

Management and accountability

SECTION 3

Management and accountability

The Department's three corporate areas, Corporate and Business Division, Legal Group and Finance and Budgets Group provide operational support and strategic advice to the executive and to staff. Issues covered include areas such as procurement, human resources, governance, public relations, whole-of-government policy coordination, parliamentary liaison, resource management and budgeting, legal advice, freedom of information, records management, and information technology.

Indigenous program delivery

On 1 July 2004, as part of new administrative arrangements for the delivery of Indigenous programs, the Department assumed responsibility for Indigenous programs in four areas: broadcasting, sport and recreation, language, and arts and culture. These programs were transferred with an annual budget of approximately \$42 million from the former Aboriginal and Torres Strait Islander Services agency. Eighty-nine staff, 70 of whom were located in the newly-established Indigenous coordination centres in regional and metropolitan areas around Australia, were transferred to the Department to manage the programs and provide corporate support.

To ensure that priority was given to the important task of integrating the transferred programs with those of the Department, a high-level steering committee chaired by the Secretary was established to oversee the integration process.

A major priority for the Department was to establish an effective regional network to support and monitor the programs. This was particularly challenging as the Department had formerly been Canberra-based, without a state or regional network. In addition, the staff transferred to the Department were relatively junior, 43 per cent being at or below the APS4 level.

The network structure was reviewed and a revised regional network structure was developed and established in November 2004. This was necessary to ensure that the Department could participate actively in the various Commonwealth–state manager forums and liaise closely with Indigenous coordination centre managers on all aspects of whole-of-government program delivery, particularly shared responsibility agreements.

The revised structure includes a state leadership team with a Canberra-based regional network manager to oversee overall operations, and an EL2 state manager and at least one EL1 assistant

state manager in every state except Tasmania, which is managed from Victoria.

Operationally, the Regional Network has been incorporated into the Corporate and Business Division.

Corporate governance

Overview

The Department continued to strengthen its corporate governance arrangements during 2004–05. One of the key achievements has been the development and/or revision of the following key management plans and policies.

- Corporate Plan 2005–08
- Fraud Control Plan 2005–07
- Evaluation Plan 2005–08
- Business Continuity Plan
- Workplace Diversity Plan 2004–05

- Eliminating Workplace Harassment Plan 2004–05
- Chief Executive Instructions and Procedural Rules

A comprehensive performance reporting regime, which builds on the work started in 2003–04, was established in 2004–05. It introduced quarterly non-financial performance reporting, new workforce statistics reports and revised evaluation planning. These arrangements complement the existing framework—monthly financial reporting and an annual client service survey that provides feedback on service delivery—and now provide the Department with a holistic performance reporting framework.

A detailed reference, *A practical guide to program administration*, was finalised during the year. The guide provides a coordinated approach to improve the overall standard of program management in the Department and help it meet



Indigenous Network members: standing l to r Maralyn Leverington (SA), Rhys George (WA), Tim Cornforth (ACT), Franz Kriven (Vic), seated Margaret Brookes (NSW), Kerry Rose (NT), John Tatten (Qld)

external accountability requirements.

The guide is based on the Australian National Audit Office's *Better practice guide on grants administration*. It outlines practical principles and techniques for all phases of a program's lifecycle from design to evaluation.

The guide is to be released in early 2005–06 as an interactive, hands-on tool on the Department's intranet. A training program is being developed around the guide and a series of case study based workshops will be created.

A comprehensive risk assessment was conducted and a revised Risk Management Plan 2005–07 was developed and will be submitted for approval in early 2005–06.

The Department also issued the Australian Public Service publication *Working together—principles and practices to guide the Australian Public Service to all staff*. It details the principles and practices for handling whole-of-government issues, and outlines ways that public servants from different agencies can work together. Significantly, one of the guide's objectives is to improve governance by ensuring constructive and open communication across portfolios.

Coordinating and senior management committees

Three cross-department coordinating committees were established during the

reporting period to set directions for key issues across all areas of the Department.

- Strategic Policy (Secretary, deputy secretaries, General Manager Strategic Policy): coordinates the pro-active investigation of longer term strategic issues affecting the Department's policy environment.
- International (deputy secretaries, General Manager International): coordinates departmental involvement in multilateral and bilateral forums to advance Government policy objectives.
- Research (deputy secretaries, General Manager Research Statistics and Technology): coordinates the development of a departmental research program that supports policy and program activities.

In addition, eight senior management committees operated during the reporting period (see figure 3.1). The committees advise and support the Secretary and the Department's executive through strategic management, policy-setting and performance monitoring, evaluation and compliance.

The system of committee self-assessment, piloted in 2003–04, was formally established in 2004–05.

The Secretary is given the results of the assessment each year to provide assurance that the committees are operating effectively.

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The Workplace Diversity and Harassment Committee was established during the year to promote and drive the Department’s commitments to workplace diversity and eliminating workplace harassment, and to monitor and report on the implementation of associated plans.

Figure 3.1 Senior management committees

Committee name	Role and activities	Membership
<p>Executive Group <i>(meets about every three weeks)</i></p>	<p>The Executive Group considers high-level strategic, managerial and operational issues. Issues discussed on an ongoing basis in this forum include succession planning and staff movements, corporate planning directions, training and development opportunities for staff, and whole-of-government issues.</p>	<p>The Secretary (chair), deputy secretaries and the Chief Operating Officer.</p>
<p>Executive Management Group (EMG) <i>(meets weekly)</i></p>	<p>The Executive Management Group considers matters of corporate governance, accountability and operational effectiveness and monitors the financial performance of departmental and administered programs.</p> <p>It plays a key role in the Department’s strategic planning and corporate performance monitoring, with a series of management subcommittees regularly reporting to the Group.</p> <p>In addition, the Executive Management Group receives regular reports on the status of Indigenous affairs issues involving the portfolio.</p>	<p>The Secretary (chair), deputy secretaries, General Counsel, all chief general managers, the Chief Operating Officer and the Chief Financial Officer.</p>
<p>Audit, Risk and Evaluation Committee <i>(meetings held 9 September 2004, 19 August 2004, 9 December 2004, 17 March 2005, 16 June 2005)</i></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 on 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, oversight of the ANAO and internal audit report recommendations, and the 2004–05 financial statements.</p>	<p>The Deputy Secretary Communications (chair), Mr Peter Kennedy, external member (Integrity Adviser Australian Taxation Office), Chief Operating Officer, General Manager Public Broadcasting, Chief General Manager Telecommunications, and Chief General Manager Arts and Sport.</p> <p>Representatives from the Australian National Audit Office, the Department’s internal auditors (KPMG), the Chief Financial Officer and General Counsel attend committee meetings as observers.</p>

