

03

Management and accountability



Management and accountability

Operational and strategic support to the executive and staff is provided by the Department's three corporate areas: Corporate and Business Division, Legal Group and Finance and Budgets Group. Issues covered by these areas include human resources, governance, public affairs, whole-of-government policy coordination, parliamentary liaison, information technology, facilities and records management, regional network services, legal advice, freedom of information, and resource management and budgeting.

Corporate governance

Overview

Strengthening of the governance framework and procedures continued in 2005–06.

Major achievements included:

- the release of the *Practical Guide to Program Administration*, which was developed in the previous year as a hands-on, interactive tool on the Department's intranet;
- the release/revision of 16 procedural rules, including key governance rules on management of conflict of interest and receipt of gifts, complaints handling and insurable risks;
- enhancement of business continuity planning through the commencement of work on a pandemic plan for the agency;
- commencement of a review of the Department's risk management policies and procedures to further integrate risk management principles into business processes; and
- incorporation of governance issues into the Department's new capability programs.

The organisation staff survey planned for 2005–06 was held over until 2006–07 to allow the new departmental structure, implemented on 1 July 2006, to be bedded down. One objective of this survey is to gauge staff awareness and understanding of corporate governance obligations and requirements. Feedback will be used to further refine corporate governance training courses and related products including publications.

The departmental restructure will also require the Department to review its output structure and corporate plan. This work is planned for early 2006–07.

Senior management and coordinating committees

Eight senior management and three cross-departmental coordinating committees operated during the reporting period. These committees provided advice and support to the Secretary and to the Department's executive on governance, compliance and future directions. The senior management committees are outlined in figure 3.1.



Members of the Department's Executive Management Group.
 Front row (L–R): Lynn Bean, Acting Deputy Secretary, Arts and Sport; Helen Williams, Secretary; Fay Holthuyzen, Deputy Secretary, Communications; Rod Badger, Deputy Secretary, Information Economy. Middle row (L–R): Jennifer Gale, Chief Financial Officer; Don Marcus, General Counsel; Jenny Anderson, Beverly Hart. Back row (L–R): Simon Pelling; Frank Nicholas, Chief Operating Officer; James Cameron, Colin Lyons; Rohan Buettel (attending on behalf of Keith Besgrove).

Figure 3.1 Senior management committees

Committee name	Role and activities	Membership as at 30 June
Executive Group (meets about every three weeks)	The Executive Group considers matters affecting the overall operation and strategic direction of the Department. In 2005–06, the group discussed a range of organisational development matters such as succession planning, learning and development opportunities for departmental staff, and improving ways of working together with other government agencies.	The Secretary (chair), deputy secretaries and the Chief Operating Officer.
Executive Management Group (EMG) (meets weekly)	The EMG is the main forum in which the Department's governance and accountability needs are discussed by the senior executive. The group monitors the financial and non-financial performance of departmental and administered programs, shares information about major projects and activities in the Department and receives regular reports from the management subcommittees.	The Secretary (chair), deputy secretaries, General Counsel, all chief general managers, the Chief Operating Officer and the Chief Financial Officer.

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Executive Management Group (EMG) (meets weekly) <i>continued</i></p>	<p>In 2005–06, it contributed to the development of several departmental policies including a new recruitment and retention strategy, a portfolio emergency response guide, a workplace giving program and security policies. Towards the end of the year, the group worked on implantation of a new departmental structure while minimising disruptions to Government business. Throughout the year, it received regular reports on the progress of Indigenous policy and programs and a monthly Regional Network report covering activities, events and issues affecting departmental officers working in rural and regional areas.</p>	
<p>Audit, Risk and Evaluation Committee (meetings held 25 August 2005 [special], 15 September 2005, 8 December 2005, 9 March 2006, 5 May 2006 [special], 15 June 2006)</p>	<p>The Audit, Risk and Evaluation Committee, in accordance with the FMA Act, provides independent advice to the Secretary on the Department's control frameworks, externally published financial information and compliance with statutory obligations.</p> <p>The committee considered a range of issues during the year, including the Department's 2005–06 Internal Audit Plan, fraud and risk plans for 2005–07, business continuity planning, and oversight of the ANAO and internal audit report recommendations.</p> <p>Special meetings of the committee were held on 25 August 2005 to approve the Department's 2004–05 financial statements and on 5 May 2006 to approve the appointment of a new internal auditor for the Department.</p>	<p>The Deputy Secretary Communications (chair), Mr Peter Kennedy, external member (Integrity Adviser Australian Taxation Office), Chief Operating Officer, General Manager Public Broadcasting, General Manager Enterprise and Infrastructure, and General Manager Collections.</p> <p>Representatives from the Australian National Audit Office, the Department's internal auditors (KPMG), the Chief Financial Officer, General Counsel and General Manager Content and Programs Old Parliament House attend committee meetings as observers.</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Workplace Consultative Committee (WCC)</p> <p>(meetings held 22 September 2005, 24 November 2005, 30 March 2006 and 22 June 2006)</p>	<p>The WCC is established under the Department's current certified agreement (CA) as a direct consultative mechanism with staff. WCC staff representatives provide advice to management on workplace issues and are involved in monitoring implementation of the certified agreement and progress toward achievement of the pre-conditional salary increase components specified in the CA. During the year, the committee considered a range of issues including development of the Regional CA, OH&S issues, the review of arrangements for rostered staff, introduction of the School Leavers Program, core training and development programs, the restructure of the Department, working arrangements for Executive Level staff and car parking.</p>	<p>The Secretary, (Chair), Chief Operating Officer, Chief Finance Officer, Manager HR Strategy, Manager HR Operations, elected staff representatives from each Division, Old Parliament House, the Regional Network, the Department's Graduate Program, and CPSU representation.</p>
<p>Occupational Health and Safety (OH&S) Committee</p> <p>(meetings held 5 August 2005, 4 November 2005, 3 February 2006 and 30 June 2006)</p>	<p>The OH&S Committee reports to the WCC on the Department's progress in meeting its OH&S responsibilities.</p> <p>The Committee reviewed, discussed and made recommendations on a range of issues throughout the year. These included training for health and safety representatives, the Department's annual Health Week; continued incident and accident reports and actions, roll-out of a software tool to assist with the prevention and management of overuse injuries and the introduction of emergency procedures information for all staff.</p>	<p>General Manager, Research, Statistics and Technology (chair), Manager HR Operations and elected health and safety representatives from each designated work group (currently 12).</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Information Management Committee (IMC)</p> <p>(meetings were held 7 September 2005, 17 November 2005, 1 March 2006 and 1 June 2006)</p>	<p>The IMC provides advice and strategic direction to the Executive Management Group on the management of the Department's information technology needs. The committee considered a range of issues during the year, including desktop hardware replacement, the electronic records management (TRIM) system uptake, the financial and budgeting system (SAP) upgrade, website and intranet infrastructure, and application development within new architecture.</p>	<p>Chief Operating Officer (Chair), General Manager Information Technology and Facilities, General Manager Access, Chief Financial Officer, General Manager Licensed Broadcasting, General Manager Film and Digital Content, General Manager ICT Industry, General Manager Broadband Infrastructure, Senior Advisor Legal Group and the Executive Coordinator.</p>
<p>Human Resource Management Committee (HRMC)</p> <p>(meetings held 1 September 2005, 14 November 2005, 1 December 2005, 16 March 2006 and 8 June 2006)</p>	<p>The HRMC provides strategic advice and direction in the development and management of the Department's human resource initiatives. The HRMC guides the development of the HR strategies and is responsible for reporting to the Secretary and EMG on progress against the HR Strategic Directions 2006–10 and for monitoring the Department's progress against the Management Advisory Committee Report—Managing and Sustaining the APS Workforce.</p> <p>The committee considered a range of issues including management of a recruitment consultancy, review of entry-level recruitment (including the 2006 and 2007 graduate programs and development and implementation of a pilot recruitment program for school leavers for 2006), development and implementation of capability programs for staff at the APS 1–4 and APS 5–6 levels, management of the Department's compensation premium, various HR policies, the performance of the Department's payroll provider and consideration of workforce metrics and trends.</p>	<p>Chief Operating Officer (Chair), General Manager Arts, Regional and Governance, General Manager Broadband Infrastructure, Chief General Manager Information Economy, General Counsel Legal Group, Chief General Manager Broadcasting, General Manager Creators' Rights and Access, General Manager Corporate Finance, General Manager HR & Communications, Manager HR Strategy and the Executive Coordinator.</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
Workplace Diversity and Harassment Committee (WDHC) (meetings held 18 October 2005, 7 February 2006 and 6 June 2006)	<p>The WDHC promotes and supports the Department's commitments to workplace diversity and eliminating workplace harassment. The Committee monitors and reports on the implementation of the objectives of the Workplace Diversity and Eliminating Workplace Harassment (WD&H) plan.</p> <p>The Committee also reviewed, discussed and made recommendations on a range of issues throughout the year. These included undertaking a formal review of the WD&H plans, development of awareness raising posters and of activities associated with celebrating NAIDOC Week, Harmony Day and Reconciliation Week.</p>	General Manager HR & Communications (Chair), Manager HR Operations, and General Manager Old Parliament House. There are also three staff representatives from the WDHC contact officers' network.

