



7 MANAGEMENT AND ACCOUNTABILITY

WHAT WE DO

PM&C has a range of management and accountability arrangements. These arrangements cut across PM&C but have an organisational focus in:

- the executive, and
- People, Resources and Communications Division.

We aspire to:

- support the Prime Minister and the ministers assisting him (page 72)
- professionalism, commitment and excellence in management (page 74)
- constructive & cooperative relationships with stakeholders (page 78)
- career and development opportunities for our staff (page 80), and
- a rewarding and caring workplace (page 86).

How we measure our performance

A number of targets apply to the way we manage and account for our actions. Some of these are set by the parliament; we set others. Our overall focus is on ensuring that:

- the Prime Minister and our executive are satisfied with the timeliness and quality of our work
- satisfactory progress is made against divisional work plans and individual performance agreements, and
- our policies and procedures meet or exceed legal and other requirements.

KEY RESULTS IN 2005–06

Major areas of work in 2005–06 included:

- **ministerial support**—we delivered a substantial volume of briefings and correspondence (see page 73)
- **risk management and audit**—key controls were reviewed in line with better practice (page 75)
- **recruitment**—a new approach to recruitment is helping us fill positions much more quickly (page 83)
- **learning and development**—opportunities for development were expanded significantly (page 84), and
- **accommodation**—work continued on our new building and we expect to move into this in 2006–07.

Feedback from staff and other stakeholders was obtained throughout the year, and has helped highlight areas of success as well as areas needing attention.

Our 2005 staff survey in particular has provided food for thought and has driven changes in the way we do business—for details see Chapter 2 (page 18).

We also continued to receive excellent feedback about the calibre and contribution of staff throughout PM&C (see special feature opposite).

SPECIAL FEATURE—HONOURS AND RECOGNITION FOR PM&C STAFF

The calibre and contribution of PM&C staff has continued to be recognised, both externally and internally.

A Public Service Medal was awarded to Dr Wendy Southern on Australia Day 2006 for her outstanding public service in the development of effective national counter-terrorism arrangements in Australia.

She played a leadership role in developing policy and advising the Prime Minister and government on these issues.

She also made a major contribution to the National Counter-Terrorism Committee through her leadership of its secretariat, and her cooperative relationships with states and territories.

Dr Southern now leads the Strategic Policy Group in the Department of Immigration and Multicultural Affairs.

This honour brings to seventeen the number of our staff who have been honoured with a PSM since the award was created in 1989.

Other external awards recognised the skills and calibre of staff in 2005–06:

- Isi Unikowski won two Dean's prizes in studying towards an Executive Masters in Public Administration with ANZSOG
- Belinda Harries took up a Japanese Government scholarship to undertake a Masters in Public Policy in Tokyo, and
- Rebecca Curtis was awarded a bursary to attend an international forum on globalisation.

Internal Australia Day Achievement Awards

also help recognised the contributions of staff. In 2006, four teams and four individuals were recognised:

- the workplace relations reform team (see photo page 20)
- the new counter-terrorism policy team
- the Commonwealth–State relations team for their work on COAG and other intergovernmental meetings (page 12)
- Lisa Berry and Julia Thwaite for their work on family law reforms (page 31)
- Jordana Hunter for her contribution to the development of international policy on avian and pandemic influenza
- Sharyn Hayes for her work as PM&C Tabling Officer over the last four years
- Bill Burdof for his work in managing appointments by Cabinet (page 53), and
- Karyn Vance for her work in ceremonial and hospitality (page 52).



Our annual Australia Day lunch—when the awards are announced—attracts a full house.

SUPPORT FOR THE PRIME MINISTER AND OTHER MINISTERS

The Prime Minister and the ministers assisting him receive more than 1000 items of correspondence, briefings and other documents on an average working day.

PM&C provides significant administrative support for our ministers' offices. We:

- provide a range of 'home department services'—all departments provide such services to their ministers
- register and prepare replies to correspondence, and
- deliver briefings on all matters requiring the Prime Minister's attention as Australia's head of government.

Home department services are provided to three ministerial offices*. These are the offices of:

- the Prime Minister
- the Minister Assisting the Prime Minister, the Hon Gary Hardgrave MP
- the Parliamentary Secretary to the Prime Minister, the Hon Malcolm Turnbull MP.

Our home department services include IT and office equipment, email and internet services, technical support for the Prime Minister's website, and technical assistance with finance and purchasing processes.

Departmental liaison officers (DLOs) also help manage the flow of key departmental documents within the office, and are the main point of contact between the offices and the department. As of 30 June 2006 we had four full-time DLOs in place:

- two in the Prime Minister's office
- one in the Minister Assisting's office, and
- one in the Parliamentary Secretary's office.

Feedback on our home department services was obtained throughout the year, usually on an informal basis. Meetings were also held with key ministerial staff as required.

* Another three ministers were assisting the Prime Minister as of 30 June 2006. We do not provide home department services to these ministers as they have their own departments.

All correspondence addressed to the Prime Minister is scanned, opened and registered by PM&C.

In 2005–06 the overall volume of mail rose significantly to almost 195 000 items, but remained within historical norms.

Email correspondence increased in popularity. It accounted for 27 per cent of all correspondence in 2005–06, up from 16 per cent in 2004–05.

Postal mail also rose and continued to include some inappropriate items. As our staff are well trained and equipped to deal with such items, these did not cause any significant business disruption.

Our timeliness in preparing responses continued to exceed 90 per cent.

Briefings were provided to the Prime Minister, his office and the ministers assisting him on issues as required, including all matters considered by COAG and by the Cabinet.

The overall volume of briefings provided increased slightly but remained within historical norms.

Table 7.1—Trends in ministerial workload^a

	2001–02	2002–03	2003–04	2004–05	2005–06
CORRESPONDENCE ADDRESSED TO THE PRIME MINISTER					
Volume of correspondence	120 817	159 685	203 644	164 124	194 158
Proportion received as email	not reported	not reported	not reported	16%	27%
Proportion classified as campaign mail	not reported	not reported	51%	52%	64%
Responses prepared on time ^b	90%	92%	93%	93%	91%
BRIEFINGS					
Volume provided to the PM	1 504	2 143	1 852	1 674	1 863
Total volume provided	3 802	10 882	7 821	5 995	6 142

a These statistics may not include all correspondence and briefings on cabinet or national security issues.

b Responses are generally within 20 working days but a target of 10 working days applies for correspondence on substantive issues from Australian Government ministers, heads of state and heads of government including premiers and chief ministers.

PROFESSIONALISM, COMMITMENT AND EXCELLENCE IN MANAGEMENT

Leadership is our core business. It is something we expect of all staff, but particularly of staff in decision making roles.

Our Secretary is responsible for providing leadership across the Australian Public Service (APS). Within PM&C, he is responsible for deciding our strategic directions and priorities, and for ensuring our compliance with legislation such as:

- the *Public Service Act 1999*, and
- the *Financial Management and Accountability Act 1997*.

Three deputy secretaries support him in determining how we can best deliver required results, and provide more hands-on guidance to the divisions that report to them (for details see our organisational chart Chapter 1 page 9).

The Corporate Leadership Group (CLG)—which comprises our Secretary, deputy secretaries and division heads—meets regularly to discuss and take decisions on issues that affect PM&C as a whole.

Eight other broadly based committees work with our executive and CLG to understand, communicate and tackle issues across PM&C. More information on committees is provided in Table 7.3 (page 79).

Questions about the effectiveness of our senior staff were included in our 2005 staff survey. Staff feedback was positive:

- the Secretary received especially high ratings with 82 per cent of staff rating him as an effective leader
- improved ratings for division and branch heads suggest that leadership initiatives have had a positive impact, and
- senior managers were consistently rated as being approachable, honest and professional in line with APS values.

Results are something that we plan for and monitor at all levels of our organisation. At the departmental level:

- detailed financial and other targets for the coming year are published in our Portfolio Budget Statements each May, and
- this annual report to the parliament explains how we have met our targets.

All divisions and staff are required to undergo performance appraisal to foster a high performance culture. As with many other APS agencies:

- an annual work plan/performance agreement is negotiated between each division/individual and their manager
- regular reviews are conducted to discuss actual performance and any new issues which may have emerged, and
- ongoing feedback is encouraged in line with better practice in performance management.

Risk management is another important part of life at PM&C, and we have processes and procedures in place to manage and where appropriate disclose a variety of risks.

Fiscal risks and contingent liabilities with a large potential impact are disclosed by agencies in the Budget papers in May each year. None of our risks were substantial enough to be disclosed in this way.

Business continuity and resumption plans are in place to enable us to return to near-normal operations within one week of most risk events. They are currently under review as a matter of better practice, and in light of:

- our move to a new building in early 2007 (see page 15), and
- the Commonwealth Government Action Plan for Influenza (page 17).

Our fraud control processes and procedures were thoroughly reviewed in 2005–06 and a fraud risk assessment undertaken.

A new fraud control plan was launched in June 2006, and sets out what staff should do if they suspect fraud and how we investigate such reports.

Our Security Committee—which advises our executive on all aspects of security—met three times in 2005–06. A key focus has been on security aspects of our new building and the move to it.

Suspected fraud, inappropriate mail and other incidents continued to be referred promptly to police and other authorities as appropriate.

Internal audit functions—a crucial part of the governance framework for all public sector entities—went through significant changes in 2005–06.

Audit committee arrangements were reviewed in light of the Better Practice Guide for Audit Committees published by the Australian National Audit Office (ANAO) in February 2005.

The committee was expanded from June 2006 to include an independent member, Mr Will Laurie, who holds similar positions with other agencies including the ANAO and Defence.

Our internal audit service provider also changed in December 2005. Following an open tender process, services were contracted to Acumen Alliance for an initial period of three years.

Audits completed in 2005–06 delivered significant benefits. They covered:

- Procurement management. Training courses have since been developed to improve staff knowledge of this area.
- Taskforce management. A guide on how to establish and manage taskforces is being developed for use within PM&C.
- IT security. IT tools have now been deployed to help ensure emails carry appropriate security classifications.
- Cabinet implementation services. This involved interviews with staff from PM&C and nine other agencies to assess the implementation and effectiveness of this new function.

Audits in 2006–07 are likely to cover grants management, APEC-related procurement transactions in 2005–06 and PM&C's overall financial compliance.

PROFESSIONALISM, COMMITMENT AND EXCELLENCE IN MANAGEMENT (continued)

External audits of our actions and records occur on a regular basis. The ANAO tabled four performance and business support process audit reports involving PM&C in 2005–06. Reports related to:

- consultancy and contract reporting (two reports, see page 98)
- national counter-terrorism coordination arrangements (see page 41), and
- management of net appropriation arrangements.

One other audit involving us was ongoing at 30 June 2006—a cross portfolio audit on record-keeping practices. The report of this audit is expected to be released in 2006–07.

The ANAO's workplan for 2006–07 identifies four possible performance audits involving PM&C. Audit topics relate to:

- APEC 2007 (see Chapter 5 page 48)
- water reform (Chapter 3 page 26)
- management of advice in respect to Administrative Arrangements Orders (Chapter 6 page 56), and
- whole-of-government efforts to improve outcomes for and services to indigenous communities (Chapter 4 page 35)

Other audits which could involve us relate to the management of business systems, recruitment and protective security. All Australian Government agencies have the potential to be included in these audits.

Other external scrutiny also continued (see Table 7.2 opposite).

We received a total of 282 parliamentary and senate estimates questions on notice. We did not deal with all of these as promptly as we would have liked.

Legal action involved us in a range of matters, including two matters involving the Cole Royal Commission (see page 56). Some other matters were dismissed:

- *Combet v Commonwealth of Australia*, in which the plaintiffs contended that certain government expenditure on advertising was unlawful because there was, on their submission, no relevant appropriation
- *Perry v Howard, the Commonwealth of Australia and Others*, a claim for compensation and damages which was dismissed as frivolous.

Other external bodies—the Ombudsman, Human Rights and Equal Opportunity Commission and Privacy Commissioner—may also review our actions and records. There were no adverse findings in 2005–06.

The Ombudsman also completed a general investigation into Freedom of Information (FOI) processing by 22 agencies including PM&C. The government is considering its response to the Ombudsman's report.

FOI requests to PM&C almost doubled in number. Despite this, we succeeded in improving our compliance with statutory deadlines. More information on what records we hold and how to lodge an FOI request is provided on the back cover of this report.

Table 7.2—Trends in external scrutiny

	2001–02	2002–03	2003–04	2004–05	2005–06
QUESTIONS ON NOTICE					
PARLIAMENTARY QUESTIONS HANDLED					
Questions on hand at 1 July	33	21 ^a	29	51	127
New questions received	64	106	93	207	182
Questions transferred to other ministers	4	19	23	11	34
Responses lodged	35	58	45	65	151
AVERAGE DAYS TAKEN TO RESPOND ^b					
House of Representatives questions	55	66	104	89	125 ^b
Senate questions	45	62	83	97	84 ^b
SENATE ESTIMATES QUESTIONS HANDLED					
Questions received	not reported	236	174	98	100
FREEDOM OF INFORMATION (FOI)					
FOI REQUESTS HANDLED					
Requests on hand at 1 July	5	6	12	24	19
New requests received	27	26	66	34	60
Requests withdrawn	–	5	8	13	35
Requests transferred to other agencies	–	1	9	1	5
Requests resolved	26	14	37	25	30
TIMELINESS OF RESPONSES					
Requests dealt with in line with FOI Act deadlines	58%	42%	62%	40%	50%

a This statistic reflects the fact that 37 questions lapsed due to the November 2001 election.

b Response times shown for 2005–06 reflect the average number of days from the asking to the answering of questions, irrespective of the financial year in which the questions were asked. Previous years' figures reflected the average time taken to lodge responses to questions asked in that financial year.

CONSTRUCTIVE AND COOPERATIVE RELATIONSHIPS

PM&C places a premium on effective communication in both policy and management work.

On policy issues, we expect proper consultation with all relevant stakeholders, and a cooperative approach to resolving whole-of-government issues.

On management issues, we expect good communication about what is expected, and for staff feedback to drive continuous improvement.

External consultation is not something we can leave to other agencies—it is vital to enable us to draw on a wide range of different perspectives.

In 2005–06, acting on behalf of the Australian Government, we formally sought public submissions on cross-portfolio issues including regulatory reform (page 23), biofuels (page 24), and uranium (page 25).

We registered—and assisted government to consider—well over 200 submissions comprising thousands of pages of information on these issues. Copies of most submissions are available on our website www.pmc.gov.au.

We also met a wide range of stakeholders in 2005–06 to discuss emerging issues as well as those currently under consideration by government. Among others, we met:

- financial services, retail, human capital, mining, energy and manufacturing firms
- consumer representatives, and
- indigenous community leaders in a number of remote communities.

Our Secretary is known for his strong personal commitment to consultation. Most weeks he has five or six meetings with people from outside the public service—representatives of business, not-for-profit bodies and policy think tanks.

‘Whole-of-government’ work is about bringing all the resources of government to bear in finding and implementing solutions to complex policy issues.

In 2005–06 PM&C continued to develop and promote whole-of-government coordination and cooperation. Key strategies included:

- Taskforces. We operated nine taskforces in 2005–06, bringing together people from across the APS to undertake intensive work on complex issues or events. A complete list of the taskforces operating in 2005–06 is provided in Chapter 1 (page 8).
- Interdepartmental committees and Commonwealth–State working groups. At any one time during the year, we led up to 40 groups and participated in another 125 or so. Some were issues-based; others are ongoing.
- Secondments into PM&C of staff from other agencies. Between 27 and 42 people were seconded to PM&C at any one time in 2005–06. Some were nominated for their ability to contribute to specific issues; others to learn about ongoing whole-of-government processes coordinated by PM&C.

While secondees have made and are making significant contributions in this context, a substantial proportion of our own staff are also involved in such activities. According to our 2005 staff survey:

- over 97 per cent of our staff dealt regularly with people from other agencies and governments
- almost 60 per cent had represented us at an interagency or intergovernmental forum in the last 12 months, and
- our staff received more training in the last 12 months to support them in such roles than other APS agency staff.

Internal communication is just as important as external communication, particularly for an organisation like PM&C where we are expected to deal promptly and professionally with issues as they arise.

Most PM&C-wide information is distributed online, initially through an all-staff email and then posted on our intranet. Our intranet delivers a range of other information and services, including

- new starter information—what people need to know pending more in-depth face-to-face orientation (see page 84)
- key reference documents including our Chief Executive Instructions, and
- our library catalogue, file register, daily press clippings and more.

All-staff meetings are also held from time to time, usually led by our Secretary. These have allowed for face-to-face discussion and debate on complex issues, such as our 2005 staff survey results and action plan.

A printed newsletter, *Coddswallop*, enables staff to share their news and views, to promote upcoming events and to get a feel for what is happening in other parts of PM&C. Affectionately named after Mike Codd—our Secretary from 1986 to 1992—it is the source of many of the photos in this report.

Feedback from staff is something we genuinely value—we ask for it regularly and use it to drive continuous improvement.

An all-staff survey has been conducted every two years since 2001, to give our staff an opportunity to say what they really think about working in PM&C. Surveys have resulted in a number of positive changes over the years, and more information about our 2005 survey is at Chapter 2 (page 18).

More targeted surveys are also conducted from time to time, to help us evaluate and improve our corporate services. Surveys conducted in 2005–06 focused on our IT, library and training needs and services.

Consultation with staff about fit-out options for our new building—a major corporate initiative—is ongoing. It has involved:

- hands-on furniture displays open to all staff
- focus groups with specific interest groups, for example, on shower amenities, and
- an online photo gallery and regular bulletins about project developments.

In addition, several broadly-based committees provide for ongoing consultation on key corporate issues (see Table 7.3 below).

Table 7.3—PM&C committees and their members in 2005–06

Committee	PM&C members	External members	More information
Corporate Leadership Group	13	–	page 74
Audit Committee	5	1	page 75
Security Committee	6	–	page 75
People and Leadership Committee	8	–	
Departmental Consultative Committee	11	–	page 86
OH&S Committee	5	3	page 89
Graduate Support Group	3	–	
Information Management Strategic Advisory Committee	6	–	
One National Circuit Steering Committee	4	–	

CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF

Workforce planning is not easy for PM&C. Our staffing needs can and do change quickly, and the employment market for high quality staff will always be tough.

We have, however, achieved some good results by streamlining our recruitment processes, by expanding support for staff development, and by facilitating secondments into and out of PM&C.

Our staffing needs rose substantially in 2005–06 due to increases in workload associated with APEC 2007 and COAG. Actual average staffing levels rose 19 per cent, from 373 in 2004–05 to 443 in 2005–06. As at 30 June 2006:

- we had a total of 528 staff—this figure includes part time, non-ongoing and inactive staff
- the main growth areas were the APEC 2007 taskforce (now with 106 staff) and Social Policy Division (86 staff), and
- growth was mainly in APS4 through executive level (EL) 1 jobs, but did extend up to the lowest level of the Senior Executive Service (SES).

More information on our workforce profile is provided in Table 7.4 opposite.

Looking to the future, we expect our staffing levels to increase further in 2006–07 while the APEC taskforce remains in operation, but to return to more normal levels by 2008–09.

Even then, our overall staffing needs will remain significant. They will also continue to exceed the capacity of our current building by a significant margin, hence our decision to move to a new building.

Our actual workforce is largely graduate, predominately female and relatively young, with a median age of 35.

