



Australian Government

Department of the Prime Minister and Cabinet



ANNUAL REPORT 2002-03

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1 October 2003

The Hon. John Howard MP  
Prime Minister  
Parliament House  
Canberra ACT 2600

Dear Prime Minister

I have pleasure in submitting the Annual Report of the Department of the Prime Minister and Cabinet for the financial year ending 30 June 2003 prepared in accordance with subsection 63(2) of the *Public Service Act 1999*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Shergold'.

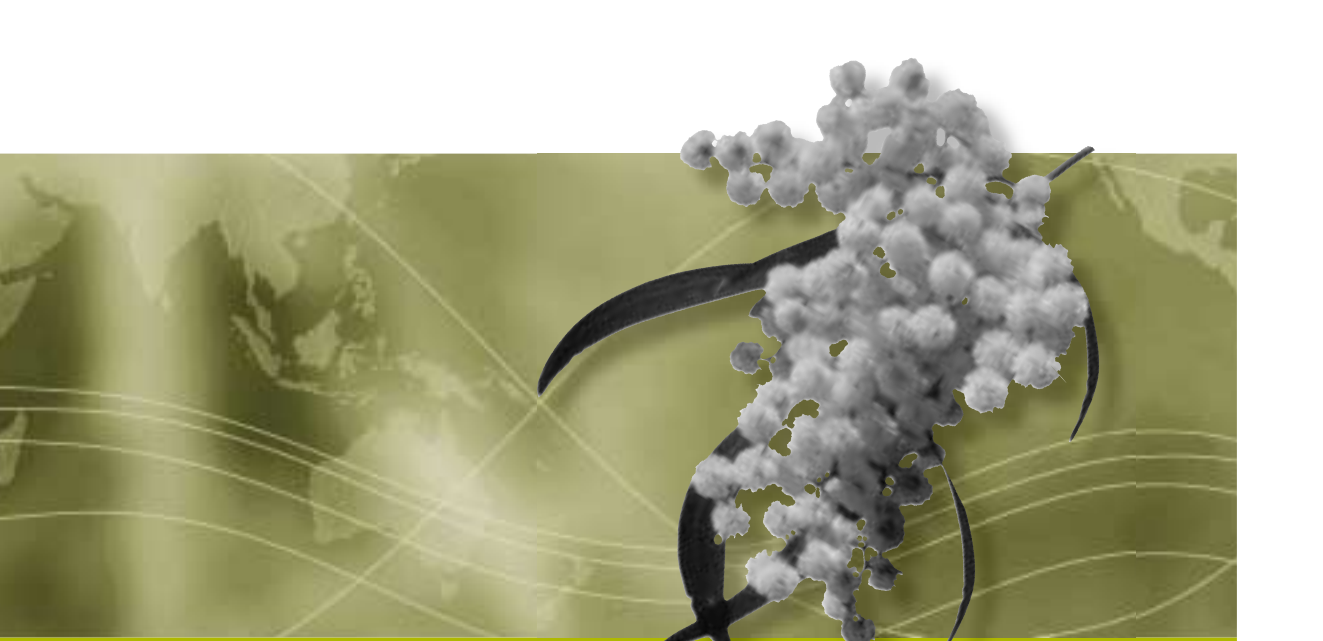
Peter Shergold

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# Secretary's Review





## Secretary's Review

Dr Peter Shergold



### Changing of the guard

After almost seven years as Secretary of the Department of the Prime Minister and Cabinet, Mr Max Moore-Wilton AC resigned on 20 December 2002 to take up the position as Chief Executive Officer and Executive Chairman of the Sydney Airports Corporation. I took up the position of Secretary to the Department of the Prime Minister and Cabinet in February 2003.

Max is a larger-than-life figure who led the department with great authority. Fearless, demanding and intellectually rigorous, he provided strong support to the Prime Minister and to Cabinet. His shoes are not easily filled. Thankfully he left behind a highly professional, committed and creative department. Its people are second to none and I feel lucky indeed to have such a fine team to work with.

### The year in review

The tragedies sparked by events overseas have had a profound effect on the Australian community. Inevitably those issues presented a recurring theme for the work of this department during the past year.

As I emphasised in an address to staff early in my term as Secretary, the threat of global terrorism has transformed our lives. Terrorism has altered Australia's place in the world in a profound manner. It has long-term consequences for the nation – and for its public servants. Many of Australia's greatest strategic and political challenges are emerging in areas of domestic security, border protection and counter-terrorism. Those issues, typically 'non-routine', will test bureaucratic structures. Ensuring effective coordination of intelligence, analysis and strategic policy responses will test public administration. Certainly we will need to build up and restructure resources within the department.

## *International events*

The period from July 2002 to June 2003 was one of considerable significance for Australia's role in world affairs. A number of international events had a profound and lasting impact on Australia and Australians – in particular, the October 2002 terrorist attack in Bali and the government's decision in March 2003 to commit Australian forces to the international coalition to enforce Iraq's compliance with its United Nations Security Council obligations. The Prime Minister's intensive programme of overseas travel during this period reflected the higher tempo of global security challenges.

In addition to coordinating the Australian Government's response to the Bali bombings, the department made a strong contribution to building Australia's capacity to cooperate with countries in our region on counter-terrorism. In the second half of 2002, the focus of the international community shifted to Iraq's continued refusal to comply with its obligations under successive United Nations Security Council resolutions. The department assisted the Prime Minister in the important role he played by lobbying key members of the council in support of United Nations Security Council resolution 1441. During the critical phase of Australian Defence Force action between March and May 2003, the department chaired the Iraq Coordination Group, established to ensure cross-portfolio coordination and to support the Secretaries' Committee on National Security and the National Security Committee of Cabinet.

The department continued to support the Prime Minister's leadership roles as both Chairman in Office of the Commonwealth and Chairman of the Commonwealth leaders' troika on Zimbabwe. With the Pacific region a major focus of government foreign policy activity, the department was heavily engaged in governmental responses to regional challenges, notably in shaping a revised policy approach to the Solomon Islands. It is clear that many Pacific Island countries look to Australia for support in providing assistance in ensuring law and order, improving governance and restoring civil society. The theme of 'Helpem Fren' is likely to be a continuing motif of the year ahead.

As part of the government's substantial trade agenda over the past year, the department assisted the Prime Minister's efforts to secure the United States' agreement to commence negotiations for a bilateral Free Trade Agreement. It also supported his leading role in securing a contract to supply China's Guangdong province with \$25 billion worth of liquefied natural gas over 25 years – Australia's largest single export deal.

## *Domestic security and border protection*

The Bali bombings brought home forcefully the importance of a coordinated approach to counter-terrorism. The department led the Review of Commonwealth Counter-Terrorism Arrangements, commissioned by the Prime Minister. As a result of the review, further measures were introduced to enhance our counter-terrorism capability, with the department taking the lead role in policy coordination. On 24 October 2002, the Prime Minister, Premiers and Chief Ministers signed an Inter-Governmental Agreement, which provided for improved national coordination through the National Counter-Terrorism Committee. Those arrangements are reflected in the new National Counter-Terrorism Plan, launched by the Prime Minister on 11 June 2003.



In the current security environment, the government identified an urgent need to inform the public not only about the counter-terrorism measures being taken to protect our way of life, but also how all Australians can contribute to national security. The department led a taskforce to develop the national security campaign, launched in December 2002, along with the National Security Hotline. As a result members of the public can call 24 hours a day, seven days a week, to report any concerns about suspicious activity.

It is clear that defence, security and intelligence issues can no longer be seen as adjuncts to international policy. The threat of terrorism places new demands on the structures and culture of public administration. I therefore established a new National Security Division on 1 July 2003 to ensure national security is provided in a whole-of-government manner.

Through its chairmanship of the National Counter-Terrorism Committee, the department will also ensure that the Australian, state and territory governments work closely together on national security issues. At the December 2002 meeting of the Council of Australian Governments (COAG), leaders renewed their commitment to a strong, nationally coordinated approach to counter-terrorism.

A further significant outcome from the COAG meeting was an agreement to take a national approach to restrict the availability and use of handguns. This will reduce the number of handguns in the community and strengthen controls over access to handguns.

### *The importance of ceremony*

Ceremony plays an important role in sharing the trauma of national tragedy and recognising national achievement. It provides a means to articulate, with great symbolism, the mood of the nation.

The department organised a National Remembrance Service at St Christopher's Cathedral, Canberra, on 11 September 2002 to mark the anniversary of the September 11 (2001) terrorist attacks in the United States. In the sad aftermath of the Bali bombings on 12 October 2002, the department also organised a National Memorial Service for the victims in the Great Hall, Parliament House, Canberra, on 24 October 2002.

We organised the welcome home parades and receptions in Sydney (18 June 2003) and Perth (20 June 2003) to honour Australian Defence Force and Defence civilian personnel who contributed successfully to operations in the Middle East.

### *Supporting Cabinet*

In a wide-ranging speech to the Committee for the Economic Development of Australia in November 2002, the Prime Minister announced an extensive review by Cabinet of the government's broad strategic priorities. The priority setting exercise was a key element of changes to the Cabinet process proposed by the Prime Minister earlier in 2002, with the purpose of strengthening the strategic leadership role of Cabinet. The department, in its traditional role of supporting the Cabinet process, played an important role in the successful implementation of the reform agenda.

As a result of those changes to the Cabinet process, Cabinet is now able to focus on the business most in need of collective discussion. There has been a significant

structured increase in the opportunities for discussion of broader strategy at each Cabinet meeting and two special meetings of Cabinet were held during the year to consider the government's major strategic priorities.

Towards the end of 2002–03, arrangements were being finalised to transfer responsibility for supporting the National Security Committee of Cabinet and the Secretaries' Committee on National Security from the department's International Division to its Cabinet Secretariat. This will bring the processes for these two important committees closer to those of Cabinet and other Cabinet committees, and concentrate the support responsibilities in a specialised support area.

A new Cabinet Implementation Unit will also be established early in 2003–04 to ensure that Australian Government policies and services are being delivered to the community in a timely and responsive manner. As I said to my staff in May, in emphasising the need for committed delivery of services on behalf of government, 'we should aspire to an APS which is respected as much for its capacity to deliver as for its ability to develop policy'. Together with the Cabinet Secretariat, the unit will form part of a new Cabinet Division, working with agencies to ensure timely and effective implementation of government decisions.

### *Contributing to social support programmes*

Sustainable social support systems in health, welfare, education, immigration and indigenous services are critical to maintaining the fair, compassionate society of which Australia is so justly proud. But with limited resources, governments face difficult choices. Often, there are no easy solutions. Effective development of policy options requires a whole-of-government, interdisciplinary perspective founded on open discussion, debate and collaboration across the Australian Government, between jurisdictions, and with experts and stakeholders in the community.

The Department of the Prime Minister and Cabinet is in a unique position to develop further whole-of-government perspectives, bringing departments together and leading the debate within government. The Social Policy Division helped shape the debate in a number of key areas during 2002–03.

### *Strengthening the health care system*

Sustainability and effectiveness are key issues in health. Our health system needs to keep pace with advances in medical science and technology, and the improvements to health and welfare that they offer. But the government also needs to keep costs under control. With these objectives in mind, the department helped develop balanced government responses to new proposals for Medicare, playing a significant role in the development and negotiation of the *A Fairer Medicare* package. We assisted with a review examining how to ensure the future sustainability and effectiveness of the Pharmaceutical Benefits Scheme. The department also worked collaboratively with other agencies to find ways to improve private health insurance regulation, the population health programme and the hearing services programme and to curb damage to individuals and our community through drug and alcohol abuse.

The department oversighted, and provided advice to the Prime Minister on, the implementation of the COAG decision to ban human cloning and to regulate research involving human embryos, particularly in the development of the Commonwealth legislation, which was passed in December 2002. We will continue to work closely

with the states and territories to implement a nationally consistent approach on this issue.

A further challenge in the coming year will be to oversee the work of a new taskforce, jointly chaired by this department, which is examining options to reduce the amount of 'red tape' faced by general practitioners to allow them to spend more time caring for their patients. I see this work as having wider implications. As public servants, carefully constructing delivery programmes for the very best of policy reasons, we can sometimes fail to appreciate the administrative complexities faced by recipients. The question, at least, is simple: do the benefits that derive from the policy outweigh the red-tape costs involved?

### *Supporting individuals, families and communities*

This was a turbulent year for Australia. The drought, bushfires and the Bali terrorist attack had a profound impact on many Australians. To assist families and individuals, the department played a key role in coordinating appropriate responses. We helped to facilitate the provision of health services, travel and other financial assistance for victims of the Bali bombings. We played a key role in developing a suite of measures in response to the drought affecting large parts of Australia.

The department's involvement in the development of the National Agenda for Early Childhood illustrates the department's role in cross-portfolio initiatives. The agenda provides directions for a whole-of-government approach for future investment in early childhood and explores the causal pathways that lead to destructive experiences for children and young people. The agenda explores early intervention approaches to prevent homelessness, violence and crime.

The higher education sector too faces profound challenges. How can universities diversify, reward quality and meet cost pressures? How can 'uniform mediocrity' be avoided? To address these concerns, the department worked with other agencies to develop the reform package *Our Universities: Backing Australia's Future*. The reforms will allow the sector to develop in a way that is sustainable, promotes diversity and choice, supports high-quality outcomes and is equitable. Through the proposed extension to student loans, more Australians will have the opportunity to undertake a university degree that is free at the point of education.

This year the government examined better ways of providing settlement services to migrants in the Australian community, resulting in the report *Review of Settlement Services for Migrants and Humanitarian Entrants*. The ability of the department to achieve whole-of-government solutions means that in the year to come we will chair a taskforce that will look at ways to maximise the nation-building benefits of Australia's migration and humanitarian programme.

### *Working with the states and territories*

The most difficult challenges of public policy defy jurisdictional boundaries. The Australian Government endeavours to assist and work with states and territories. It provides both funding and strategic direction to assist them with a range of social support systems. This year several agreements for this funding are being renegotiated. In partnership with relevant agencies, the department played a key role in developing the Australian Government offers. The agreements included the Commonwealth-State-Territory Disability Agreement; the Commonwealth-State Housing Agreement;

the Australian Health Care Agreements; and the Australian National Training Authority Agreement.

Intergovernmental issues of national significance are largely pursued through COAG. The department continued to chair the COAG Senior Officials' meetings and provide secretarial services to COAG, advancing a range of important national issues.

In April 2002 COAG agreed to trial a whole-of-government cooperative approach in a number of indigenous communities. The aim of these trials has been to improve the way governments work with each other and with communities and, through greater cooperation and flexibility, to deliver more effective responses to the needs of indigenous Australians. These trials are an important opportunity to construct new ways of working with communities across jurisdictions. Hopefully, the lessons learnt will be able to be applied more broadly. The department is taking a keen interest in their progress.

### *Work and family*

The department led the Work and Family Taskforce, established by the Prime Minister, to review policy and develop options for the government to consider in a range of areas, including paid maternity leave, financial support for families, child care, employment services and family-friendly workplace policy. It is anticipated that the results of these endeavours will emerge in the year ahead.

### *Sustaining economic growth and supporting economic prosperity*

Australia has been able to sustain strong economic performance over the past decade, notwithstanding the Asian financial crisis in the late 1990s, a series of recessions in Japan and sluggish growth in Europe and, more recently, in the United States. As a consequence of our strong performance more than one million jobs have been created in the past seven years, the unemployment rate has fallen by two percentage points and real household income has risen by an average annual rate of almost 2 per cent.

Australia's strong economic performance has reflected sound fiscal and monetary policies on the one hand, and the cumulative effect of widespread and ongoing structural reform on the other.

During the year, Economic Division and Industry, Infrastructure and Environment Division provided policy advice to the Prime Minister aimed at maintaining Australia's growth potential over the medium to longer term. The objective is to maximise the benefits of reforms to date and to embrace a number of significant new areas of reform that will help underpin further growth or address market failures.

### *Macroeconomic policy*

This year was a very testing one for the Australian economy in the face of the worst drought in a century, global economic weakness, the war in Iraq and other international tensions. The department played a pivotal role in providing economic assessments to the Prime Minister and analysing the implications for policy settings.

The department, through its role on the Budget Coordination Committee of officials, and in supporting the Prime Minister in his role as Chairman of the Expenditure Review Committee of Cabinet, played a central role in ensuring an effective 2003–04

budget process. As always, it provided coordinated advice to the Prime Minister on fiscal strategy, expenditure and taxation priorities. Policy advice across the many areas of the department was coordinated to ensure that it was consistent with the government's fiscal priorities and a whole-of-government approach to policy issues.

### *Medical indemnity insurance*

In April 2002 the nation's largest medical indemnity insurer, covering around 60 per cent of the nation's doctors, went into provisional liquidation. The Prime Minister asked the department to convene a secretary-level taskforce, supported by departmental officers, to consider what government initiatives might be appropriate. The taskforce initially advised ministers on a guarantee to underpin the stabilisation of United Medical Protection and its subsidiary Australasian Medical Insurance Limited (UMP/AMIL). The guarantee allows UMP/AMIL members to continue to practise until the end of 2003 in the knowledge that claims will be met and that they will not be personally bankrupted by negligence claims.

Following extensive consultations with a wide range of medical and insurance groups on the complex issues involved, the taskforce then provided advice on a comprehensive strategy. A package of measures was announced by the Prime Minister in October 2002 to address rising medical indemnity insurance premiums and ensure a viable and ongoing medical indemnity insurance market. A number of supplementary measures to fine tune and extend the original package were subsequently developed and announced, to respond to issues that arose during detailed implementation and ongoing review of the effect of measures taken. The overall response to measures announced has been positive. The medical indemnity insurance situation has been stabilised and improved to the benefit of medical practitioners and the community.

### *Other insurance issues*

The Australian economy has also been adversely affected by sharp rises in the cost of public liability, professional indemnity and general insurance, coupled with the reduced availability of insurance. This has required the Australian, state and territory governments to cooperate in developing measures to improve the affordability and availability of insurance.

The department has played a key role in preparing an Australian Government position for the series of Australian Government-chaired ministerial meetings on public liability and professional indemnity insurance issues.

### *Natural resource management*

The department is leading the development of an Australian Government position on water. Following the December 2002 COAG meeting, a water taskforce was established within the department to progress the issue on a whole-of-government basis. The department has also been chairing a Commonwealth-State working group, reporting through the COAG Senior Officials' meeting to COAG. The group has been forging agreement from all states and territories on a proposal to develop a National Water Initiative. This important work will be a focus of our activities in the year ahead.

The objective of the initiative is to increase both the productivity and the sustainability of water use nationally through improved water management arrangements in states and territories, building on the 1994 COAG water reform

agreement. In particular, the initiative will improve the security of water access entitlements (including by clear assignment of risks of reductions in future water availability), implement regimes to protect environmental assets at a whole-of-basin, catchment or aquifer scale, encourage the expansion of water markets and trading across and between irrigation districts and state borders (where systems are physically shared), and encourage water conservation in urban areas.

As an adjunct to this work, the department will lead the development of an agreement with New South Wales, Victoria, South Australia, and the Australian Capital Territory, to expend \$500 million over the coming five years to address water overallocation in the Murray-Darling Basin.

The department is also leading the Australian Government participation in negotiations with Queensland and key stakeholders over a proposal to reduce land clearing in that state. This would make a substantial contribution to meeting the Australian Government's objectives for greenhouse emissions and biodiversity.

The National Action Plan on Salinity and Water Quality and the Natural Heritage Trust are two Australian Government flagship programmes, underpinning national work to improve natural resource management across Australia. The department intends to play an increased role in overseeing the implementation of these key programmes.

The drought created massive problems throughout Australia during 2002–03. The department advised on the development of a series of drought relief measures including changes to Exceptional Circumstances assistance, the provision of one-off income support, and other drought initiatives such as small business interest rate relief.

The department also played a key role in advising the Prime Minister on establishing a national bushfire inquiry, in the aftermath of the tragic bushfires over the 2002–03 bushfire season. Once agreement of the states has been obtained, the inquiry will commence operation, with a report to be presented to governments in early 2004.

### *Land transport infrastructure*

The department advised the Prime Minister on measures to improve the provision of road and rail services across Australia, including the development of the Auslink Green Paper, which aims to achieve a better integration of land transport infrastructure.

### *Energy*

The department continued to provide the Prime Minister with advice on energy matters. Its review of natural gas issues in 2001–02 led to further work on energy and resources matters, including on strategic investment and a Productivity Commission Review on natural gas regulation. As mentioned earlier, we also provided the Prime Minister with support in bolstering the North West Shelf successful bid to win an important natural gas contract in China.

In order to give greater focus to the development of a long-term strategic approach to energy policy, an Energy Taskforce Secretariat was established in January 2003. It will examine and report to the Prime Minister and to the Energy Committee of Cabinet on a broad range of energy policy issues. The first package of decisions, relating to fuel excise, was announced in the 2003–04 Budget.

## *Government operations*

The decision by Dr Peter Hollingworth to stand aside from the position of Governor-General and his subsequent resignation involved the department in the provision of advice on a range of legal and administrative issues that had not previously arisen. As the financial year ended, the department was preparing for the swearing in of the new Governor-General.

The year saw the conclusion of the two royal commissions established by the government in 2001. The Building and Construction Industry Royal Commission reported to the Prime Minister on 24 February 2003 and the HIH Royal Commission on 4 April 2003. The department provided advice on the recommendations of the commissions and was responsible for the significant task of ensuring appropriate management of the records of the commissions.

## *Women*

For the Office of the Status of Women (OSW) there were a number of highlights during 2002–03.

The women's data warehouse, launched in February 2003, provides a single source of data for and about women across a variety of important issues, such as employment, education, income and superannuation. It also includes population data from the Census.

The women's internet portal was launched in March 2003. The internet portal provides a single point of online access to government information for and about women.

OSW hosted the second national women's conference, Australian WomenSpeak 2003. The forum enables discussion and information exchange between governments, service providers, women and women's non-government organisations. A theme of the conference was to recognise women of achievement and to pay tribute to the Hon. Dame Margaret Guilfoyle DBE and the Hon. Susan Ryan AO for their outstanding contribution to women in politics.

The Time Use Fellowship programme was established by OSW to encourage and support original research using time use data from a gender perspective. The first fellowship was awarded in January 2003 for research on time pressure within the family unit. The second fellowship was to be granted in July 2003.

## *The department's people*

I expressed in my address to staff on 14 May this year that I have been extraordinarily impressed by the performance of the department and its people. And I continue to be particularly pleased by their commitment to achievement, their willingness to sacrifice in order to get things done, and the support that I have received from them.

In that address I identified four departmental goals we should set in order to be able to serve the Prime Minister and the government most effectively. First, we need to be open in the way we deal with other public service agencies, to share information, to seek agreement and to be outward looking. Second, we must ensure our role is seen by other public servants to be supportive, recognising that all parties are able to contribute equally. Third, we need to make sure our approach is collegial, seeking

to work collaboratively rather than to 'second guess'. With that in mind I have been talking with my secretarial colleagues about the prospect of up-and-coming officers from other agencies, particularly line departments, working in this department for a time under a scheme which I have called the Development Opportunity Secondment Scheme. Fourth, we need to have a strategic approach providing a longer-term vision to government.

In short, we should see our role as seeking to ensure that we have a whole-of-government approach to the provision of information, the development of timely and accurate policy and the seamless delivery of programmes. That is why whole-of-government issues are the subject of the first major review to be undertaken by the Management Advisory Committee under my chairmanship. There is no higher priority for the Australian Public Service.

I want to do more to support and recognise the people who support me. I have established a new People and Resource Management Branch which will place a much greater emphasis on investing in ourselves. This will involve providing on-the-job workplace training, skills acquisition training and more career development opportunities. The branch operates within a new People, Resources and Communications Division that will manage more strategically our finances, information technology, communications, and our people.

This new arrangement is complemented by a new Management Strategic Advisory Committee and a People and Leadership Committee. The latter, which I chair, will focus on providing increased support and recognition to staff and improving workplace flexibility to allow more opportunity to balance heavy workplace pressures with the need to enjoy a fulfilling personal and family life.

### *Building our resources*

To undertake our role and responsibilities to a high standard, we need resources that are structured appropriately and managed with an emphasis on organisational performance. I will be committing additional funding provided in the 2002–03 Budget to assist the department in meeting the increasing policy demands associated with the government's strategic priority areas, in overseeing the effective delivery of government programmes, and in taking the lead role in the coordination of national security and counter-terrorism policy. Further capital funding will be used to enhance information technology, communications infrastructure and building security.

### *Nourishing team spirit and supporting the community*

The department values the importance of team building. By way of fostering camaraderie and giving back to the community, the department supported the Social Policy Division's initiative to volunteer to help Pegasus, a Canberra riding school for people with disabilities. Staff used the time to undertake necessary repairs to Pegasus property and infrastructure. In between shovelling horse manure, stacking hay and fixing fences it was possible to cultivate closer working relations between staff at all levels!

The department also introduced a workplace giving programme during the year, providing staff with a simple and convenient way to donate to one or more of their preferred charities or non-profit groups by way of regular payroll deductions.



The department also participated in the 'world's greatest shave for a cure' in March 2003, raising a substantial amount of money for the Leukemia Foundation. My deputy, Andrew Metcalfe, appeared to impose greater authority once I had shorn him. Photographs of some of the staff who participated in those activities are featured in the following section, 'The year in pictures'.

### Outlook for 2003–04

The coming year will be full of challenges. I have no doubt the department will meet them with its usual professionalism.

We will continue to promote strategic, defence and security policies that protect Australia from terrorism and promote regional and international stability. We will provide support for the Prime Minister in his ongoing efforts to further a whole-of-government agenda on a wide range of national and domestic policy issues.

It is my sincere wish that, in improving the way we serve the Prime Minister, we will at the same time be supporting, recognising and rewarding the greatest strength of the department – our people.

# The Year in Pictures



*The Prime Minister and other members of the Cabinet farewelling Andrew Jenson after five years as Cabinet Attendant.*



*The Prime Minister, the Hon. John Howard MP, at a bilateral meeting held with the Prime Minister of Greece, Mr Konstantinos Simitis, in Athens on 3 July 2002. Accompanying the Prime Minister, from left to right, are Mr Miles Jordana, Senior Adviser (International) in the Prime Minister's Office, Dr Ashton Calvert AC, Secretary, Department of Foreign Affairs and Trade, His Excellency Mr Stuart Hume, Australian Ambassador to Greece, and the then Secretary, Department of the Prime Minister and Cabinet, Mr Max Moore-Wilton AC*



*OSW hosted the second national women's conference, Australian WomenSpeak 2003. Pictured above are Dame Margaret Guilfoyle DBE (left) and the Hon. Susan Ryan AO (right) with the Minister Assisting the Prime Minister for the Status of Women, Senator the Hon. Amanda Vanstone.*



*The Secretary attending to Deputy Secretary Andrew Metcalfe's hair style in 'the world's greatest shave-for-a-cure' to raise funds for the Leukemia Foundation.*



*The Secretary, Deputy Secretary, Andrew Metcalfe and Assistant Secretary, Terry Crane, displaying the results of their participation in 'the world's greatest shave-for-a-cure' to raise funds for the Leukemia Foundation.*



*Joe Hedger cleaning out the stables.*

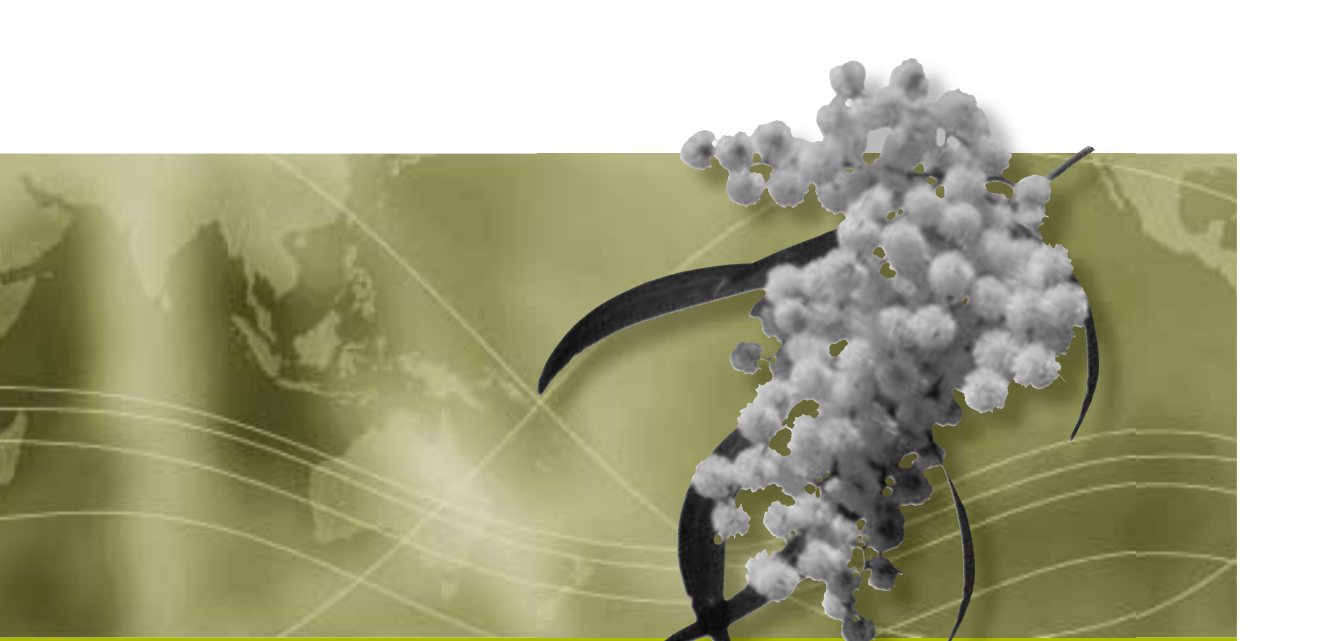
*< Rebecca Lannen painting the Pegasus headquarters.*



*Volunteers from the department who helped out at Pegasus Riding for the Disabled.*



*Table 3 at the departmental Christmas party: Gerard Martin, Des Swift, Ruth Adam and Ann O'Connor enjoying the festivities.*



# Overviews



# Overviews

## Portfolio Overview



### Mission

The department and the six agencies comprising the Prime Minister's portfolio share the following mission:

to achieve well coordinated, efficient and accountable public administration, supported by a values based Australian Public Service.