Three cross-departmental coordinating committees operated during the reporting period: the International, Research and Connect Australia committees. The International committee (deputy secretaries, General Manager International) coordinates the Department's involvement in multilateral and bilateral forums. The Research committee (deputy secretaries, General Manager Research Statistics and Technology) focussed on the development of a departmental research program. The Connect Australia committee, chaired by the Secretary, was established in the 2005–06 reporting period to coordinate Connect Australia activities across the Department.

As part of the departmental restructure, a review of the cross-department coordinating committees was undertaken which resulted in a framework of six coordinating committees to commence work from 1 July 2006 (figure 3.2).

Corporate planning

The 2005–08 corporate plan provided the broad strategic directions and key priorities which the Department pursued in 2005–06 to achieve its outcomes relating to arts, sport, communications, information technology and the information economy.

The corporate plan is underpinned by divisional business plans detailing the key divisional outputs and activities to achieve the Department's objectives. These plans are in turn linked to the Department's performance management system, which guides the management of both individual and team performance.

A review of the Department's corporate plan is planned for early in 2006–07 to reflect the Department's restructure and new policy and program directions, such as the introduction of the Connect Australia program.

Figure 3.2 Coordinating committees to commence on 1 July 2006

Committee	Role and activities
Strategy and Research	Deals with longer term issues of significance to the Department as well as the Department's research and statistical requirements
International	Forward agenda and work to coordinate strategic aspects of Department's profile
Connect Australia	Cross-department coordination of Connect Australia programs, Broadband Blueprint, 3G/CDMA and other regional programs
Indigenous	Whole-of-department coordination on Indigenous policy and program issues
Intellectual Property (IP)	Department-wide IP issues including legal deposit, Indigenous IP
Digital Content	Digital media, online and related content issues, film, digital content action agenda

Audit, risk and evaluation

The Audit, Risk and Evaluation Committee met six times during the year and reported to the Secretary and the Executive Management Group after each meeting. The focus for 2005–06 was on the implementation of treatments identified in the fraud control and risk management plans, physical and personal security arrangements, the outcome of financial statement audits, monitoring of the evaluation framework, compliance with the Australian Equivalent International Financial Reporting Standards and monitoring progress with the implementation of Australian National Audit Office and internal audit report recommendations.

The process of committee self-assessment continued during 2005–06 and indicated that all performance indicators had been met.

Internal audit

The Department's internal audit services were provided by KPMG and monitored by the Audit, Risk and Evaluation Committee. The 2005–06 Internal Audit Plan was developed based on the Department's Strategic Audit Plan 2003–06, consideration of risk drivers in the Risk Management Plan 2005–06 and discussion with senior management.

Internal audits conducted during the year included:

- Contract Management Review;
- Corporate Credit Cards Review;
- Review of IT controls and security;
- Multi-year grant documentation; and
- Accounts Payable (partially completed).

The audit into the application of regulation 10 of the *Financial Management and Accountability Regulations 1997*, that was included in the 2004–05 internal audit plan, was also finalised in 2005–06.

While a number of recommendations were made in relation to the completed audits, no serious control breaches were identified. The Department's Audit, Risk and Evaluation Committee monitored the implementation of the reports through quarterly status reports.

A number of additional assignments were undertaken by the internal auditor during the reporting period, including probity advice for Round 2 of the Coordinated Communications Infrastructure Fund, a review of the Department's media monitoring needs and a review of Artbank operations.

With the expiry of the internal audit contract on 30 June 2006, a select tender process to implement a new audit contract was undertaken by the Corporate Governance Section. A new provider, Protiviti, was selected and an official order was signed on 31 March 2006 for two years with the option for a one-year extension.

Risk management

The 2005–07 Risk Management Plan, which commenced development in 2004–05, was approved on 10 August 2005. Following the release of the new plan, a review of the risk management policies and guidelines which support the Plan was commenced. The revised policies and guidelines are to be submitted to the Audit, Risk and Evaluation Committee and the Executive Management Group in early 2006–07.

The Department continued to educate and raise awareness and understanding of staff in relation to risk management as a vital element in the delivery of outcomes to the Government.

In March 2006, the Department participated in Comcover's risk profiling exercise to assist Comcover to understand the risk exposures of individual fund members and the whole Comcover fund. The exercise also provided the Department with a methodical process to identify and quantify its insurable risks and to assist in the overall management of risks.

The Department continued to participate in the annual Comcover benchmarking survey which measures performance in managing risk and assessing the extent of cultural change within agencies. The Department's overall results improved when compared with previous years reflecting the Department's competency in implementing an enterprise-wide risk management framework. As a result, the Department received a six per cent premium discount on the insurance renewal.

Fraud control

The Department continued to monitor and report on the treatment of risks identified in the 2005–07 Fraud Control Plan through the Audit, Risk and Evaluation Committee. A number of initiatives were commenced to mitigate these risks, including continuing with reviews aimed at strengthening audit and acquittal processes, strengthening interagency relationships and revising and updating acquisition policies.

