to goods and services tax input credits owed to the department by the Australian Taxation Office. Other administered assets remained stable during 2003–04. The composition of the department’s administered assets is set out in Figure 7.

Figure 7 Composition of administered assets at 30 June 2004



Factors affecting future performance

In the 2004–05 Budget, the department received additional funding of \$0.5 million for 2004–05 and 2005–06 for the project management costs associated with the fitting out of the department’s new long-term accommodation. Provision will be made for the cost of the fit-out (the final amount available to be the subject of later determination) and for additional funding for rent from 2006–07 to bring resources provided to the department up to a level comparable to those provided to similarly located agencies. The department also received additional funding of \$1 million for 2004–05 and \$2 million (indexed) ongoing from 2005–06 to coordinate research into counter-terrorism technology.

The department is facing increasing operating expenses, particularly salary expenses, and relatively fixed funding. Careful management will be required to ensure that pressures are met and outcomes continue to be achieved within budget.

Output Group 1—Economic Policy Advice and Coordination

Price of outputs	\$13.0m	Cost of outputs	\$13.0m
Appropriations	\$12.4m		
Administered expenses	nil		

Group Outputs

Output Group 1

Economic policy advice and coordination

Output 1.1

Economic and industry policy

Description

As of 30 June 2004, Output Group 1 comprised one output and functionally consisted of:

- Economic Division
- Industry, Infrastructure and Environment Division
- Water Taskforce Secretariat
- Energy Taskforce Secretariat.

The group 1 output includes:

- policy advice on economic, industry, infrastructure, environment and resource issues
- effective Council of Australian Governments (COAG) operations.

Administered items

Output 1.1 had no administered items on which to report in the 2003–04 financial year.

Output 1.1—Economic and Industry Policy

Qualitative assessment

Output 1.1	Performance indicators
<p>Advice and support to the Prime Minister and assistance in coordination of government policies on economic, industry, infrastructure, environment and resource issues, including on presentation of the government's decisions in these areas.</p> <p>Manage and coordinate the work programme of the Council of Australian Governments.</p>	<p>The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice and the achievement of key tasks.</p> <p>Annual evaluation of budget preparation and coordination process and ad hoc internal evaluation of major policy advising activities.</p> <p>Cost of outputs—\$13.0m</p>

Methodology

The Prime Minister, the Prime Minister's Office and the departmental Executive provided regular informal feedback on Output 1.1. Additional feedback was provided through regular meetings and formal discussions with the Prime Minister's Office and the departmental Executive.

Formal individual performance reviews, conducted at all levels, provided a mechanism for further feedback from the departmental Executive.

Feedback

Output 1.1 was assessed as having provided effective and timely advice, briefing and support on economic, industry, infrastructure, environment and resource policy issues.

Specific feedback from our key stakeholders indicated that the Economic Division played an important role in developing the 2004–05 Budget. In particular, the division supplied early strategic advice on budget processes and priorities and, with the Cabinet Secretariat, supported the consideration of budget proposals by Cabinet and the Expenditure Review Committee of Cabinet.

As in previous years, positive feedback also indicated satisfaction with the role we played in providing advice and support for the effective operation of COAG, and with the work of the Economic Division and Industry, Infrastructure and Environment Division across the gamut of their responsibilities.

The assessment of our performance assisted us to refine our systems, procedures and work practices and to determine priorities.

Feedback from the Prime Minister and the Deputy Prime Minister indicated a very high level of satisfaction with the work of the Water Taskforce and the outcome achieved at the June 2004 meeting of COAG.

Feedback from the Prime Minister, his office and the departmental Executive also indicated a high level of satisfaction with the Energy Taskforce work which culminated in the release of the white paper *Securing Australia's Energy Future*, and with the process which underpinned the development of the white paper.

Key results

Economic Division

The Economic Division is the Prime Minister's principal policy adviser on macroeconomic, financial sector, taxation and workplace relations issues.

Superannuation policy and demographics

The challenges presented by the ageing of Australia's population entailed ongoing policy development throughout 2003–04. The division coordinated the department's role on an interdepartmental taskforce, chaired by the Department of the Treasury, investigating ageing and related issues. The division contributed to the discussion paper *Australia's Demographic Challenges* and the policy paper *A more flexible and adaptable retirement income system*. This work included advising the Prime Minister on retirement income policy, labour force participation issues and the management of the long-term budgetary implications of the population growing older.

The division continued to provide advice to the Prime Minister on other policies to encourage Australians to save for their retirement, including advice on choice of superannuation, portability of superannuation, reductions in the superannuation surcharge and enhancements to the government superannuation co-contribution.

Taxation policy

During the year, the division provided advice to the Prime Minister and his office on a wide range of tax matters, in particular:

- personal income tax reductions and work incentive issues
- the review of the income tax self-assessment system
- tax issues related to charities and philanthropy
- revenue proposals for the 2004–05 Budget.

The division also chaired an interdepartmental committee on small business matters that advised the government on a range of issues, including taxation, superannuation regulation and competition issues. This work led to the government's announcement in the 2004–05 Budget of a tax simplification package for small business (and the Prime Minister's subsequent statement of 6 July 2004, *Committed to Small Business*). The Economic Division also provided advice on the taxation aspects of a range of measures announced in the Prime Minister's statement *Securing Australia's Energy Future*, including the business credit and excise reforms. Advice was also provided on the tax-related aspects of the Work and Family Taskforce.

Financial sector policy

The division continued to play a major role in issues relating to medical indemnity insurance. We contributed to a series of major policy measures aimed at improving the affordability and security of medical indemnity insurance, and chaired the Medical Indemnity Taskforce, which helped to achieve coordinated policy development and advise ministers on medical indemnity issues.

Several measures announced during the year placed heavy demands on the division to provide policy advice and other support. They included:

- modifications to the 'incurred but not reported' contribution of doctors who were members of United Medical Protection/Australasian Medical Insurance Limited
- setting up and responding to the recommendations of the Medical Indemnity Policy Review Panel
- changes made to the High Cost Claims Scheme and the introduction of the Exceptional Claims Scheme
- the implementation of the Run-off Cover Scheme, to provide security for doctors ceasing to practise, and a premium subsidy scheme for doctors facing relatively high premiums
- the provision of additional assistance for rural general practitioners.

In 2003–04, the division also advised the Prime Minister on tort law reforms to improve the availability and affordability of public liability and professional indemnity insurance.

The division's other work on financial sector policy focused on policies to improve the disclosure of information to investors and to protect consumers. This included work on:

- reforms to address corporate disclosure as part of the Corporate Law Economic Reform Programme

- the implementation of the *Financial Services Reform Act 2001*, which will improve the disclosure of financial products and fees to consumers
- reforms to the prudential framework for superannuation, including the introduction of the Superannuation Safety Amendment Bill 2003
- the implementation of the recommendations of the HIH Royal Commission.

Economic conditions and analysis

The division continued its role of advising the Prime Minister on current and prospective economic developments, domestic and international. This advice covered all major releases of economic data and such issues as the rise in the exchange rate that occurred during much of 2003–04, the housing cycle and factors underlying the strong growth in private sector demand in Australia. The division also coordinated the department’s advice on the government response to the Productivity Commission’s Inquiry on First Home Ownership.

A key part of the division’s work on economic developments stems from its participation in the Joint Economic Forecasting Group. The group continued to meet to discuss the economic outlook and report to the government on issues driving the performance of the Australian and international economies. The group’s reports formed the basis for the economic parameters presented in the mid-year economic and fiscal outlook and 2004–05 Budget papers.

Fiscal policy

The Economic Division provided advice to the Prime Minister on fiscal strategy and the budget outlook. The division worked with other divisions to ensure that the department’s advice in all policy areas was consistent with the government’s fiscal priorities.

In addition, the division advised on establishing an accumulation scheme for the Public Sector Superannuation Scheme, on Commonwealth–State financial arrangements, and on public financial management issues such as extinguishing the government’s liabilities to the Telstra and Australia Post superannuation schemes.

The division played a significant role in the 2004–05 Budget process by again supporting the Prime Minister in his role as Chairman of the Expenditure Review Committee, and advising the Prime Minister and senior ministers on expenditure and revenue options.

The division conducted an evaluation of the 2003–04 Budget process, in consultation with other divisions and the Prime Minister’s office, and contributed to a broader evaluation conducted with the departments of Finance and Administration and the Treasury. The results of the evaluations were taken into account in planning for the 2004–05 Budget.

Workplace relations

In the context of the government's workplace relations reform agenda, the division prepared advice for the Prime Minister on a broad range of issues such as:

- redundancy pay standards
- workers' compensation and occupational health and safety frameworks
- the Australian Capital Territory's industrial manslaughter legislation
- the General Employee Entitlements and Redundancy Scheme.

The division also contributed to the development of the government's submission to the Safety Net Review 2004 and advised the Prime Minister on the ongoing evolution of building industry reform, including the introduction of the Building and Construction Industry Improvement Bill 2003.

Industry, Infrastructure and Environment Division

The Industry, Infrastructure and Environment Division is the Prime Minister's principal policy adviser on microeconomic, industry, infrastructure and environment and resource issues. During 2003–04, the division hosted the Water Taskforce that developed the National Water Initiative and the agreement to address water over-allocation in the Murray–Darling Basin.

Regional and rural policy

The division undertook activities of particular significance to regional and rural Australians during 2003–04, including assisting in:

- the formulation of the government's response to the report of the Livestock Export Review (known as the Keniry Report) and the resolution of the MV *Cormo Express* issue
- the development of drought relief measures
- the development of the Sugar Industry Reform Programme 2004, designed to assist the industry to reform itself and secure a viable future
- providing advice on the development of the Australia–United States Free Trade Agreement as it affects rural Australia.

We also provided advice on a range of policies aimed at improving services in rural and regional areas of Australia.

Transport policy

The division provided advice on policies and programmes to improve the efficiency and safety of transport networks across Australia. The division contributed to the development of the government's new land transport plan,

AusLink, which aims to better integrate land transport infrastructure and provide a new funding framework based on a broader and more strategic network of road and rail links.

Communications policy

The division provided advice on communications and information technology issues, including issues surrounding the government's response to the Regional Telecommunications Inquiry, the anti-siphoning regime, and the audiovisual and broadcasting elements of the Australia–United States Free Trade Agreement.

Bushfire inquiry

The department established the National Inquiry on Bushfire Management, Prevention and Mitigation announced by the Prime Minister in October 2003. The report of the inquiry is currently being considered by COAG members with a view to making a formal COAG response to the report prior to the 2004–05 bushfire season.

Intergovernmental relations

The division coordinated arrangements for the COAG meetings held on 29 August 2003 and 25 June 2004. The meetings agreed on significant initiatives in a range of policy areas, including important developments in water reform.

During the year a new COAG website, www.coag.gov.au, was launched.

The division also provided advice in other areas of intergovernmental relations, such as the review of the Mutual Recognition Agreement and the Trans-Tasman Mutual Recognition Arrangement, and a review of the protocols and principles under which ministerial councils operate.

Sport and tourism policy

The division provided advice on the *Tourism White Paper* released in November 2003. The division was also involved in the planning of the Australian Government's contribution to the staging of the 2003 Rugby World Cup and other major international sporting events in Australia, including the 2005 Deaflympics and the Melbourne 2006 Commonwealth Games.

Industry, science and resources policy

The division provided advice on a wide range of industry, science and resources issues, including:

- the government's comprehensive science and innovation package, *Backing Australia's Ability—Building Our Future through Science and Innovation*

- the government's response to a Productivity Commission review of assistance arrangements for the textile, clothing and footwear industry
- structural adjustment in the automotive manufacturing sector and options for assistance for displaced employees
- the agenda and operations of the Prime Minister's Science, Engineering and Innovation Council
- policy relating to the biofuels industry.

Competition and energy policy

During the year, the division provided advice on a number of competition and energy policy matters, including:

- the development and implementation of the joint Commonwealth–state response to the recommendations of the COAG Energy Market Review (known as the Parer Review), including the Ministerial Council on Energy report presented to COAG (out of session) in December 2003
- Productivity Commission work, in areas such as the reviews of the National Access Regime and the Gas Access Regime
- national competition policy issues, such as the National Competition Council's 2003 assessment of progress in implementing competition policy, and the government's commissioning of the Productivity Commission to consider competition policy reform
- trade practices issues, such as the implementation of the government's response to the Review of the Competition Provisions of the *Trade Practices Act 1974* (known as the Dawson Review), and the Senate Economics References Committee inquiry into the effectiveness of the Act in protecting small business
- assistance provided to industry, such as assistance provided to the Australian Magnesium Corporation, and applications for assistance through the government's Strategic Investment Coordination process.

Natural resources and environment policy

The division continued to provide support to the Sustainable Environment Committee of Cabinet, which considers strategic natural resource management policy issues.

The division provided advice on climate change policies. We participated in the development of the climate change strategy package included in the 2004–05 Budget, and advised on the climate change policy included in the Energy Statement. We worked with the International Division and other agencies in engaging internationally on climate change issues, at bilateral

and multilateral levels. The division also advised on the government's response to the report of the Review of the Mandatory Renewable Energy Target (known as the Tambling Report) and on other policies relating to renewable energy.

Advice was also provided on environmental aspects of the range of measures in the energy white paper, including the energy efficiency, low-emissions technology and transport measures.

The division chaired the interdepartmental committee that advised the government on proposals to reduce land clearing in Queensland. It also chaired the Taskforce on Queensland Landclearing established by the Prime Minister to conduct consultations with stakeholders, and the working groups looking at the greenhouse gas emissions and biodiversity aspects of the proposals.

The division provided advice on a range of other natural resource management and environmental policies, including:

- the finalisation of the Representative Areas Programme and the Reef Water Quality Protection Plan for the Great Barrier Reef Marine Park
- the government's response to the Productivity Commission report *Impacts of Native Vegetation and Biodiversity Regulations*
- the finalisation of the South-East Regional Marine Plan (developed under Australia's Oceans Policy)
- the implementation of the government's flagship environmental programmes, the \$1.4 billion National Action Plan for Salinity and Water Quality and the \$3 billion Natural Heritage Trust
- the establishment of the national biodiversity hotspots framework, and the development of the Regional Biodiversity Hotspots Programme
- illegal fishing and, particularly, enhanced surveillance of Southern Ocean fisheries
- the use of progressively tighter fuel standards and vehicle emissions standards to promote environmental outcomes
- environmental aspects of the Australia–United States Free Trade Agreement.

The division also advised on significant heritage matters, particularly the Department of the Environment and Heritage's Distinctively Australian heritage programme.

Water Taskforce

The division hosted the taskforce that successfully developed the intergovernmental agreements on National Water Initiative (NWI) and to address water over-allocation in the Murray–Darling Basin. These agreements

were endorsed at the June 2004 COAG meeting. The taskforce involved officials from the departments of the Prime Minister and Cabinet; Agriculture, Fisheries and Forestry; Environment and Heritage; and Transport and Regional Services. These taskforce members liaised closely with their parent departments to ensure a comprehensive whole-of-government approach to the NWI.

The NWI is a significant initiative that builds on the existing COAG water reform framework, with a view to increasing the certainty of access to water both for those investing in the water industry and for the environment, by facilitating water trade between irrigation districts and across borders where this is physically possible (and environmentally sound), and by encouraging further water efficiency measures in urban Australia. Over the next 12 months each state or territory will develop an implementation plan detailing how the NWI will be implemented in that jurisdiction. Implementation of the NWI will be overseen by the Natural Resource Management Ministerial Council.

An agreement was also signed on funding for the Murray–Darling Basin at the August 2003 COAG by the Prime Minister, the premiers of New South Wales, Victoria and South Australia, and the Chief Minister of the Australian Capital Territory. This agreement outlines the arrangements for investing \$500 million in the recovery of water within the basin, over five years, primarily to improve the management of six ecologically significant sites along the River Murray which have been identified as part of the first-step decision of the Murray–Darling Basin Ministerial Council’s Living Murray initiative.

Energy Taskforce Secretariat

The Prime Minister released *Securing Australia’s Energy Future*, a white paper providing a comprehensive policy framework for the production and use of energy in Australia, on 15 June 2004.

Securing Australia’s Energy Future represents the first comprehensive examination of Australian energy policy to occur in some considerable time. The white paper covers resource development, stationary energy markets, transport energy markets, fuel excise reform, energy efficiency, energy security, energy and climate change, energy and the environment, and energy innovation. *Securing Australia’s Energy Future* identifies a number of major new initiatives, including a complete overhaul of fuel excise arrangements, a longer-term climate change strategy, including substantial support for technology development and demonstration activities, and the introduction of ‘solar cities’ trials; and policies to improve Australia’s energy efficiency performance. The government also announced that it would not be increasing or extending the Mandatory Renewable Energy Target.

The white paper was prepared by the Energy Taskforce, chaired by the department's Associate Secretary, Russell Higgins. The taskforce was supported by a cross-portfolio secretariat comprising senior officers from the departments of the Prime Minister and Cabinet, Industry, Tourism and Resources, Environment and Heritage, Transport and Regional Services, and the Treasury; and the Australian Greenhouse Office. The taskforce reported to the Energy Committee of Cabinet.

Mr Higgins also chaired the government's Ethanol Confidence Building Working Group, which reported to the Deputy Prime Minister on 3 May 2004.

Preparations for the white paper commenced in February 2003. The secretariat prepared more than 23 substantive policy papers for the Energy Committee of Cabinet, covering a range of energy topics. The taskforce held 24 meetings, and Mr Higgins and members of the secretariat held 164 meetings with stakeholders. Thirty-three informal submissions were received, from industry and other groups.

There has been very strong interest in the document, with 15,697 visitors to the website and 9,006 downloads of the full document up to 30 June 2004.

The operation of the taskforce and its secretariat provided a strong whole-of-government focus for energy policy. It ensured that issues were considered from a wide perspective and that balances were struck between competing policy objectives. Papers which the taskforce provided to the Energy Committee of Cabinet were supplemented by presentations from the chairman of the taskforce. This allowed for interactive discussion on policy issues.

The taskforce was scheduled to complete its work on the white paper by November 2003, but its term was extended at the request of the Prime Minister.

Output Group 2—Social Policy Advice and Coordination

Price of outputs	\$9.6m	Cost of outputs	\$14.0m
Appropriations	\$9.4m		
Administered expenses	\$24.9m		

Group outputs

Output Group 2

Social policy advice and coordination

Output 2.1

Social policy

Output 2.2

Women's policy

Description

As of 30 June 2004, Output Group 2 comprised two outputs and functionally consisted of:

- Social Policy Division
- Office of the Status of Women.

Group 2 outputs include policy advice on:

- social policy issues, including income support, families, disability, veterans' affairs, employment, indigenous policy, immigration, health, and aged care
- women's issues, including effective domestic violence prevention programmes.

Administered items

Output 2.1 had no administered items on which to report in the 2003–04 financial year.

The report on the Output 2.2 administered items—women's programmes—begins on page 55.

Output 2.1—Social Policy

Qualitative assessment

Output 2.1	Performance indicators
Policy development and advice to government on social policy issues, including health, community services, education, employment, immigration, indigenous policy, veterans' affairs, income support and families, including on presentation of the government's decisions in these areas.	The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of policy advice and the achievement of key tasks. Cost of outputs—\$6.1m

Methodology

The quality of the Social Policy Division's performance in 2003–04 was assessed through formal and informal feedback from the Prime Minister, the Prime Minister's Office, the department's Secretary and other senior executives. Specific feedback was provided on the quality and timeliness of both the division's policy advice and its achievement of key tasks. All staff members also received (and were given the opportunity to provide) individual feedback, in the context of the department's performance appraisal framework.

Feedback

Output 2.1 was assessed by key stakeholders as having provided effective and timely advice, briefing and support on social policy issues, including income support, families, disability, veterans' affairs, employment, indigenous policy, immigration, health, and aged care.

Key results

The Social Policy Division continued to focus on key issues and objectives, including: the *More Help for Families* package announced in the 2004–05 Budget; the Review of Veterans' Entitlements; strengthening support for disability employment services; early childhood assistance; work on issues surrounding family separation; the government's package to strengthen Medicare; finalising the 2003–08 Australian Health Care Agreements; the *Investing in Australia's Aged Care: More Places, Better Care* package; the Australian Schools Agenda; revised funding arrangements for indigenous education; reforms to the higher education sector;

new arrangements for indigenous affairs and reconciliation; and the migration and humanitarian programmes.

The division participated in many issue-specific taskforces, and contributed significantly to the development of interdepartmental and cross-sectoral collaborative processes.

Income support and families

The division provided resources to support the interdepartmental taskforce on work and family issues that was established by the Prime Minister in September 2002. The taskforce's work contributed to the development of the *More Help for Families* package, including \$19.2 billion in additional family assistance announced in the 2004–05 Budget and the \$79.5 million package of childcare measures announced by the Minister for Children and Youth Affairs in December 2003.

On veteran-related issues, the division provided advice on the new Military Rehabilitation and Compensation Scheme, and worked closely with the Department of Veterans' Affairs in the development of the government's \$289 million response to the independent Review of Veterans' Entitlements (known as the Clarke Review).

The division participated in the development of early childhood initiatives under the government's refocused Stronger Families and Communities Strategy, and in the further development of the National Agenda for Early Childhood. Policy advice was provided on family relationship issues. The division worked closely with the Department of Family and Community Services and the Attorney-General's Department in developing the government's response to the House of Representatives Standing Committee on Family and Community Affairs report on its inquiry into child custody arrangements in the event of family separation, tabled in December 2003.

Secretariat support was provided by the division to the Welfare Reform Consultative Forum, which provides independent advice to the government on matters arising from its response to the final report of the Reference Group on Welfare Reform, entitled *Participation Support for a More Equitable Society*. The forum is jointly chaired by the Minister for Employment and Workplace Relations and the Minister for Family and Community Services, and includes representatives of the welfare sector, the employment services industry, employers, and government.

Community services

The division chaired an interdepartmental committee that worked on the development of the \$99 million funding package for disability employment services, *Security, Quality Services and Choices for People with a Disability*.

The division also worked closely with the Department of Family and Community Services in developing the measures to assist carers, including access to additional respite care, that were announced in the 2004–05 Budget.

The division worked closely with other Australian Government agencies on housing issues, such as negotiating the bilateral agreements under the 2003 Commonwealth State Housing Agreement, and the next Supported Accommodation Assistance Programme agreement.

The division remained involved in ensuring that those personally affected by the terrorist attack that occurred in Bali, Indonesia, in October 2002 continued to receive support. This included being closely involved in planning the commemoration ceremonies, held in Bali and Canberra, for the first anniversary of the tragedy.

Employment

The division provided advice on a range of issues related to employment services, including on the implementation of the third Job Network contract. The division also provided advice on the role of the Prime Minister's Community Business Partnership, including advice in relation to the terms of reference for its inquiry into mature-aged people's workforce participation.

Health

The division was significantly involved in the development of the government's Medicare policies and participated in the work of the GP Red Tape Taskforce. This work included briefing the Prime Minister on policy alternatives and assisting the Department of Health and Ageing to plan, implement and monitor the *Strengthening Medicare* package.

The division helped to finalise the 2003–08 Australian Health Care Agreements between the Australian Government and the governments of the states and territories, and was involved in monitoring the implementation of the agreements.

In its ongoing role in the implementation of the National Illicit Drugs Strategy, the division continued to work with other agencies and the Australian National Council on Drugs. This work included developing initiatives to implement the National Drug Strategy Aboriginal and Torres Strait Islander People's Complementary Action Plan 2003–2006.

The division advised on a number of important population health issues, including obesity, immunisation, national blood distribution arrangements, food labelling and tobacco use. In addition, responding to the threat of contagious exotic diseases such as severe acute respiratory syndrome (SARS)

and avian influenza (bird flu), the division worked closely with other agencies to ensure Australia's preparedness for any widespread health emergency.

The division continued to monitor and provide advice on the Council of Australian Governments (COAG) decision to ban human cloning and to regulate research involving human embryos.

Advice was also provided on a number of other significant health policy issues, including private health insurance, the Pharmaceutical Benefits Scheme, parental access to children's Medicare records, and veterans' health services.

Aged care

The division made a significant contribution to the government's response to the report of the recent review of pricing arrangements in residential aged care conducted by Professor Warren Hogan, and provided advice to inform the Prime Minister's consideration of this issue. The outcome of this work was the \$2.2 billion *Investing in Australia's Aged Care: More Places, Better Care* package, which will increase the number of aged care places, training, and the capacity of aged-care providers to deliver high-quality care for older Australians.

Education

In 2003–04 the division provided advice on a number of key education reforms: the *Our Universities: Backing Australia's Future* higher education package which was passed by the Senate in late 2003; and the new schools and indigenous education funding arrangements announced by the government in early 2004.

Indigenous policy and reconciliation

During the year the division continued to support the Prime Minister in advancing indigenous affairs issues. The division played a key role in developing the government's April 2004 package of reforms to arrangements for the delivery of programmes and services for indigenous Australians and indigenous peoples' representation arrangements. Through its lead role on an interdepartmental taskforce, the division assisted implementation of the reforms, including the development of authorising legislation, new financial arrangements to 'mainstream' indigenous-specific programmes and services, and new structures such as the Office of Indigenous Policy Coordination and regional indigenous coordination centres.

The division also supported the development of new cooperative arrangements to deliver programmes and services for indigenous Australians. The work was progressed through COAG and led to endorsement by all

jurisdictions of the National Framework of Principles for Delivering Services to Indigenous Australians in June 2004.

Building on the Prime Minister's July 2003 Round Table on Indigenous Family Violence and Child Protection, the division also helped develop the government's \$20 million down payment to address indigenous family violence. The division assisted subsequent initiatives announced in the 2004–05 Budget to support partnerships with states and territories in addressing indigenous family violence (\$37.3 million over four years) and doubling the number of Family Violence Prevention Legal Service outlets (\$22.7 million over four years).

Further divisional work contributed to all governments agreeing to the National Framework for Preventing Family Violence and Child Abuse in Indigenous Communities at the COAG meeting in June 2004.

Immigration

On immigration-related issues, the division provided advice on the expansion and composition of Australia's migration and humanitarian programmes for 2004–05.

The division provided the secretariat for an interdepartmental taskforce reviewing settlement services for migrants and people granted Australian visas on humanitarian grounds. The taskforce's work led to the announcement in the 2004–05 Budget of about a \$100 million package of enhancements to settlement services, which will see migrants and humanitarian entrants obtain more specialised settlement services to assist them to become fully active members of the Australian community.

The division also contributed to the development of the package of regional migration measures announced in early 2004. The division was involved in the review of the government's long-term immigration and detention strategy that led to new policy announcements in the 2004–05 Budget, including the intention to establish further alternative detention arrangements for women and children.

Output 2.2—Women’s Policy

Qualitative assessment

Output 2.2	Performance indicators
Research and advice to government and assistance in coordination, communication and consultation on a range of issues affecting women.	<p>The degree of satisfaction of the Prime Minister, the Minister Assisting the Prime Minister for the Status of Women, the Prime Minister’s Office, the Parliamentary Secretary to the Prime Minister and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice, and the achievement of key tasks.</p> <p>Feedback from non-government organisations and other stakeholders concerning consultation and communication processes.</p> <p>Cost of outputs—\$7.9m</p>

Methodology

The quality of the performance of the Office of Status of Women (OSW) in 2003–04 was assessed through formal and informal feedback from the Prime Minister, the Prime Minister’s Office, the Office of the Minister Assisting the Prime Minister for the Status of Women, Senator the Hon Kay Patterson, the department’s Secretary and other senior executives. Specific feedback was provided on the quality and timeliness of both the division’s policy advice and its achievement of key tasks. All staff members also received (and were given the opportunity to provide) individual feedback, in the context of the department’s performance appraisal framework.

Key stakeholders—including other divisions of the department, the four national women’s sector secretariats, state and territory government agencies, and other Australian Government departments—also provided feedback during regular meetings.

Feedback

Feedback in its various forms indicated that OSW provided timely and relevant advice to government and to the departmental Executive.

At the annual meeting of the secretariats and OSW, held in February 2004, attendees expressed a high degree of satisfaction with OSW consultation

and communication processes generally, and complimented the office on the broader consultations undertaken in preparation for the forty-eighth session of the United Nations Commission on the Status of Women (CSW 48).

During the year OSW was also in demand to provide information and presentations to visiting delegations, including from Vietnam, Iran, South Korea, Singapore, Japan and China—evidence that the office is highly regarded in its area of work.

Key results

Key result areas for 2003–04 included the establishment of the victim support programme for trafficked persons; policy advice leading to increased support for child care; management of the Australian participation in CSW 48; completion of nine major research projects under Partnerships Against Domestic Violence; finalisation of contract arrangements for a personal safety survey to be conducted in 2005; and establishment of the Australian Centre for the Study of Sexual Assault.

Research and policy advice

As part of the Australian Government's \$20 million package of measures to prevent trafficking in persons and provide support to its victims, OSW liaised with a number of agencies to develop and implement the Support for Victims of People Trafficking Programme. OSW manages the programme, which was established in January 2004 to provide personalised support to affected women through a contracted case manager.

First Assistant Secretary, OSW, Kerry Flanagan led the Australian delegation to the Expert Group Meeting on International Trafficking held in Seoul, South Korea, in September 2003. The meeting discussed international best practice methods to combat trafficking in persons, and furthered Australia's objectives in the context of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime. In May 2004, OSW participated in an AusAID-funded study tour of Thailand and Australia to develop a programme of support for the return and reintegration of Thai victims of trafficking.

OSW also provided advice to Australian officials participating in the Asia–Pacific Economic Cooperation (APEC) Gender Focal Point Network, and in 2004 completed a gender resource kit project to assist APEC officials in integrating gender considerations into their policies and projects.

OSW contributed to a number of interdepartmental committees and taskforces that provided advice to government on key policy areas for women, including issues such as managing work and family, demographics, financial literacy, people smuggling, and reform of the United Nations treaty committee system.

The office provided advice to government on child care policy, contributing to the development of three 2004–05 Budget initiatives: an additional 40,000 places for outside school hours care; 4,000 extra family day care places; and support for 4,200 additional playgroups. OSW also worked with other government agencies to advise the government on the House of Representatives Standing Committee on Family and Community Affairs December 2003 report into child custody, *Every Picture Tells a Story*.

Considerable research was undertaken on the safety of women, particularly those affected by domestic violence or sexual assault. Research was also undertaken on men who use violence, and on the impact on children of witnessing domestic violence. Findings from this research will be distributed widely to inform policy and programme development.

The Australian Centre for the Study of Sexual Assault received funding of \$500,000 through the office's National Initiative to Combat Sexual Assault. The centre provides research and advice services to assist people working against sexual assault, through a centralised library, a good-practice database and a research service. It produces regular publications including newsletters, briefing papers and issues papers relating to sexual assault.