### Portfolio agencies

Figure 1 lists the agencies which comprise the portfolio, showing their planned outcomes and identifying their executive officers.

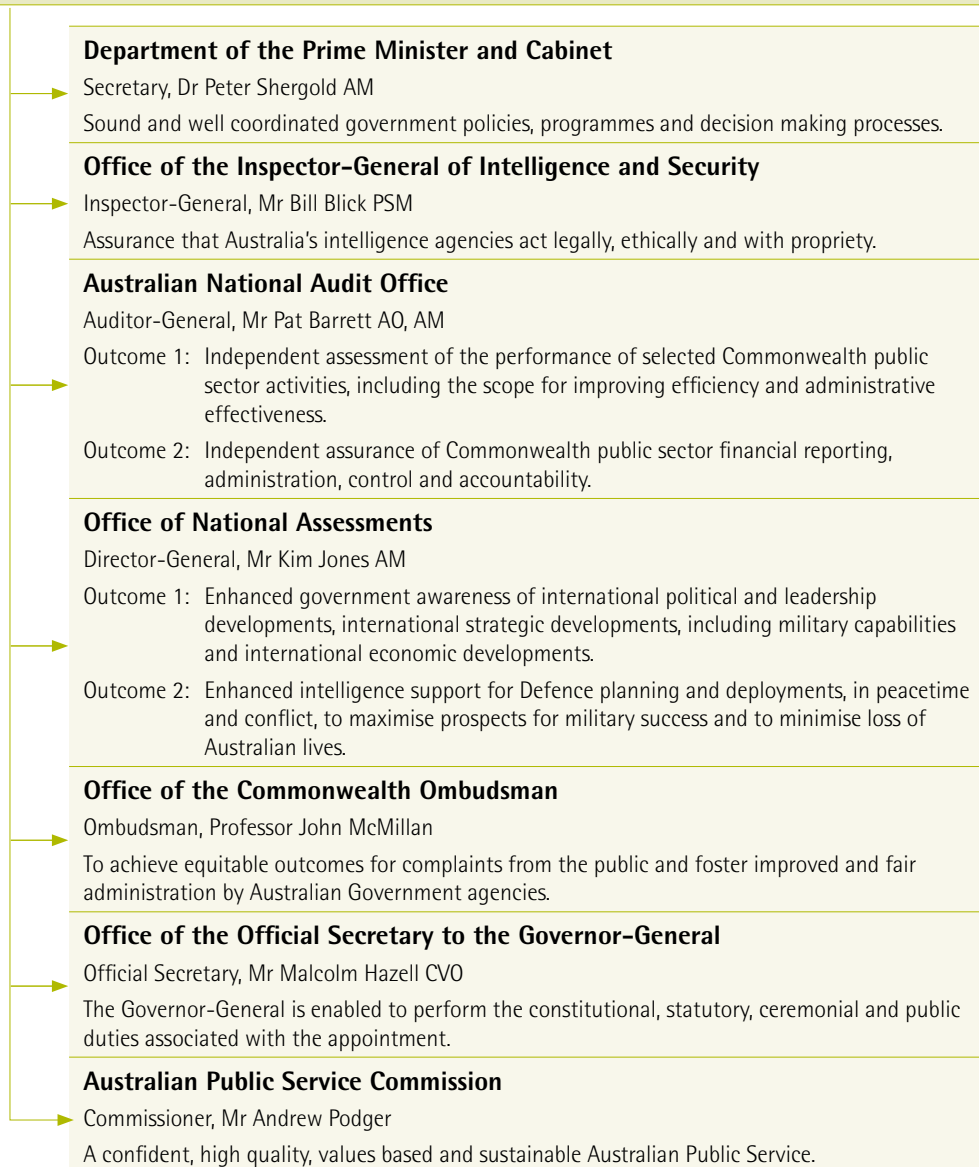
An overview of the role and functions of the Department of the Prime Minister and Cabinet is presented in the departmental overview below. More detailed information about the activities and responsibilities of the other portfolio agencies, which are administered under the *Financial Management and Accountability Act 1997*, may be obtained from each agency's annual report or website.

The websites for the department and its six agencies are:

- Department of the Prime Minister and Cabinet <[www.pmc.gov.au](http://www.pmc.gov.au)>
- Office of the Inspector-General of Intelligence and Security <[www.igis.gov.au](http://www.igis.gov.au)>
- Australian National Audit Office <[www.anao.gov.au](http://www.anao.gov.au)>
- Office of National Assessments <[www.ona.gov.au](http://www.ona.gov.au)>
- Office of the Commonwealth Ombudsman <[www.ombudsman.gov.au](http://www.ombudsman.gov.au)>
- Office of the Official Secretary to the Governor-General <[www.gg.gov.au](http://www.gg.gov.au)>
- Australian Public Service Commission <[www.apsc.gov.au](http://www.apsc.gov.au)>.

**Figure 1 Structure of Prime Minister and Cabinet portfolio**

Prime Minister	The Hon. John Howard MP
Minister Assisting the Prime Minister for the Public Service	The Hon. Tony Abbott MP
Minister Assisting the Prime Minister for Reconciliation	The Hon. Philip Ruddock MP
Minister Assisting the Prime Minister for the Status of Women	Senator the Hon. Amanda Vanstone
Parliamentary Secretary to the Prime Minister	The Hon. Jackie Kelly MP
Acting Parliamentary Secretary to the Prime Minister	The Hon. Peter Slipper MP





# Departmental Overview



## Role and outcome

The primary role of the Department of the Prime Minister and Cabinet is to provide support to the Prime Minister and to achieve a coordinated approach to the development and implementation of government policies. The planned outcome for the department is:

sound and well coordinated government policies, programmes and decision making processes.

## Outputs

The department contributes to the achievement of this outcome through four output groups:

- group 1 outputs include policy advice on economic, industry, infrastructure and environment issues, and effective Council of Australian Governments (COAG) operations
- group 2 outputs include policy advice on social and women's issues, and the administration, on behalf of the government, of a number of programmes, including Partnerships Against Domestic Violence and grants to non-government women's organisations
- group 3 outputs include policy advice to the Prime Minister on international relations and security issues
- group 4 outputs include policy advice on parliamentary, machinery of government and legal and cultural issues, and a range of support services for government operations including: coordination of Cabinet and Executive Council business; policy advice on coordination and promotion of national awards and symbols; coordination of government communications and advertising; administration of the Prime Minister's official establishments; and administration of the visits and hospitality programme.

Figure 2 sets out the organisational structure and the senior staff responsible for each output. Some of the outputs involve administered items; those are described in detail in the relevant reports on performance. The outputs are set out in Figure 3.

## Responsibilities

The principal matters the department deals with are:

- coordination of government administration – ensuring a whole-of-government approach on issues ranging from domestic security and border protection to programmes supporting individuals, families and communities



- assistance to Cabinet and its committees – managing processes and procedures to facilitate the decision making role of Cabinet
- policy advice and administrative support to the Prime Minister – covering the full spectrum of the Australian Government's responsibilities, including major domestic and international matters
- intergovernmental relations and communications with state and territory governments – including coordinating arrangements for meetings of COAG, developing strategies and providing advice on a diverse range of matters from sport and tourism to natural resources policy
- Australian honours and symbols policy – including support for related public education and communications campaigns, nominations for awards and applications for medals
- government ceremonial and hospitality activities – including organising major events such as visits by heads of state, making logistic arrangements for the Prime Minister's overseas visits, and organising memorial services and welcome home parades to honour personnel who have contributed to overseas military operations
- status of women – ensuring awareness of gender issues is reflected in all government policy and programme development
- coordination of government communications and advertising – ensuring, through the Government Communications Unit, cost-effective media placement for government advertising.

In January 2003, the Prime Minister's Energy Taskforce Secretariat was established under the chairmanship of an Associate Secretary reporting under Output 1.

## Organisational structure

On 23 May 2003, the Secretary announced changes to be made to the organisational structure of the department. As a result, the following two new outputs will be added once the proposed changes are formally implemented early in 2003–04:

- Output 3.2 – Defence, Intelligence and Security Policy
- Output 4.2 – Cabinet Implementation Unit.

The current outputs 4.2 to 4.6 will be renumbered 4.3 to 4.7.

At 30 June 2003, the department comprised the Executive, seven divisions, the Cabinet Secretariat and the Energy Taskforce Secretariat. The costs of corporate services are apportioned as a component of each of the four output groups' price of outputs.

The revised structure announced by the Secretary is designed to focus and strengthen the department's ability to provide services to the Prime Minister. During the reporting period the department moved progressively towards the new structure, in advance of its full implementation early in 2003–04.

The following measures took effect from the time of the announcement on 23 May 2003:

- the Corporate Support Branch combined with the Government Communications Division to become the People, Resources and Communications Division reporting through Greg Williams to Deputy Secretary Jeff Whalan
- the Cabinet Secretariat commenced reporting to Deputy Secretary David Borthwick
- the Ceremonial and Hospitality Branch commenced reporting through Gillian Bird to Deputy Secretary Andrew Metcalfe.

Other changes to internal reporting arrangements were made during the year.

The International Division, which formerly reported directly to the Secretary, commenced reporting to Deputy Secretary Andrew Metcalfe early in 2003.

Towards the end of 2002–03, arrangements were being finalised to transfer responsibility for supporting the National Security Committee of Cabinet and the Secretaries' Committee on National Security from the International Division to the Cabinet Secretariat. This change is intended to bring the processes for these two important committees closer to those of Cabinet and other Cabinet committees and to concentrate the support responsibilities in a specialised support area.

Further changes to reporting arrangements will be made once the National Security Division and the Cabinet Implementation Unit are in place early in 2003–04.

The National Security Division under Output 3.2 will take over a number of existing functions from an expanded International Division. The new division, to be staffed by about 30 people, will focus on counter-terrorism, defence, intelligence, security, law enforcement and border protection. This will ensure a continued high level of coordination and reinforce a whole-of-government approach to national security issues. The department will not only coordinate activities across the Australian Public Service but also, through its chairmanship of the National Counter-Terrorism Committee, ensure the Commonwealth, states and territories liaise and work closely together.

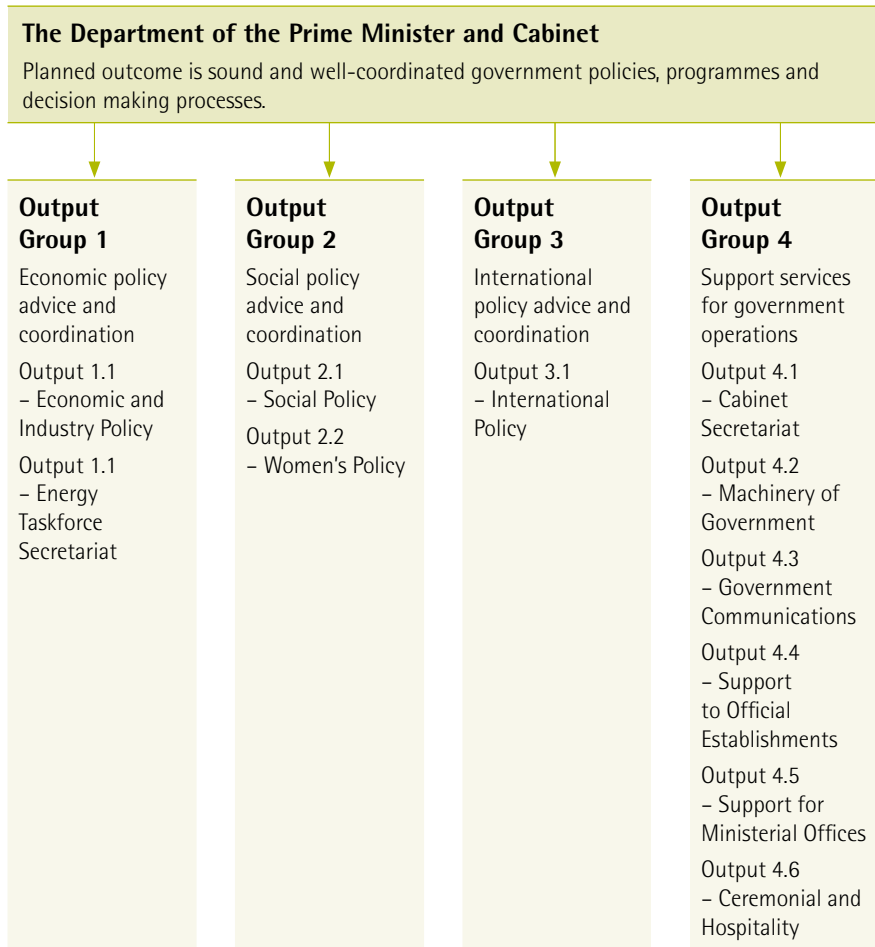
The Cabinet Implementation Unit will ensure that strategic Australian Government policies and services are being delivered to the community in a timely and responsive manner. Together with the Cabinet Secretariat it will form part of a newly established Cabinet Division.

**Figure 2 Organisational structure and senior staffing as at 30 June 2003**



\* Officers who are acting in the positions shown.

**Figure 3** Departmental outcome and output groups



# Performance Overview



## Staff performance

The performance of individual staff members is monitored and measured through the department's Performance Appraisal and Development Scheme (introduced in August 2001), which involves the development of individual performance agreements, incorporating common performance standards at each level, and a process of performance review and assessment. More information about the scheme is provided in the Management and Accountability chapter.

## Output performance

Outputs report on their performance – in terms of specific indicators of price, quality, quantity and timeliness – in the Report on Performance.

## Departmental performance

Details of the departmental appropriations and expenses against these appropriations are set out in Table 1.

### *Price*

The total price of providing the department's outputs in 2002–03 was \$47.4 million. This comprised a \$44.5 million appropriation and \$2.8 million from other sources (interest, the sale of goods and services, free resources, special accounts and miscellaneous revenue). More detailed information is provided in the financial performance section of this chapter, below.

Table 1 shows details of the department's expenditure against the department's price of outputs appropriation.

### *Quality*

All the department's activities are expected to achieve satisfactory results in terms of:

- the degree of satisfaction of the Prime Minister and other portfolio ministers, their offices and the departmental Executive – as expressed through formal and informal feedback – with the quality and timeliness of advice and the achievement of key tasks
- an assessment of outputs against the annual divisional work plans and individual performance agreements.

During 2002–03, the department's overall performance was satisfactory in terms of both quality criteria.

**Table 1 Appropriation for Outcome 1 (\$'000)**

	Budget estimate 2002-03	Actual 2002-03
<b>ADMINISTERED EXPENSES</b>		
Allowance to former Governors-General(a)	578	3,884
Support to former Governors-General(b)	645	1,062
State occasions and official visits	2,873	2,876
Women's programmes	8,866	8,751
Prime Minister's official residences	1,597	1,521
Compensation and legal expenses	475	61
National Australia Day Council	1,274	1,274
National Security Campaign	10,100	18,549
<b>Total Administered</b>	<b>26,408</b>	<b>37,978</b>
<b>DEPARTMENTAL PRICE OF OUTPUTS</b>		
<b>Output Group 1 – Economic policy advice and coordination</b>		
Output 1.1 – Economic and Industry Policy	9,489	9,146
<b>Subtotal Output Group 1</b>	<b>9,489</b>	<b>9,146</b>
<b>Output Group 2 – Social policy advice and coordination</b>		
Output 2.1 – Social Policy	5,575	5,354
Output 2.2 – Women's Policy	7,975	7,928
<b>Subtotal Output Group 2</b>	<b>13,550</b>	<b>13,281</b>
<b>Output Group 3 – International policy advice and coordination</b>		
Output 3.1 – International Policy	4,270	4,228
<b>Subtotal Output Group 3</b>	<b>4,270</b>	<b>4,228</b>
<b>Output Group 4 – Support services for government operations</b>		
Output 4.1 – Cabinet Secretariat	2,789	2,769
Output 4.2 – Machinery of Government	7,713	7,413
Output 4.3 – Government Communications	1,572	1,719
Output 4.4 – Support to Official Establishments	445	432
Output 4.5 – Support for Ministerial Offices	2,057	2,138
Output 4.6 – Ceremonial and Hospitality	2,641	2,557
<b>Subtotal Output Group 4</b>	<b>17,217</b>	<b>17,028</b>
<b>Total Departmental</b>	<b>44,526</b>	<b>43,684</b>
<b>TOTAL APPROPRIATION</b>	<b>70,934</b>	<b>81,662</b>
<b>AVERAGE STAFFING LEVEL</b>	<b>344</b>	<b>357</b>

Note: Figures have been rounded to the nearest dollar.

- (a) The actual expense for the allowance to former Governors-General, including Dr Hollingworth, includes \$3.3 million, representing a one-off adjustment to the superannuation liability in respect of former Governors-General following an independent actuarial assessment.
- (b) Expenditure includes one-off costs associated with Dr Hollingworth's resignation.

### Other department-wide measures

There are certain issues in relation to which the department's performance is measured across all output groups, rather than separately by output. They are: Cabinet minutes, ministerial correspondence, parliamentary questions on notice, ministerial briefings, and requests made under the *Freedom of Information Act 1982* (FOI Act). Each of these is discussed in more detail – in terms of timeliness and quantity indicators – below.

#### Cabinet minutes

Timeliness	To release Cabinet minutes within 24 hours of a Cabinet or committee meeting.
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During the period 1 July 2002 to 30 June 2003, 92 per cent of minutes from meetings of Cabinet and its committees were settled and circulated within 24 hours of the conclusion of the meetings; 96 per cent were settled and circulated in 2001–02. The small decrease in 2002–03 was mostly due to the late release of Cabinet committee minutes. The number of Cabinet committee minutes produced increased by 37.5 per cent during 2002–03.

#### Ministerial correspondence

Quantity	To process in excess of 110,000 items of ministerial correspondence. To provide 2,750 briefings to the Prime Minister, other portfolio ministers and their offices.
Timeliness	For correspondence on substantive issues from Australian Government ministers, heads of state, Premiers and Chief Ministers, and other important correspondents, a response is to be prepared within 10 working days. For other correspondence, a response is to be prepared within 20 working days. Referral of correspondence to other ministers should occur within five working days of its receipt in the department. Briefings should be prepared in anticipation of being needed, or as required by the Prime Minister, another minister or a minister's office, or the parliamentary secretaries and their offices.

The department processed approximately 159,000 pieces of correspondence – an average of 636 per day – addressed to the Prime Minister or to a minister assisting the Prime Minister.

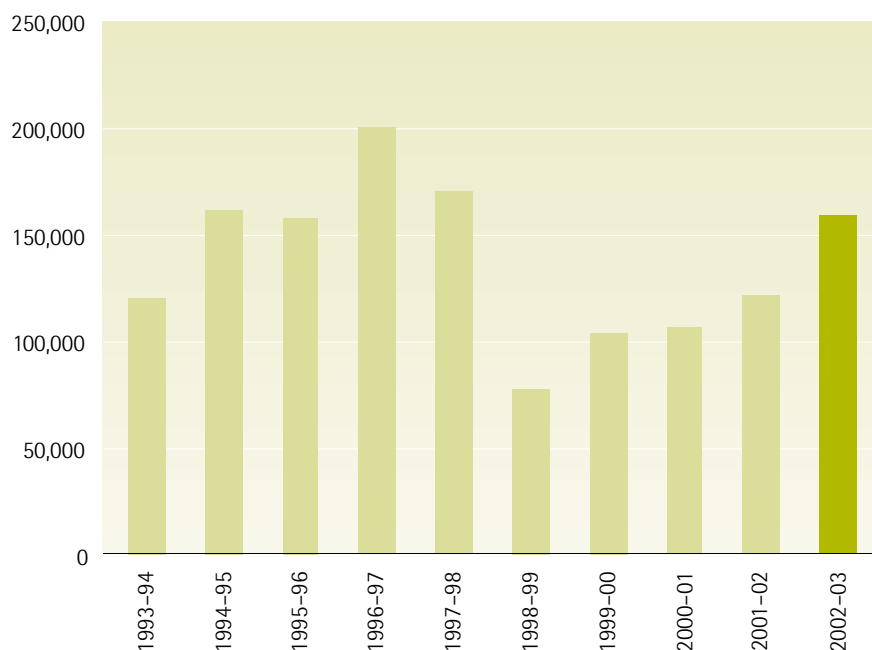
The largest volumes of correspondence related to the war in Iraq, the Bali bombings or the former Governor-General.

Approximately 92 per cent – being 146,000 items of correspondence – was processed within the department's timeliness targets.

Some 3,892 briefings (in the form of minutes) were provided to the Prime Minister, parliamentary secretaries and ministers assisting the Prime Minister, on a range of topics covering all four output groups and the various corporate support and information services functions of the department.

The volume of ministerial correspondence received in the past ten years is shown in Figure 4. The figure shows that the annual volume of correspondence has been gradually increasing during the past five years.

**Figure 4** Items of correspondence processed



#### *Parliamentary questions on notice*

Quantity	To prepare draft answers to 106 parliamentary questions on notice.
Timeliness	To respond to parliamentary questions on notice within the number of days set in the Standing Orders of each house, currently 60 days for the House of Representatives and 30 days for the Senate.

The department received 106 parliamentary questions on notice during 2002-03: 67 from the House of Representatives and 39 from the Senate. The department had 21 questions on hand at 1 July 2002.

Responses to 58 questions were lodged during the year: 35 from the House of Representatives and 23 from the Senate. The average time taken to lodge responses to questions asked in 2002-03 was 66 days for the House of Representatives and 62 days for the Senate.

Nineteen questions asked in 2002-03 – ten from the House of Representatives and nine from the Senate – were transferred to other ministers. There were 29 questions on hand at 30 June 2003. The target of 30 days for responding to Senate questions on notice and 60 days for responding to House of Representatives questions on notice was not met this year.



### *Freedom of information requests*

Quantity	To respond to 25 FOI requests.
Timeliness	Various, as specified in the FOI Act.

The department received 26 FOI requests during 2002–03. The department had six FOI requests on hand at 1 July 2002. Twenty FOI requests were finalised during the year and 12 FOI requests were on hand at 30 June 2003.

## Financial Overview



The following sections of this chapter provide a summary of the department's financial performance in 2002–03; detailed results are shown in the audited Financial Statements, and the summary should be read in conjunction with those statements. The departmental appropriation is shown in some detail in Table 1 on page 26.

The department received an unqualified audit report for 2002–03.

### Operating result

The department's Statement of Financial Performance below reports an operating surplus for 2002–03 of \$0.7 million, compared to the \$5 million operating surplus reported for 2001–02. The result was, however, better than the operating result forecast in the 2002–03 Portfolio Budget Statements of \$0.5 million. The decline in operating surplus was a result of the department being required to absorb additional responsibilities relating to national security policy advice and coordination, as well as a corresponding decline in revenue from other sources. In addition, part of the 2001–02 surplus related to additional funding provided for the Commonwealth Heads of Government Meeting (CHOGM) and a delay in the related expenses, of \$0.1 million, being received by the department. Those delayed expenses relating to CHOGM were recognised in the 2002–03 financial year.

Table 2 demonstrates the department's key results for the financial years 2001–02 and 2002–03.

**Table 2** Key results in financial performance

Indicator	2002–03 (\$'000)	2001–02 (\$'000)	Movement (per cent)
Revenue from Australian Government	45,253	78,915	–43
Other revenue	2,100	3,991	–47
<b>Total revenue</b>	<b>47,353</b>	<b>82,906</b>	<b>–43</b>
Employee expenses	29,314	30,617	–4
Supplier expenses	14,623	36,540	–60
Other expenses	2,683	10,591	–75
<b>Total expenses</b>	<b>46,620</b>	<b>77,748</b>	<b>–40</b>
<b>Operating result</b>	<b>733</b>	<b>5,158</b>	<b>–86</b>

## Statement of Financial Performance

### Revenue

Total revenue received in 2002–03 was \$47.4 million.

The department received \$45.3 million in direct revenue from the government (comprising the appropriation of \$44.5 million and free resources worth \$0.7 million), amounting to \$33.6 million less than that received in 2001–02. As stated, the additional revenue in 2001–02 was provided primarily for the organisation of CHOGM, a large one-off event.

In 2002–03, revenue from other sources decreased by \$1.9 million, from \$4.0 million in 2001–02 to \$2.1 million in 2002–03. The reduction was due to a decrease in interest revenue of \$1.0 million resulting from changes to the Agency Banking Incentive Scheme administered by the Department of Finance and Administration, a reduction of \$0.2 million in the sale of goods and services due to a decreased demand for AUSPIC (the government photographic service) products, and a reduction in other revenue by \$0.6 million due to decreased revenue for the Campaign Reserve Special Account.

### Expenses

The department's expenses were \$31.1 million less than in 2001–02 due to the impact of CHOGM in 2001–02. The total 2002–03 expenses, \$46.6 million, were \$4.4 million higher than in 2001–02 when CHOGM is accounted for.

## Statement of Financial Position

### Equity

The department's total equity – that is, the sum of the department's assets less its liabilities – decreased from \$14.3 million in 2001–02 to \$6.2 million in 2002–03. The decrease in equity reflected the payment of a dividend to the Official Public Account of \$8.0 million, taken from departmental reserves (\$5.9 million), the Campaign Reserve Special Account (\$1.0 million) and the Services for Other Government and Non-Agency Bodies Account (\$1.1 million). Other activities impacting on departmental equity were a revaluation of the department's assets, which resulted in a decrease in the asset revaluation reserve of \$0.61 million, and a capital use charge of \$0.7 million.

### Assets

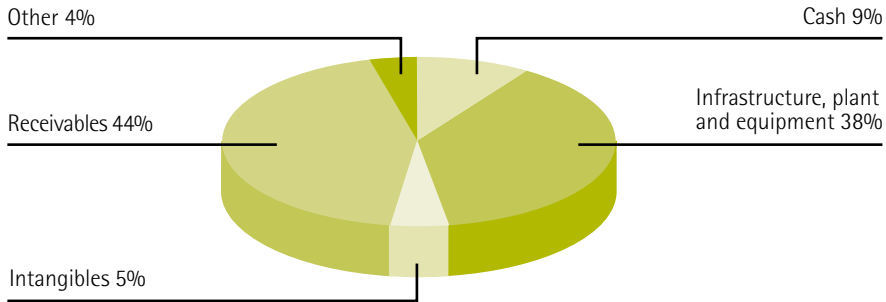
The department's assets may be broken into four main categories:

- cash
- infrastructure, plant and equipment
- intangibles (non-physical assets such as software)
- receivables (amounts due to be paid to the department)

'Other departmental assets' relates to prepayments and 'Other administered assets' relates to prepayments and inventories.

The proportions of each type of asset held during 2002–03 are illustrated in Figure 5.

**Figure 5 Departmental assets shown by category**



Note: 'Other' refers to prepayments.

The department's total assets decreased from \$28 million to \$20 million in 2002–03. As detailed above, the decrease in financial assets arose from the repayment of dividends totalling \$8 million to the Official Public Account and does not point to a decline in the financial viability of the department.

### *Financial assets*

The Statement of Financial Position shows the department having cash holdings of \$1.8 million in 2002–03, which may be compared with the \$17.3 million held in 2001–02. The actual cash balance that the department had access to was \$9.3 million, comprising the \$1.8 million cash balance and \$7.5 million that was returned to the Official Public Account on 30 June 2003 as part of the implementation of the recommendations of the 2002 Budget Estimates and Framework Review (BEFR). BEFR was a thorough review of the budget estimates and advice system. The government endorsed the recommendations of the review in October 2002. The department was able to access the \$7.5 million in funds deposited in the Official Public Account as required.

### *Non-financial assets*

The department's non-financial assets increased by \$0.3 million from \$9.0 million to \$9.3 million in 2002–03. This was mainly due to the revaluation of assets.

### *Liabilities*

The department's total liabilities decreased by \$0.5 million to \$13.8 million in 2002–03. The major decrease related to a reduced liability for the leasing of information technology equipment and reflected the fact that the lease period remaining for the equipment decreased by one year.

Overall, employee entitlements remained static between 2001–02 and 2002–03.

Amounts owing to suppliers (creditors on hand at 30 June 2003) increased by \$0.6 million, and unearned revenue of \$0.3 million relating to the lease of CABNET terminals to other agencies was recognised.

## Administered items

'Administered items' are those assets, liabilities, revenues and expenses that are controlled by the Australian Government but managed or overseen by the department on the government's behalf.

Table 3 provides comparisons between the department's 2001–02 and 2002–03 results for administered items.

**Table 3** Key results for administered expenses

Administered expense	2002–03 (\$'000)	2001–02 (\$'000)	Movement (per cent)
Allowances to former Governors-General	3,884	943	312
Support to former Governors-General	1,062	767	38
State occasions and official visits	2,876	2,744	5
Women's programmes	8,751	10,554	-17
Prime Minister's official residences	1,521	1,443	5
Compensation and legal	61	–	Not applicable
National Australia Day Council	1,274	568	124
National Security Public Information Campaign	18,549	–	Not applicable
<b>Total administered expenses</b>	<b>37,978</b>	<b>17,019</b>	<b>123</b>

### Significant variations

There were four movements of more than 10 per cent in administered expenses in 2002–03, as explained below.

