

# **Department of Foreign Affairs and Trade**

## **Submission to the Advisory Group on Reform of Australian Government Administration**

### **DFAT's Role**

1. The Department of Foreign Affairs and Trade (DFAT) values the opportunity to contribute its views on reform of Australian government administration. To provide a context for our comments, it is useful first to outline DFAT's role.

2. DFAT's objective is to advance the interests of Australia and Australians internationally. DFAT staff in Canberra, in our state and territory offices and around the world work for:

- the advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign and trade policy priorities;
- the protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport service in Australia and overseas;
- a secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate.

3. To support the achievement of these outcomes in a challenging international environment, DFAT deploys its staff and other resources in a targeted and flexible manner. DFAT has 2280 Australian staff on a headcount basis and has 542 staff positions based overseas. In addition, we employ 1575 locally engaged staff on a headcount basis in our overseas missions.

4. DFAT manages a network of 91 missions overseas. In addition to its headquarters in Canberra, DFAT maintains offices in all Australian state and territory capital cities. These offices provide consular and passport services to the Australian community and liaison services to state and territory governments and Australian businesses. We also maintain a Passport Office in Newcastle and the Torres Strait Treaty Liaison Office on Thursday Island.

### **Improving policy formulation and integration**

5. As the lead Australian government agency for advancing Australian interests internationally, DFAT believes that the APS will increasingly depend on a strong culture of collaboration between agencies in policy development and in service delivery. DFAT's core business necessitates regular engagement across and beyond the APS. This is necessary to develop and implement whole-of-government policy on key international and globalised challenges, including the global financial crisis, terrorism, pandemic influenza, trade liberalisation and behind-the-border economic reform, border security, and Australia's climate

change and energy policies. For DFAT, coordination of whole-of-government consular services and whole-of-government responses to consular crises is also important.

6. The coordination of Pacific issues is an example of whole-of-government policy development and implementation. Through the DFAT-led Deputy Secretary level Pacific Engagement Strategy Steering Group, which includes 16 Commonwealth agencies and DFAT's Pacific Engagement Task Force (PETF), we have coordinated the development of policy initiatives for the 2009 Pacific Islands Forum Leaders Meeting, which Mr Rudd hosted. The PETF has also led whole-of-government policy development and implementation on Australia's security engagement with the Pacific, and supported decisions to develop bilateral Security Partnerships with Pacific Island Countries, to develop a new Pacific maritime security program to replace the Pacific Patrol Boat Program, and to host a regional Ministerial meeting in an attempt to make further progress on the protection of Pacific fisheries.

7. DFAT also leads whole-of-government efforts in relation to trade negotiations, including the PACER Plus negotiations. PACER Plus is envisaged as a new regional trade and economic agreement in the Pacific. DFAT collaborated with and led 18 other APS agencies in the four-year negotiations of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) which concluded this year. The AANZFTA is a world-class, comprehensive agreement and the largest FTA Australia has signed.

8. Whole-of-government policy formulation and implementation are vital for the Australian Government's overseas representation, where a range of agencies is brought together to advance Australia's interests. In almost all of Australia's 108 overseas missions (in many of which DFAT is not the most numerous agency), DFAT plays a coordinating role.

9. The people smuggling task force at the Australian Embassy in Jakarta, Australia's largest diplomatic mission, is a good example of collaboration between agencies overseas. The taskforce comprises representatives from agencies central to whole-of-government efforts to combat people smuggling: DFAT, DIAC, ACBPS, Defence, AFP, DITRDG and others. Its purpose is to share information on people smugglers, their clients and potential ventures, and on engagement with Indonesian counterparts; and discuss and develop strategies to disrupt people smuggling ventures and networks, including education campaigns to discourage potential Indonesian crew members.

10. DFAT will continue to look for opportunities to develop and participate in whole-of-government exercises in collaborative policy development.

#### *Policy development and implementation within the portfolio*

11. Strengthening the culture of collaboration between APS agencies in policy development and implementation requires a particular focus on intra-portfolio relationships. Many APS agencies, like DFAT, need to work closely with other agencies in the same portfolio. In DFAT's case, this includes AusAID, Austrade, ACIAR and EFIC.