OSW is providing funding of \$3.4 million towards a personal safety survey to be undertaken in 2005. This survey will be comparable to the landmark Women's Safety Survey conducted in 1996, with an increased sample size of 12,000 women. Results for the survey, which is a partnership between OSW and the Australian Bureau of Statistics (ABS), will be available in 2006.

In addition, OSW continued to provide funding for the Australian Domestic and Family Violence Clearinghouse—a single point of access to analysis and data, and a venue for original research, on domestic and family violence. The clearinghouse also undertakes valuable research in the area of violence against women, and produces topic and research papers.

Funding of \$800,000 was provided under the Partnerships Against Domestic Violence initiative in the 2003–04 Budget for the Australian Longitudinal Study on Women's Health. Known as Women's Health Australia, this unique study is to examine the health of a large sample group of Australian women throughout their lives. The funding will assist in the collection of data on the extent and impact of violence on women, contributing to a statistical base for further research in this field.

In 2003–04, one Time Use Fellowship was completed, and two new fellows commenced their work on analysing ABS time use data from a gender perspective. A research monograph on time use was produced, to be published in late 2004, and research findings have been submitted for publication in a number of academic journals.

Coordination

In 2003–04, OSW undertook a number of coordination activities—internally, nationally, and internationally.

The office continued to provide secretariat support to the Commonwealth, State, Territories and New Zealand Ministerial Conference on the Status of Women, which met in Melbourne in August 2003, and for associated meetings of women’s advisers during the year. At the August meeting, ministers agreed to form the National Women’s Safety Taskforce and endorsed the Indigenous Women’s National Action Plan. The national action plan documents the responsibilities of the Australian Government and state and territory governments under the Council of Australian Governments reconciliation process. There are three agreed priority areas for indigenous women: leadership, safety and economic security.

OSW assumed the secretariat responsibilities for the newly formed National Women’s Safety Taskforce, combining the new role with that of chairing the Partnerships Against Domestic Violence Taskforce. The safety taskforce brings together Australian women’s ministers’ collaborative work on domestic violence, sexual assault, and family violence in indigenous communities.

OSW prepared Australia’s fourth and fifth reports on the Convention on the Elimination of All Forms of Discrimination Against Women, which were combined in a document lodged with the United Nations on 22 December 2003. Australia is a party to the convention, with reservations on the introduction of paid maternity leave, and on the employment of women in direct military combat duties. The reports drew on input from state and territory governments and community consultation undertaken by the secretariats. The United Nations will consider the report in 2005.

OSW attended the seventh Commonwealth Women’s Affairs Ministers Meeting (7WAMM), held in Nadi, Fiji, in May and June 2004, at which the Commonwealth Plan of Action for Gender Equality 2005–2015 was endorsed. OSW also coordinated a questionnaire and responses on Australia’s progress on implementing the Beijing Platform for Action (adopted in 1995) and the Commonwealth Plan of Action on Gender and Development (adopted for five years in 1995, and subsequently updated to continue to 2005), to report to 7WAMM.

The office also made preparations during the year for the tenth anniversary of the Fourth World Conference for Women, to be celebrated in 2005.

Communication and consultation

In 2003–04, OSW provided 269 briefing submissions to the Prime Minister, the Minister Assisting the Prime Minister for the Status of Women and the Parliamentary Secretary to the Prime Minister.

In the same period OSW coordinated 477 responses to ministerial correspondence, parliamentary questions on notice or correspondence received directly from key stakeholders, including from non-government organisations and the general public.

During the year the division received and responded to an average of 50 calls and 50 emails per week, via the OSW general information phone line, (02) 6271 5722, and email address, women@pmc.gov.au.

On 25 November, the International Day for the Elimination of Violence Against Women (White Ribbon Day), the Prime Minister and the Minister Assisting the Prime Minister for the Status of Women attended a ceremony to introduce a number of high-profile Australian men, who support the elimination of violence against women, as ambassadors for the White Ribbon Day campaign. The new ambassadors are Wil Anderson, Graham Ashton, Andrew Denton, Lionel Quartermaine, Dr Peter Shergold, Simon Woolford, the Hon Alexander Downer MP and Senator the Hon Robert Hill.

The office coordinated a number of activities held to commemorate the Centenary of Women's Suffrage on 16 December 2003, including the Prime Minister's unveiling of the original copy of the *Commonwealth Franchise Act 1902* in its new location in Parliament House, and the announcement that a commemorative dollar coin would be released by the Royal Australian Mint.

On 1 April 2004 both houses of parliament approved the construction of a commemorative fountain, to be located in the redeveloped gardens at Old Parliament House, in honour of the Centenary of Women's Suffrage. The design incorporates a timeline which marks significant federal political milestones for Australian women. The fountain is expected to be completed in December 2004.

International Women's Day was celebrated with two functions on 8 March 2004: a function at Parliament House, hosted by the Minister Assisting the Prime Minister for the Status of Women; and the annual Australian Public Service International Women's Day Luncheon, hosted by OSW.

In 2003–04, OSW responded to some 70 requests for information about the group of more than 400 women who have indicated their availability for appointment to government boards. In the past year, OSW surveyed a number of agencies to assess the usefulness of its Executive Search service; the findings indicated that the service was operating efficiently and was well received.

For the 2004–05 Budget the office prepared a women's budget information kit, entitled *What the Australian Government is Doing for Women*. The publication has proven to be extremely popular, and the office received many requests for copies.

During 2003–04 the four women’s national secretariats supported by OSW (National Rural Women’s Coalition, WomenSpeak Network, Australian Women’s Coalition and Security 4 Women) each:

- produced three reports against the key outcomes of policy advice, governance, consultation, and information and education
- produced written submissions commenting on the two CSW 48 themes— ‘The role of men and boys in achieving gender equality’ and ‘Women’s equal participation in conflict prevention, management and conflict resolution and in post-conflict peace-building’ — which informed Australia’s position at the United Nations forum
- participated in an annual OSW–secretariats meeting to discuss key policy issues for the women’s sector
- participated in bimonthly teleconferences with OSW to discuss contract requirements and other issues impacting on the women’s sector.

Each secretariat also produced a major policy research report or budget statement during the year. The National Rural Women’s Coalition produced a policy paper, *Managing Drought—Managing Solutions*; WomenSpeak Network produced the *Pre-budget Submission for the 2004–05 Budget*; Australian Women’s Coalition produced the *Anti-trafficking Leading Practice Research Report*; and Security 4 Women produced a policy report, *Economic Security for Women*.

The secretariats were also involved in organising a number of public discussions, including:

- a drought forum (National Rural Women’s Coalition)
- a Youth Advisory and Consultative Forum (WomenSpeak Network)
- a grandparenting forum (Australian Women’s Coalition)
- a superannuation roundtable (Security 4 Women).

Administered items—Women’s Programmes

Qualitative assessment

Output 2.2 Administered items	Performance indicators
Partnerships Against Domestic Violence	<p>The extent to which feedback from stakeholders, researchers and the general public indicates that activities have assisted in raising community awareness and reducing incidence of domestic violence.</p> <p>The extent to which activities have developed innovative and effective responses from services and systems that address violence.</p> <p>The extent to which the initiative has progressed the development of a sound evidence base to inform policy development.</p>
National Initiative to Combat Sexual Assault	<p>The extent to which feedback from stakeholders indicates that activities are effective in raising community awareness of sexual assault.</p> <p>The extent to which the initiative has progressed the development of a sound evidence base to inform policy development.</p>
Informed Choices for Australian Women	<p>The extent to which feedback from users and participants shows that input and access to government research data and information for, and about, women has improved.</p>
National Leadership Initiative	<p>The extent to which feedback from stakeholders indicates increased commitment to women’s participation in leadership positions.</p>
Women’s Development Programme	<p>The extent to which feedback from non-government organisations and other relevant stakeholders indicates satisfaction with OSW’s support for women’s organisations and its research and development projects.</p>
Other Women’s Programmes	<p>The degree of satisfaction of stakeholders, with the quality and usefulness of research and activities undertaken.</p> <p>Administered expenses—\$24.9m</p>

Methodology

Formal and informal feedback—received from the Prime Minister’s Senior Adviser (Women’s Affairs); the Minister Assisting the Prime Minister for the Status of Women and her advisers; the Parliamentary Secretary; the departmental Executive; representatives of women’s organisations, state and territory governments, and Australian Government departments; and individual women—informed the qualitative assessment of the department’s work on women’s programmes administered under Output 2.2.

Feedback

Evaluation of the Partnerships Against Domestic Violence initiative (PADV) and the National Initiative to Combat Sexual Assault indicated a strong, supportive community response to both programmes. Positive feedback in relation to the initiative was also received from members of the PADV Taskforce and Australian Government and state and territory ministers.

OSW conducted evaluations of all projects funded under the Women’s Development Programme. The findings indicated that the projects had been successful and well received by women’s non-government organisations (NGOs).

Feedback received from the national secretariats indicated that arrangements were working effectively, contractual requirements were being satisfactorily met and there was a commitment by the secretaries to progressing priority issues under the programme’s recommended consortia model.

Honouring Women continued to gain excellent feedback through its promotion by high-profile women acting as ambassadors for the initiative.

During 2003–04, the first full year of their implementation, feedback on the women’s data warehouse and internet portal developed under the Informed Choices for Australian Women initiative was constructive and encouraging, in terms both of technical attributes and content. An evaluation of the women’s data warehouse is due to be undertaken in 2004–05.

Key results

Key results for each appropriation administered under Output 2.2 in 2003–04 are described below.

Partnerships Against Domestic Violence

The \$50 million PADV initiative has been highly effective in gathering knowledge about, and trialling new ways of, preventing and responding to domestic violence.

Through a partnership between the Australian Government and state and territory governments, a number of projects have been undertaken to investigate ways of preventing and responding to domestic violence.

In 2003–04 funds were allocated to:

- the development and testing of resources to assist front-line workers to identify and respond to the effects on children of witnessing domestic violence
- research into ways of working with men who use violence
- two projects aimed at improving women’s services in the areas of accommodation and outreach options and the integration of work between community agencies
- the continuation of the National Indigenous Family Violence Grants Programme, to build the capacity of indigenous communities to find and implement solutions to deal with domestic violence. This included providing additional funding to four successful existing projects to enable them to continue or expand their activities.

Reports from these projects will be available in late 2004.

OSW continued to fund the Australian Domestic and Family Violence Clearinghouse to provide a single point of access to research and data. The clearinghouse also undertakes valuable research in the area of violence against women and produces topic and research papers of high quality. The clearinghouse received over 65,000 hits per month on its website during the year.

The meta evaluations of the two funding phases of PADV were completed during 2003–04. Both reports are available on the PADV website.

National Initiative to Combat Sexual Assault

The \$16.5 million National Initiative to Combat Sexual Assault (NICSAs) has focused on establishing a sound evidence base to ensure that policy and service responses to sexual assault are the most effective possible. To this end, in 2003–04 OSW commissioned:

- a data analyst at the Australian Institute of Criminology to work on criminal aspects of sexual assault. In 2002–03 the data analyst completed a report on recidivism of sexual offenders; in 2003–04 the data analyst began a study examining factors influencing prosecutorial decisions to proceed with or discontinue prosecutions or enter into charge negotiations in sexual assault cases
- consultants Urbis Keys Young to develop, in consultation with stakeholders across Australia, a national framework for sexual assault prevention, to be available by the end of 2004

- the ABS to develop a personal safety survey, a repeat of the landmark 1996 Women's Safety Survey, with results to be published in 2006
- the ABS to implement a key conclusion of the bureau's 2003 Sexual Assault Information Development Framework, by drawing together existing sources of data on sexual assault in a new publication, *'Sexual Assault in Australia: A Statistical Overview'*, to be completed before the end of 2004.

Also under the NICSA, OSW established the Support for Victims of People Trafficking Programme, to provide individualised support to victims of trafficking in persons. Following an open tender process, a case manager, Southern Edge Training, was contracted to deliver the programme.

Through the NICSA, OSW provided sponsorship funds towards the Home Truths: Stop Sexual Assault and Domestic Violence National Conference being organised by the Victorian Centres Against Sexual Assault, and continued funding the Australian Institute of Criminology to coordinate the International Violence Against Women Survey.

In September 2003, having been commissioned to do so by OSW in 2002–03, the Australian Institute of Family Studies established the Australian Centre for the Study of Sexual Assault, to encourage sharing of research and best-practice approaches across jurisdictions.

Public awareness activities

Both the \$50 million PADV initiative and the \$16.5 million NICSA have contributed funding to public awareness raising activities, and a number of campaigns have been conducted over the lives of the two initiatives. The government has provided additional funding of \$6.7 million (\$5.1 million in 2003–04 through the supplementary additional estimates process and \$1.6 million in 2004–05 through the 2004–05 Budget) to enhance this awareness-raising function. The *Violence Against Women: Australia Says NO* campaign, designed to effectively deliver the very strong message that violence against women is totally unacceptable, was launched on 6 June 2004.

The campaign comprises:

- a nationwide, purpose-built helpline, counselling and referral service, available 24 hours a day, seven days a week, to provide practical help and support to women experiencing violence
- television, radio, cinema and magazine commercials
- a booklet reinforcing the main message of the campaign—the unacceptability of violence against women—while providing practical advice and information for children, their parents and the community
- a dedicated website

- other associated materials (for example, materials have been tailored for people from non-English speaking backgrounds, Aboriginal people and Torres Strait Islander people).

Informed Choices for Australian Women

In the 2001–02 Budget the government provided funding of \$5.5 million, payable over four years, to develop a women’s information strategy under the Informed Choices for Australian Women initiative. This resulted in the development and implementation of the women’s data warehouse.

The data warehouse (www.windowonwomen.gov.au) is a unique single reference point designed to provide free web-based access to comprehensive statistical data about women. It provides data on employment, health, education, training and income support, and gives NGOs, students, government departments and the community free, easy access to data and research about women.

The ongoing maintenance and development of collections, and addition of new data, continued in 2003–04. From November 2003 to May 2004, the average monthly number of site visitors was 2,097 and the average monthly number of hits on the website was 117,900.

In May 2004, OSW commenced an evaluation of the women’s internet portal. The portal (www.women.gov.au) provides a single point of access to government information for and about women. The evaluation will provide an opportunity for users to contribute to the continuing improvement of this facility.

OSW also produced a number of research papers exploring key issues affecting women. The papers were distributed to a range of interested bodies, including NGOs, schools and libraries.

National Leadership Initiative

In the 2001–02 Budget the government committed funding of \$2.4 million, to be delivered over four years, to maximise, sustain and promote women’s leadership potential and participation, focusing on non-elite roles for rural, indigenous, marginalised or disadvantaged women. Funding of \$496,000 was allocated for expenditure in 2003–04.

The key components of the initiative are as follows.

- The Executive Search service, available through the *AppointWomen* database, assists the government to appoint highly skilled women to Australian Government boards and advisory and decision-making bodies. Women currently occupy 33 per cent of positions on Australian Government boards and bodies.

- The Honouring Women initiative encourages the nomination of women for national awards and honours. The initiative is led by a number of high-profile ambassadors, including the Hon Dame Margaret Guilfoyle DBE and the Hon Joan Kirner AM as Lead Ambassadors. While the number of women being nominated for and receiving honours has grown since the start of the initiative, there was a slight decline in women's representation in the 2004 Queen's Birthday honours list.
- The initiative sponsors projects to increase the participation of young women and indigenous women in decision-making activities—including the Sports Leadership programme, which provided around \$210,000 to 23 individuals and 45 organisations in 2003–04. The programme encourages and supports the full involvement of rural and regional women and girls in all aspects of sport, with a particular focus on indigenous women in sport, women working in disability sport and women in general sports leadership.

A digital video entitled *Look where Science can take you*, for students from years 8 to 11, was developed under the initiative to encourage young girls to consider careers in science. The video is to be used by career advisers and will be distributed in late 2004.

Women's Development Programme

In the 2001–02 Budget the government provided additional funding of \$5.6 million over four years to expand and enhance government support for women's organisations through the establishment of the Women's Development Programme (WDP). This funding was in addition to the \$500,000 per year provided through the National Women's Non-government Organisation Funding Programme and would bring the total funding for the women's development to \$7.6 million over four years. Funding of \$1.5 million was allocated for expenditure in 2003–04.

One of the WDP's key components is providing project and capacity-building grants to women's NGOs, to help them strengthen their existing capacity and pursue projects that contribute to public policy. In 2003–04 the WDP provided grant funding, totalling \$518,561, to the 14 projects listed in Table 4.

WDP also provides funding to NGO training and mentoring projects; in 2003–04, the WDP provided funding, totalling \$149,800, to the 14 projects listed in Table 5.

Another core element of the WDP is supporting the four secretariats, which collectively represent around 59 national women's NGOs, or approximately 40 per cent of the women's sector across Australia, and many individual women. In 2003–04, \$600,000 was provided to help them continue to represent the diverse views of Australian women, inform national and international debate and discussion on policy issues affecting women, and relay information about government programmes and policies to and from their members.

Other Women's Programmes

In 2003–04 the government provided funding of \$785,000 for Other Women's Programmes (OWP), which embraces a range of projects to assist and advance the status of Australian women. Research activities commissioned by OWP in 2003–04 included:

- the development of the third issue of *Women in Australia*, providing an up-to-date range of statistics about Australian women's lives. The issue is the final in this series of the *Women in Australia* publications and will be published before the end of 2004.
- the continuation of the Time Use Fellowship programme, with the appointment of two new fellows. An evaluation of the programme, which produces gender-based analyses of ABS time use data, will be conducted when those two fellowships are complete.
- the continuation of a study into the underlying reasons behind the fertility decisions made by men and women. A final report is due next financial year.
- the release in July 2003, in conjunction with Austrade, of *Women in Trade*, a publication that provides a snapshot of the resources available to businesswomen considering entering the export market. This publication is widely available and can be accessed via the Austrade website.

OWP funded the distribution to schools and libraries of materials commemorating the Centenary of Women's Suffrage, including a series of publications highlighting historical milestones in women's struggle to achieve the right to vote and stand in national elections.

A number of other publications, events and awards were also funded under OWP, including:

- a newsletter for women
- a publication outlining the government's achievements for women
- celebrations held to commemorate International Women's Day
- events held to commemorate White Ribbon Day
- the Women in Business Divisional Award and the Migrant Women in Business Award, sponsored by OWP and presented each year by the Australian Micro Business Network. These awards raise community awareness and recognition of the important roles that women, including migrant women, play in the Australian business community.

Table 4 Grants to women’s non-government organisations

Organisation	Funding	Project goals
Australian Federation of Medical Women	\$50,000	To develop and deliver a communication skills workshop (augmented with tools such as a video and handbook) for health professionals who treat female cancer patients from culturally and linguistically diverse, indigenous or geographically isolated communities.
National Foundation for Australian Women	\$50,000	To extend the Women on Boards initiative (which seeks to place women on the boards of non-profit organisations) to include for-profit organisations, by establishing networks and identifying organisations and individuals to take part.
National Women’s Justice Coalition	\$50,000	To strengthen indigenous women’s leadership skills—in order to encourage public policy input, enhance violence prevention and support the work of indigenous women in non-profit community legal services—through the identification of information technology training needs for 40 workers and implementation of information technology mentoring.
National Council of Single Mothers and their Children	\$50,000	To develop resources, policy approaches and a network of organisations to assist women negotiating children’s issues after separation, as well as to support research and publish web-based resources.
ZONTA International District 24	\$50,000	To examine the impact of ageing on businesswomen and professional women, in particular during the middle years of their lives, through research on issues such as causes of mid-career burnout; and to develop positive strategies for individuals, aimed at informing broader policy development.
Australian Federation of Medical Women	\$49,225	To develop a training manual and workshop to support the improvement of medical service delivery by increasing female medical trainees’ awareness of their rights in relation to gender-related training issues.
National Foundation for Australian Women	\$48,068	To broaden awareness of Women’s History Month—among women’s organisations, regional institutions, schools, community groups, journalists, and individual women and girls—by utilising an existing website, and developing knowledge cards for schools and the public, a media kit, and an on-line forum.
Congress of Aboriginal and Torres Strait Islander Nurses	\$41,843	To collect and publish in various forms the history of indigenous nursing in Australia, while building the research capacity of the organisation and its members.
Women’s Action Alliance	\$15,000	To obtain in-principle agreement from relevant state and territory education authorities to the broad dissemination, and distribution to secondary school careers advisers, of information regarding mothering, the most challenging career of all, and other family matters.
Australian Multiple Birth Association	\$25,000	To undertake a review of the association and its practices, to facilitate a restructure, and introduce policy procedures manuals, a strategic business plan and related sponsorship programs, communications strategies, a new association logo, and updates to the existing website.
Australian Women’s Motorsport Network	\$25,000	To identify and develop skills, mentor/train women to mentor others in rural or regional areas, and train two project managers to train others.
Project Respect	\$25,000	To strengthen Project Respect to better respond to opportunities to address trafficking in women for prostitution, and to support trafficked women by developing a business plan, a policy and procedures manual, and a membership management plan, to enable the group to become self-sufficient and able to work on raising awareness of, and eliminating, violence against women.

Organisation	Funding	Project goals
Australian Breastfeeding Association	\$24,425	To raise the training, leadership and management standards of volunteers within the Australian Breastfeeding Association, so as to increase its effectiveness in the community, through an upgrade to its training system, the development of on-line tools and resources, and the production of a training resource kit.
Women's Industry Network for the Seafood Community	\$15,000	To prepare a membership development plan, conduct a skills audit and set up a database of members, so as to encourage member participation.

Table 5 Grants to women's training and mentoring projects

Organisation	Funding	Project goals
Jesse Street National Women's Library	\$1,500	To host a celebratory event for the centenary of women's voting.
Country Women's Association in Tasmania	\$10,000	To host the Associated Country Women of the World's twenty-fourth Triennial World Conference.
National Pioneer Women's Hall of Fame	\$5,000	To develop a 'signature quilt', containing over 350 signatures of women who have excelled in their fields, to celebrate International Women's Day.
Regional Women's Advisory Council	\$5,000	To develop the Women on the Move community capacity-building initiative, which supports women's involvement in community development and regional development activities.
Dragons Abreast ACT	\$5,000	To host the <i>Warrior Women</i> breast cancer awareness exhibition.
Hinchinbrook Community Support Centre	\$3,500	To sponsor a guest speaker to launch the centre's under-age sexual relationship community awareness and education campaign.
International Network on Feminist Approaches to Bioethics	\$5,000	To support indigenous women to attend the 2004 Feminist Approaches to Bioethics Conference.
Townsville Maritime Museum	\$4,800	To permanently establish the <i>Women's War</i> exhibition at the museum.
Professor Robert Connell	\$16,000	To provide specialist advice for Australia's participation in CSW 48.
Australian Indigenous Leadership Centre	\$59,000	To sponsor four indigenous women to participate in the centre's Leadership Diploma Course.
Pan Pacific and South East Asia Women's Association	\$5,000	To develop a history of the association to coincide with the fiftieth anniversary of its foundation in Australia.
Australian College of Rural and Remote Medicine	\$10,000	To provide funding for the Women in Rural Practice leadership workshop.
Independent Scholars Association of Australia	\$2,000	To sponsor a publication on gender relationships and the promotion of women in pre-federation Australia.
Country Women's Association of Australia	\$18,000	To arrange seminars on obtaining funding for NGOs.

Output Group 3—International, and National Security, Policy Advice and Coordination

Price of outputs	\$10.2m	Cost of outputs	\$9.3m
Appropriations	\$9.3m		
Administered expenses	\$0.042m		

Group Outputs

Output Group 3

International, and national security, policy advice and coordination

Output 3.1

International policy

Output 3.2

National security policy

Description

As of 30 June 2004, Output Group 3 comprised two outputs and functionally consisted of:

- International Division
- National Security Division.

Group 3 outputs include:

- policy advice on international issues, including trade and aid
- policy advice on national security issues, including defence, intelligence, counter-terrorism and border protection.

Administered items

Output 3.1 had no administered items on which to report in the 2003–04 financial year.

The report on the Output 3.2 administered item—National Counter-Terrorism Committee—begins on page 75.

Output 3.1—International Policy

Qualitative assessment

Output 3.1 International policy	Performance indicators
Advice, briefing and support to the Prime Minister on international issues, including trade and aid policy, including on presentation of the government's decisions in these areas.	<p>The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the departmental Executive with the timeliness and quality of material for the Prime Minister's consideration, including in developing and pursuing Australia's key foreign and trade policy interests.</p> <p>Cost of outputs—\$3.9m</p>

Methodology

In 2003–04 the Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive continually provided feedback on the quality of the International Division's work. This feedback took a variety of forms, including regular meetings and discussions, and responses to written advice submitted by the division. More formal feedback was also provided through the department's Performance Appraisal and Development scheme.

Feedback

The Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive provided positive feedback across the range of the division's work on international issues. The feedback complimented our support for the Prime Minister's overseas visits, as well as the briefings given to the Prime Minister on topics raised by high-level overseas visitors.

Key results

The period from July 2003 to June 2004 confirmed the strong trend towards an expanded and prominent role for Australia in global affairs. The war against terrorism continued to have a key influence in shaping foreign policy decisions, particularly with regard to Australia's engagement in Iraq following the cessation of formal hostilities there in May 2003. The period was notable for major achievements in the trade arena, including the conclusion of bilateral free trade agreements with the United States and Thailand.

The Prime Minister completed his term as Chairman-in-Office of the Commonwealth at the Commonwealth Heads of Government meeting held in Abuja, Nigeria, where leaders reaffirmed Zimbabwe's suspension. Australia

also stepped up its engagement with the Pacific region, most significantly by leading the Regional Assistance Mission to Solomon Islands (RAMSI), concluding an Enhanced Cooperation Package with Papua New Guinea and driving reform of the Pacific Islands Forum. The Prime Minister was therefore required to maintain a considerable programme of overseas commitments in the pursuit of the policy agendas outlined above.

By providing expert advice to the Prime Minister and participating in the development of whole-of-government approaches to major foreign policy endeavours, the International Division contributed to government initiatives and outcomes, as described below.

Australia's engagement in Iraq

During the reporting period, the division continued to participate in the whole-of-government approach to Australia's engagement in Iraq. This included taking part in the standing interdepartmental taskforce on Iraq, and supporting the Secretaries' Committee on National Security and the National Security Committee of Cabinet as they considered issues arising from that engagement.

The division also coordinated the Prime Minister's visits to Iraq, Kuwait and Qatar in April 2004, which provided an opportunity for him to demonstrate Australia's commitment to the international coalition working to stabilise and rehabilitate Iraq. We provided briefings to support the Prime Minister's June 2004 visit to the United States, where he continued discussions with President George W Bush on international security issues.

Memorial ceremonies

The first anniversary of the 12 October 2002 terrorist attacks in Bali, Indonesia, was an important symbolic event for Australia and a particular focus for the Prime Minister. The division provided policy advice and other assistance for the Prime Minister's attendance at the service held in Bali to commemorate the anniversary, and was also involved in arranging the commemorative service held at Parliament House in Canberra on 16 October 2003.

The division also provided support for other commemorative events involving the Prime Minister, including his dedication, in the presence of Her Majesty The Queen and United Kingdom Prime Minister Tony Blair, of the new Australian War Memorial in London in November 2003. At the invitation of France's President Jacques Chirac, the Prime Minister participated in ceremonies held in June 2004 in Normandy to commemorate the sixtieth anniversary of D-day. As part of the anniversary, we facilitated the process leading to 10 Australian D-day veterans being awarded France's highest medal, the Legion of Honour.

International trade

The division continued to support the government's substantial agenda for international trade during the year, including by providing advice to assist the Prime Minister in:

- bringing to a conclusion the negotiations on the Australia–United States Free Trade Agreement in February 2004, and coordinating the whole-of-government approach to its Australian implementation
- finalising negotiations on the Australia–Thailand Free Trade Agreement in October 2003, at the Asia–Pacific Economic Cooperation leaders' meeting held in Bangkok
- advancing a whole-of-government approach to multilateral trade, under the World Trade Organization's Doha round of negotiations
- furthering economic ties with key Asian partners, through the signing of trade and economic frameworks with Japan, during the Prime Minister's visit to Tokyo in July 2003, and with China, during President Hu Jintao's visit to Australia in October 2003.

The Commonwealth

The Prime Minister continued to play a strong role as Chairman-in-Office of the Commonwealth and Chairman of the leaders' troika on Zimbabwe in the lead-up to the Commonwealth Heads of Government meeting held in Abuja, Nigeria, in December 2003. The division provided substantial policy advice to the Prime Minister that helped him to secure a consensus decision to endorse the continued suspension of Zimbabwe from the Commonwealth.

The Pacific region

The government consolidated its active foreign policy approach to the Pacific region during the reporting period. This was demonstrated most vividly by the launching of RAMSI at the invitation of the Solomon Islands Government in July 2003. The division supported the deputy secretary-level Solomon Islands Coordination Group—chaired by the department—which was established to ensure cross-portfolio coordination in the development of policy underpinning the initial stages of RAMSI. We have since participated in the elaboration of RAMSI's policy goals in the areas of law and order, economic management and government accountability.

The division briefed the Prime Minister in preparation for his visits to Honiara in August and December 2003 and in advance of the Solomon Islands Prime Minister Sir Allan Kemakeza's reciprocal visit to Canberra in March 2004.

Ministers from Australia and Papua New Guinea agreed on the need for a wide-ranging Enhanced Cooperation Package for Papua New Guinea in December 2003, with the treaty governing the package signed in June 2004. The division helped to coordinate a whole-of-government approach to the development of the package. We participated actively in developing the policy underpinning discussions with the Papua New Guinea Government on the details of the package's implementation, particularly in the areas of policing and public sector reform.

The Prime Minister played a strong leadership role at the Pacific Islands Forum meeting held in Auckland, New Zealand, in August 2003. Leaders endorsed the RAMSI intervention, and agreed to examine ways to increase the forum's effectiveness, particularly by pooling regional resources.

The division helped formulate the Prime Minister's Pacific initiatives, including the announcement of key programmes on policing, transport, HIV/AIDS and sporting needs. We also briefed the Prime Minister in preparation for his return to Auckland in April 2004 to attend the special retreat at which Pacific Islands Forum leaders strongly endorsed the 2003 blueprint for reform.

Overseas visits and visitors

The Prime Minister hosted successful and simultaneous visits by President Bush and President Hu in October 2003. It was unprecedented to have two such high-level visits within a 24-hour period. Accordingly, the division contributed substantial policy and planning support for the events. Each president addressed a joint sitting of parliament: in his response to President Bush, the Prime Minister emphasised Australia's commitment to the United States-led war against terrorism; in responding to President Hu's address, he emphasised Australia's commitment to a mature and practical relationship with China.

As the preceding sections describe, the division provided a wide range of advice, briefing and support for the Prime Minister's busy programme of overseas travel during 2003–04. More details of the dates and destinations of that travel are provided in the report on performance for Output 4.7.