With the resignation of Dr Peter Hollingworth, and an increase in the rate of allowances payable to all former Governors-General, the total cost of the administered item 'Allowances to former Governors-General' increased by 312 per cent. The increase includes a one-off adjustment of \$3.3 million to the superannuation liability in respect of the former Governors-General following an independent actuarial assessment.

The cost of the 'support to former Governors-General' administered item increased by 38 per cent. This reflected the costs involved in Dr Hollingworth's resignation. Most of these were one-off costs, such as those involved in the provision of suitable office accommodation for Dr Hollingworth.

Women's programmes expended 17 per cent less than in 2001–02 due to delays in the development and implementation of Partnerships Against Domestic Violence and the National Initiative to Combat Sexual Assault. The unexpended funds were rephased to ensure that the government maintained its commitment to those important issues.

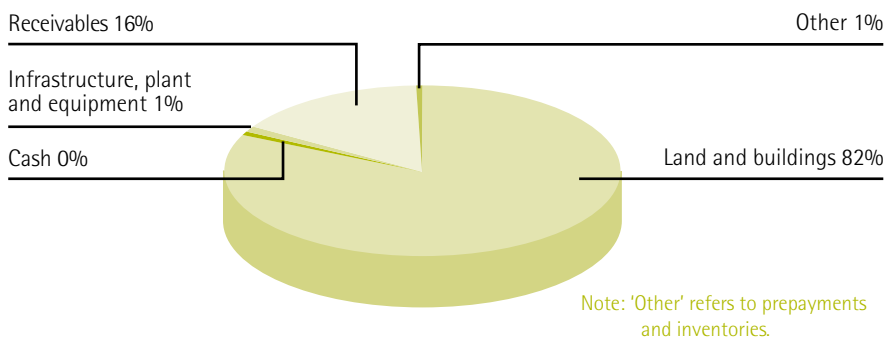
The grant paid to the National Australia Day Council (NADC) increased by 124 per cent in 2002–03. This was largely because the total for 2001–02 had reflected only a part-year expense, as responsibility for the NADC transferred to the department from the Department of Communications, Information Technology and the Arts in November 2001. The remainder of the increase reflected the government's decision in the 2002–03 Budget to provide an additional \$0.3 million in ongoing funds and a \$0.2 million one-off injection to the NADC.

The national security campaign was a significant responsibility for the department in 2002–03. The additional expenditure incurred for this activity was partly offset by the underspends from the department's administered items, with additional funding of \$6.9 million provided through the Advance to the Finance Minister which is administered by the Department of Finance and Administration.

### *Special account*

The department also continued to manage an administered special account, the Media Commissions Advance Account. The account returned a dividend to the Official Public Account of \$2.6 million during the 2002–03 financial year.

**Figure 6** Administered assets shown by category

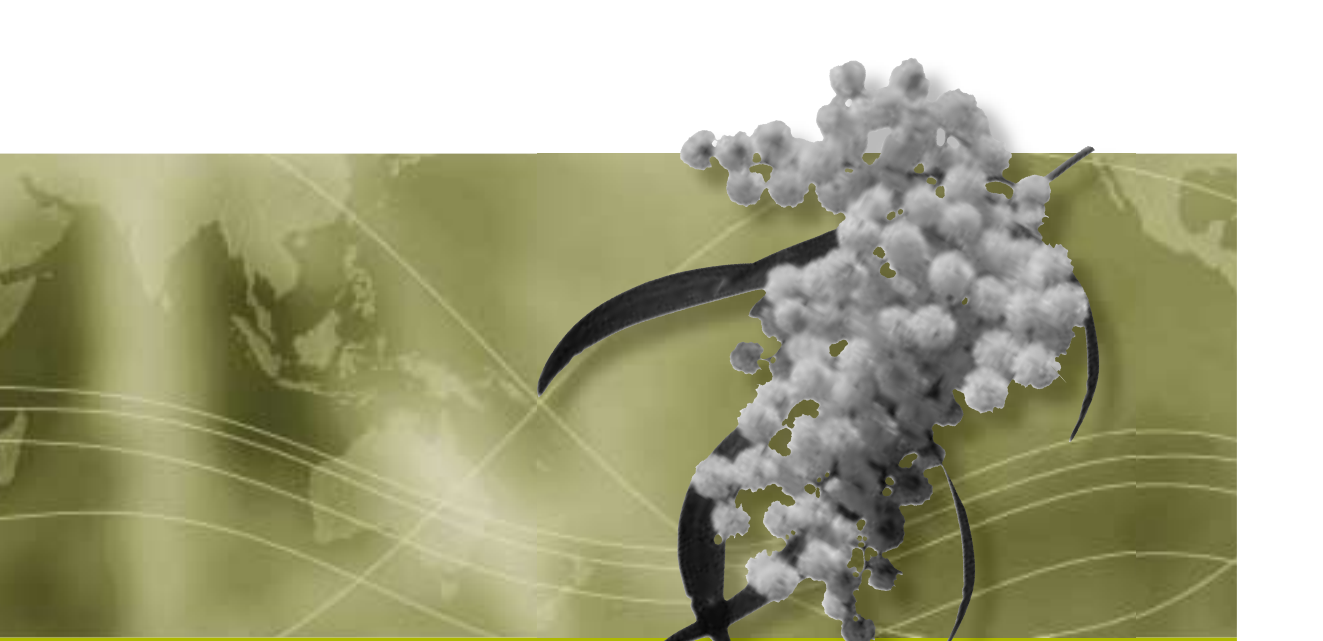


The department's administered cash and receivables varied significantly in composition during 2002–03 in comparison with those in 2001–02. This reflected the implementation of 'just in time drawdowns' for administered special accounts, and the associated return of \$5.3 million in cash reserves to the Official Public Account.

The composition of the remainder of the department's administered assets remained stable during 2002–03.

### Factors affecting future performance

In the 2002–03 Budget, the department received additional funding of \$4.2 million for 2003–04 and \$3.6 million per annum over the forward estimates period. This will assist the department in meeting the increasing policy demands associated with the government's strategic priority areas, in overseeing the effective delivery of government programmes, and in taking the lead role in the coordination of national security and counter-terrorism policy. The department also obtained capital funding of \$4.6 million to enhance information technology, communications infrastructure and building security. Other areas of activity in which there are significant resource pressures will also be earmarked for additional support.

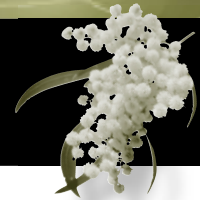


# Report on Performance



# Report on Performance

## Output Group 1 – Economic Policy Advice and Coordination



Price of outputs	\$9.9m	Cost of outputs	\$9.6m
Appropriations	\$9.5m		
Administered expenses	nil		

### Group Outputs

<b>Output Group 1</b>	Economic policy advice and coordination
	<b>Output 1.1</b> Economic and industry policy

### Description

As of 30 June 2003, Output Group 1 comprised one output and functionally consisted of:

- Economic Division
- Industry, Infrastructure and Environment Division
- Energy Taskforce Secretariat.

Group 1 outputs include:

- policy advice on economic, industry, infrastructure, environment and resource issues
- effective Council of Australian Governments (COAG) operations.

### Administered items

Output 1.1 had no administered items on which to report in the 2002–03 financial year.



## Output 1.1 – Economic and Industry Policy

Output 1.1 Economic and industry policy	Performance indicators
Advice and support to the Prime Minister and assistance in coordination of government policies on economic, industry, infrastructure and environment issues,* including on presentation of the government's decisions in these areas.	<i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice and the achievement of key tasks.
Manage and coordinate the work programme of the Council of Australian Governments.	Annual evaluation of Budget preparation and coordination process and ad hoc internal evaluation of major policy advising activities.
	Cost of outputs – \$9.6m

\* Administrative responsibility for natural disaster relief was transferred from International Division to Industry, Infrastructure and Environment Division on 22 November 2002.

### Qualitative assessment

#### Methodology

The Prime Minister, the Prime Minister's Office and the departmental Executive provided feedback on Output 1.1. The assessment of our performance by these key stakeholders assisted us to refine our systems, procedures and work practices and determine priorities.

The group adopted a flexible approach to the allocation of responsibilities and resources, allowing us to manage a number of highly complex issues simultaneously, while maintaining the throughput of day-to-day work.

#### Feedback

Output 1.1 was assessed as having provided effective and timely advice, briefing and support on economic, industry, infrastructure, environment and resource policy issues.

Feedback from our key stakeholders indicated that Economic Division played an important role in the development of the 2003–04 Budget. In particular, the division supplied early strategic advice on budget processes and priorities and, with the Cabinet Secretariat, supported the consideration of budget proposals by Cabinet and the Expenditure Review Committee of Cabinet.

Feedback also indicated that we played an important role in the development of the government's medical indemnity reform package and in ministerial meetings on insurance sector reform. As in previous years, feedback also indicated satisfaction with the role we played in providing advice and support for the effective operation of COAG, and our secretariat support to the Sustainable Environment Committee of Cabinet and the Strategic Investment Coordinator.

Broad satisfaction was indicated with the work of Industry, Infrastructure and Environment Division across the gamut of industry, environment and infrastructure matters.

Feedback indicated that the work of the Energy Taskforce Secretariat has assisted ministerial consideration of a number of key energy policy areas.

Formal individual performance reviews provided further feedback at all levels. Additional feedback was provided through regular meetings, formal discussions with the Prime Minister's Office and contact with the departmental Executive.

## Key results

### *Economic Division*

#### *Financial sector policy*

In 2002–03, the Economic Division advised the Prime Minister on a number of significant reforms to the financial sector.

The division played a particularly significant role in the development of the government's medical indemnity package. The department chairs the Medical Indemnity Taskforce that coordinates policy development and advises ministers on options for addressing the affordability and adequacy of medical indemnity insurance.

More broadly over 2002–03, problems in the general insurance market were impacting on the provision of important community and private sector services. The division advised the Prime Minister on reforms to improve the affordability and availability of public liability and professional indemnity insurance. The Australian, state and territory governments met on a number of occasions and introduced a significant number of such reforms. We advised the Prime Minister on the Australian Government's role in promoting national consistency in tort law reform among state jurisdictions, a major determinant in reducing pressure on premiums. Our advice also extended to insurance coverage against loss caused by acts of terrorism.

The division advised the Prime Minister on the HIH Royal Commission recommendations and the preparation of the government's response. We also advised the Prime Minister on reforms to address community concerns about auditor independence and corporate disclosure. This work included analysis of proposals contained in the ninth instalment of the Corporate Law and Economic Reform Programme legislation, to claw back directors' bonuses paid in the lead-up to a company becoming insolvent, and disclosure of executive remuneration.

The division continued to provide advice on reforms to the prudential framework for superannuation in response to the findings of the Superannuation Working Group.

We also participated in the Review of the Commonwealth Government Securities Market process, which reported in the 2003–04 Budget, and advised the Prime Minister on the range of options it presented to government.

#### *Economic conditions and analysis*

This year was a particularly testing one for the Australian economy in the face of the worst drought in a century, global economic weakness, the war in Iraq and other international tensions. The division provided economic assessments and advice for the Prime Minister with respect to those issues and their impact on the Australian and international economies. The division also conducted analyses of domestic developments such as the outlook for consumption, household wealth, business investment and the housing cycle.

On a quarterly basis, we continued to conduct macroeconomic forecasting of the Australian economy as part of our participation in the Joint Economic Forecasting Group (JEFG). The JEFG is an interdepartmental committee that provides economic forecasts and assessments to the government. The JEFG forecasts formed the basis of the Mid-Year Economic and Fiscal Outlook in November 2002 and the 2003–04 Budget.

### *Fiscal policy*

Economic Division provided advice to the Prime Minister on fiscal strategy and the budget position, and worked with other divisions to ensure the consistency of the department's advice in all policy areas. We also provided advice on the achievement of the government's strategic policy framework within overall fiscal objectives.

In addition we advised on debt management policy, on Commonwealth–State financial arrangements and on emerging public financial management issues such as private financing of public infrastructure.

The division played a significant role in the 2003–04 budget process by again supporting the Prime Minister in his role as Chairman of the Expenditure Review Committee of Cabinet, and provided coordinated advice to the Prime Minister and senior ministers on expenditure and revenue options.

The division conducted an evaluation of the 2002–03 budget process, in consultation with other divisions and the Prime Minister's Office, and contributed to a broader evaluation conducted with other central agencies. The results of the evaluations were taken into account in planning for the 2003–04 Budget.

### *Taxation and superannuation policy*

The division provided advice to the Prime Minister and his office on a wide range of tax issues throughout 2002–03, including:

- revenue proposals in the context of the 2003–04 Budget
- personal income tax cuts
- the Review of International Taxation Arrangements by the Board of Taxation
- the government's business tax reforms (primarily in relation to consolidation and the simplified imputation system)
- goods and services tax issues as they emerged.

The division also made a significant contribution to the Energy Taskforce Secretariat's consideration of fuel excise reform and to the deliberations of the Work and Family Taskforce. We also provided advice on philanthropy related tax issues raised by the taxation subcommittee of the Prime Minister's Community Business Partnership.

We continued to provide advice on a number of the government's superannuation related election commitments, including choice of superannuation, portability of superannuation, the reduction of the superannuation surcharge and the government co-contribution for low-income earners. The division also contributed to the government's response to the High Court's decision in *Austin & Anor v. The Commonwealth of Australia* (2003), which dealt with the application of the superannuation surcharge to state judicial officers.

### *Workplace relations policy*

In 2002–03, the division prepared advice for the Prime Minister on the government's workplace relations reforms, including the government's response to the Royal Commission into the Building and Construction Industry, the expansion of the Commonwealth's unfair dismissal scheme, and the Australian Industrial Relations Commission's role in the Safety Net Review.

We continued to brief the Prime Minister on issues relating to the operation of the General Employee Entitlements and Redundancy Scheme and contributed to the government's submission to the Australian Industrial Relations Commission 2002–03 Safety Net Review of wages.

### *Demographics*

Responding to the challenges of an ageing society is one of the government's strategic priorities. Economic Division coordinated the department's advice to the Prime Minister on the development of policy to respond to the ageing of Australia's population and participated in the interdepartmental taskforce focusing on challenges posed by an ageing society, which was chaired by the Treasury. In this context, advice was provided to the Prime Minister on retirement incomes, workforce participation (with a particular focus on mature age workers), and managing expected increases in government spending in areas affected by demographic change.

### *Industry, Infrastructure and Environment Division*

#### *Strategic reorganisation*

In an address to the Committee for Economic Development of Australia in November 2002, the Prime Minister identified areas that are key whole-of-government strategic policy issues for the medium term. These included issues on which the Industry, Infrastructure and Environment Division provides core policy advice and analysis: science and innovation; sustainable environment; energy; rural and regional affairs; and transport.

To reflect the government's strategic approach to those issues, the Industry, Infrastructure and Environment Division was reorganised during 2002–03 to enhance effort on natural resource management issues – particularly water and vegetation management. A new Natural Resource Management Branch replaced the Rural and Environment Branch. Responsibility for rural issues, previously handled by the Rural and Environment Branch, was transferred to the Infrastructure and Regional Policy Branch. Changes were also made within the Industry Policy Branch to establish a specialist area to deal with competition and energy policy issues.

#### *Regional and rural policy*

The division undertook activities of particular significance to regional and rural Australians during 2002–03, including:

- assisting with implementing a series of drought relief measures, including changes to Exceptional Circumstances assistance, the provision of one-off income support, and other drought initiatives such as small business interest rate relief
- assisting in the development of the Sugar Industry Reform Programme, designed to assist cane growers and help ensure the industry's long-term viability

- participating in Exercise Minotaur, the national simulation of a foot and mouth disease outbreak.

We also provided advice on a range of policies aimed at improving services in rural and regional Australia.

#### *Natural disaster management oversight*

Responsibility for the department's oversight role in relation to natural disaster management was transferred during 2002–03 from International Division to the Infrastructure and Regional Policy Branch. The division chaired the annual meeting of the Commonwealth Counter-Disaster Taskforce in December 2002, as well as meetings held with relevant departments and agencies in the wake of the bushfires that occurred in January 2003 – particularly those in Canberra and surrounding regions. We were also involved in the development of the *Disaster Mitigation Australia Package*, aimed at reducing the economic and social costs of natural disasters.

#### *Communications policy*

The division provided advice on communications and information technology issues, including issues surrounding the implementation of the social bonus programmes funded by the partial sale of Telstra, and the government's consideration of the November 2002 report of the Regional Telecommunications Inquiry.

#### *Transport policy*

In the transport policy area, we advised the Prime Minister on:

- measures to improve the provision of road and rail services across Australia, including the development of the Auslink Green Paper, which aims to achieve better integration of land transport infrastructure
- reform of the Civil Aviation Safety Authority to strengthen its accountability and improve the levels of industry consultation
- other policies and programmes to improve the efficiency and safety of transport networks across Australia.

#### *Commonwealth–state relations*

The division coordinated arrangements for a COAG meeting held on 6 December 2002. The meeting agreed on significant initiatives in a range of important policy areas, including counter-terrorism, handgun control, public liability insurance, and indigenous child protection.

We also coordinated the establishment of a review of the Mutual Recognition Agreement and the Trans Tasman Mutual Recognition Arrangement.

#### *Sport and tourism*

The division provided advice on the development of the Tourism Green Paper released in June 2003. The division was also closely involved from an Australian Government perspective in planning for major international sporting events to be held in Australia, including the 2003 Rugby World Cup, the 2005 Deaflympics and the Melbourne 2006 Commonwealth Games.

### *Industry, science and resources*

As well as general industry policy issues, the division provided advice on a number of major industry, science and resource issues during 2002–03, including:

- development of new assistance arrangements for the Australian automotive industry for the period 2005–06 to 2014–15
- development of a new pharmaceutical research and development programme to replace previous assistance arrangements in 2004–05
- review of the National Biotechnology Centre of Excellence selection process
- implementation of *Backing Australia's Ability* initiatives
- establishment of the Science and Innovation Committee of Cabinet
- work of the Prime Minister's Science, Engineering and Innovation Council
- establishment of the National Research Priorities
- restructuring of government support for the Australian Magnesium Corporation.

### *Competition and energy policy*

During the year the division also provided advice on:

- developing an Australian Government strategy for a joint Commonwealth–state response to the recommendations of the COAG Energy Market Review (the Parer review), and the need for a national energy policy framework
- establishing the Prime Minister's Energy Taskforce of officials, and enabling the smooth functioning of the Energy Committee of Cabinet
- facilitating the Timor Sea Treaty negotiations, which provided a framework for the development of Timor Sea oil and gas resources to the benefit of Australia and East Timor
- assisting in the preparation of the government's responses to the Productivity Commission report on the National Access Regime, and the Review of the Competition Provisions of the Trade Practices Act (the Dawson review).

In addition, we advised on the development and implementation of the National Strategic Framework for Attracting Foreign Direct Investment and the restructuring of Invest Australia, and on the future of National Competition Policy and associated payments to the states beyond the expiry of the current agreements that underpin the policy, in 2006.

### *Natural resources policy*

The division provided support and advice in several emerging areas of natural resources policy. We led the development of terms of reference for a Productivity Commission inquiry into the impact on landholders of regulations for the management of native vegetation and other 'non-water' natural resources, and the development of an Australian Government position on property rights over natural resources, particularly water. A water taskforce, which includes officials from a number of agencies, was established within the division for the purpose of progressing the issue of water access rights on a whole-of-government basis.

We also led the Australian Government's participation in negotiations with Queensland over a proposal to reduce land clearing in that state, and to meet the Australian Government's objectives relating to greenhouse emissions abatement, biodiversity conservation, and reduced land degradation.

The division also provided advice on the:

- continuing implementation of the \$1.4 billion National Action Plan for Salinity and Water Quality agreed to by COAG in November 2000
- implementation of a \$1 billion extension to the Natural Heritage Trust
- continuing development of a national approach to coastal management
- implementation of Australia's Oceans Policy
- review of the Australian Government's fisheries policy and issues relating to illegal fishing, particularly in northern Australia and the Southern Ocean
- development of the Great Barrier Reef Water Quality Protection Plan
- management of cultural and natural heritage issues.

We continued to provide secretariat support for the Sustainable Environment Committee of Cabinet. With regard to environmental issues, the division also advised on the:

- Energy Committee of Cabinet's consideration of the tax treatment of cleaner fuels and measures to encourage the adoption of renewable fuels, including biofuels
- development of a forward strategy for climate change for Australia, encompassing domestic and international elements, through Cabinet and COAG processes
- development of climate change action partnerships with the United States, Japan and New Zealand
- introduction of a new formal consultation process between the Australian Greenhouse Office and the Industry portfolio, on greenhouse issues.

### *Energy Taskforce Secretariat*

The Energy Taskforce Secretariat was established in January 2003, charged with developing a comprehensive and coordinated national energy policy. The taskforce reports to the Energy Committee of Cabinet and comprises high-level representatives from the department; the Treasury; the Department of Transport and Regional Services; the Department of Industry, Tourism and Resources; Environment Australia; and the Australian Greenhouse Office. It is chaired by Russell Higgins, Associate Secretary, and supported by a cross-portfolio secretariat located in the department. The taskforce is scheduled to conclude its work in November 2003.

During 2002–03 the taskforce played a role in ensuring a high degree of coordination in the development of policies related to energy, and prepared a number of memoranda to be considered by the Energy Committee of Cabinet. One was an overview paper addressing seven broad areas of energy policy: market development; resource and/or industry development; energy security; environment; energy

efficiency or productivity; innovation; and revenue. The taskforce also advised on excise reforms, announced in the 2003–04 Budget, which established a transition period for bringing all fuels into the excise net from 1 July 2008.

The Associate Secretary also chaired an industry–government working group responsible for examining ways of improving consumer confidence in ethanol. Secretariat members were also involved in the preparation of advice to ministers on ethanol related policy issues.



## Output Group 2 – Social Policy Advice and Coordination



Price of outputs	\$14.4m	Cost of outputs	\$14.1m
Appropriations	\$13.6m		
Administered expenses	\$8.8m		

### Group Outputs

<b>Output Group 2</b>	Social policy advice and coordination
	<b>Output 2.1</b> Social policy
	<b>Output 2.2</b> Women's policy

### Description

As of 30 June 2003, Output Group 2 comprised two outputs and functionally consisted of:

- Social Policy Division
- Office of the Status of Women.

Group 2 outputs include policy advice on:

- social policy issues, including income support, indigenous policy, health and community services, veterans' affairs, housing, employment, education and training, immigration and multicultural affairs, and families, youth and aged care
- women's issues, including effective domestic violence prevention programmes.

### Administered items

Output 2.1 had no administered items on which to report in the 2002–03 financial year.

The report on the Output 2.2 administered item – women's programmes – begins on page 52.

## Output 2.1 – Social Policy

Output 2.1 Social policy	Performance indicators
Policy development and advice to government on social policy issues, including health, community services, education, employment, immigration, indigenous policy, veterans' affairs, income support and families, including on presentation of the government's decisions in these areas.*	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of policy advice and the achievement of key tasks.</p> <p>Cost of outputs – \$5.5m</p>

\* Domestic security and border protection aspects of immigration policy were transferred to Government Division in August 2002.

### Qualitative assessment

#### Methodology

During 2002–03, the Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive provided regular feedback on Output 2.1. Feedback was provided through regular meetings and formal discussions. Formal individual performance reviews in the context of the department's performance appraisal framework provided further feedback.

#### Feedback

Output 2.1 was assessed as having provided effective and timely advice, briefing and support on health, community services, families, income support, employment, veterans' affairs, education, immigration and indigenous policy issues.

### Key results

The Social Policy Division continued to focus on key outputs and objectives, with a particular focus on the Higher Education Reform Package; the Council of Australian Governments (COAG) whole-of-government trials in indigenous communities; the Medicare benefits reform package, *A Fairer Medicare*; disaster relief, particularly in response to the summer bushfires and the Bali terrorist attack; and secretariat support for the Work and Family Taskforce.

The division participated in many issue-specific taskforces and made significant contributions to the development of interdepartmental and cross-sectoral collaborative processes.

The division managed its outputs through the following branches, the key results of which are outlined below:

- Health Branch
- Families, Income Support and Employment Branch
- Work and Family Taskforce Secretariat
- Education, Immigration and Indigenous Policy Branch.

## Health policy

The Health Branch continued to be closely involved with the implementation of the COAG decision to ban human cloning and to regulate research involving human embryos – particularly in the development of the necessary Commonwealth legislation, which was passed in December 2002.

A large number of policy and expenditure reviews were undertaken in respect of a range of programmes in the Health and Ageing portfolio over the course of 2002–03. They included reviews of the Medicare Benefits Schedule, the Pharmaceutical Benefits Scheme, the Hearing Services Programme, population health initiatives and private health insurance regulation. The Health Branch contributed to the reviews, providing advice and input to the consideration of existing policy and development of options for reform.

In particular, the branch participated in an interdepartmental committee which reviewed existing health care financing arrangements through the Medicare Benefits Schedule, considered alternative arrangements and developed options for reform. The branch provided briefing and advice for the Prime Minister both on the development of the package and to assist his discussions with senior colleagues and representatives of the medical profession. The outcome of this work was the *A Fairer Medicare* package.

The branch also had substantial input during the development of the Australian Government's policy position on the 2003–2008 Australian Health Care Agreements.

The development of the meningococcal C vaccine programme, the largest vaccine initiative in Australia's history, involved significant work for the branch. The branch also continued its key role in implementing the National Illicit Drugs Strategy, *Tough on Drugs*, working closely with other departments and the Australian National Council on Drugs to help develop a range of new supply and demand reduction initiatives, and to renew funding in the 2003–04 Budget for ongoing efforts.

## Families, income support and employment policy

The Families, Income Support and Employment Branch continued to provide policy advice on key social policy issues related to families, children and youth affairs. The branch participated in the development of the National Agenda for Early Childhood – through a cross-agency taskforce examining childhood development, health and wellbeing strategies – and was involved in the development of early childhood intervention and prevention initiatives.

The branch continued to provide key policy advice on income support issues, which included participating in the development of the Australian Government's negotiating position for the next Commonwealth–State–Territory Disability Agreement, and contributing to work undertaken by the Department of Family and Community Services in developing the *More Choice for Families* package in relation to the Family Tax Benefit and the Child Care Benefit. The branch also participated in finalising the Australian Government's negotiating position for the next Commonwealth–State Housing Agreement.

We also worked closely with the Departments of Family and Community Services and Employment and Workplace Relations in the development of the government's

ongoing welfare reform agenda. That work focused on the development of a public discussion paper on a simplified payment system, and the passage of the *Australians Working Together* legislation.

The branch provided secretariat support to the Welfare Reform Consultative Forum, which advises the government on its continuing agenda for welfare reform. The forum is jointly chaired by the Minister for Employment and Workplace Relations and the Minister for Family and Community Services and includes representatives of the welfare sector, the employment services industry, employers and government.

The branch took a lead role in facilitating disaster relief. The branch worked with the Department of Family and Community Services to ensure there was a comprehensive domestic response to the needs of victims of the Bali terrorist attack and their families. The branch also worked with an interdepartmental committee to facilitate a range of measures to assist those affected by drought, including additional counselling, improved access to income support, and employment support measures. We also assisted in coordinating an Australian Government response to the income and personal support needs of those impacted by severe bushfires around Australia.

The branch provided policy advice and briefing to the Prime Minister on issues of concern to the veteran population, including by liaising with the Department of Veterans' Affairs on the development of a new military compensation scheme and on the development of the government's response to the report of the Review of Veterans' Entitlements, published in January 2003.

We provided advice and information on issues related to employment services, including advice on arrangements for the third Job Network contract. The branch was also involved in developing the role of the Prime Minister's Community Business Partnership, including through initiatives to encourage personal and corporate philanthropy.

### *Work and Family Taskforce secretariat*

In September 2002 the Social Policy Division set up a small secretariat to support the work of the interdepartmental taskforce on work and family. The taskforce was established by the Prime Minister to review policy and develop options for the government to consider in a range of areas, including paid maternity leave, financial support for families, child care, employment services and family-friendly workplace policy. The taskforce was chaired by the Deputy Secretary of the Social Policy Group and comprised senior officials from the Department of the Treasury, the Department of Employment and Workplace Relations, the Department of Family and Community Services and the Department of Finance and Administration, together with a representative from the Prime Minister's Office.

The secretariat undertook a broad range of duties in support of the taskforce. They included conducting research, analysing and developing policy, coordinating and commissioning work from member departments, providing secretariat support for meetings of the taskforce and briefing the Prime Minister and senior officials. The secretariat's work will continue during 2003–04.

### *Education, immigration and indigenous policy*

The Education, Immigration and Indigenous Policy Branch engaged in several significant issues during 2002–03, including working with other Australian Government agencies to develop the higher education reform package, *Our Universities: Backing Australia's Future*, announced in the 2003 Budget.

The branch played an important role in advancing the COAG Reconciliation Framework through the COAG whole-of-governments trials to be conducted in selected indigenous communities. The COAG reconciliation agenda was also progressed by the branch's coordination of the Australian Government's input into developing both the framework and the parameters of what will be a regular report against key indicators of indigenous disadvantage – the first report is expected to be published in September 2003. The branch led the development of a report to COAG on improving child protection and addressing child abuse in indigenous communities.

The branch contributed to the development of a package of measures to expand Australia's international education sector and the Australian Government's position regarding the new Australian National Training Authority Agreement to be negotiated with state and territory governments; both were announced in the 2003–04 Budget.

In relation to immigration and multicultural affairs, the branch particularly focused on participating in the interdepartmental committee overseeing preliminary work towards the construction of a permanent immigration reception and processing centre on Christmas Island (until the transfer of that responsibility to the Domestic Security and Border Protection Unit in late 2002), and in the policy processes associated with the migrant settlement services review which was announced in August 2002. Ongoing support was provided by the branch for the government's ethnic and multicultural affairs and community harmony policies, especially in light of the tragic events of 11 September 2001 in the United States and 12 October 2002 in Bali.