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Committee name	Role and activities	Membership
<p>Workplace Consultative Committee (WCC)</p> <p><i>(meetings held 26 November 2004, 24 March 2005 and 30 June 2005)</i></p>	<p>The Workplace Consultative Committee was established under the Department's certified agreement as a mechanism to consult with staff and provide advice to management on workplace issues, oversee the implementation of the certified agreement and to provide input for the Department's successor agreement.</p> <p>The committee considered a range of issues including the review of the Committee's Charter, review of the performance management system, IT pre-conditions for salary increases and updated OH&S policies.</p> <p>Briefings were provided on the status of transition of insourcing of HR services, negotiation of a regional certified agreement, OH&S issues, Health and Safety Week, implementation of electronic records management, Indigenous recruitment strategy, and car parking.</p>	<p>Secretary (chair), Chief Operating Officer Corporate and Business, Chief Financial Officer, Manager HR Strategy, Manager HR Operations, elected staff representatives from each division, Old Parliament House, Regional Network, the Department's graduate program, and CPSU representation.</p>
<p>Occupational Health and Safety (OH&S) Committee</p> <p><i>(meetings held 22 September 2004, 6 December 2004, and 6 May 2005)</i></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 including the conduct of the Department's annual Health and Safety Week, incident and accident reports and actions, issues associated with the refurbishment of departmental premises. It also implemented OH&S guides for visitors to the Department's premises.</p> <p>The committee also reviewed OH&S policies and procedures on fitness for continued duty and rehabilitation and the Department's incident/dangerous occurrences and hazard reporting procedures.</p>	<p>General Manager, Sport (chair), Manager HR Operations and elected health and safety representatives from each designated work group (currently 12).</p>

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Committee name	Role and activities	Membership
Information Management Committee (IMC) <i>(meetings were held on 31 August 2004, 25 November 2004, 21 February 2005 and 19 May 2005)</i>	<p>The Information Management Committee provides strategic advice 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 upgrades of the Culture and Recreation Portal and the electronic records management (TRIM) system and financial and budgeting (SAP) system, website and intranet infrastructure, and the development of a number of major departmental databases.</p>	<p>Chief Operating Officer (Chair), General Manager Information Technology and Facilities, Chief General Manager Broadcasting, Chief Financial Officer, General Manager ICT Industry, General Manager Film and Digital Content, General Manager Regional Communications Policy, General Manager Research, Statistics & Technology, Senior Advisor Legal Group and the Executive Coordinator.</p>
Human Resource Management Committee (HRMC) <i>(meetings were held on 24 November 2004, 1 April 2005, and 20 June 2005)</i>	<p>The Human Resource Management Committee (HRMC) was established to provide advice and strategic direction in the management of the Department's human resource needs.</p> <p>The HRMC guides the development of the HR Strategic Plan and is responsible for reporting to the Secretary and EMG on the management of the HR Strategic Plan.</p> <p>The committee considered a range of issues including the revised HR delivery model following cessation of the outsourced HR contract, future HR strategic directions, HR work program 2004–05, the departmental capability framework, the departmental Workforce Plan 2005–2010, the review of the performance management system, the graduate program 2006, code of conduct guidelines, and the State of the Service Report 2003–04.</p>	<p>The Chief Operating Officer (Chair), Deputy Secretary Arts and Sport, Chief General Manager Telecommunications, Chief General Manager Information Economy, General Counsel Legal Group, General Manager Digital Broadcasting and Spectrum Management, General Manager Creators' Rights and Access, General Manager Corporate Finance, General Manager HR and Communications, Manager HR Strategy and the Executive Coordinator.</p>
Workplace Diversity and Harassment Committee (WDHC) <i>(inaugural meeting held 1 June 2005; future meetings to be held in October, February and June)</i>	<p>The Workplace Diversity and Harassment Committee (WDHC) was established to promote and drive the Department's commitments to workplace diversity and eliminating workplace harassment and monitor and report on the implementation of the Workplace Diversity and Eliminating Workplace Harassment plans.</p> <p>At the inaugural meeting in June 2005, the Workplace Diversity and Harassment Charter was reviewed and the committee noted progress against the objectives of the WD&H plans. There was training for WD&H contact officers in April and it was agreed there would be follow-up training in August.</p>	<p>General Manager HR and Communications (chair), Manager HR Operations, and General Manager Old Parliament House. There are also three staff representatives from the Workplace Diversity and Harassment Committee contact officers' network.</p>

Corporate planning

A new Corporate Plan for 2005–08 was approved during the year to replace the 2003–06 plan and to reflect the functional changes within the Department since the release of the 2003–06 plan.

- It includes the addition of programs, policy and research functions relating to the information economy.
- The Indigenous Broadcasting, Sport and Recreation, Language, and Arts and Culture programs and the National Arts and Crafts Industry Support Strategy have been added.
- It takes into account the transfer of the whole-of-government intellectual property and copyright policy functions to the Attorney-General's Department.

To implement the Department's 2004–05 objectives, each division completed a business plan detailing the key divisional outputs and activities. These plans are closely interrelated with the Department's performance management system, which guides the management of both individual and team performance.

Audit, risk and evaluation

The Audit, Risk and Evaluation Committee met five times during the year and reported to the Secretary and the Executive Management Group after each meeting. During the year it

focused on monitoring the evaluation framework, implementing business continuity management, reviewing compliance with the Australian Equivalent International Financial Reporting Standards, considering the 2005–07 Fraud Control and Risk Management plans, and overseeing Australian National Audit Office and internal audit report recommendations.

The governance section of the Department reviewed the committee's current practices against the *ANAO better practice guide on public sector audit committees*. The review indicated that the committee's operating arrangements were closely aligned to or exceed the better practice recommendations for the running and composition of an audit committee.

The committee's self-assessment for 2004–05 also indicated that it had performed well against all performance indicators.

Internal audit

The Department's internal audit services are provided by KPMG and monitored by the Audit, Risk and Evaluation Committee. The 2004–05 Internal Audit Plan was developed based on the Department's Strategic Audit Plan 2003–06, consideration of risk drivers in the Risk Management Plan 2004–05, and discussion with senior management.

Several internal audits were conducted during the year:

- security management at Old Parliament House;
- access to higher bandwidth services in regional areas;
- management of conflicts of interest;
- the security component of the Department's information technology environment;
- the application of *Regulation 10* of the *Financial Management Act 1997* to the Department, which is due to be completed early in 2005–06; and
- a quality assurance review of the Department's Chief Executive Instructions.

An audit of the Department's record management practices, which had started in 2003–04, was completed in 2004–05.

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

The internal auditor also undertook a number of additional assignments during the year, including a review of the Department's Client Service Charter, a quality assurance review of the transition to a new human resource system, and a review of Networking the Nation grant performance.

Risk management

During the year, the Department reviewed and drafted a revised risk management plan for 2005–07.