The Department also continued to review its fraud prevention, detection, investigation and reporting procedures to ensure ongoing compliance with Commonwealth fraud control guidelines.

Evaluation

In June 2006, the rolling three year evaluation program for 2006–09 was approved by the Executive Management Group. The program includes 16 management initiated evaluations covering all policy divisions. It takes account of work being undertaken by external authorities such as the Australian National Audit Office and the Department of Finance and Administration's Office of Evaluation and Audit (Indigenous Programs).

The Audit, Risk and Evaluation Committee oversees the evaluation program and ensures that regular program evaluations take place and that the recommendations from these evaluations are implemented.

During the reporting period, the Department completed management evaluations covering the following:

- the Satellite Phone Subsidy Scheme and Community Phones program; and
- the operation of the *Spam Act 2003* and the spam regulatory function.

Ethical standards

The Department is committed to supporting and promoting the Australian Public Service (APS) Values and Code of Conduct in accordance with the *Public Service Act 1999*. Major achievements in this area during the year included:

- the 27 September 2005 release of detailed departmental procedures for managing breaches of the Code of Conduct covering guidance for employees, managers and investigators involved in a code of conduct matter;
- the review of the Department's Workplace Diversity Plan 2004–05 and Eliminating Workplace Harassment Plan 2004–05 with new plans expected to be released early in 2006–07;

- the continuation of adherence to the APS Values and Code of Conduct as a mandatory assessment criterion under the Department's performance management system; and
- the approval of 14 new procedural rules introduced to operate alongside the Chief Executive Instructions and give guidance on a range of ethical issues including:
 - asset management;
 - care and custody of financial instruments;
 - complaints handling;
 - conflicts of interest and receipt of gifts;
 - insurable risk;
 - loss and recovery of public property;
 - official bank accounts;
 - payment of accounts;
 - receiving public money;
 - use of property;
 - financial statements and reporting;
 - financial accounts and records;
 - official advances; and
 - gifts of public property.

Courses on the APS Values and Code of Conduct and on raising cultural awareness also continued to be conducted. In this reporting period, 12 staff attended a one-week graduate induction course, eight staff recruited under the new School Leaver Program attended a three-day induction course, 64 staff attended five APS Values and Code of Conduct courses, and 39 staff attended three Indigenous cultural awareness training courses.

Further initiatives will be implemented in 2006–07 to improve awareness of ethical standards, including the release of new Workplace Diversity and Eliminating Workplace Harassment plans.

External scrutiny

The Australian National Audit Office issued a number of reports in 2005–06, some which involved the Department directly and others which were of special or general interest to the Department. A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports.

Details of the audits in which the Department was involved can be found at appendix 3.

Judicial decisions and decisions of administrative tribunals affecting the operation of the Department

There were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operations of the Department during 2005–06.

Commonwealth Ombudsman

During 2005–06, the Commonwealth Ombudsman made two inquiries concerning the Department.

The first inquiry concerned whether the Department was responsible for the administration of the compensation and rehabilitation rights of two employees of the former Aboriginal and Torres Strait Islander Commission and the Department of Aboriginal Affairs. On 13 April 2006, the Department advised the Ombudsman's office that the Department was not responsible for this administration as the individuals concerned had not been transferred to the Department. The Ombudsman's investigation of this matter is continuing.

The second inquiry concerned an initial failure of the Department, subsequently rectified, to locate the minutes of the July 2004 Ausfilm Board meeting in response to an application under the *Freedom of Information Act 1982*. On 10 April 2006 and 18 May 2006, the Department wrote to the Ombudsman's office to explain its actions concerning this matter and to outline its guidance on searching for documents as part of its FOI Guidelines. The Ombudsman's investigation of this matter is continuing.

Investigations of the two complaints mentioned in the Department's *Annual Report 2004–05* are now complete. No adverse findings or comments were made about the Department.

The first of these complaints concerned a decision of 8 June 2004 by the Regional Manager, West Kimberly Regional Office of Aboriginal and Torres Strait Islander Services, to decline a funding submission made by the Yuriny Aboriginal Cultural Centre (YACC). The program in question was subsequently transferred to the Department. On 10 March 2006, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of the Ombudsman's decision to cease inquiries concerning this complaint.

The second of the complaints was received from Multilocus Interactive Pty Limited concerning the Department's management of an information technology services contract. On 27 June 2006, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of the Ombudsman's decision to cease inquiries concerning this complaint.

Parliamentary committees

During 2005–06 the Department was involved in 23 Parliamentary Committee inquiries compared to 21 in 2004–05.

The Department coordinated the Government's response to four Parliamentary Committee inquiry reports and provided input to a further two Government responses. The Department also made written submissions, or gave evidence, to a further 17 Parliamentary Committee inquiries.

Details on the Department's involvement in these Parliamentary Committee inquiries are at appendix 2.

Client Service Charter

The Department's Client Service Charter explains the range and standards of service that the Department's clients can expect, outlines the rights and responsibilities of clients, and provides a formal feedback mechanism for clients. The Client Service Charter is available from the Department's website at www.dcita.gov.au, or on written request to the client service manager:

Client Service Manager
Department of Communications,
Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601

To further refine the delivery of client services, an external review of the Client Service Charter and feedback system was finalised in 2005 and a revised charter was released on the Department's website in October 2005.

To measure client satisfaction, the Department conducts a client satisfaction survey each year. Wallis Consulting Group Pty Ltd has conducted the survey on behalf of the Department for the last three years.

The objectives of the survey are to:

- measure client satisfaction against the key performance indicators in the Department’s Client Service Charter;
- report on client satisfaction at the departmental level and for outputs; and
- inform the development of practices that will improve client service.

The 2005–06 survey sampled 2068 clients and the Department received 915 responses, representing a 46.7 per cent response rate—an improvement from the 35 per cent response rate from the 2004–05 survey. Figure 3.3 below summarises the key findings from the survey.

In 2006, the percentage of clients rating services as satisfactory to excellent was 97 per cent—the same as for 2005.

Whilst the survey results are similar to previous years, areas that have been identified for improvement included consultation processes, grants administration, sensitivity to diversity issues and clarity of advice. Continuing areas of particular strength were the quality of communications with clients and telephone and email dealings with clients. Results against each output level are in section 2 of this report.