The branch provided support to the Prime Minister in relation to the strategic discussions surrounding ageing issues at the December 2002 COAG meeting.

## Output 2.2 – Women's Policy

Output 2.2 Women's policy	Performance indicators
<p>Research and advice to government and assistance in coordination, communication and consultation on a range of issues affecting women.</p> <p>Administration of specific domestic violence programmes.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office, the Minister Assisting the Prime Minister for the Status of Women, and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice, and the achievement of key tasks.</p> <p>Feedback from non-governmental organisations and other stakeholders concerning consultation and communication processes.</p> <p>Quantity and diversity of public information materials and activities disseminated.</p> <p>Cost of outputs – \$8.6m</p>

### Qualitative assessment

#### *Methodology*

Formal and informal feedback from the Prime Minister's Senior Adviser (Women's Affairs), the Minister Assisting the Prime Minister for the Status of Women and her advisers, the Parliamentary Secretary to the Prime Minister and the Deputy Secretary of the Social Policy Group provides the basis for qualitative assessment of the work of Output 2.2.

The Office of the Status of Women (OSW) also receives feedback from relevant stakeholders representing women and women's organisations, state and territory governments, Australian Government departments and other divisions of the Department of the Prime Minister and Cabinet.

#### *Feedback*

Feedback from relevant stakeholders on the advice, briefing and support provided by OSW, on a range of issues affecting women, was positive.

### Key results

In 2002–03 OSW continued to focus on key outcomes for women, particularly in relation to child care, work and family issues, economic status, human rights, violence against women, and leadership. As described below, OSW participated in a number of issue-specific interdepartmental committees and advisory groups, and provided briefing and coordination services, on such issues.

OSW managed its outputs through the following two branches, the key results of which are also described below:

- Strategic Policy and Development Branch
- National Policy and Programmes Branch.

### *Briefing and coordination*

OSW provided briefing submissions to the Prime Minister, the Minister Assisting the Prime Minister for the Status of Women and the Parliamentary Secretary to the Prime Minister. OSW also coordinated responses to ministerial correspondence, parliamentary questions on notice and correspondence received directly from key stakeholders, including from non-government organisations (NGOs) and the general public.

OSW continued to provide secretariat support to the Ministerial Conference of Women's Ministers and associated meetings of advisers and officials held during the year. OSW prepared the Women's Budget Statement 2003–04.

The department received and responded to an average of 50 calls and 50 emails per week via the OSW general information phone line, (02) 6271 5722, and email address, [women@pmc.gov.au](mailto:women@pmc.gov.au).

### *Strategic Policy and Development Branch*

During 2002–03 OSW provided advice and conducted research on the legal system and on bills to amend the *Sex Discrimination Act 1984*, the *Human Rights and Equal Opportunity Commission Act 1986* and the *Family Law Act 1975*.

OSW managed Australia's participation at the Forty-seventh Session of the United Nations Commission on the Status of Women, held in the United States in March 2003. The session focused on the themes of violence against women, and women and information and communications technologies. OSW also provided advice to other Australian Government agencies about the United Nations Commission on Human Rights, the United Nations Commission on Crime Prevention and Criminal Justice, and the United Nations Economic and Social Commission for Asia and the Pacific Fifth Asia Pacific Population and Poverty Conference.

OSW continued to participate in integrating gender considerations into the work of the Asia Pacific Economic Cooperation (APEC) forum, through the Ad Hoc Advisory Group on Gender Integration. The aim of the advisory group was to increase women's involvement in APEC activities and ensure that both men and women benefit from the work of APEC. The group's programme was successfully completed in 2002–03. OSW also supported the Minister Assisting the Prime Minister for the Status of Women in representing Australia at the APEC Second Ministerial Meeting on Women held in Mexico in September 2002.

OSW coordinated Australia's observance of the International Day for the Elimination of Violence Against Women, and provided information to the United Nations regarding gender issues in Australia.

OSW was involved in a range of interdepartmental committees on key policy areas for women – including trafficking in persons, and reform of the United Nations treaty committee system – and finalised Australia's combined fourth and fifth reports on the Convention on the Elimination of All Forms of Discrimination Against Women, which will be lodged later in 2003.

OSW worked with states and territories to develop a COAG indigenous women's action plan.

### *National Policy and Programmes Branch*

OSW conducted research and analysis, and provided advice, on a number of issues that impact on women's ability to achieve economic self-sufficiency and security. These included labour force trends, particularly in relation to women's participation rates, pay equity, and child care provision.

OSW contributed to the work of a number of interdepartmental committees, covering issues such as managing work and family, paid maternity leave, child care, violence against women, and health and wellbeing.

Over the past 12 months, OSW identified, monitored and researched a number of emerging issues which impact on women's economic status and choices, including fertility decision making and the tax and welfare transfer system. Some of that work will feed into, and be reported in, publications such as the next edition of the *Women in Australia* series and a series of OSW focus papers.

## **Administered Item – Women's Programmes**

<b>Administered Item</b>	<b>Performance indicators</b>
Women's programmes	<p><i>Quality:</i> Extent to which feedback from stakeholders, researchers and the general public indicates that awareness raising and other activities have been effective in reducing domestic and family violence.</p> <p>Results of external evaluations of funded activities.</p> <p>Administered expenses – \$8.8m</p>

### **Qualitative assessment**

#### *Methodology*

Formal and informal feedback – received from: the Prime Minister's Senior Adviser (Women's Affairs); the Minister Assisting the Prime Minister for the Status of Women and her advisers; the Parliamentary Secretary to the Prime Minister; the Deputy Secretary of the Social Policy Group; and relevant stakeholders representing women and women's organisations, state and territory governments and Australian Government departments – provides the qualitative assessment of the department's work on women's programmes administered under Output 2.2.

#### *Feedback*

OSW received positive feedback on its programmes from all relevant stakeholders.

Ongoing evaluation of Partnerships Against Domestic Violence (PADV) and the National Initiative to Combat Sexual Assault indicated a positive community response



to both programmes. OSW also received positive feedback from members of the PADV taskforce and Australian Government, state and territory ministers about the success of the PADV initiative.

The Honouring Women programme continued to gain positive feedback through its promotion by high-profile women acting as ambassadors for the initiative, which aims to increase the number of women receiving awards and honours.

OSW conducted evaluations of all projects funded under the Women's Development Programme (WDP), including a project to subsidise national secretariats to represent women's organisations, described in more detail below. Findings indicated that the projects had been successful and well received by women's NGOs. Feedback received from the national secretariats indicated that arrangements were working effectively, contractual requirements were being satisfactorily met and there was a commitment by the secretariats to progressing priority issues under the programme's recommended consortia model.

Positive feedback received during the second national women's conference hosted by OSW, Australian WomenSpeak 2003, together with post-conference evaluations, indicated a high degree of satisfaction among delegates.

Feedback on the women's data warehouse and internet portal developed under the Informed Choices for Australian Women initiative was very positive, in terms of both technical attributes and content.

## Key results

OSW administers six appropriations, under the following headings:

- Partnerships Against Domestic Violence
- National Initiative to Combat Sexual Assault
- Informed Choices for Australian Women
- National Leadership Initiative
- Women's Development Programme
- Other Women's Programmes.

Key results for each appropriation in 2002–03 are described below.

### *Partnerships Against Domestic Violence*

The \$50 million PADV initiative has been highly effective in enabling OSW to gather knowledge about, and trial new ways of, preventing and responding to domestic violence.

Through partnerships between Australian, state and territory government departments, the community, the service sector and the business sector, a national framework has been developed to:

- promote policies and practices that address prevention, early intervention and crisis assistance issues
- promote the adoption of demonstrated good practice in national, state, territory and local government

- facilitate the development of appropriate and comprehensive community responses to violence
- raise community awareness, to reduce the toleration of violent behaviours and to reduce the use of violence
- implement complementary strategies for men and boys and women and girls, to prevent family violence and reduce the use of violence in the community
- promote programmes and policies that address the needs of women affected by violence, including their needs for recovery and wellbeing.

In 2002–03 the \$25 million second phase of PADV was used to: implement an indigenous grants programme to build the capacity of indigenous communities to find and implement solutions to deal with domestic violence; reduce the effects on children witnessing domestic violence; encourage men who use violence to accept responsibility for their actions; improve women's services; provide funding for the Australian Domestic and Family Violence Clearinghouse; and increase community awareness of violence and its impact, on a national basis.

### *National Initiative to Combat Sexual Assault*

In the 2001–02 Budget, funding of \$16.5 million was allocated to the National Initiative to Combat Sexual Assault, to help eliminate sexual assault and to build on the substantial achievements of PADV. The initial focus of the initiative was the establishment of a sound evidence base to ensure that the most effective policy and service responses would be generated. To this end, OSW commissioned:

- the Australian Bureau of Statistics to develop a sexual assault information development plan – to identify existing sources of data on sexual assault, identify gaps in available data and propose strategies to address those gaps – due for completion before the end of 2003
- a data analyst at the Australian Institute of Criminology (AIC) to work on criminal aspects of sexual assault – to date, the data analyst has produced an international literature review on the non-reporting and hidden recording of sexual assault, and work has commenced on a research paper examining recidivism among sexual assault offenders
- the AIC to coordinate Australia's participation in the first International Violence Against Women Survey, run by the United Nations Interregional Crime and Justice Research Institute
- the Australian Institute of Family Studies to establish an Australian centre for the study of sexual assault, to encourage sharing of research and best practice across jurisdictions
- Elliott and Shanahan Research Proprietary Limited to undertake research to gauge attitudes and beliefs about sexual assault in the community – this research will be used to develop a national community awareness campaign.

### *Informed Choices for Australian Women*

In the 2001–02 Budget the government provided funding of \$5.5 million, payable over four years, to develop a women's information strategy under the Informed Choices for Australian Women initiative.

The women's data warehouse, <[www.windowonwomen.gov.au](http://www.windowonwomen.gov.au)>, was officially launched in February 2003. Window on Women is a unique single reference point designed to provide free web based access to integrated statistical data about women's needs and circumstances, through a data warehouse facility. It provides statistical information on key areas such as work, income, health, education and training. The data warehouse gives NGOs, students, government departments and the community easy access to information about women. It will also play an important role in policy development, implementation and evaluation.

OSW launched the women's internet portal on 31 March 2003. The portal, <[www.women.gov.au](http://www.women.gov.au)>, provides a single point of access to government information for and about women.

OSW produced a series of focus papers and monographs exploring key issues affecting women. The papers were regularly distributed to a range of interested parties, including NGOs, universities, schools and libraries.

OSW hosted the second national women's conference, Australian WomenSpeak 2003, held in Canberra from 30 March to 1 April 2003. The conference sessions focused on a range of topics including women in health, women at work, creativity, developing skills, and women succeeding in business, agribusiness and other careers. The Hon. Dame Margaret Guilfoyle DBE and the Hon. Susan Ryan AO provided keynote addresses as 'The Trailblazers – the first women in Cabinet' and were honoured at the conference dinner as women of achievement.

### *National Leadership Initiative*

In the 2001–02 Budget the government committed funding of \$2.4 million, to be delivered over four years, to maximise, sustain and promote women's leadership potential and participation, focusing on non-elite roles for rural, indigenous, marginalised or disadvantaged women. The key components of the initiative are:

- the Executive Search service available through the *AppointWomen* database, which assists the government to appoint highly skilled women to Australian Government boards and advisory and decision making bodies – over 390 candidates were presented for consideration for various Australian Government vacancies in 2002–03
- the Honouring Women initiative, which encourages the nomination of women for national awards and honours – the initiative is sustained through the leadership of a number of high-profile ambassadors, including the Hon. Dame Margaret Guilfoyle DBE and the Hon. Joan Kirner AM as Lead Ambassadors
- projects to increase the participation of young women and indigenous women in decision making activities, including the Sports Leadership programme – in 2002–03, grants were made available for 45 projects designed to encourage and support the full involvement of rural and regional women and girls in all aspects of sport. The projects focused on indigenous women in sport, women working in disability sport and women in general sports leadership.

## *Women's Development Programme*

In the 2001–02 Budget the government provided funding of \$5.6 million, to be delivered over four years, to improve the status and position of women through the Women's Development Programme (WDP).

In 2002–03 OSW provided funding to four secretariats, collectively representing around 45 national women's NGOs, to encourage women's participation in government decision making. The role of the secretariats was to nationally represent the diverse views of women; to inform debate and discussion on policy issues affecting women; and to operate as a conduit for their members, relaying information about government programmes and policies.

The WDP provided grant funding to women's NGOs to support capacity building and projects that contribute to public policy and are relevant to women's issues. Thirteen projects were funded in 2002–03 and are listed in Table 4, at the end of this chapter.

Through the WDP, OSW also funded a research project on effective marginal tax rates, and various training and mentoring projects in the women's non-government sector, including projects to develop capacity building resources.

## *Other Women's Programmes*

In 2002–03 the government provided funding of \$654,000 for Other Women's Programmes (OWP), which includes a range of projects to assist and advance the status of Australian women. Research activities commissioned by OWP in 2002–03 included:

- the third edition of *Women in Australia*, providing a comprehensive range of statistics about Australian women's lives
- a Time Use Research Fellowship programme developed to encourage and support original research based on time use data analysed from a gender perspective – research from the fellowships will be used to promote informed policy development and analysis in relation to women and time use
- a study into the underlying reasons behind the fertility decisions made by men and women, both as individuals and in couples
- an analysis of what housing and housing support services are required to facilitate successful transitions out of homelessness for women.

OWP also funded specific productions to commemorate the Centenary of Women's Suffrage, including:

- a series of publications to highlight historical milestones in women's struggle to achieve the right to vote and stand in national elections
- a third edition of *Every Woman's Guide to Getting into Politics*, for distribution to schools and libraries.

A number of publications, events and awards were funded under this programme, including:

- a regular newsletter for women
- a publication outlining the government's achievements for women

- celebrations held to commemorate International Women's Day
- the coordination of Australia's observance of the International Day for the Elimination of Violence Against Women
- sponsorship of a Migrant Women in Business Award, one of the awards presented each year by the Australian Micro Business Network – the award will raise community awareness and recognition of the important role that migrant women play in the Australian business community.

**Table 4 Grants to women's non-government organisations**

<b>Organisation</b>	<b>Funding</b>	<b>Project goals</b>
All Australia Netball Association Limited	\$27,500	To develop the Netball Australia Strategic Business Plan 2003–2006.
Association of Women Educators Incorporated	\$21,500	To increase the business and policy advising skills of the executives, to enable the association to become self-sufficient.
Association of Women Educators Incorporated	\$38,400	To promote effective practices to keep parenting and pregnant young women at school.
Australian Breast Feeding Association	\$27,280	To develop the leadership and mentoring skills of current high-calibre executives to enable the organisation to plan strategically and to develop the leadership skills of new and potential leaders through workshops conducted around Australia.
Australian Women's Motorsport Network	\$27,500	To develop and implement a mentoring programme for women in motor sport and the automotive industry.
Breast Cancer Network Australia	\$26,510	To provide presentation and public speaking training to Breast Cancer Network Australia advocates.
Catholic Women's League Australia Incorporated	\$27,500	To increase the information technology skills of a select group of members and to provide training and mentoring to the executive and other members.
Foundation for Australian Agricultural Women	\$53,900	To provide advanced facilitation skills for female leaders in rural Australia.
National Association of Services Against Sexual Violence	\$41,450	To develop the National Association of Services Against Sexual Violence website.
National Council of Jewish Women of Australia Incorporated	\$49,717	To undertake a contextual study and report on Jewish women balancing intergenerational family responsibilities in multicultural Australia.
National Foundation for Australian Women	\$55,000	To increase the community's awareness and knowledge of the role played by women in Australian science.

<b>Organisation</b>	<b>Funding</b>	<b>Project goals</b>
Older Women's Network Australia	\$47,257	To undertake research to obtain qualitative and quantitative measures of social capital for older women and develop pathways for public policy to take account of older women's contributions.
View Clubs of Australia	\$55,000	To assess how successfully the View Clubs of Australia are supporting the development of the capacity and status of Australian women and strengthen the View Clubs network based on the findings of a demographic survey of members.

## Output Group 3 – International Policy Advice and Coordination



Price of outputs	\$4.5m	Cost of outputs	\$4.4m
Appropriations	\$4.3m		
Administered expenses	nil		

### Group Outputs

<b>Output Group 3</b>	International policy advice and coordination
	<b>Output 3.1</b> International policy

### Description

As of 30 June 2003, Output Group 3 comprised one output and functionally consisted of International Division.

Group 3 outputs include:

- policy advice on international issues, including trade, defence, aid, security and intelligence issues
- secretariat support to security committees.

### Administered items

Output 3.1 had no administered items on which to report in the 2002–03 financial year.

## Output 3.1 – International Policy

Output 3.1 International policy	Performance indicators
Advice, briefing and support to the Prime Minister on international issues, including trade, defence, aid policy, security and intelligence issues, including on presentation of the government's decisions in these areas.	<i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the Secretary with the timeliness and quality of material for the Prime Minister's consideration, including in developing and pursuing Australia's key foreign and trade policy interests.
Advice, briefing and support to the Prime Minister on domestic security issues, including security intelligence, law enforcement, counter-terrorism and natural disaster relief.*	The degree of satisfaction of the Prime Minister, the Prime Minister's Office and the Secretary with the timeliness and quality of material for the Prime Minister's consideration, including in relation to development and pursuit of key domestic security and natural disaster relief goals and improvement of domestic security arrangements.
Provision of secretariat services to the National Security Committee of Cabinet (NSC) and the Secretaries' Committee on National Security (SCNS).	The degree of satisfaction of the Prime Minister, other NSC ministers, the Secretary to Cabinet and the departmental Secretaries associated with SCNS with the support required for the smooth operation of the NSC and SCNS.  Cost of outputs – \$4.4m

\* Administrative and financial responsibility for domestic security arrangements was transferred to Government Division on 25 August 2002 and is reported on in Output 4.2. Administrative responsibility for natural disaster relief was transferred to Industry, Infrastructure and Environment Division on 22 November 2002 and is reported on in Output 1.1.

## Qualitative assessment

### *Methodology*

During 2002–03, the Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive provided regular feedback on International Division's work. Feedback was provided through regular meetings and discussions, and comment on divisional advice. Formal individual performance reviews in the context of the department's performance appraisal framework provided further feedback. We used this feedback as the basis for continuous improvement.



## *Feedback*

The Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive provided positive feedback on the division's work across the range of key international, defence, intelligence and security issues. The feedback covered our secretariat services work, including for the National Security Committee (NSC) of Cabinet and the Iraq Coordination Group, and our support of the Prime Minister's overseas visits.

## **Key results**

Through advice provided to the Prime Minister, and support for whole-of-government and cross-portfolio endeavours, International Division contributed to key government initiatives and achievements, as outlined below.

### *International, defence and security issues*

The period from July 2002 to June 2003 was one of considerable significance for Australia and for the nation's role in world affairs. A number of important international events had a profound and lasting impact on Australia and Australians – in particular, the October 2002 terrorist attack in Bali and the government's decision in March 2003 to commit Australian forces to the international coalition to enforce Iraq's compliance with its United Nations Security Council obligations. Accordingly, the Prime Minister undertook an intensive programme of overseas travel, which reflected the high tempo of global security challenges.

The division supported the Prime Minister's close personal engagement in the response to the Bali terrorist attack. This included the coordination of the relief and repatriation effort immediately following the attack and, with Social Policy Division, the government's support for the families and friends of the victims. The division also played a key role in developing proposals for appropriate memorials and aid projects to commemorate those who lost their lives.

In the wake of the events in Bali, the division also supported the Prime Minister's close contact and meetings with the Indonesian President, Megawati Sukarnoputri. The strengthening of this relationship underpinned excellent cooperation between the Indonesian police and the Australian Federal Police in bringing to justice the perpetrators of the Bali bombings. In addition, the division made a strong contribution to building Australia's capacity to cooperate with countries in our region on counter-terrorism, including through:

- framing the terms of reference for the new position of an Ambassador for Counter-Terrorism
- providing policy input to the Prime Minister's participation at the Asia Pacific Economic Cooperation Summit held shortly after the attack, at which counter-terrorism was the dominant theme and the Prime Minister announced a \$10 million counter-terrorism assistance package for Indonesia
- coordinating the government's policy on expanding Australian Special Forces' counter-terrorism capabilities, creating a new Special Operations Command and involving Australian Defence Force Reserves in anti-terrorist and domestic security operations.

The second half of 2002 was dominated by the renewed efforts of the international community – following calls by the United States President, George W Bush – to again emphasise the need for the Iraqi regime to comply fully with its international disarmament obligations as imposed by the United Nations Security Council after the Gulf War in 1991.

The division became heavily engaged with other departments to ensure that coordination mechanisms enabled effective whole-of-government handling of related issues, including through:

- briefing the Prime Minister for the important role he played by lobbying in support of United Nations Security Council Resolution 1441 and interceding with key members of the council
- contingency planning for the potential involvement of the Australian Defence Force in enforcement action against Iraq if United Nations efforts were not successful
- planning for humanitarian and other post-conflict rehabilitation efforts in Iraq once military action became necessary.

During the critical phase of Australian Defence Force action, between March and May 2003, a separate Iraq Branch was created within the division. The division supported the Deputy-Secretary level Iraq Coordination Group – chaired by the Department of the Prime Minister and Cabinet – which was established to ensure cross-portfolio coordination and support the Secretaries' Committee on National Security (SCNS) and the NSC in the handling of Iraq issues.

The division supported the Prime Minister's leadership roles as both Chairman in Office of the Commonwealth and Chairman of the Commonwealth leaders' troika on Zimbabwe. In particular, we provided policy support for the Prime Minister's chairing of a September 2002 troika meeting in Abuja, Nigeria, and for the subsequent consultations with Commonwealth leaders which secured the extended suspension of Zimbabwe from the organisation in March 2003.

With the Pacific region remaining a core focus of government foreign policy activity, the division was active in supporting the Prime Minister's engagement in key relationships (for example, with the leaders of New Zealand, Papua New Guinea and Fiji) and in the Pacific Islands Forum leaders' meeting held in Suva, Fiji in August 2002. The division continued to promote a focused whole-of-government approach to regional security, economic development and the promotion of good governance and democracy in the region, with significant progress made in consolidating peace on Bougainville, Papua New Guinea. We were heavily engaged in Australia's continuing involvement in economic, governance and defence force reform in Papua New Guinea; enhanced Australian support for regional policing; and governmental responses to regional challenges (notably in the Solomon Islands).

Further underlining the government's emphasis on advancing our interests in Asia, the division supported the Prime Minister's leading role in securing a contract to supply China's Guangdong province with \$25 billion worth of liquefied natural gas over 25 years – Australia's largest single export deal. We were also closely involved in the development of the government's policy on North Korea, amid growing concerns about that country's nuclear programme.

The division supported a substantial government trade agenda during the past year, including by:

- assisting the Prime Minister's efforts to secure the United States' agreement to commence negotiations for a bilateral Free Trade Agreement (FTA)
- managing the development of whole-of-government positions that enabled the conclusion of a strong FTA with Singapore and negotiations for an FTA with Thailand
- advancing a whole-of-government approach to the Doha round of multilateral trade negotiations
- furthering consultations with China and Japan to strengthen our economic relationships.

As part of a wider review of changes in Australia's security environment since the release of the government's Defence White Paper, *Defence 2000: Our Future Defence Force*, the division worked closely with the Departments of Defence and Foreign Affairs and Trade and the Office of National Assessments to achieve the public release of *Australia's National Security: A Defence Update 2003* in February 2003. Close cooperation with the Department of Defence and other central agencies was also essential to the department's review of the Defence Capability Plan and implementation of the government's existing capability commitments, which included:

- selecting a replacement combat system for Australia's Collins Class submarines
- committing Australia to participating in the system development and demonstration phase of the Joint Strike Fighter programme
- seeking proposals from industry for the AIR 9000 project, accelerating the acquisition of additional troop lift helicopters
- agreeing to funding for the acquisition of replacement air-to-air refuelling aircraft.

The division also provided advice on broader Defence property issues and supported the Prime Minister's involvement in commemorative events to mark the sixtieth anniversaries of significant World War II battles, including the dedication of the Isurava memorial on the Kokoda Trail, Papua New Guinea.

The division provided policy support for the Prime Minister's overseas travel, which took in major bilateral partner nations in Europe (Germany, Greece, Italy, Belgium), the European Union and the Holy See (July 2002); Papua New Guinea and the Pacific Islands Forum leaders' meeting (August 2002); Nigeria and the United Kingdom (September 2002); Bali post-bombing (October 2002); Mexico (October 2002); the United States, the United Kingdom and Indonesia (February 2003); New Zealand (March 2003); and the United States, the United Kingdom and Qatar (May 2003).

Our policy input helped shape successful visits to Australia by Prime Minister Dr Eddie Fenech Adami of Malta, Chairman Li Peng of China, Prime Minister Laisenia Qarase of Fiji and Prime Minister Sir Michael Somare of Papua New Guinea, as well as the Commonwealth Secretary-General Don McKinnon.

### *Secretariat services*

The International Division provided policy advice to the Prime Minister and the Secretary on the management of national security issues, in support of their involvement in the key national security decision making bodies: the NSC and the SCNS. During 2002–03 there were 36 NSC and 20 SCNS meetings. The division also supported 38 meetings of the Iraq Coordination Group and 14 meetings of the Strategic Policy Coordination Group.

The division's chairing of, and provision of secretariat support to, regular officials' meetings of the Standing Committee on Treaties (held this year in Canberra in November 2002 and Sydney in May 2003) continued to deliver effective Commonwealth–state consultation and coordination on treaty matters.

## Output Group 4 – Support Services for Government Operations



Price of outputs	\$18.6m	Cost of outputs	\$18.5m
Appropriations	\$17.2m		
Administered expenses	\$29.2m		

### Group Outputs

<b>Output Group 4</b>	Support services for government operations
	<b>Output 4.1</b> Cabinet Secretariat
	<b>Output 4.2</b> Machinery of Government
	<b>Output 4.3</b> Government Communications
	<b>Output 4.4</b> Support to Official Establishments
	<b>Output 4.5</b> Support for Ministerial Offices
	<b>Output 4.6</b> Ceremonial and Hospitality

### Description

As of 30 June 2003, Output Group 4 comprised six outputs and functionally consisted of:

- Cabinet Secretariat
- Government Division
- People, Resources and Communications Division (which provides outputs 4.3, 4.4 and 4.5)
- Ceremonial and Hospitality Branch.

Group 4 outputs include the following services:

- provision of support services for government operations, including coordination of Cabinet and Executive Council business
- provision of policy advice on parliamentary, machinery of government, legal and cultural issues
- coordination of government communications
- administration of the Prime Minister's official establishments
- provision of policy advice on, and coordination and promotion of, national awards and symbols
- administration of the state occasions and official visits programme.

## Administered items

Output Group 4 reports on each administered item as part of the relevant output's performance report, as follows:

- 4.2 – National Australia Day Council
  - National Security Campaign
- 4.3 – Media Commissions Advance Account
- 4.4 – Prime Minister's official residences
- 4.5 – Allowances and support to former Governors-General
- 4.6 – State occasions and official visits.

Output 4.1 had no administered items on which to report in the 2002–03 financial year.

## Output 4.1 – Cabinet Secretariat

Output 4.1 Cabinet Secretariat	Performance indicators
<p>Coordination of Cabinet and Executive Council business.</p>	<p><i>Quality:</i> Degree of satisfaction of the Prime Minister, the Secretary, the Secretary to Cabinet and of the Governor-General with the services provided by the Cabinet Secretariat and the Executive Council Secretariat.</p> <p><i>Timeliness:</i> Submissions or memoranda are cleared and distributed as soon as practicable after clearance by Cabinet Secretariat.</p> <p>Cabinet minutes are circulated within 24 hours of Cabinet meetings.</p> <p>Papers and schedules are delivered to Government House two working days prior to an Executive Council meeting.</p> <p><i>Quantity:</i> 90 meetings of the Cabinet and its committees were expected to be organised and coordinated.</p> <p>27 meetings of the Executive Council were expected to be organised and coordinated.</p> <p>Cost of outputs – \$2.8m</p>

### Qualitative assessment

#### *Methodology*

The quality of the Cabinet Secretariat's performance is assessed through formal and informal feedback provided by members of the Cabinet, the Secretary to Cabinet, the Prime Minister's Office, the Official Secretary to the Governor-General and the departmental Executive. Important performance considerations include the timeliness and quality of Cabinet and Executive Council papers, the responsiveness of support services, and the effectiveness of the interfaces with the Secretary to Cabinet, the Cabinet Policy Unit and Government House.

#### *Feedback*

The Secretary to Cabinet and the Official Secretary to the Governor-General expressed satisfaction with the support services provided, and the high level of professionalism and effectiveness of the Secretariat, in servicing the Cabinet and the Executive Council during 2002–03. Informal feedback from their predecessors in those offices (there were changes in the occupancy of both offices during the year), and from other stakeholders, was also favourable.

### Key results

During 2002–03 the Cabinet Secretariat continued to provide high-quality and timely support to the activities of Cabinet and its committees, and the Executive Council,

and to oversee the public release of historic Cabinet documents. The year also saw two important changes: arrangements were made for the secretariat to assume responsibility for meetings of the National Security Committee of Cabinet (NSC) and the Secretaries' Committee on National Security (SCNC); and the first major upgrade to the CABNET secure document management system commenced.

### *Cabinet business*

During 2002–03, 92 per cent of minutes from meetings of Cabinet and its committees were settled and circulated within 24 hours of the conclusion of the meetings; this may be compared with 96 per cent in 2001–02. The small decrease in 2002–03 was mostly due to Cabinet Committee minutes being released late. The number of Cabinet Committee minutes produced increased by 37.5 per cent during 2002–03.