The updated plan was developed through a comprehensive bottom-up risk assessment approach consistent with the AS/NZS 4360:2004 risk management standard. The draft plan is to be considered by the Audit, Risk and Evaluation Committee and the Executive Management Group in early 2005–06.

The Department also revised its Business Continuity Plan, primarily to take account of the new IT support arrangements. After the revised plan was approved in April 2005, all managers and the business continuity team responsible for managing the Department's response if the plan is activated were trained on how to implement the plan.

The Department continued to participate in the annual Comcover benchmarking survey. Although there was no change in the Department's overall results, compared with those of other participating agencies from the previous year, the Department has shown improvements in implementing its risk management framework, insurance risk sharing, communication, training and awareness, and monitoring and review.

Fraud control

The Department completed its biennial fraud risk assessments and released a new Fraud Control Plan for 2005–07 in accordance with section 45 of the *Financial Management and Accountability Act 1997* and the Fraud Control Guidelines 2002 issued by the Minister for Justice and Customs.

The 2005–07 plan takes into account functional changes in the Department since the release of the previous plan, and verifies the Department's general status as a low-risk agency. This assessment was based on the adequacy of the controls that are in place or are being implemented. The new plan was approved by the Secretary in June 2005.

The Department has in place appropriate fraud prevention, detection, investigation and reporting procedures that meet its specific needs and comply with the fraud control guidelines.

Evaluation

In line with the Department's evaluation framework, an evaluation program for 2005–08 was approved by the Executive Management Group in May 2005.

The program will be monitored by the Audit, Risk and Evaluation Committee and will ensure that key programs are evaluated regularly.

The program will have 35 evaluations across all policy divisions from 2005 to

2008. It takes account of work being undertaken by external authorities such as the Australian National Audit Office. As part of the mainstreaming of Indigenous programs it is anticipated that the Department of Finance and Administration's Office of Evaluation and Audit may also audit or evaluate the Department's Indigenous programs in 2005–06.

During the reporting period, the Department carried out three evaluations:

- sports funding provided under Backing Australia's Sporting Ability;
- National Recreation Safety Funding; and
- evaluation of the Telecommunications Action Plan for Remote Indigenous Communities.

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*. There were major achievements in this area during the year.

- The APS Values and Code of Conduct were integrated into the Department's revised Corporate Plan 2005–08. All staff received copies of the APS Values and Code of Conduct.

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- The Department's Workplace Diversity Plan 2004–05 and Eliminating Workplace Harassment Plan 2004–05 were developed, and copies were issued to all staff.
- Courses on the APS Values and Code of Conduct, and on capitalising on workplace diversity, were included in the Department's compulsory training program. In this reporting period, 12 staff attended a one-week graduate induction course, 14 staff attended a governance course, 56 staff attended three APS Values and Code of Conduct courses, eight staff attended a workplace diversity course, and 74 staff attended three Indigenous cultural awareness training courses.
- The APS Values and the Code of Conduct were part of the compulsory performance management processes.
- Managers were given a copy of the *Public Service Act 1999* to ensure that they understood the values framework of the 1999 Act.
- New Chief Executive Instructions, which establish the staff requirements in relation to the Financial Management and Accountability Act and Regulations, were completed and approved in December 2004. In addition to the Chief Executive Instructions, the following procedural rules were approved. They operate alongside the Chief Executive Instructions and give guidance on a

range of ethical issues:

- procurement of goods and services and reporting requirements for such activities;
- fraud control;
- incidents involving Commonwealth employees;
- property, including cash, found on Commonwealth premises;
- audit risk and evaluation;
- risk management;
- official hospitality and sponsorship;
- DCITA credit card;
- Cabcharge vouchers; and
- official travel.

The Department will continue to develop further initiatives in 2005–06 to improve awareness of ethical standards, including issuing a revised procedural rule on conflict of interest and on the receipt of gifts.

External scrutiny

The Australian National Audit Office issued a number of reports in 2004–05. Some involved the Department directly and others 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.

2004–05 direct participation

Audits conducted by the Australian National Audit Office that the Department participated in directly during 2004–05 are set out below.

Report No. 6: Performance management in the Australian Public Service

Tabled: 5 August 2004

The Department was one of 63 agencies included in the audit. The report made three recommendations, two directed to the Australian Public Service Commission and one addressed to the Department of the Prime Minister and Cabinet, aimed at improving the overall management and administration of performance management in the Australian Public Service.

The Department agreed with the recommendations.

Report No. 13: Superannuation payments for independent contractors working for the Australian Government

Tabled: 28 October 2004

The Department was one of 34 organisations included in the audit. The audit made two recommendations, but only one related to all agencies:

‘The ANAO recommends that Commonwealth organisations:

- determine whether existing administrative processes adequately

control the risks of contracting with individuals where contracts are wholly or principally for labour;

- establish appropriate controls and processes where it is found that existing processes do not adequately control the risks of contracting with individuals; and
- address the risks that statutory superannuation obligations in past and current contracts have not been met.’

The Department has strengthened procedures to improve controls over the risk associated with contracts with individuals.

Report No. 15: Financial management of special appropriations

Tabled: 23 November 2004

The Department was one of 57 agencies surveyed to identify special appropriations but was not included in the detailed examination of management of selected special appropriations. Six recommendations were made, which the Department agreed with.

The Department is implementing the relevant recommendations of this report.

Report No. 22: Investment of public funds

Tabled: 18 January 2005

The objective of the audit was to examine the investment of public funds by

Commonwealth agencies. This involved the detailed audit of six agencies, which included the National Museum of Australia and the Special Broadcasting Service Corporation (SBS) and a desktop audit of other agencies including the Department. The report contained seven recommendations addressing compliance, value for money in investment strategies and financial reporting of the investment of public funds. The Department noted and supported the relevant recommendations of the report.

Report No. 27: Management of the conversion to digital broadcasting

Tabled: 15 February 2005

The audit was undertaken on the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The Department was involved due to its role in overseeing the two national broadcasters. There was one recommendation from the report to SBS that it adopt whole-of-project budgetary and expenditure reports for significant projects.

Report 46: Management of trust monies in CAC Act entities

Tabled: 31 May 2005

The audit involved five CAC Act entities, of which three were portfolio agencies (Australian National Maritime Museum, the National Gallery of Australia and the National Library of Australia), to determine whether the trust monies had been

correctly classified, administered and reported. The Department had an interest in the audit due to its coordination role for cultural institutions within the portfolio. The report contained five recommendations generally aimed at any Australian Government entity administering trust monies. The portfolio agencies involved agreed with all the recommendations.

Report No. 52: Legal services arrangements in the Australian Public Service

Tabled: 20 June 2005

The Department was one of 16 agencies reviewed as part of the audit. Nine recommendations were made. Six were to the agencies reviewed and focused on helping agencies to achieve greater cost-effectiveness from their legal services, and three recommendations were to the Attorney-General's Department.

The Department's existing practices are generally consistent with the recommendations and revised arrangements are being implemented where appropriate.