Figure 3.3 Outcomes of the 2005–06 client service survey

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent) %		
		2004	2005	2006
Communications with clients—quality	Courteousness	99	99	99
	Responsiveness	97	95	95
	Willingness to assist clients	98	98	97
	Fair treatment	98	97	97
	Advice that is clear, concise and complete	96	95	93
	Technical/professional competence in providing advice	97	96	94
	Sensitivity to diversity issues	97	96	94
Telephone dealings with clients	Availability of staff to take telephone calls during the day	98	97	99
	Staff identify themselves by name and/or work area	98	98	99
	Ability of staff to deal with clients’ inquiries	96	97	95
Email dealings with clients	Responding to clients’ inquiries as soon as possible	95	98	95
	Satisfactory responses to inquiries	97	97	94

Figure 3.3 Outcomes of the 2005–06 client service survey (continued)

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent) %		
		2004	2005	2006
Written inquiries	Speed of responses to clients' inquiries	92	92	93
	Keeping clients informed of the progress of their enquiries	90	90	89
	Providing further contact details to follow up	95	95	95
Administration of grants programs	Grant programs are adequately publicised	89	91	91
	Publicising how to apply for grants within programs	91	91	92
	Equitable access to grant programs	88	89	88
	Fair administration of grant programs, in accordance with relevant guidelines, criteria regulations or legislation	92	89	91
	The speed of decision making in relation to grant applications	81	77	70
Development and review of policy and legislation	Consultation with interested parties in good time	90	91	86
	Using appropriate processes to establish the lines of consultation	90	94	90
	Inclusion of those likely to be effected by changes in policy or legislation in the consultative process	92	90	85
	Breadth of the consultation process	91	85	85

Management of human resources

During the year, the Department made a number of significant advances in the area of human resource management.

A Department-specific capability framework has been implemented for all non-SES classifications. The framework is to be a foundation tool for human resource management in relation to job design, recruitment, performance management and staff development. Based on the framework, capability development programs have been piloted for staff at the APS 1–4 and APS 5–6 levels, and an Executive Level 1 program was designed and will be delivered during 2006–07.

A document titled HR Strategic Directions 2006–10 has been developed and distributed for the information of all staff. These directions are aligned with the Department's business priorities as set out in its Corporate Plan 2005–08 and, along with the Workforce Plan, form the key components of the Department's strategic HR framework.

This strategic framework is supported by a more rigorous accountability framework which enables the Human Resources Management Committee and the Executive Management Group to identify and monitor priority projects that are driving the implementation of HR strategies at the business level.

During 2005, the Department undertook a review of its entry level recruitment arrangements. The review reflected both identified trends in the recruitment and turnover of staff at the APS 1–4 levels and consideration of the recommendations of the Management Advisory Committee project, Managing and Sustaining the APS Workforce.

The principal outcomes of the review were the decisions to extend the Graduate Program intake and to establish an intake program for recent school leavers. The pilot school leaver program resulted in the recruitment of eight school leavers from Canberra and the surrounding region. They are participating in a program of work placements and learning and development activities during the 2006 calendar year.

A broad-based recruitment consultancy was undertaken in the latter part of the period. The review assessed current policies, practices and procedures, and proposed strategies to ensure that the Department is able to market itself professionally to draw candidates from appropriate fields for vacancies and then to move quickly and ethically through the recruitment process. Specific retention strategies will be assessed during the next reporting period.

There has been continued improvement in the Department's management of compensation claims during the year, with a decrease in the Department's compensation premium for 2006–07. Effective relationships have been maintained with the Department's outsourced payroll provider and there has been an overall improvement in service delivery against the key performance indicators. Outsourced arrangements have also been established for the provision of a range of other specialist HR services, including non-ongoing employment services, learning and development services and employee assistance services.

Case study

Capability development

Development of staff capability has been a major focus during the reporting period. The Department's Capability framework was approved early in the year. The framework is consistent with the Australian Public Service Commission's Integrated Leadership System, but is tailored to the department's specific requirements. The Framework is the foundational tool for many human resource management functions including: job design; recruitment; staff development and performance management.

To support the learning and development focus of the framework a suite of capability development programs have been developed. During the year two programs each of the Foundations of Management program (for APS 1–4 level staff) and the Manager Development Program (for APS 5–6 level staff) were delivered. Each program is supported by an SES sponsor who attends all sessions and by senior departmental subject matter experts who together provide the departmental context for the learning. The programs feature module-style delivery over a five to eight week period and a testing learning activity which is undertaken in groups and presented at the graduation ceremony.

The programs have been very successful. Participants have noted that while the programs are challenging they have gained enormous benefit and confidence from both the learning and the networking opportunities.

Similar style programs are under development for Executive Level staff and these will be delivered over the next year.

In addition to the development programs, major core training elements are being tailored to the department's requirements. Ministerial writing, legal awareness and indigenous cultural awareness programs have received strong support during the year. Scoping of programs relating to financial management; policy development and program management will be finalised in the new year.

Although it is very time and labour intensive to develop department specific learning opportunities the benefits have been significant and this approach will be continued.



The first intake of twenty participants at a graduation ceremony for the Department's Manager Development Program held on Wednesday 12 April 2006.

Front row (L–R): Charmaine Green, Sandy Swanton, Reina Syntawati, Joshua Davies.
Second row (L–R): Chris Purnell, Fiona Atkin, Pattie Mitchell, Sarina Smith, Chris Nihill.
Third row (L–R): Deborah Sulway, Marilyn Macleod, Lisa Baulman, Margaret Nixon.
Fourth row (L–R): Emma Mayhew, David Momcilovic, Deanna Shiels.
Back row (L–R): Bill Russell, Shareen Huda, Vaun Peate, Kate Feros.

Workforce planning

Significant progress was achieved during the year in establishing a robust workforce planning and strategic HR framework for the Department.

The Workforce Plan 2005–10 was approved on 15 August 2005 and the action plan component was subsequently published to inform staff of the priorities for maintaining workforce capability over the next five years. These priorities are aligned with the four HR themes of:

- building skills and capability;
- managing and recognising performance;
- supporting career management; and
- promoting public service culture and values.

Key outputs against these four themes are set out in the Department's recently released HR Strategic Directions 2006–10. Evaluation of progress against the key outputs occurs through several reporting mechanisms including quarterly and annual reporting to the Executive Management Group that is focussed on monitoring critical workforce parameters. These include areas such as staff turnover, internal promotion rates and separation

rates regular reviews of key HR programs and ongoing reporting against business plan objectives.

A review of the effectiveness of the Department's workforce planning activities will be undertaken as part of the analysis of the annual workforce metrics in early 2006–07.

Graduate program

Thirteen graduates were recruited for the 2006 graduate program, including two through the Indigenous graduate recruitment program of the Australian Public Service Commission (APSC).

The Department's graduate program provides three rotational placements across a range of departmental policy and program areas. These placements are complemented by a development program consisting of a comprehensive induction program, participation in the Foundations of Management capability program and a number of focussed training courses on topics such as the APS Values and Code of Conduct, ministerial writing, policy formulation, program administration and understanding the Senate Estimates process.



Participants in the Department's graduate program with the Secretary of the Department.

Standing (L–R): Erin Cassie, Greg Jericho, Luke Van Den Hoek, Will Barr, Helen Williams (Secretary), Brenda Gifford.

Seated (L–R): Joshua Saunders, Sam Robinson, Rosalin Mawlanazada, Zoe Macandrew, Amanda Danti, Linley Henzell.

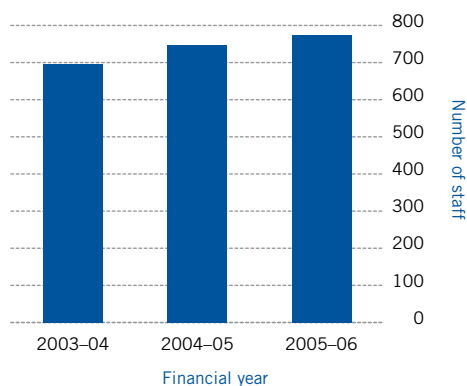
The graduate program is a key entry-level recruitment program for the Department. During the year, a review of the program was completed to ensure it is continuing to meet the Department's future entry-level staffing requirements. The review identified three key areas to be addressed in the 2007 graduate intake. These were:

- increasing the size of the intake from 14 graduates to 24, with four placements to be taken from the APSC Indigenous graduate recruitment program;
- expanding the range of qualifications previously considered by the Department; and
- increasing the commencement and advancement salaries for graduates.

Staffing overview

On 30 June 2006, the Department had 773 ongoing and non-ongoing staff, compared with 748 on 30 June 2005. This is a 3.3 per cent increase in the overall number of staff in the Department since last year's report. This represents a continued growth in staff numbers, albeit at a reduced rate from the 7.5 per cent increase recorded in 2005–06, primarily due to the establishment of the Connect Australia programs. This trend is shown in figure 3.4.

Figure 3.4 Number of Departmental staff



Detailed staffing statistics are provided at appendix 5.

The trend of increasing staff numbers at the APS 5–6 and executive levels noted in 2004–05 continued in the current year with the strongest growth occurring at the APS 6 and Executive Level 1 classifications. A similar increase was recorded at the APS 1 level which was a direct result of the Department implementing a new entry-level program for recent Year 12 school leavers. Actual numbers of part-time staff increased during the period, representing a continuing support of flexible work arrangements. The Department continues to have staff located in Indigenous Coordination Centres in all states and territories.

Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and that enables staff to contribute to their full potential. The Department's Workplace Diversity and Eliminating Workplace Harassment plans outline complementary initiatives that assist the Department to build a harmonious, productive and rewarding workplace.

The Workplace Diversity and Harassment Committee continued to monitor the implementation of these plans. Key strategies implemented in the year include:

- Indigenous cross-cultural awareness training;
- inclusion of diversity principles in the Department's leadership capability programs;
- the introduction of mechanisms to regularly update employee profile data; and
- a review of the Department's recruitment policies and procedures, including development of a draft Indigenous recruitment strategy.

Case study

School leaver program

In March 2006 the Department launched an exciting new initiative with the commencement of eight APS Level 1 participants in a pilot School Leaver Program. The participants, all of whom completed Year 12 studies in 2005, have been given the opportunity to participate in a nine month program of work placements and learning and development opportunities, to kick start their careers in the APS.

The initiative evolved during 2005–06 with the review of the Department's entry-level recruitment programs. The impetus for the review came from both the findings of the MAC project on Managing and Sustaining the APS Workforce and from observed trends in the Department's workforce data which showed that there was a very high level of turnover at the APS 1–4 levels, that the feeder group for APS 4 roles had been eroded, and that the Department tended to rely on non-ongoing employees at these levels. One of the outcomes of the review was a decision to introduce a pilot School Leaver Program.

The program is primarily aimed at boosting the diminishing cohort of ongoing staff at the APS 1–4 level and improving the Department's bench strength for future APS 5–6 roles.

Although advertising did not commence until December the program attracted a large field of applicants. Feedback at this stage, especially from parents of applicants, strongly supported the program and the need for more entry-level recruitment opportunities for young people.

Participants in the program were selected on the basis of their written application, results from literacy, numeracy and clerical skills testing, and interview. It is envisaged that the combination of mentoring, workplace rotations, internal and external training and development and access to StudyBank for program participants will greatly assist building internal capability in the APS 1–4 cohort.

The program has been well accepted both, by the community and by departmental staff and managers, and has attracted the attention of other APS agencies. Departmental staff, some of whom commenced in the APS through a similar recruitment path, have shown great support for both the program and the participants. The commitment of time and expertise by staff in the roles of mentors and placement managers and supervisors has been invaluable.



Given the success of the initiative, it is planned to continue the program in 2007. Advertising is scheduled to commence in September/October with information being provided to Canberra schools and colleges, followed by press advertising.

(L–R): Dorcas Amoako, Caitlan Ayoub, Naomi Hickey-Humble, Pep Komalajoti, Tom McNamara, Helen Williams (Secretary), Alex Edwards, Kylie Rochow and Paul Nulley.

A review of the plans was also conducted during the year and revised plans will be released early in 2006–07.

The Department's workplace diversity and harassment contact officers continued to contribute to the promotion of workplace diversity principles and to provide advice and support to management and staff on workplace harassment matters. While there were no formal harassment complaints in the year, a number of informal matters were dealt with, indicating that further awareness raising is needed.

Full details of the Department's workplace diversity statistics are provided at appendix 5.

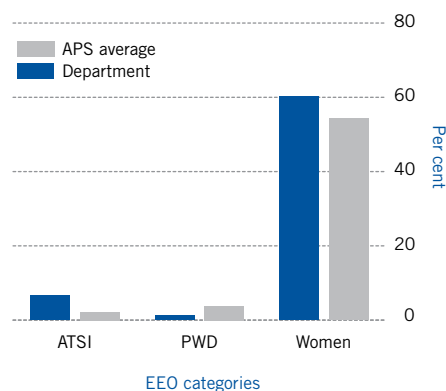
In summary, women represented 60 per cent of total staff at 30 June 2006. This is consistent with the previous reporting year and remains higher than the APS average of 54.2 per cent¹. The Department has a representation of 28 per cent of women in the SES. This represents an increase of three per cent from the last reporting period but is still less than the reported 32 per cent of women in the SES in 2003–04 and is five per cent less than the APS average of 33 per cent².

Seventy-one per cent of staff volunteered diversity data—a slight decrease from 75 per cent in 2004–05—indicating that further mechanisms need to be in place to encourage staff to provide diversity information.

Of the staff who volunteered diversity data, 27 per cent identified themselves as being from diverse cultural and linguistic backgrounds. The percentage of staff identifying themselves as being of Aboriginal and Torres Strait Islander (ATSI) background was 6.7 per cent, an increase of 3.5 per cent from the last reporting period and showing a continuing increasing trend over the last two reporting periods. The percentage of staff identifying themselves as having a disability was 1.2 per cent—a slight increase from one per cent in the previous reporting period.

In comparison with average APS statistics³, the Department compares well in relation to staff from an ATSI background, but not as well in relation to people with a disability (PWD). This comparison is shown in figure 3.5⁴.

Figure 3.5 Comparison of workplace diversity figures with APS average



¹ Australian Public Service Commission, State of the Service Report 2004–05, p. 192.

² *ibid*, p. 193.

³ *ibid*, p. 190.

⁴ No comparison could be provided on staff under DCLB 1 & 2 with the State of the Service Report as the State of the Service Report provides information on 1 only.

Certified agreement

The Department's current agreement covered 646 staff as at 30 June 2006 and will nominally expire on 30 June 2007. Negotiations on a replacement agreement will commence in November 2006.