12. The coordinating role which DFAT and Austrade play at Australia's overseas missions supports strong intra-portfolio collaboration and coordination in Australia's overseas network. Moreover, following the 2004 Uhrig Review of corporate governance of statutory authorities, DFAT and portfolio agencies established Portfolio Coordination Meetings to provide a formal mechanism in Australia at senior level for greater policy alignment within the portfolio.

13. DFAT recognises the need to develop further a "whole-of-portfolio" culture to improve policy development and implementation within the portfolio. In particular, it recognises the need for better mechanisms for collaboration and coordination between portfolio agencies at the working level. DFAT is working with portfolio agencies to identify opportunities to achieve these goals.

#### *Informed policy development*

14. DFAT supports the idea of *strategic policy hubs* and cross-departmental policy teams. We would envisage that agencies lead/host hubs in areas of their expertise. Seconding DFAT staff to work on specific short-term projects with other agencies, and seconding staff from other agencies to work with DFAT on issues could contribute to more cohesive policy development and present a valuable professional development opportunity for staff. Hubs could be formed for short periods (one to three months), depending on the issues covered. Topics could include 'new' security issues (such as energy, water, food and bio security), how to encourage structural reform in Australia's key export markets, and trade competitiveness for microeconomic reform in Australia, particularly in service sectors.

15. We support engagement with external stakeholders in the development and implementation of policy that meets the needs of citizens and promotes our national interests. Areas in which DFAT has found this useful include:

- . Biannual formal human rights consultations with Australia-based NGOs. This facilitates valuable exchanges of information, insights and advice on human rights issues.
- . Consultations on Australia's counter-terrorism agenda, including engagement with Australian universities and policy institutes.
- . Heads of Mission consultations: prior to commencing at an overseas post and again at the mid-point of their posting, heads of mission undertake consultations with relevant government agencies (federal, state and territory) and business and community groups throughout Australia, to gain a greater understanding of Australian interests in the country of their posting and to share the information and perspectives they have gained overseas.

16. Close consultation with stakeholders, including industry, State and Territory Governments, other federal agencies, the academic community and non-government organisations, is particularly important in the development of trade policy as multilateral negotiations proceed, free trade agreements proliferate and government and business increasingly focus on behind-the-border barriers and

regulatory reform. The development and negotiation of the AANZFTA, for example, required extensive consultation:

- . through regular meetings of the Senior State and Territory Trade Officials group and Commonwealth-State Territory Standing Committee on Treaties meetings, teleconferences and through regular visits by DFAT officials to state and territory capitals
- . seeking public submissions prior to commencement of the negotiations
- . regular discussions during the negotiation with stakeholders to ensure that their views informed the development of the Australian Government's negotiating strategy. In addition, opportunities were also provided for representatives of peak organisations to meet and exchange views with ASEAN and New Zealand negotiators during negotiating rounds held in Australia.

17. Staff seminars are an important tool to promote discussion which facilitates more informed policy development. DFAT plans to build on its experience so far in this regard, which includes:

- . The Global Issues Branch seminars for a government-only audience, which involve speakers from outside government. Recent presentations have been on the DPRK, Iran, Indonesia and the US economic outlook.
- . The Trade Law Branch's monthly discussion group on topical trade law issues. Government agencies, private law firms and academics who work on trade law issues are invited to attend.
- . The Domestic Legal Branch's seminars, led by its panel legal firms, for Departmental officials on key legislative developments and on specific legal topics such as privacy and contracts. A recent presentation focused on changes to employment and human resources legislation.

18. DFAT's experience is that such seminars are of greatest value when they include speakers from both outside and within government and held under Chatham House Rules which promote open and broad-ranging discussion.

### **A more collaborative APS**

19. This submission provides some ideas for increasing collaboration across the APS, including the benefits of greater mobility between APS agencies. The submission also sets out some suggestions that could lead to improved standards of policy development and service delivery.