A total of 52 submissions/memoranda (or approximately 30 per cent of all submissions/memoranda) were identified as not requiring detailed discussion in Cabinet and were dealt with under the new streamlined arrangements described in the 2001–02 Annual Report, whereby some submissions/memoranda are circulated for consideration by ministers for a period of ten days. Provided that any issues raised by ministers have been addressed, a draft minute based on the recommendations contained within each submission or memorandum is scheduled for consideration and endorsement at the next Cabinet meeting.

At the end of 2002–03, arrangements were being finalised for the transfer of responsibility for servicing the meetings of the NSC of Cabinet and the SCNS from International Division. This will add significantly to the secretariat's workload in future years, while freeing up resources within the International Division and the new National Security Division to support their policy advising functions. It is also anticipated that the transfer of responsibility will have advantages in providing the National Security Committee with support from specialists in Cabinet processes.

### *Meetings*

In 2002–03, the Cabinet Secretariat supported a total of 32 meetings of the Cabinet and 26 meetings of Cabinet committees, not including meetings of the NSC. Meetings were held in Sydney on three days and Melbourne, Cairns and Brisbane on one day each (five days of meetings were held outside Canberra in 2001–02).

### *Executive Council*

The Executive Council Secretariat, a unit located within the Cabinet Secretariat, continued to provide high-quality and timely advice, briefing and administrative support throughout the year.

A total of 34 meetings of the Executive Council were held with 567 papers considered. Of the papers only 51 (9 per cent of the total) were not available at least two days prior to the relevant meeting. The delay in lodgment of those papers involved exceptional circumstances and, in each case, the papers were scheduled for consideration after receipt of advice of the details of those circumstances.



### *Visiting officials*

The Cabinet Secretariat hosted briefing sessions for the Deputy Secretary of the Cabinet in New Zealand in November 2002; officials from a Pakistani Government Study Tour Group and the Canadian Privy Council Office in February 2003; and a Malawi Government Study Tour Group in March 2003.

The briefing sessions covered Australian Cabinet processes, the automated transmission of Cabinet material, appointment processes, conflict of interests, and document handling.

### *CABNET upgrade*

CABNET is a Lotus Notes based application used to securely store and transmit Cabinet documents. CABNET was implemented in 1998 and since its inception has undergone only minor system enhancements. CABNET is now almost five years old and its hardware and Standard Operating Environment (SOE) are approaching obsolescence.

A major CABNET SOE and workstation upgrade project commenced in March 2003. The project involves upgrading the SOE and replacing all CABNET workstations (including fingerscanning devices). The department will fund a significant portion of the upgrade costs while other portfolios will be responsible for funding the upgrade costs for their CABNET workstations, including those located in the offices of their ministers and parliamentary secretaries.

The upgrade installation will occur during June and July 2003, and the project will finish in August 2003 with the completion of a post-project review.

### *Access to Cabinet records*

Assistance was provided to the National Archives of Australia in preparing for the public release of Cabinet documents from 1972 (papers of the McMahon and Whitlam Governments) and the second release of Cabinet notebooks dating from January 1952 (papers of the Menzies Government).

The *Archives Act 1983* provides for Cabinet notebooks to be open to public access (subject to the conditions in the Act) after 50 years, rather than the 30-year period that applies to most Commonwealth records, including other Cabinet documents. Cabinet notebooks are used by officials of the Department of the Prime Minister and Cabinet to record discussions in Cabinet as an aide-mémoire for the preparation of formal Cabinet minutes.

## Output 4.2 – Machinery of Government

Output 4.2 Machinery of Government	Performance indicators
<p>Advice, briefing and support on parliamentary, machinery of government, legal and cultural issues including on presentation of the government's decisions in these areas.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Parliamentary Secretary to Cabinet, the Parliamentary Business Committee, the Prime Minister's Office and departmental Executive as expressed through formal and informal feedback mechanisms, with the timeliness and quality of material for the Prime Minister's and other Ministers' consideration.</p> <p>Maintenance of clear and up-to-date guidelines for annual reports, caretaker conventions, Guide for Official Witnesses Appearing before Parliamentary Committees and the Legislation Handbook.</p> <p>Timely introduction of amendments to portfolio legislation, as necessary.</p> <p>Extent to which legal actions involving the department are successful.</p> <p>The degree of satisfaction of the Parliamentary Business Committee with the timeliness and accuracy of the production and distribution of:</p> <ul style="list-style-type: none"> <li>• the legislation programme</li> <li>• public lists of proposed legislation</li> <li>• reports of unproclaimed legislation.</li> </ul>
<p>Policy, coordination and promotion of awards and national symbols.</p>	<p>The degree of satisfaction with support and promotion of the Australian honours system, including:</p> <ul style="list-style-type: none"> <li>• the quality and timeliness of policy advice</li> <li>• accurate and timely processing of nominations for awards.</li> </ul> <p>The accurate and timely preparation of congratulatory messages.</p> <p>Effective coordination with Government House on promotional activities related to the national honours and awards system.</p>

Output 4.2 Machinery of Government	Performance indicators
Advice, briefing and support on domestic security, counter-terrorism, law enforcement and border protection issues.*	<p>The degree of satisfaction of the Prime Minister, the National Security Committee of Cabinet, the Prime Minister's Office, the Secretaries' Committee on National Security and departmental Executive, as expressed through formal and informal feedback mechanisms, with the timeliness and quality of material for the Prime Minister's, other Ministers' and the Executive's consideration.</p> <p>Cost of outputs – \$7.6m</p>

\* Administrative and financial responsibility for this activity was transferred from International and Social Policy Divisions on 25 August 2002.

## Qualitative assessment

### *Methodology*

Government Division had regular discussions and consultations with the Prime Minister's Office and the Prime Minister's parliamentary secretaries, enabling the division to receive ongoing feedback. The meetings of the Parliamentary Business Committee, in which the division has a secretariat role, provided opportunities for feedback on the support the division provided to the committee. The views of the Prime Minister's Office were sought on specific issues in the course of the year, and comments on overall performance were obtained from the office towards the end of the reporting year. Through annual work assessment processes and regular performance appraisals, senior staff of the department provided formal feedback.

### *Feedback*

Feedback indicated a high level of satisfaction with the way the division carried out its responsibilities. The division was considered responsive and reliable in providing professional and timely advice.

## Key results

Government Division provided support to the government in relation to a number of issues in 2002–03, including assistance in the winding up of two royal commissions. The division also continued to provide advice on a range of government processes, contributing to the government's ability to develop policy and deliver programmes in a sound and well coordinated manner. Some of the key results for the division in 2002–03 are described below.

### *Royal commissions*

The division provided advice in relation to the HIH Royal Commission and the Royal Commission into the Building and Construction Industry. The reports of both royal commissions were presented to the Governor-General and tabled in Parliament by the government during the reporting period. Following a determination by the

Prime Minister, the records of both royal commissions were placed in the custody of the National Archives of Australia. The division is responsible for answering requests for access to the commissions' records.

### *Legal actions involving the department*

The division, along with the Attorney-General's Department, instructed the Australian Government Solicitor in relation to two cases arising from the Royal Commission into the Building and Construction Industry in which the Commonwealth was named as a respondent along with the Royal Commissioner, the Hon. Terence Cole RFD QC.

The first case involved a complaint brought by members and officials of the New South Wales branch of the Construction, Forestry, Mining and Energy Union against Commissioner Cole and the Commonwealth. As Commissioner Cole submitted to the jurisdiction of the court, the Commonwealth put arguments in order to ensure that the court had the benefit of a contradictor. The case was dismissed. The second case, involving the validity of a 'notice to produce', was settled before being heard.

The division also instructed the Australian Government Solicitor in claims for immunity from the production of Cabinet documents in the public interest in three cases during 2002–03. At the end of the reporting period the claims had not been finalised.

During 2002–03 the Administrative Appeals Tribunal heard two applications for the review of departmental decisions under the *Freedom of Information Act 1982*. As the decisions related to the same applicant, the tribunal heard both at the same time. At the end of the reporting period the tribunal's decision was pending.

### *Legal actions involving the Prime Minister*

The division provided instructions in relation to one case involving the Prime Minister during the reporting period. The court dismissed an application to join the Prime Minister as an additional party to an existing proceeding involving a damages claim against officials of the then Department of Social Security.

### *Executive Agencies*

The division provided advice to the Prime Minister on the establishment of Executive Agencies under section 65 of the *Public Service Act 1999*. The division was also responsible for preparing Executive Council papers, in consultation with relevant departments and agencies, to effect the creation of Aboriginal and Torres Strait Islander Services (in May 2003) and the abolition of Invest Australia (in November 2002) as Executive Agencies.

### *Honours system*

The division undertook a range of promotional activities in support of the government's public education and communications campaign to make Australian honours more accessible and better known to all Australians.

Government Division maintained the website <[www.itsanhonour.gov.au](http://www.itsanhonour.gov.au)>, which provides up-to-date information about Australian honours, including a complete list of recipients of Australian honours, as well as information about the National Flag and the National Anthem.

Division staff conducted regional visits to the Riverina district of New South Wales, to the Bendigo–Ballarat region of Victoria, to the outer Adelaide suburbs and to the Hunter and Newcastle regions of New South Wales, where they ran workshops to explain Australian honours to community leaders. The workshops were complemented by local media coverage.

The travelling exhibition *It's An Honour Australia* continued its schedule of visiting all states and territories. It was exhibited at Queensland's Parliament House, at the Queensland Performing Arts Centre and at the Royal Queensland Show, where it attracted some 2,000 visitors daily. In May 2003 the exhibition began travelling around South Australia, through regional and urban centres, including Port Augusta, Salisbury and Adelaide.

The division handled applications for the Civilian Service Medal 1939–1945, the Humanitarian Overseas Service Medal and relevant medals for civilian surgical and medical teams who served during the Vietnam War, as well as requests by foreign governments to recognise the efforts of certain Australian citizens by granting them foreign awards.

The Centenary Medal was established to recognise people who have made a particular contribution to Australian society or government. In addition, all Australian citizens who were born in 1901 or earlier and lived until 1 January 2001 – known as 'centenarians' – have an entitlement to the award. Nominations for the award of the medal, submitted by the Australian, state and territory governments, were processed; and the division serviced the Council for the Centenary Medal and prepared schedules of nominations for submission to the Governor-General – 15,703 medals were awarded.

The division provided secretariat services to public service honours committees, as well as assistance to departmental staff who serve ex officio as members of the Council of the Order of Australia and the Australian Bravery Decorations Council.

The division provided support to the Prime Minister in relation to the nominations of non-Australian citizens for honorary awards in the Order of Australia. The division also assisted the Prime Minister in sending over 12,400 messages of congratulation – substantially more than in 2001–02, as a result of increased public awareness of the scheme – to Australians celebrating significant wedding anniversaries and birthdays.

### *Domestic security and border protection*

In October 2002 the Domestic Security and Border Protection Unit coordinated the Review of Commonwealth Counter-Terrorism Arrangements commissioned by the Prime Minister following the Bali bombings, and assisted the Prime Minister with arrangements for the formal signing of the Inter-Governmental Agreement on Australia's National Counter-Terrorism Arrangements. The unit subsequently provided support for the new National Counter-Terrorism Committee, established under the agreement, which met for the first time in November 2002. The committee contributes to the security of the Australian community by coordinating a nationwide cooperative framework to counteract terrorism and its consequences.

## Administered Item – National Australia Day Council

Administered item	Performance indicators
National Australia Day Council	<p><i>Quality:</i> Grant administered in compliance with the reporting mechanisms, objectives and other provisions of the grant funding deed with the National Australia Day Council so as to contribute to achieving the vision of the NADC (to inspire national pride and spirit to enrich the life of the nation).</p> <p>Administered expenses – \$1.3m</p>

The division administered the Australian Government's grant to the National Australia Day Council (NADC) and provided advice on a range of issues relating to the funding and activities of the NADC. The Australian Government is represented on the board of the NADC by a senior officer of the department.

The NADC is an agency within the Prime Minister's portfolio. It is a Commonwealth company for the purposes of the *Commonwealth Authorities and Companies Act 1997* and produces its own annual report in accordance with the provisions of that Act. Further information about the activities of the NADC can be found in that report.

## Administered Item – National Security Campaign

In December 2002, the Prime Minister announced that the Australian Government would conduct a public information campaign to reassure Australians about national security issues.

Australia has been at a heightened level of national security alert since 11 September 2001. This extended period of heightened alert for acts of terrorism is unprecedented in Australia's history. The terrorist attack in Bali, and the announcement of a security alert on 19 November 2002, further served to keep public attention focused on national security issues.

With the issue of the security alert and the prospect that Australia could remain at a heightened level of national alert for the foreseeable future, the level of public concern also increased. As a result, the community was actively seeking more information on what the heightened level of national security alert meant and what people could, and should, do in response.

A taskforce was established within the department to develop and manage the campaign.

Following a selection process, a number of consultants were appointed to develop the campaign (see Appendixes 3 and 4).

The campaign's aims were to:

- reassure the community by placing the level of threat and the strength of our national security system into perspective

- enlist a sense of ownership and support for national security, by educating people about the current security environment and the need to be aware without becoming alarmist.

Total expenditure on the campaign to 30 June 2003 amounted to \$18.5 million.

## Output 4.3 – Government Communications

Output 4.3 Government Communications	Performance indicators
<p>Coordination of government communications, including management of the Central Advertising System (CAS).</p>	<p><i>Quality:</i> The degree of satisfaction of the Chairman and members of the Ministerial Committee on Government Communications (MCGC) with the advice and secretariat support provided by the Government Communications Unit (GCU).</p> <p>The degree of satisfaction with the Central Advertising System among clients of the master placement agencies.</p> <p><i>Timeliness:</i> Maximise compliance with the requirement that agenda papers be provided by departments and agencies seven working days prior to an MCGC meeting.</p> <p><i>Quantity:</i> On the basis of recent experience, the GCU would expect to organise and coordinate 40 meetings of the MCGC covering 25 public information activities in 2002–03.</p>
<p>Provision of photographic services by AUSPIC (the government photographic service).</p>	<p><i>Quality:</i> The degree of customer satisfaction with AUSPIC services.</p> <p><i>Price:</i> Achievement of a break-even financial position from trading activities by AUSPIC.</p> <p>Cost of outputs – \$2.9m</p>

### Qualitative assessment

#### *Methodology*

The First Assistant Secretary, People, Resources and Communication Division, meets with the Chairman of the Ministerial Committee on Government Communications (MCGC) – the Special Minister of State, Senator the Hon. Eric Abetz – before each meeting of the MCGC and, at the conclusion of each meeting, receives feedback from both the chairman and committee members. The First Assistant Secretary also meets regularly with representatives of the Prime Minister’s Office to review performance in relation to specific issues.

AUSPIC (the government photographic service) meets regularly with its clients to monitor service standards.

#### *Feedback*

Feedback from both the Chairman of the MCGC and the Prime Minister’s Office on the performance of the Government Communications Unit (GCU) in the provision of support and advice to the MCGC was positive.

Feedback on AUSPIC services indicated an ongoing high level of client satisfaction.



## Key results

The workload of the GCU remained heavy during the course of the year as a result of a continuing high level of communications activities. Notwithstanding the level of the workload, the GCU continued to provide a full range of analysis, advice and support to the MCGC, the Prime Minister, the departmental Executive and departments and agencies.

Demand for services remained high and customer requirements continued to be met.

### *Ministerial Committee on Government Communications*

The GCU provided strategic communications advice as well as advice on individual information campaigns to the MCGC. It supported departments and agencies by providing advice on communications arrangements, including advice on research, public relations and advertising. The GCU also managed the Central Advertising System (CAS), which delivers a reliable and cost-effective media placement service for departments and agencies.

The MCGC met on 46 occasions during the year to consider 25 information activities and other matters put to it by departments through the GCU. The frequency of meetings reflected the number of significant information activities undertaken by the government in 2002–03. The more important information activities were those associated with the implementation of Australian Defence Force recruitment (\$19.7 million), national security awareness (\$6.8 million), quarantine awareness (\$4.2 million), the provision of information on Australian Government programmes and services in regional Australia (\$2.7 million) and voluntary compliance (\$2 million).

The GCU facilitated and organised 13 seminars and workshops on communications and media issues. They were attended by some 874 staff from 58 departments and agencies and received positive feedback from attendees.

There were instances when the GCU was not able to obtain papers from departments and agencies seven days in advance of MCGC meetings. However, the GCU did consistently advise MCGC of such instances and obtained waivers to the seven-day rule from the chairman where appropriate.

### *Media issues*

The GCU undertook two major tendering processes for the appointment of a master media planning and placement agency for campaign advertising (Universal McCann was the successful tenderer) and the appointment of a master media placement agency for non-campaign advertising (hna Blaze was the successful tenderer). Both contracts commenced on 1 December 2002 and cover a period of three years and ten months. The GCU's negotiations with the media on advertising rates, terms and conditions achieved outcomes for the CAS that were significantly better than the standard rates offered. In 2002–03 approximately \$99 million in advertising expenditure was placed through the CAS.

### *Photographic services*

AUSPIC operates on a cost-recovery basis to provide photographic services to the government, the Parliament, senators and members. AUSPIC continued to meet the continuing high rate of demand for its services, particularly in the area of digital photography – which provides flexibility and quick turnaround for its clients.

## **Administered Item – Media Commissions Advance Account**

The funds in the Media Commissions Advance Account are used to remunerate the Australian Government's contracted master media placement agencies – and, if required, any creative advertising agencies – for the placement of Australian Government advertising. Funds are derived from the commission paid by the media to the Australian Government when it places its advertising.

## Output 4.4 – Support to Official Establishments

Output 4.4 Support to Official Establishments	Performance indicators
Management of the Prime Minister's official residences.	<i>Quality:</i> The degree of satisfaction of the occupants and departmental Executive with the management of the Prime Minister's official residences. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.
Secretariat support for the Official Establishments Trust.	The degree of satisfaction of Official Establishments Trust members with the timeliness and quality of advice and secretariat support.  Cost of outputs – \$0.4m

### Qualitative assessment

#### *Methodology*

The Official Establishments Unit manages the Prime Minister's residences through a consultative process involving the Prime Minister and his wife, senior advisers within the Prime Minister's Office and the departmental Executive. The unit is assessed on feedback from the relevant parties regarding the provision of its services.

The evaluation of our secretariat support for the Official Establishments Trust is based on the Trust members' assessment of the quality of the services provided.

#### *Feedback*

The unit's management of the official residences attracted positive comments from all parties involved.

The Chairman of the Official Establishments Trust, Richard Griffin, indicated the Trust's satisfaction with the unit's provision of secretariat support services.

### Key results

During 2002–03, the Official Establishments Unit continued to provide high-quality management services for the official residences, as well as high-quality secretariat support to meetings of the Official Establishments Trust.

#### *Official residences*

The Official Establishments Unit continued to manage the Prime Minister's official residences – The Lodge, Canberra and Kirribilli House, Sydney – during 2002–03. Consultation with the Official Establishments Trust and the Australian Heritage Commission was an integral part of that management.

### *Official Establishments Trust*

The Official Establishments Trust, facilitated by the unit, met five times during the year, to consider a number of important issues related to the official residences. The Trust's contribution ensured the continued preservation of the official residences' National Estate status.

### *Australiana Fund*

The Australiana Fund receives a grant-in-aid from the department, to enable the Fund to obtain professional assistance to meet the objectives set out in the Fund's memorandum of association. This ensures that the Fund is able to acquire Australian objects for placement or display in appropriate locations.

The 2002–03 grant-in-aid received by the Australiana Fund was \$81,500.

## **Administered Item – Prime Minister's official residences**

<b>Administered item</b>	<b>Performance indicators</b>
Prime Minister's official residences.	<i>Quality:</i> The serviceability and standard of The Lodge and Kirribilli House, including practicality, level of amenity, style and presentation. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.  Administered expenses – \$1.5m

### **Qualitative assessment**

#### *Methodology*

The performance of the Official Establishments Unit is assessed through the unit's discussions with the Prime Minister and his wife, senior advisers within the Prime Minister's Office and the departmental Executive.

#### *Feedback*

The presentation and maintenance of the official residences attracted positive comments from all parties involved.

## Key results

### *The Lodge*

The refurbishment of the reception rooms at The Lodge commenced during 2002–03. The rooms had last been redecorated in 1986 and the finishes had deteriorated significantly. The work undertaken during 2002–03 did not involve any major structural changes; the project was limited to the removal of the wallpaper, repainting of the walls and ceilings, restoration of the timber surfaces and replacement of the curtains and carpets.

Minor maintenance work on the building's exterior (including the perimeter wall) and gardens was also undertaken.

### *Kirribilli House*

Minor maintenance works were undertaken in relation to Kirribilli House and its gardens. No major structural work was undertaken at the residence.

## Output 4.5 – Support for Ministerial Offices

Output 4.5 Support for Ministerial Offices	Performance indicators
Provision of office services for the Prime Minister's Office, the other minister's and the parliamentary secretaries' offices in the Prime Minister's portfolio.	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the other portfolio minister and parliamentary secretaries, their advisers and office managers with the office services provided.</p> <p>Cost of outputs – \$2.2m</p>

### Qualitative assessment

#### *Methodology*

The department maintains regular contact with the office managers and support staff of the Prime Minister's Office and the parliamentary secretaries' offices. This regular contact provides opportunities for staff to receive ongoing feedback about their performance.

#### *Feedback*

Ministerial support staff indicated that the department had been proactive in delivering services and had provided accurate and timely support.

### Key results

The Prime Minister's office at 70 Phillip Street, Sydney was refurbished during the period from December 2002 to February 2003. The office is occupied by the Prime Minister and his support staff, the Secretary of the department, the Secretary to Cabinet and Cabinet Secretariat staff. The refurbishment involved replacing carpet, painting, installing a new reception desk and counter, upgrading lighting and electrical systems and replacing some furnishings. These works were the first of any significance in the office since its occupation in 1986. The Prime Minister and his staff indicated that the refurbishment had fully met their objectives and expectations.

## Administered Item – Allowances and Support to Former Governors-General

Administered item	Performance indicators
Allowances and support to former Governors-General.	<p><i>Quality:</i> Former Governors-General receive allowances and support in accordance with their entitlement.</p> <p>Administered expenses – \$4.9m</p>

### Qualitative assessment

#### *Methodology*

Staff of the People and Resource Management Branch maintained regular contact with the support staff of the former Governors-General.

#### *Feedback*

The former Governors-General – Sir Zelman Cowan, Sir Ninian Stephen, the Hon. Bill Hayden, Sir William Deane and Dr Peter Hollingworth – expressed satisfaction with the quality of the services provided.

### Key results

All allowances and entitlements of former Governors-General were provided in accordance with the relevant Remuneration Tribunal determinations.

## Output 4.6 – Ceremonial and Hospitality

The chief role of the Ceremonial and Hospitality Branch (CERHOS) is to manage the 'State occasions and official visits' administered item. The following narrative covers both departmental and administered items outcomes.

Output 4.6 Ceremonial and Hospitality	Performance indicators
<p><i>Departmental outcomes:</i> Provision of support services to the government relating to overseas visits by the Prime Minister, government hospitality for overseas dignitaries and official ceremonies.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office and departmental Executive with management of the government's ceremonial and hospitality services.</p> <p>Cost of outputs – \$2.6m</p>
<p><i>Administered item:</i> State occasions and official visits.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Prime Minister's Office, the Governor-General's Office and the departmental Executive, as expressed through formal and informal feedback mechanisms, with:</p> <ul style="list-style-type: none"> <li>• visits to Australia by heads of state and government</li> <li>• arrangements for the Prime Minister's overseas visits</li> <li>• state occasions</li> <li>• advice on relevant matters, including official gifts.</li> </ul> <p>Assessment by the sponsoring Minister, Minister's office or department, together with Australian and foreign diplomatic representatives, as expressed through formal and informal feedback mechanisms, of:</p> <ul style="list-style-type: none"> <li>• the benefits from the programme of official visits</li> <li>• the efficient organisation and presentation of ceremonial occasions and hospitality services.</li> </ul> <p>Administered expenses – \$2.9m</p>

### Qualitative assessment

#### *Methodology*

All visits and events that the branch is responsible for are followed up with either verbal or written requests for feedback from the Prime Minister and his office or from a relevant minister's office. Regular feedback is also received in the form of comments from the Prime Minister, the Prime Minister's Office, the Secretary and the departmental Executive.



In addition feedback is received in comments and letters of appreciation from visitors and their diplomatic representatives, as well as in visit assessment cables submitted by Australia's overseas posts.

### *Feedback*

The feedback received from visiting guests of government, the Prime Minister's Office and other sources during 2002–03 was positive. Correspondence reflecting favourably on the planning and management of visits and other work undertaken by the branch was received from a number of sources, including the Delegation of the European Commission, the Embassy of the Peoples' Republic of China, the Royal Belgian Embassy and the Embassy of Japan.

### **Key results**

The year 2002–03 was another busy one for the branch, which continued to perform well under pressure.

### *Prime Minister's overseas visits*

CERHOS planned and coordinated overseas travel by the Prime Minister to:

- Europe, where he visited the European Union, Germany, Italy and France (30 June–13 July 2002)
- Papua New Guinea (13–14 August 2002), followed by the Pacific Islands Forum in Fiji (14–17 August 2002)
- Nigeria and the United Kingdom for a Commonwealth Heads of Government Meeting follow-up meeting with Presidents Olusegun Obasanjo of Nigeria and Thabo Mbeki of South Africa (21–27 September 2002)
- Mexico, for the Asia Pacific Economic Cooperation leaders' meeting in Los Cabos, followed by a visit to Mexico City (24–30 October 2002)
- the United States, the United Kingdom and Indonesia (8–16 February 2003)
- New Zealand (8–10 March 2003)
- the United States, the United Kingdom and Qatar (1–10 May 2003).

### *Visits to Australia*

There were a number of high-level visits during the year, including that of the Chairman of the Standing Committee of the National Peoples' Congress of China (August 2002), and official working visits by the Prime Minister of Malta (August 2002), the Prime Minister of Fiji (October 2002), the Prime Minister of Papua New Guinea (December 2002) and the Commonwealth Secretary-General (April 2003).

In addition, officers of the branch were responsible for the preparations for and successful carriage of visits by members of foreign royalty, as follows: His Royal Highness Prince Philippe, Crown Prince of Belgium, and Her Royal Highness Princess Mathilde (18–23 November 2002); His Imperial Highness Prince Naruhito, Crown Prince of Japan, and Her Imperial Highness Princess Masako, Crown Princess of Japan

(16–19 December 2002); and His Royal Highness Prince Haji Al-Muhtadee Billah, Crown Prince of Brunei Darussalam (13–18 March 2003).

There were also 15 ministerial guest of government visits, including those by the European Commissioners for Trade and External Relations, the Defence Ministers from Japan, Turkey and Britain and the Foreign Ministers from Afghanistan, the Philippines and Poland. The success of the visits provided positive support for Australia's bilateral relationships with the countries involved. There were fewer high-level incoming visits in the first half of 2003, in the main due to concerns about the safety of air travel.

### *Other responsibilities*

The branch organised two major memorial services:

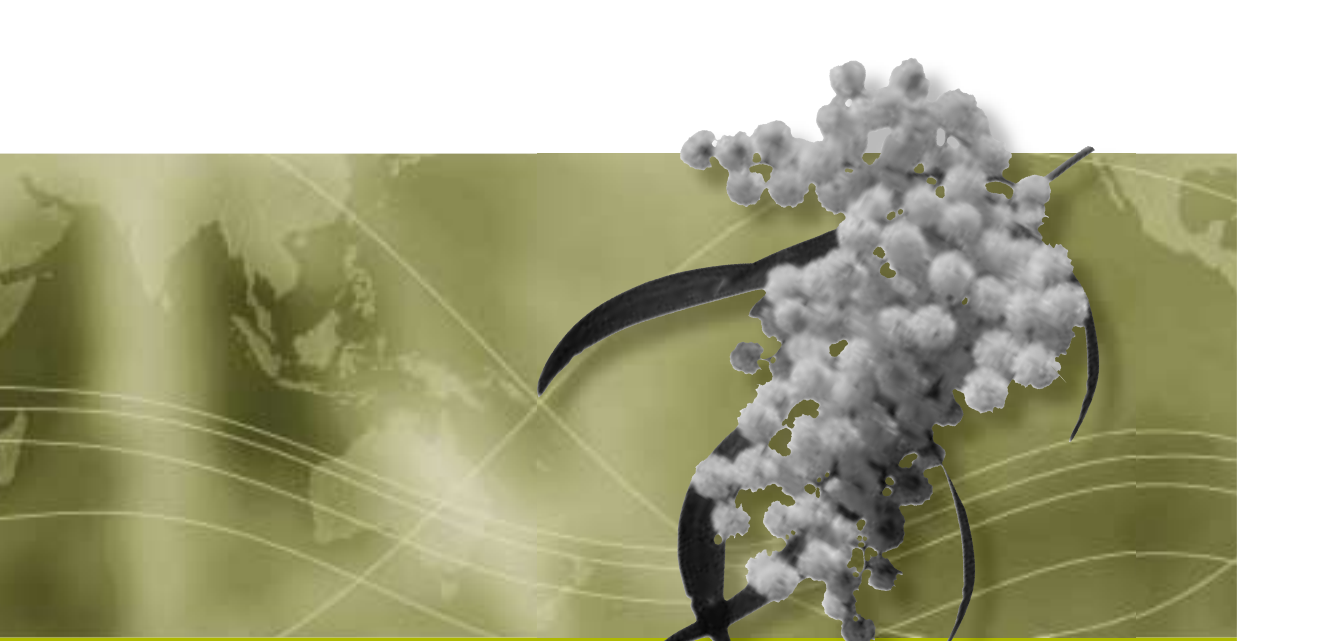
- a national remembrance service, held at St Christopher's Cathedral in Canberra on 11 September 2002, marking the anniversary of the terrorist attacks which occurred on 11 September 2001 in the United States
- a national memorial service, held in the Great Hall of Parliament House on 24 October 2002, honouring the victims of the terrorist attacks which occurred in Bali on 12 October 2002.