Our staff are attracted by the demands of the work that we do. They demand jobs that are meaningful, and are not necessarily interested in pursuing traditional career patterns and working arrangements.

In this context, we aspire to attract and retain high quality staff by:

- offering flexible working conditions (see page 88)
- providing structured learning and development opportunities (page 84)
- supporting healthy work practices, including work–life balance (pages 88 and 89), and
- asking staff regularly for their views on a range of issues (page 18).

Our 2005 staff survey provided some good feedback, with an increased majority of staff feeling that we are responsive to their individual needs, and that we recognise and value the diversity of our workforce.

However, the actual proportion of our staff from key equal employment opportunity (EEO) target groups remains low. To help address this situation, in 2005–06 we:

- sponsored two staff placements under the Indigenous Leadership programme
- contributed to work on a new Central Agency Indigenous Exposure Programme to be launched in 2006–07, and
- evaluated our internal workplace diversity programme.

We also expect to release a new workplace diversity programme and implement further measures in 2006–07 to help us attract, retain and make the best use of the widest possible range of skills and experiences.

Table 7.4—PM&C's workforce profile^a

	At 30 June 2005			At 30 June 2006		
	Ongoing	Non-ongoing	TOTAL	Ongoing	Non-ongoing	TOTAL
CLASSIFICATION OF JOB						
Secretary	1	–	1	1	–	1
SES Band 3	4	–	4	3	–	3
SES Band 2	10	–	10	10	–	10
SES Band 1	27	1	28	34	2	36
EL 2	74	1	75	86	12	98
EL 1	88	4	92	120	36	156
PM&C Band 2 (APS4–6)	117	17	134	151	37	188
PM&C Band 1 (APS1–3)	13	3	16	17	2	19
Graduate	10	–	10	17	–	17
Total	344	26	370	439	89	528
Working part time	13	2	15	10	3	13
On long-term leave with pay	10	n/a	10	9	n/a	9
LOCATION						
Canberra ACT	340	26	366	413	24	437
Sydney	–	–	–	22	65	87
Other ^b	4	–	4	4	–	4
Total	344	26	370	439	89	528
STAFF AGE PROFILE						
Age <25	19	1	20	20	13	33
Aged 25–34	117	11	125	175	36	211
Aged 35–44	95	5	100	128	23	148
Aged 45–54	87	4	91	88	9	97
Aged 55–64	25	4	29	29	8	37
Aged 65+	1	1	2	2	0	2
Total	344	26	370	439	89	528
EQUAL EMPLOYMENT OPPORTUNITY (EEO) GROUP PARTICIPATION						
Female	192	19	211	271	61	332
NESB	22	not reported	≥ 22	26	7	33
Indigenous	7	not reported	≥ 7	4	3	7
People with a disability	8	not reported	≥ 8	8	1	9
Proportion of staff volunteering personal data			86%			83%

NOTES: See overleaf for notes to this table.

CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF (continued)**Table 7.5—Trends in staff recruitment and retention^a**

	2001–02	2002–03	2003–04	2004–05	2005–06
STAFF PROFILE AT 30 JUNE					
Total staff	345	347	382	370	528
Non-ongoing staff	36	20	25	26	89
COMMENCEMENTS					
Graduates	9	12	14	10	18
Other non-APS recruits	27	25	19	22	54
Promoted into PM&C	12	13	10	17	19
Transferred into PM&C	23	48	71	68	81
Recruited as non-ongoing	33	24	61	59	179
Total commencements	104	122	175	176	351
RETENTION OF ONGOING STAFF					
Turnover rate ^c	not reported	22%	19%	26%	21%
Promoted within PM&C	30	24	29	40	52
Non-ongoing transfer out of PM&C	not reported	7	12	9	18
SEPARATIONS					
Ceased non-ongoing relationship with PM&C	not reported	22	64	44	43
Transferred out of PM&C	19	46	49	31	23
Promoted out of PM&C	17	10	7	19	30
Resignation or retirement	23	26	21	32	21
Retrenchment ^d	4	4	–	3	2
Invalidity / death	1	–	–	–	–
Total separations	> 64	108	141	129	119

NOTES TO TABLES 7.4 AND 7.5

- a These statistics may differ from those published by the Australian Public Service Commission (APSC) for the same period due to timing issues and the inclusion in APSC statistics of data for the Office of Inspector General of Intelligence and Security. The figures do not include staff on long-term leave without pay.
- b These are support staff for former Governors-General and are based in Melbourne and Brisbane.
- c Turnover statistics are calculated using average ongoing full-time equivalent staff numbers. They do not include non-ongoing staff, PM&C staff on a non-ongoing transfer to another agency, or ongoing staff who have been on leave without pay for more than three months.
- d Retrenchments include not only redundancies but also dismissal for reasons of unsatisfactory conduct, performance and/or compliance with conditions of employment. There were no dismissals in 2005–06.

Our recruitment processes underwent significant change in 2005–06.

While we continued to fill all vacancies on the basis of merit, we trialled a new approach to recruitment in 2005–06. Under the new approach, we:

- advertised for and assessed applications in bulk in November 2005 and May 2006
- used the resultant merit lists to fill vacancies as they became available, and
- only advertised individual jobs if they required specialist skills not available from the bulk merit list.

There was some scepticism about whether bulk recruitment would work, given the diversity of work at PM&C. However, it was extremely successful. Over the two rounds:

- it attracted over 1000 applicants for the 113 positions we filled in this way
- it enabled us to reduce the time taken to fill some vacancies to as little as two weeks for applicants on the merit list after the first round of offers
- the average cost of advertising vacancies fell despite a significant increase in the number of positions filled, and
- it was rated by our Departmental Consultative Committee as one of the best things we did in 2005–06.

An evaluation was conducted in April 2006 and we decided to continue the new approach for the future, advertising twice a year.

Our graduate programme—which is run on similar lines—was expanded significantly to a record 18 places in 2006. It attracted 751 applications or more than 40 applications for every place available. Successful applicants were a diverse group:

- their qualifications encompassed fields as diverse as marine biology, economics and Asian studies, and
- many had work experience with organisations including the World Bank, the *Sydney Morning Herald* and Australian Volunteers International.

In addition, and in line with our longer-term resource levels, we recruited more staff on a non-ongoing basis. Staff employed on this basis comprised 17 per cent of our total workforce at 30 June 2006, up from seven per cent a year earlier.

We generally advertise job vacancies in the press and in the weekly Commonwealth Public Service Gazette, as available online at www.psgazetteonline.gov.au.

More information about individual vacancies is available at our website www.pmc.gov.au, from a telephone typewriter (TTY) facility and on request from the job contact officer.

Jobseekers must pass a security check before they can start work at PM&C. We also ask people to provide information about their EEO status as part of their application, so that we can ensure that all applicants are treated fairly and meet our obligation to apply the principle of reasonable adjustment.

CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF (continued)

Learning and development opportunities were significantly expanded in 2005–06 in line with staff needs and the results of our staff survey.

A formal guest speaker programme was introduced at the suggestion of staff, to help us share information and insights more broadly within PM&C. Guest speakers and topics in 2005–06 included:

- Paul Kelly, Editor at Large of *The Australian*, on rethinking Australian governance, with a particular focus on the Howard legacy, and
- Professor Richard Freeman from Harvard University and Dr Max Tani from the ADF Academy, on the economics and policy of international transfers of scientific knowledge.

Each session was well attended and received very positive feedback.

In addition, a new Professional Development Opportunity Fund worth \$200 000 was fully subscribed in 2005–06. It assisted 42 staff with the costs of formal study in areas beyond their immediate work area requirements.

New starters remained a key target group for information, with some groups such as graduates receiving up to two weeks of introductory training on joining PM&C. More commonly, orientation involves:

- a one-on-one induction and welcome package to PM&C and our work precinct
- a new starter website
- a one-hour Fast Start workshop, usually within a week or so of commencement, and
- a follow-up 'PM&C in Context' workshop where the Secretary and senior managers discuss PM&C's role and values in more detail.

Additional short courses are available in-house to all staff on a range of frequently requested topics. Among others, sessions in 2005–06 focused on:

- personal efficiency—topics covered in this series included time management and work–home life balance
- writing with influence—this included a session by a senior adviser from the Prime Minister's office
- Cabinet processes—run by the head of our Cabinet Division, these sessions provide unique insights into the workings of Cabinet, and
- giving and receiving feedback—these are held in the lead-up to our mid-year and annual performance appraisal processes.

Many parts of PM&C also sponsored staff to attend more job-specific training and conferences such as the joint PM&C–ANZSOG conference on project management and organisational change in February 2006.

Another 40 staff were supported to undertake formal study to meet current and expected business needs, including one full-time study award to assist a member of staff to progress honours studies at the Australian National University.

Career advice and support is available to all ongoing staff in PM&C.

Support for staff to develop their careers is not just the responsibility of individual staff and their immediate supervisors. We offer:

- Manager-once-removed interviews. Staff are able to discuss their career development options with their manager-once-removed.
- Independent career advice. Set up in response to the 2003 staff survey, a panel of nine independent advisers are available to provide confidential advice to staff. Staff can access their services three times each year free of charge.
- An internal rotation scheme. Advertised twice yearly, this scheme allows staff to indicate they would like a change within PM&C and seeks to accommodate their requests where possible.

Secondments to other agencies, governments and the private sector may also be arranged. Secondments completed or commenced in 2005–06 involved:

- the newly established Institute for Chinese Economy and WTO studies at Beijing University
- the Australian Competition and Consumer Commission, and
- the Office of Indigenous Policy Coordination in the NT.

Staff turnover is a significant driver of recruitment, training and associated costs.

Making the best use of the people we already have was a particular focus for us in 2005–06 given our growing staffing needs. We were quite successful in that:

- staff turnover has declined to 21 per cent, down from 26 per cent in 2004–05
- promotion is now the single largest reason why people leave PM&C, and
- separations for all other reasons have dropped substantially.

We also received useful feedback from staff in our 2005 staff survey, which helped us set our course in the human resources areas. Further details are provided at page 18.



A REWARDING AND CARING WORKPLACE

As an organisation which invests in its people, PM&C aims to recognise and reward staff performance and contributions. We do this through:

- informal on-the-job feedback
- a formal performance appraisal processes (see page 74), and
- our annual Australia Day Achievement Awards (see special feature page 71).

The pay and conditions we offer staff are set within government policy parameters for agreement making. We have:

- Australian Workplace Agreements (AWAs) in place with all SES and most EL staff (see Table 7.6 opposite), and
- a Certified Agreement (CA) for all other staff, including those EL staff who elect not to have an AWA.

Both our CA and AWAs provide for a range of flexible working conditions, to help our staff maintain and improve their work–life balance.

Our current CA was negotiated directly with staff under section 170LK of the *Workplace Relations Act 1996*. It runs from 6 October 2004 to 30 September 2007 and provides for pay rises of around 4 per cent a year.

In the meantime, our Departmental Consultative Committee—established under clause 216 of our CA—provides a forum for ongoing consultation with staff representatives on actions arising from our CA and other workplace matters. Issues progressed through the committee in 2005–06 included:

- our staff survey results and action plan
- new bulk recruitment processes, and
- car parking in and other arrangements for our new building.

The committee also considered guidelines on a number of issues before their approval and adoption. Issues included skills and responsibilities loading; review processes for investigation of breaches of the APS Code of Conduct; management of unsatisfactory performance; flextime; time off in lieu; home-based work; and annual, personal and miscellaneous leave.

For staff on AWAs, broad remuneration bands are determined taking into account economic conditions and other relevant information including the annual survey of SES remuneration by the Department of Employment and Workplace Relations (DEWR).

Salaries for individual staff are then determined having regard to the individual's skills and experience, the market for their services, and their performance (see Table 7.7 opposite).

Performance bonuses are also payable to staff on AWAs where their performance is rated as fully effective or better. Bonuses are paid as a percentage of salary, with a sliding scale to recognise the level of performance. Bonuses are five to 15 per cent for SES and four to 12 per cent for EL staff.

In 2005–06, all SES and 87 per cent of eligible EL staff received a bonus based on their performance over the year to October 2005. Actual bonuses ranged from \$897 to \$19,031 (see Table 7.8 opposite).

More information on the SES staff who received or who were due to receive total remuneration of \$130 000 or more is provided in our financial statements as required (see Note 21 page 161).

Table 7.6—Trends in nature of employment agreements with staff ^a

As at 30 June	2005	2006
Australian Workplace Agreement (AWA)		
SES (all)	40	49
non SES	154	220
Certified Agreement		
SES	–	–
non-SES	176	259
Total staff	370	528

a Includes staff on long-term unpaid leave.

Table 7.7—Trends in salary ranges by staff classification ^a

As at 30 June	2005		2006	
	From	To	From	To
APS1–3	\$31,215	\$43,307	\$32,464	\$45,039
APS4–6	\$44,713	\$63,836	\$46,502	\$71,389
EL1	\$68,616	\$76,491	\$71,361	\$79,551
EL2	\$79,865	\$95,051	\$83,060	\$103,395
SES Band 1	\$102,000	\$127,000	\$106,000	\$140,000
SES Band 2	\$140,000	\$151,500	\$146,000	\$152,000
SES Band 3	\$170,000	\$182,000	\$177,000	\$183,000
Secretary	The Secretary's remuneration is as determined by the Prime Minister after taking into account the recommendations of the Remuneration Tribunal.			

a Salary ranges reflect our certified agreement and SES remuneration policy. Allowances may also be payable, for example, to DLOs, first aid officers and non-executive staff performing extra duties. Different pay scales may apply to specialist staff, junior staff and non-ongoing staff engaged in intermittent or irregular duties.

Table 7.8—Details of performance bonuses paid in 2005–06^a

Level of staff	Staff eligible	Staff paid	Total bonuses	Average bonus	Actual bonuses
EL1	86	67	\$333,780	\$4,982	\$897–9,252
EL2	74	68	\$420,979	\$6,191	\$1,505–12,423
SES Band 1	25	25	\$232,731	\$9,309	\$2,212–18,000
SES Band 2	10	10	\$129,012	\$12,901	\$4,086–19,031
SES Band 3	3	3	\$ 55,946	\$18,649	Not disclosed
TOTAL	198	173	\$1,172,448	\$6,777	\$897–19,031

a Bonuses relate to the period 1 October 2004 to 30 September 2005.

A REWARDING AND CARING WORKPLACE (continued)

Work–life balance. Our CA records our commitment to balancing our work and life demands. PM&C provides many options to help staff achieve a work-life balance. In particular, we offer flexible working hours, working from home opportunities, and access to part-time work or job-sharing.

We encourage staff to work reasonable hours but we also ensure that staff are compensated for working hours in excess of what would reasonably be expected:

- Staff up to and at the APS 6 level record their hours of work and take any additional hours worked as time off later (flexitime). Extra duty payments are payable when staff work beyond bandwidth hours of 7am to 7pm, Monday to Friday.
- EL staff may claim time off in lieu for working hours significantly beyond what would reasonably be expected, and for any hours required to be worked on a weekend or public holiday.
- In addition, a skills and responsibilities loading may be paid to staff in recognition of regular long hours or additional responsibilities.

We 'shut down' (maintain minimal staffing) between Christmas and New Year so that staff can spend time with their families.

Ongoing staff can access:

- 18 days personal leave—this covers sick leave, carers' leave, leave to meet family responsibilities and paternity leave
- 20 days recreational leave and the option of purchasing additional recreational leave, and
- 12 weeks paid maternity leave.

Other types of leave that may be accessed include parental leave for foster care and adoption situations. We also have a carers' and a nursing mothers' room.

More information on the pay and conditions on offer—and the productivity improvements which underpin these—is set out in our CA. This is available on our website at www.pmc.gov.au.

To assist us to meet our commitment to work-life balance we prepare a quarterly Work-Life Balance Report. The first of these reports was presented to our executive in May 2006. It contained information on ordinary hours of work, extra duty payments, skills and responsibilities loading, use of flexitime, use of personal and annual leave and amount of time off in lieu.

Regular quarterly reporting will establish benchmarks from which to evaluate and interpret emerging trends in the longer term. It will also assist in maintaining management and staff awareness and identify any hot spots or areas of concern.

We recognise that achieving a work-life balance is a shared responsibility and that we need to keep discussing how we can improve. To this end, we engaged a facilitator for discussions on work-life balance in some divisions and offered all staff training in time management.



Around 170 children and assorted parents, grandparents and other family enjoyed our 2005 Children's Christmas Party in the gardens of The Lodge.

Occupational health & safety (OH&S). All employers have an obligation to provide a safe and healthy work environment for their staff, contractors and visitors.

PM&C has an excellent OH&S record, in terms of both claim frequency and average lifetime claim cost. Our workers compensation cost is about half the APS average as a proportion of payroll.

Our 2005 staff survey also confirmed that the vast majority of staff consider that we provide a safe, secure and healthy workplace.

In 2005–06 staff had access to a range of health and wellbeing measures including flu vaccinations, workstation assessments and lunchtime exercise classes on PM&C premises.

Under the guidance of our OH&S Committee, PM&C also:

- established a network of workplace harassment contact officers (WHCOs)
- provided in-depth training to WHCOs on our legal obligations and how best to handle issues
- reviewed our policies on home-based work, eyesight testing and first aid officer roles and responsibilities, and
- held our annual week-long series of events to raise staff awareness of a range of health issues (Health Week).

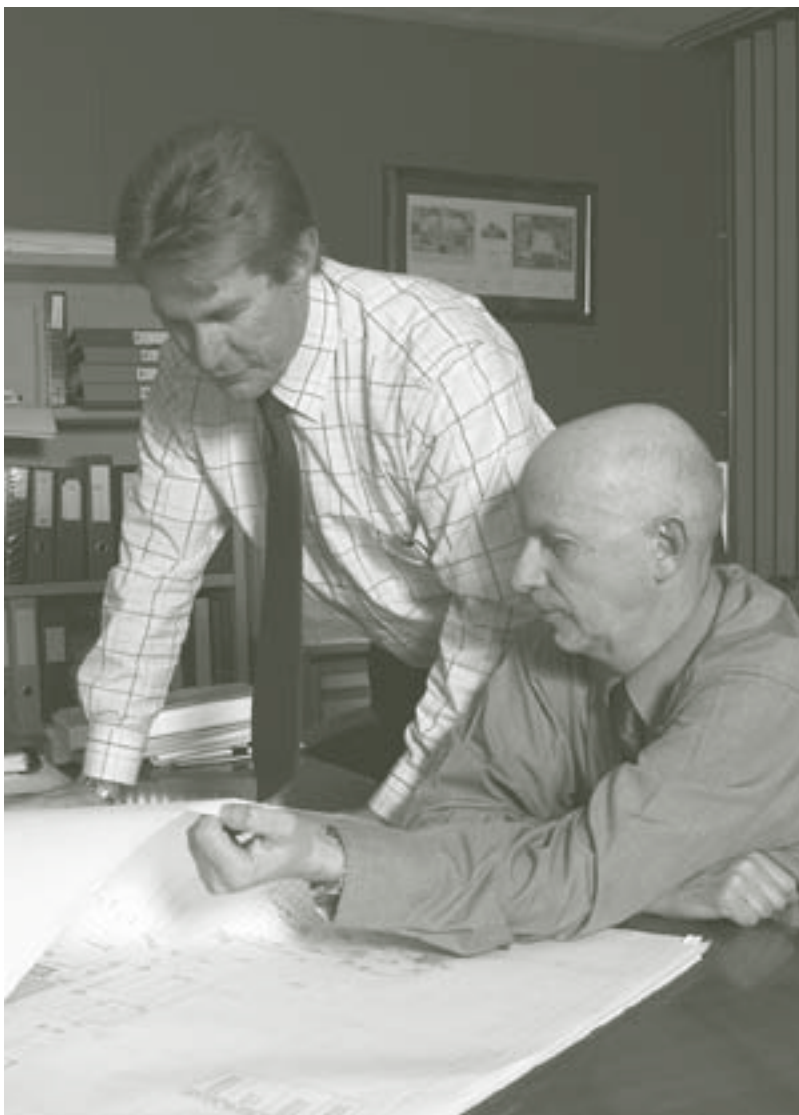
Health Week was held in November 2005 and involved a range of activities including skin, eye and other checks. Preparations are already underway for Health Week 2007, with a staff survey held to identify preferences for activities.

