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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.