Output 3.2—National Security Policy

Qualitative assessment

Output 3.2	Performance indicators
<p>Advice, briefing and support to the Prime Minister on national security issues, including defence policy, intelligence, counter-terrorism, border protection and certain criminal law enforcement issues, including through coordination across Australian Government agencies and, as appropriate, with the states and territories.</p>	<p>The degree of satisfaction of the Prime Minister, the Prime Minister’s Office and the department’s Executive with the timeliness and quality of advice and achievement of key tasks.</p> <p>Cost of outputs—\$5.4m</p>

In February 2004, the output and performance indicators in relation to Output 3.2 were consolidated, under the Portfolio Additional Estimates Statements, into the single output stated above.

Methodology

During 2003–04, the Prime Minister, the Prime Minister’s Office, the Secretary and the departmental Executive provided regular feedback on the work of the National Security Division. This feedback was provided through regular meetings, discussions and comment on divisional advice. Formal individual performance reviews conducted under the department’s performance appraisal framework provided further feedback.

In addition, the division’s Science, Engineering and Technology (SET) Unit was supervised by a steering committee—chaired by the department and comprising senior officials from the Attorney-General’s Department and from the parent agencies of staff seconded to the unit—that discussed the unit’s performance at the four meetings it held during the year.

Feedback

The Prime Minister, the Prime Minister’s Office, the Secretary and the departmental Executive provided positive feedback on the division’s work, including on the quality and timeliness of briefings and advice, across all the division’s areas of responsibility. At each of its four meetings, the SET Unit Steering Committee indicated its satisfaction with the unit’s early progress.

Output 3.2 was assessed as having provided effective and timely advice, briefing and support on defence, intelligence, border protection, counter-terrorism and related law enforcement and domestic security issues.

Key results

Following its establishment on 1 July 2003, the National Security Division completed its first full year of operation in 2003–04. The year saw significant expansion of the division’s responsibilities and staffing, including the establishment of the SET Unit—to coordinate and focus scientific support for counter-terrorism, in accordance with the recommendations of the Prime Minister’s Science, Engineering and Innovation Council—in August 2003.

Through advice provided to the Prime Minister, and support for whole-of-government and cross-portfolio endeavours, the National Security Division contributed to a range of key government initiatives and achievements, as outlined below.

Defence policy and operations

In the period from July 2003 to June 2004, Australian Defence Force (ADF) operations continued at a high tempo in Iraq and East Timor, while the ADF also commenced Operation Anode in the Solomon Islands. The division worked closely with the Department of Defence (Defence) to provide policy advice and updates to the Prime Minister on those operations.

Working with the departments of Defence, the Treasury, and Finance and Administration, the division helped to coordinate the government’s consideration of emerging operational cost pressures in the Defence budget, which ultimately resulted in supplementation for the Defence portfolio in the 2004–05 Budget. The division provided advice to the Prime Minister on, and contributed to the whole-of-government coordination of, a range of Defence portfolio issues, including:

- defence strategic policy, preparedness and reform
- defence personnel issues
- military cooperation with the United States
- defence housing
- defence property sales.

In addition, the division prepared advice to the Prime Minister on a range of veterans’ affairs and commemoration issues.

Defence capability and acquisitions

As part of the government’s regular review of changes in Australia’s strategic environment, the division worked closely with representatives from the departments of Defence, Foreign Affairs and Trade, Finance and Administration, and the Treasury, to finalise the *Defence Capability Review 2003* and associated refinements to the *Defence Capability Plan 2004–2014*.

The division also worked closely with those departments in providing advice to the Prime Minister on other Defence capability and policy matters, including:

- the maintenance of the Collins Class submarines
- additional airborne early warning and control aircraft
- a new air-to-air refuelling capability for the Royal Australian Air Force
- the replacement of the Leopard tank as the main battle tank for the Australian Army
- the design stages of the air warfare destroyer, and amphibious deployment and sustainment capability projects
- additional funding for Defence personnel, logistics and estate initiatives.

The division also worked closely with Defence on the implementation of reforms—to both the Defence Materiel Organisation and associated Defence acquisition processes for major capital equipment—arising from the *Defence Procurement Review 2003*.

Intelligence

During a year in which the performance of Australia's intelligence agencies and the relationship between intelligence assessment and policy development attracted heightened scrutiny, the division advised the Prime Minister on, and coordinated the government's response to, a range of sensitive issues relating to the agencies' roles, performance and budgets.

Pursuant to the recommendation of the December 2003 report of the Parliamentary Joint Committee on ASIO, ASIS and DSD on intelligence on Iraq's weapons of mass destruction, the government appointed Mr Philip Flood AO to conduct the Inquiry into Australian Intelligence Agencies. The division provided advice and support to the government concerning the establishment of the inquiry, including by assigning a staff member to the inquiry team. The division also prepared the department's submission to the inquiry.

In addition, the division managed the processes for new appointments to the positions of Director-General of the Office of National Assessments and Inspector-General of Intelligence and Security.

Non-proliferation

During the year there were important developments in global efforts to counter the proliferation of weapons of mass destruction (WMD), such as Libya's decision to end its WMD programmes and cooperate with weapons inspectors.

The division provided advice to the Prime Minister and wider government on a range of WMD non-proliferation issues, including:

- Australia's active role in the development of the Proliferation Security Initiative
- International Atomic Energy Agency scrutiny of Iran's past nuclear activities
- the adoption and implementation of United Nations Security Council resolution 1540 (2004), which seeks to prevent the proliferation of WMD.

The division was also closely involved in providing policy advice to the Prime Minister concerning WMD investigations conducted by the Iraq Survey Group.

Following the government's December 2003 announcement that Australia would participate further in the United States missile defence programme, the division provided the Prime Minister with advice on the development of a United States–Australia framework memorandum of understanding on missile defence cooperation.

Counter-terrorism and related domestic security initiatives

The 2003–04 year was one of considerable activity on the domestic security front. The division's key domestic achievements included:

- producing the publication *Protecting Australia Against Terrorism*, which was launched by the Prime Minister on 23 June 2004. This document explains the Australian Government's strategy for confronting the threat of terrorism in the new security environment, and the steps the government has taken to protect Australians and Australia's interests both at home and abroad.
- coordinating the development of the *Investing in Australia's Security* package of national security budget measures for the 2004–05 Budget
- providing support to a review, undertaken by the department's Cabinet Implementation Unit, of all domestic security budget measures introduced since 11 September 2001
- coordinating the participation of the Governor-General, the Prime Minister and the department in 'Mercury '04', the largest counter-terrorism exercise ever held in Australia
- leading the Council of Australian Governments review of the regulatory, reporting and security arrangements for the storage, sale and handling of hazardous materials in Australia. Ammonium nitrate was given priority within the review, resulting in an agreement by the Prime Minister, premiers and chief ministers on 25 June 2004 to a nationwide licensing system to regulate access to ammonium nitrate.

- developing the \$93 million Enhanced Aviation Security Package, announced in December 2003, in cooperation with the Department of Transport and Regional Services and other relevant agencies, and working to implement the recommendations of the assessment of Australia's aviation security policy settings
- playing a lead role in the ongoing assessment of Australia's maritime security policy settings
- assisting the Attorney-General's Department in coordinating a ministerial forum on national security, at which senior government members met with the heads of Australia's largest companies to discuss the role of business and industry in relation to national security, with a particular focus on critical infrastructure protection
- reviewing arrangements to ensure the continuity of the Australian Government in the event of a national security emergency. These preparations complement Australia's robust crisis and consequence management arrangements by ensuring that government departments and agencies remain able to perform their key functions with minimal disruption throughout an emergency.
- providing advice to the Prime Minister in relation to the development of the *Critical Infrastructure Protection National Strategy* and the draft national guidelines for the protection of critical infrastructure from terrorism, which were agreed to in principle by the Prime Minister, premiers and chief ministers on 25 June 2004
- providing policy advice to the Prime Minister on agreements between the Australian Government and the governments of Singapore and the United States on the deployment of 'air security officers' on flights to and from Australia, which were concluded during the year
- working with the Attorney-General's Department to finalise the Intergovernmental Agreement on Counter-Terrorism Laws, which was signed by the Prime Minister, premiers and chief ministers on 25 June 2004. This represents the final step in the implementation of the April 2002 Leaders' Summit agreement on constitutional references to support terrorism offences of national application.
- providing advice to the Prime Minister during consultation with states and territories on a number of significant amendments to federal terrorism offences.

The year also saw a significant further strengthening of Australia's counter-terrorism links with our regional partners. In July 2003, the Prime Minister announced a package of counter-terrorism assistance for the Philippines, complementing that provided to Indonesia in the wake of the Bali bombings.

In the following month, the Prime Minister initiated a review of Australia's regional counter-terrorism strategy, which was conducted by the division and relevant agencies. A number of measures were identified to further enhance Australia's regional counter-terrorism cooperation, for which additional funding of \$87 million was allocated in the 2004–05 Budget.

In February 2004 the Minister for Foreign Affairs, with his Indonesian counterpart, jointly chaired the Bali Regional Ministerial Meeting on Counter-Terrorism. The division worked with the Department of Foreign Affairs and Trade to provide whole-of-government coordination and policy advice in relation to these initiatives, and to a range of resulting counter-terrorism measures contained in the 2004–05 Budget. The division also contributed to the preparation of the Department of Foreign Affairs and Trade's white paper on terrorism.

Science, engineering and technology support for counter-terrorism

The Prime Minister announced the establishment of the SET Unit on 27 June 2003. Staff have been seconded to the unit from the Defence Science and Technology Organisation; the Department of Education, Science and Training; the CSIRO; the Australian Federal Police; and the intelligence community.

The SET Unit has developed strong linkages with the scientific community, to focus science, engineering and technology efforts in support of Australia's counter-terrorism needs. The unit surveyed a broad range of security, intelligence, law enforcement and emergency management agencies to determine their counter-terrorism research and development needs, sorting those needs into nine priority areas of interest for further development.

The unit liaised regularly with business and industry stakeholders and, through its website, registered over 30 capabilities and/or technologies which may have an application in counter-terrorism. The unit also pursued opportunities for international collaboration in counter-terrorism research, and began negotiating a bilateral agreement on cooperation in this area with the United States Technical Support Working Group.

To help guide the SET Unit's development of an active research and development programme in support of Australia's counter-terrorism needs, the government provided funding in the 2004–05 Budget of \$7.2 million to the unit over the next four financial years.

Border protection

Throughout the year the division continued to provide timely advice to the Prime Minister in relation to unauthorised boat arrivals to Australia, offshore migration matters and Australia's border security. In addition, the division played an active role in the interdepartmental People Smuggling Task Force chaired by the Department of Immigration and Multicultural and Indigenous Affairs.

Administered Item—National Counter-Terrorism Committee

The National Counter-Terrorism Committee (NCTC) is a high-level national body, chaired by a deputy secretary of the department, comprising senior officials from relevant Australian Government agencies and agencies of the states and territories. The committee's primary role is to coordinate a nationwide cooperative framework for efforts to counter terrorism and its consequences. As chair of the NCTC, the department provided national leadership on counter-terrorism and related security issues throughout the year, carrying forward an active agenda of collaborative work with the states and territories.

In the second half of 2003, responsibility for providing secretariat services and support to the NCTC was transferred to the department from the Attorney-General's Department. The department received an administered allocation of \$62,000 for the year to fund this activity, which is performed by the National Security Division.

During the year the division supported NCTC meetings held in December 2003, March 2004 and May 2004, as well as meetings of the NCTC Executive Committee held in July and September 2003 and February and April 2004. Details of all NCTC meetings as well as the September 2003 NCTC Executive Committee meeting were published in communiqués on the national security website (www.nationalsecurity.gov.au). The division also contributed to key NCTC-related initiatives such as the development of the National Counter-Terrorism Handbook.

Output Group 4—Support Services for Government Operations

Price of outputs	\$27.2m	Cost of outputs	\$23.5m
Appropriations	\$23.7m		
Administered expenses	\$6.9m		

Group Outputs

Output Group 4

Support services for government operations

Output 4.1

Cabinet Secretariat

Output 4.2

Cabinet Implementation Unit

Output 4.3

Machinery of government

Output 4.4

Government communications

Output 4.5

Support to official establishments

Output 4.6

Support for ministerial offices

Output 4.7

Ceremonial and hospitality

Description

As of 30 June 2004, Output Group 4 comprised seven outputs and functionally consisted of:

- Cabinet Secretariat
- Cabinet Implementation Unit
- Government Division

- People, Resources and Communications Division
- People and Resource Management Branch (which provides outputs 4.5 and 4.6)
- Ceremonial and Hospitality Unit (CERHOS).

Group 4 outputs include the following services:

- provision of support services for government operations, including coordination of Cabinet and Executive Council business
- provision of policy advice on parliamentary, machinery of government, legal and cultural issues
- coordination of government communications
- administration of the Prime Minister's official establishments
- provision of policy advice on, and coordination and promotion of, national awards and symbols
- administration of the state occasions and official visits programme.

Administered items

Output Group 4 reports on each administered item as part of the relevant output's performance report, as follows:

- 4.3—National Australia Day Council
- 4.4—Media Commissions Advance Account
- 4.5—Prime Minister's official residences
- 4.6—allowances and support to former Governors-General
- 4.7—state occasions and official visits.

Outputs 4.1 and 4.2 had no administered items on which to report in the 2003–04 financial year.

Output 4.1—Cabinet Secretariat

Qualitative assessment

Output 4.1	Performance indicators
Coordination of Cabinet and Executive Council business.	Degree of satisfaction of the Prime Minister, the Secretary, the Secretary to Cabinet and the Governor-General with the services provided by the Cabinet Secretariat and the Executive Council Secretariat.
Provision of secretariat services to the National Security Committee of Cabinet (NSC) and the Secretaries' Committee on National Security (SCNS).	<p>The degree of satisfaction of the Prime Minister, other NSC ministers, the Secretary to Cabinet and the departmental secretaries associated with SCNS with the support required for the smooth operation of the NSC and SCNS.</p> <p>Cost of outputs—\$3.2m</p>

Methodology

The quality of the Cabinet Secretariat's performance is assessed through formal and informal feedback provided by ministers, the Secretary to Cabinet, the Official Secretary to the Governor-General, the Prime Minister's Office and the departmental Executive. Key performance considerations include:

- the timeliness and quality of Cabinet and Executive Council documentation
- the responsiveness of support services
- the effectiveness of linkages between the Cabinet Secretariat and the Secretary to Cabinet, the Cabinet Policy Unit and Government House.

Feedback

The Secretary to Cabinet and the Official Secretary to the Governor-General each expressed satisfaction with the support services provided, and with the professionalism and responsiveness of the Cabinet Secretariat in servicing the Cabinet and the Executive Council during 2003–04. Informal feedback from other stakeholders was also favourable.

Quantitative assessment

Output 4.1 Targets	Results
<p><i>Timeliness</i></p> <p>Submissions or memoranda are distributed as soon as practicable after clearance by the Cabinet Secretariat.</p> <p>Cabinet minutes are circulated within 24 hours of Cabinet meetings.</p> <p>NSC minutes are circulated within 24 hours of NSC meetings (for meetings since December 2003 when electronic records available).</p> <p>Papers and schedules are delivered to Government House two working days prior to an Executive Council meeting.</p>	<p>All submissions and memoranda were distributed to ministers as soon as practicable after their lodgement for clearance by the Cabinet Secretariat, and:</p> <ul style="list-style-type: none"> ■ 99 per cent of Cabinet and committee minutes were released in the target period ■ 70 per cent of NSC minutes were released in the target period ■ 91 per cent of Executive Council papers were delivered in the target period.
<p><i>Quantity</i></p> <p>Seventy meetings of the Cabinet and its committees including the 12 NSC meetings outlined below are expected to be organised and coordinated.</p> <p>Twelve meetings of SCNS and 12 NSC meetings are expected to be organised and coordinated.</p> <p>Thirty meetings of the Executive Council are expected to be organised and coordinated.</p>	<p>The following meetings were organised and coordinated:</p> <ul style="list-style-type: none"> ■ 67 meetings of the Cabinet and its committees, including the 16 meetings of the NSC referred to below ■ 16 meetings of NSC and 15 meetings of SCNS ■ 28 meetings of the Executive Council.

Key results

During 2003–04 the Cabinet Secretariat continued to provide high-quality and timely support services to the Cabinet and Cabinet committees, including the National Security Committee of Cabinet (NSC), the Secretaries’ Committee on National Security (SCNS) and the Executive Council; and to oversee the public release of historical Cabinet records. The transfer of responsibility for servicing meetings of the NSC and SCNS from the International Division to the Cabinet Secretariat was completed early in the financial year.

The Cabinet Secretariat completed the first major upgrade to the CABNET secure document management system, and added a separate NSC database. SCNS and NSC processes were progressively brought on line via CABNET from December 2003, with the changeover completed early in 2004.

The Cabinet Secretariat also implemented the necessary CABNET system changes to accommodate the ministry changes announced on 29 September 2003.

Cabinet business

During 2003–04, 99 per cent of minutes from meetings of Cabinet and its committees (excluding the NSC) were settled and circulated within 24 hours of the conclusion of the meeting. This can be favourably compared with 92 per cent in 2002–03 and 96 per cent in 2001–02.

A total of 31 submissions and memoranda (or approximately 21 per cent of all submissions and memoranda) were identified as not requiring detailed discussion in Cabinet and were therefore dealt with under the streamlined arrangements described in the 2001–02 Annual Report. That is, they were circulated for consideration by ministers for a period of 10 days each, after which—provided that any issues raised by ministers had been addressed—a draft minute based on the recommendations contained within each submission or memorandum was scheduled for consideration and endorsement at the next Cabinet meeting.

During 2003–04, 70 per cent of minutes from NSC meetings were circulated within 24 hours of the conclusion of the meetings. This figure was significantly affected by the teething problems following the first meeting for which electronic minutes were prepared and released on the CABNET system, which meant none of the minutes from that meeting were released within the target period. Excluding results from that meeting, 88 per cent of minutes were released on time.

Meetings

In 2003–04, the Cabinet Secretariat supported a total of 30 meetings of the Cabinet, 16 meetings of the NSC, 15 meetings of the SCNS and 21 meetings of Cabinet committees other than the NSC. Meetings were held in Sydney on three days and in Melbourne on one day (six days of meetings were held outside Canberra in 2002–03).

Executive Council

The Executive Council Secretariat, a unit located within the Cabinet Secretariat, continued to provide high-quality and timely advice, briefing and administrative support to the Governor-General, the Executive Council and the Official Secretary to the Governor-General during the year.

A total of 28 meetings of the Executive Council were held, with 591 papers considered. Of the papers only 53 (9 per cent of the total) were not available by the required two days prior to the relevant meeting. Those papers were accepted for consideration by the Executive Council on the basis of exceptional circumstances explained in writing by a senior executive of the relevant department or senior member of the relevant minister's office.

CABNET upgrade

CABNET, now nearly six years old, is an electronic system used to securely store and transmit Cabinet documents. A major CABNET standard operating environment (SOE) and workstation upgrade project commenced in March 2003 and was completed in July 2003. The project to upgrade the CABNET server infrastructure was completed in January 2004.

The SOE project involved replacing all CABNET workstations (including finger-scanning devices) and installing a new SOE. Departments and agencies funded the replacement of their CABNET workstations, including those located in the offices of their ministers and parliamentary secretaries.

The server upgrade project saw the replacement of hardware and software, both of which had been in use since the system's development in 1998. The upgrade brought the server operating environment into line with that on the CABNET workstations. The software enhancements also significantly streamlined administration processes, and consequently improved access control, leading to improved security of both the system and the data on it. The department funded the full cost of the server upgrade project.

A separate NSC database was developed to support meetings of the SCNS and NSC and provide a secure means to store and transmit their documentation, including material classified as secret and below. Australian Government departments and agencies were brought on line from November 2003 and ministers' offices were brought on line in December 2003.

Visiting officials

The Cabinet Secretariat hosted briefing sessions for:

- an official from the Ministry of Agriculture and Forestry of New Zealand, in April 2004
- officials from the Office of the Prime Minister and Council of Ministers of Nepal, in May 2004
- officials from Brunei, in June 2004
- officials from Vietnam, on a study tour conducted by the Australian National University, in June 2004.

The briefing sessions covered Australian Government Cabinet processes, the CABNET system, appointment processes, conflict-of-interest protocols, and document handling.

Relations with overseas counterparts

A representative of the Cabinet Secretariat visited the Solomon Islands in February 2004, as part of a broader AusAID-funded scoping mission to provide, at the request of the Solomon Islands Government, assistance with machinery of government reform processes.

The Cabinet Secretariat, on behalf of the department, was also successful in securing AusAID funding of \$48,800 to give effect to a partnership agreement with the Royal Thai Government Secretariat of the Cabinet (SOC) through the Thailand–Australia Government Sector Linkages Program. The agreement provides for a short-term exchange of mid-level officials, to give them opportunities to obtain first-hand experience of each other’s machinery of government operations, and generally to establish ongoing cooperative arrangements between the department and the SOC.

Access to Cabinet records

Assistance was provided to the National Archives of Australia in preparing for the public release of Cabinet documents from 1973 (papers of the Whitlam Government) and the second release of Cabinet notebooks dating from January 1953 (papers of the Menzies Government).

The *Archives Act 1983* provides for Cabinet notebooks to be opened to public access (subject to the conditions in the Act) after 50 years, rather than the 30-year period that applies to most Commonwealth records, including other Cabinet documents. Cabinet notebooks are used by officials of the department to record discussions in Cabinet as an aide-mémoire for the preparation of formal Cabinet minutes.

Cabinet Room flooding

On 18 April 2004 the Cabinet Room in Parliament House was flooded by a leaking water pipe in the ceiling. Water built up to a depth of 25 centimetres behind the room’s sealed doors before the leak was discovered. The Cabinet Room was out of action for approximately two months while the damage was repaired. During that period, the Cabinet Secretariat made arrangements for Cabinet meetings in other venues in Parliament House or outside Canberra.

Output 4.2—Cabinet Implementation Unit

Qualitative assessment

Output 4.2	Performance indicators
Monitoring of the implementation of strategic Cabinet decisions.	<p>Degree of satisfaction of the Prime Minister, the Secretary, the Secretary to Cabinet and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the monitoring role provided by the Cabinet Implementation Unit.</p> <p>Cost of outputs—\$1.3m</p>

Methodology

Formal and informal feedback on the work of the Cabinet Implementation Unit was provided by the Prime Minister, in response to briefing by the unit, and by the Secretary, the Secretary to Cabinet and the departmental Executive, through regular meetings.

Feedback

Feedback on the unit's work, from all stakeholders, was very positive, with the information provided as part of the implementation assessments for proposals seen to be adding significantly to Cabinet's decision-making processes. The increasing numbers of proposals for which implementation assessments were sought partly reflected the value placed on the work of the unit.

Key results

Establishing the unit

The unit was established on 15 October 2003 and the recruitment of its staff had largely been completed by January 2004. While some staff came from within the department, others with varied experience were recruited from other agencies or from outside the Australian Public Service. Secondments were arranged from Centrelink, the Australian Taxation Office, and the departments of the Treasury, and Agriculture, Fisheries and Forestry.

Considerable early efforts were made to establish good working relationships with other departments, including through monthly portfolio secretaries' meetings and the work of a steering committee with membership drawn from several agencies.

The unit in operation

The Prime Minister agreed to have the unit work with other agencies to review the implementation of a number of Australian Government initiatives. The results of those reviews, developed in consultation with the relevant agencies, feed into Cabinet decision making, and other government decision making, in a variety of ways.

During the 2004–05 Budget process, the unit assisted agencies in providing short implementation assessments on selected new policy proposals they put forward for the government’s consideration. In cases where proposals were adopted, formal implementation plans are to be developed to assist the management of the proposals. The unit prepared—and published on the department’s website—guidelines for project management that provide a framework agencies can use, in addition to their established planning frameworks, in preparing implementation assessments and plans.

This process was followed in relation to over 60 proposals in the 2004–05 Budget, and the unit is now monitoring implementation in relation to 20 packages which may comprise over 100 individual measures. The department, through the unit, will report regularly to the Prime Minister on the progress of the initiatives, and will work with implementing agencies to ensure that any emerging problems are addressed.

Planning is now underway to apply the lessons learned during the 2004–05 Budget process to the standard documentation for proposals brought forward to Cabinet, so as to strengthen and extend the treatment of implementation issues and to facilitate future monitoring.

The Australian Public Service Management Advisory Committee report *Connecting Government: Whole of Government Responses to Australia’s Priority Challenges*, issued in April 2004, proposed a central role for the Cabinet Implementation Unit in promoting whole-of-government approaches. At the end of June 2004, work was in progress to define the unit’s role in this regard.

Output 4.3—Machinery of Government

Qualitative assessment

Output 4.3	Performance indicators
<p>Advice, briefing and support on parliamentary, machinery of government, legal and cultural (including the National Australia Day Council) issues, including on presentation of the government's decisions in these areas.</p>	<p>The degree of satisfaction of the Prime Minister, the Parliamentary Secretary to the Prime Minister, the Minister Assisting the Prime Minister, the Parliamentary Business Committee, the Prime Minister's Office and departmental Executive, as expressed through formal and informal feedback mechanisms, with the timeliness and quality of material for the Prime Minister's and other ministers' consideration.</p> <p>Maintenance of clear and up-to-date guidelines for annual reports, caretaker conventions, Guide for Official Witnesses Appearing before Parliamentary Committees and Legislation Handbook.</p> <p>Timely introduction of amendments to portfolio legislation, as necessary.</p> <p>Extent to which legal actions involving the department are successful.</p> <p>The degree of satisfaction of the Parliamentary Business Committee with the timeliness and accuracy of the production and distribution of:</p> <ul style="list-style-type: none"> ■ the legislation programme ■ public lists of proposed legislation ■ reports of unproclaimed legislation.
<p>Policy, coordination and promotion of awards and national symbols.</p>	<p>The degree of satisfaction with support and promotion of the Australian honours system, including:</p> <ul style="list-style-type: none"> ■ the quality and timeliness of policy advice ■ accurate and timely processing of nominations for awards ■ the accurate and timely preparation of congratulatory messages ■ effective coordination with Government House on promotional activities related to the national honours and awards system. <p>Cost of outputs—\$7.7m</p>

Methodology

The Government Division received ongoing informal feedback about its performance through regular discussions and consultations with the Prime Minister's Office, the Parliamentary Secretary to the Prime Minister and the Minister Assisting the Prime Minister. The Parliamentary Business Committee of Cabinet, for which the division provides a secretariat, and the Office of Parliamentary Counsel also had opportunities to provide feedback, through regular meetings on legislative programming issues. Senior staff of the department provided feedback through the annual work-planning process and the department's Performance Appraisal and Development scheme.

Feedback

The feedback received covered the broad range of divisional functions, with particular emphasis on major tasks, and reflected a high level of satisfaction. The division was considered responsive and consistent in providing advice in a timely and professional manner.

Key results

The division provided support and advice on a number of key issues in 2003–04, as described in the following sections.

Public consultation on constitutional reform

In support of a public consultation process regarding possible reforms to section 57 of the Australian Constitution, the division assisted the government to form a consultative group, chaired by the Hon Neil Brown QC and including the Hon Michael Lavarch and Professor Jack Richardson AO, to consult directly with members of the public.

The period of public consultation commenced with the release of a government discussion paper on 8 October 2003 and concluded on 31 December 2003. During that period, a total of around 240 members of the public attended open meetings—held in every capital city—and the division received over 290 written submissions. The division provided a range of support and advice to the consultative group and the government to assist them in analysing the public contributions and other material.

Machinery of government issues

The division prepared documentation and assisted with the arrangements for the swearing-in of His Excellency Major General Michael Jeffery AC CVO MC (Retired) as Australia's twenty-fourth Governor-General on 11 August 2003.

Following the Prime Minister's announcement of changes to ministerial arrangements in September 2003, the division also provided advice and administrative support in relation to the swearing-in of new ministers and parliamentary secretaries.

The division is responsible for advising the Prime Minister on changes to administrative arrangements, as well as the creation and abolition of executive agencies, under the *Public Service Act 1999*.

In 2003–04, the division prepared advice and documentation in order to rename the National Office for the Information Economy as the Australian Government Information Management Office, and to return some of its functions to the Department of Communications, Information Technology and the Arts.

The division was also involved in preparing legislation to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC). Pending consideration of that legislation, it prepared advice on changes to administrative arrangements to transfer some of the functions of ATSIC and the Aboriginal and Torres Strait Islander Services executive agency to other agencies.

The division also coordinated the preparation of 96 messages to community groups and other organisations from the Prime Minister, as well as the approval process for ministerial visits overseas.

The *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* were also revised and reissued before the end of the 2003–04 financial year. The revised requirements provided additional guidance to help departments and agencies correctly identify expenditure on consultancies in their 2003–04 annual reports.

Parliamentary processes

The division provided secretariat support to the Parliamentary Business Committee of Cabinet. A comprehensive Cabinet memorandum was prepared prior to each of the three parliamentary sitting periods (2003 Spring, 2004 Autumn and 2004 Winter), setting the government's legislation programme. In addition, a memorandum proposing variations to the legislation programme and the parliamentary debate programme for the week ahead was prepared for each of the 21 sitting weeks.

During the year, the division also:

- coordinated the drafting of responses for a significant proportion of requirements for policy approval involving legislation
- issued 18 legislation circulars to departments and agencies about legislation and parliamentary matters

- liaised with the Office of Parliamentary Counsel and departments
- prepared advice on parliamentary matters generally.

Nearly 236 procedural briefings on government legislation and amendments were prepared for the Minister Assisting the Prime Minister as part of the legislation approval process. A list of the bills proposed for introduction and debate (the ‘public list’) was compiled for distribution to senators and members prior to each of the sittings of parliament. The division also coordinated the preparation of the report on unproclaimed legislation, which was tabled in the Senate in August 2003.

Legal actions involving the department

During 2003–04, the Administrative Appeals Tribunal (AAT) handed down a decision in *Toomer and Department of Agriculture, Fisheries and Forestry and Ors* [2003] AATA 1301. The case was related to decisions made by the department and two other agencies under the *Freedom of Information Act 1982* (the FOI Act). While the tribunal set aside some exemption claims and substituted others, it upheld the exemption of all documents for which Cabinet exemption claims had been made. The tribunal’s decision contained a detailed discussion about the Cabinet document provision of the FOI Act that has clarified the operation of that exemption.

Two further applications were made to the AAT in respect of freedom of information claims during 2003–04, but neither proceeded to hearing. The division also prepared evidence in respect of Cabinet documents for the purposes of two separate AAT proceedings in which other agencies were the respondents.

The division, along with the Attorney-General’s Department, instructed the Australian Government Solicitor in relation to a case arising from the Royal Commission into the Building and Construction Industry. Proceedings were commenced in the Supreme Court of Victoria against the Hon Terence Cole QC in relation to his final report as royal commissioner, with the plaintiff seeking a declaration that the defendant (Mr Cole) had failed to observe the requirements of procedural fairness. The Supreme Court made orders in October 2003 naming the Commonwealth as second defendant in the matter and transferring the matter to the Federal Court. In accordance with accepted practice, Mr Cole agreed to submit to the jurisdiction of the Federal Court and to allow the Commonwealth to act as contradictor in the proceedings. At the end of the reporting period the case was ongoing.