The branch coordinated 87 airport facilitations for heads of state, heads of government and royalty transiting Australia. Airport facilitation involves the branch's advising airport authorities and relevant agencies of flight details and arranging for either a part-time visit officer or Department of Foreign Affairs and Trade officers to meet and coordinate arrangements for customs, immigration, quarantine and transport procedures on arrival and departure.

Other notable tasks successfully performed by officers of the branch included formulating the logistic and hospitality arrangements for:

- the Council of Australian Governments meeting held at Parliament House, Canberra on 6 December 2002
- the Prime Minister's reception, held at The Lodge on 9 December 2002, for the Australian and English teams contesting the Prime Minister's Cup
- the Prime Minister's annual cricket match, held at Manuka Oval, Canberra on 10 December 2002
- the Australia Day reception held at The Lodge on 26 January 2003
- the cricket match between the Prime Minister's XI and the Aboriginal and Torres Strait Islander Commission Chairman's XI which took place at Adelaide Oval on 21 March 2003.

After an open tender process, a three-year contract for the provision of official gifts by Jaymac Promotional Advertising Proprietary Limited, in association with Beaver Galleries, commenced operating on 1 November 2002.



# Management and Accountability



# Management and Accountability

## Corporate Governance



The success of our role is going to be tied, in large measure, on the extent to which we ensure a whole-of-government approach to policy development ... However, the key to ensuring a whole-of-government approach is unlikely to be found in the structures we organise. Fundamentally, our success is going to depend on the culture we bring to our roles. It is the behaviours we display and the examples we set that will determine the effectiveness of the structures on which we participate or chair.

*Dr Shergold in his address to staff on 14 May 2003*

### Corporate mission and values

The mission of the Department of the Prime Minister and Cabinet is to provide support to the Prime Minister and to achieve a coordinated approach to the development and implementation of government policies.

The department's goals are to provide:

- quality advice and information on those matters requiring the Prime Minister's attention as the Head of Government and the Chairman of Cabinet
- efficient and coordinated government administration
- effective administration of the programmes for which the Prime Minister has responsibility.

In support of these primary goals, the department promotes a corporate ethos which values the contribution of staff and the cost-effective and professional management of our people and resources.

As a central policy and coordinating agency responsible to the Prime Minister, the department promotes corporate values that in particular ensure:

- high-quality service to the Prime Minister and to other ministers
- professionalism, commitment and excellence in the management of services, programmes and policy advice

- constructive and cooperative work relationships both within and outside the department
- adherence to the Australian Public Service (APS) Values and Code of Conduct
- career opportunities for staff
- a stimulating and caring work environment.

## The Executive

On 10 February 2003, Peter Shergold was appointed as departmental Secretary, following Max Moore-Wilton's resignation on 20 December 2002.

The Executive of the department comprised the Secretary and three Deputy Secretaries. Associate Secretary Russell Higgins commenced on 10 March 2003 to head a taskforce to examine and report to the Prime Minister and the Energy Committee of Cabinet on a broad range of energy policy issues.

Following the Secretary's announcement of an organisational restructure on 23 May 2003, the department moved progressively towards the new structure in advance of its full implementation early in 2003–04. As set out in the Departmental Overview, the following measures took effect immediately:

- the Corporate Support Branch combined with the Government Communications Division to become the People, Resources and Communications Division reporting through Greg Williams to Deputy Secretary Jeff Whalan
- the Cabinet Secretariat commenced reporting to Deputy Secretary David Borthwick
- the Ceremonial and Hospitality Branch commenced reporting through Gillian Bird to Deputy Secretary Andrew Metcalfe.

The International Division, which formerly reported directly to the Secretary, commenced reporting to Andrew Metcalfe early in 2003. Towards the end of 2002–03, arrangements were being finalised to transfer responsibility for supporting the National Security Committee of Cabinet and the Secretaries' Committee on National Security from the International Division to the Cabinet Secretariat. Other new reporting arrangements await the formation of the National Security Division and the Cabinet Implementation Unit, details of which are in the Departmental Overview.

The Executive was responsible for guiding and monitoring corporate governance issues and providing strategic direction to the department. Its members chaired the department's three management committees. These comprised the Audit Committee and two more recently established committees to oversee the critical issues of people, leadership and information, namely the People and Leadership Committee and the Information Management Strategic Advisory Committee. Details of the membership and role of each are set out below in Figure 7.

In consultation with division and branch heads, the Executive set the key targets for the financial year and provided the framework, through divisional and output work plans, within which the people and financial resources of the department were allocated.

## The senior leadership team

As at 30 June 2003, the department's senior leadership team comprised three Deputy and seven First Assistant Secretaries.

Responsibilities of the Deputy Secretaries were as follows:

- David Borthwick – the Economic Division, the Industry, Infrastructure and Environment Division and the Cabinet Secretariat which, together with the new Cabinet Implementation Unit, will form part of the new Cabinet Division from 1 July 2003
- Jeff Whalan – the Social Policy Division, the Office of the Status of Women and the People, Resources and Communications Division
- Andrew Metcalfe – the Government Division and the International Division, and the new National Security Division from 1 July 2003.

The responsibilities of the First Assistant Secretaries and their respective divisions were as follows.

*Gillian Bird* replaced Michael Potts as head of the International Division on 12 December 2002, following his departure to take up the position of High Commissioner to Papua New Guinea. The division supported the Prime Minister on international affairs, provided a whole-of-government perspective to advice on international issues coming before Cabinet, and coordinated advice to the Prime Minister on national security, defence, trade and aid policies. It was also responsible for administering the state occasions and official visits programme.

*Jenny Goddard*, head of the Economic Division, provided advice to the Prime Minister and his office on domestic and international economic conditions, developments in financial markets and the prospective economic outlook, financial sector policy, workplace relations and wages policy, fiscal policy and budget advice, taxation and superannuation policy, and Commonwealth–State financial relations.

*James Horne*, head of the Industry, Infrastructure and Environment Division, provided advice to the Prime Minister and his office on industry policy, sustainable development, agriculture, fisheries and forestry, environment and heritage, regional services, transport policy, communications, information technology, sport, tourism, energy and Commonwealth–State relations.

*Joanna Davidson*, head of the Social Policy Division, provided advice to the Prime Minister and his office on education, employment services, family policy, income support, community services, health and aged care, immigration, indigenous policy and veterans' support.

*Rosemary Calder*, head of the Office of the Status of Women (OSW), completed her contract on 29 May 2003. Her successor, Kerry Flanagan, is expected to join the department on 3 July 2003. In the interim, Sandra Parker has been acting in the position. OSW provided advice to the Prime Minister and his office, and to the Minister Assisting the Prime Minister for the Status of Women and her office, on women's issues, including economic security for women, women's health and wellbeing, and measures to eliminate violence. OSW also administered the funding of specific programmes.

*Barbara Belcher*, head of the Government Division, provided policy advice on public administration, parliamentary and electoral matters, legal policy issues, the establishment of royal commissions, the implications of court decisions for the Commonwealth, matters relating to the arts, national collecting institutions and cultural heritage, and policy issues relating to Australian and foreign honours and the use of Australia's national symbols. The division also provided a coordinating role in relation to domestic security and border protection following the Bali bombings.

*Greg Williams*, head of the People, Resources and Communications Division, oversaw the work of the department's internal information services and corporate support services, including people management, finance and facilities, information technology, the library, records management and ministerial correspondence. The division also provided advice and support to the Ministerial Committee on Government Communications, managed the Central Advertising System and provided photographic services through AUSPIC.

Information on the remuneration of senior executives is set out later in this chapter.

## Senior management and staff committees

The committees and their membership are set out in Figure 7.

The People and Leadership Committee met for the first time on 20 May 2003. The role of the committee will be to develop the department's capability, with particular emphasis on people and leadership. It will provide strategic advice and support to the department's senior executive group in setting the direction for people management and leadership through:

- ensuring links between the department's strategic framework, business outcomes people management strategies and people's day to day work
- identifying people management and leadership initiatives, particularly in the areas of career development, support and training
- examining flexible workplace practices that help and encourage people to balance their work and personal lives
- discussing and making recommendations on the department's high-level strategic people management and leadership needs, for endorsement by the senior executive group.

The Information Management Strategic Advisory Committee, also formed in May 2003, will meet at least four times each year and has its first meeting scheduled for early July 2003. The role of the committee will be to provide advice to the department's senior executive group on strategies and policy for the effective use of information resources and on the development of information infrastructure and services that support the department's business outcomes. The committee is to:

- ensure alignment between the department's business outcomes, information management strategies and people's day to day work
- consider and make recommendations on the department's high-level strategic information management needs to the department's senior executive group for endorsement

- provide leadership and encouragement for cultural, process and organisational change as a result of information management initiatives.

The Audit Committee meets quarterly and assists the department in meeting its corporate governance responsibilities. It is chaired by the Secretary of the department. In accordance with the committee's Audit Charter, the Secretary has nominated a Deputy Secretary to deputise as Chairman of the Audit Committee.

At the end of 2002–03, the Audit Committee included a First Assistant Secretary and two Assistant Secretaries. The Assistant Secretary, People and Resource Management Branch was also a member of the committee on an ex-officio basis and representatives of the Australian National Audit Office (ANAO) attended Audit Committee meetings as observers. Deloitte Touche Tohmatsu, the outsourced internal audit provider, also attended the Audit Committee meetings and provided secretariat support.

**Figure 7 Senior management and staff committees**

<b>People and Leadership Committee*</b>	<b>Information Management Strategic Advisory Committee*</b>	<b>Audit Committee*</b>	<b>Consultative Committee</b>
<i>Chairman</i> Peter Shergold	<i>Chairman</i> Andrew Metcalfe	<i>Chairman</i> David Borthwick (vice Peter Shergold)	<i>Chairman</i> Jeff Whalan
<i>Deputy Chairman</i> Jeff Whalan	Julie Yeend	Greg Williams	Barry Sterland
Sandra Parker	Jill Farrelly	Luise McCulloch	Richard Sadleir
Joanna Davidson	Peter Hamburger	David Macgill	Terry Crane
Jenny Goddard	Stuart Sargent	Assistant Secretary People and Resource Management Branch (ex-officio) Terry Crane	Henry Hilhorst
Godwin Grech	Greg Williams		Kathryn Miller
Simeon Gilding	Anne Dowd		Neil Hughes
Paul O'Neill	Assistant Secretary Information Services Branch (ex-officio) Sue Ball		Joanne Cantle
Assistant Secretary People and Resource Management Branch (ex-officio) Terry Crane	Assistant Secretary People and Resource Management Branch (ex-officio) Terry Crane		Representative of the Media, Entertainment and Arts Alliance
			Representative of the Community and Public Sector Union

\* Management committees.



The membership will provide a fresh perspective in discharging the committee's obligations in relation to:

- oversight of the internal audit function, including ensuring appropriate action is taken in respect of recommendations
- review of policies relating to internal controls and the management of risks
- oversight of the development and implementation of the department's fraud risk assessment and fraud control strategy
- ensuring effective accountability of programme managers to stakeholders.

The Consultative Committee – which comprises the chairman, four elected staff representatives, two union representatives and three management representatives – continued to be the department's principal staff consultative body, meeting at least quarterly. The most significant outcome for the committee in 2002–03 was the negotiation of the department's third certified agreement.

### Corporate governance initiatives

To assist staff members in their understanding of corporate governance requirements, the department added new and revised guidelines to its resource management reference material on the intranet, covering: the rewards and recognition scheme to be introduced in 2003–04 to recognise significant contributions by staff outside the formal performance appraisal process; the new Certified Agreement 2002–2004; a workplace giving programme that enables staff to contribute on a regular basis to their favourite charity or non-profit group; a revised workplace diversity programme that continues to embrace the department's commitment to providing a fair and equitable working environment for all staff; leave, remuneration and performance management in relation to those on Australian Workplace Agreements (AWAs); travel charge card procedures; absence from duty without permission; and a new occupational health and safety (OH&S) Risk Management Programme that provides a process for identifying and correcting hazards or potential hazards in the workplace. Staff members were notified of the changes and new initiatives on the intranet, by email and through the staff bulletin.

Other important activities undertaken by the department during the year included:

- publishing and distributing a brochure on the role and functions of the department
- reporting for the APS Commissioner's *State of the Service Report*
- revising departmental guidelines on engagement in outside employment, non-Senior Executive Service (SES) staff selection, the skills and responsibility loading, extra duty payments and purchased leave
- completing the tender renegotiation for the department's employee assistance programme.

In relation to financial management, the key corporate documents for use by officers of the department were the Chief Executive Instructions (CEIs), the Risk Management Plan, and the Fraud Control Plan. Those documents were made available to staff members through the departmental intranet site as a means of increasing

their awareness of their responsibilities under the *Financial Management and Accountability Act 1997* and in relation to the government's policies regarding risk management and fraud.

The Audit Committee oversaw the department's risk management strategies. These form an integral part of the department's Risk Management Plan, which was introduced in 2001–02. This plan was supported by a Fraud Control Plan updated in 2001–02 to reflect the requirements of the government's Fraud Control Guidelines. Both the Risk Management Plan and the Fraud Control Plan will be reviewed in 2003–04 with the aim of achieving a closer integration of the two.

The status of the department's compliance with both the Risk Management Plan and the Fraud Control Plan continued to be reported to the Audit Committee on a biannual basis. There were no incidents of fraud identified within the department in 2002–03.

The People and Resource Management Branch developed the Business Resumption Plan, which draws together management responses to a broad range of business continuity risk scenarios that may confront the various divisions of the department. The plan was prepared in accordance with the guidelines issued by Emergency Management Australia and is consistent with the risk management strategies outlined in the department's related risk management plans.

The department also had in place a Security Plan which reflected the minimum standards and requirements of the Australian Government's *Protective Security Manual*.

### Internal audit and fraud control

In 2002–03, the department's Audit Committee considered 13 internal audits documented in the department's strategic audit plan, that ranged from simple compliance reviews to more complex comprehensive reviews covering both compliance and performance assessment. Significant audits conducted during the year included those of:

- arrangements for the procurement of printing services – the report found that, on the whole, the department's printing requirements constituted only a small component of departmental expenses and therefore there were no significant savings to be gained by changing established practices
- procedures relating to the management and evaluation of consultants and contracts – generally, the report found a demonstrated high level of awareness throughout the department of the requirements in relation to procurement and management of contracts
- procedures relating to hospitality – the report found that the forms required for approval of expenditure on the provision of hospitality were not always completed by staff, because of a lack of clarity concerning the definition of 'hospitality'; the committee accepted the recommendations of the report, agreeing to amend the relevant guidelines to provide clearer definitions for staff

- provision of administrative support to divisions – this review identified mixed levels of compliance with relevant guidelines between divisions; management agreed with the committee's recommendations, which aimed to raise the standard and consistency of compliance across all areas of the department.

There were two follow-up reviews conducted during the year to assess the extent to which recommendations of previous reviews had been implemented. The follow-up reviews related to Cabinet documents, asset tracking and database management. The reviews found high levels of compliance with procedures and that the recommendations of the previous reviews had experienced high levels of implementation.

### Ethical standards

Ethical standards appropriate to APS employees were promoted by publicising the APS Values and Code of Conduct specified in the *Public Service Act 1999* through the intranet and during induction courses for new staff. Departmental guidelines on working with the code of conduct and on understanding the APS values formed an integral part of the human resource management framework and were readily accessible to staff through the intranet. In addition, the department regularly distributed promotional material such as the APS Commission's bookmark on the APS Values and the Code of Conduct.

### Freedom of information

In 2002–03, the department received 26 requests – one fewer than in 2001–02 – for access to documents under the *Freedom of Information Act 1982* (the FOI Act). The documents covered a range of administrative activities undertaken by the department. The department received two applications for internal review of FOI decisions. There were no new applications for review made to the Administrative Appeals Tribunal in relation to departmental FOI decisions. The tribunal heard two applications, made during 2001–02 by the one applicant, for the review of departmental decisions under the FOI Act as reported under Output 4.2, Machinery of Government. At the end of the reporting period the tribunal's decision on the two related applications was pending.

Information about the department's FOI procedures and about access to departmental and archival records in various categories appears in Appendix 2. More information on FOI activity is to be found in the annual report on the operation of the FOI Act produced by the Attorney-General's Department.

## External Scrutiny



There were a number of legal actions in 2002–03 affecting the Prime Minister and the department. They are dealt with in this report under Output 4.2, Machinery of Government.

There were no reports or inquiries by the Commonwealth Ombudsman's Office in 2002–03 dealing directly with any of the department's responsibilities.

The department participated in the following three ANAO cross-agency audits that were tabled during 2002–03, accepting and implementing the recommendations of the audit reports where relevant.

- Report No. 23: *Physical Security Arrangements in Commonwealth Agencies*  
The audit evaluated physical security policies of seven Australian Government agencies to determine whether they had established an appropriate physical security framework, based on Part E of the Australian Government's *Protective Security Manual*.
- Report No. 32: *The Senate Order for Departmental and Agency Contracts (Spring 2002 Compliance)*

As required by the Senate Order of 20 June 2001, the Auditor-General, through a sample of a number of agencies, reviewed compliance with the order.

The ANAO concluded that the department had complied with the requirements of the order. The department had posted its list of contracts valued over \$100,000 by the due date.

- Report No. 52: *Absence Management in the Australian Public Service*

The objective of the audit was to assess the extent and cost of unscheduled absence in the APS; to examine whether unscheduled absence in the APS was being managed efficiently and effectively; and to identify opportunities for improvement.

## People Management



To undertake our role and responsibilities to a high standard, we are going to need sufficient resources – resources that are structured appropriately and managed with an emphasis on organisational performance. Presently there are not enough of us ... I also believe that there has been insufficient attention given to the importance of supporting, recognising and rewarding people within the department.

*Dr Shergold in his address to staff on 14 May 2003*

### Workforce planning

The department continued to produce regular staffing reports during the year, including monthly staffing figures and detailed commencement and cessation profiles. Reports were provided monthly to the Secretary as part of the comprehensive Corporate Report.

The staff age profile analysis for the year indicated that the department continued to maintain a relatively youthful workforce. Approximately 33 per cent of staff employed were in the 25 to 34 years age group and 30 per cent were in the 35 to 44 years age group. Staff in the 45 to 65 years age group accounted for 32 per cent of total staff.

In 2002–03, the department took steps to address staff attraction and retention issues. These included ensuring closer attention was paid to individual development needs and introducing initiatives such as the rewards and recognition scheme which will come into effect in 2003–04.

### Staffing

As at 30 June 2003, a total of 347 staff were employed by the department under the *Public Service Act 1999*. The figure was close to our 30 June 2002 figure of 345. The total staffing figure includes all ongoing and non-ongoing employees working either full-time or part-time as at 30 June 2003 and paid inoperative staff.

Women comprised 63 per cent of all staff, 46 per cent of the SES, 56 per cent of Executive Level staff and 72 per cent of APS Levels 1 to 6 staff.

Details of the department's staffing profile in 2002–03 are provided in Appendix 1.

### Graduate recruitment

The department's 2003 graduate recruitment campaign attracted a total of 630 responses from people seeking employment with the department. Twelve graduates were recruited. They were selected on the basis of their academic skills, their potential ability to contribute to effective policy development and their understanding of contemporary issues. Graduate recruits to the department continued to complete a

training and development programme in their first year of service, to complement the skills and experience that they acquired during their deployment to line areas.

### Workplace diversity

The department's second workplace diversity programme was developed with input from staff. The programme continued to reflect the department's ongoing commitment to providing a fair and equitable working environment for all staff. Improvements made to the programme included: individual and group responsibilities identified to assist in fostering a culture where diversity is valued and supported; performance indicators revised to provide more meaningful and responsive data for evaluation purposes; and a new format that focuses on key issues and is easy to read. A suite of personnel management guides covering the Disability Action Plan, the APS Values and Code of Conduct and the management of workplace harassment continued to support the Workplace Diversity Programme and could be readily accessed by staff via the intranet. The Workplace Diversity Programme was also made available to the wider Australian community via the internet.

Staff were again prompted to update their workplace diversity data through the online facility introduced in 2001–02. The facility continued to complement the arrangements in place for the collection of workplace diversity data on staff members' commencement with the department. Workplace diversity data is reported each year in the Public Service Commissioner's *State of the Service Report*.

### Remuneration, Australian Workplace Agreements and the Certified Agreement

All SES and 103 Executive Level staff were covered by AWAs as at 30 June 2003. Remuneration arrangements for SES and Executive Level staff covered by AWAs were based on the principles that remuneration must:

- be fair and competitive
- be sufficiently flexible to reflect the particular skills, experience and work responsibilities of individual employees
- be clearly linked to performance, in order to provide better rewards for better performance in achieving corporate priorities, upholding the APS values and demonstrating leadership behaviours
- take account of efficiency gains, including any reductions in administrative complexity and cost achieved through the simplification of rules governing employment.

The salary ranges and median salaries paid for SES bands are set out in Table 5 below.

**Table 5 Senior Executive Service salary ranges and median salaries**

SES Band	Salary ranges (\$)	Median salaries (\$)
1	88,000 – 120,000	99,000
2	120,000 – 150,000	122,000
3	150,000 – 180,000	151,000

Information on SES staff who received, or were due to receive, total remuneration of \$100,000 or more is set out in Note 10 to the Financial Statements in this report.

The department's third certified agreement made directly with non-SES staff was negotiated during the year. The agreement covers the period 4 December 2002 to 30 September 2004 and provides for:

- pay increases of 4.2 per cent from 4 December 2002 and 3.8 per cent from 1 October 2003
- an increase in ordinary hours of work from seven hours and 21 minutes to seven hours and 30 minutes per day, which would be partially offset by the provision of two additional days of leave for staff over the Christmas–New Year period.
- the introduction of a travel charge card for staff who travel on official business
- the abolition of the Part Day Travel Allowance
- streamlined relocation assistance guidelines
- the trial of a rewards and recognition scheme.

A total of 205 staff were covered by the department's Certified Agreement 2002–2004 as at 30 June 2003. The indicative salary ranges for non-SES staff are set out in Table 6 below.

**Table 6 Non-Senior Executive Service indicative salary ranges**

PMC Band level*	Salary ranges (\$)
1 (APS Levels 1–3)	28,916 – 40,117
2 (APS Levels 4–6)	41,420 – 59,134
3 (Executive Level 1)	63,562 – 70,856
4 (Executive Level 2)	73,982 – 88,049

\* Refers to salary bands defined in the Certified Agreement.

The department's staff are employed under either its Certified Agreement or an AWA. If an employee can make a business case he or she may access a range of non-salary benefits such as a home based computer, a mobile phone, airport lounge membership or journal subscriptions.

The salaries of Executive Level employees who had signed AWAs were based on the prescribed salary rates for Executive Level staff in the department's Certified Agreement and are set out in Table 6 above.

SES and Executive Level staff who were on AWAs for a minimum of three months during the appraisal cycle commencing 1 October 2001 and ending 30 September 2002 were eligible for performance bonuses. For SES staff, the amount of performance bonus was a matter for the Secretary to determine, with 15 per cent of the employee's salary being the maximum payable. Executive Level performance bonuses were based on individual performance ratings. Total performance payments made to SES and Executive Level staff following completion of the appraisal cycle are set out in Table 7.

**Table 7**                      **Performance pay**

<b>Level</b>	<b>Staff eligible</b>	<b>Staff paid</b>	<b>Amount paid (\$)</b>	<b>Average (\$)</b>	<b>Range (\$)</b>
SES Band 3	3	2	27,332	13,666	(a)
SES Band 2	7	6	73,816	12,303	6,050 – 18,300
SES Band 1	23	22	174,260	7,921	2,073 – 14,400
Executive Level 2	50	49	261,256	5,332	1,060 – 10,140
Executive Level 1	50	50	176,672	3,533	770 – 5,600
<b>Total</b>	<b>133</b>	<b>129</b>	<b>713,336</b>		

(a) Only two employees at SES Band 3 received performance pay

### Performance appraisal, training and development

The Performance Appraisal and Development (PAD) scheme continued to provide effective performance management in the department through both the use of individual performance agreements, established at the start of each performance appraisal cycle, and a process of regular review and feedback exchange between employees and their managers during the year. The PAD scheme ensured that all employees clearly understood their roles in the department and the standards of performance expected of them. The scheme also provided a means of recognising individual contributions and achievements and of identifying and progressing training and development needs.

The PAD scheme agreement developed each year between each staff member and his or her manager requires the parties to agree to a training regime for the individual. To address the training and development needs of staff, the department maintained a database of appropriate training and development programmes on the intranet. The programmes during 2002–03 were in the main offered by external providers. However, core internal programmes and development opportunities continued to be provided by the department. These included: departmental information sessions for new staff; performance appraisal awareness training; and training in security awareness and the use of departmental systems, particularly in relation to personal access to the human resource management database, the financial management system and the ministerial correspondence system.

The department also offered a work experience interchange programme, studies assistance, a full-time study award, and the graduate programme mentioned above. Lunchtime briefing sessions were again conducted during the year, with topics such as Preparing for Performance Appraisal, Getting the Most Out of Meetings and Discussions, The Department of the Prime Minister and Cabinet's Special Role in the Cabinet Process, and the new certified agreement. The Secretary also addressed all staff on various occasions on the roles, responsibilities and resources of the department.

A total of 166 staff participated in 270 staff days' worth of structured training courses during the year.



One staff member commenced an exchange posting to the United Kingdom as part of the ongoing exchange programme the department has with its United Kingdom counterpart. A member of the United Kingdom Civil Service is working in the department on a two-year placement, as is a Canadian public servant. An employee was awarded the department's full-time study award to complete tertiary studies. Eighteen staff accessed the department's studies assistance provisions to continue their tertiary studies on a part-time basis. Four staff participated in the SES Career Development Assessment Centres organised by the APS Commission.

## Awards

The Australia Day Achievement Awards are part of the department's internal system for recognising the performance of particular staff members. The medallions are provided by the National Australia Day Council to promote the celebration of Australia Day. They recognise the person's or the team's distinctive contributions, as made either during the course of the preceding year or over a longer timeframe. Awards were made in 2002–03 to:

- the Bali Response Group (Simeon Gilding, Jacqui McRae, Marc Innes-Brown, Cath Halbert, Vicki Beath, Cheryl Harris, Liz Hickey and Kate Field) – for their whole-of-government coordination following the Bali terrorist attack, and their contribution to the related national memorial service
- the National Security Campaign (Jamie Fox, Susie Van Den Heuvel, Fiona Skivington, Sophie Davey, Meegan Fitzharris, Richard Davies and Julie Campigli) – for their work in coordinating the development of television, radio and print advertising for the campaign 'Let's Look Out for Australia'
- the Domestic Security and Border Protection Unit (Wendy Southern, Lesley Bennett, Cathy Maurer and Jamie Lowe) – for their work in relation to domestic security arrangements following the terrorist attack in Bali and their contribution to border protection and immigration detention issues
- Russell James – for his contribution to whole-of-government preparations to develop a sustainable regime on water property rights for discussion by Cabinet and later the Council of Australian Governments (COAG)
- Justin Douglas – for the role he played throughout 2002 in providing advice to the Prime Minister on medical indemnity insurance issues and support to the Secretaries' Taskforce on Medical Indemnity
- Margie Paten – for her contribution to the successful operations of the department's Social Club over the past four years
- Alison Camroux and Gavin Jackman – for their work on cloning and embryo research policy and legislation development throughout the course of 2002
- Brian Day – for his contribution to the Commonwealth Heads of Government Meeting (2001–02) Taskforce logistics group in overseeing the construction of facilities at Coolumb, Queensland.

## Workplace giving programme

The department introduced a workplace giving programme during the year, providing staff with a simple and convenient way to donate to one or more of their preferred charities or non-profit groups by way of regular payroll deductions. Each participating staff member's donations of \$2 or more were forwarded by the department to the staff member's nominated organisation, provided the organisation was endorsed as a deductible gift recipient by the Australian Taxation Office.

## Occupational health and safety

The department maintained a strong focus on OH&S during the year, with several important initiatives completed to enhance the health and safety of our employees and our working environment. These included implementation of the new OH&S Risk Management Programme, health screenings, activities and information sessions conducted as part of the department's Health Week programme, and an influenza vaccination programme.

A total of 269 staff participated in one or more Health Week activities. Participants reported positively on the programme, making comments including, 'it shows the department values the health and well being of its employees' and 'it raises health awareness, improved health, staff morale and productivity'. The influenza vaccination programme again attracted a strong response with 119 staff participating.

Regular meetings of the OH&S Committee were held, with a wide range of issues impacting on the health and safety of our employees being addressed. All staff in the department were provided with advice on SARS (severe acute respiratory syndrome) and protective masks were made available for staff called upon to work in environments where there was a risk or perceived risk of contracting the highly contagious respiratory illness.

Under the reporting requirements of section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the department notified Comcare Australia of one case of an employee with a food allergy.

## Disability strategy

The department's employment policies continued to reflect the requirements of the *Disability Discrimination Act 1992* and the department's commitment to employment equity in its role as an employer. Guidance material on disability issues – including the information package for new employees, the Disability Action Plan and the Staff Selection Guide – was available for all staff via the intranet. All members of the Australian community were able to access information on employment opportunities in the department via our internet site, press advertisements or targeted recruitment campaigns. People with hearing or speech impairments who sought employment with the department were able to access the department's TTY (telephone typewriter) facility.