Table 7.9—OH&S performance

2005–06	
PROACTIVE MEASURES	
Workstation assessments	316
Staff influenza vaccinations	146
WELL-BEING INDICATORS	
Staff receiving employee assistance (counselling)	30
INCIDENT MANAGEMENT	
Notifications of accidents & dangerous occurrences (568 occurrences)	1
Directions or notices issued to PM&C under the OH&S Act (s29, 30, 45, 46 or 47)	–







8 STATUTORY AND OTHER REPORTS

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REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

The Commonwealth Disability Strategy aims to ensure that people with disabilities are able to participate fully in community life.

It challenges agencies to consider how they approach and report on their performance in terms of five broad roles:

- policy adviser
- regulator
- purchaser
- provider, and
- employer.

Three of these roles—the regulator, purchaser, and provider roles—are not applicable to PM&C.

The policy adviser is responsible for initiating and developing government policy. They consider the needs of different groups and advise on what the government should achieve for the community as a whole. Policy advisers are required to ensure that new or revised policies/programmes:

- are developed in consultation with people with disabilities where they could impact in different ways on the lives of people with disabilities
- assess the direct impact on the lives of people with disabilities prior to decision, and
- have communication strategies developed and sufficiently resourced to inform people with disabilities.

PM&C's main role is to ensure that the Prime Minister receives the best possible advice on matters requiring his attention as head of government and Chairman of Cabinet.

In this role, we are proactive about consulting external stakeholders, to enable us to draw on a wide range of different perspectives (see Chapter 7 page 78).

We seek to ensure that all of the proposals we put to government—or that other agencies lodge with us for consideration by Cabinet—are clear about:

- what community consultation has occurred to date
- how proposals are likely to impact on the community, and
- how and when any decision is to be communicated.

Where a formal advertising campaign is approved, we assist government to develop and place advertising that takes into account the needs of key target groups, for example, through use of radio advertisements for people with a visual impairment and closed captions on TV ads for people with a hearing impairment.

The employer provides a range of work conditions, including wages, in exchange for labour to produce goods and services. Employers are required to ensure that:

- Employment policies and practices comply with the requirements of the *Disability Discrimination Act 1992*.
- Recruitment information for potential jobseekers is available in accessible formats on request.
- Managers and staff coordinating recruitment exercises apply the principle of reasonable adjustment.
- Training and development programmes consider the needs of staff with disabilities.
- Training and development programmes include information on disability issues as they relate to the content of the programme.
- Complaints/grievance mechanisms including access to external mechanisms are in place to address issues and concerns raised by staff.

PM&C employs more than 500 people under the *Public Service Act 1999*, and our employment policies reflect the requirements of relevant laws including the *Disability Discrimination Act 1992*.

Job vacancies are published in the Commonwealth Public Service Gazette—this is available in hard copy and online at www.psgazetteonline.gov.au—and on occasion in the press.

More information about individual vacancies is available at our website www.pmc.gov.au in a variety of file formats, from a telephone typewriter (TTY) facility and on request from the job contact officer.

Jobseekers are routinely offered support to ensure that their application receives fair and non-discriminatory consideration, such as arrangements for hearing- or speech-impaired applicants.

Managers and staff coordinating recruitment exercises are routinely provided with information on the principle of reasonable adjustment through a number of policies, starting with the *Staff Selection Guide*. In line with this principle, individual staff have been provided with: access to disabled car parking, individual workstation assessments (see also page 89), and equipment such as specialist computer keyboards.

Individual staff are also encouraged to identify training needs and opportunities in partnership with their manager, and to inform course organisers of any disability or other needs.

Training and development programmes organised by PM&C include information on disability issues where relevant. Information has been included in training for:

- new starters—our orientation programme (see page 84) covers the APS code of conduct as well as workplace diversity and health issues
- fire wardens and OH&S representatives, in the context of the evacuation and OH&S needs of staff with disabilities, and
- workplace harassment contact officers, in the context of the issues that may arise for people with disabilities.

We have a range of mechanisms in place for communicating and consulting with staff, and for attracting and retaining a diverse range of staff (see Chapter 7 page 79 and 80 respectively).

If a member of staff has a complaint or grievance, we encourage them to take up the matter with their supervisor. If this does not resolve the matter, our HR policies set out the preferred process for resolving disputes. Staff may also have rights of complaint to external bodies including the Human Rights and Equal Opportunity Commission.

No complaints or grievances involving disability issues were reported under any form of employment agreement or to external bodies in 2005–06.

REPORT ON ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) sets out the following principles for ecologically sustainable development (ESD):

- The integration principle—environmental, social, economic and equitable considerations are integrated into decision-making.
- The precautionary principle—lack of scientific certainty is not used as a reason for postponing measures to prevent environmental degradation.
- The intergenerational principle—conservation of the environment is supported for the benefit of future generations.
- The biodiversity principle—biodiversity and ecological integrity are taken into account where these are identified as at risk.
- The valuation principle—valuation, pricing and incentive mechanisms are improved and recognise the true cost of activities (environmental, social and economic).

Section 526A of the Act requires agencies to report on:

- how their activities (including administration of legislation if any) accord with ESD principles
- how the outcomes they work towards, and are appropriated resources against, contribute to ESD
- how their activities affect the environment, and
- how they minimise harm to it, and review and increase the effectiveness of harm minimisation measures.

ESD concepts are relevant to most of PM&C's functions and outcomes as described in Chapter 1 (see page 1).

Our main role is to ensure that the Prime Minister receives the best possible quality of advice as Australia's head of government. In this role, we aspire to ensure that:

- all of the proposals that we put to government—or that other agencies lodge with us for consideration by government—are clear about their potential impact on the environment, the community and the budget
- environmental impact statements are developed for all proposals where biodiversity and ecological integrity is identified as at risk, and
- intergenerational, precautionary and/or valuation issues are taken into account in our advice to government on issues such as climate change, water reform and alternative energy (see Chapter 3 page 19).

Our other major role is to provide a range of support services for government operations, in line with relevant Acts. Most of these functions and Acts are less relevant to ESD concepts, however, we do manage the Prime Minister's official residences in line with ESD principles:

- a formal heritage strategy is being developed for both residences as required by the EPBC Act, and
- rubbish recycling and water wise measures are in place and further measures are under consideration.

More information about the residences is provided in Chapter 6 (page 62).

Our effect on the environment is positive in many ways, but our day-to-day operations do consume resources such as electricity, fuel, water and paper. We also generate waste in various forms.

Our office building energy usage continued to exceed the government target of no more than 10 000 megajoules per occupant. This result reflects the design of our current office building, and we expect to meet the target once we move to our new building.

Water use and waste generation are not routinely measured or required to be measured at present. However, we estimate that 95 per cent of the paper and cardboard we use is collected by a recycling company.

Measures to minimise harm to the environment will receive a major boost when we move to our new building in 2007. The development features environmental initiatives including:

- use of low embodied energy materials to construct the building
- a 4½ star energy rating for the life of our occupancy (at least 15 years)
- water wise measures including rainwater collection, and
- waste separation facilities.

We will also implement an environmental management system in line with the international standard ISO 14001:2004.

In the meantime, we have continued to source more than five per cent of our electricity needs from renewable sources, reducing the carbon dioxide produced in order to supply our needs significantly.

In addition, we have started monitoring use of E10 ethanol blended fuel in our vehicle fleet, in line with government commitments to encourage biofuels use where possible (see page 24). More than 39 per cent of the fuel we used in June 2006 was E10.

We have also reduced our energy use and reduced waste through, for example:

- sensor-operated lights in kitchens and storerooms
- energy efficient boiling and chilling units for drinking water
- flatscreen computer monitors which draw less energy than our old monitors, and
- computer settings which default to double-sided printing.



PROCUREMENT PRACTICES AND OUTCOMES

Our procurement policies and practices

reflect the principles set out in the *Commonwealth Procurement Guidelines*.

We focus on:

- value for money
- encouraging competition
- efficient, effective and ethical use of government resources
- accountability and transparency, and
- compliance with other Australian Government policies.

Our Chief Executive Instructions (CEIs) on procurement reflect these principles and the need for compliance by all staff when choosing procurement methods, sourcing potential supplies or entering into contracts. As part of these arrangements, in 2005–06 we published details of:

- publicly available business opportunities with a value of \$10 000 or more* on AusTender www.tenders.gov.au
- actual contracts or standing offers awarded with a value of \$10 000 or more* in the Purchasing and Disposals Gazette www.contracts.gov.au—no contracts were exempted from gazettal
- actual contracts or standing offers with a value of \$100 000 or more* on our website www.pmc.gov.au as required by Senate Order 192.

All major contracts for activities previously performed in-house included a requirement for contractors to allow access to their premises by the Australian National Audit Office (ANAO).

More information on the procurement we expect to undertake in 2006–07 is published in our annual procurement plan, as available at www.tenders.gov.au.

Our compliance with gazettal and reporting requirements was reviewed in several cross-portfolio audit reports tabled by the ANAO in 2005–06.

In order to address the findings of the audit report and to strengthen our compliance with these requirements, we have:

- reviewed our CEIs and associated procurement procedures
- issued standard tendering and contract templates for use by staff
- instituted processes to ensure that confidentiality provisions are correctly identified before a contract is signed, and
- strengthened our processes for coordinating and compiling reports against Senate Order 192.

We are also working with the Department of Finance and Administration and other stakeholders to examine options for improving reporting of procurement across the Australian Government. This may involve, among other things, rationalising the number of reporting regimes.

* All values shown include the goods and services tax (GST) unless indicated otherwise.

Consultants are engaged to provide professional, independent and expert advice or services. We select consultants in the same way that we procure other services and goods.

In 2005–06 we spent a total of \$3.5 million on consultancies. This comprised \$0.231 million on four existing consultancies, and \$3.240 million on 69 new consultancy contracts entered into in 2005–06.

Details of new consultancy contracts valued at \$10 000 or more are available in the online version of this annual report at www.pmc.gov.au/annual_report.

Market research and advertising. Table 8.2 covers payments of \$1500 and above to external consultants engaged by PM&C to provide advertising and market research services and for the placement of advertising by hma Blaze and Universal McCann, the Central Advertising System (CAS) master media placement agencies.

In 2005–06 PM&C spent a total of \$0.7 million on the placement of advertising through the CAS master media placement agencies and on payments to external consultants engaged to provide advertising and market research services.

Table 8.1—Trends in consultancies*

	2001–02 actual	2002–03 actual	2003–04 actual	2004–05 actual	2005–06 actual
CONSULTANCIES					
All consultancies including consultancies let in previous years					
Total expenditure	not reported	\$9.6m	\$13.0m	\$0.5m	\$3.5m
New consultancies valued at \$10 000 or more					
Number let	73	38	58	9	32
Total value over the life of these contracts	\$9.1m	\$8.8m	\$19.9m	\$0.4m	\$5.6m

* Historical data is taken from previous year's annual reports and may understate consultancy expenditures and values to some extent due to definitional changes. It also includes activity by the Office of the Status of Women before its transfer to the Department of Family and Community Services in 2004–05.

PROCUREMENT PRACTICES AND OUTCOMES (continued)

Table 8.2 – Details of market research and advertising payments of \$1500 or more

Firm	Service provided	Payment made in 2005–06
CREATIVE ADVERTISING AGENCIES		
Principals Pty Ltd	Branding strategy – APEC ^a	\$159 676
All creative advertising agencies		\$159 676
MARKET RESEARCH/POLLING ORGANISATIONS		
Corporate Diagnostics	Customer satisfaction surveys of campaign and non campaign media placement agencies	\$45 035
HRM Consulting Pty Ltd	Staff survey ^a	\$92 188
All market research/polling organisations		\$137 223
DIRECT MAIL ORGANISATIONS		
NIL		–
MEDIA ADVERTISING ORGANISATIONS^b		
hma Blaze Pty Ltd	Recruitment and other non-campaign advertising	\$376 732
All media advertising organisations		\$376 732

a Contract also listed as a new consultancy with a value of \$10 000 or more

b May include payments under \$1500