The division, along with the National Security Division, also instructed the Australian Government Solicitor in relation to a public interest immunity claim in one case during the reporting period. The public interest immunity claims arising from the three cases reported in the 2002–03 annual report remain to be finalised with the other parties to the litigation.

The department has not been the subject of any other judicial decisions or decisions of administrative tribunals during the reporting period that have had, or may have, a significant impact on its operations.

Awards

The division provides policy advice on the operations of the Australian honours system to ensure that outstanding personal achievements and contributions, whether made in Australia or made overseas, are appropriately recognised. The Bali honours list announced on 17 October 2003 demonstrated the capacity of the system to recognise bravery and meritorious achievement by members of police, medical and support services, and by individual citizens.

Two new campaign medals were announced by the Prime Minister to recognise the service of Australian Defence Force personnel in Iraq and Afghanistan. In addition, the division arranged for the Humanitarian Overseas Service Medal to be extended to recognise service by civilians in assisting in the rehabilitation and reconstruction of Iraq, and provided support for the Prime Minister to present awards to civilian and defence personnel in Baghdad on Anzac Day 2004.

The division handled applications for the Civilian Service Medal 1939–1945, the Humanitarian Overseas Service Medal and relevant medals for civilian surgical and medical teams who served during the Vietnam War, as well as requests by foreign governments to recognise the efforts of certain Australian citizens by granting them foreign awards.

Arrangements were made with United States authorities to improve liaison and coordination in the processing of awards for Australian veterans arising from their service with United States forces during the Vietnam War.

Four submissions from organisations seeking to have the award of the National Medal extended to their personnel were vetted by the division. The first nominations for members of the latest group to become eligible, Surf Life Saving Australia, were considered during the year.

The division provided secretariat services to public service honours committees, as well as assistance to departmental staff who serve ex officio as members of the Council of the Order of Australia and the Australian Bravery Decorations Council.

The division provided support to the Prime Minister in relation to the nominations of non-Australian citizens for honorary awards in the Order of Australia. The division also assisted the Prime Minister in sending over 9,500 messages of congratulation to Australians celebrating significant wedding anniversaries or birthdays.

The division provides advice to government and to the community on the promotion and appropriate use of Australia's national symbols. During the year, an on-line flag network was established, to keep members of the community informed of appropriate protocol to follow when recognising special occasions by flying the Australian National Flag. The special ceremonial National Flag, the Centenary Flag, was flown in London at the dedication of the Australian War Memorial by the Prime Minister on 11 November 2003.

Honours information activities

The division undertook a range of promotional activities in support of the government's public education campaign to make Australian honours more accessible and better known to all Australians.

The division maintained the website www.itsanhonour.gov.au, which provides up-to-date information about Australian honours, including a complete list of recipients of Australian honours, as well as information about the National Flag and the National Anthem. Work commenced on redesigning the website to provide a wider range of detailed information to assist media outlets, and the on-line Australian Honours List was enhanced by improved research facilities.

Staff members visited the outer suburbs of Perth and the Mildura region in Victoria, where they ran regional workshops to explain Australian honours to community leaders. Local networks were established, to ensure that outstanding achievement continues to be recognised. The workshops were complemented by local media coverage. Divisional staff also gave presentations on the honours system to community groups and maintained contact with an existing network of community leaders to keep them informed of developments during the year.

The travelling exhibition *It's An Honour, Australia* continued its schedule of visiting all states and territories. Following successful visits to Victoria and New South Wales in 2003–04, the exhibition was updated in preparation for a new programme of visits.

Administered item — National Australia Day Council

Output 4.3 administered item	Performance indicators
National Australia Day Council	<p>Grant administered in compliance with the reporting mechanisms, objectives and other provisions of the grant funding deed with the National Australia Day Council so as to contribute to achieving the vision of the NADC (to inspire national pride and spirit to enrich the life of the nation).</p> <p>Administered expenses—\$1.1m</p>

The division administered the Australian Government’s grant to the National Australia Day Council (NADC) and provided advice on a range of issues relating to the funding and activities of the NADC. The Australian Government is represented on the board of the NADC by a senior officer of the department.

The NADC is an agency within the Prime Minister’s portfolio. It is a Commonwealth company for the purposes of the *Commonwealth Authorities and Companies Act 1997*, and produces its own annual report in accordance with the provisions of that Act. Further information about the activities of the NADC can be found in that report.

Output 4.4—Government Communications

Qualitative assessment

Output 4.4	Performance indicators
Coordination of government communications, including management of the Central Advertising System (CAS).	<p>Degree of satisfaction of the Chairman and members of the Ministerial Committee on Government Communications (MCGC) with the advice and secretariat support provided by the Government Communications Unit (GCU).</p> <p>Degree of satisfaction with the CAS among clients of the master placement agencies.</p>
Provision of photographic and related services by AUSPIC (the government photographic service).	<p>Degree of customer satisfaction with AUSPIC services.</p> <p>Cost of outputs—\$5.2m</p>

Methodology

The First Assistant Secretary, People, Resources and Communications, clears the agenda for each meeting of the Ministerial Committee on Government Communications (MCGC) with the chairman, Senator the Hon Eric Abetz. At the conclusion of each meeting he receives feedback from the chairman and committee members. The First Assistant Secretary also meets regularly with representatives of the Prime Minister’s Office to review performance in relation to specific issues.

AUSPIC (the government photographic service) meets regularly with its clients to monitor service standards.

Feedback

Feedback from both the Chairman of the MCGC and the Prime Minister’s Office on the performance of the Government Communications Unit (GCU) in the provision of support and advice to the MCGC was positive.

Feedback on AUSPIC services indicated an ongoing high level of client satisfaction.

Quantitative assessment

Output 4.4 targets	Results
<p><i>Timeliness</i></p> <p>Maximise compliance with the requirement that agenda papers be provided by departments and agencies seven working days prior to an MCGC meeting.</p>	<p>Papers were provided to the committee prior to each meeting. Where papers were not able to be provided in accordance with the requirement, the MCGC was advised and waivers were granted.</p>
<p><i>Quantity</i></p> <p>On the basis of recent experience, the GCU would expect to organise and coordinate 45 meetings of the MCGC covering 25 public information activities in 2003–04.</p>	<p>During 2003–04 the GCU organised 46 MCGC meetings, covering 30 public information activities.</p>
<p><i>Price</i></p> <p>Achievement of a break-even financial position from trading activities by AUSPIC.</p>	<p>Trading activities resulted in a small surplus.</p>

Key results

The workload of the GCU remained heavy during the course of the year as a result of a continuing high level of communications activities. Notwithstanding the level of the workload, the GCU continued to provide a full range of analysis, advice and support to the MCGC, the Prime Minister, the departmental Executive and departments and agencies.

Demand for AUSPIC services remained high and customer requirements continued to be met.

Ministerial Committee on Government Communications

The GCU provided strategic communications advice as well as advice on individual information campaigns to the MCGC. It supported departments and agencies by providing advice on communications arrangements, including advice on research, public relations and advertising. The GCU also managed the Central Advertising System (CAS), which delivers a reliable and cost-effective media placement service for departments and agencies.

The MCGC met on 46 occasions during the year to consider 30 information activities and other matters put to it by departments through the GCU. The frequency of meetings reflected the number of significant information activities undertaken by the government in 2003–04. The more important

information activities were those campaigns associated with Australian Defence Force recruitment (\$16.6 million), Medicare (\$ 16 million), New Apprenticeships (\$9.3 million), the Pharmaceutical Benefits Scheme (\$8.4 million), and eliminating violence against women (\$6.5 million).

There were instances when the GCU was not able to obtain papers from departments and agencies seven days in advance of MCGC meetings. However, the GCU consistently advised the MCGC of such instances and obtained waivers to the seven-day rule from the chairman where appropriate.

The GCU facilitated and organised 11 seminars and workshops on communications and media issues. They were attended by some 441 staff from 27 departments and agencies. GCU received positive feedback from attendees.

Media issues

Customer satisfaction surveys were undertaken for both master media placement agencies (Universal McCann for campaign advertising and hma Blaze for non-campaign advertising). Both contracts commenced on 1 December 2002 and cover a period of three years and 10 months.

The GCU's negotiations with the media on advertising rates, terms and conditions achieved outcomes for the CAS that were significantly better than the standard rates offered. In 2003–04 approximately \$143 million in advertising expenditure was placed through the CAS.

Photographic services

AUSPIC operates on a cost-recovery basis to provide photographic services to the government, the Parliament, senators and members. AUSPIC continued to meet the continuing high rate of demand for its services—particularly in the area of digital photography, which provides flexibility and quick turnaround for its clients.

Administered item—Media Commissions Account

The funds in the Media Commissions Account are used to remunerate the Commonwealth's contracted master media placement agencies—and, if required, any creative advertising agencies—for the placement of Australian Government advertising. Funds are derived from the commission paid by the media to the Commonwealth when it places its advertising.

Output 4.5—Support to Official Establishments

Qualitative assessment

Output 4.5	Performance indicators
Management of the Prime Minister's official residences.	The degree of satisfaction of the occupants and departmental Executive with the management of the Prime Minister's official residences. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.
Secretariat support for the Official Establishments Trust.	The degree of satisfaction of Official Establishments Trust members with the timeliness and quality of advice and secretariat support. Cost of outputs—\$0.6m

Methodology

Staff of the Official Establishments Unit participate in meetings with the Prime Minister and his wife, senior departmental managers and senior advisers within the Prime Minister's Office, at which feedback on the unit's performance and level of service is provided.

The Chairman of the Official Establishments Trust provides regular feedback to the Secretary of the Trust on the quality of secretariat support provided to the Trust.

Feedback

All parties indicated their satisfaction with the management of the official residences.

The Chairman of the Official Establishments Trust, Mr Richard Griffin AM, indicated his satisfaction with the quality of secretariat support provided.

Key results

During the year, the Official Establishments Unit continued to provide high-quality management services for the Prime Minister's official residences, together with efficient and responsive secretariat services to the Official Establishments Trust.

In November 2003, the unit also assumed responsibility for providing support to the former Governors-General and to ministerial offices. These functions are addressed under Output 4.6.

Official residences

The Official Establishments Unit continued to manage the Prime Minister's official residences—The Lodge, Canberra, and Kirribilli House, Sydney. In keeping with the official residences' status as part of the National Estate, the Official Establishments Trust and the Australian Heritage Council were consulted about works undertaken at the residences in 2003–04.

Official Establishments Trust

The unit facilitated five meetings of the Official Establishments Trust and one meeting of the House Committee for Government House during the year. The unit also coordinated events to celebrate the hundredth meeting of the Trust, held in September 2003, involving the Governor-General, the Prime Minister and former members of the Trust. These events included a luncheon at Government House and a function at The Lodge.

Australiana Fund

The unit administers a grant-in-aid for the Australiana Fund. The grant enables the Fund to obtain professional assistance in meeting the objectives of the Fund as set out in its memorandum of association, while ensuring that monies raised by the Fund are available for the acquisition of Australian objects for placement or display in appropriate locations.

The 2003–04 grant-in-aid received by the Australiana Fund was \$87,500.

Administered item—Prime Minister's official residences

Qualitative assessment

Output 4.5 administered item	Performance indicators
Prime Minister's official residences.	<p>The serviceability and standard of The Lodge and Kirribilli House, including practicality, level of amenity, style and presentation. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.</p> <p>Administered expenses—\$1.5m</p>

Methodology

Staff of the Official Establishments Unit participate in meetings with the Prime Minister and his wife, senior departmental managers and senior advisers within the Prime Minister's Office, to discuss the management of the residences. Members of the Official Establishments Trust are also consulted.

Feedback

All stakeholders expressed satisfaction with the management of the residences and with their presentation and maintenance. The Official Establishments Trust noted the need for an update or review of the various conservation management plans for the residences, with a view to identifying the conservation and maintenance works likely to be required in future.

Key results

The Lodge

During 2003–04, the carpets in the drawing room and morning room in The Lodge were replaced, as was some furniture. Design work commenced for the replacement of the carpet in the foyer and main staircase area. The ground floor guest bathroom facilities were also refurbished and some minor internal painting was undertaken.

A tender process was conducted for the selection of a consultant conservation architect and the development of a five- to seven-year strategic plan for the residence.

The gardening staff, in consultation with rose experts, undertook a project to identify and label all the species in the rose garden. Only a few species have yet to be identified.

Kirribilli House

No major structural or refurbishment work was undertaken at Kirribilli House during 2003–04. Air-conditioning and new carpet were installed in the staff areas and sewerage repair works were undertaken.

Output 4.6—Support for Ministerial Offices

Qualitative assessment

Output 4.6	Performance indicators
Provision of office services for the Prime Minister's Office, the other ministers' and the parliamentary secretaries' offices in the Prime Minister's portfolio.	The degree of satisfaction of the Prime Minister, other portfolio ministers, the Parliamentary Secretary, their advisers and office managers with the office services provided. Cost of outputs—\$2.6m

Methodology

Officers of the department maintain frequent contact with the office managers and support staff in the Prime Minister's Office and the offices of the Minister Assisting the Prime Minister for the Status of Women (Senator the Hon Kay Patterson), the Minister Assisting the Prime Minister (the Hon Gary Hardgrave MP) and the Parliamentary Secretary to the Prime Minister (the Hon Jackie Kelly MP). Regular informal feedback is provided on performance.

Feedback

Ministerial support staff indicated satisfaction with the level of service provided and the department's responsiveness.

Key results

High-quality support services continued to be provided from a range of areas of the department, including the People and Resource Management Branch and the Information Services Branch. No major refurbishments or projects were undertaken during 2003–04.

Administered item—Allowances and support to former Governors-General

Qualitative assessment

Output 4.6 administered item	Performance indicators
Allowances and support to former Governors-General.	Former Governors-General receive allowances and support in accordance with their entitlement. Administered expenses—\$2.5m

Methodology

Staff of the People and Resource Management Branch maintained regular contact with the support staff of the former Governors-General.

Feedback

All parties indicated their satisfaction with the quality of the services provided.

Key results

All allowances to former Governors-General were paid in accordance with the relevant Remuneration Tribunal determinations.

The department provided support to the then Governor-General Designate, Major General Michael Jeffery AC CVO MC (Retired), arranging office accommodation and support services for the period from his appointment as Governor-General until his official swearing-in.

Office accommodation in Melbourne and support services were established for former Governor-General the Right Reverend Dr Peter Hollingworth AC OBE, including the temporary office space required while permanent accommodation and fit-out arrangements were being negotiated and finalised.

Output 4.7—Ceremonial and Hospitality

The chief role of the Ceremonial and Hospitality Branch (CERHOS) is to manage the state occasions and official visits administered item. The following narrative covers both departmental and administered items outcomes.

Qualitative assessment

Output 4.7	Performance indicators
Provision of support services to the government relating to overseas visits by the Prime Minister, government hospitality for overseas dignitaries and official ceremonies.	<p>The degree of satisfaction of the Prime Minister, the Prime Minister’s Office and the departmental Executive with management of the government’s ceremonial and hospitality services.</p> <p>Cost of outputs—\$2.9m</p>
Output 4.7 administered item	
State occasions and official visits.	<p>The degree of satisfaction of the Prime Minister, the Prime Minister’s Office, the Governor-General’s Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with:</p> <ul style="list-style-type: none"> • visits to Australia by heads of state and government • arrangements for the Prime Minister’s overseas visits • state occasions • advice on relevant matters, including official gifts. <p>Assessment by the sponsoring minister, minister’s office or department, together with Australian and foreign diplomatic representatives, as expressed through formal and informal feedback mechanisms, of:</p> <ul style="list-style-type: none"> • the benefits from the programme of official visits • the efficient organisation and presentation of ceremonial occasions and hospitality services. <p>Administered expenses—\$1.7m</p>

Methodology

All visits and events that the branch is responsible for are followed up with either verbal or written requests for feedback from the Prime Minister and his office or from a relevant minister's office. Regular feedback is also received in the form of comments from the Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive.

Additional feedback is received in comments and letters of appreciation from visitors and their diplomatic representatives, as well as in visit assessment cables submitted by Australia's overseas posts.

Feedback

Extensive feedback received directly—from the Prime Minister, the Prime Minister's Office, visiting guests of government, various diplomatic missions and other sources—was highly positive. Direct and specific positive feedback was received by CERHOS staff concerning the State visit of China's President Hu Jintao, the working visit of United States President George W Bush, the official visits of the Crown Prince of Thailand and of New Zealand Prime Minister Helen Clark, and several ministerial visits. A number of CERHOS officers received specific departmental commendations for their work on the visits of President Bush and President Hu, and on the memorial services conducted in Bali, Indonesia, and in Canberra.

Quantitative assessment

Output 4.7 target	Actual
<i>Quantity</i> On the basis of recent experience, the CERHOS branch would expect to facilitate eight head of state and head of government visits, 30 ministerial visits and four state funerals.	CERHOS facilitated two head of state visits, eight head of government visits, and 14 ministerial guest of government visits. CERHOS also supported three state funerals, a national memorial service and nine overseas visits by the Prime Minister.

Key results

The year 2003–04 was one of extremely high activity levels for CERHOS. During October 2003, for example, a number of major events coincided, including the planning and coordination of two separate prime ministerial overseas visits, the preparation and coordination of services held in Bali and Canberra to commemorate the first anniversary of the October 2002 bombings, the coordination of the visits of President Bush and President Hu, and the organisation of a state funeral in Melbourne for the Hon Jim Cairns.

This posed extraordinary challenges to CERHOS operations, and the branch continued to perform effectively under considerable pressure.

Prime Minister's overseas visits

CERHOS planned and coordinated overseas visits by the Prime Minister to:

- South-East Asia and North Asia, where he visited the Philippines, Japan and Korea (13–20 July 2003)
- the Pacific Islands Forum in New Zealand, followed by a visit to China (13–19 August 2003)
- Solomon Islands (25 August 2003)
- Bali, to attend the memorial service (11–13 October 2003)
- Thailand, to attend the eleventh Asia–Pacific Economic Cooperation leaders' meeting (18–22 October 2003)
- the United Kingdom, to open the Australian War Memorial in London (7–15 November 2003)
- Nigeria, to attend the Commonwealth Heads of Government Meeting (3–9 December 2003)
- New Zealand, to attend the Pacific Islands Forum Special Leaders Retreat (6 April 2004)
- the United States, the United Kingdom, and D-day commemorations in France (1–8 June 2004).

Visits to Australia

A number of high-level visits were undertaken during the year, including the working visit by President Bush and the State visit by President Hu (both in October 2003), an official visit by the Prime Minister of New Zealand in March, and working visits by former Polish president Lech Walesa (in November 2003) and seven heads of government.

There were also 14 ministerial guest of government visits, including those by the ministers for foreign affairs of Indonesia, India, Vietnam and the Philippines, and other portfolio ministers representing Vietnam, China, Indonesia, Singapore (two visits), Brunei, the United States, Lebanon, Chile and the Russian Federation.

Other responsibilities

The branch assisted the Australian Embassy in Jakarta and the Consulate-General in Bali in making arrangements for the memorial service held in Bali on 12 October 2003. It also coordinated the memorial service conducted at Parliament House, Canberra on 16 October 2003. These major events were conducted to appropriately mark the anniversary of the 2002 terrorist attacks in Bali.

The branch organised three state funerals, all for distinguished former ministers, during 2003–04. The first, held in Newcastle, New South Wales, on 13 August 2003, was for the Hon CK (Charlie) Jones AO. The second was held in Perth, on 15 September 2003, for the Hon Don Willesee. Lastly, the funeral of the Hon Jim Cairns was held in Melbourne on 17 October 2003.

The branch coordinated 206 airport facilitations for heads of state, heads of government and royalty transiting Australia. Airport facilitation includes advising airport authorities and relevant agencies of relevant flight details, and arranging for either departmental part-time visit officers or Department of Foreign Affairs and Trade officers to meet and coordinate arrangements for customs, immigration, quarantine and transport procedures on arrival and departure.

Other notable tasks successfully performed by officers of the branch included arranging logistics and hospitality for:

- the Council of Australian Governments meetings held in Canberra on 29 August 2003 and 25 June 2004
- the Australia Day reception held at The Lodge on 26 January 2004
- the Prime Minister's XI annual cricket match, held at Manuka Oval, Canberra, on 28 January 2004.

A collegiate leadership, driving an ethos of cooperation, and bound by effective lines of communication, can achieve outcomes that are far more than the sum of the parts that have been brought together. What emerges is policy which, driven by creative tension between different perspectives, is better informed and argued than could have been provided by a single agency.

Dr Shergold in a speech entitled 'Connecting Government: Whole-of-Government Responses to Australia's Priority Challenges' to launch the APS Management Advisory Committee Report No. 4, 20 April 2004

Corporate goals and values

As stated in the Portfolio Overview chapter of this report, the department shares a mission with the other agencies in the Prime Minister's portfolio:

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

The department's corporate goals, derived from that mission, are to provide:

- quality advice and information on those matters requiring the Prime Minister's attention as the Head of Government and the Chairman of Cabinet
- efficient and coordinated government administration
- effective administration of the programmes for which the Prime Minister has responsibility.

In support of these primary goals, the department promotes a corporate ethos which values the contribution of staff and the cost-effective and professional management of our people and resources.

As a central policy and coordinating agency responsible to the Prime Minister, the department promotes corporate values that in particular ensure:

- timely, responsive and high-quality service to the Prime Minister and to other ministers
- professionalism, commitment and excellence in the management of services, programmes and policy advice
- constructive and cooperative work relationships both within and outside the department

- adherence to the Australian Public Service (APS) Values and Code of Conduct
- broad career opportunities for staff
- a stimulating and caring work environment.

The Executive

The Executive comprises the Secretary and three Deputy Secretaries.

Associate Secretary Russell Higgins headed the Energy Taskforce which prepared the white paper, *Securing Australia's Energy Future*, released by the Prime Minister on 15 June 2004. Mr Higgins concluded his work with the department on 30 June 2004.

In September 2003, Deputy Secretary Jeff Whalan accepted appointment as Managing Director of the Health Insurance Commission, and was replaced by Deputy Secretary Patricia Scott, who joined the department from the Department of Industry, Tourism and Resources. In February 2004, Deputy Secretary David Borthwick was promoted to Secretary of the Department of the Environment and Heritage, and his position was filled in an acting capacity by Jenny Goddard (who was subsequently promoted to the position after 30 June 2004).

The senior leadership team

As at 30 June 2004, the department's senior leadership team comprised the Secretary, three Deputy Secretaries, and nine First Assistant Secretaries each covering one of the department's nine divisions. Those divisions were: International Division; Government Division; Social Policy Division; the Office of the Status of Women; People, Resources and Communications Division; Economic Division; Industry, Infrastructure and Environment Division; and—following the execution of the organisational restructure foreshadowed in the 2002–03 Annual Report—National Security Division and Cabinet Division (which incorporates the newly formed Cabinet Implementation Unit).

Senior leadership responsibilities

The Secretary, as the Chief Executive Officer, is responsible for providing the overall leadership of the department, and shaping its future. He is responsible for determining priorities and appropriate resource allocations, delivering organisational performance and directing high-priority initiatives. He is also responsible for providing overall leadership to the APS.

In consultation with the Deputy Secretaries, the Secretary is responsible for guiding and monitoring corporate governance issues and providing strategic direction in the department. Together with division and branch heads,

the Executive jointly set the key targets for the financial year and provided the framework, through divisional and output workplans, within which the people and financial resources of the department were allocated.

Reporting arrangements for each of the Deputy Secretaries were as follows.

- Social Policy Division, People, Resources and Communications Division and the Office of the Status of Women reported to Deputy Secretary Patricia Scott.
- International Division, National Security Division and Government Division reported to Deputy Secretary Andrew Metcalfe.
- Cabinet Division, Economic Division and Industry, Infrastructure and Environment Division reported to Acting Deputy Secretary Jenny Goddard.

The responsibilities of the First Assistant Secretaries were as follows.

Gillian Bird, head of the International Division, supported the Prime Minister on international affairs, providing a whole-of-government perspective to advice on international issues coming before Cabinet, and coordinated advice to the Prime Minister on foreign affairs, trade and aid policies. In addition, the division was responsible for administering the state occasions and official visits programme.

Miles Jordana, head of the National Security Division, provided whole-of-government advice to the Prime Minister and his office on national security issues and on defence and intelligence matters. In addition, the division provided secretariat and policy support to the National Counter-Terrorism Committee and the Australian Government Counter-Terrorism Policy Committee.

Barbara Belcher, head of the Government Division, provided policy advice on public administration, parliamentary and electoral matters; legal policy issues; the establishment of royal commissions; the implications of court decisions for the Commonwealth; matters relating to the arts, national collecting institutions and cultural heritage; and policy issues relating to Australian and foreign honours and the use of Australia's national symbols.

Joanna Davidson, head of the Social Policy Division, provided whole-of-government advice to the Prime Minister and his office on education, employment services, family policy, income support, community services, health and aged care, immigration, indigenous policy and veterans' support. The division also provided support to the secretaries' group (formed in May 2004) supporting the Ministerial Taskforce on Indigenous Affairs.

Kerry Flanagan, head of the Office of the Status of Women (OSW) since 3 July 2003, provided advice to the Prime Minister and his office, and to the Minister Assisting the Prime Minister for the Status of Women and her office,

on people trafficking, child care and women's issues, including economic security for women, women's health and women's wellbeing, and in relation to a major campaign against domestic violence. OSW also administered the funding of specific programmes and consulted widely with stakeholders in the preparation of its advice.

Greg Williams, head of the People, Resources and Communications Division, provided advice and support to the Ministerial Committee on Government Communications, managed the Central Advertising System and oversaw photographic services through AUSPIC. In addition, the division provided the department's internal information services, covering information technology, library services, records management and ministerial correspondence. The division also provided support functions in regard to people management, finance, corporate governance, facilities, personnel and physical security.

Peter Hamburger, head of the Cabinet Division since its inception in August 2003, provided support to the Prime Minister and to Cabinet on the full range of Cabinet and Cabinet committee business, as well as providing support for the Federal Executive Council. In addition, the division was responsible for monitoring the implementation of government policy through the Cabinet Implementation Unit which became operational in October 2003.

Stuart Sargent, acting head of the Economic Division since February 2004 (vice Jenny Goddard who was Acting Deputy Secretary), provided whole-of-government advice to the Prime Minister on domestic and international economic conditions and prospects; developments in financial markets; financial sector policy; workplace relations and wages policy; fiscal policy and budget initiatives; taxation and superannuation policy; and Commonwealth–state financial relations.

James Horne, head of the Industry, Infrastructure and Environment Division, provided whole-of-government advice to the Prime Minister on a wide range of policy issues covering industry; national competition payments; sustainable development (with a particular focus on water); agriculture, fisheries and forestry; environment and heritage; regional services; transport; communications; information technology; sport; tourism; energy; and Commonwealth–state relations.

Senior leadership groups

The Executive Group is made up of the Secretary and the three Deputy Secretaries. It assists the Secretary in meeting his obligations as agency head by managing high-level corporate strategy, determining internal resource allocation and coordinating the involvement of the Executive in the leadership of the department. The Executive Group meets fortnightly.

The Corporate Leadership Group is the key corporate forum which meets on the alternate fortnight to the Executive Group and is attended by the Secretary, the Deputy Secretaries, the First Assistant Secretaries and the Assistant Secretary, People and Resource Management Branch. Its role is to provide active and visible strategic leadership to the department. It is responsible for setting overall directions and ensuring the department's structure, culture and resources are aligned to meet its agreed outcomes, through:

- formulating and communicating the strategic directions and priorities for policy, program management, service delivery and performance
- allocating, reviewing and re-allocating (where necessary) resources, and developing plans to meet the department's current and future priorities
- sponsoring good governance and promoting the APS Values and Code of Conduct and departmental behaviours and values
- generating a workplace environment marked by practical commitment to developing and harnessing the diverse skills of people in the organisation, open communication, and high levels of collaboration.

The relationships between the two senior leadership groups and the other elements of the department's decision-making structure are shown in Figure 8.

Management committees

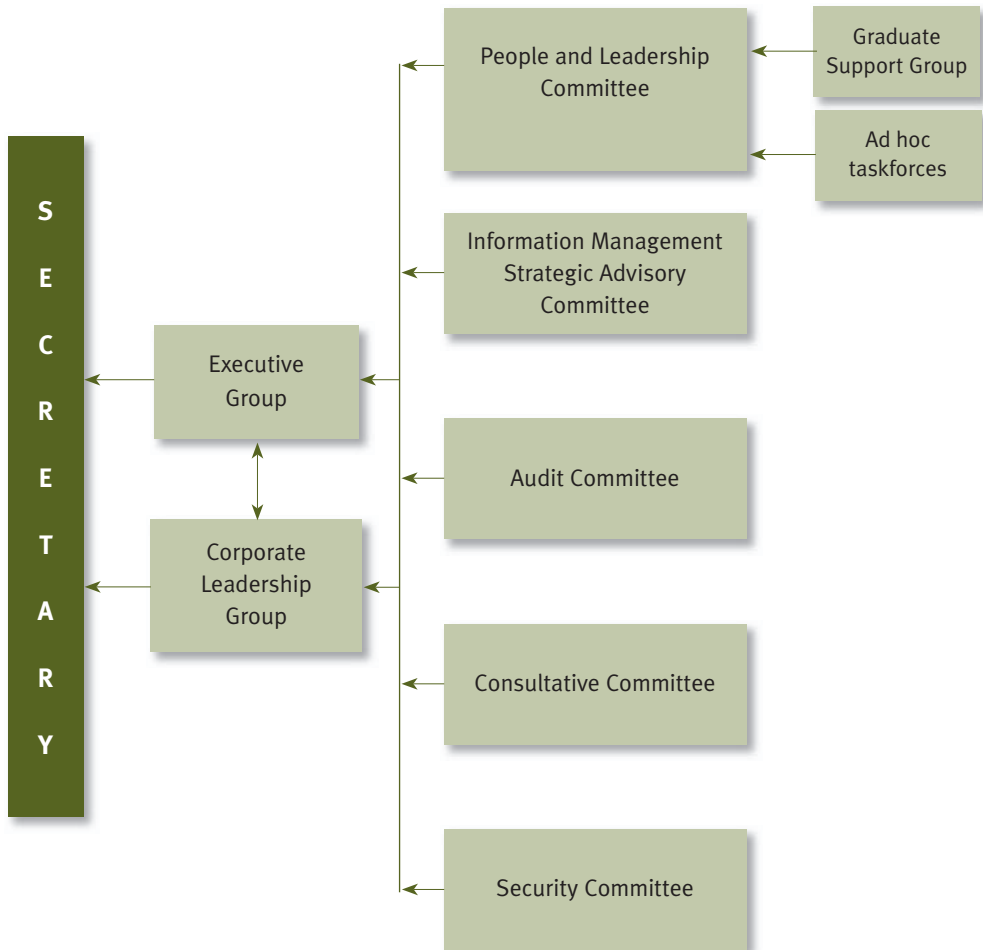
Five management committees assist the Secretary and play a vital role in the department's decision-making processes.

Following the release by the Australian National Audit Office (ANAO) of its *Better practice guide on corporate governance* in July 2003, the department's Audit Committee commissioned an evaluation of our corporate governance arrangements. As a result of the audit, during the year the department's internal committee structures were tightened and a more clearly articulated role and purpose for each of the management committees was developed.

Three of the department's high-level management committees—the Audit Committee, the People and Leadership Committee and the Information Management Strategic Advisory Committee—were chaired by members of the Executive.

A fourth committee, the Security Committee, was established by the Secretary in March 2004, with its first priority being to review and disseminate internal guidelines on how to protect confidential and sensitive documents. That committee was chaired by Greg Williams, who is responsible for the People, Resources and Communications Division.

Figure 8 Leadership and management committee structure



The department also supported the Consultative Committee, the principal function of which is to provide a forum for consultations between employees and managers and to develop the department’s next certified agreement. The Consultative Committee was chaired by a member of the Executive.

Collectively, these committees provided a continuous source of information and advice to the Executive and Corporate Leadership groups during 2003–04. Figure 9 shows the membership of each of committee, while the committees’ functions are described in more detail in the following section.

Figure 9 Committee membership

People and Leadership Committee^a	Information Management Strategic Advisory Committee^a	Audit Committee^a	Consultative Committee^b	Security Committee^b
<i>Chairman</i>	<i>Chairman</i>	<i>Chairman</i>	<i>Chairman</i>	<i>Chairman</i>
Secretary <i>Deputy Chairman</i> Patricia Scott	Andrew Metcalfe	Jenny Goddard (vice the Secretary)	Patricia Scott	Greg Williams
<i>Members</i>	<i>Members</i>	<i>Members</i>	<i>Members</i>	<i>Members</i>
Jenny Goddard	Peter Hamburger	Greg Williams	Barry Sterland	Barbara Belcher
Joanna Davidson	Greg Williams	David Macgill	Julie Yeend	Joanna Davidson
Greg Williams	Alex Anderson	Luise McCulloch	Joanne Cantele	Peter Hamburger
Hugh Borrowman	Jill Farrelly	Judy Costello (Assistant Secretary, PRM (ex-officio))	Michael Graham	Margot McCarthy
Jenny Bourne	Stuart Sargent	Luka Grey	Luka Grey	Louise Falconer
Godwin Grech	Julie Yeend	Ewan Ward	Ewan Ward	Kushla Munro
Paul O'Neill	Sue Ball (Assistant Secretary, ISB (ex-officio))	Representative of Deloitte Touche Tohmatsu	Judy Costello (Assistant Secretary, PRM (ex-officio))	Sue Ball (Assistant Secretary, ISB (ex-officio))
Judy Costello (Assistant Secretary, (ex-officio))	Judy Costello (Assistant Secretary, PRM (ex-officio))	Representatives of the ANAO Departmental (non-SES) observer	Representative of the CPSU (invited)	Judy Costello (Assistant Secretary, PRM (ex-officio))
			Representative of the MEAA (invited)	External member (TBA)

ANAO = Australian National Audit Office; CPSU = Community and Public Sector Union; ISB = Information Services Branch; MEAA = Media, Entertainment and Arts Alliance; PRM = People and Resource Management Branch; SES = Senior Executive Service; TBA = to be announced.

a Meetings are held quarterly.

b Meetings are held as required.

People and Leadership Committee

The People and Leadership Committee assists and supports the Corporate Leadership Group by developing the department's capability, with particular emphasis on:

- ensuring links between the department's strategic framework, business outcomes, people management strategies, and people's day to day work
- identifying people management and leadership initiatives, particularly in the areas of career development, support and training
- examining flexible workplace practices that help and encourage people to balance their work and personal lives
- discussing and making recommendations on the department's high-level strategic people management and leadership needs, for endorsement by the Corporate Leadership Group.

The key outcomes of the People and Leadership Committee this year included:

- the delivery and analysis of a staff survey
- the introduction of a comprehensive orientation programme
- improved workforce reporting
- an improved graduate programme, including a two-week orientation
- the introduction of the Career Advisory Panel
- the establishment of the Rotations and Secondments and Performance Management taskforces
- the introduction of a 'village-style' staff newsletter, in colour, including regular messages from the secretary, staff profiles, social news, anecdotal material and other topical items
- the opening of a new coffee shop.

These are described in more detail in the People Management section of this chapter.

Information Management Strategic Advisory Committee

The Information Management Strategic Advisory Committee provides advice to the Executive Group on strategies and policies for the effective use of information resources, and on the development of information infrastructure and services that support the department's business outcomes. Significant achievements for the committee in 2003–04 were the endorsement of both a strategic framework for information management and the Library Services Strategic Plan.

Audit Committee

The Audit Committee meets quarterly and assists the department in meeting its corporate governance responsibilities. It is chaired by the Secretary of the department. In accordance with the committee's Audit Charter, the Secretary has nominated a Deputy Secretary to deputise as Chairman of the Audit Committee.

The membership of the Audit Committee includes three Assistant Secretaries, and the Assistant Secretary, People and Resource Management Branch, participates on an ex-officio basis. Representatives of the ANAO attend Audit Committee meetings as observers, as do non-SES departmental staff. A representative of Deloitte Touche Tohmatsu, the outsourced internal audit provider, also attends the Audit Committee meetings and provides secretariat support.

The Audit Committee objectives are to:

- assist the Secretary and Executive Group in ensuring the department meets its corporate objectives
- ensure that effective accountability and governance strategies, practices and policies are available to departmental staff; monitor the suitability and relevance of these elements; and decide on changes in consultation with the Executive Group
- promote an ethical climate in the department
- provide a forum for communication between the Executive, senior managers of the department and the department's internal and external auditors.

Consultative Committee

The Consultative Committee consists of both management and staff representatives and provides a forum for consultation between employees and managers on workplace relations matters and on issues of corporate significance, such as the departmental Certified Agreement. Its membership comprises the chairman, four staff representatives and three management representatives. The current Certified Agreement covers the period until September 2004. New staff representatives were elected to the Consultative Committee in March 2004 and negotiations for the department's fourth Certified Agreement commenced on 28 April 2004.

Security Committee

The Security Committee was established to:

- develop clear departmental guidelines on handling official government information
- develop and instigate a programme of staff education and training
- instigate new distribution controls, where appropriate
- review the protective security environment in the department against the requirements of the Protective Security Manual.

As at 30 June 2004, the committee had conducted a full assessment of existing departmental guidelines, with the aim of producing a consolidated yet succinct guide to assist staff to quickly access more detailed information on document handling.

Corporate governance initiatives

The new Corporate Governance Unit was established during the year, with responsibility for issues including internal audit, fraud, risk management and contracts. In accordance with its specialised role, it continued and enhanced the corporate governance work initiated in 2002–03. This included:

- drafting a corporate governance framework to clearly articulate the roles and responsibilities within the departmental committee structure
- reviewing and amending departmental standard contracts to incorporate additional contract clauses on PAYG (pay-as-you-go) taxation and superannuation contributions, and on skills and knowledge transfer clauses
- providing practical advice and assistance to staff required to handle procurement and contracting issues
- continuing a review of the Chief Executive Instructions (CEIs)
- developing a program tailored to provide ongoing training for delegates and procurement staff regarding their responsibilities under the *Financial Management and Accountability (FMA) Act 1997* and the FMA Regulations.

On behalf of the department, the unit also took part in the Comcover Risk Management Benchmarking Survey, which is intended to assist agencies to develop and improve risk management techniques within their organisations. The survey results will enable individual APS departments to determine which of those areas within their overall risk management strategies require further development, are at an appropriate level, or are already highly developed.

Monthly Corporate Reports to the Secretary were reviewed as part of an internal audit review of management reporting, which recommended, among other things, that more emphasis be placed on results against performance standards. All 10 recommendations were implemented progressively over the year. As a result, the monthly reports now provide the Secretary and the Executive with a more targeted snapshot of progress on the specific issues of financial performance, human resource matters, security, freedom of information, and ministerial correspondence.

Monthly meetings of the department's Divisional Support Unit managers were formalised and re-energised, to encourage discussion on topical issues in relation to administrative procedures and processes pertinent to their divisional support role.

In relation to financial management, the latest versions of key corporate documents such as the CEIs, the Risk Management Plan and the Fraud Control Plan continued to be made available on the departmental intranet site and accessed by staff in their day to day activities. As at 30 June 2004, work was in progress on the complete overhaul of the Risk Management and Fraud Control plans.

The department's Business Continuity Plan, which draws on a broad range of other documents (including the Risk Management Plan, the Departmental Security Plan, the Fraud Control Plan and the Financial Management Information Systems Business Continuity Plan) was fully updated during the year, to ensure its continuing validity. The revised plan will be tested regularly through a variety of mechanisms and at meetings of the Corporate Leadership Group.

Internal audit and fraud control

In 2003–04 the department's Audit Committee presented and considered 16 internal audits, comprising a mix of compliance and assurance reviews that covered a wide range of internal administrative matters. Significant internal audits conducted during the year are summarised below.

In addition, reviews of post-payment checking were conducted on a quarterly basis. No significant issues emerged from these reviews.

To assist the Audit Committee to track more efficiently the progress of the implementation of audit recommendations, an audit report recommendations database was developed and commenced being tested.

The Secretary has certified that appropriate fraud prevention, detection, investigation and reporting mechanisms and processes are in place and effective, as required by the Commonwealth Fraud Control Guidelines.

Review of management reporting

This review found that the Secretary was generally satisfied with the focus of the monthly Corporate Reports submitted to him on matters of an administrative nature, including the setting of performance targets. However, the review called for improved presentation and meeting of targets. These improvements were put into effect.

Review of AUSPIC

This review recommended that a number of administrative matters, such as the recovery of overdue debts and the staffing of administrative support, be addressed. All its recommendations were accepted and implemented.

Review of contract management

This review recommended that the CEIs be amended to: include a summary of all reporting requirements; improve guidance on intellectual property in contracting; and improve the robustness of the procurement processes. The review also recommended the introduction of training on how to undertake procurement risk assessments. Most recommendations were fully implemented during the year, and action has commenced to implement the others.

Review of the Australian WomenSpeak Conference 2002

The recommendations resulting from this review included advice on internal administrative processes and procedures including financial, purchasing and formal feedback mechanisms for future conferences. All the recommendations were implemented.

Corporate governance review

The report of this review was presented to management late in 2003–04 and is awaiting a final response. Many of the draft recommendations have already been implemented.

Ethical standards

The department continued to promote ethical standards appropriate to APS employees by publicising the APS Values and Code of Conduct specified in the *Public Service Act 1999* through the intranet and during induction courses for new staff. Departmental guidelines on working with the code of conduct and on understanding the APS values formed an integral part of the human resource management framework and were readily accessible to staff through the intranet. In addition, the department regularly distributed promotional material such as the APS Commission's bookmark on the APS Values and Code of Conduct.

The importance of understanding and maintaining high ethical standards will be further emphasised by incorporating the requirements for adherence to ethical principles in the new Certified Agreement.

It is vital to scrutinise the commitment of the APS to deliver government policy, whether directly or by contract ... On occasion, services are riddled with administrative complexity, often introduced for the very best policy reasons, but imposing heavy costs on recipients. Administrative law, and the structures of administrative scrutiny, play a valuable role in identifying those burdens, and challenging us to examine how they might be reduced.

Dr Shergold in an address to the Australian Institute of Administrative Law, entitled 'Administrative Law and Public Service', 3 July 2003

The legal actions, including decisions of the Administrative Appeals Tribunal, that affected the Prime Minister and the department during 2003–04 are dealt with in the report on performance for Output 4.3.

There were no reports or inquiries by the Commonwealth Ombudsman's Office in 2003–04 that dealt directly with any of the department's responsibilities.

The department participated in the ANAO's Agency Management of Special Accounts cross-agency performance audit, the outcome of which has yet to be tabled. The department also made comment on the cross-portfolio performance audit of performance management. The report is scheduled for tabling in the first quarter of 2004–05.

Importantly, as non-partisan public servants, we need to be responsive to the directions set by the governments we serve but also to be professional in the way that together we can seek compromises that may be politically acceptable.

Dr Shergold in an address to the Institute of Public Administration Australia, entitled 'Been Down So Long It Feels Like Up To Me: Working in Commonwealth–State Relations', 16 September 2003.

Staffing

As at 30 June 2004, 382 staff were employed by the department under the *Public Service Act 1999*. This reflects an increase of 35 staff since the 30 June 2003 total (347). The total staffing figure includes all ongoing and non-ongoing employees working either full-time or part-time as at 30 June 2004, and staff on long-term paid leave.

Women comprised 62 per cent of all staff, 53 per cent of the Senior Executive Service (SES), 54 per cent of Executive Level staff and 70 per cent of APS Levels 1 to 6 staff.

In 2003–04, the department took steps to increase staffing resources to better manage the departmental workload. This was achieved partially through the Secretary's Developmental Opportunity Secondment Scheme (in which there were eight participants) and through other, less formal arrangements.

Details of the department's staffing profile in 2003–04 are provided in Appendix 1.

The department continued to produce regular staffing reports during the year. The reports included staffing figures and detailed commencement and separation profiles provided on a monthly basis to the Secretary, as part of the comprehensive Corporate Reports, and on a quarterly basis to the People and Leadership Committee.

The staff age profile analysis for the year indicated that the department continued to maintain a relatively youthful workforce. Approximately 32 per cent of staff employed were in the 25 to 34 years age group and 32 per cent were in the 35 to 44 years age group. Staff in the 45 to 65 years age group accounted for 30 per cent of total staff.

Graduate recruitment

The department's 2004 graduate recruitment campaign attracted a total of 684 applications. The 14 successful graduates (10 women and four men) started with the department on 27 January 2004. They were selected on the basis of their academic skills, demonstrated initiative, potential ability to contribute to effective policy development and understanding of contemporary issues.

The graduate recruits attended a two-week orientation programme on their commencement and have since been participating in a training and development programme, due to finish in November 2004. The programme includes a variety of on the job and formal learning and development activities.

Workplace diversity

The department's second Workplace Diversity Programme was published in June 2003. It continues to reflect the department's commitment to providing a fair and equitable working environment for all staff and embraces our collective responsibility to provide for a more effective, productive and innovative workforce.

The department recognises that diversity among our staff is one of our greatest assets. Valuing the distinctive characteristics in every employee, and drawing on the diversity of our backgrounds, skills, talents and views to enhance our working environment and the work of the department, form the basis of our Workplace Diversity Programme.

Improvements to our programme have included identifying individual and group responsibilities to foster a culture wherein diversity is valued and supported in the workplace, and revising performance indicators to provide more meaningful and responsive data for evaluation purposes.

Workplace diversity data are reported on each year in the Public Service Commissioner's *State of the Service Report*.

Remuneration, Australian Workplace Agreements and the Certified Agreement

The department's staff are employed under either its Certified Agreement or Australian Workplace Agreements (AWAs), as described below.

Staff covered by AWAs

As at 30 June 2004, 38 SES and 113 Executive Level staff were covered by AWAs.

Remuneration arrangements for SES and Executive Level employees are based on the principles that remuneration:

- is fair and competitive
- is sufficiently flexible to reflect the particular skills, experience and work responsibilities of individual employees
- is clearly linked to performance in order to provide better rewards for better performance in achieving corporate priorities, upholding the APS values and demonstrating leadership behaviours
- takes account of efficiency gains including any reductions in administrative complexity and cost achieved through the simplification of rules governing employment.

The salary ranges and median salaries paid for SES bands are set out in Table 6. The salaries of all Executive Level employees, including those on AWAs, were based on the prescribed salary rates for Executive Level staff in the department's Certified Agreement and are included in Table 7 below.

Table 6 Senior Executive Service salary ranges and median salaries

SES Band	Salary ranges (\$)	Median salaries (\$)
1	105,000–122,381	110,000
2	131,000–140,000	132,000
3	155,000–175,000	170,000

Information on SES staff members who received, or were due to receive, total remuneration of \$100,000 or more is set out in Note 20 to the Financial Statements in this report.

Staff covered by the Certified Agreement

Executive Level staff who elect not to be covered by an AWA and all APS level employees are employed under the department's Certified Agreement.

As at 30 June 2004, 248 staff were covered by the Certified Agreement 2002–2004.

The current Certified Agreement is a comprehensive agreement under section 170LK of the *Workplace Relations Act 1996* (negotiated directly with staff) and covers the period 4 December 2002 to 30 September 2004. Following elections for the Consultative Committee, consultation with staff representatives for the department's fourth Certified Agreement commenced on 28 April 2004.

The indicative salary ranges payable under the Certified Agreement are set out in Table 7 below.

Table 7 Non-Senior Executive Service indicative salary ranges

PMC Band level ^a	Salary ranges (\$)
1 (APS Levels 1–3)	30,014–41,641
2 (APS Levels 4–6)	42,993–61,381
3 (Executive Level 1)	65,977–73,549
4 (Executive Level 2)	76,793–91,395

^a Refers to band levels defined in the Certified Agreement.

Subject to their making suitable business cases, staff members may access a range of non-salary benefits such as mobile phones, airport lounge memberships and journal subscriptions.

Performance management

The Performance Appraisal and Development (PAD) scheme continued to provide an effective framework for performance management in the department, through both the use of individual performance agreements, established at the start of each performance appraisal cycle, and a process of regular review and feedback exchange between employees and their managers during the year. The PAD scheme ensured that all employees clearly understood their roles in the department and the standards of performance expected of them. The scheme also provided a means of recognising individual contributions and achievements and of identifying and progressing learning and development needs. It also provided access to performance bonuses for those employed under AWAs.

Performance bonuses

SES staff and Executive Level staff who were on AWAs for a minimum of three months during the appraisal cycle commencing 1 October 2003 were eligible for performance bonuses. Access to performance bonuses was subject to performance appraisal. SES performance bonuses were determined by the Secretary up to a maximum of 15 per cent of the employee's salary. Executive Level performance bonuses were based on individual performance ratings up to a maximum of 12 per cent of salary. Total performance bonus payments to SES and Executive Level staff are set out in Table 8 below.

Table 8 Performance pay

Level	Staff eligible	Staff paid	Amount paid (\$)	Average (\$)	Range (\$)
EL 1	58	52	199,979	3,846	1,343–5,760
EL 2	47	47	259,145	5,514	1,343–10,566
SES Band 1	24	24	217,359	9,057	2,950–15,450
SES Band 2	8	8	88,751	11,094	4,128–16,725
SES Band 3	3	3	63,965	21,322	— a
Total	140	134	829,199		

a Range not disclosed to protect privacy.

Individual development

The performance agreement developed each year between each staff member and his or her manager requires the parties to agree to a learning and development regime for the individual.

The department also developed a framework incorporating existing and likely learning and development opportunities to assist staff in identifying and accessing available options. The framework is expected to be published on the intranet in August 2004.

As discussed in more detail below, the learning and development programmes offered by the department during 2003–04 continued to include a mix of internal courses and others conducted by external providers.

Staff survey

A staff survey conducted during the year helped the department inform and shape its people management strategies. In February 2004, as a result of the survey, the Secretary announced a number of commitments to staff, including that:

- all staff would receive mandatory training on ‘giving and receiving feedback’ (by 30 June most staff had completed the course, with the balance scheduled to attend by the end of July 2004)
- training on coaching and mentoring would be provided for all supervisors (to be piloted in September 2004)
- a Career Advisory Panel would be established and made available to all staff on a confidential basis. Established in March 2004, the panel is available (on a self-referral basis) to all staff who wish to seek advice on career development, coaching, mentoring, interpersonal skills or relationship management.

- a rotations and secondments taskforce would be established to develop a framework for a staff exchange/rotation programme and for secondments either directly between government agencies or with community organisations or, possibly, private sector organisations. Proposed models for secondments and rotations were developed in May 2004, with the external secondments scheme due to be launched in July 2004 and the rotations programme in October 2004.
- a performance management taskforce would be established to address issues raised by staff, including underperformance. The taskforce, established in March 2004, is focused on developing a revised upwards appraisal system and aims to have the new system in place by October 2004.
- the department would develop a work and life policy statement that enunciates the department's promotion of a balanced life. Work-life balance is being considered in the broader context of the Certified Agreement negotiations.

Learning and development

A total of 355 staff members each participated in at least one structured training course during the year. The department offered a range of formal learning opportunities, as follows.

Orientation programme

In October 2003 a more comprehensive orientation programme was launched to help new starters find their feet more quickly and generally become familiar and comfortable with the operations of the department.

The programme involves a multi-staged approach, including distribution of a pre-commencement information pack followed by a one-hour 'Fast-Start' session conducted fortnightly covering training, information technology, security and facilities issues. In addition, a half-day 'PM&C in Context' session is conducted on a monthly basis and includes a presentation from the Secretary on the role of the department, important relationships and individual responsibilities. Other presentations provide a wide range of insights into the department's role, the operating environment and government processes. Attendance at all elements of the orientation programme is strongly recommended to new staff commencing with the department.

Secondments scheme

The secondments scheme referred to above is due to be launched in July 2004. It provides the opportunity for staff to gain new skills and experience, develop external networks and understand the context of the agencies with

which they deal on a daily basis. It is open to all staff in the department who wish to seek a short-term placement (in the order of six to 12 months) with another department or agency or, on occasion, with a private sector or community-based organisation.

Internal rotation scheme

The internal rotation scheme referred to above was developed during the year and will be on offer in the department in October 2004. The aim of the scheme is to provide staff members with an opportunity to nominate themselves for rotation through different divisions within the department, thereby assisting them to develop cross-functional knowledge, gain new skills and experience, understand the broader context of the work of the department, and become more marketable for promotion. Rotations will also assist in fostering closer connections across divisions; creating a more flexible workplace; and improving productivity. The scheme will be linked to the performance appraisal cycle.

Targeted training

The department continued to offer performance appraisal awareness training and training in security awareness and the use of departmental systems, particularly in relation to personal access to the human resource management database, the financial management system and the ministerial correspondence system. Staff also attended a series of short courses run by the department to keep abreast of the newly installed operating environment referred to below in the Information Management section.

Other opportunities

The department offered a work experience interchange programme, studies assistance, a full-time study award, and the graduate programme mentioned above. One staff member commenced an interchange posting to the United Kingdom as part of the ongoing exchange programme the department has with its United Kingdom counterpart. A member of the United Kingdom Civil Service completed her placement with the department in February 2004.

Lunchtime briefing sessions were again conducted during the year, covering topics such as Cabinet processes, freedom of information, and the Council of Australian Governments (COAG). The Secretary also addressed all staff, on various occasions, on the roles, responsibilities and resources of the department, as well as on the outcome of the staff survey.

Awards

The Australia Day Achievement Awards have, for over 10 years, been part of the department's internal system for recognising the performance of particular staff members. The medallions are provided by the National Australia Day Council to promote the celebration of Australia Day. They acknowledge distinctive individual or team contributions made either during the course of the preceding year or over a longer period. Figure 10 summarises the awards made in 2003–04.

Figure 10 Australia Day Achievement Awards, 2003–04

Award recipients	Reason
<p><i>Iraq Team</i></p> <p>Gillian Bird Patrick Cole Lachlan Colquhoun Peter Furlonger Tim Kane Jacqui McRae Paul Noonan Richard Sadleir Bernadette Smith</p>	<p>For providing a whole-of-government coordination role and policy support to the Prime Minister in relation to the international effort to emphasise the need for the Iraqi regime to comply with the United Nations Security Council-imposed disarmament obligations.</p>
<p><i>President Bush and President Hu Visit Teams</i></p> <p>Gillian Bird Anne Carnevale Rebecca Christie Mary Deane John Feakes Yvonne Fetherston John Fisher Jan Fuhrman Simeon Gilding Renee Jarvis Irene Kilian Tara Laan Jacqui McRae Alison Rigby Chris Wheatley Julie Yeend Lindsay Youman</p>	<p>For their contribution to the success of the simultaneous visits to Australia by President Bush and President Hu.</p>
<p><i>Bali Anniversary Task Force</i></p> <p>Vicki Beath Gillian Bird Kate Campbell Marc Innes-Brown Irene Kilian Jacqui McRae Kathryn Miller Robert Redfern</p>	<p>For their contribution to organising the memorial ceremonies held in Bali and Canberra and preparing the Bali honours list.</p>

Award recipients		Reason
<i>Medicare Plus Team</i>	Phuong Pham Jennifer Sellars Perry Sperling Peter Woodley	For their contribution to developing the government's <i>A Fairer Medicare</i> and <i>Medicare Plus packages</i> .
Allyson Hamilton		For her contribution as the Divisional Support Unit manager of Economic Division, Industry, Infrastructure and Environment Division and Cabinet Division, and for undertaking additional tasks involving the water, energy and bushfire taskforces.
Sue Klammer		For her contribution to the smooth running of the Government Division, playing a key role in its overall performance and managing the division's financial and budget issues for an extended time.

Rewards and recognition

A trial of a rewards and recognition scheme (agreed to as part of the department's Certified Agreement 2002–2004) commenced in July 2003. The purpose of the rewards and recognition scheme is to complement the existing performance and feedback processes and to assist in the establishment of a culture wherein formal and informal recognition of performance becomes standard practice. The goals of the rewards and recognition scheme are to:

- reward outstanding and consistent performance
- provide visible evidence of the contribution of teams in meeting the department's corporate objectives
- recognise the efforts of teams who seek to build upon the consistency and quality of their work
- recognise the importance of high-quality teamwork of a routine nature.

The scheme covers the department's APS and Executive Level staff, and any member of staff may nominate a team or individual for recognition. Rewards are in the form of a voucher for a cinema, restaurant (of their choice), bookshop or the like, to the value of \$60 per individual.

By the end of June 2004, 23 teams and 10 individuals (a total of 100 staff) had been recognised under the scheme.

Occupational health and safety

The Occupational Health and Safety Committee is the department's forum on occupational health and safety (OH&S) matters. The department is committed to OH&S principles and continued to protect the health and safety of our working environment in 2003–04.

With an increased focus on improving work–life balance, on 19 September 2003 the Secretary launched the '10K a day' programme to encourage staff to take the daily recommended number of steps (10,000) towards good health and wellbeing.

During 11 inspections of workplaces to identify any hazards or potential hazards, none was found to be a threat to the health and safety of staff. In addition, 185 workstation assessments were undertaken to ensure new starters and staff who had moved to a new environment were accommodated to meet health and safety standards.

The Health Week programmes conducted during October 2003 were well attended, with a range of activities being offered, including yoga, walking classes, Pilates, foot reflexology and tai chi sessions. Information sessions were also held on a variety of health topics, while a large number of staff took up the offer of breast screening and skin checks. The influenza vaccination programme was again offered to all staff.

This year there were no incidents reported to Comcare Australia under the reporting requirements of section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

Disability strategy

The department is committed to its responsibilities as an employer, regulator and policy adviser under the *Disability Discrimination Act 1992*.

The department's level of performance for 2003–04 is recorded against the performance indicators and measures identified in the Department of Family and Community Services' implementation guide and is set out at Appendix 5.

The department is revising its Disability Action Plan, which was developed in 2001. The revised plan is being developed in consultation with representatives of peak disability organisations and staff members with disabilities. Comments from these organisations and individuals will be considered when finalising the plan. The revised plan builds on and endorses the department's commitment to the principles of workplace diversity and equality of access.

Client service charter

As a result of more pressing priorities, completion of the review of the department's internal client service charter for the delivery of corporate services was deferred to 2004-05.

A policy which is embraced by a minister, approved by Cabinet, announced publicly, but inadequately delivered, is worse than no policy at all.

Dr Shergold in an address to a Public Service Commission SES briefing, entitled 'A Foundation of Ruined Hopes? Delivering Government Policy', 15 October 2003

Financial management

Following the establishment of the new Corporate Governance Section referred to earlier in this report, a stronger focus was provided for the Financial Management Section to:

- manage the department's internal and external financial and budgetary processes, including the workplan process and overall funds management process
- prepare portfolio budget statements
- manage the department's financial management information system, including the general ledger and the chart of accounts
- develop management reports that met the departmental Executive's needs
- prepare monthly reports and the annual financial statements
- develop policies in relation to financial management and budgeting
- maintain various internal controls, including financial delegations
- manage internal and external auditors, provide comments on reports and implement recommendations
- manage the department's banking arrangements
- meet relevant statutory requirements, including fringe benefits tax and goods and services tax returns
- assist divisional financial decision-making processes.

Purchasing

All procurement and purchasing activities conducted by the department were in accordance with the *Commonwealth Procurement Guidelines*.

The departmental tender box procedures were revised in consultation with the Divisional Support Unit managers to ensure the process for handling tenders received in the department, including their opening and registration, was more robust, secure, accountable and transparent.

Discretionary grants

In 2003–04 the Office of the Status of Women delivered Women’s Development Programme grants and grants to national women’s secretariats. These and the grant-in-aid for the Australiana Fund were the only ones administered by the department during the year. Details can be found in the reports on performance for Output 2.2 and Output 4.5 respectively.

Property management

On 18 June 2004 the Secretary signed an agreement with the Industry Superannuation Property Trust for the construction of a purpose-built building at 1 National Circuit, Barton (in Canberra), to accommodate the department.

The New Accommodation Project Team was created to manage the fitting out of the new building and the transfer from the department’s current accommodation at 3–5 National Circuit. Pending approval by the Parliamentary Standing Committee on Public Works, it is expected that the new building will commence construction in the latter half of 2004 and be ready for occupation in early 2007.

The security measures initiated in 2002–03 to protect the department’s premises at 3–5 National Circuit, and reported on in the 2002–03 Annual Report, have been completed. These included a protective film applied to all external windows, enhanced access control arrangements (including upgrading of the foyer), improved closed circuit television coverage, perimeter landscaping alterations to restrict unauthorised access to the building precinct, and increased patrols by contracted security guards.

Major partitioning work was undertaken during the year as a result of organisational changes, and some refurbishing by the building owners, including internal repainting and recarpeting, commenced.

In addition, to meet the growing need for interdepartmental and other meetings, new conference facilities, including two general purpose meeting rooms and a secure conference room, were opened during the year.

Energy saving measures

The department continues to purchase ‘green power’ through an agreement with its electricity provider, ActewAGL. This energy constitutes 5 per cent of the total power used by the department, which, according to ActewAGL estimates, reduces the quantity of carbon dioxide produced by the department annually by approximately 26 tonnes.

The department recently upgraded computer screens with screens that meet Energy Star programme guidelines for energy efficiency as initiated by the Australian Greenhouse Office. Energy savings realised by the upgrade will be monitored during 2004–05.

The department currently uses an 80–20 (80 per cent recycled–20 per cent new/virgin paper) recycled paper for the majority of photocopying in its Document Reproduction Unit. Other recycled products used by the department include B13 (business size) envelopes, ‘post-it’ notes and writing pads.

Paper-recycling bins are supplied to divisions for waste paper collection; the bins are collected twice a week by a paper-recycling company. A weekly average of 32 of the 240 litre bins is processed by the department, with an estimated 90 per cent to 95 per cent of paper in the department being disposed of in this way.

Ecologically sustainable development

The department continued to seek and adopt in-house energy saving programmes designed to improve efficiency in the workplace environment, as referred to above.

The department also continued to provide advice to the Prime Minister on environmental issues with a much wider perspective. In particular, the department provided secretariat support for the Sustainable Environment Committee of Cabinet, and advice to the Prime Minister on strategic natural resource management policy issues including the environmental aspects of measures covering climate change, energy efficiency, low emissions technology and transport. Details of these can be found in the performance report for Output Group 1.

It is very important in situations where there are many partners involved in the delivery of services to ensure that there is a first-class system of information support and record keeping ... It is even more vital when there are several agencies or entities working together to deliver a government service in a seamless manner. Well-managed record keeping provides assurance that administrative processes are adequate and have integrity.

Dr Shergold in an address to the Australian Institute of Administrative Law, on Administrative Law and Public Service, 3 July 2003

Information infrastructure

All Group 5 agencies (the departments of the Prime Minister and Cabinet; Communications, Information Technology and the Arts; Industry, Tourism and Resources; and Transport and Regional Services; and also the Australian Competition and Consumer Commission) elected not to exercise the option for extending the outsourcing contract with Telstra Enterprise Services Proprietary Limited (TES) for the provision of information technology (IT) and telecommunications services beyond the contract expiration date of 30 June 2004. Each Group 5 agency opted to outsource IT and telecommunications services as a single agency rather than in a cluster arrangement.

Following a competitive tender process, the department selected Exceed Systems Integration to provide IT service desk, desktop and midrange server support and database administration services. Macquarie Corporate Telecommunications was awarded the contract for secure internet access and web hosting services and Optus was selected to provide voice and switchboard services.

Transferring from existing to new outsourcing arrangements involved significant disengagement and transition activities, the majority of which took place between January and June 2004.

During the transition period, and in line with the department's technology plan, the department:

- developed a new standard operating environment (SOE), based upon Office 2003, Windows XP and Windows 2003 Server, to coincide with the changeover to new IT service providers. The SOE has been deployed within the department and the Prime Minister's offices in Canberra, Sydney and Melbourne.

- commissioned the installation of new infrastructure, to coincide with the end of lease arrangements in place through TES, including replacement desktop computers, servers and storage facilities
- installed systems to replace infrastructure formerly provided by TES as part of the Group 5 contract, including a multi-drive tape library backup solution, and a secure remote access system for travelling staff and home users.

Other infrastructure projects completed in 2003–04 included the:

- replacement of the existing uninterruptible power system (UPS)
- implementation of a new PABX and voice-mail system
- upgrading of the CABNET system server hardware and software to allow effective utilisation of Windows 2003 and Lotus Notes 6.5.

Information management strategy

This year saw an increased focus on on-line information delivery, including growth in the delivery of content both through the department’s external websites and on the department’s intranet. An ongoing process of improvement to existing sites continued during the year, with significant enhancements due for release in the 2004–05 financial year.

As part of the current year’s programme, a new website was established to consolidate Council of Australian Governments information to improve access to information on the outcomes of meetings and on projects.

The department’s Information Management Strategic Advisory Committee continued to provide an important forum for generating advice to the departmental Executive on strategies and policy for the effective use of information resources and on the development of information infrastructure and services that support the department’s business outcomes.

Library services

The Library provided a comprehensive reference and research service and developed, managed and maintained appropriate resources to meet the information needs of the department.

Specifically in 2003–04, Library Services:

- coordinated the relocation of the Library within the department, and the related refurbishment of facilities
- implemented the recommendations of the *Strategic Review of Library Services* (2003)

- developed the Library Services Strategic Plan 2004–2008, to guide current and future planning and service delivery
- provided clients with desktop access to a range of new electronic journals and on-line databases
- trained clients in the use of the Library’s print and electronic resources, through one-to-one and group programs
- rationalised the Library’s print collection to better reflect the current information needs of the department
- launched two new on-line current awareness services for clients—*InfoBytes*, a weekly newsletter, and LIPS, a regular email information alert.

Records management

The Records Management Unit created and administered the department’s records in accordance with relevant legislation and the best practice record-keeping requirements of the National Archives of Australia. The department’s compliance with these requirements was greatly assisted in 2003–04 through the development and promulgation of a CEI for the management of information and records.

The department’s key achievements in records management during 2003–04 included the:

- introduction of the practice of sentencing files on creation
- production of file-titling guidelines for use by departmental staff
- implementation of an electronic file request form.

The records management system (known as TRIM) will be upgraded in the 2004–05 financial year to provide departmental staff with enhanced records-searching capabilities, through a much simplified user interface, as well as providing significant improvements in the management and security of records.

Use of Consultants and Service Contractors

One of the most important challenges for departments is to build into their contracts for service delivery arrangements which will ensure providers deliver equitably to all Australians who are eligible—including people who may not be the easiest customers to reach, for example, the elderly, people with a disability or Indigenous Australians.

Dr Shergold in an address to the Australian
Institute of Administrative Law, on Administrative Law
and Public Service, 3 July 2003

The policies and procedures for selecting consultants, and approving expenditure for them, are set out in the department's CEIs. The procurement method is determined having regard to the nature of the work involved and the broad cost thresholds set out in the CEIs.

During 2003–04, 78 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.

Table 9 shows total expenditure on all consultancy services, covering both payments made on new contracts let in 2003–04 and payments made on contracts let in previous years. The larger consultancy contracts—those to the value of \$10,000 or more—are detailed in Appendix 4 to this report, along with brief notes on the procurement methods used.

Table 9 Consultancy trends

Area utilising consultancy services	2003–04		2002–03		2001–02	
	No. let	Total expenditure on new and existing consultancies (\$)	No. let	Total expenditure on new and existing consultancies (\$)	No. let	Total expenditure on new and existing consultancies (\$)
Policy advice and government support services	39	1,151,948	28	4,475,337	20	353,436
Women's policy	35	11,445,945	40	4,744,300	76	5,289,037
People and resources management	4	358,303	12	371,767	5	66,181
Total	78	12,956,196	80	9,591,404	101	5,708,654

In 2003–04 the department let one contract within the definition of ‘competitive tendering and contracting’. Under Output 4.4, a contract was awarded to Exceed Systems Integration Pty Ltd at a cost of \$672,500 for the set-up of service desk services.

The department negotiated extensions for two of its other service contracts, neither of which constituted ‘competitive tendering and contracting’ as defined by the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit.

The first was a further 12-month extension of the arrangements for domestic and international travel with Synergi, the department’s travel provider. The market test of travel management which was to take place in 2003–04 was deferred pending the result of a whole-of-government review on the usage of smaller airlines by Australian Government agencies. The second was an extension until 31 December 2004 of the contract with Deloitte Touche Tohmatsu for the provision of internal audit services.

Appendix 1—Staffing Statistics

This appendix contains summary information on the department's actual staffing at 30 June 2004.

Table 10 Staff distribution, as at 30 June 2004

Division	Number
Executive	9
Economic Division	29
Industry, Infrastructure and Environment Division	38
Energy Taskforce Secretariat	4
Social Policy Division	33
Office of the Status of Women	45
International Division	35
National Security Division	28
Cabinet Division	23
Government Division	44
People, Resources and Communications Division	84 ^a
Support Services	10 ^b
Total	382^c

a Includes four Official Establishments Unit Staff.

b Comprises five support staff for former Governors-General and five departmental liaison staff in ministerial offices.

c Staff listed are all employed under the *Public Service Act 1999* and include 25 non-ongoing staff, 21 part-time staff and 11 paid staff on long-term leave. Unpaid staff on long-term leave are not included.

Table 11 Staff employed, by classification, gender and location, as at 30 June 2004

Location and classification	Female		Male		Total
	Part-time	Full-time	Part-time	Full-time	
<i>Australian Capital Territory</i>					
Secretary				1	1
Senior Executive Service					
Band 3		2		2	4
Band 2		5		5	10
Band 1		16	1	12	29
Executive Level					
2 (PMC Band 4)	2	32	1	33	68
1 (PMC Band 3)	5	46	1	36	88
Australian Public Service Level					
6 (PMC Band 2)	4	33	1	28	66
5 (PMC Band 2)	1	27		7	35
4 (PMC Band 2)	3	31		2	36
3 (PMC Band 1)	1	13		6	20
2 (PMC Band 1)	1			5	6
1 (PMC Band 1)		1			1
Graduate Australian Public Service		10		4	14
<i>Victoria</i>					
Australian Public Service Level					
6 (PMC Band 2)		3			3
<i>Queensland</i>					
Australian Public Service Level					
6 (PMC Band 2)		1			1
Departmental total	17	220	4	141	382^a

a Includes 25 non-ongoing staff and 11 paid staff on long-term leave.

Table 12 Non-ongoing staff employed, by classification, gender and location, as at 30 June 2004

Location and classification	Female		Male		Total
	Part-time	Full-time	Part-time	Full-time	
<i>Australian Capital Territory</i>					
Executive Level					
2 (PMC Band 4)	1			2	3
1 (PMC Band 3)	1				1
Australian Public Service Level					
6 (PMC Band 2)	1	1	1	1	4
5 (PMC Band 2)		2			2
4 (PMC Band 2)	1	5			6
3 (PMC Band 1)		5		1	6
2 (PMC Band 1)				1	1
1 (PMC Band 1)		1			1
<i>Victoria</i>					
Australian Public Service Level					
6 (PMC Band 2)		1			1
Departmental total	4	15	1	5	25

Appendix 2—Freedom of Information

In accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act), this appendix contains information about FOI procedures and access to departmental documents. Information is provided also about access to documents of an archival nature, in accordance with the *Archives Act 1983* (the *Archives Act*), the Archives Regulations and the *Royal Commissions Act 1902*.

FOI procedures and initial contact points

Applicants seeking access under the FOI Act to documents in the possession of the department should forward a \$30 application fee and apply in writing to:

The FOI Coordinator
Department of the Prime Minister and Cabinet
3–5 National Circuit
Barton ACT 2600

Requests may also be lodged via email to FOIrequest@pmc.gov.au.

The FOI Coordinator is available between 9.00 am and 5.00 pm Monday to Friday and can be contacted by telephone on (02) 6271 5849 or by fax on (02) 6271 5776. Information about lodging requests is also available from the department's website at www.pmc.gov.au.

If applicants are dissatisfied with a decision made under the FOI Act, they may apply to the Secretary of the department seeking an internal review, which is subject to a \$40 application fee. Once the application fee is received, an officer of the department who is at least one level above that of the initial decision maker will conduct the review.

The department, if it approves access, will provide copies of documents after it has received payment of any charges which apply. Alternatively, applicants may arrange to inspect documents at the department's Barton office if the documents lend themselves to this form of access.

Table 13 Categories of documents held by the department

Category	Description
Cabinet documents	These documents relate to the business of the Cabinet and include: <ul style="list-style-type: none"> ■ documents that have been submitted to the Cabinet ■ official records of the Cabinet.
Executive Council documents	These documents relate to the business of the Executive Council and include: <ul style="list-style-type: none"> ■ documents that have been submitted to the Executive Council ■ official records of the Executive Council.
Documents of royal commissions and major inquiries	The department is official custodian for the records of completed royal commissions and a number of major government inquiries.
Representations to the Prime Minister	The Prime Minister receives a large number of written representations each year. They concern every aspect of government policy and administration.
Working files	The department holds files dealing with policy and administration in all areas in which the Australian Government is involved. The documents in these files include correspondence, analysis and policy advice by departmental staff, comments on Cabinet submissions and drafts of these and other documents.
Documents on internal departmental administration	These documents include personnel records, organisation and staffing records, financial and expenditure records, and internal operating documentation such as office procedures, instructions and indexes.
Programme documents	The department holds documents relating to grants, which it provides to various organisations and individuals under the programmes it administers.
Documents open to public access subject to a fee or charge	The department holds no documents in this category.
Documents available for access or purchase subject to a fee or other charge	The department holds no documents in this category.
Documents customarily available free of charge upon request	The department holds and makes available on request (free of charge) a range of documents including: <ul style="list-style-type: none"> ■ research documents ■ policy statements ■ executive summaries ■ Council of Australian Governments communiqués <p>The department's annual report and selected other documents relating to the department are available through the internet at www.pmc.gov.au.</p>

Access to archival records

Public access to archival records

Under section 40 of the Archives Act, members of the public may apply to the National Archives of Australia (NAA) for access to records in the current open period, that is, records which are more than 30 years old. Generally, departmental documents in the custody of the NAA are not subject to the FOI Act. People seeking access to the archival records of this department should make their requests directly to the NAA.

Special access provisions of the Archives Act

Subsection 56(2) of the Archives Act and Archives Regulation 9 provide that Commonwealth records not otherwise available for public access under the Archives Act, may be made available to a person in accordance with arrangements approved by the Prime Minister.

Under the arrangements, approved in December 1988, special access may be available to:

- former Governors-General, former ministers and former senior officials who wish to ‘refresh their memories’ of records which they personally dealt with while in office
- authorised biographers of those above
- people connected with the government of the Commonwealth who have deposited their personal records in the custody of the NAA
- people preparing for publication of major works that are considered to be of national importance.

People seeking special access to the records of this department should contact the department at the address given above for the FOI Coordinator.

Royal commission records

Because of the Prime Minister’s responsibility for the *Royal Commissions Act 1902*, the department exercises administrative control of the records of most completed royal commissions. It therefore handles requests by other Australian Government agencies, state government bodies and members of the public for access to closed period and exempt records. People seeking access to such records should contact the department at the address given above for the FOI Coordinator. Requests for access to royal commission records more than 30 years old should be directed to the NAA.

Archival Cabinet documents

In January 2004 the department released Cabinet records from 1973 and Cabinet notebooks from 1953 to the public through the NAA. Digital images of the notebook pages and transcripts prepared by the NAA can be viewed on its website at www.naa.gov.au.

Appendix 3—Advertising and Market Research

All Australian Government departments and agencies subject to the *Financial Management and Accountability Act 1997* are required to place their advertising through the Central Advertising System (CAS). The Australian Government operates the CAS to consolidate government advertising expenditure and secure optimal media discounts and value-added benefits and to ensure that Australian Government departments and agencies do not compete against each other for media time and space. More information can be accessed at www.ads.gov.au.

The cost of the outputs of the department's Government Communications Unit, which coordinates government communications and manages the CAS, is noted earlier in this report under Output 4.4.

Table 14 covers payments (of \$1,500 and above) to external consultants engaged by the department to provide advertising and market research services and for the placement of advertising by hma Blaze and Universal McCann, the CAS master media placement agencies.

The department spent a total of \$190,734 on the placement of recruitment and tender advertising through the CAS master media placement agencies and on payments (of less than \$1,500) to external consultants engaged by the department to provide advertising and market research services.

Table 14 Payments for advertising and market research

Payee	Purpose	Amount	Remarks
OUTPUT GROUP 2: Output 2.2 Women's policy			
hma Blaze	To advertise the Women's Development Programme.	\$4,362	PT
Universal McCann	To advertise the National Campaign for the Elimination of Violence Against Women.	\$7,152,335	PT
OUTPUT GROUP 4: Output 4.3 Machinery of government			
hma Blaze	To advertise the Australian honours regional visits programme.	\$16,479	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$1,536	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$11,536	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$4,233	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$4,354	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$4,309	PT
hma Blaze	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$4,122	PT
Morrison Croxford Chambers and Associates Pty Ltd	To advertise the public consultation process on proposed changes to section 57 of the Constitution.	\$4,565 ^a	ST
OUTPUT GROUP 4: Output 4.4 Government communications			
Corporate Diagnostics	To conduct customer satisfaction research in relation to master media agencies.	\$77,000 ^b	ST

PT = public tender; ST = select tender.

- a As this service falls into the Consultancy Services category, it has also been included in the total expenditure for 'Policy advice and government support services' in Table 9 in the Management and Accountability chapter.
- b As this service falls into the Consultancy Services category, it has also been included in Table 15 of Appendix 4 of this report and in Table 9 in the Management and Accountability chapter.

Appendix 4—Consultancy Services

Consultancy contracts let during 2003–04 to the value of \$10,000 or more

Government purchasing policy requires that agencies publish open business opportunities, and gazette all contracts and standing offers with a value of \$2,000 or more, in the Commonwealth Purchasing and Disposals Gazette. Details can be accessed at www.contracts.gov.au.

The following tables list only those consultancies engaged for \$10,000 or more.

In these tables, unless otherwise indicated, the reason for engaging the consultancy service was a requirement for specialist expertise not available within the department.

Table 15 Policy advice and coordination and support services for government operations

Consultant	Purpose of consultancy	Contract price	Remarks
OUTPUT GROUP 1: Economic policy advice and coordination			
Stuart Ellis, Leading By Example	To conduct an inquiry on behalf of the Council of Australian Governments (COAG) in relation to bushfire mitigation and management.	\$175,000	DE—nomination agreed by COAG members.
Robert Whelan, University of Wollongong	To conduct an inquiry on behalf of COAG in relation to bushfire mitigation and management.	\$55,574	DE—nomination agreed by COAG members.
Peter Kanowski, Australian National University	To conduct an inquiry on behalf of COAG in relation to bushfire mitigation and management.	\$59,847	DE—nomination agreed by COAG members.
OUTPUT GROUP 2: Social policy advice and coordination			
Output 2.2 Women's policy			
Centre for Gender Related Violence Studies, School of Social Work, University of New South Wales	To provide Australian Domestic and Family Violence Clearinghouse services for 2003–04.	\$330,000	DE—extension of existing contract.

Consultant	Purpose of consultancy	Contract price	Remarks
Centre for Gender Related Violence Studies, School of Social Work, University of New South Wales	To provide Australian Domestic and Family Violence Clearinghouse services for 2004–05.	\$385,000	DE—relevant expertise and extension of existing contract.
Elliott and Shanahan Research	To provide research activities relating to the National Campaign for the Elimination of Violence Against Women.	\$495,000	ST
Lifeline Australia	To provide a helpline counselling and referral service for the National Campaign for the Elimination of Violence Against Women.	\$1,925,000	ST
Cultural Partners Australia Pty Ltd	To provide the non-English speaking background communications component of the National Campaign for the Elimination of Violence Against Women.	\$667,315	ST
Haystac Public Affairs Pty Ltd	To provide the public relations services for the National Campaign for the Elimination of Violence Against Women.	\$796,455	ST
Gavin Jones Communications Pty Ltd	To provide the indigenous communications component for the National Campaign for the Elimination of Violence Against Women.	\$330,000	ST
Smart Love Pty Ltd	To provide the youth communication component of the National Campaign for the Elimination of Violence Against Women.	\$3,465,000	ST
Grey Worldwide Pty Ltd	To provide the advertising component of the National Campaign for the Elimination of Violence Against Women.	\$990,000	ST
National Information Library Service	To produce and distribute the National Campaign for the Elimination of Violence Against Women booklet in formats appropriate to people with a print disability (braille/audio).	\$59,060	ST

Consultant	Purpose of consultancy	Contract price	Remarks
Research and Education Unit of Gender Violence, University of South Australia	To provide examples of best practice of integrated approaches to supporting women affected by domestic violence.	\$125,048	PT
Giraffe Visual Communication Management	To design services for various Partnerships Against Domestic Violence (PADV) reports.	\$31,062	ST
Australian Bureau of Statistics	To produce the Sexual Assault Statistical Overview.	\$200,848	DE—sole provider of the statistical data.
Department of Health and Ageing	To undertake the Australian Longitudinal Study on Women's Health.	\$1,430,000	DE—sole provider of longitudinal women's health data.
Department of Family and Community Services	To undertake the Family Income Management Project.	\$935,000	DE—sole provider.
Urbis Keys Young	To develop the National Framework for Sexual Assault Prevention.	\$220,000	ST
Relationships Australia (SA)	To trial response strategies and training resources for front-line workers in contact with children living with domestic violence.	\$275,000	DE—relevant expertise and previous work undertaken.
Paul Memmott and Associates	To revise and maintain the indigenous family violence website.	\$21,906	DE—previously engaged consultant with relevant expertise.
Domestic Violence Service, Gold Coast	To develop a workplace training manual and handbook on the issue of domestic violence.	\$19,250	DE—relevant expertise and previous work undertaken.
Australian Bureau of Statistics	To conduct a survey on violence against women: the women's component of the 2005 Personal Safety Survey.	\$3,694,900	DE—sole provider.
Access Economics Pty Ltd	To conduct a study to estimate the costs of domestic violence to the Australian economy.	\$141,432	PT
Haystac Public Affairs Pty Ltd	To provide production services for a digital video on women in science.	\$197,890	ST

Consultant	Purpose of consultancy	Contract price	Remarks
Dogen Pty Ltd	To produce a video on domestic violence and the workplace.	\$41,373	DE—relevant expertise.
Jocelyn Craig, University of New South Wales	To undertake a research fellowship in time use studies.	\$55,000	PT
Patricia Hill, University of New South Wales	To undertake a research fellowship in time use studies.	\$55,000	PT
Bearcage Productions	To develop a non-government organisation resource kit on video production.	\$18,408	DE—relevant expertise.
Dr Michael Bittman, University of New South Wales	To conduct research into the changes in responsibilities for market and non-market work.	\$38,500	PT
Mary Dickie Issues Management T/A The Quay Connection	To undertake a review of the Office of the Status of Women's communication activities.	\$95,433	ST
Sinclair Knight and Merz Pty Ltd	To evaluate the women's internet portal.	\$45,695	ST
Kandream Digital Studios	To provide design services relating to resources for Partnerships Against Domestic Violence—A Business Approach (PADV-ABA)	\$22,160	PT
AH Revelations	To provide a speaker at events for PADV-ABA.	\$11,550	DE—relevant expertise.
Swell Design Group	To design and print the PADV meta-evaluation report and <i>Effective Integrated Approaches in the Delivery of Services and Responses for Women Experiencing Domestic Violence</i> .	\$26,699	ST
Dogen Pty Ltd	To present a drama-based learning programme at events for PADV-ABA.	\$13,684	DE—relevant expertise.
Swell Design Group	To provide design services for OSW branding.	\$42,884	PT

Consultant	Purpose of consultancy	Contract price	Remarks
Southern Edge Training Pty Ltd	To provide support for victims of people trafficking.	\$982,320	PT
OUTPUT GROUP 3: International, and national security, policy advice and coordination			
Output Group 3.2 National security policy			
Zoo Communications	To provide design, printing and related services for a publication on national security.	\$32,635	ST
OUTPUT GROUP 4: Government and Corporate Group			
Output Group 4.2 Cabinet Implementation Unit			
CPM Group	To develop a program plan and guidance principles for the unit.	\$24,145	ST
Output 4.3 Machinery of government			
One Planet Solutions	To conduct the technical development of a media management system.	\$27,390.00	ST
Meta Marketing	To provide graphic design services for promotional activities.	\$31,872	DE—the department has an ongoing relationship with the consultant based on quotations per project.
National Capital Promotions	To research, draft and edit the 'It's an Honour' newsletter and conduct media relations activities.	\$44,061	DE—the department has an ongoing relationship with the consultant based on quotations per project.
OPC	To provide technical support for the website www.itsanhonour.gov.au .	\$33,028	DE—based on expertise and ongoing relationship with the consultant.
The Hon Neil Brown QC	To assess and report on public opinion as a member of the Consultative Group on Constitutional Change.	\$16,071	DE—recognised and prominent expertise in this area led to selection by the Prime Minister to be the Chairman of the Consultative Group.
The Hon Professor Michael Lavarch	To assess and report on public opinion as a member of the Consultative Group on Constitutional Change.	\$11,957	DE—recognised and prominent expertise in this area led to selection by the Prime Minister to be a member of the Consultative Group.

Consultant	Purpose of consultancy	Contract price	Remarks
Professor Jack Richardson	To assess and report on public opinion as a member of the Consultative Group on Constitutional Change.	\$20,894	DE—recognised and prominent expertise in this area led to selection by the Prime Minister to be a member of the Consultative Group.

Output 4.4 Government communications

Corporate Diagnostics	To conduct customer satisfaction research in relation to master media agencies (this contract relates to advertising and market research, and is also reported on in Appendix 3).	\$77,000	ST
Deloitte Touche Tohmatsu	To provide a review of performance of a media agency.	\$10,800	PT
Swell Design	To design and develop new government branding.	\$165,000	ST
P3 Pty Ltd	To provide industry benchmarking on the production of advertising.	\$34,650	DE—sole provider in market (actual expenditure—no fixed price on contract).
Acumen Alliance	To develop requests for tenders for information and communications technology market testing.	\$180,000	ST—relevant experience, value for money.
CPT Global Limited	To develop a disengagement plan.	\$50,000	ST—relevant experience, value for money.
Spherion Technology	To develop requests for tenders for the standard operating environment upgrade.	\$23,000	ST—relevant experience, value for money.

DE = direct engagement; PT = public tender; ST = select tender.

Table 16 Support services to the department

Consultant	Purpose of consultancy	Contract price	Remarks
John Easthorpe and Associates	To provide perimeter security and landscaping design services.	\$25,290	DE—specialist advice.
Gutteridge Haskins and Davy Pty Ltd	To design a secure conference facility.	\$33,992	DE—specialist advice.
Spacelift Design Consultancy Services	To provide interior design services	\$242,719	ST
Colmar Brunton Social Research	To conduct a staff survey.	\$56,302	DE—were sole provider with appropriate previous knowledge of the department.

DE = direct engagement; ST = select tender.

Appendix 5—Commonwealth Disability Strategy

This appendix provides information on the department's performance in implementing the Commonwealth Disability Strategy. The department does not have a core business role of purchaser or provider, but reports on its performance against the other roles described in the strategy: employer, regulator and policy adviser. The level of performance for 2003–04 is recorded against performance indicators and measures identified in the Department of Family and Community Services' implementation guide.

During 2003–04, information and guidance to staff involved in recruitment and selection of staff continued to be available on the department's intranet site. The departmental internet site provided guidance to prospective employees with disabilities on the accessibility of recruitment information via the home page. The department's Staff Selection Guide continued to provide guidance for all staff on addressing the needs of people with disabilities who attend the department as part of a selection process. People with hearing or speech impairments who sought employment with the department were able to access the department's TTY (telephone typewriter) facility.

Guidance on the principle of 'reasonable adjustment', as identified in the Commonwealth Disability Strategy, was also available. The Performance Appraisal and Development scheme continued to be the main vehicle used by all employees and their managers, including staff members with disabilities, to identify training and development needs. The department maintained a database of relevant training and development programmes for all staff and regularly promoted available courses on the intranet.

All staff in the department had access to appropriate complaint-handling procedures. There were no complaints or grievances involving disability issues during the year.

In its role as a regulator, 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 people with hearing or sight impairments.

As a central coordinating agency, the department exercised its policy adviser role through the Social Policy Division, taking into account the needs of a range of target groups in the development of policy advice on key policy reforms.

Table 17 Performance under the Commonwealth Disability Strategy as an employer, 2003–04

Performance indicator	Performance measure	Performance
<p>1. Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i>.</p>	<p>Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i>.</p>	<p>Relevant policies and procedures were:</p> <ul style="list-style-type: none"> ■ Non-Senior Executive Service (SES) Staff Selection Guide ■ Disability Action Plan ■ Workplace Diversity Programme ■ Workplace Harassment Guide ■ Working with the Code of Conduct ■ Protection for Whistleblowers ■ Certified Agreement 2002–2004 ■ information packages for new staff ■ induction courses. <p>The department continued to maintain a suite of employment-related operational guides on the intranet. A number of the documents could also be accessed by the wider Australian community through the internet—including the department’s third certified agreement and the department’s revised Workplace Diversity Programme.</p> <p>The requirements of the <i>Disability Discrimination Act 1992</i> continued to be observed in developing and reviewing our guideline material.</p> <p>On commencement, all new staff members were provided with an information package including information on the Australian Public Service (APS) Code of Conduct, workplace diversity and discrimination.</p>
<p>2. Recruitment information for potential job applicants is available in accessible formats on request.</p>	<p>Percentage of recruitment information requested and provided in accessible electronic formats and accessible formats other than electronic.</p> <p>Average time taken to provide accessible information in electronic formats and formats other than electronic.</p>	<p>All recruitment information is available in electronic formats and accessible formats other than electronic. All members of the Australian community were able to access information on employment opportunities in the department via our internet site, press advertisements or targeted recruitment campaigns. The department’s intranet site provided an additional electronic format to assist staff to access relevant information.</p> <p>A TTY (telephone typewriter) facility was also available for hearing- or speech-impaired applicants.</p> <p>Access to information and selection documentation was available on demand through the department’s website. Selection documentation was loaded on the website and intranet prior to vacancies being advertised in the Commonwealth Gazette or the press.</p>

Performance indicator	Performance measure	Performance
3. Agency recruiters and managers apply the principle of 'reasonable adjustment'.	Percentage of recruiters and managers provided with information on 'reasonable adjustment'.	The department's Non-SES Staff Selection Guide provided information for all staff on the principle of 'reasonable adjustment'.
4. Training and development programmes consider the needs of staff with disabilities.	Percentage of training and development programmes that consider the needs of staff with disabilities.	<p>The Performance Appraisal and Development scheme was the main vehicle used by employees and their managers to identify training and development needs. The department maintained a database of relevant training and development programmes and regularly promoted available courses on the intranet.</p> <p>The department's Disability Action Plan encouraged people with disabilities and staff working with people with disabilities to voice specific needs and to nominate for special needs training programmes.</p> <p>Corporate programmes take account of the needs of staff who identify themselves as having disabilities. There were no concerns raised by staff attending internal or external training and development programmes during the year regarding disability issues.</p>
5. Training and development programmes include information on disability issues as they relate to the content of the programme.	Percentage of training and development programmes that include information on disability issues as they relate to the programme.	All staff entering the department were provided with information packs and invited to attend an orientation programme which included information on the APS Code of Conduct, workplace diversity and disability issues, and on the availability of supporting information in corporate publications.
6. Complaints/ grievance mechanisms, including access to external mechanisms, are in place to address issues and concerns by staff.	Established complaints/ grievance mechanisms, including access to external mechanisms, in operation.	<p>All staff in the department had access to appropriate complaint handling procedures including procedures for settling disputes under the certified agreement, guidelines on managing breaches of the code of conduct and access to external review processes.</p> <p>There were no complaints or grievances involving disability issues during the year.</p>

Table 18 Performance under the Commonwealth Disability Strategy as a regulator, 2003–04

Performance indicator	Performance measure	Performance
1. Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.	<p>Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats and accessible formats other than electronic.</p> <p>Average time taken to provide accessible material in electronic format and formats other than electronic.</p>	<p>The department continued to assist departments and agencies to comply with the government’s policies that ensure information activities provide for the delivery of messages in ways that meet the needs of people with disabilities. The <i>Guidelines for Australian Government Information Activities</i> were available on the Government Communications Unit website. Radio broadcasts for the print handicapped and closed captioning of television commercials were also used to deliver information to people with disabilities.</p>
2. Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.	As above.	As above.