The department's Staff Selection Guide continued to provide guidance for all staff on addressing the needs of people with disabilities who attend the department as part of a selection process. Guidance on the principle of 'reasonable adjustment', as identified in the Commonwealth Disability Strategy, was also available. The PAD scheme

continued to be the main vehicle used by all employees and their managers, including staff members with disabilities, to identify training and development needs. The department maintained a database of relevant training and development programmes for all staff and regularly promoted available courses on the intranet.

All staff in the department had access to appropriate complaint handling procedures. There were no complaints or grievances involving disability issues during the year.

In its role as a regulator, the Government Communications Unit continued to assist departments and agencies to comply with the government's policies to ensure that information activities provided for the delivery of messages in ways that met the needs of people with hearing or sight impairments.

As a central coordinating agency, the department exercised its policy adviser role through the Social Policy Division, taking into account the needs of a range of target groups in the development of policy advice on key policy reforms. This included ensuring that the disadvantages faced by many people with disabilities participating in the labour market were considered in the development of policies on welfare reform and the new Job Network.

The department's performance report against the Commonwealth Disability Strategy can be found at Appendix 5.

### **Client service charter**

The department commenced a review of its client service charter for the delivery of corporate services during 2002–03. The review is being conducted in close consultation with corporate service managers and staff and their clients and has a strong focus on identifying service outcomes and improving performance measures.

# Resource Management



It is imperative that we devote greater attention to the management of our corporate services. They enable us to do our jobs with maximum effectiveness. Indeed, they are the key to whether we can sustain ourselves as a high-performing organisation.

*Dr Shergold in his address to staff on 14 May 2003*

## Financial management

During 2002–03 the Financial Management and Contracts Section:

- managed the department's internal and external financial and budgetary processes, including the workplan process and overall funds management process
- prepared portfolio budget statements
- managed the department's financial management information system, including the general ledger and the chart of accounts
- developed management reports that met the departmental Executive's needs
- prepared monthly reports and the annual financial statements
- developed policies in relation to financial management, budgeting and contracting, including maintenance of the CEIs
- maintained various internal controls, including financial delegations
- managed internal and external auditors, provided comments on reports and implemented recommendations
- managed the department's banking arrangements
- supported departmental officials in the Senate estimates process
- managed the outsourcing of corporate services, including the renewal of the contract for a further three years
- managed the annual report process
- met relevant statutory requirements, including fringe benefits tax and goods and services tax returns
- assisted divisional financial decision making processes
- supported competitive tendering and contracting initiatives
- delivered services that will be provided by the Corporate Governance Section in 2003–04.

In 2003–04 a new Corporate Governance Section will be established with responsibility for corporate governance issues for the department including internal audit, fraud, risk management and contracts.

The key functions of the Corporate Governance Section will include:

- management of key corporate contracts – particularly contracts for corporate services, internal audit and annual report coordination – including the contract renewal or tender process for the provision of internal audit services and market testing for the production of the 2003–04 annual report
- compliance with the Senate Order on Government Agency Contracts
- maintenance of the CEIs
- review of the CEIs, including of their structure and presentation on the department's intranet
- review and maintenance of departmental delegations
- divisional and other support to ministerial offices and to the executive
- coordination of training for departmental officers in the use and administration of contractual arrangements
- reviewing of all contracts for the department prior to their execution
- biannual reporting on the implementation and maintenance of controls for risk management (including the Fraud Control Plan)
- management of the Internal Audit Plan 2003–04 submitted for endorsement by the Audit Committee in early July 2003.

### *Purchasing*

Purchasing activities in the department throughout the year were conducted in accordance with the government's Procurement Guidelines. The department also comprehensively updated its guidance to staff concerning consultancies and contracting.

### *Discretionary grants*

The only discretionary grants administered by the department during 2002–03 were in the areas of women's programmes and the Australiana Fund. Details can be found in the reports on performance for Output 2.2 and Output 4.4 respectively.

### **Property management**

During 2002–03, the Facilities and Services Section managed the department's property, facilities and emergency services, including physical and personal security, and provided advice to the Executive in relation to the executive vehicle scheme, travel, energy management, furniture and office equipment. Improvements to building security were a high priority during the year.

### *Security measures*

Following the issuing of a general security alert by the Protective Security Coordination Centre in November 2002, the Facilities and Services Section initiated several new security arrangements for the department's premises at 3–5 National Circuit, Barton, Australian Capital Territory, including: a protective film applied to all external windows; enhanced access control arrangements (including through the

upgrading of the foyer); improved closed circuit television coverage; and perimeter landscaping alterations to restrict unauthorised access to the building precinct. These works are expected to be completed by January 2004.

### *Energy saving measures*

As reported in last year's annual report, the department has been purchasing 'green power' through an agreement with its electricity supplier, ActewAGL. This energy form now constitutes 5 per cent of the total power used by the department which, according to ActewAGL estimates, reduced the quantity of carbon dioxide produced by the department's energy consumption during the year by approximately 26 tonnes.

This corrects the information contained in earlier annual reports, which inaccurately reported a considerably higher level of purchasing and savings.

Over recent years the department has introduced energy saving measures including the installation of energy efficient water boiling and chilling units and light sensors in kitchens and meeting rooms, and the reduction of office lighting levels to those recommended under the Standards Australia standard.

While the above measures initially produced decreases in energy consumption, the age of the department's building, including plant and equipment, restricts any further significant cost-effective reductions. The department, however, continued to be proactive in investigating any energy saving programmes that might be both environmentally and economically viable, and commenced developing an Environment Management Plan to improve the department's environmental efficiency.

### *Cost saving measures*

The department managed to achieve some reduction in its property operating costs by subleasing unoccupied accommodation space at its Barton premises during the period November 2002 to April 2003.

## **Ecologically sustainable development**

As well as adopting the in-house programmes designed to improve efficiency in the department's workplace environment referred to above, the department also provided advice to the Prime Minister on environmental issues with a much wider perspective.

In an address to the Committee for Economic Development of Australia in November 2002, the Prime Minister identified areas that are key whole-of-government strategic policy issues for the medium term. These included sustainable environment and energy issues.

The department continued to provide secretariat support for the Sustainable Environment Committee of Cabinet. The department also advised the government on environmental issues, including: the tax treatment of cleaner fuels, and measures to encourage the adoption of renewable fuels, including biofuels, for consideration by the Energy Committee of Cabinet; the development of a strategy in relation to climate change for Australia, encompassing domestic and international elements, through Cabinet and COAG processes; the development of climate change action partnerships with the United States, Japan and New Zealand; and the introduction of a new, formal consultation process on greenhouse issues between the Australian Greenhouse Office and the Industry portfolio.

In the 2003–04 Budget, the government announced a commitment to the 'strategic policy goal of an efficient and competitive energy sector'. Achieving this goal will require

reform of the fuel excise system, support for the production of cleaner fuels and greater investment certainty. The government seeks to promote long-term sustainability, and the balancing of complex economic, industrial, technological and environmental issues, through the pursuit of this goal. The department will play a significant role in advising the government on these important issues.

# Information Management



Frankly I have come to the conclusion that I am leading a first rate department with second rate infrastructure support. There needs to be a substantial capital investment in our communications capabilities.

*Dr Shergold in his address to staff on 14 May 2003*

## Information infrastructure

The outsourcing contract with Telstra Enterprise Services Proprietary Limited for the provision of information technology and telecommunications (IT&T) services to Group 5 government agencies expires on 30 June 2004. (The Departments of the Prime Minister and Cabinet; Communications, Information Technology and the Arts; Industry, Tourism and Resources; and Transport and Regional Services; with the Australian Competition and Consumer Commission, make up Group 5.) The contract includes an option to extend the contract for an additional two years. The department will not exercise that option.

In late 2002, the department considered options for future IT&T service delivery. Acumen Alliance was engaged to develop a strategy for IT&T outsourcing appropriate to the department's future business needs. The strategy recommended that the department seek outsourced IT&T services as a single agency rather than in a cluster arrangement, under a selective sourcing model.

A request for registrations of interest in the provision of IT&T services was issued in May 2003. Although not finalised at the time of reporting, this process indicated that there were a number of providers who could effectively deliver the required services.

As part of the ongoing process of making improvements to the department's IT&T infrastructure support systems, measures implemented during the year included:

- developing a technology plan that establishes the department's technical architecture expectations for the next three years
- revising the department's information technology security policy and developing security plans for major information technology systems
- managing the transfer of the HIH and building and construction industry royal commission websites to the department, and the websites' subsequent archiving
- upgrading the department's local area network infrastructure to improve the performance, security and reliability of the network
- managing the development of the new CABNET Standard Operating Environment (SOE) and the rollout of new CABNET workstations and SOE and biometric authentication hardware to the department, the Prime Minister's Office, Cabinet ministers' offices and 21 Australian Government departments and agencies



- replacing the water based fire suppression system in the department's computer room with a gas based system
- upgrading the library management system (Horizon) to include a web enabled front end for the library catalogue.

The department also contributed to the eGovernment Benefits study commissioned by the National Office of the Information Economy (NOIE), participated in eGovernment Week – held at Parliament House between 11 and 14 November 2002 – and contributed to NOIE's survey on future options for promoting eGovernment initiatives.

The Information Management Strategic Advisory Committee, referred to above, will provide an important forum for generating advice to the departmental Executive on strategies and policy for the effective use of information resources and on the development of information infrastructure and services that support the department's business outcomes.

## The Library

The Library provided a comprehensive reference and research service and developed, managed and maintained appropriate resources to support the information needs of the department.

The Library's major achievements included:

- providing clients with desktop web based access to the Library's online catalogue
- providing clients with desktop access to *AAP NewsCentre*, a customised media monitoring service provided by Australian Associated Press
- contributing holdings records to the National Library of Australia's National Bibliographic Database, to reciprocally share the Library's resources with other Australian libraries and achieve a measure of cost-recovery for the department.

The department completed an in-house study, involving 13 Australian Government libraries, on trends in the delivery and management of library services, and subsequently engaged a consultant to undertake a strategic review of the Library. The purpose of the review was to identify the department's information requirements and to assess the relevance and effectiveness of the Library's services in meeting those needs. The review is being conducted in close consultation with library staff, departmental employees and senior managers, and will be completed by August 2003.

## Records management

Following its review of the internal audit of procedures relating to records management in 2001–02, the department continued with the process of improving its compliance with relevant legislation and the requirements of the National Archives of Australia.

The department's key achievements in records management during the year included:

- establishing the requirements for upgrading the records management system (known as TRIM)

- developing a records sentencing programme under a new National Archives of Australia Records Disposal Authority
- transferring the custody of files from the HIH and building and construction industry royal commissions to the department
- completing the biannual file census of the department's Top Secret files
- coordinating the list of departmental files required to be produced in accordance with Senate Continuing Order No. 5.

The department also commenced developing records management guidelines for inclusion in the CELs and reviewing records management policy and procedures.

### Ministerial correspondence

The Ministerial Correspondence Unit (MCU) registered, coordinated, quality checked and despatched VIP, organisational, and general ministerial correspondence and briefings. It also provided advice, assistance and training to others in the processing of ministerial correspondence and the use of the ministerial correspondence management system.

The Parliamentary Correspondence Management System was upgraded to provide a more efficient system during the year. A significant improvement was the introduction of a capability to electronically refer email addressed to the Prime Minister to other relevant ministers. The enhancement reduced the time taken to refer this type of correspondence, from up to ten days to a maximum of three days from the date of its receipt in the department.

As noted in the Performance Overview of this report, the MCU processed approximately 159,000 pieces of correspondence (an average of 636 per day) addressed to the Prime Minister or ministers assisting the Prime Minister.

Nearly 3,900 briefings (in the form of minutes) were provided to the Prime Minister, parliamentary secretaries and ministers assisting the Prime Minister, covering all four output groups and the department's various corporate service functions.

## Use of Consultants and Service Contractors



The policies and procedures for selecting consultants, and approving expenditure for them, are set out in the department's CEIs. The procurement method is determined having regard to the nature of the work involved and the broad cost thresholds set out in the CEIs.

During 2002–03, 80 consultants were engaged to carry out research projects or to provide professional and technical advice that could not be provided by staff of the department.

Table 8 on consultancy trends below shows total expenditure on all consultancy services, covering both payments made on new contracts let in 2002–03 and payments made on contracts let in previous years. The larger consultancy contracts – those to the value of \$10,000 or more – are detailed in Appendix 4 to this report, along with brief notes on the procurement methods used.

**Table 8**                      **Consultancy trends**

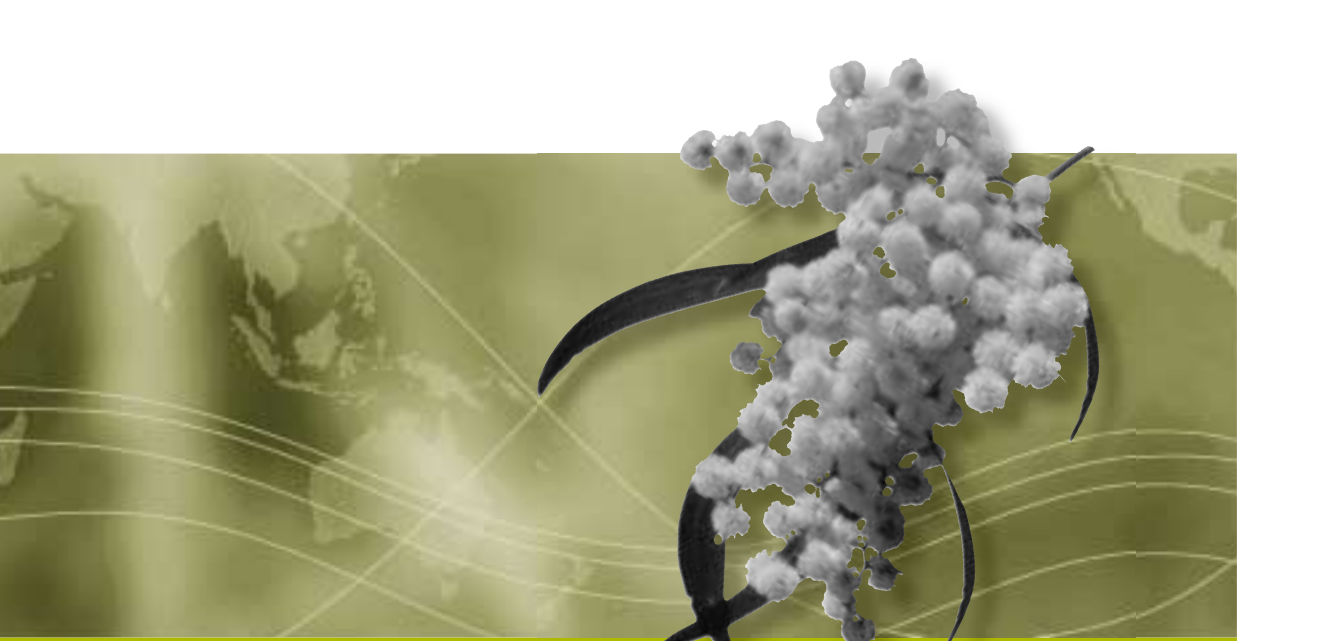
Distribution of expenditure on consultancy services	2002–03		2001–02		2000–01	
	Number let	Total expenditure (\$)	Number let	Total expenditure (\$)	Number let	Total expenditure (\$)
Policy advice and government support services	28	4,475,337	20	353,436	16	446,242
Women's policy	40	4,744,300	76	5,289,037	19	1,743,589
Corporate services	12	371,767	5	66,181	3	73,168
<b>Total</b>	<b>80</b>	<b>9,591,404</b>	<b>101</b>	<b>5,708,654</b>	<b>38</b>	<b>2,262,999</b>

In 2002–03 the department let three contracts within the definition of 'competitive tendering and contracting'. Under Output 4.3, two contracts for master media agency services for the placement of campaign and non-campaign Australian Government advertising were awarded by public tender. The contracts were awarded to Universal McCann at an estimated \$13 million and to hma Blaze at an estimated \$10 million. Under Output 4.6 a contract for the provision of government gifts for official presentation was awarded by public tender to Jaymac Promotional Advertising Proprietary Limited and the Beaver Galleries at a contract price of \$104,000.

The department negotiated a 12-month extension of the arrangements for domestic and international travel with Synergi, the department's travel provider, pending an anticipated market test of travel management during 2003-04.

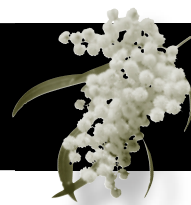
The department also exercised extension options on two of its other service contracts this year each of which exceeded \$100,000. The first was a three-year extension of a contract with Rel Corp Management Services, for the provision of salary and leave processing, accounts processing and related services. The second was a one-year extension of a contract with Deloitte Touche Tohmatsu for the provision of internal audit services.

None of these contract extensions constituted 'competitive tendering and contracting' as defined by the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit.



## Appendixes

## Appendix 1 – Staffing Statistics



This appendix contains summary information on the department's actual staffing at 30 June 2003.

**Table 9**                      **Staff distribution as at 30 June 2003**

<b>Division</b>	<b>Number</b>
Executive	10
Economic Division	27
Industry, Infrastructure and Environment Division	34
Energy Taskforce Secretariat	4
Social Policy Division	30
Office of the Status of Women	51
International Division	27
Cabinet Division	16
Government Division	42
People, Resources and Communications Division	81(a)
Ceremonial and Hospitality Branch	15
Support Services	10(b)
<b>Total</b>	<b>347</b>

(a) Includes three Official Establishments Unit Staff.

(b) Comprises five support staff for former Governors-General and five divisional liaison staff in ministerial offices.

Staff listed are all employed under the *Public Service Act 1999* and include 20 non-ongoing staff, 18 part-time staff and 11 paid inoperative staff. Unpaid inoperative staff are not included.

**Table 10** Staff employed, by classification, gender and location, as at 30 June 2003

Location and classification	Female		Male		Total
	Part-time	Full-time	Part-time	Full-time	
<i>Australian Capital Territory</i>					
Secretary				1	1
Senior Executive Service					
Band 3				4	4
Band 2		5		3	8
Band 1		13		13	26
Executive Level					
2 (PMC Band 4)	3	29		28	60
1 (PMC Band 3)	6	36		30	72
<i>Australian Public Service Level</i>					
6 (PMC Band 2)	2	43		25	70
5 (PMC Band 2)	2	19		9	30
4 (PMC Band 2)	2	26		1	29
3 (PMC Band 1)	1	17	1	5	24
2 (PMC Band 1)	1	2		6	9
Graduate Australian Public Service		9		2	11
<i>Victoria</i>					
<i>Australian Public Service Level</i>					
6 (PMC Band 2)		2			2
<i>Queensland</i>					
<i>Australian Public Service Level</i>					
6 (PMC Band 2)		1			1
<b>Departmental total</b>	<b>17</b>	<b>202</b>	<b>1</b>	<b>127</b>	<b>347(a)</b>

(a) Includes 20 non-ongoing staff and 11 paid inoperative staff.

**Table 11** Non-ongoing staff employed, by classification, gender and location, as at 30 June 2003

Location and classification	Female		Male		Total
	Part-time	Full-time	Part-time	Full-time	
<i>Australian Capital Territory</i>					
<i>Executive Level</i>					
2 (PMC Band 4)	1			1	2
1 (PMC Band 3)	1	1			2
<i>Australian Public Service Level</i>					
6 (PMC Band 2)	1	2		1	4
5 (PMC Band 2)		1			1
4 (PMC Band 2)	1	2			3
3 (PMC Band 1)		3		3	6
2 (PMC Band 1)		1		1	2
<b>Departmental total</b>	<b>4</b>	<b>10</b>		<b>6</b>	<b>20</b>

## Appendix 2 – Freedom of Information



In accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act), this appendix contains information about FOI procedures and access to departmental documents. Information is provided also about access to documents of an archival nature, in accordance with the *Archives Act 1983* (the Archives Act), the Archives Regulations and the *Royal Commissions Act 1902*.

### FOI procedures and initial contact points

Applicants seeking access under the FOI Act to documents in the possession of the department should forward a \$30 application fee and apply in writing to:

The FOI Coordinator  
Department of the Prime Minister and Cabinet  
3–5 National Circuit  
Barton ACT 2600

Requests may also be lodged via email to [FOIrequest@pmc.gov.au](mailto:FOIrequest@pmc.gov.au).

The FOI Coordinator is available between 9.00 am and 5.00 pm Monday to Friday and can be contacted by telephone on (02) 6271 5849 or by fax on (02) 6271 5776. Information about lodging requests is also available from the department's website at [www.pmc.gov.au](http://www.pmc.gov.au).

If applicants are dissatisfied with a decision made under the FOI Act, they may apply to the Secretary of the department seeking an internal review, which is subject to a \$40 application fee. Once the application fee is received, an officer of the department who is at least one level above that of the initial decision maker will conduct the review.

The department, if it approves access, will provide copies of documents after it has received payment of any charges which apply. Alternatively, applicants may arrange to inspect documents at the department's Barton office if the documents lend themselves to this form of access.



**Table 12** Categories of documents held by the department

Category	Description
Cabinet documents	These documents relate to the business of the Cabinet and include: <ul style="list-style-type: none"> <li>• documents that have been submitted to the Cabinet</li> <li>• official records of the Cabinet.</li> </ul>
Executive Council documents	These documents relate to the business of the Executive Council and include: <ul style="list-style-type: none"> <li>• documents that have been submitted to the Executive Council</li> <li>• official records of the Executive Council.</li> </ul>
Documents of royal commissions and major inquiries	The department is official custodian for the records of completed royal commissions and a number of major government inquiries.
Representations to the Prime Minister	The Prime Minister receives a large number of written representations each year. They concern every aspect of government policy and administration.
Working files	The department holds files dealing with policy and administration in all areas in which the Australian Government is involved. The documents in these files include correspondence, analysis and policy advice by departmental staff, comments on Cabinet submissions and drafts of these and other documents.
Documents on internal departmental administration	These documents include personnel records, organisation and staffing records, financial and expenditure records, and internal operating documentation such as office procedures, instructions and indexes.
Programme documents	The department holds documents relating to grants, which it provides to various organisations and individuals under the programmes it administers.
Documents open to public access subject to a fee or charge	The department holds no documents in this category.
Documents available for access or purchase subject to a fee or other charge	The department holds no documents in this category.
Documents customarily available free of charge upon request	The department holds and makes available on request (free of charge) a range of documents including: <ul style="list-style-type: none"> <li>• research documents</li> <li>• policy statements</li> <li>• executive summaries</li> <li>• Council of Australian Governments communiqués</li> <li>• the department's information technology strategic plan.</li> </ul> <p>The department's annual report and selected other documents relating to the department are available through the internet at &lt;<a href="http://www.pmc.gov.au">www.pmc.gov.au</a>&gt;.</p>

## Access to archival records

### *Public access to archival records*

Under section 40 of the Archives Act, members of the public may apply to the National Archives of Australia (NAA) for access to records in the current open period, that is, records which are more than 30 years old. Generally, departmental documents in the custody of the NAA are not subject to the FOI Act. People seeking access to the archival records of this department should make their requests directly to the NAA.

### *Special access provisions of the Archives Act*

Subsection 56(2) of the Archives Act and Archives Regulation 9 provide that Commonwealth records, not otherwise available for public access under the Archives Act, may be made available to a person in accordance with arrangements approved by the Prime Minister.

Under the arrangements, approved in December 1988, special access may be available to:

- former Governors-General, former ministers and former senior officials who wish to 'refresh their memories' of records which they personally dealt with while in office
- authorised biographers of those above
- people connected with the Government of the Commonwealth who have deposited their personal records in the custody of the NAA
- people preparing for publication major works that are considered to be of national importance.

People seeking special access to the records of this department should contact the department at the address given above for the FOI Coordinator.

### *Royal commission records*

Because of the Prime Minister's responsibility for the *Royal Commissions Act 1902*, the department exercises administrative control of the records of most completed royal commissions. It therefore handles requests by other Australian Government agencies, state government bodies and members of the public for access to closed period and exempt records. People seeking access to such records should contact the department at the address given above for the FOI Coordinator. Requests for access to royal commission records more than 30 years old should be directed to the NAA.

### *Archival Cabinet documents*

In January 2003 the department released Cabinet records from 1972 and Cabinet notebooks from 1952 to the public through the NAA. Digital images of the notebook pages and transcripts prepared by the NAA can be viewed on its website at <[www.naa.gov.au](http://www.naa.gov.au)>.

## Appendix 3 – Advertising and Market Research



All Australian Government departments and agencies subject to the *Financial Management and Accountability Act 1997* are required to place their advertising through the Central Advertising System (CAS). The Australian Government operates the CAS to consolidate government advertising expenditure and secure optimal media discounts and value-added benefits and to ensure that Australian Government departments and agencies do not compete against each other for media time and space. More information can be accessed at <[www.ads.gov.au](http://www.ads.gov.au)>.

The cost of the outputs of the department's Government Communications Unit, which coordinates government communications and manages the CAS, is noted earlier in this report under Output 4.3.

Table 13 covers payments (of \$1,500 and above) to external consultants engaged by the department to provide advertising and market research services not provided by CAS. The department spent \$179,252 on recruitment and tender advertising through CAS during 2002–03.

In Table 13, the symbols PT and DE stand for public tender and direct engagement respectively.

**Table 13**                      **Payments for advertising and market research**

Payee	Purpose	Amount	Remarks
<b>OUTPUT GROUP 2: Social Policy Group</b>			
<b>Output 2.2 Women's Policy</b>			
Starcom	To advertise the Women's Development Programme	\$4,047	DE
hma Blaze Pty Ltd	To advertise the Women's Development Programme grant application process	\$7,203	DE
Starcom	To advertise a Research Fellow position	\$9,020	DE
hma Blaze Pty Ltd	To advertise a Research Fellow position	\$13,430	DE
hma Blaze Pty Ltd	To advertise the Australian WomenSpeak conference	\$8,590	DE
<b>OUTPUT GROUP 4: Government and Corporate Group</b>			
<b>Output 4.2 Machinery of Government</b>			
SpinCreative	To design 'advertorials'	\$1,986(a)	DE
Starcom	To place advertorials in the press to promote Australian honours	\$4,605	DE
hma Blaze Pty Ltd	To place advertorials in the press to promote Australian honours	\$4,079	DE
Universal McCann Pty Ltd	Media placement for National Security Campaign	\$7,345,970	DE

Payee	Purpose	Amount	Remarks
<b>OUTPUT GROUP 4: Government and Corporate Group</b>			
Brown Melhuish Fishlock Pty Ltd	Creative executions and production for National Security Campaign	\$1,981,229(b)	ST
Cultural Partners	Market research and communications advice for people from a non-English speaking background (including translations) as part of the National Security Campaign	\$1,512,653(b)	ST
Worthington Di Marzio	Market research and concept testing for the National Security Campaign	\$444,447(b)	ST
<b>Output 4.6 Ceremonial and Hospitality</b>			
Starcom	To advertise the national memorial service for victims of the terrorist attack in Bali	\$9,031	PT
Starcom	To advertise the national memorial service for victims of the terrorist attack in Bali	\$7,930	PT

- (a) As this service falls into the Consultancy Services' category, it has also been included in the total expenditure for 'policy advice and government support services' in Table 8 in the Management and Accountability chapter.
- (b) As these services fall into the Consultancy Services category, they have also been included in Table 14 of Appendix 4 of this report and in Table 8 in the Management and Accountability chapter.

## Appendix 4 – Consultancy Services



### Consultancy contracts let during 2002–03 to the value of \$10,000 or more

Government purchasing policy requires that agencies publish open business opportunities, and gazette all contracts and standing offers with a value of \$2,000 or more, in the Commonwealth Purchasing and Disposals Gazette. Details can be accessed at <[www.contracts.gov.au](http://www.contracts.gov.au)>.

The following tables list only those consultancies engaged for \$10,000 or more.

In these tables, unless otherwise indicated, the reason for engaging the consultancy service was a requirement for specialist expertise not available within the department.

The symbols PT, ST and DE stand for public tender, selective tender and direct engagement respectively. The symbol AMR means the consultancy also appears in Appendix 3 – Advertising and Market Research.