Salary increases under the agreement were paid to staff in July 2005 and July 2006. Although a four per cent salary increase was paid on each occasion, two per cent of each increase was conditional on the Department achieving specified targets in relation to internal business requirements. Specifically, these were:

- completion of mid-cycle and end-of-cycle performance management reviews by 95 per cent of staff, by a specified date;
- attendance at scheduled training courses by 95 per cent of staff who nominated to attend such courses; and
- commitment to the adoption of IT initiatives including the introduction of TRIM, participation in TRIM training and a reduction in data holdings.

The use of pre-conditional components has been a positive initiative in securing staff commitment to key corporate objectives.

Development is continuing in relation to a regional agreement to provide for remote locality provisions for staff located in Indigenous coordination centres. These provisions are currently provided through a determination under section 24(1) of the *Public Service Act 1999*. Agreement in principle has been reached on the content of the agreement. Final consideration, ballot and lodgement processes are expected to be completed in early 2006–07. The agreement will have a nominal expiry date of 30 June 2007 to coincide with the principal departmental agreement. Future departmental agreements will incorporate remote locality provisions in the principal document.

Policies still to be developed during the term of the current agreement include the development of guidelines on the management of working hours for executive level employees, which is being progressed through the Workplace Consultative Committee, and a mature aged workers strategy to be developed during 2006–07.

Australian Workplace Agreements (AWAs)

Senior Executive Service (SES) AWAs and remuneration

All SES in the Department are covered by an AWA. As with non-SES staff, salary increases are determined on the basis of the whole of Department's achievement of the pre-conditional components noted in relation to the Certified Agreement.

Individual SES base salaries are determined by the Secretary having regard to job responsibilities and individual capacity and performance.

General conditions of employment are agreed through a comprehensive AWA that includes performance pay, superannuation and executive vehicles.

Non-SES AWAs

The Department has a range of non-SES AWAs providing a range of benefits including access to performance based pay, individual salary, skill/responsibility components and/or non-salary items.

At 30 June 2006, there were 94 non-SES staff (12 per cent) on AWAs. These figures remain comparable with previous reporting years.

Whilst the majority of non-SES AWAs relate to executive level staff, AWAs are in place for some staff at the APS 5 and APS 6 levels. In these cases, AWA provisions mainly relate to the need to attract and retain staff in particular job specialties for which there is a tight labour market.

Performance payments

One-off performance bonus payments are available only to staff who are party to an AWA. Provision of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the AWA.

Movement through the non-SES salary ranges for each classification is also dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being at least 'good'.

Key staff development strategies

The Department has made significant progress during the year in implementing a number of initiatives to improve learning and development opportunities for staff.

A major activity has been the design of a suite of capability development programs with the aim of providing challenging and Department-specific development that will build core management concepts as staff progress through the classification levels.

The Foundations of Management Program for APS 1–4 staff and a Manager Development Program for APS 5–6 staff were the first to be launched with a total of 50 staff participating in the programs during the reporting period. It is intended to offer each program twice a year, although this may need to be adjusted in accordance with staff numbers at the respective levels.

A Strategic Management Program for Executive Level 1 staff was also designed to strengthen higher order management skills in the Department in preparation for future opportunities at senior management levels. The program will be delivered in 2006–07 along with a similar program for Executive Level 2 staff.

To complement these development programs, the Department continued to offer training on subjects such as the APS Values and Code of Conduct, Indigenous cultural awareness, legal awareness and ministerial writing skills. In the course of the year, 311 staff participated in these courses.

Concurrently, the core training program has been reviewed in order to provide professional training tailored to the Department's environment and



Severe Tropical Cyclone Larry crossed the tropical north Queensland coast near Innisfail during the morning of 20 March 2006. Major damage to homes and other buildings was caused by Larry as well as extensive damage to local crops.

In response to a call for donations to assist those who had been affected by Cyclone Larry, staff donated over 50 bags and boxes of food, toys, clothing, sheets and towels.

Pictured are Mark Taylor handing donated goods to Tom McNamara.

appropriately targeting different levels of staff. The ministerial writing course was the first to be delivered using this tailored approach and feedback was extremely positive, particularly in regard to its application to the workplace.

Specifications have been developed for a range of new training and development initiatives with a view to engaging providers and delivery commencing in 2006–07. Courses include policy analysis and formulation, developing policy in a collaborative environment, managing ethically, financial skills and program administration.

In addition to reviewing core skills training for Canberra-based staff, the Department designed a tailored program for staff in the regional network to strengthen writing skills and understanding of APS and departmental governance processes. The program will be delivered in all major regional locations in early 2006–07.

Another important initiative was the review of the Department's approach to inducting staff into the APS and the Department. It is recognised that, in the current dynamic work environment, it is important to ensure that new staff feel welcome and understand their responsibilities as APS employees and their role in relation to the Department's objectives and key governance processes. As a result of the review, the Department will be developing a blended approach to induction so that essential information is provided to new staff using a range of delivery options, including online learning modules.

Occupational Health and Safety (OH&S) performance

A major OH&S focus during the reporting period was the training of all Health and Safety Representatives (HSRs) in accordance with the requirements of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. The training provided HSRs with a comprehensive understanding of OH&S issues and their roles and responsibilities.

The OH&S Committee continued to be very active during the year. Issues discussed and approved included:

- the implementation of an ergonomic software tool to assist with the prevention of occupational overuse syndrome;
- work site inspections and implementation of actions to address any issues identified;
- introduction of emergency procedures information for all staff; and
- the drafting of OH&S policies in relation to workplace assessments and eyesight testing.

The Department's annual Health Week was held in April 2006. This was the Department's third Health Week program and the theme was 'Mind and Body'. The focus of the week was on activities centred on the topic of mental health and the Department invited a series of guest speakers to discuss issues such as depression and working with and caring for people suffering from mental illnesses. In addition, a range of individual health checks and fitness activities were offered.

The majority of the Department's injuries in 2005–06 fell into the Comcare categories of sprains/strains, occupational overuse syndrome, falls, trips and slips, and motor vehicle accidents. The Department's claim frequency (claims per \$million payroll) for claims in the 2005–06 injury year was 0.42 (a slight decrease from the previous reporting period of 0.48) compared to a Commonwealth average of 0.50. This was due to a reduction in the number of accepted claims which was down to 11 from the previous year's 19 accepted claims.

The average lifetime claim cost for 2005–06 claims was estimated at \$28 383 (an increase of \$6671 from the previous year) compared to a Commonwealth average estimate of \$25 939. This was mainly due to a small number of high-cost mental stress claims. However, the Department's 2005–06 adjusted Comcare premium rate was 1.70 per cent, substantially less than the previous reporting period of 1.91 per cent and less than the premium rate for all Australian Government agencies combined of 1.77 per cent.

Overall, the Department's performance has improved from the previous reporting period, which can partly be attributed to a renewed focus on injury prevention and management, rehabilitation case management, early intervention and effective return to work strategies. These strategies will remain a key focus in 2006–07.

There were no incidents requiring notice to be given under section 68 of the Act in 2005–06. No investigations were conducted and no directions or notices were issued under sections 29, 45, 46 or 47.

Information technology

The significant task of deploying 900 new IBM desktop computers with an enhanced standard operating system to all staff was successfully completed in August 2005. The new machines were selected following the completion of an open tender process in June 2005 and provide the Department with a more robust and effective computing environment to meet its business needs over the next three to four years.