Report 59: Safe and accessible national collections

Tabled: 30 June 2005

The audit was undertaken on the National Library of Australia, the National Museum of Australia, the National Gallery of Australia, the National Archives of

Australia and the Australian War Memorial. The Department was involved as it has a coordination role for cultural institutions within the portfolio.

The report contained 14 recommendations directed at improved strategic planning and supporting documentation in the areas of risk management and collection management, strengthening IT policies and procedures, enhancing procedures controlling physical access to the collections, strategies to manage future storage requirements for the collections, and collaboration on the development of performance measures to allow greater comparison in performance between institutions. Portfolio agencies agreed with all recommendations relating to their areas.

2004–05 Special interest

Audits in which the Department has a special interest are listed below.

Report No. 3: Management of internal audit in Commonwealth organisations

Tabled: 23 July 2004

The Department is implementing the relevant recommendations of this report.

Report No. 37: Management of business support service contracts

Tabled: 10 March 2005

The Department is implementing the relevant recommendations of this report.

Report No. 49: Administration of fringe benefits tax

Tabled: 2 June 2005

The Department is implementing the relevant recommendations of this report.

Report No. 55: Workforce planning

Tabled: 23 June 2005

The Department is implementing the relevant recommendations of this report.

Report No. 57: Purchasing procedures and practices

Tabled: 28 June 2005

The Department is implementing the relevant recommendations of this report.

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 2004–05.

Commonwealth Ombudsman

During 2004–05, the Commonwealth Ombudsman received two complaints about the management of the Department's programs.

The first complaint related to a decision of 8 June 2004 made by the Regional Manager of the West Kimberly regional office of Aboriginal and Torres Strait Islander Services, to decline a funding submission made by the Yuriny Aboriginal Culture Centre (YACC). The program in question was subsequently transferred to the Department. The substance of the complaint involves several claims, including that:

- the adverse funding decision was not based on material facts, and the reasons given to the centre were unsupportable;
- one of these reasons was based on adverse information which was never put to the centre, raising possible issues of procedural fairness; and
- the notification process was inadequate.

The Ombudsman notified the Department, under section 12 of the *Ombudsman Act 1976*, of his decision to cease his enquiries. These enquiries were subsequently reopened, however, when YACC put forward some further contentions relating to the matter. Consideration is ongoing.

The second complaint was received from Multilocus Interactive Pty Limited relating to the Department's management of an information technology services contract. The complaint has not yet been resolved.

Parliamentary committees

During 2004–05, the Department was involved in 21 parliamentary committee inquiries, the same number as in 2003–04.

The Department coordinated the Government's response to five 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 14 parliamentary committee inquiries.

Details of the Department's involvement in these parliamentary committee inquiries are at appendix 2.

Client Service Charter

The Department is committed to providing quality client service, and monitoring and responding to feedback from its clients.

The Department's Client Service Charter explains the range and standards of services the Department's clients can expect and outlines clients' rights and responsibilities, together with how feedback can be provided to the Department.

A copy of the Client Service Charter is available on 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 refine the delivery of client services further, an external review of the Client Service Charter and feedback system was commenced in 2004–05 by the Department's internal auditor, KPMG. The outcomes of the review will be considered by the Executive Management Group in early 2005–06, when it is anticipated that a revised charter will be released.

The Department conducts a client service survey each year to measure client satisfaction with the provision of its services. For the 2005 survey, 1915 clients were surveyed (1924 had been surveyed in 2004). Thirty-five per cent, or 696, of the clients responded (727 or 38 per cent responded in 2004).

This is the second year the Department has reported the survey results at both the departmental and output levels. A summary of the results, with a comparison to the 2003–04 results, is provided at figure 3.2. Results against

each output level are included in section 2 of this report, under each output.

The overall client satisfaction level has remained high and at the same level as last year, with 97 per cent of respondents rating services as satisfactory to excellent. Continuing areas of particular strength were the quality of communications with clients. Areas identified for improvement were consultation processes, awareness of the Client Service Charter and the timeliness of funding agreement processing.

In response to previous survey feedback and audit recommendations on program delivery, the Department developed the *Practical guide to program administration*. The guide is a practical tool designed to assist staff at all levels to develop and administer effective, efficient and accountable programs and thereby improve the delivery of services and accountability.

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Figure 3.2 Outcomes of the 2004–05 client service survey

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent)	
		2004	2005
		%	%
Communications with clients—quality	Courteousness	99	98
	Willingness to assist clients	98	97
	Responsiveness	96	95
	Fair treatment	97	97
	Advice that is clear, concise and complete	96	95
	Technical/professional competence in providing advice	97	96
	Sensitivity to diversity issues	97	96
Telephone dealings	Availability of staff to take telephone calls during the day	98	97
	Staff identify themselves by name and/or work area	99	97
	Ability of staff to deal with clients' enquiries	96	97
Email dealings with clients	Responding to clients' inquiries as soon as possible	96	98
	Satisfactory responses to enquiries	98	98
Written enquiries	Speed of responses to clients' enquiries	93	92
	Keeping clients informed of the progress of their enquiries	90	90
	Providing further contact details to follow-up	94	94
Administration of grants programs	Adequately publicising grant programs	89	91
	Publicising how to apply for grants	91	91
	Equitable access to grant programs	88	89
	Fair administration of grant programs, in accordance with relevant guidelines, criteria regulations or legislation	92	89
	The speed of decision-making in relation to grant applications	81	77
Development and review of policy and legislation	Consultation with interested parties in good time	87	91
	Using appropriate processes to establish the lines of consultation	91	93
	Inclusion of those likely to be affected by changes in policy or legislation in the consultative process	92	90
	Breadth of the consultation process	90	85

Management of human resources

The management of human resources in the Department changed in 2004–05 to a new service delivery model with in-house capability and outsourced payroll and personnel administration.

A services agreement with United KFPW for provision of the outsourced component was signed on 2 July 2004. Full transition of these services from the previous outsourced provider was completed on 23 September 2004.

A feature of the new model is the provision of dedicated human resources consultancy services for specific areas of the Department. Human resources consultants have developed a knowledge and understanding of the business operations in specific areas and are able to deliver tailored services. The consultancy approach has helped to

identify common issues throughout the Department in relation to the management of its staff. In keeping with the broad strategic direction determined by the Department's executive, these issues will be addressed by developing more targeted human resources strategies for the Department.

There have been major achievements under the new service delivery model. A five-year workforce plan was developed, which will be considered by the executive in early 2005–06. A capability framework developed during the year will strengthen the link between the Department's business operations and learning and development outcomes.

There was also a review of the Department's performance management system, and occupational health and safety performance improved. Other achievements have included the approval



Members of the Department's new Human Resources Section from the HR Operations and HR Strategic teams: back row l to r Karen Cabezas, Cath Englert, Rick O'Brien, front Karen Evers, Greg Cheetham

of revised code of conduct guidelines and leave without pay guidelines, and the establishment of the Workplace Diversity and Harassment Committee.