#### *Temporary transfers and secondments within the APS*

20. To improve collaboration within the APS, we see merit in increasing temporary transfers and secondments to and from other APS agencies, particularly those with common policy and functional links.

21. Once recruited DFAT staff tend to stay for the long term because DFAT offers opportunities for overseas service, as well as a career within Canberra

which allows staff to work in a broad range of policy and operational fields. At the same time, DFAT sees temporary transfers and secondments within the APS as highly beneficial – both from an organisational perspective and for individual employees' career development. The exposure obtained by our employees to whole-of-government decision making and perspectives, as well as the cross-fertilisation of ideas and the deepening of linkages and coordination forged through these placements, help to ensure a flow of new ideas, approaches and expertise across a broad range of policy areas.

22. There are currently over 20 DFAT policy staff seconded or transferred temporarily to other agencies (placed in the Department of Prime Minister and Cabinet, Office of National Assessments, National Threat Assessment Centre and Department of Climate Change) and 15 staff (from the Department of Agriculture, Fisheries and Forestry, Attorney-General's Department, Department of Defence, Department of the Environment, Water, Heritage and the Arts, Department of Immigration and Citizenship, Department of Resources, Energy and Tourism, ONA, PM&C and Treasury) on secondment or temporary transfer to DFAT. The temporary transfers of DFAT staff to ONA and PM&C are long established through exchanges of letters. Formal arrangements are also in place for NTAC and DCC secondments. In addition, DFAT will shortly provide an employee to the newly established Office of the Australian Civilian Corps in AusAID.

23. External placements could also focus on developing administrative and service-delivery expertise. For DFAT staff, secondments to and from the Department of Finance and Deregulation (budget/administration), Australian National Audit Office (audit requirements) and the Australian Public Service Commission (recruitment, workforce planning and training) would deepen DFAT's understanding of the operation of other agencies, strengthen the work of the APS by facilitating exchanges of ideas and creating deeper linkages between agencies, and provide staff with valuable development opportunities.

24. We see value in hosting further secondment opportunities as well as facilitating further secondments out of DFAT. For agencies with an international presence, secondments to DFAT could improve understanding of Australian government interests and operations internationally.

25. In any move towards a more centralised approach to temporary transfers across the service, the APS would need to balance whole-of-APS objectives and individual agency operational requirements.

#### *Secondments to non-APS institutions and organisations*

26. DFAT would welcome formal reciprocal policy exchange arrangements with relevant private sector and academic institutions. This would enhance DFAT's capacity on specific projects across the foreign affairs and trade policy agenda, including in branches such as the Global Issues Branch, which produces strategic policy papers on major cross-cutting foreign and trade policy issues, and the G20 and International Economy Branch, responsible for DFAT's engagement on international economic issues.

27. DFAT currently has formal links with institutions including the Centre for Defence and Strategic Studies (one staff member is seconded there each year to participate in the 12-month Defence and Strategic Studies course and, when resources permit, we provide an SES-level officer to the Centre's curriculum staff), and the Asia-Pacific Civil-Military Centre for Excellence (two staff members for a 12-month period).

*International exchanges and secondments*

28. Given DFAT's international focus, exchange arrangements with other countries and international organisations are of particular value.

29. Eight DFAT staff are currently deployed within UN organisations, the OECD Secretariat in Paris, the Pacific Islands Forum Secretariat in Suva, the Asian Development Bank in Manila and the APEC Secretariat in Singapore.

30. We have formal exchange arrangements with New Zealand's Ministry of Foreign Affairs and Trade, the US State Department, Canada's Department of Foreign Affairs and International Trade and the UK Foreign and Commonwealth Office. In addition, we have also facilitated temporary short-term exchanges for other positions to and from these foreign and trade ministries, including an imminent one year exchange in the US State Department for an Indigenous Cadet Program Graduate.

31. Each year we invite officials from foreign and trade departments of developing countries to undertake two months of training in Canberra alongside DFAT's graduate recruits. In 2009, 14 officials from counterpart ministries participated in the program, the majority of whom were funded through AusAID's Australian Leadership Awards Fellowship Program. This training builds capacity in other foreign and trade departments (particularly in the Asia-Pacific region, the Middle East and Africa) and exposes foreign diplomats to key Australian foreign and trade policy issues. It also establishes strong and enduring personal linkages between junior Australian officials and officials from developing countries which may then facilitate the longer-term pursuit of Australian foreign and trade policy objectives.

*Current barriers to mobility*

32. DFAT believes that staff mobility could be improved through the development of an APS-wide set of core standards for security vetting to facilitate greater portability of national security clearances between agencies. Such a standard should not prevent certain agencies from applying agency-specific security vetting requirements.

33. DFAT has already taken steps to streamline arrangements involving the recognition of other agencies' security clearances. This has resulted in a reduction in the time taken for clearances to be finalised.

34. Staff on temporary transfer to other agencies can be disadvantaged by the different pay structures across the APS, as well as the effects of temporarily leaving the performance management system in their home agency. To minimise possible disincentives to serve in another agency, DFAT allows its employees on

temporary transfer who participate in the host agency's performance management system and do not receive bonuses in that agency's performance system to apply for reintegration at a higher pay point on return to DFAT.

### *APS Values*

35. DFAT believes that the APS Values continue to serve the APS and APS employees well. The APS Values underpin DFAT's Code of Conduct for Overseas Service, which applies to DFAT's APS employees serving overseas, and the Codes of Conduct for locally engaged staff in place at each of the overseas missions DFAT manages. At the same time, DFAT would welcome amendments to the APS Values that ensured their on-going relevance and clarity.

36. DFAT also advocates the APS-wide adoption of its Code of Conduct for Overseas Service (available at [http://www.dfat.gov.au/dept/code\\_of\\_conduct.html](http://www.dfat.gov.au/dept/code_of_conduct.html)). Differences in legal systems and cultural norms overseas often present employees serving overseas with more complex ethical issues than in Australia. DFAT's Code of Conduct for Overseas Service provides DFAT's APS employees more detailed guidance on how to comply with the requirement in the APS Code of Conduct that "an APS employee on duty overseas must at all time behave in a way that upholds the good reputation of Australia."

37. As the increasing interaction between domestic and international considerations in government policy making and service delivery requires greater presence of APS employees internationally, APS-wide adoption of DFAT's Code of Conduct for Overseas Service would help ensure common conduct standards by APS employees serving on short-term and long-term missions overseas. It would strengthen existing guidance for APS employees serving overseas, and would help enhance a culture of unity among all APS employees serving overseas.

## **Coordinated approach to recruitment and training**

### *Training*

38. DFAT values staff training and development highly, and invests on average 0.92 per cent of its annual budget on training and development (\$7.88 million in 2008-09, of which \$2.76 million was for language training). Though some skills and needs are agency-specific, many training needs are shared across the APS. For example, a number of DFAT training courses, in areas including trade policy, the negotiation of free trade agreements and working with EU institutions are offered to participants from other federal and state government agencies. All APS employees proceeding on an overseas posting attend DFAT's overseas security awareness course.

39. We have consistently supported staff to participate in ANZSOG programs, including the two-year Executive Masters in Public Administration. An SES Band 1 officer is attending ANZSOG's newly developed *Towards Strategic Leadership* program. DFAT has also long supported training secondments to the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies. A DFAT staff member was seconded to PM&C to assist in the development and

presentation of the National Security Executive Development Pilot Program, a six-week course for SES Band 1 staff from across the public sector. The course was designed to enhance the capacity of senior officials to develop and implement whole-of-government national security policy. In addition, a DFAT staff member was a course participant.

40. Language training, including how best to utilise the language proficiency of contemporary Australian society, is an important issue for DFAT. Language training is intensive and long-term. (For most languages in which DFAT staff are trained, the language training period for functional proficiency ranges from 40 to 88 weeks. Tuition costs for a 40 week training program are currently around \$70,000.) This means that APS agencies need to balance language training carefully against spending in other areas.