Table 19 Performance under the Commonwealth Disability Strategy as a policy adviser, 2003–04

Performance indicator	Performance measure	Performance
1. New or revised policy/programme proposals assess impact on the lives of people with disabilities prior to decision.	Percentage of new or revised policy/programme proposals that document that the impact of the proposal was considered prior to the decision-making stage.	In its capacity as a central coordinating agency, the department continued to seek advice from line agencies on how their policy proposals impacted on people with disabilities.
2. People with disabilities are included in consultation about new or revised policy/programme proposals.	Percentage of consultations about new or revised policy/programme proposals that are developed in consultation with people with disabilities.	The department continued to seek advice from line agencies on whether people with disabilities were consulted about new or revised policy proposals/programmes.
3. Public announcements of new, revised or proposed policy/programme initiatives are made available in accessible formats for people with disabilities, in a timely manner.	Percentage of new, revised or proposed policy/programme announcements available in a range of accessible formats. Time taken in providing announcements in accessible formats.	Announcements of new policy and programme initiatives are the responsibility of the government agencies that implement them. In its role as regulator, the Government Communications Unit continued to assist those agencies to deliver messages in ways that met the needs of people with disabilities.

Financial statements

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INDEPENDENT AUDIT REPORT

To the Prime Minister

Scope

The financial statements comprise:

- Statement by the Secretary and First Assistant Secretary;
- Statements of Financial Position, Financial Performance and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

for the Department of the Prime Minister and Cabinet for the year ended 30 June 2004.

The Department's Secretary is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit in order to express an opinion to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of the procedures, the audit was not designed to provide assurance on internal controls.

The audit did not involve an analysis of the prudence of business decisions made by the Secretary or management.

Procedures were performed to assess whether in all material respects the financial report presents fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Department's performance as represented by the statements of financial performance, financial position and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the ANAO which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Department of the Prime Minister and Cabinet as at 30 June 2004, and its financial performance and cash flows for the year then ended.



P.J. Barrett
Auditor-General

Canberra
19 July 2004

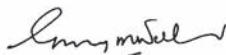
The Department of the Prime Minister and Cabinet
STATEMENT BY THE SECRETARY AND FIRST ASSISTANT SECRETARY
for the year ended 30 June 2004

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed



Dr Peter Shergold
Secretary



Greg Williams CA
First Assistant Secretary
People, Resources and Communications Division

(9 July 2004

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
REVENUE			
Revenues from ordinary activities			
Revenues from government	3A	56,695	45,253
Goods and services	3B	2,023	1,146
Interest	3C	–	220
Revenue from sales of assets	4E	12	5
Other	3D	1,264	729
Revenues from ordinary activities		59,994	47,353
EXPENSE			
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	4A	35,983	29,314
Suppliers	4B	20,158	14,623
Grants	4C	88	66
Depreciation and amortisation	4D	3,456	2,490
Value of assets sold	4E	29	32
Other	4F	9	–
Expenses from ordinary activities (excluding borrowing costs expense)		59,723	46,525
Borrowing costs expense	4G	34	95
Net surplus / (deficit) from ordinary activities		237	733
Net credit (debit) to asset revaluation reserve		–	(61)
Total revenues, expenses and valuation adjustments recognised directly in equity		–	(61)
Total changes in equity other than those resulting from transactions with the Australian Government as owners		237	672

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
ASSETS			
Financial assets			
Cash	6A	174	1,887
Receivables	6B	13,546	8,840
Total financial assets		13,720	10,727
Non-financial assets			
Infrastructure, plant and equipment	7A	11,292	7,641
Intangibles	7B	1,344	920
Other	7C	473	753
Total non-financial assets		13,109	9,314
TOTAL ASSETS		26,829	20,041
LIABILITIES			
Interest bearing liabilities			
Leases	8A	94	667
Total interest bearing liabilities		94	667
Provisions			
Employees	8C	11,366	10,502
Total provisions		11,366	10,502
Payables			
Suppliers	8D	2,771	2,314
Unearned revenue	8E	–	330
Other Liabilities	8E	78	–
Total payables		2,849	2,644
TOTAL LIABILITIES		14,309	13,813
NET ASSETS		12,520	6,228
EQUITY			
Contributed equity	9A	–	–
Reserves		2,347	2,347
Retained surpluses		10,173	3,881
TOTAL EQUITY		12,520	6,228
Current assets		6,129	11,480
Non-current assets		20,700	8,561
Current liabilities		6,606	5,854
Non-current liabilities		7,703	7,959

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		2,601	1,795
Appropriations		56,695	44,526
Interest		–	299
Other		1,053	1,243
Cash transferred from the OPA		2,171	–
GST Input Tax Credits from ATO		2,660	1,895
GST Receipts from Customers		205	369
Total cash received		65,385	50,127
Cash used			
Employees		35,119	29,009
Suppliers		19,421	14,813
Grants		88	–
GST payments to ATO		293	332
GST payments to Suppliers		2,803	1,879
Cash Transferred to OPA		878	7,475
Other		364	128
Total cash used		58,966	53,636
Net cash from / (used by) operating activities	5	6,419	(3,509)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		–	–
Other		–	–
Total cash received		–	–
Cash used			
Purchase of property, plant and equipment		6,630	1,931
Purchase of intangibles		929	196
Total cash used		7,559	2,127
Net cash from / (used by) investing activities		(7,559)	(2,127)
FINANCING ACTIVITIES			
Cash received			
Other		–	–
Total cash received		–	–
Cash used			
Dividends paid		–	–
Capital use charge paid		–	1,420
Return of contributed equity		–	8,000
Repayments of debt		573	365
Total cash used		573	9,785
Net cash (used by) financing activities		(573)	(9,785)
Net increase (decrease) in cash held		(1,713)	(15,421)
Cash at the beginning of the reporting period		1,887	17,308
Cash at the end of the reporting period	6A	174	1,887

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS

as at 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
BY TYPE		
Other commitments		
Operating leases	20,962	18,837
Other commitments	1,070	14,476
Total other commitments	22,032	33,313
Net commitments	22,032	33,313
BY MATURITY		
All net commitments		
One year or less	7,289	7,962
From one to five years	13,355	16,532
Over five years	1,388	8,819
Net commitments	22,032	33,313
Operating lease commitments		
One year or less	6,529	4,827
From one to five years	13,045	13,229
Over five years	1,388	782
Net operating lease commitments	20,962	18,838

NB: Commitments are GST inclusive where relevant.

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Office accommodation lease payments are subject to periodic increases in accordance with the rent review provisions of the lease. The period of the lease is until 2007.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the department for motor vehicle leases.

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS

for the year ended 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT			
Non-taxation revenue			
Goods and services	12A	3,377	3,190
Other sources of non-taxation revenues	12B	53	24
Total Revenues Administered on Behalf of Government		3,430	3,214
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT			
Grants	13A	3,751	3,556
Personal benefits	13B	1,434	4,176
Employees	13C	883	840
Suppliers	13D	28,187	31,624
Depreciation and amortisation	13E	162	124
Write down and impairment of assets	13F	-	-
Total Expenses Administered on Behalf of Government		34,417	40,320

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS (cont.)

as at 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT			
Financial assets			
Cash	14A	433	85
Receivables	14B	2,491	977
Total financial assets		2,924	1,062
Non-financial assets			
Land and buildings	14C	32,058	32,127
Infrastructure, plant and equipment	14D	490	321
Inventories	14E	231	231
Other	14F	15	15
Total non-financial assets		32,794	32,694
Total Assets Administered on Behalf of Government		35,718	33,756
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT			
Provisions			
Employees	15A	175	234
Personal Benefits	15A	10,300	9,600
		10,475	9,834
Payables			
Suppliers	15B	278	1,541
Grants	15B	–	–
		278	1,541
Total Liabilities Administered on Behalf of Government		10,753	11,375
Net Assets Administered on Behalf of Government		24,965	22,381
Current assets		2,939	1,077
Non-current assets		32,779	32,679
Current liabilities		331	1,653
Non-current liabilities		10,422	9,722

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS (cont.)

for the year ended 30 June 2004

	Notes	2003-04 \$'000	2002-03 \$'000
ADMINISTERED CASH FLOWS			
Operating Activities			
Cash received			
Rendering of services		3,112	3,703
Other cash received		53	–
Cash from Official Public Account for:			
– Appropriations		37,606	32,995
Other – GST received from ATO		1,934	3,104
– GST received from customers		299	372
Total cash received		43,004	40,174
Cash used			
Employees		942	864
Grants payments		3,751	3,575
Personal benefits		734	826
Suppliers		29,450	31,864
Cash to Official Public Account			
– Appropriations		4,235	6,152
Other – GST payments to ATO		312	90
– GST payments to suppliers		3,170	3,251
Total cash used		42,594	46,622
Net cash from / (used in) operating activities		410	(6,448)
Investing Activities			
Cash used			
Purchase of property, plant and equipment		262	11
Total cash used		262	11
Net cash from / (used in) investing activities		(262)	(11)
FINANCING ACTIVITIES			
Cash received			
Equity appropriations		200	–
Total cash received		200	–
Cash Used			
Dividends		–	–
Return of equity		–	2,600
Total cash used		–	2,600
Net cash from / (used in) financing activities		200	(2,600)
Net increase (decrease) in cash held			
Cash at the beginning of the reporting period		85	9,144
Cash at the end of the reporting period	14A	433	85

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS (cont.)

as at 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
ADMINISTERED COMMITMENTS		
By type		
Other commitments		
Operating leases	483	1,521
Other	15,833	5,386
Total other commitments	16,316	6,907
Net administered commitments	16,316	6,907
By maturity		
All net commitments		
One year or less	9,784	4,455
From one to five years	6,532	1,985
Over five years	-	467
Net administered commitments	16,316	6,907
Operating Lease Commitments		
One year or less	190	202
From one to five years	293	852
Over five years	-	467
Net operating lease commitments	483	1,521

NB: All 2003-04 commitments are GST inclusive where relevant.

Operating leases comprise leases of office accommodation for the former Governors-General.

Lease payments are subject to periodic increase in accordance with the rent review provisions of the lease.

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS (cont.)

as at 30 June 2004

ADMINISTERED CONTINGENCIES

The department is not aware of any Administered liabilities or assets as at signing date which would require disclosure in the Financial Statements.

ADMINISTERED ACTIVITIES

The major administered activities of the department are directed towards achieving one outcome as described in Note 1 to the Financial Statements. These administered activities include the administration of the Women's programmes, allowances and support to former Governors-General, the administration of the Prime Minister's official residences, the payment of a grant to the National Australia Day Council, support for the National Counter Terrorism Committee, legal and compensation payments and payments in relation to state occasions and official visits. Details of planned activities for the year can be found in the Agency Portfolio Budget Statements for 2003-04 which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Objectives of the department

The department's objective is sound and well coordinated government policies, programs and decision making processes.

The department is structured to meet one outcome.

The department's activities contributing to these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the department in its own right. Administered activities involve the management and oversight by the department on behalf of the government of items controlled or incurred by the government.

The department's activities are identified under the following outputs:

- Output group 1.1: Economic policy advice and coordination;
- Output group 1.2: Social policy advice and coordination;
- Output group 1.3: International policy advice and coordination; and
- Output group 1.4: Support services for government operations.

1.2 Basis of accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004)*;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AASB); and
- Consensus Views of the Urgent Issues Group.

The statements have also been prepared having regard to the Explanatory Notes to Schedule 1 of the FMOs and Finance Briefs.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost principles except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

The continued existence of the department in its present form, and with its present outcome programmes, is dependent on government policy and on continuing appropriations by Parliament for the department's administration and programs.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.23.

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002–03.

Property plant and equipment assets are valued at fair value from 1 July 2003 as explained in Note 1.14. Revaluations up to 30 June 2002 were done on a 'deprival' basis; since that date revaluations have been prepared on a fair value basis. Revaluation increments and decrements arising on adoption of fair values at 1 July 2003 were taken directly to accumulated results in accordance with the transitional provisions of AASB 1041 *Revaluation of Non-current Assets*.

In 2002–03, the Finance Minister's Orders introduced an impairment test for agency non-current assets carried at cost and which were not subject to AAS 10 *Recoverable Amount of Non-Current Assets*. In 2003–04 no software was written down under this policy.

In 2003–04, the impairment test provisions of the FMOs have been extended to cover non-current assets carried at deprival values. There were no indications of impairment for these assets.

1.4 Official gifts

Official gifts brought to account in the Financial Statements include official gifts purchased by the department for presentation by the Governor-General, Prime Minister, Ministers or approved parliamentary delegations.

1.5 Revenue

Revenues from government

Amounts appropriated for departmental outputs appropriation for the year (less any current year savings and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under *Appropriation Act No 3 of 2003–04*.

Appropriations receivable are recognised at their nominal amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Resources received free of charge

Services received free of charge are recognised in the Statement of Financial Performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those services is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements. (Refer to note 1.6).

Other revenue

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion of costs incurred to date.

Receivables for services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the relevant asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.6 Transactions with the government as owner

Equity injections

Amounts appropriated which are designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates) are recognised directly in Contributed Equity at 1 July or later date of effect of the appropriation.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.7 Grants

The department applies a uniform policy for all grants. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

have not been made. A commitment is recorded when the government enters into an agreement to make these grants but services have not been performed or criteria satisfied. Where grants monies are paid in advance of performance or eligibility, a prepayment is recognised.

1.8 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits) annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2002. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The department has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and other superannuation schemes held outside the Commonwealth. The liability for staff CSS and PSS superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

The department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the government of the superannuation entitlements of the department's employees.

The liability for superannuation recognised as at 30 June represents outstanding contributions in relation to salaries accrued as at 30 June.

1.9 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability is recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

The department entered into a sale and operating leaseback of certain information technology equipment in July 1999. This transaction was recognised as a finance lease in accordance with accounting standard AAS17: *Leases*, for the first time as at 30 June 2001, with the assets being recognised at their fair value at that date.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.10 Borrowing costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of cost incurred in that period.

1.11 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Other financial instruments

Trade creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Contingent liabilities and contingent assets

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when expense (revenue) is confirmed by a future event, settlement becomes probable or reliable measurement is possible.

1.13 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.14 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Land, buildings, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041, *Revaluation of Non-Current Assets*.

Fair and deprival values for each class of asset are determined as shown below.

Asset class	Fair value measured at:	Deprival value measured at:
Land	Market selling price	Market selling price
Buildings	Market selling price	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant & equipment	Market selling price	Depreciated replacement cost

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Under both deprival and fair value, assets, which are surplus to requirements, are measured at their net realisable value.

All departmental and administered assets were revalued by an independent valuer as at 1 July 2002 on a fair value basis. The financial effect of this change in accounting policy related to those assets recognised at fair value for the first time at 1 July 2002 where the measurement basis for fair value was different to that previously used for deprival value. The financial effect of the change is given by the difference between fair values obtained for these assets as at 1 July 2002 and deprival-based values recognised at 30 June 2002. The financial effect of this change by class at 30 June 2003 was as follows:

Asset Class	Adjustment	Contra Account
Departmental		
Infrastructure, plant and equipment	\$61,420 CR	Revaluation Reserve
Total	\$61,420 CR	
Administered		
Land	\$5,500,000 DR	Revaluation Reserve
Buildings	\$250,167 DR	Revaluation Reserve
Plant and equipment.	\$207,038 CR	Revaluation Reserve
Total	\$5,543,129 DR	

Frequency

The FMOs require that all property, plant and equipment assets be measured at up-to-date fair values from 30 June 2005 onwards, with formal valuations to be undertaken at least every five years. The current formal valuation cycle commenced on 1 July 2003 and the next formal valuation is scheduled for 30 June 2007.

Conduct

All formal revaluations are conducted by an independent qualified valuer.

Depreciation

Land, being an asset with an unlimited useful life, is not depreciated.

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their useful lives to the department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in price only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2003-04	2002-03
Departmental assets		
Leasehold improvements	Lease term	Lease term
Plant and equipment	4 to 10 years	4 to 10 years
Administered assets		
Buildings on freehold land	150 years	150 years
Plant and equipment	4 to 50 years	4 to 50 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4D.

Impairment of Non-Current Assets

Non-current Assets carried at up-to-date fair value at the time of reporting are not subject to impairment testing.

Non-current assets at cost have been assessed for indications of impairment, where indications of impairment existed, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost. No impairment write-down was required (2003: nil).

1.15 Intangibles

The department's intangible assets comprise purchased software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is 4 to 5 years (2002-03: 4 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2004. No impairment write-down was required (2003: nil).

1.16 Inventories

Inventories being gifts received by the Australian Government are not held for resale and are valued at fair value based on current market value.

1.17 Former Governors-General allowances

The department has administrative responsibility for the payment of former Governors-General allowances. The revised actuarial assessment of the liability in relation to these allowances was made as at 30 June 2004.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

1.18 Taxation

The department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.19 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.20 Insurance

The department has insured for risks through the government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the government's Comcare Australia.

1.21 Comparatives

Comparative figures have been adjusted to conform with changes in presentation in these financial statements where practicable.

1.22 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

1.23 Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered cash transfers to and from the Official Public Account

Revenue collected by the department for use by the Government rather than the department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Reconciliation Table in Note 16. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the department on behalf of the Commonwealth.

Administered revenue is derived from the media commissions payable to the Commonwealth for its advertising. Revenue is recognised on receipt of confirmation of placement of advertisements with advertising agencies. It is recognised at its nominal amount due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 2. ADOPTION OF AASB EQUIVALENT TO IASB STANDARDS FROM 2005–2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005–06. The new standards are the AASB Equivalent to International Financial Reporting Standards (IFRS) which were issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005–06 but continue to apply in the meantime.

The purpose of issuing AASB Equivalents to IFRS is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards widely used overseas.

For-profit entities complying fully with the AASB Equivalents will be able to make an explicit and unreserved statement of compliance with IFRS as well as with the AASB Equivalents.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the AASB Equivalents to IFRSs, in his Orders for the Preparation of Agency financial statements for 2005–06 and beyond.

The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the department will only be able to assert compliance with the AASB Equivalents to the IFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 *Financial Reporting by Government Departments*.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2003–04 disclose:

- An explanation of how the transition to the Australian Equivalents is being managed; and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

Management of the transition to AASB Equivalents to IFRSs

The department has taken the following steps in preparation towards the implementation of AASB Equivalents:

- The department's Audit Committee is tasked with oversight of the transition to and implementation of the AASB Equivalents to IFRSs. The Chief Finance Officer is formally responsible for the project and reports regularly to the Audit Committee on progress against the formal plan approved by the Committee.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - Identification of all major accounting policy differences between current AASB standards and the AASB Equivalents to IFRSs progressively to 31 December 2004.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

- Identification of systems changes necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of rules for 2004–05, and the testing and implementation of those changes.
- Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents, by 31 December 2004.
- Preparation of an AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
- Meeting reporting deadlines set by Finance for 2005–06 balance sheet under AASB Equivalent Standards.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.
- The plan requires all major accounting and disclosure differences and system changes to be identified and the system changes to then be tested. The changes are expected to be identified by 31 December 2004 and implemented by 31 January 2005.
- Consultants have been engaged to assist with each of the above steps.

Major changes in accounting policy

Changes in accounting policies under AASB Equivalents are applied retrospectively (i.e. as if the new policy had always applied). This rule means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005–06 financial statements to report comparatives under the AASB Equivalents also.

Changes to major accounting policies are discussed in the following paragraphs.

Property plant and equipment

It is expected that the Finance Minister's Orders will require property plant and equipment assets carried at valuation in 2003–04 to be measured at up-to-date fair value from 2005–06. This is consistent with the department's current asset valuation basis, as all assets were revalued to fair value at 1 July 2002 and are carried at up-to-date fair values at 30 June 2004.

Intangible assets

The department only holds externally purchased software, which is recognised on a cost basis. The carrying amounts include amounts that were originally measured at deprival valuation and subsequently deemed to be cost under transitional provisions available on the introduction of AAS 38 *Revaluation of Non-current Assets* in 2000–01 and AASB 1041 of the same title in 2001–02.

The AASB Equivalent on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. As all the department's software is externally purchased, there is a current active market for these assets. Accordingly, the department will continue to carry these assets at deemed cost in accordance with the requirements of the current FMOs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Impairment of non-current assets

The department's policy on impairment of non-current assets is at note 1.14.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for for-profit assets of the department (in particular of AUSPIC) and depreciated replacement cost for other assets which would be replaced if the department were deprived of them.

The most significant changes are that, for the department's for-profit assets, the recoverable amount is only generally to be measured where there is an indication of impairment and that assets carried at up-to-date fair value, whether for-profit or not, may nevertheless be required to be written down if costs to sell are significant.

Inventory

The department recognises inventory not held for sale at fair value based on current market value.

The new AASB Equivalent standard will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

Employee benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national Government bonds.

Under the new AASB Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

Financial instruments

Financial assets and liabilities are likely to be accounted for as 'held at fair value through profit and loss' or available-for-sale where the fair value can be reliably measured (in which case, changes in value are initially taken to equity). Fair values will be published prices where an active market exists or by appraisal.

Cash and receivables are expected to continue to be measured at cost information.

Financial assets, except those classified as 'held at fair value through profit and loss', will be subject to impairment testing.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 3. OPERATING REVENUES		
The amount and particulars of the following classes of revenues were included in the aggregate amounts shown in the Statement of Financial Performance.		
Note 3A Revenues from government		
Appropriations for outputs	54,994	44,526
Resources received free of charge	1,701	727
Total revenues from government	56,695	45,253
Note 3B Goods and services		
Services	2,023	1,146
Total sale of goods and services	2,023	1,146
Rendering of services to:		
Related entities	2,018	1,081
External entities	5	65
Total rendering of services	2,023	1,146
Note 3C Interest revenue		
Interest on deposits	-	220
Note 3D Other operating revenues		
Independent revenue	1,264	729
Total other operating revenues	1,264	729

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 4. OPERATING EXPENSES		
The amount and particulars of the following classes of expenditure were included in the aggregate amounts shown in the Statement of Financial Performance.		
Note 4A – Employee expenses		
Wages and Salaries	27,112	22,026
Superannuation	4,747	3,426
Leave and other entitlements	3,484	2,933
Separations and redundancies	125	513
Other	242	285
Total employee benefits expenses	35,710	29,183
Workers compensation premium	273	131
Total employee expenses	35,983	29,314
Note 4B – Supplier expenses		
Goods and Services from related entities	1,571	1,044
Goods and Services from external entities	14,138	9,397
Operating lease rentals	4,449	4,182
Total supplier expenses	20,158	14,623
Note 4C – Grants		
Grants to non-profit institutions	88	66
Total grants expenses	88	66
Note 4D – Depreciation and amortisation		
<i>Depreciation</i>		
Other infrastructure, plant and equipment	2,365	1,240
	2,365	1,240
<i>Amortisation</i>		
Assets held under finance leases	587	681
Intangibles – software	504	569
	1,091	1,250
Total depreciation and amortisation	3,456	2,490

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
Note 4E – Net loss from asset sales		
Infrastructure, plant and equipment:		
Proceeds from disposal	12	5
Net book value of assets disposed	29	24
Write-offs	–	8
Net (loss) from disposal of infrastructure, plant and equipment	(17)	(27)
TOTAL proceeds from disposals	12	5
TOTAL value of assets disposed	(29)	(32)
Net loss from disposal of assets	(17)	(27)
Note 4F – Other		
Write down of financial assets	9	–
Total other costs of providing goods and services	9	–
Note 4G – Borrowing costs expense		
Leases	34	95
Total borrowing costs expense	34	95

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 5. CASH FLOW RECONCILIATION		
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	174	1,887
Statement of Financial Position items comprising above cash:		
'Financial Asset – Cash'	174	1,887
Reconciliation of net surplus to net cash provided by operating activities		
Net operating surplus	237	733
Depreciation of infrastructure, plant and equipment	2,869	1,809
Amortisation of lease incentive	587	681
Net loss (gain) on sale of infrastructure, plant and equipment	17	27
Borrowing costs	–	–
Change in operating assets and liabilities		
(Increase)/decrease in net receivables	1,360	(6,581)
(Increase)/decrease in other assets	280	(277)
Increase/(decrease) in suppliers payable	457	(182)
Increase/(decrease) in employee provisions	864	(48)
Increase/(decrease) in other liabilities	(252)	330
Net cash from/(used by) operating activities	6,419	(3,509)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 6. FINANCIAL ASSETS		
Note 6A Cash		
Cash held in special accounts	68	(3)
Cash on hand and at bank	106	1,890
Total cash	174	1,887
Note 6B Receivables		
Receivable – Cash held in the OPA	12,237	7,475
GST receivable	483	250
	12,720	7,725
Accrued revenue – special account	302	–
Accrued revenue – departmental	2	15
Accrued revenue – interest	–	–
	304	15
Goods and services	499	997
Special account	28	108
Less provision for doubtful debts	(5)	(5)
Net receivables for goods and services	522	1,100
Total receivables (net)	13,546	8,840
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	13,053	7,741
Overdue by:		
less than 30 days	293	704
30 to 60 days	14	84
60 to 90 days	38	–
more than 90 days	153	316
Total receivables (gross)	13,551	8,845
The provision for doubtful debts is aged as follows:		
Not overdue	(5)	(5)
Overdue by:		
less than 30 days	–	–
30 to 60 days	–	–
60 to 90 days	–	–
more than 90 days	–	–
Total provision for doubtful debt	(5)	(5)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
NOTE 7. NON-FINANCIAL ASSETS		
Note 7A – Infrastructure, plant and equipment		
At cost	9,040	2,408
Accumulated depreciation	(1,308)	(156)
	7,732	2,252
Equipment under finance lease – at cost	1,805	1,805
Accumulated amortisation	(1,711)	(1,124)
	94	681
Infrastructure, plant and equipment – at 2002-03 valuation (fair value) ¹	10,123	10,348
Accumulated depreciation	(6,657)	(5,640)
	3,466	4,708
Infrastructure, plant and equipment – at valuation 2001-02 (deprival)	–	–
Accumulated depreciation	–	–
	–	–
Total infrastructure, plant and equipment	11,292	7,641
Note 7B Intangibles		
Software – at cost	3,897	2,969
Accumulated amortisation	(2,553)	(2,049)
	1,344	920
Software – at valuation 2001-02 (deprival)	–	–
Accumulated amortisation	–	–
	–	–
Total intangibles	1,344	920
Note 7C Other		
Prepayments paid	473	753
Total other	473	753

1. Asset valuations were performed by Australian Valuation Office.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 7D ANALYSIS OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles	Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000
As at 1 July 2003			
Gross book value	14,560	2,969	17,529
Accumulated depreciation/amortisation	(6,919)	(2,049)	(8,968)
Net book value	7,641	920	8,561
Additions:			
by purchase	6,632	929	7,561
Net Revaluation increment/(decrement)	–	–	–
Depreciation Amortisation Expense	(2,952)	(504)	(3,456)
Disposals			
Other disposals	(29)		(29)
As at 30 June 2004			
Gross book value	20,968	3,897	24,865
Accumulated depreciation/amortisation	(9,676)	(2,553)	(12,229)
Net book value	11,292	1,344	12,636

TABLE B – Assets at valuation	Infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000
As at 30 June 2004			
Gross book value	10,123	–	10,123
Accumulated depreciation/amortisation	(6,657)	–	(6,657)
Net book value	3,466	–	3,466
As at 30 June 2003			
Gross book value	10,348	–	10,348
Accumulated depreciation/amortisation	(5,640)	–	(5,640)
Net book value	4,708	–	4,708

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

TABLE C – Assets held under finance lease

	Infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000
As at 30 June 2004			
Gross book value	–	–	–
Accumulated depreciation/amortisation	–	–	–
Net book value	–	–	–
As at 30 June 2003			
Gross book value	1,806	–	1,806
Accumulated depreciation/amortisation	(1,124)	–	(1,124)
Net book value	682	–	682

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 8. LIABILITIES		
Note 8A Leases		
Finance lease commitments		
Within one year	103	731
In one to five years	–	–
In more than five years	–	–
Minimum lease payments	103	731
Deduct: future finance charges	9	(64)
Net Lease liability	94	667
Finance lease liability is represented by:		
Current	94	647
Non-current	–	20
Net Lease liability	94	667
Note 8B Capital Use Charge		
Total	–	–
Balance owing 1 July	–	672
Capital Use Charge provided for during the period	–	748
Capital Use Charge paid	–	(1,420)
Balance owing 30 June	–	–
The capital use charge provision is a current liability		
Note 8C Employees		
Salaries and wages	1	–
Leave	11,357	10,502
Separations and redundancies	8	–
Superannuation	–	–
Aggregate employee benefit liability and related on-costs	11,366	10,502
Current	3,664	3,210
Non-current	7,702	7,292
	11,366	10,502
Note 8D Suppliers		
Trade creditors	2,771	2,314
Total suppliers payable	2,771	2,314
Note 8E Other		
Unearned revenue	–	330
Other Liabilities	78	–
Total other payables	78	330

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 9. EQUITY

Note 9A Agency Equity

Item	Accumulated results		Asset revaluation reserves		Capital		Total Equity	
	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000
Opening balance at 1 July	3,881	7,065	2,347	2,408	-	4,831	6,228	14,304
Net Surplus/(Deficit)	237	733	-	-	-	-	237	733
Net revaluation increment/ (decrement)	-	-	-	(61)	-	-	-	(61)
Transactions with owner:								
<i>Distributions to owner:</i>								
Returns on Capital								
Dividends ¹	4,000	-	-	-	-	-	4,000	-
Capital Use Charge	-	(748)	-	-	-	-	-	(748)
Returns of Capital								
Restructuring	-	-	-	-	-	-	-	-
Returns of contributed equity ²	2,055	(3,169)	-	-	-	(4,831)	2,055	(8,000)
<i>Contributions by Owner</i>								
Appropriations (equity injections)	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-
Transfers to/(from)/ between reserves	-	-	-	-	-	-	-	-
Closing balance at 30 June 2004	10,173	3,881	2,347	2,347	-	-	12,520	6,228

¹This amount represents 'Cash on call held in the OPA' from funds transferred from the Campaign Special Account in 2001-02, which was incorrectly reported as 'Dividends', since these funds remain available for expenditure for the purpose of the Special Account – Refer Note 19.

²This amount represents 'Cash on call held in the OPA' from funds transferred from the Campaign Special Account (\$1,000,000) and Services for Other Government and Non-Agency Bodies Special Account (\$1,054,910) in 2002-03, which was incorrectly reported as 'Returns of contributed equity', since these funds remain available for expenditure for the purposes of these Special Accounts – Refer Note 19.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 10. CONTINGENT LIABILITIES AND ASSETS

Quantifiable and Remote Contingencies

The department has no quantifiable nor remote contingencies.

Unquantifiable Contingencies

At 30 June 2004, the department has a number of residual claims relating to assets held under finance lease. The department is disputing these claims and is denying liability. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 11. FINANCIAL INSTRUMENTS

11A – Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years							
		2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000
Financial assets															
Cash at bank	6A	-	1,882	-	-	-	-	-	-	174	5	174	1,887	n/a	3.2%
Receivables for goods and services (gross)	6B	-	-	-	-	-	-	-	-	13,546	8,840	13,546	8,840	n/a	n/a
Total financial assets (recognised)		-	1,882	-	-	-	-	-	-	13,720	8,845	13,720	10,727		
Total assets												26,829	20,041		
Financial liabilities															
Finance lease liability	8A	-	-	94	731	-	-	-	-	-	-	94	731	9.50%	5.95%
Trade creditors	8D	-	-	-	-	-	-	-	-	2,771	2,314	2,771	2,314		n/a
Total financial liabilities (recognised)		-	-	94	731	-	-	-	-	2,771	2,314	2,865	3,045		
Total liabilities												14,309	13,813		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 11. FINANCIAL INSTRUMENTS (Cont.)

Part 3 Net fair values of financial assets and liabilities

Assets and Liability Carrying Amounts	2003-04		2002-03	
	Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash at bank	174	174	1,887	1,887
Receivables	1,309	1,309	1,365	1,365
Receivable – Cash held in the OPA	12,237	12,237	7,475	7,475
Total Financial Assets	13,720	13,720	10,727	10,727
Financial Liabilities				
Finance lease liabilities	94	94	667	667
Trade creditors	2,771	2,771	2,313	2,313
Total Financial Liabilities	2,865	2,865	2,980	2,980

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of the finance lease are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

Part 4 – Credit risk

The department's maximum exposure to credit risk as at reporting date in relation to each class of financial assets is the carrying amount of the assets as indicated in the Statement of Financial Position.

The department has no significant exposures to any concentration of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
NOTE 12. REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT		
Note 12A – Goods and services		
Rendering of services — external entities	3,377	3,190
Total goods and services	3,377	3,190
Note 12B Other revenue		
Other	53	24
Total other revenue	53	24
Total Revenues Administered on Behalf of Government	3,430	3,214

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
NOTE 13. EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT		
Note 13A – Grants		
State and territory governments	–	–
Private sector – Non-profit institutions	3,751	3,556
Total Grants	3,751	3,556
Note 13B – Personal benefits		
Direct – former Governors-General	1,434	4,176
Total personal benefits	1,434	4,176
Note 13C – Employees		
Wages and salaries	603	609
Superannuation	91	91
Leave and other entitlements	189	140
Total employees	883	840
Note 13D – Suppliers		
Provision of services – external entities	27,806	31,422
Operating lease rentals	381	202
Total suppliers	28,187	31,624
Note 13E – Depreciation and amortisation		
Other infrastructure, plant and equipment	93	55
Buildings	69	69
Total depreciation and amortisation	162	124
Note 13F Write-down and impairment of assets		
Non financial assets		
– Infrastructure, plant and equipment	–	–
Total write down and impairment of assets	–	–
Total Expenses Administered on Behalf of Government	34,417	40,320

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
NOTE 14. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT		
Financial Assets		
Note 14A – Cash		
Special Account	–	94
Agency	433	(9)
Total cash	433	85
Note 14B – Receivables		
GST receivables from ATO	1,405	156
	1,405	156
Accrued revenue	897	655
Goods and services	189	166
Less provision for doubtful debts	–	–
Net receivables for goods and services	189	166
Total receivables (net)	2,491	977
Receivables (gross) are aged as follows:		
Not overdue	2,349	811
Overdue by:		
less than 30 days	142	166
30 to 60 days	–	–
60 to 90 days	–	–
more than 90 days	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 14. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT (Cont.)		
Non-Financial Assets		
Note 14C – Land and buildings		
Land — at valuation 2002–2003 (fair value) ¹	28,000	28,000
Land — at valuation 1999–2000 (deprival)	–	–
Buildings — at valuation 2002–2003 (fair value) ¹	6,719	6,719
Accumulated depreciation	(2,661)	(2,592)
	4,058	4,127
Buildings — at valuation 1999–2000 (deprival)	–	–
Accumulated depreciation	–	–
	–	–
Total land and buildings	32,058	32,127
Note 14D – Infrastructure, plant and equipment		
Infrastructure, plant and equipment — at cost	262	11
Accumulated depreciation	(93)	–
	169	11
Infrastructure, plant and equipment — at valuation 2002–2003 (fair value) ¹	950	939
Accumulated depreciation	(629)	(629)
	321	310
Infrastructure, plant and equipment — at valuation 1999–2000 (deprival)	–	–
Accumulated depreciation	–	–
	–	–
Total infrastructure, plant and equipment	490	321
Note 14E – Inventories		
Inventories not held for sale	231	231
Total inventories	231	231
Note 14F Prepayments		
Prepayments paid	15	15
Total prepayments	15	15
Total Assets Administered on Behalf of Government	35,718	33,756

1. Asset valuations were performed by Australian Valuation Office.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 14. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT

NOTE 14G – Assets Administered on Behalf of Government (cont.)

TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment & intangibles	Land	Buildings plant and equipment	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2003				
Gross book value	28,000	6,719	950	35,669
Accumulated depreciation/amortisation	–	(2,592)	(629)	(3,221)
Net book value	28,000	4,127	321	32,448
Additions:				
by purchase	–	–	262	262
Net Revaluation increment/(decrement)	–	–	–	–
Depreciation Amortisation Expense	–	(69)	(93)	(162)
Disposals				
Other disposals	–	–	–	–
As at 30 June 2004				
Gross book value	28,000	6,719	1,212	35,931
Accumulated depreciation/amortisation	–	(2,661)	(722)	(3,383)
Net book value	28,000	4,058	490	32,548

TABLE B – Assets at valuation

	\$'000	\$'000	\$'000	\$'000
As at 30 June 2004				
Gross book value	–	–	–	–
Accumulated depreciation/amortisation	–	–	–	–
Net book value				
As at 30 June 2003				
Gross book value	28,000	6,719	939	35,658
Accumulated depreciation/amortisation	–	(2,592)	(629)	(3,221)
Net book value	28,000	4,127	310	32,437

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04 \$'000	2002-03 \$'000
NOTE 15. LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT		
Note 15A – Provisions		
Salaries and wages	–	23
Employees leave and other entitlements	175	211
Personal benefits — former Governors-General allowances	10,300	9,600
Total provisions	10,475	9,834
Note 15B – Payables		
Suppliers — Trade creditors	278	1,541
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Grants		
Private Sector — Non-profit institutions	–	–
All grants are to entities that are not part of the Australian Government. Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Total payables	278	1,541
Total Liabilities Administered on Behalf of Government	10,753	11,375

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
NOTE 16. ADMINISTERED RECONCILIATION TABLE		
<i>Opening administered assets less administered liabilities at 1 July</i>	22,381	29,285
<i>Plus: Administered revenues</i>	3,430	3,214
<i>Less: Administered expenses</i>	(34,417)	(40,320)
Administered transfers to/from Government:		
Appropriation Transfers from OPA	37,606	32,995
Transfers to OPA	(4,235)	(8,335)
Administered revaluations taken to/from reserves	-	5,543
Increases in contributable equity	200	-
<i>Closing administered assets less administered liabilities as at 30 June 2004</i>	24,965	22,381

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 17. ADMINISTERED FINANCIAL INSTRUMENTS

Administered Interest Rate Risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate 1 year or less		Non-interest bearing		Total		Weighted average Effective Interest Rate
		2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	
Financial assets										
Cash at bank	14A	-	-	-	-	433	85	433	85	n/a
Receivables for goods and services (gross)	14B	-	-	-	-	2,491	977	2,491	977	n/a
Total financial assets (recognised)		-	-	-	-	2,924	1,062	2,924	1,062	
Total assets								35,718	33,756	
Financial liabilities										
Trade creditors	15B	-	-	-	-	278	1,541	278	1,541	n/a
Total financial liabilities		-	-	-	-	278	1,541	278	1,541	
Total liabilities								10,753	11,375	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 17. FINANCIAL INSTRUMENTS (Cont.)

Net fair values of financial assets and liabilities

Assets and Liability Carrying Amounts	2003-04		2002-03	
	Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash at bank	433	433	85	85
Receivables	2,491	2,491	977	977
Total Financial Assets	2,924	2,924	1,062	1,062
Financial Liabilities				
Trade creditors	278	278	1,541	1,541
Total Financial Liabilities	278	278	1,541	1,541

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors are approximated by their carrying amounts.

Credit risk exposures

The government's maximum exposure to credit risk as at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The government has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 18A. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND (APPROPRIATIONS) FROM ACTS 1, 3 AND 5

Particulars	Administered expenses (Outcome 1)	Departmental Outputs	Total
Year ended 30 June 2004	\$	\$	\$
Balance carried from previous year	–	7,888,863	7,888,863
Add: estimated administered appropriation lapsed 02–03	–	–	–
Adjusted balance carried from previous period	–	7,888,863	7,888,863
Appropriation Act (No.1) 2003–04 – basic appropriation	28,328,000	50,824,000	79,152,000
Appropriation Act (No.3) 2003–04 – basic appropriation	–	3,842,000	3,842,000
Appropriation Act (No.5) 2003–04 – basic appropriation	5,100,000	–	5,100,000
Departmental adjustments by the Finance Minister	–	–	–
Advance to the Finance Minister	–	–	–
Transfers to/from other entities (FMA s32)	62,000	328,000	390,000
Refunds credited (FMA s30)	–	–	–
Appropriations to take account of recoverable GST (FMA s30A)	2,861,382	2,551,650	5,413,031
Annotations to 'net appropriations' (FMA s31)	–	2,534,951	2,534,951
Other annotations	–	–	–
Appropriations lapsed or reduced	(1,179,000)	–	(1,179,000)
Total Appropriations available for payments	35,172,382	67,969,463	103,141,845
Payments made (GST inclusive)	32,947,092	62,892,435	95,839,527
Appropriations credited to Special Accounts	–	–	–
Balance carried to next year	2,225,290	5,077,029	7,302,318
<i>Represented by:</i>			
Cash	433,035	4,665,969	5,099,004
Add: Appropriations not drawn from the OPA	400,740	–	400,740
Add: Receivables – Goods and Services – GST from customers	634	59,368	60,002
Add: Receivables – Net GST Receivable from the ATO	1,418,158	456,968	–
Add: Return of contributed equity	–	–	–
Less: Other payables – Net GST payable to the ATO	–	–	–
Less: Payable – Suppliers – GST portion	(27,277)	(105,276)	(132,553)
Total	2,225,290	5,077,029	7,302,319
<i>Reconciliation for Appropriations Act (Nos. 1,3 & 5)</i>			
Paid to the entity from the OPA	31,910,260	54,994,000	86,904,260
Add: Finance Minister reduction of Appropriations in current year	–	–	–
Less: Not drawn from the OPA	400,740	–	400,740
Total Appropriation Acts	32,311,000	54,994,000	86,503,520

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 18A. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND (APPROPRIATIONS) FROM ACTS 1, 3 AND 5 (Cont.)

Particulars	Administered expenses (Outcome 1)	Departmental Outputs	Total
Year ended 30 June 2003	\$	\$	\$
Balance carried from previous year	1,449,905	13,762,691	15,212,596
Appropriations for reporting period (Act 1)	25,830,000	44,526,000	70,356,000
Appropriations for reporting period (Act 3)	–	–	–
Amounts from the Advance to the Finance Minister	6,764,000	–	6,764,000
GST Credits (FMA s30A)	3,103,581	2,140,267	5,243,848
Annotations to 'net appropriations' (FMA s31)	–	2,403,124	2,403,124
Other annotations	14,581	411,294	425,875
Transfers to/from other agencies (FMA s32)	–	–	–
Administered expenses lapsed under determination	(71,953)	–	(71,953)
Available for payments	37,090,114	63,243,376	100,333,490
Payments made	37,090,114	55,354,513	92,444,627
Appropriations credited to Special Accounts	–	–	–
Balance carried to next year	–	7,888,863	7,888,863
Represented by:			
Cash	(9,057)	1,889,930	1,880,873
<i>Add:</i> Appropriations receivable	–	5,860,000	5,860,000
<i>Add:</i> Receivables – Goods and Services – GST from customers	15,054	91,612	106,666
<i>Add:</i> Return of contributed equity	–	–	–
<i>Add:</i> Other receivables – Net GST payable to the ATO	155,713	257,636	413,349
<i>Less:</i> Payable – Suppliers – GST portion	(140,062)	(210,315)	(350,377)
<i>Add:</i> Savings in Portfolio Additional Estimates Statements	–	–	–
Total	21,648	7,888,863	7,910,512

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 18B. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND (APPROPRIATIONS) FROM ACTS 2 AND 4

Particulars	Administered expenses (Outcome 1)	Departmental Outputs	Total
Year ended 30 June 2004	\$	\$	\$
Balance carried from previous year	–	–	–
Appropriation Act (No. 2) 2003–04 — basic appropriation	–	–	–
Appropriation Act (No. 4) 2003–04 — basic appropriation	200,000	20,000	220,000
Adjustments determined by the Finance Minister	–	–	–
Advance to the Finance Minister	–	–	–
Refunds credited (FMA s. 30)	–	–	–
GST credits (FMA s. 30A)	–	–	–
Transfers to/from other agencies (FMA s. 32)	–	–	–
Available for payments	200,000	20,000	220,000
Payments made (GST inclusive)	200,000	–	200,000
Appropriations credited to Special Accounts	–	–	–
Balance carried to next year	–	20,000	20,000
Represented by:			
Cash	–	–	–
<i>Add:</i> Appropriations not drawn from the OPA	–	20,000	20,000
Total	–	20,000	20,000
Reconciliation for Appropriations Act (Nos 2 and 4)			
Paid to the entity from the OPA	200,000	–	200,000
Not drawn from the OPA	–	20,000	20,000
Total Appropriation Acts	200,000	20,000	220,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 18C. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND – SPECIAL APPROPRIATIONS (UNLIMITED AMOUNT)

Governor-General Act 1974 section 5	Outcome 1	
	2004	2003
Purpose: To make provision in relation to the payment of allowances for former Governors-General.	\$	\$
Budget estimate allowances	735,000	578,000
Payments of allowances made	733,716	533,635
Appropriations credited to Special Accounts	–	–
Refunds credited (section 30)	–	–

The special appropriations for: (1) Provision of superannuation surcharge for former Governors-General under s. 4(7) of the *Governor-General Act 1974*; (2) Remuneration and allowances of members of the Parliamentary Commission of Inquiry and for other expenses under s. 10 of the *Parliamentary Commission of Inquiry (Repeal) Act 1986*; and (3) Repayments required or permitted by law (where no other appropriation exists) under s. 28(2) of the *Financial Management and Accountability Act 1997* were not used during the reporting period or the previous reporting period and are therefore not shown in separate tables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS

Account name	2003-04 \$	2002-03 \$
Other Trust Moneys (Departmental)		
Legal authority: <i>Financial Management and Accountability Act 1997</i>		
Purpose: For expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
This account is non-interest bearing		
Balance carried from previous period	–	–
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts	61,688	–
Services — Rendering of services to related entities	–	–
GST Credits (FMA s 30A)	45	–
Available for payments	61,733	–
Payments made to suppliers	788	–
Balance carried to next period	60,945	–
<i>Represented by:</i>		
Cash	60,945	–
Cash on call held in the OPA	–	–
Total	60,945	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (Cont.)

Account name	2003-04 \$	2002-03 \$
Services for other Governments and Non-Agency Bodies Account (Departmental)		
Legal authority: <i>Financial Management and Accountability Act 1997</i>		
Purpose: Funds in this account are used for expenditure in connection with services performed on behalf of other governments and bodies that are not FMA agencies.		
This account is non-interest bearing		
Balance carried from previous period	145,781	1,171,373
Adjustment to balance brought forward ¹	1,054,910	–
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts		
Services — Rendering of services to related entities	22,000	44,218
Services — Rendering of services to external entities	22,000	
GST Credits (FMA s. 30A)	6,553	3,080
Available for payments	1,251,244	1,218,671
Payments made to suppliers	72,080	17,980
Cash transferred to OPA ¹	–	1,054,910
Balance carried to next period	1,179,164	145,781
<i>Represented by:</i>		
Cash	7,334	781
Cash on call held in the OPA ¹	1,171,830	145,000
Total	1,179,164	145,781

¹ Note 19 of the 2002-03 financial statements reported \$1,199,910 as 'Cash transferred to OPA', of which \$145,000 was included in Departmental Receivables. The additional \$1,054,910 was treated as a reduction in both the Equity and the Special Account balances. Following legal clarification, this amount has been confirmed as being available for expenditure for the purpose of the account and it also should have been included in Receivables, with the total reported as 'Cash on call held in the OPA' and there should have been no reduction in Equity. Accordingly, the Receivable and Equity balances have been increased at 1 July 2003 to record the additional \$1,054,910.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (Cont.)

Account name	2003-04 \$	2002-03 \$
Campaign Account (Departmental) Legal authority: <i>Financial Management and Accountability Act 1997</i> Purpose: Funds in this account are used for costs associated with running the central advertising unit.		
This account is non-interest bearing		
Balance carried from previous period	1,466,281	2,368,661
Adjustment to balance brought forward ¹	5,000,000	–
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts		
Services — Rendering of services to related entities	991,094	890,219
GST Credits (FMA s. 30A)	–	–
Available for payments	7,457,375	3,258,880
Payments made to suppliers	956,000	792,599
Cash transferred to OPA ¹	–	1,000,000
Balance carried to next period	6,501,375	1,466,281
<i>Represented by:</i>		
Cash	–	(3,719)
Cash on call held in the OPA ¹	6,505,118	1,470,000
<i>Add:</i> Receivables — Goods & Services — GST receivable from customers	1,673	–
<i>Less:</i> Other payables — Net GST payable to ATO	(5,416)	–
Total	6,501,375	1,466,281

¹ Note 19 of the 2002-03 financial statements reported \$2,470,000 as 'Cash transferred to OPA', of which \$1,470,000 was included in Departmental Receivables. In addition, the 'Balance carried from previous period' should have included \$4,000,000 which was also incorrectly reported as 'Cash transferred to OPA' in the 2001-02 financial statements. Both these amounts were treated as reductions in both the Equity and the Special Account balances. However, following legal clarification, both the additional \$1,000,000 transferred to the OPA in 2002-03 that was not recorded as a receivable and the \$4,000,000 transferred to the OPA in 2001-02 were confirmed as being available for the purpose of the account and they should have been included in Receivables, with the total reported as 'Cash on call held in the OPA' and there should have been no reduction in Equity. Accordingly, the Receivable and Equity balances have been increased at 1 July 2003 to record the additional correct amount of 'Cash on call held in the OPA' of \$5,000,000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (Cont.)

Account name	2003-04 \$	2002-03 \$
Media Commissions Account (Administered)		
Legal authority: <i>Financial Management and Accountability Act 1997</i>		
Purpose: Funds in this account are used to transfer media commissions through the central advertising system to advertising agencies.		
This account is non-interest bearing		
Balance carried from previous period	5,393,844	7,314,310
Adjustment to balance brought forward ²	7,600,000	–
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts		
Services — Rendering of services to related entities	2,957,657	3,603,994
GST Credits (FMA s. 30A)	251,280	289,556
Available for payments	16,202,781	11,207,859
Payments made to suppliers	2,874,306	3,214,015
Cash transferred to OPA ²	–	2,600,000
Balance carried to next period	13,328,475	5,393,844
<i>Represented by:</i>		
Cash	–	93,844
Cash on call held in the OPA ²	13,325,384	5,300,000
<i>Add:</i> Receivables — Goods & Services — GST receivable from customers	16,396	–
<i>Less:</i> Other payables — Net GST payable to ATO	(13,305)	–
Total	13,328,475	–

² Note 19 of the 2002-03 financial statements reported \$7,900,000 as 'Cash transferred to OPA', of which \$5,300,000 was recorded in the OPA as a Receivable to the Media Commissions Account. In addition, the 'Balance carried from previous period' should have included \$5,000,000 which was also incorrectly reported as 'Cash transferred to OPA' in the 2001-02 financial statements. However, following legal clarification, both the additional \$2,600,000 transferred to the OPA in 2002-03 that was not recorded as a receivable and the \$5,000,000 transferred to OPA in 2001-02 were confirmed as being available for expenditure for the purpose of the account and they should have been disclosed as part of the 'Cash on call held in the OPA'. Accordingly, the special account 'Cash on call held in the OPA' balance has been increased at 1 July 2003 to record both the \$5,300,000 recorded as a receivable in the OPA at 30 June 2003 and the additional \$7,600,000. The Receivable balance at the OPA is not included in the Schedule of Administered Items, as it is an internal government transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 20. EXECUTIVE REMUNERATION

	2003-04 Number	2002-03 Number
The number of executive officers who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 to \$110,000	4	1
\$110,001 to \$120,000	2	3
\$120,001 to \$130,000	4	2
\$130,001 to \$140,000	3	5
\$140,001 to \$150,000	6	5
\$150,001 to \$160,000	7	4
\$160,001 to \$170,000	4	2
\$170,001 to \$180,000	2	2
\$180,001 to \$190,000	3	–
\$190,001 to \$200,000	3	1
\$200,001 to \$210,000	2	3
\$210,001 to \$220,000	–	1
\$240,001 to \$250,000	–	2
\$270,001 to \$280,000	1	–
\$380,001 to \$390,000	1	–
\$430,001 to \$440,000	1	–
	43	31
This comprised: The aggregate amount of total remuneration of executive officers shown above.	\$7,167,269	\$4,468,666
Total remuneration includes: The aggregate amount of separation and redundancy payments during the year to executive officers shown above.	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$	\$
NOTE 21. AVERAGE STAFFING LEVEL		
The average staffing level for the department for the financial year was:	389	357
NOTE 22. SERVICES PROVIDED BY THE AUDITOR-GENERAL		
Financial statement audit services are provided free of charge to the department. The fair value of the services provided was:	126,500	121,000
No other services were provided to the department by the Auditor-General.		
NOTE 23. SPECIFIC PAYMENT DISCLOSURES		
Act of Grace Payments		
Two payments were made during the reporting period. (2003: No payments made)	25,299	-
Waivers		
No amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997. (2003: No payments made)	-	-
Defective Administration Scheme		
No payments were made during the reporting period. (2003: No payments made)	-	-
Ex-gratia Payments		
No payments were made during the reporting period. (2003: No payments made)	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. REPORTING OF OUTCOMES

The department predominantly uses staff numbers to determine the attribution of its shared items. Some exceptions exist but testing has shown that other, more complex allocation methods do not produce a materially different result to that produced by this allocation method.

NOTE 24A – Net Cost of Outcome Delivery

	Outcome 1	TOTAL	
	2004 \$'000	2004 \$'000	2003 \$'000
Administered expenses	34,416	34,416	40,320
Departmental expenses	59,757	59,757	46,620
Total expenses	94,173	94,173	86,940
<i>Costs recovered from provision of goods and services to the non-government sector</i>			
Administered	3,430	3,430	3,214
Departmental	218	218	64
Total costs recovered	3,648	3,648	3,278
<i>Other external revenues</i>			
Administered	–	–	–
Dividends from Commonwealth companies	–	–	–
Interest on loans	–	–	–
<i>Total Administered</i>	–	–	–
<i>Departmental</i>			
Interest on cash deposits	–	–	220
Revenue from disposal of assets	–	–	5
Reversals of previous asset write-downs	–	–	–
Other	–	–	–
Goods and services revenue from related entities	2,018	2,018	2,538
<i>Total Departmental</i>	2,018	2,018	2,763
Total other external revenues	2,018	2,018	2,763
Net cost/(contribution) of outcome	88,507	88,507	80,899

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. REPORTING OF OUTCOMES (Cont.)

NOTE 24B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1		Output Group 1 Total	
	Output 1.1			
	2004 \$'000	2004 \$'000	2003 \$'000	
<i>Departmental expenses</i>				
Employees	8,437	8,437		6,578
Suppliers	3,913	3,913		2,464
Depreciation and amortisation	660	660		533
Other expenses	–	–		23
Total departmental expenses	13,010	13,010		9,598
<i>Funded by:</i>				
Revenues from Government	13,019	13,019		9,823
Sales of goods and services	2	2		72
Other non-taxation revenues	–	–		48
Total departmental revenues	13,021	13,021		9,943

Outcome 1	Output Group 2		Output Group 2 Total	
	Output 2.1	Output 2.2		
	2004 \$'000	2004 \$'000	2004 \$'000	2003 \$'000
<i>Departmental expenses</i>				
Employees	4,040	4,927	8,967	9,283
Suppliers	1,694	2,439	4,133	4,021
Depreciation and amortisation	367	484	851	796
Other expenses	–	–	–	57
Total departmental expenses	6,101	7,850	13,951	14,158
<i>Funded by:</i>				
Revenues from Government	4,091	5,415	9,506	13,720
Sales of goods and services	–	44	44	524
Other non-taxation revenues	–	–	–	116
Total departmental revenues	4,091	5,459	9,550	14,360

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. REPORTING OF OUTCOMES (Cont.)

NOTE 24B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 3 Output 3.1	Output Group 3 Output 3.2	Output Group 3 Total	
	2004 \$'000	2004 \$'000	2004 \$'000	2003 \$'000
<i>Departmental expenses</i>				
Employees	2,392	3,605	5,997	2,916
Suppliers	1,213	1,559	2,772	1,217
Depreciation and amortisation	269	256	525	234
Other expenses	–	–	–	9
Total departmental expenses	3,874	5,420	9,294	4,376
<i>Funded by:</i>				
Revenues from Government	3,037	7,205	10,242	4,426
Sales of goods and services	–	–	–	32
Other non-taxation revenues	–	–	–	21
Total departmental revenues	3,037	7,205	10,242	4,478

Note: Total for 2002–03 does not include comparative for Output 3.2 as this commenced from 1 July 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. REPORTING OF OUTCOMES (Cont.)

NOTE 24B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (Cont.)

Outcome 1	Output Group 4 Output 4.1	Output Group 4 Output 4.2	Output Group 4 Output 4.3	Output Group 4 Output 4.4	Output Group 4 Output 4.5	Output Group 4 Output 4.6	Output Group 4 Output 4.7	Output Group 4	
	2003–04	2003–04	2003–04	2003–04	2003–04	2003–04	2003–04	2003–04	2002–03
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Employees	1,790	771	4,696	2,641	281	599	1,803	12,581	10,537
Suppliers	1,199	407	2,506	2,278	165	1,925	860	9,340	6,921
Depreciation and amortisation	233	111	493	178	80	101	223	1,419	926
Other expenses	–	–	–	72	88	–	–	160	104
Total departmental expenses	3,222	1,289	7,695	5,169	614	2,625	2,886	23,500	18,488
<i>Funded by:</i>									
Revenues from Government	3,216	1,240	6,657	5,009	461	5,296	2,047	23,926	17,284
Sales of goods and services	8	–	12	1,944	12	–	1	1,977	519
Other non-taxation revenues	–	–	–	1,263	–	–	1	1,264	770
Total departmental revenues	3,224	1,240	6,669	8,216	473	5,296	2,049	27,167	18,573

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. REPORTING OF OUTCOMES (Cont.)

NOTE 24C – Major Classes of Administered Revenues and Expenses by Outcomes

Outcome 1	Total Outcome 1	
	2004 \$'000	2003 \$'000
<i>Administered revenues</i>		
Sales of goods and services	3,377	3,190
Other non-taxation revenues	53	24
Total administered revenues	3,430	3,214
<i>Administered expenses</i>		
Grants	3,751	3,556
Subsidies	–	–
Personal benefits	1,434	4,176
Suppliers	28,187	31,623
Other	1,045	965
Total administered expenses	34,417	40,320

Glossary and Abbreviations List

7WAMM	The seventh Commonwealth Women's Affairs Ministers Meeting.
AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
ADF	Australian Defence Force
administered items	Those assets, liabilities, revenues and expenses that are controlled by the Australian Government but managed or overseen by the department on the government's behalf
ANAO	Australian National Audit Office
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
Archives Act	<i>Archives Act 1983</i>
ATSIC	Aboriginal and Torres Strait Islander Commission
AUSPIC	The government photographic service
Australian Government	The Government of the Commonwealth of Australia
Australiana Fund	A private company established in 1978 to encourage direct public participation in the acquisition and preservation of a permanent collection of works of Australian artistic and historical interest for the four official residences
AWA	Australian Workplace Agreement
biofuels	Fuels produced from renewable organic sources
CABNET	The secure document management system used to store and transmit Cabinet documents
CAS	Central Advertising System
CEIs	Chief Executive Instructions
CERHOS	Ceremonial and Hospitality Unit
COAG	Council of Australian Governments
CSIRO Organisation	Commonwealth Scientific and Industrial Research
CSW 48	The forty-eighth session of the United Nations Commission on the Status of Women
data warehouse	An electronic facility for the storage and retrieval of data
Defence	Department of Defence
Doha round	The round of World Trade Organization trade negotiations launched in Doha in November 2001

FOI	freedom of information
FOI Act	<i>Freedom of Information Act 1982</i>
GPU	Government Communications Unit
HIH	HIH insurance group
IT	information technology
MCGC	Ministerial Committee on Government Communications
Mutual Recognition Agreement	A 1992 agreement between Australian governments to address the difficulties caused by regulatory differences between jurisdictions in relation to goods and occupations
NAA	National Archives of Australia
NADC	National Australia Day Council
NCTC	National Counter-Terrorism Committee
NGOs	non-government organisations
NICSA	National Initiative to Combat Sexual Assault
NSC	National Security Committee of Cabinet
NWI	National Water Initiative
OH&S	occupational health and safety
OSW	Office of the Status of Women
OWP	Other Women's Programmes
PAD scheme	Performance Appraisal and Development scheme
PADV	Partnerships Against Domestic Violence
PM&C	Department of the Prime Minister and Cabinet
RAMSI	Regional Assistance Mission to Solomon Islands
reasonable adjustment	Providing an employee with a disability with services and/or facilities to assist them in carrying out the inherent requirements of their employment, where this does not impose unjustifiable hardship on the employer
SCNS	Secretaries' Committee on National Security
SES	Senior Executive Service
SET Unit	Science, Engineering and Technology Unit of the National Security Division
SOC	Secretariat of the Cabinet, Royal Thai Government
SOE	standard operating environment
WDP	Women's Development Programme
White Ribbon Day	The International Day for the Elimination of Violence Against Women (25 November)
WMD	weapons of mass destruction

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