On 1 July 2004, 89 staff from the former Aboriginal and Torres Strait Islander Services were transferred to the Department as part of the Government's mainstreaming of Indigenous programs. As a consequence, the Department's workforce grew and changed from being almost entirely Canberra-based to one with an Australia-wide regional network.

The human resources consultancy approach means there is a main point of contact for regional network staff. Regional network representation has been established on departmental management committees including the Workplace Consultative Committee and the Workplace Diversity and Harassment Committee. Departmental staff have also contributed to whole-of-government initiatives and meetings on the management of staff in the Indigenous coordination centres.

In 2005–06, human resources management will focus on completing the Department's learning and development program, finalising the human resources People Plan, revising some key policies and procedures, continuing the development of services to address the needs of the regional network, improvements to occupational health and safety performance, and effectively managing excess leave.

Other priorities for 2005–06 will be to let contracts for specialised human resources services and to keep building the Department's relationship with the outsourced payroll and personnel administration service provider.

Workforce planning

A critical human resources issue for the Department has been to develop a workforce plan that will, over the next five years, address key risks to maintaining organisational capability. The plan will be considered for approval by the Executive Management Group in early 2005–06. An important component of the proposed plan is a five-year action plan proposing interventions to address major workforce risks such as the need to support career progression, attract capability at the APS5 to APS6 levels, and retain capability at the EL1 level. The plan will be a basis for developing the Department's People Plan in 2005–06.

A new regime of workforce reporting introduced during the year will support the implementation and future evaluation of the Workforce Plan. There will be a report every three months to the Human Resource Management Committee and to the Executive Management Group. The reports will inform the management committee and the Executive Management Group on any apparent changes to the plan's identified critical issues, and monitor progress against performance indicators.

The effectiveness of the Department's workforce planning activities will be evaluated each year, following the four steps used by the Australian National Audit Office in its performance audit of Australian Public Service agencies:

- assessment of supply and demand for labour in the Department's context;
- assessment of the potential gap in workforce characteristics and capability;
- assessments inform all relevant business strategies including, but not restricted to, human resources strategies; and
- use of a measurement framework to ensure that incremental progress can be measured and provide links to the overall performance of the Department.

Graduate program

The 2004 graduate program involved 13 graduate recruits. A further two graduates from the former Aboriginal and Torres Strait Islander Services joined the Department in July 2004. Twelve graduates were recruited for the 2005 program from a national advertising campaign. The successful applicants had tertiary qualifications in law, economics and arts. The Department's graduate program involves three development placements within the Department, complemented by a development program and the availability of a mentor network. Graduates are offered a range of learning opportunities such as a comprehensive induction program, Australian Public Service Values and Code of Conduct training, instruction in writing, policy development, project and program management skills, and guidance on working with the ministers and their offices.



The Department's 2005 graduate administrative assistants pictured with Secretary Helen Williams: back row I to Ryan Dawson, Stephanie Secomb, Anna Engwerda-Smith, Bjorn Bednarek, Deborah Evans, Joanna Grainger, Tristan Kane; front Owen Griffiths, Steven Zorzi, Helen Williams, Susannah Webb, Thomas Pietsch

The Department's graduate program will be reviewed in 2005–06 to determine whether this approach will address the Department's current and future workforce needs.

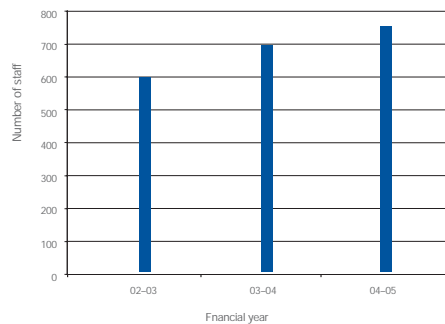
Staffing overview

On 30 June 2005 the Department had 748 ongoing and non-ongoing staff, compared with 696 on 30 June 2004. This is a 7.5 per cent increase in the overall number of staff in the Department since last year's report. The variation is largely a result of the transfer of staff from the former Aboriginal and Torres Strait Islander Services. However, overall the trend in the total number of staff is showing a gradual growth in the size of the Department over the last three financial years, mainly as a result of machinery of government changes. This growth is shown in figure 3.3.

Detailed staffing statistics are at appendix 3.

Together with the increase in total staff numbers, there has been a trend showing increased staff numbers at the APS5 to APS6 and EL1 to EL2 classifications over the last three financial years. Part-time staff numbers have also increased over the corresponding period as the Department has continued to support flexible working arrangements. As a result of the incorporation of the regional network, the Department now has staff based in Indigenous coordination centres in all states and territories.

Figure 3.3 Number of departmental staff



Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and enables staff to contribute to their full potential.

The Department's Workplace Diversity Plan and its companion Eliminating Workplace Harassment Plan were distributed to all staff in October 2004.

The plans outline initiatives that are helping the Department build a harmonious, productive and rewarding workplace.

The implementation of the plan will be monitored by the Workplace Diversity and Harassment Committee. It will be supported by the Department's workplace diversity and harassment contact officers, who are responsible for promoting the benefits of diversity and who provide advice and support to management and staff on workplace harassment matters.

Full details of departmental workplace diversity statistics are at appendix 3.

In summary, women were 60 per cent of the staff as at 30 June 2005. This is an increase of two per cent from the previous reporting year and is higher than the APS average of 53.1 per cent.¹

Twenty-five per cent of Senior Executive Service staff are female, a decrease of seven per cent from June 2004 and 6.6 per cent less than the Australian Public Service average of 31.6 per cent². Of the 78 per cent of staff who volunteered diversity data, 54 per cent identified as being from diverse cultural and linguistic backgrounds. Three per cent of staff identified as being of Aboriginal and Torres Strait Islander background, a significant increase from less than one per cent in 2003–04. This was a result of the transfer of staff to the Department from the former Aboriginal and Torres Strait Islander Services.

One per cent of staff identified as having a disability. This figure was the same as 2003–04. Compared with average APS statistics,³ the Department's diversity statistics are relatively good for staff from a diverse cultural and linguistic background and staff of Aboriginal and Torres Strait Islander background, but less good in relation to staff with a disability.

A number of cultural awareness activities were conducted during the year to raise

staff awareness of the Aboriginal and Torres Strait Islander cultures. Aboriginal and Torres Strait Islander cultural awareness courses have been developed and run. They have received very positive feedback from participants and will continue in 2005–06.

A working group of staff from across the Department developed an extremely successful program of cultural activities in recognition of Reconciliation Week. They included an information session on Torres Strait Islander culture, an exhibition of Indigenous dance from the Torres Strait Islands, and an online quiz testing staff knowledge of Aboriginal and Torres Strait Islander culture and reconciliation issues.

Certified agreement

Implementation of the certified agreement, which came into effect on 28 June 2004, continues to progress well.

A review of the Department's performance management system within the first 12 months of the agreement's operation was a key commitment that was completed within the required timeframe. The results of the review indicated that the system could be improved further through increased emphasis on planning and learning and development and with enhanced access through the use of an

¹ Australian Public Service Commission, *State of the service report 2003–04*, p. 145

² Ibid, p. 147

³ Ibid, p. 144

online system. Implementation of these improvements has begun and will be in place for the 2005–06 performance cycle.

A new Workplace Consultative Committee was established and membership was expanded to include staff representation from the newly formed regional network. Negotiations have also commenced with staff representatives from the regional network on a regional certified agreement. While the Department's certified agreement provides the general terms and conditions for staff who transferred from the former Aboriginal and Torres Strait Islander Services agency, a determination made under section 24(1) of the *Public Service Act 1999* has preserved remote locality conditions until a regional agreement is developed. It is intended that the regional certified agreement will operate in parallel with the departmental agreement until June 2007, at which time the two agreements will be merged into one.

Under the terms of the Department's current certified agreement, staff will receive a four per cent salary increase as from 1 July 2005 based, in part, on the achievement of the following four pre-conditions:

- completion of mid-cycle performance reviews by 95 per cent of eligible staff by 13 December 2004;
- completion of end-of-cycle performance review by 95 per cent of eligible staff by 31 May 2005;
- attendance at scheduled training courses by 95 per cent of staff who nominated for such courses; and
- a demonstrated commitment to the adoption of IT initiatives, including the introduction of the records management system TRIM, participation in TRIM training and the reduction of data holdings during the period 1 July 2004 to 30 June 2005.

Movement through the salary ranges for each classification is 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.

Australian Workplace Agreements

Senior Executive Service Australian Workplace Agreements and remuneration

Remuneration arrangements for Senior Executive Service (SES) staff are determined by the Secretary, having regard to individual capacity and job requirements. As for non-SES staff, base salary movement for SES staff is dependent upon the achievement of pre-conditions as specified in the departmental certified agreement. This ensures that all staff take a role in the achievement of the initiatives detailed in the certified agreement.

General conditions of employment are agreed through comprehensive Australian Workplace Agreements which include performance pay, superannuation, executive vehicles and development provisions.

Non-SES Australian Workplace Agreements

As at 30 June 2005 there were 92 non-SES staff on Australian Workplace Agreements (AWAs). Combined with the Senior Executive Service, this represents a total of 16.6 per cent of departmental staff on workplace agreements. These figures are comparable with percentages for the last reporting year. A collective Australian Workplace Agreement is available for staff at the EL2 level, and 70 per cent of ongoing EL2 staff have taken up this offer.

Non-SES Australian Workplace Agreements provide a range of benefits such as access to performance-based pay, individual salary, skills/responsibility allowances and/or non salary items. Non-salary items might include access to designated car parking, participation in significant development opportunities or a slight variation to working arrangements. Non-SES Australian Workplace Agreements are not comprehensive and, as such, terms and conditions of employment are drawn from the Department's certified agreement.

Performance payments

One-off performance bonus payments are available only to staff who are party

to an Australian Workplace Agreement. 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 workplace agreement.

Key staff development strategies

The Department has undertaken two key projects during the year to establish a solid foundation for improving future organisational capability.

The first involved the development of a departmental capability framework which will strengthen the link between the Department's business and learning and development outcomes. The framework will provide a sound platform for establishing new learning and development programs in 2005–06, with a curriculum tailored to classification levels and business needs.

Learning and development opportunities for staff in the regional network will be developed in conjunction with the Australian Public Service Commission, which is developing collaborative programs for Indigenous coordination centre teams.

Department-specific programs will be tailored for delivery in regional areas, and online learning options will be balanced with opportunities for regional staff to

participate in development programs offered in Canberra.

Along with these activities, the Department has continued to give staff a range of opportunities through its 2004–05 training and development calendar. The calendar included professional development, career development skills and interpersonal skills development courses. Thirty-eight courses were conducted with 597 participants in 2004–05.

There were courses on APS Values and the Code of Conduct, Indigenous cultural awareness, legal awareness, management and supervision, policy and finance. In addition, there were professional development activities covering topics such as ministerial writing, policy implementation, change management, managing contracts, staff selection, and the budget and Senate estimates processes. Course evaluations submitted by staff indicated that 89 per cent rated the programs as very good to excellent.

The Department has a Studybank scheme which offers study leave and financial assistance so staff can complete studies in areas that relate to the Department's business operations. Fifty-six staff received assistance under the scheme in 2004–05, 39 of whom were undertaking postgraduate studies.

Occupational health and safety performance

The major occupational health and safety (OH&S) activity during the year was the annual Health Week, held during March 2005. The event was very successful, with more than 845 staff attending information sessions and activities.

Health Week included presentations on women's and men's health issues and on how to lead a healthy lifestyle. Individual fitness and health checks and fitness activities were also offered.

There was considerable positive feedback on the content and organisation of the week. A detailed evaluation of the week will be completed early in 2005–06 and will provide information to help develop the 2005–06 program.

The OH&S Committee continued to be very active during the year, providing:

- OH&S noticeboards throughout the Department, giving details of emergency evacuation procedures and contact information for first aid officers, health and safety representatives and emergency wardens; and
- an OH&S guide given to visitors to departmental premises detailing emergency procedures.

The committee reviewed a range of OH&S policies and procedures, including procedures for hazard and incident reporting.

There was a trial of an ergonomic software tool that helps manage occupational overuse syndrome. The trial proved very successful and, on the advice of the committee, the Executive Management Group agreed to the rollout of the product in 2005–06.

The Department's claim frequency (claims per \$million payroll) for claims in the 2004–05 injury year was 0.48 compared to a Commonwealth average of 0.53. The average lifetime claim cost for 2004–05 claims was estimated at \$21 712 compared to a Commonwealth estimate of \$24 100. The majority of the Department's injuries in 2004–05 fell into the Comcare categories of sprains/strains excluding back injuries and occupational overuse syndrome injuries.

Although claim frequency and claim cost figures were below the Commonwealth average, the Department's 2004–05 Comcare premium rate was 1.91 per cent which is higher than the 2004–05 premium rate of 1.67 per cent for all Australian Government agencies combined. Improved injury prevention and management will be a key focus for the Department in 2005–06.

There were no incidents requiring notice to be given under section 68 of

the *Occupational Health and Safety (Commonwealth Employment) Act 1991* in 2004–05. No investigations were conducted and no directions or notices were issued under sections 29, 45, 46 or 47 of the Act.

Information technology

A major focus during the year was the full implementation of operations with the Department's two new service delivery providers. KAZ Technology Services is delivering information technology services and commenced in April 2004. Macquarie Telecom is the service provider for telecommunications (voice) and Internet gateway services and commenced on 1 July 2004.

A client satisfaction survey of departmental staff in May 2005 showed a high level of satisfaction with the new arrangements. The overall satisfaction rating for the service provided by the two companies was more than 80 per cent.

During the year, the Department replaced its web content management system with the open source solution, MySource Matrix. The changeover for the Department's Internet holdings was implemented on 20 October 2004 and for its intranet site on 6 December 2004.

The Department's Information Management Committee met every three months. Key issues for the committee in 2004–05 were the

governance oversight of all medium to large IT projects, including the review of the reporting requirements of the department's electronic financial system, SAP, the replacement of the web content management system, and adoption of a centralised web publishing model, the upgrading of the electronic records management system (TRIM), and the review and refining of the Department's email filtering arrangements.

The transition to the internal hosting of its information technology services also resulted in the need to develop and implement a fully encompassing disaster recovery environment based on the Department's business continuity plan. While an interim disaster recovery site and facility has been in place during the year, the Department will be moving the now fully configured disaster recovery facility to a more permanent site in early 2005–06.

The IT environment connecting the Department with its ministers in Melbourne and Sydney was successfully upgraded to provide a more effective service.

The Department began to use a video-conferencing facility to enable flexible and efficient communication with the Department's ministers, non Canberra based staff (in particular staff in the Indigenous coordination centres), and external agencies and stakeholders. The facility has been widely adopted for virtual, cost-effective face-to-face contact.

An upgrade of the Department's electronic records management system (TRIM) was also undertaken during the year. The upgrade provided an opportunity to expand the use of electronic recordkeeping in the Department. As part of this process a staff training program was implemented. Eighty-five per cent of Canberra-based staff were trained in how to use the system by the end of June 2005, and there is ongoing training for this major initiative. The level of commitment to the TRIM training enabled the Department to meet the certified agreement pre-conditional relating to 'Commitment to IT initiatives'.

With the conclusion of the Department's three-year leasing arrangement for its desktop computer fleet, the Department undertook an open tender amongst suppliers on the Government's Endorsed Supplier Arrangements panel for the purchase of replacement desktop hardware. IBM was contracted to provide a new fleet of computers, which will be deployed in the first quarter of the 2005–06 year.

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, Corrs Chambers Westgarth, Phillips Fox, Meyer Vandenberg and Sparke Helmore, under the terms of a deed of standing offer

administered by the Legal Group. During the year, the Department entered into deeds of standing offer with 12 legal firms.

The Contracts Unit within the Legal Group provided procedural advice relating to the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

The Department engaged Ernst & Young to review the Contracts Unit. The review considered issues relating to the appropriate functions of a central contracts unit and also reviewed documentation of processes and procedures relating to procurement, risk management and the letting of contracts. The Department is implementing the recommendations made regarding guidance material and procedures and is giving further consideration to the recommendations regarding possible wider functions of a central contracts unit.

The Legal Group was closely involved in the preparation of new Chief Executive Instructions, procedural rules and financial delegations setting out financial management responsibilities in the Department, which came into effect on 17 December 2004.

The Legal Group also performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, freedom of information (FOI) requests and privacy issues. A total

of eight FOI requests were received during the year.

The Legal Group assisted in preparing 21 Bills which were passed or introduced and two regulations which were made during the year. The Legal Group drafted 14 other subordinate statutory instruments and a number of appointment instruments.

Major legislation requiring significant input from the Legal Group during the year is set out below.

Australian Sports Drug Agency Amendment Regulations (No. 1) and (No. 2) 2004

These regulations contain amendments consequential to the amendment of the *Australian Sports Drug Agency Act 1990*, which were required to implement the World Anti-Doping Agency Code prior to the Olympic Games in August 2004.

Australian Communications and Media Authority Act 2005 and nine related Acts

These Acts provide for the merger of the Australian Communications Authority and the Australian Broadcasting Authority to form a new regulator, the Australian Communications and Media Authority, from 1 July 2005.

Broadcasting Services Amendment (Anti-Siphoning) Act 2005

This Act amends the anti-siphoning scheme to extend the automatic de-listing period from six weeks to 12 weeks.

Telecommunications Legislation Amendment (Regular Reviews and Other Measures) Bill 2005

This Bill provided for regular independent reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia. It has been superseded by the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005, which will be introduced into Parliament on 7 September 2005.

Broadcasting Legislation Amendment Bill (No. 1) 2005

This Bill would allow commercial television licensees in remote areas to multi-channel their digital services where they elect jointly or individually to provide a third commercial service, with exemption from any high-definition television (HDTV) transmission requirements.

Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Bill 2005

This Bill would establish a scheme for creating protection zones over submarine cables of national significance.

Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Act 2005

This Act regulates the unauthorised commercial use of Melbourne Commonwealth Games 2006 indicia and images, in order to provide a secure environment in which the Melbourne 2006 Commonwealth Games Corporation will be able to raise sponsorship and licensing revenue.



Members of the Legal Team: l to r Dianne Southwell, Stuart Kerr, John Reardon and Senior Adviser Kim Allen

Film Licensed Investment Company Act 2005

This Act allows for the introduction of an extended scheme for the delivery of tax concessions to investors in the film industry by means of concessional investment in a Film Licensed Investment Company. A related Act, the *Film Licensed Investment Company (Consequential Provisions) Act 2005*, makes consequential amendments to the *Income Tax Assessment Act 1997*.

Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2002 (Amendment No. 1 of 2005)

This instrument extends the operation of Telstra price control arrangements that were due to expire on 30 June 2005 until 31 December 2005.

Universal service subsidy determinations for 2005–06, 2006–07 and 2007–08

Three determinations were made to determine the subsidy amounts available to universal service providers in the extended zones universal service area, the contestable universal service areas and the default universal service area for the 2005–06, 2006–07 and 2007–08 claim periods.

Purchasing

The Department seeks to achieve value for money in all procurement processes and the processes are consistent with the requirements of the Commonwealth Procurement Guidelines 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 Commonwealth Procurement Guidelines, the Chief Executive Instructions, 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.

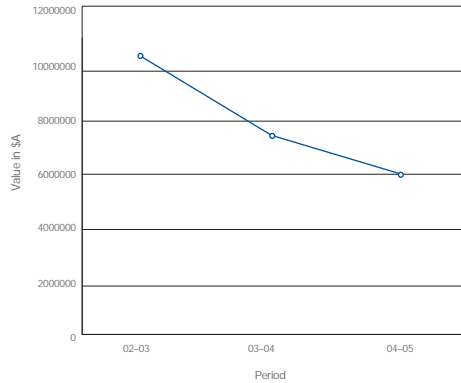
The Department's selection procedures are based on contract value, market conditions and the nature of the particular requirement. Procurements of \$80 000 or

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 restricted 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 3.5 identifies the expenditure on consultancy contracts over the three most recent financial years.