**Table 14 Policy advice and coordination and support services for government operations**

Consultant	Nature and purpose of consultancy	Contract price	Selection process and remarks
<b>OUTPUT GROUP 2: Social Policy Group</b>			
<b>Output 2.1 Social Policy</b>			
Open Mind Research Group	To undertake qualitative research into work and family issues	\$110,000	ST
<b>Output 2.2 Women's Policy</b>			
Women's Health Australia – University of Newcastle	To provide a report and presentation on the analysis of survey data from the Australian Longitudinal Study on Women's Health	\$170,672	DE – sole provider
Solution 6 IS Pty Ltd	To design, build and test the women's internet portal	\$250,880	PT
Access Online Pty Ltd T/A Access Training Centre	To provide accessibility and usability testing for the women's data warehouse	\$19,810	ST
Dr Wendy Gunthorpe	As the first of four fellowship recipients, engaged to analyse ABS time use data from a gender perspective	\$55,000	PT
Minter Ellison Consulting	To undertake an independent review of Partnerships Against Domestic Violence (PADV)	\$30,510	ST
NATSEM	To undertake a study of effective marginal tax rates potentially affecting work and family	\$25,850	DE – sole provider
Elliott and Shanahan Research Pty Ltd	To develop and implement research activities relating to the National Initiative to Combat Sexual Assault	\$267,850	ST

Consultant	Nature and purpose of consultancy	Contract price	Selection process and remarks
<b>Output 2.2 Women's Policy</b>			
Reamont Pty Ltd	To undertake a number of media based and online projects to gain an understanding of sexual assault issues for young women and men	\$1,424,500	DE – specialist knowledge
VIBE Australia Pty Ltd	To undertake a number of media based and online projects to gain an understanding of sexual assault issues for young indigenous women and men	\$425,480	DE – specialist knowledge
Roar Creative	To design, print and deliver the <i>Focus on Women</i> publication	\$21,000	ST
Australian Institute of Family Studies	To establish an Australian centre for the study of sexual assault	\$1,318,020	DE – sole provider
Space-Time Research Pty Ltd	To provide ongoing maintenance and development of the women's data warehouse	\$50,000	DE – extension of existing contract
Green Words and Images Pty Ltd	To design and print Australian WomenSpeak 2003 conference publications	\$21,526	ST
Spherion Technology Solutions Pty Ltd	To provide ongoing maintenance and training for the <i>AppointWomen</i> database	\$12,000	DE – specialist knowledge – creator of the database
Lorraine Wheeler and Associates	To provide training and mentoring activities for national secretariats	\$34,595	ST
WESNET (Women's Services Network Inc)	To provide accommodation and outreach options for women affected by domestic violence	\$131,989	PT
Roar Creative	To design and print a publication titled <i>Women in Trade</i>	\$16,575	PT
Office Productivity Centre Pty Ltd	To redevelop the PADV website	\$11,242	DE – department's contractor for website services
Swell Graphic Design Group	To produce a capacity building information kit for non-government organisations	\$23,800	PT
Office Productivity Centre Pty Ltd	To develop a customised front-end web interface for the <i>AppointWomen</i> database	\$13,563	DE – department's contractor for website services
Australian Institute of Health and Welfare	To provide health data for the women's data warehouse	\$65,793	DE – exclusive custodians of the data
Australian Federal Police	As the second of four fellowship recipients, engaged to analyse ABS time use data from a gender perspective	\$55,000	PT
Australian Bureau of Statistics (ABS)	To provide ABS data and services for the <i>Women in Australia</i> 2003 edition	\$41,540	DE – sole provider of the data and services
Swell Design Group	To develop and design the branding of promotional material for the women's internet portal	\$48,000	PT
Quay Connection	To provide public relations services for the Breaking Point National Business Conference and related events	\$33,286	ST
Fastrack Pty Ltd	To provide enhancements to the <i>AppointWomen</i> database to allow online registration	\$17,248	DE – specialist knowledge – creator of the database

Consultant	Nature and purpose of consultancy	Contract price	Selection process and remarks
Kandream Digital Studios	To provide concept and design services for the Centenary of Women's Suffrage in Australia publications	\$55,812	PT
Roar Creative	To provide design and layout concepts for two research monographs	\$31,803	PT
<b>OUTPUT GROUP 4: Government and Corporate Group</b>			
<b>Output 4.2 Machinery of Government</b>			
Effective People	To provide professional services related to the selection of recipients of the Centenary Medal	\$10,321	DE – previously undertook similar work for the department
Office Productivity Centre Pty Ltd	To produce a CD-ROM for software management of the nominations for Australian honours	\$24,500	DE – previously undertook similar work for the department
Morrison and Wall	To produce a promotional CD-ROM on the Australian Honours Network	\$18,595	DE – previously undertook similar work for the department
Worthington Di Marzio	See details in Appendix 3 – Advertising and Market Research	\$444,447	ST AMR
Cultural Partners	See details in Appendix 3 – Advertising and Market Research	\$1,512,653	ST AMR
Brown Melhuish Fishlock Pty Ltd	See details in Appendix 3 – Advertising and Market Research	\$1,981,229	ST AMR
<b>Output 4.3 Government Communications</b>			
Phillips Fox Lawyers	To provide probity audit services for the master media agency tender process	\$22,600	ST
Conference Coordinators Pty Ltd	To provide services related to the organisation of seminars/forums	\$20,000	ST
<b>Output 4.4 Support to Official Establishments</b>			
Mary Durack Interior Designs	To prepare interior designs for the refurbishment of reception rooms	\$30,000	DE – recognised and prominent expertise in the area (a)(b)
<b>Output 4.6 Ceremonial and Hospitality</b>			
Naidu Consulting Services	To provide consultancy services for the provision of government gifts for official presentation, and to provide evaluation support	\$16,550	DE – previously undertook closely related work for the department

- (a) This contract included an hourly rate for the duration of the project; the figure given is the estimated total project cost.
- (b) This contract was signed by the consultant on 20 June 2002, was received in the department on 24 June 2002, and was inadvertently not listed in Appendix 4 of the 2001–02 annual report. All expenditure was incurred in 2002–03.

**Table 15 Support services to the department**

<b>Consultant</b>	<b>Nature and purpose of consultancy</b>	<b>Contract price</b>	<b>Selection process and remarks</b>
<b>Corporate Services</b>			
Gutteridge Haskins and Davey Pty Ltd	To develop the department's Environment Management Plan	\$14,219	DE – recognised and prominent relevant expertise in this area and a detailed knowledge of the building and the department
Acumen Alliance	To provide advice on new models for the delivery of information technology (IT) and telecommunication services	\$48,798	DE – recognised and prominent expertise and experience in the area
Acumen Alliance	To provide advice in the evaluation of the request for registration of interest process for the provision of IT and telecommunication services	\$40,000	DE – recognised and prominent expertise and experience in the area
Australia Street Company	To undertake a strategic review of library services	\$36,520	ST
Dimension Data	To develop a technology plan, including system documentation	\$79,540	ST
CMG IT Services	To conduct an audit of the department's IT security arrangements and documentation	\$75,600	ST
CMG IT Services	To review and update the department's IT security threat and risk assessment and IT security policy	\$49,280	DE – engagement utilising earlier tender process that included ongoing assistance



## Appendix 5 – Commonwealth Disability Strategy



This appendix provides information on the department's performance in implementing the Commonwealth Disability Strategy. The department does not have a core business role of purchaser or provider, but reports on its performance against the other roles described in the strategy: employer, regulator and policy adviser. The level of performance for 2002–03 is recorded against the performance indicators and measures identified in the Department of Family and Community Services' implementation guide. A description of the department's work towards achieving equitable access for people with disabilities is in the Management and Accountability chapter.

**Table 16** Performance under the Commonwealth Disability Strategy as an employer

Performance indicator	Performance measure	Performance 2002–03
1. Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i> .	Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i> .	<p>Relevant policies and procedures were:</p> <ul style="list-style-type: none"> <li>• Non-Senior Executive Service (SES) Staff Selection Guide</li> <li>• Disability Action Plan</li> <li>• Workplace Diversity Programme</li> <li>• Workplace Harassment Guide</li> <li>• Working with the Code of Conduct</li> <li>• Protection for Whistleblowers</li> <li>• Certified Agreement 2002–2004</li> <li>• information packages for new staff</li> <li>• induction courses.</li> </ul> <p>The department continued to maintain a suite of employment related operational guides on the intranet. A number of the documents could also be accessed by the wider Australian community through the internet – including the department's third certified agreement (which was negotiated during the year) and the department's revised Workplace Diversity Programme.</p> <p>The requirements of the <i>Disability Discrimination Act 1992</i> continued to be observed in developing and reviewing our guideline material.</p> <p>On commencement, all new staff members were provided with an information package including information on the Australian Public Service (APS) Code of Conduct, workplace diversity and discrimination. Regular information sessions for new staff were also conducted during the year.</p>

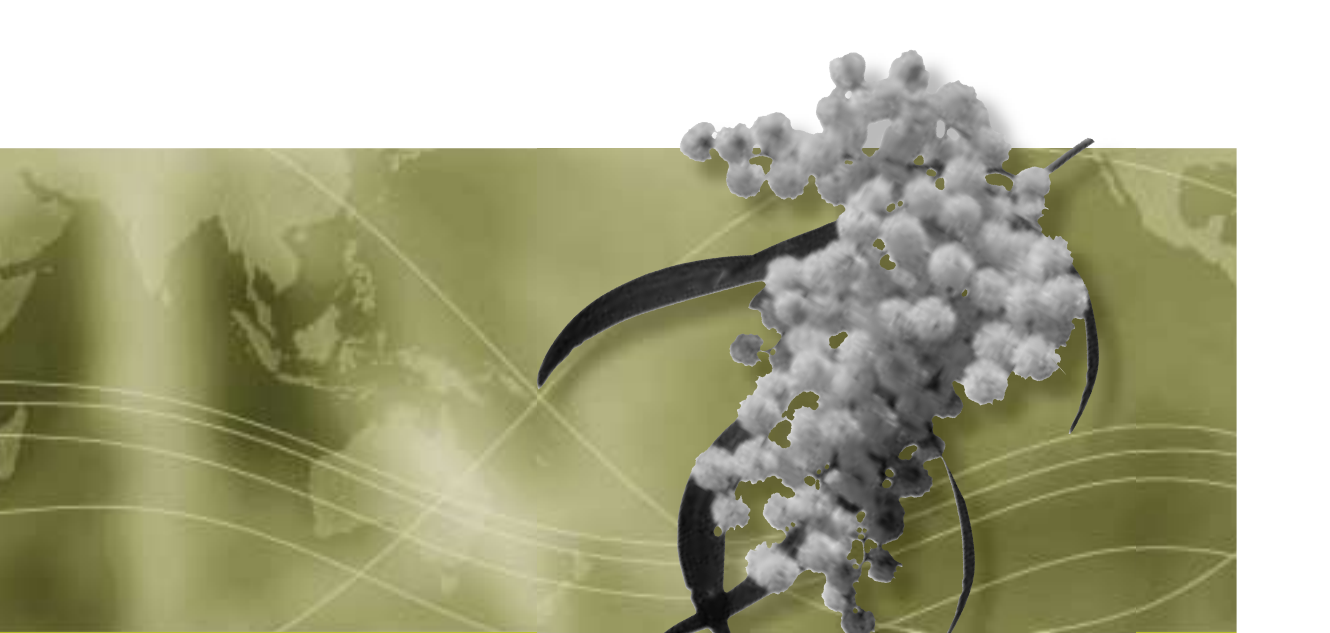
<b>Performance indicator</b>	<b>Performance measure</b>	<b>Performance 2002–03</b>
2. Recruitment information for potential job applicants is available in accessible formats on request.	<p>Percentage of recruitment information requested and provided in accessible electronic formats and accessible formats other than electronic.</p> <p>Average time taken to provide accessible information in electronic formats and formats other than electronic.</p>	<p>All recruitment information is available in electronic formats and accessible formats other than electronic. All members of the Australian community were able to access information on employment opportunities in the department via our internet site, press advertisements or targeted recruitment campaigns. The department's intranet site provided an additional electronic format to assist staff to access relevant information.</p> <p>A TTY (telephone typewriter) facility was also available for hearing or speech impaired applicants.</p> <p>Access to information and selection documentation was available on demand through the department's website. Selection documentation was loaded on the website and intranet prior to vacancies being advertised in the Commonwealth Gazette or the press.</p> <p>Average time taken to process information requests was two days.</p>
3. Agency recruiters and managers apply the principle of 'reasonable adjustment'.	Percentage of recruiters and managers provided with information on 'reasonable adjustment'.	The department's Non-SES Staff Selection Guide provided information for all staff on the principle of 'reasonable adjustment'.
4. Training and development programmes consider the needs of staff with disabilities.	Percentage of training and development programmes that consider the needs of staff with disabilities.	<p>The Performance Appraisal and Development Scheme was the main vehicle used by employees and their managers to identify training and development needs. The department maintained a database of relevant training and development programmes and regularly promoted available courses on the intranet.</p> <p>The department's Disability Action Plan encouraged people with disabilities and staff working with people with disabilities to voice specific needs and to nominate for special needs training programmes.</p> <p>Corporate programmes take account of the needs of staff who identify themselves as having a disability. There were no concerns raised by staff attending internal or external training and development programmes during the year regarding disability issues.</p>
5. Training and development programmes include information on disability issues as they relate to the content of the programme.	Percentage of training and development programmes that include information on disability issues as they relate to the programme.	All staff entering the department were invited to attend an induction programme which included information on the APS Code of Conduct, workplace diversity and disability issues and on the availability of supporting information in corporate publications.
6. Complaints/grievance mechanisms, including access to external mechanisms, are in place to address issues and concerns by staff.	Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>All staff in the department had access to appropriate complaint handling procedures including procedures for settling disputes under the certified agreement, guidelines on managing breaches of the code of conduct and access to external review processes.</p> <p>There were no complaints or grievances involving disability issues during the year.</p>

**Table 17 Performance under the Commonwealth Disability Strategy as a regulator**

<b>Performance indicator</b>	<b>Performance measure</b>	<b>Performance 2002–03</b>
1. Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.	Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats and accessible formats other than electronic.  Average time taken to provide accessible material in electronic format and formats other than electronic.	The department continued to assist departments and agencies to comply with the government's policies that ensure information activities provide for the delivery of messages in ways that meet the needs of people with disabilities. The <i>Guidelines for Australian Government Information Activities</i> were available on the Government Communications Unit website. Radio broadcasts for the print handicapped and closed captioning for television commercials were also used to deliver information to people with disabilities.
2. Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.	As above.	As above.

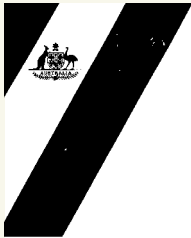
**Table 18 Performance under the Commonwealth Disability Strategy as a policy adviser**

<b>Performance indicator</b>	<b>Performance measure</b>	<b>Performance 2002–03</b>
1. New or revised policy/programme proposals assess impact on the lives of people with disabilities prior to decision.	Percentage of new or revised policy/programme proposals that document that the impact of the proposal was considered prior to the decision making stage.	In its capacity as a central coordinating agency, the department, through its Social Policy Division, provided advice on all proposals that were deemed to have an impact on people with disabilities.
2. People with disabilities are included in consultation about new or revised policy/programme proposals.	Percentage of consultations about new or revised policy/programme proposals that are developed in consultation with people with disabilities.	The needs of people with disabilities were considered through several forums, including the Welfare Reform Forum, for which the department provides secretariat support.
3. Public announcements of new, revised or proposed policy/programme initiatives are made available in accessible formats for people with disabilities, in a timely manner.	Percentage of new, revised or proposed policy/programme announcements available in a range of accessible formats.  Time taken in providing announcements in accessible formats.	Announcements of new policy and programme initiatives are the responsibility of the government agencies that implement them. In its role as regulator, the Government Communications Unit continued to assist those agencies to deliver messages in ways that met the needs of people with disabilities.



# Financial Statements





Auditor-General for Australia



## INDEPENDENT AUDIT REPORT

### To the Prime Minister

#### Scope

I have audited the financial statements of the Department of the Prime Minister and Cabinet for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Secretary;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

The Department's Secretary is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Department's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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Centenary House 19 National Circuit  
BARTON ACT  
Phone (02) 6203 7500 Fax (02) 6273 5355  
Email [barrep@anao.gov.au](mailto:barrep@anao.gov.au)

**Audit Opinion**

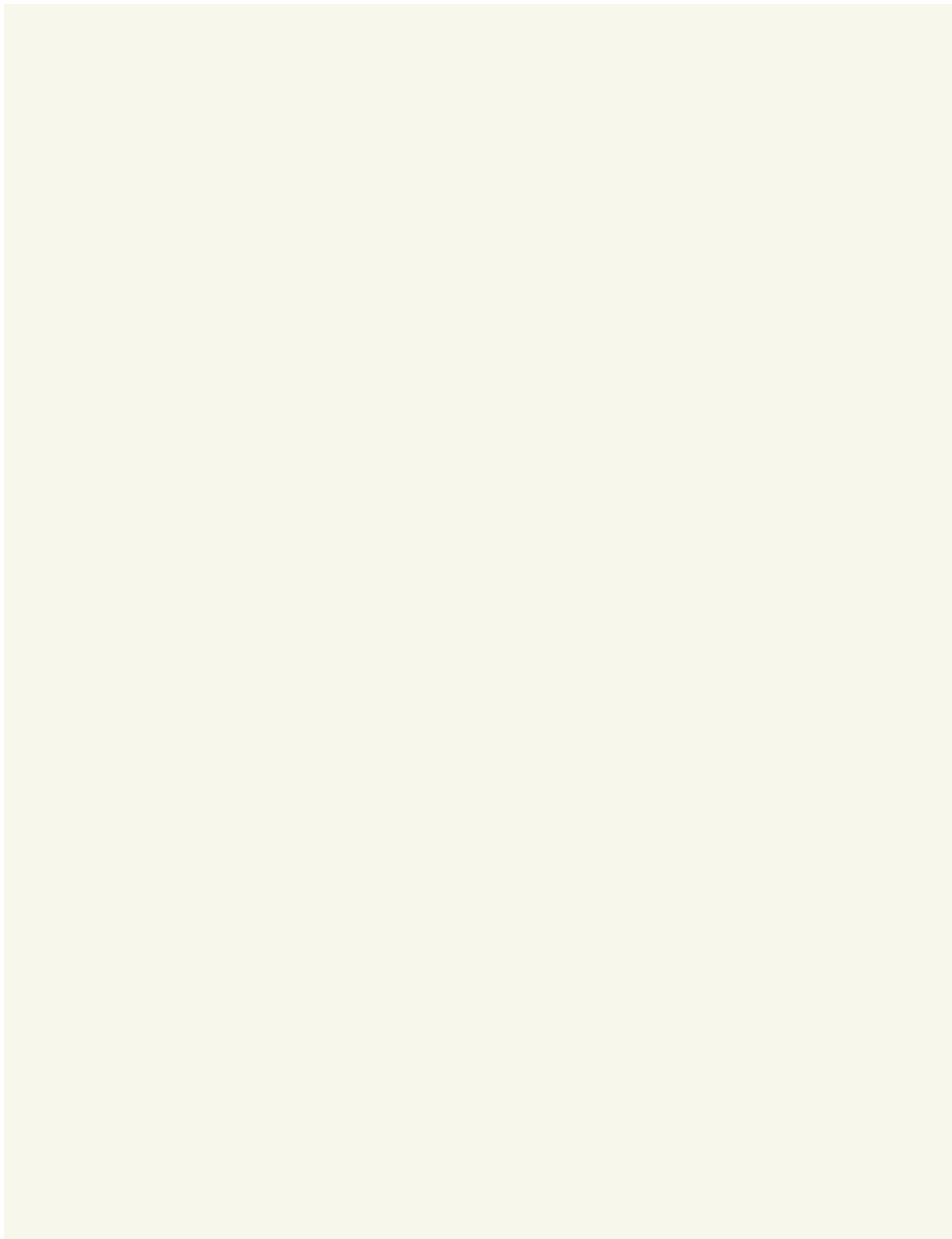
In my opinion the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Department of the Prime Minister and Cabinet as at 30 June 2003 and its financial performance and cash flows for the year then ended.



P.J. Barrett  
Auditor-General

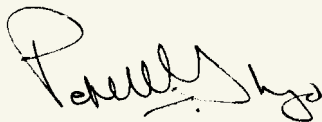
Canberra  
7 August 2003



**The Department of the Prime Minister and Cabinet**  
**STATEMENT BY THE SECRETARY**  
*for the year ended 30 June 2003*

In my opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by Schedule 1 to the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed

A handwritten signature in black ink, appearing to read 'Peter Shergold', with a stylized flourish at the end.

Dr Peter Shergold  
Secretary

7 August 2003



## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

	Notes	2002-03 \$'000	2001-02 \$'000
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>			
Revenues from government	3A	45,253	78,915
Sales of goods and services	3B	1,146	1,421
Interest	3C	220	1,209
Revenue from sales of assets	4E	5	3
Other	3D	729	1,358
<i>Revenues from ordinary activities</i>		<b>47,353</b>	82,906
<b>EXPENSE</b>			
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>			
Employees	4A	29,314	30,617
Suppliers	4B	14,623	36,540
Grants	4C	66	94
Depreciation and amortisation	4D	2,490	1,768
Value of assets sold	4E	32	27
Other	4F	-	8,591
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		<b>46,525</b>	77,637
<b>Borrowing costs expense</b>	4G	95	111
<b>Net surplus / (deficit)</b>		<b>733</b>	5,158
<b>Net surplus attributable to the Commonwealth</b>		<b>733</b>	5,158
Net credit (debit) to asset revaluation reserve		<b>(61)</b>	2,408
<b>Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity</b>			
		<b>(61)</b>	2,408
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>			
		<b>672</b>	7,566

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	Notes	2002-03 \$'000	2001-02 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	6A	1,887	17,308
Receivables	6B	8,840	2,259
<i>Total financial assets</i>		<b>10,727</b>	19,567
<b>Non-financial assets</b>			
Infrastructure, plant and equipment	7A	7,641	7,242
Intangibles	7B	920	1,306
Other	7C	753	476
<i>Total non-financial assets</i>		<b>9,314</b>	9,024
<b>TOTAL ASSETS</b>		<b>20,041</b>	28,591
<b>LIABILITIES</b>			
<b>Interest bearing liabilities</b>			
Leases	8A	667	1,312
<i>Total interest bearing liabilities</i>		<b>667</b>	1,312
<b>Provisions</b>			
Capital use charge	8B	-	672
Employees	8C	10,502	10,551
<i>Total provisions</i>		<b>10,502</b>	11,223
<b>Payables</b>			
Suppliers	8D	2,314	1,752
Unearned revenue	8E	330	-
<i>Total payables</i>		<b>2,644</b>	1,752
<b>TOTAL LIABILITIES</b>		<b>13,813</b>	14,287
<b>NET ASSETS</b>		<b>6,228</b>	14,304
<b>EQUITY</b>			
Contributed equity	9A	-	4,831
Reserves		2,347	2,408
Accumulated surpluses		3,881	7,065
<b>TOTAL EQUITY</b>		<b>6,228</b>	14,304
<b>Current assets</b>		<b>11,480</b>	20,043
<b>Non-current assets</b>		<b>8,561</b>	8,548
<b>Current liabilities</b>		<b>5,854</b>	6,272
<b>Non-current liabilities</b>		<b>7,959</b>	8,015

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

	Notes	2002-03 \$'000	2001-02 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sales of goods and services		1,795	3,303
Appropriations for outputs		44,526	78,408
Interest		299	1,212
Other		1,243	1,174
GST Input Tax Credits from ATO		1,895	4,295
GST Receipts from Customers		369	266
<i>Total cash received</i>		<b>50,127</b>	88,658
<b>Cash used</b>			
Employees		29,009	28,429
Suppliers		14,813	41,740
GST payments to ATO		332	332
GST payments to Suppliers		1,879	4,711
Cash Transferred to OPA		7,475	-
Other		128	10,752
<i>Total cash used</i>		<b>53,636</b>	85,964
<b>Net cash from / (used by) operating activities</b>	5	<b>(3,509)</b>	2,694
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		-	-
Other		-	-
<i>Total cash received</i>		-	-
<b>Cash used</b>			
Purchase of property, plant and equipment		1,931	428
Purchase of intangibles		196	253
<i>Total cash used</i>		<b>2,127</b>	681
<b>Net cash from / (used by) investing activities</b>		<b>(2,127)</b>	(681)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Other		-	-
<i>Total cash received</i>		-	-
<b>Cash used</b>			
Dividends paid		-	5,000
Capital use charge paid		1,420	936
Return of contributed equity		8,000	-
Repayments of debt		365	493
<i>Total cash used</i>		<b>9,785</b>	6,429
<b>Net cash (used by) financing activities</b>		<b>(9,785)</b>	(6,429)
<i>Net increase (decrease) in cash held</i>		<b>(15,421)</b>	(4,416)
Cash at the beginning of the reporting period		17,308	21,724
<i>Cash at the end of the reporting period</i>	6A	<b>1,887</b>	17,308

The above statement should be read in conjunction with the accompanying notes.

## SCHEDULE OF COMMITMENTS

as at 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>By type</b>		
<b>Other commitments</b>		
Operating leases	18,837	23,029
Other commitments	14,476	5,769
<i>Total other commitments</i>	<b>33,313</b>	28,798
<i>Net commitments</i>	<b>33,313</b>	28,798
<b>By maturity</b>		
<i>All net commitments</i>		
One year or less	7,962	7,352
From one to five years	16,532	20,354
Over five years	8,819	1,092
<i>Net commitments</i>	<b>33,313</b>	28,798
<i>Operating lease commitments</i>		
One year or less	4,827	4,479
From one to five years	13,229	17,458
Over five years	782	1,092
<i>Net operating lease commitments</i>	<b>18,838</b>	23,029

NB: Commitments are GST inclusive where relevant.

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	Office accommodation lease payments are subject to periodic increases in accordance with the rent review provisions of the lease. The period of the lease is until 2007.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the department for motor vehicle leases.

The above schedule should be read in conjunction with the accompanying notes.

## SCHEDULE OF CONTINGENCIES

as at 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>Contingent liabilities</b>		
Claims for damages/costs	-	20
<i>Total contingent liabilities</i>	-	20
<b>Net contingent liabilities</b>	-	20

There were no identified contingent losses or gains, including unquantifiable and remote contingencies, for the department for the period ended 30 June 2003.

The above schedule should be read in conjunction with the accompanying notes.

## SCHEDULE OF ADMINISTERED ITEMS

for the year ended 30 June 2003

	Notes	2002-03 \$'000	2001-02 \$'000
<b>Revenues Administered on Behalf of Government</b>			
<b>Non-taxation revenue</b>			
Goods and services	12A	3,190	5,891
Other sources of non-taxation revenues	12B	24	-
<i>Total Revenues Administered on Behalf of Government</i>		<b>3,214</b>	5,891
<b>Expenses Administered on Behalf of Government</b>			
Grants	13A	3,556	14,264
Personal benefits	13B	4,176	943
Employees	13C	840	796
Suppliers	13D	31,624	13,954
Depreciation and amortisation	13E	124	136
Write down and impairment of assets	13F	-	14
<i>Total Expenses Administered on Behalf of Government</i>		<b>40,320</b>	30,107

This schedule should be read in conjunction with the accompanying notes.

## SCHEDULE OF ADMINISTERED ITEMS (continued)

as at 30 June 2003

	Notes	2002-03 \$'000	2001-02 \$'000
<b>Assets Administered on Behalf of Government</b>			
<b>Financial assets</b>			
Cash	14A	85	9,144
Receivables	14B	977	1,924
<i>Total financial assets</i>		<b>1,062</b>	11,068
<b>Non-financial assets</b>			
Land and buildings	14C	32,127	26,446
Infrastructure, plant and equipment	14D	321	572
Inventories	14E	231	231
Other	14F	15	340
<i>Total non-financial assets</i>		<b>32,694</b>	27,589
<i>Total Assets Administered on Behalf of Government</i>		<b>33,756</b>	38,657
<b>Liabilities Administered on Behalf of Government</b>			
<b>Provisions</b>			
Employees	15A	234	259
Personal Benefits	15A	9,600	6,250
		<b>9,834</b>	6,509
<b>Payables</b>			
Suppliers	15B	1,541	2,336
Grants	15B	-	116
		<b>1,541</b>	2,452
<i>Total Liabilities Administered on Behalf of Government</i>		<b>11,375</b>	8,961
<i>Net Assets Administered on Behalf of Government</i>		<b>22,381</b>	29,696
<b>Current liabilities</b>		<b>1,653</b>	2,557
<b>Non-current liabilities</b>		<b>9,722</b>	6,404
<b>Current assets</b>		<b>1,077</b>	11,408
<b>Non-current assets</b>		<b>32,679</b>	27,249

This schedule should be read in conjunction with the accompanying notes.

## SCHEDULE OF ADMINISTERED ITEMS (continued)

for the year ended 30 June 2003

	Notes	2002-03 \$'000	2002-01 \$'000
<b>Administered Cash Flows</b>			
<b>Operating Activities</b>			
<b>Cash received</b>			
Rendering of services		3,703	6,918
Cash from Official Public Account for:			
- Appropriations		32,995	27,727
Other - GST received from ATO		3,104	2,023
- GST received from customers		372	18
<i>Total cash received</i>		<b>40,174</b>	36,686
<b>Cash used</b>			
Employees		864	781
Grants payments		3,575	14,166
Personal benefits		826	443
Suppliers		31,864	14,273
Cash to Official Public Account			
- Appropriations		6,152	602
Other - GST payments to ATO		90	11
- GST payments to suppliers		3,251	2,162
<i>Total cash used</i>		<b>46,622</b>	32,438
<b>Net cash from / (used in) operating activities</b>		<b>(6,448)</b>	4,248
<b>Investing Activities</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment		11	-
<i>Total cash used</i>		<b>11</b>	-
<b>Net cash from / (used in) investing activities</b>		<b>(11)</b>	-
<b>Financing Activities</b>			
<b>Cash Used</b>			
Dividends		-	5,000
Return of equity		2,600	-
<i>Total cash used</i>		<b>2,600</b>	5,000
<b>Net cash from / (used in) financing activities</b>		<b>(2,600)</b>	(5,000)
<i>Net increase (decrease) in cash held</i>		<b>(9,059)</b>	(752)
Cash at the beginning of the reporting period		9,144	9,896
<i>Cash at the end of the reporting period</i>	14A	<b>85</b>	9,144

This schedule should be read in conjunction with the accompanying notes.



## SCHEDULE OF ADMINISTERED ITEMS (continued)

as at 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>Administered Commitments</b>		
<b>By type</b>		
<b>Other commitments</b>		
Operating leases	1,521	1,624
Other	5,386	6,709
<i>Total other commitments</i>	<b>6,907</b>	8,333
<b>Net administered commitments</b>	<b>6,907</b>	8,333
<b>By maturity</b>		
<i>All net commitments</i>		
One year or less	4,455	6,247
From one to five years	1,985	352
Over five years	467	110
<i>Net administered commitments</i>	<b>6,907</b>	6,709
<i>Operating lease commitments</i>		
One year or less	202	180
From one to five years	852	825
Over five years	467	619
<i>Net operating lease commitments</i>	<b>1,521</b>	1,624

NB: All 2002-03 commitments are GST inclusive where relevant.

Operating leases comprise leases of office accommodation for the former Governors-General. