

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**

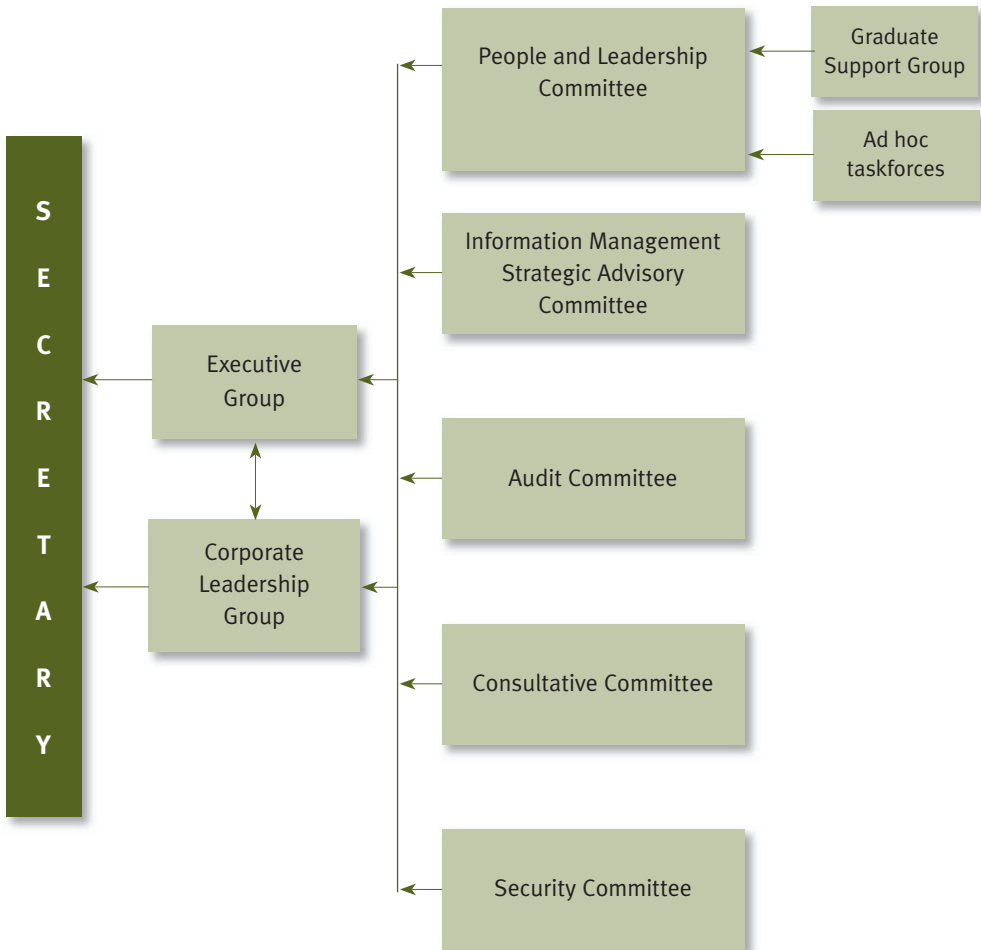
Five management committees assist the Secretary and play a vital role in the department's decision-making processes.

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**

<b>People and Leadership Committee<sup>a</sup></b>	<b>Information Management Strategic Advisory Committee<sup>a</sup></b>	<b>Audit Committee<sup>a</sup></b>	<b>Consultative Committee<sup>b</sup></b>	<b>Security Committee<sup>b</sup></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	Representative of the CPSU (invited)	Judy Costello (Assistant Secretary, PRM (ex-officio))
		Departmental (non-SES) observer	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 <sup>a</sup>	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

<sup>a</sup> 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
<b>Total</b>	<b>140</b>	<b>134</b>	<b>829,199</b>		

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
<b>Total</b>	<b>78</b>	<b>12,956,196</b>	<b>80</b>	<b>9,591,404</b>	<b>101</b>	<b>5,708,654</b>

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.