Figure 3.5 Expenditure on consultancy contracts 2002–05



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

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

Figure 3.4 Expenditure on new and existing contracts 2004–05

During 2004–05, the Department had:

A	New contracts let during period	127
B	Total expenditure on new contracts let during period (GST inclusive)	\$3 053 730.15
C	Number of ongoing (that is, pre-existing) contracts active in the period	40
D	Total expenditure on ongoing (that is, pre-existing) contracts during period (GST inclusive)	\$2 921 550.92

obtain value for money, encourage innovation, and improve accountability and performance in the service delivery process, in line with the Commonwealth Procurement Guidelines.

Current departmental contracts with service providers worth \$100 000 or more are listed in figure 3.6.

Exempt contracts

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

Financial management

The Department has continued to make progress in enhancing its financial and

budgetary management practices and processes during the year.

The central Finance and Budgets Group was restructured to meet the increased budgeting and reporting requirements and to provide better accountability and client service to the Department.

Focus has continued on the effective implementation of the budget estimates and framework review recommendations including the development of monthly estimates for external reporting, meeting earlier deadlines for external estimates updates and improvements in areas of increased reporting (cash and accrual) to the Department of Finance and Administration. End-of-month processes have been further enhanced for business and accrual accounting purposes, with improvements to the accrual information and review processes.

Figure 3.6 Contracts over \$100 000

Contractor	Nature of services	Contract period
The Empower Group Pty Ltd	Human resource management services	September 2001 to September 2004
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)
Fujitsu Australia Ltd	Website redevelopment	December 2000 to September 2004
Recall Total Information Management	Archival and disposal services for records	October 2001 to December 2004
United KFPW HR Services Pty Limited	Payroll and personnel administration services	July 2004 to July 2008

Section 3—Management and accountability

Internal budgeting processes have been enhanced to simplify the data input and consolidation process, improve efficiency and make the process more user-friendly. A number of processes associated with banking, receipting and drawdowns were reviewed and changes implemented during the year.

The timeliness, presentation and accuracy of internal reporting to the Secretary, executive and divisions for evaluation and monitoring purposes remained a focus and improvements were made in this area. The Department continued to meet the Department of Finance and Administration's requirements for external reporting in regard to timeliness and variance explanations. In line with the move to Australian equivalents to international financial reporting standards, which apply from 2005–06, a transition plan was developed and the Department's opening balance sheet at

1 July 2004 has been prepared and audited by the Australian National Audit Office. Further work is continuing to ensure the Department meets its statutory obligations in this area.

The Finance and Budgets Group has continued to work with the Department's Audit Risk and Evaluation Committee and its internal auditor (KPMG) on financial, audit and corporate governance issues. The Department continues to monitor recently-issued Australian National Audit Office audit reports and the recommendations contained therein.

Focus has continued on assisting staff in operational areas to improve information recording and reporting, and on upgrading their general understanding of the Government's financial and budgetary framework. A number of specific in-house coordinated training and information sessions were provided during the



Finance and Budget Group members: l to r Reina Syntawati, Harris Tzakis, Rob Tkalcevic

year to raise the level of financial skills in the Department. Components of the Department's internal finance and budgets user guide, which addresses finance and budget procedures and processes, were revised and re-issued to staff.

Financial management changes associated with the integration of new service delivery arrangements for Indigenous programs has meant that the Department has had to integrate monthly data from the Office of Indigenous Policy Coordination SAP financial system into the Department's internal and external financial reporting. More work and resources are necessary to ensure full integration to the Department's financial system. During the year, the Department was also involved in discussions regarding the proposed whole-of-government Indigenous data collection being coordinated by the Office of Indigenous Policy Coordination.

The Department's financial management information system, SAP, was further enhanced, and a new chart of accounts

was applied from 1 July 2004.

The Department implemented a new profit centre accounting SAP module, which provides enhanced financial reporting. A software upgrade licence for SAP has been acquired and an upgrade will take place in 2005–06. The Department is also planning to implement an integrated budgeting and reporting tool in 2005–06 to provide additional flexibility for internal and external reporting.

The Department received an unqualified audit report for its financial statements for the 2004–05 financial year.

The Department's revenue for 2004–05 totalled \$122.312 million. Details of revenue categories are listed below.

At the end of 2004–05 the Department recorded a \$7.552 million surplus which is predominantly due to increased revenue as a result of additional donated assets (sponsorship and donations totalled \$0.703 million for the year), delayed projects and projects being deferred to the following year.

Figure 3.7 2004–05 Departmental revenue

Revenue item	2004–05 result \$m	% of total revenue
Revenue from Government	114.180	93.35
Goods and services	4.149	3.39
Interest	0.012	0.01
Revenues from sale of assets	0.024	0.02
Other revenue	3.947	3.23
Total	122.312	100.00

Asset management

Departmental

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 9300 works valued at \$24 million. Artbank operates from leased premises in Sydney and Melbourne.

As 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 \$12.7 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 \$8.7 million. During 2004–05, there were a number of fitouts and refurbishments to leased premises at 38 Sydney Avenue, 44 Sydney Avenue, and 28 National Circuit in Forrest, Canberra:

- refurbishment of the printroom and records storage facilities at 38 Sydney Avenue;
- lease and fitouts of level 2, 44 Sydney Avenue;
- refurbishment of part of the ground floor at 28 National Circuit;
- numerous minor fitouts throughout 38 Sydney Avenue and 28 National Circuit;
- installation of video conference facilities at 38 Sydney Avenue;
- replacement of furniture and equipment in the kitchens at 38 Sydney Avenue; and
- licensing and construction of a temporary staff car park at Sydney Avenue.

The Department also has software and computer and office equipment valued at \$4.2 million. These assets are managed in accordance with the Department's Information and Communications Technology Strategic Plan 2003–05.

Administered

Old Parliament House

Asset management is integral to the operation of Old Parliament House. The building is valued at \$42.9 million, with a replacement cost as at 30 June 2004 of \$110.5 million. It has a significant collection of furniture associated with the building's history, valued at \$2.8 million, and mostly housed on-site.

Because Old Parliament House is on the Commonwealth Heritage List, it is conserved according to the Environment Protection and Biodiversity Conservation Act. Specific policies and strategies are outlined in the Old Parliament House Conservation Management Plan 2000, and specific heritage studies are undertaken for major projects. These ensure that the heritage values of the building are 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 Art building

The National Institute of Dramatic Art's facilities are owned by the Commonwealth. Stage 1, completed in 1988, has two theatres, five rehearsal rooms, carpentry workshops, props and costume 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 \$36.7 million, with a replacement cost as at 30 June 2004 of \$60.6 million. 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.



Helen Williams, Secretary, with SES staff of the Department