41. While recognising that different APS agencies have different needs in their language training and that start-up costs for a whole-of-government institution would be significant, an APS-wide language training program might deliver greater efficiencies and allow the APS as a whole to develop greater linguistic depth. DFAT encourages the Advisory Group to consider this.

### *Recruitment*

42. DFAT supports whole-of-government recruitment campaigns for particular vacancies. Such coordinated campaigns can attract a broader field of applicants and result in cost and time savings for individual agencies. We see benefit in well managed, centralised processes for recruitment of some specialist positions such as accountants, IT specialists and payroll officers. The APSC-coordinated recruitment processes for Indigenous Cadets and Indigenous Graduates, in which DFAT participates, provides a successful model for whole-of-government recruitment campaigns.

43. Because the skills and qualifications required by individual agencies can vary substantially (for example for DFAT language skills and aptitude are important), graduate recruitment and bulk level recruitment rounds are generally more suited to decentralised processes.

### *Diversity*

44. DFAT participates in, and values, APS-wide initiatives to promote diversity, Indigenous employment and enhanced employment opportunities for people with a disability.

45. Given DFAT's role in advancing Australia's interests internationally, we give a high priority to reflecting the diversity of contemporary Australia. Through the cultural and linguistic diversity of our employees, the department shapes international perceptions of Australia as a diverse, multicultural and tolerant nation. The diversity of our staff also contributes to improved service delivery in Australia and overseas. For example, DFAT relied upon our Arabic speakers during the evacuation of over 5000 Australians from Lebanon in 2006.

46. DFAT seeks to recruit a diverse group of people through our graduate recruitment program, Indigenous Cadetship program and bulk recruitment rounds. In DFAT's work, knowledge of a foreign language is an advantage. In the last five years, nearly 18 per cent of graduates joining the department have come from non English speaking backgrounds, bringing with them valuable skills in community languages including Mandarin, Italian, Cantonese, Tamil and Polish.

47. The aim of DFAT's Indigenous Recruitment and Career Development Strategy (IRCDS) is to improve our recruitment and retention rates of Indigenous staff and to ensure these staff maximise their potential for a successful career. Since the Strategy was introduced in 2004 Indigenous staff numbers have increased significantly. DFAT recognises it needs to build on this achievement and has placed additional emphasis on providing opportunities for professional development and career progression for Indigenous employees, including through making greater use of APS-wide initiatives and resources.

### **Citizen-centred service delivery**

48. In its consideration of citizen-centred service delivery in the APS, the Advisory Group may wish to consider the ways DFAT delivers consular and passport services.

49. DFAT places the Australian citizen at the heart of its passport and consular service delivery, in both serving the individual citizen and doing so in a way which manages public resources responsibly and equitably on behalf of all citizens.

50. We believe that a culture of continuous improvement is an important part of maintaining focus in our service delivery. DFAT is proactive in seeking client feedback and acting on it, in regularly reviewing how we deliver services and in enhancing our workforce capability. We also work to educate Australians on the limits to services the Australian Government can offer overseas in a challenging international environment.

#### *Passport services*

51. DFAT's Australian Passport Office (APO) aims to provide the highest standard of service possible to all Australian passport applicants. In 2008-09, APO issued 1 524 945 travel documents – that is 6 174 travel documents per working day. Over 98 per cent of passport applications were processed within 10 working days of a complete application being received by a passport office, whether in Australia or overseas. The average turnaround time for passport issuance was 5.1 days. This is much shorter than processing times achieved by counterpart passport agencies overseas.

52. APO's service delivery is guided by its *Passports Client Service Charter* (attached to this submission) which sets out the standard of service clients can expect, how and where to get more information, and how to provide feedback. The Charter was written in consultation with clients, staff and other stakeholders. In September 2008, APO surveyed clients' understanding of the Charter through all state and territory passport offices and selected overseas missions. Ninety-eight per cent of respondents reported that information in the

charter was clear and easy to understand and adequately explained the level of service clients could expect. In response to *mystery shopper* exercises (where service evaluators posed as normal passport applicants and provided detailed feedback about their experiences), conducted in 2008, APO developed a client service training program which will be delivered to all passport officers by the end of 2009.

53. APO uses a range of mechanisms to obtain and respond to feedback on client services and through that feedback to improve service provision. These mechanisms include feedback forms available through passport offices, online feedback facilities, in-house surveys and *mystery shopper* exercises conducted by independent market research firms at our key service delivery channels (Australia Post, Australian Passport Information Service, passport offices, the passports website and DFAT's Consular Emergency Centre).

54. APO is developing a strategy paper on the outlook for the passport business over the next five years, engaging and collaborating with Australia Post and other service providers to improve efficiency of processes and client service levels and developing a plan for the improvement of online services.

#### *Consular services*

55. DFAT's consular services are focused on helping Australian citizens – before they travel overseas and in circumstances where they require assistance overseas.

56. In 2008-09, DFAT actively managed as many as 1550 consular cases at any one time. These cases ranged from requests for assistance with hospitalisation or for help with stolen travel documents, through to cases involving arrests, deaths and missing persons. DFAT also issued 944 travel advisory updates.

57. Australian citizens have access to consular services in 163 locations around the world (including 20 Canadian missions under Australia's Consular Sharing Agreement) and through our Consular Emergency Centre (CEC) in Canberra.

58. Over recent years, DFAT has worked to enhance its workforce capability strategies to ensure a consistently high standard of service delivery. We have undertaken significant changes to the focus and delivery of training for staff engaged in the provision of consular services. Consular managers, whether based at an overseas post or in Canberra, undertake in-depth training programs in advance of their assignments. This is reinforced and supplemented by overseas training workshops, focusing particularly on locally-engaged staff, to ensure that the delivery of our consular services remains tightly aligned to the commitments set out in our *Charter of Consular Services* (attached to this submission). Consular managers in Canberra provide regular feedback to consular staff based overseas on individual case management.

59. DFAT collaborates closely with Australian Government agencies and others to provide consular services. This has been particularly evident in DFAT's

management of consular crises overseas where DFAT works with and coordinates the expertise and capacity of Australian Government agencies such as AFP, Centrelink, Customs, Defence, EMA, Health and Ageing, DIAC and Infrastructure. This enables integrated, whole-of-government service delivery to Australians who find themselves in the most difficult circumstances overseas.

60. DFAT has worked to balance its focus on integrated delivery of consular services with careful management of the expectations about the nature and level of consular assistance the Government should provide. DFAT has a responsibility to assist individual citizens in difficulty overseas. At the same time, it is focused on the need to balance the rights of the individual citizen with that of the broader citizenry, and its responsibility to manage public resources appropriately and equitably on behalf of all citizens.

61. For this reason, DFAT works to increase individual Australians' responsibility for travel decisions and preparations, so that DFAT may be able to better focus contested public resources on providing consular assistance to citizens in unforeseen difficulty. This means encouraging Australians travelling overseas to pay regard to our travel advice, take out appropriate travel insurance, register their travel with DFAT, and be aware of the differences between Australia and other countries which limit the Australian Government's capacity to deliver services overseas. The *smartraveller* program – including industry-based consultative mechanisms and regular market research – has been the cornerstone of this approach.

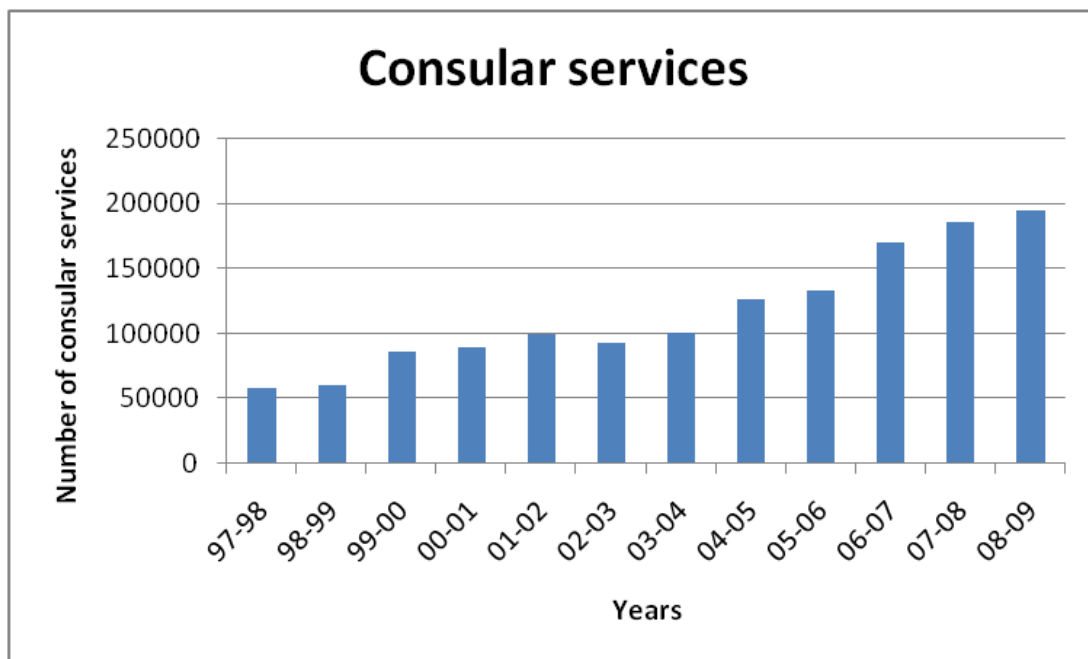
62. In light of the increasing numbers of citizens travelling overseas and the growing demand for consular services, an internal Review of Consular Services was conducted in September-October 2009, focused on the need to promote a stronger culture of personal responsibility, self-reliance and resilience on the part of travelling Australians. As part of the internal Review, we used focus groups to survey understanding and acceptance of the current Consular Services Charter, which was last updated in 2008. The focus groups showed clearly that the Charter in its current form does not provide sufficient clarity for members of the public wanting to know what the department can and cannot do for them overseas. We are currently working to produce a more citizen-centred focus to this key public document, in advance of a re-launch early in 2010.

#### *Funding for service delivery*

63. In examining funding arrangements for the delivery of services, the Advisory Group might consider the funding of consular and passport services in DFAT, which are provided under different models, and the advantages and disadvantages of these models.

64. Consular services are funded from DFAT's base budget. Increased funding for these services must therefore come from an increased appropriation, internal efficiencies and productivity gains, or a reduction in funding for some other outcomes.

65. The following graph demonstrates the trend of increasing levels of consular services provided by DFAT over the 12 years, with a tripling of the level of consular services provided since 1997-98.



66. Australians continue to travel overseas in record numbers, increasing from 5,878,445 in 2007-08 to 6,009,033 overseas departures in 2008-09. This trend is expected to continue.

67. Passport services are funded through a three-year *Passports Funding Arrangement* between the Department of Finance and Deregulation and DFAT. Under this arrangement, a portion of the funding appropriated to DFAT is adjusted annually to reflect the level of passport demand. This adjustment is linked to the variable costs associated with passport production (such as material used to produce passports and salaries for passport production and call centre staff). If actual demand is above or below levels funded under the Arrangement, a funding adjustment is made for DFAT's budget.

68. Before this Arrangement, passport services were funded as part of DFAT's base budget. As the demand for passports increased, the consequent pressure on DFAT's budget affected the operating capacity of other areas within the department, and it was necessary to develop a new funding approach.

69. From DFAT's point of view, the funding model used for the provision of passport services is more flexible and allows the department to respond more effectively to the increasing demand for these services. However, for passport services (unlike consular services), service price affects service demand, and funding for passport services is offset by revenue from clients.

## **Efficient and effective resource management**

70. DFAT supports regular and systematic reviews of regulatory and administrative requirements within agencies to identify savings and reduce red tape further throughout the APS.