The annual IT client services survey undertaken in April 2006 again showed a high level of satisfaction with the provision of services. In the case of IT services, the overall satisfaction rating increased by two per cent on last year's result to 84 per cent, while voice services rating remained at 82 per cent. An area identified for review was external network responsiveness and this will be investigated during 2006–07 to determine how any issues could be addressed.

The Department's IT disaster recovery solution was fully implemented and tested during the reporting period. The solution provides the Department with complete replication ability for its critical business systems. A testing and maintenance schedule was also incorporated into the Department's IT operational procedures to ensure immediate deployment if necessary.

The Department also implemented a common application development environment, using standards-based software components, to develop and host a range of business systems. This environment will provide for more effective service delivery and efficiency in systems maintenance with reduced costs.

A review of the Department's communication systems requirements was undertaken during the year due to the ageing of the telephone system and a business need to provide a more integrated communications solution. The review indicated that a Voice over Internet Protocol (VOIP) solution would be the most cost effective solution to address these requirements. An open tender process was undertaken during 2006 and BTAS Pty Ltd was contracted to provide the VOIP solution. The new system will be deployed in the second half of 2006.

A major technical upgrade was undertaken on the Department's financial system, SAP, which included migrating the system to new hardware with growth capacity to meet increasing business needs and upgrading the SAP software version to provide enhanced features and ongoing maintenance support.

The Department's Information Management Committee met on four occasions with the key focus being the oversight of medium to large IT projects, including the desktop hardware replacement, the uptake of the Department's electronic records management system (TRIM), the SAP financial system upgrade and implementation of a new budgeting and reporting tool.

Regional network

The regional network, which is located in the Indigenous coordination centres (ICCs) across Australia, continued to focus on cross-government program delivery and identifying opportunities to participate in shared responsibility agreements under the Indigenous broadcasting, sport and recreation, language and arts and culture programs. This involved the monitoring of over 500 activities and participation in 23 shared responsibility agreements across these programs during the reporting period.

The network structure was regularly reviewed during the year as positions became vacant with the aim of strengthening the staffing structure and aligning the structure with the Department's program activity. The ongoing restructuring is allowing the Department to consolidate staffing resources in key ICCs which will facilitate improved service to its clients. Restructuring during the period included resources being transferred from Tamworth and Bourke to the Coffs Harbour ICC, and from South Hedland and Derby to the Broome ICC to service activities in the top end of Western Australia.

Legal services

During the year, internal legal advice for the Department was provided by the Legal Group and supplemented by advice from external sources, including the Australian Government Solicitor, Blake Dawson Waldron, Clayton Utz, Corrs Chambers Westgarth, Minter Ellison and Phillips Fox, under the terms of deeds of standing offer administered by the Legal Group.

Legislation and statutory instruments

The Legal Group assisted in preparing ten bills which were passed or introduced, and four regulations which were made during the year. The Legal Group drafted 19 other subordinate statutory instruments and a number of appointment instruments. Appendix 4 sets out full details of major legislation that required significant input from the Legal Group during the year.

Other legal services

During the year, the Legal Group provided advice, together with external legal providers, concerning the Connect Australia package. In particular, the Legal Group was involved in drafting funding agreements for the Broadband Connect subsidy program for the 2005–06 and

2006–07 periods, and provided advice about the management of those agreements. The Legal Group was also involved in the development of the expression of interest for Broadband Connect released by the Minister for Communications, Information Technology and the Arts on 8 June 2006.

In addition, the Legal Group advised on the development of policy and legislative schemes for:

- media reform (including media ownership, ACMA's broadcasting enforcement powers, digital television and new digital services);
- digital radio; and
- regulation of content on convergent mobile devices.

The Legal Group also advised on:

- new arrangements for the Satellite Phone Subsidy Scheme;
- the development of a multi-million dollar funding agreement for National ICT Australia Ltd (NICTA) from 2006–07;
- the review of the *Spam Act 2003*; and
- arrangements for the proposed new Indigenous television service.



Members of the Department's
Legal Group. (L–R): Adam Carson,
Kyla Morgan, Julie Lopez.

The Commonwealth was a major funder of the Melbourne 2006 Commonwealth Games and the Legal Group assisted the Department to put in place the funding agreements and other contracts connected with the funding of the highly successful Games.

The Legal Group also participated in the Working Group on Telstra's CDMA to 3GSM transition.

The Legal Group was closely involved in the preparation of updated Chief Executive's Instructions and Financial Delegations setting out financial management responsibilities in the Department, and a procedural rule on conflicts of interest and receipt of gifts, all of which came into effect on 17 February 2006.

Administration and liaison functions

The Legal Group performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, implementation of the *Legislative Instruments Act 2003*, Freedom of Information (FOI) requests and privacy issues. A total of 19 FOI requests were received during the year.

Procurement advice and contracts reporting

Following the 2004–05 Ernst & Young review of the Contracts Unit, the Department has implemented a number of the recommendations on guidance material and procedures. During 2005–06, the Contracts Unit was restructured into a Knowledge Management and Reporting Section and a Procurement Advisory Unit.

During the year, the Procurement Advisory Unit provided procedural advice about the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

A more comprehensive presence on the Department's intranet site has been developed, offering a higher, more focussed level of support to internal staff. Internal documents, including standard form agreements and market approach documents, have been redeveloped and prepared for inclusion within an online document development software toolset. It was developed in the Legal Group in the first half of 2006 with a view to implementation in the line areas at a later date.

Mandatory reporting of all contracts over \$2000 within the Department's newly created Central Contracts Register commenced in early 2006. Procedural rules relating directly to procurement have been developed along with amendments to current rules, producing a higher level of clarity for staff dealing with procurement.

Purchasing

The Department seeks to achieve value for money in all procurement processes and to ensure that the processes are consistent with the requirements of the Commonwealth Procurement Guidelines (CPGs) issued by the Department of Finance and Administration and amended from time to time.

Consultants

The Department's policies on the selection and engagement of consultants are based on the CPGs, the CEIs, and government policies. The Department complies with all government legislation, policies and guidelines relating to procurement.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by giving divisions responsibility for developing requirements and managing contracts.

However, important checking and control mechanisms are in place. A senior officer in the relevant Division must approve any consultancy contract and the Legal Group provides, on request, advisory and administrative support to project officers who are involved in contracting.

The Department’s selection procedures are based on contract value, market conditions and the nature of the particular requirement. Procurements of \$80 000 or greater are offered publicly in accordance with the Mandatory Procurement requirements by advertising on the AusTender website and in the press, or through the use of established panels. For consultancies of a lower value, or where market conditions or other special circumstances make it appropriate, the Department may use alternative methods including the various forms of select tender process.

Consultants are engaged for a wide variety of purposes in the Department. They are typically engaged to provide complex professional services that the Department does not have the ability to perform in-house. These services include matters such as technical advice, financial advice and specialised information technology services. Figure 3.6 shows expenditure on new and existing consultancy contracts in 2005–06.

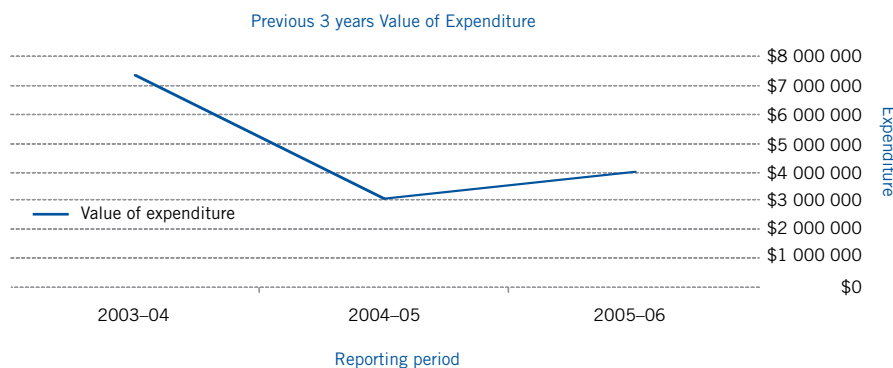
Figure 3.7 identifies the expenditure on consultancy contracts over the three most recent financial years.

Further details are provided in the consultancy list available on the Department’s website www.dcita.gov.au

Figure 3.6 Expenditure on new and existing consultancy contracts 2005–06

A.	New consultancy contracts let during period	186
B.	Total expenditure on new consultancy contracts let during period	\$4 005 163.23
C.	Number of ongoing (i.e. pre-existing) consultancy contracts active in the period	51
D.	Total expenditure on ongoing (i.e. pre-existing) consultancy contracts during period	\$1 461 725.30

Figure 3.7 Expenditure on consultancy contracts 2003–04 to 2005–06



Competitive tendering and contracting

Contracted service providers deliver a range of services to the Department. The Department's objectives in outsourcing such services are to obtain value for money, encourage innovation and improve accountability and performance in the service delivery process, in line with the CPGs.

Current departmental contracts with service providers worth \$100 000 or more are listed in figure 3.8.

Exempt contracts

There are no current contracts or standing offers that have been exempted by the Secretary from being published on Austender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Financial management

The Department has continued to focus on business improvements and on enhancing its internal financial and budgetary management practices and processes. It has commenced implementation of a budgeting and reporting tool that will provide managers with better financial and budgetary information. In addition, the Department successfully upgraded its Financial Management Information System in 2005–06 from version 4.6c to the latest version, ECC5.0. End-of-month processes have been further enhanced for business purposes with improvements to accrual information.

The ANAO has noted that the Department has a sound financial reporting framework in place that incorporates key financial and non-financial measures in monitoring its performance and financial management.

Figure 3.8 Contracts over \$100 000

Contractor	Nature of services	Contract period
KAZ Technology Services Pty Ltd	Information technology and communications services	September 2003 to April 2007 (for services from April 2004)
Macquarie Corporate Telecommunications Pty Ltd	Voice communications services	September 2003 to June 2007 (for services from July 2004)
Rehame Australia	Media monitoring services	December 2005 to June 2006
United KFPW HR Services Pty Limited	Payroll and personnel administration services	July 2004 to July 2008

One of the Department's focal points during the year has been on meeting deadlines for external estimates updates and responding to new requirements that arose from the Commonwealth Budget process, including those relating to the Central Budget Management System.

The Department's internal financial training program was enhanced through the provision of training sessions to operational area staff on taxation, operations, chart of accounts and financial reporting. The Finance and Budgets Group also continued to provide advice to program areas and portfolio agencies on budgetary and financial matters in relation to compliance with Government policy and regulations.

Internal budgeting processes have been further streamlined to improve efficiency and make the process more user-friendly. In particular, a system for automatically extracting year-to-date actual data from the SAP financial management information system was developed for use in the formulation of Mid Year Review internal budgets.

The Department continues to monitor recently issued ANAO audit reports and implement the recommendations where appropriate.

The Department received an unqualified audit report for its financial statements for the 2005–06 financial year. This is the third consecutive year that the Department has received an unqualified audit report.

At the end of 2005–06, the Department recorded a \$14.530 million surplus predominantly due to:

- increased funding received during 2005–06 Additional Estimates (finalised in April 2006) for costs associated with administering Connect Australia, the Operational Separation of Telstra, and the Australia–China Free Trade Agreement, not being able to be fully completed by 30 June 2006;
- delays in expenditure on projects; and
- an unexpected increase in donations revenue for the National Portrait Gallery Special Account.



Members of the Finance and Budgets Group (L–R):
Eva Grady, Steve Rakic,
Rachelle Morgan.

Figure 3.8 Departmental income

Income item	2005–06 result (\$m)	% of total income
Revenue from Government	119.804	92.81
Goods and services	3.047	2.36
Rent	1.305	1.01
Other revenue	4.518	3.50
Other gains	0.406	0.32
Total	129.080	100.00

Asset management

Departmental assets

The Department manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

Artbank

Artbank's assets are predominantly artworks, consisting of more than 9400 works valued at \$26.7 million. Artbank operates from leased premises in Sydney and Melbourne.

As part of the national art rental scheme, more than 60 per cent of Artbank's collection is on display with clients throughout Australia and overseas at Australian embassies and high commissions. The Artbank collection is managed through an ongoing conservation strategy.

National Portrait Gallery

The National Portrait Gallery, which is located within Old Parliament House and has a temporary display facility at Commonwealth Place in Canberra, has a permanent collection valued at approximately \$14.7 million. The collection is housed on the Old Parliament House site and items not on display are stored in climate and humidity controlled facilities.

Other assets

The Department has leasehold improvements and furniture and fittings valued at \$7.2 million.

The Department also has software and computer and office equipment valued at \$6.6 million. These assets are managed in accordance with the Department's Information and Communications Technology Strategic Plan 2006–08.

Administered assets

Old Parliament House

Asset management is integral to the operation of Old Parliament House. The building is valued at \$51 million, with a replacement cost, as at 30 June 2006, of \$142.5 million. It has a significant collection of furniture associated with the building's history valued at \$4.1 million and mostly housed on-site.

Because Old Parliament House is on both the Commonwealth Heritage List and National Heritage List, it is conserved according to the *Environment Protection and Biodiversity Conservation Act 1999*. Specific policies and strategies are outlined in the Old Parliament House Conservation Plan 2000 and specific heritage studies are undertaken for major projects. These ensure that the heritage value of the building is preserved, even though the public can enter and use the site. Old Parliament House is also being refurbished and maintained in accordance with its long-term capital works plan.

National Institute of Dramatic Arts

The National Institute of Dramatic Arts' facilities are owned by the Commonwealth. Stage 1, completed in 1988, has two theatres, five rehearsal rooms, costume and property workshops, teaching spaces and administration offices. Stage 2, an award-winning building funded under the Federation Fund and opened by the Prime Minister in October 2001, includes a 730-seat theatre, 120-seat studio, soundstage, library, scenery workshop and four additional rehearsal rooms. The building is valued at \$35.6 million, with a replacement cost of \$64.4 million, as at 30 June 2006. The institute manages the building on the Government's behalf and a 10-year asset management plan for the site was completed in December 2003.