#### *Service Level Agreement*

71. At our overseas missions, as in Canberra, we seek to maximise efficiency in resource management. Overseas, DFAT works collaboratively with other APS agencies in the management and implementation of corporate services, avoiding duplication and leading to a more efficient and effective use of resources. Under the Service Level Agreement (SLA) DFAT provides management services on a user-pays basis to 27 government departments or agencies with overseas representation, and in one instance to the New Zealand Government. These services are delivered in accordance with the 2007 Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas.

72. The SLA sets out DFAT's obligations and those of other agencies for each category of management service and determines service delivery standards. The services include financial, human resources and property management services for Australia-based employees and locally-engaged staff in posts managed by the department.

73. Feedback from SLA clients has been positive. Our annual Post Evaluation Review (PER) process is our principal means for obtaining feedback on a post's performance, including on SLA work, from other agencies. In 2008-09 the PER process showed a high level of satisfaction with the department's work towards achieving whole-of-government objectives, including in the provision of management services.

#### *Whole-of-government ICT systems*

74. Whole-of-government approaches to policy development and service delivery must not only be supported by traditional coordination arrangements, such as inter-departmental committees and central-agency coordination units. They must also be supported by other mechanisms that facilitate the efficient flow of information across government agencies. In this area government information and communication technology (ICT) arrangements play a vital role. DFAT believes there is scope to improve the management of the government's international ICT arrangements.

75. ICT is a key enabling agent for effective decision-making in government. It is a core component of the infrastructure required for the delivery of services to the public. And it is central to the ability of the government and agencies to change and adapt to the imperatives of globalisation and the information age. It follows that adequate attention should be given to the nature and structure of the government's ICT arrangements in assessing how these arrangements contribute to, or inhibit, the effectiveness of the APS and government administration, including overseas.

76. The recent Gershon report on the Australian Government's use of ICT highlighted the deficiencies in current government ICT management arrangements. These arrangements are characterised by a high degree of agency autonomy which, according to the report, has led to poor outcomes and expensive and inefficient ICT practices. The government has acknowledged these deficiencies and has set about remedying them through its comprehensive ICT Reform Program.

77. At the heart of this Reform Program are measures to strengthen whole-of-government ICT governance and operating arrangements. This is welcome as current arrangements represent a structural barrier to joined-up government – 'One APS' – and more efficient and cohesive government administration, including in the international environment. The challenge is to put in place efficient and reliable enabling structures that foster cross-agency information exchange, teamwork and collaboration, and support timely, integrated and coherent policy development and implementation. This is critical if agencies are to meet better the significant policy and practical challenges facing the government of the day and deliver higher quality outcomes, including improved services to the public.

78. The need for change is driven as much by trends in the global environment as it is by domestic developments. It is becoming increasingly difficult to separate the two. Transnational issues such as climate change, people smuggling, terrorism, free trade and global financial developments are now at the forefront of the national interest. These complex cross-agency public policy issues define Australia's strategic challenges and, to a degree, provide a broad policy framework for examining options for reform of Australian Government administration.

79. To deal with these challenges effectively, both now and into the future, the government needs to have in place ICT infrastructure that supports timely and effective decision-making across the whole of government. In this regard, DFAT considers the management of the government's international ICT arrangements should be improved. The current fragmented agency arrangements, involving at least eight separate ICT systems, located either in Australian diplomatic missions or at separate overseas locations, inhibit the capacity of agencies to share information and develop and deliver effective whole-of-government solutions that support the government's international agenda. They also give rise to operational, security and administrative complications that increase the cost to agencies, and to government, of supporting these various systems. The Gershon report expressly acknowledged the limitations of current arrangements in recommending as a candidate for a whole-of-government approach '*ICT systems to improve the management of the government's presence outside Australia.*'

80. As manager of the government's global communications network, and as a provider of secure and non-secure ICT services to 40 government agencies connecting around 140 sites in Australia and overseas, DFAT has a major stake in the future shape of the government's international ICT arrangements. The department considers that consolidating and rationalising the existing arrangements has the potential to achieve administrative efficiencies as well as deliver significant business benefits that would support the government's APS

reform objectives. DFAT is examining options to achieve such an outcome as part of the next major upgrade of its global communications network.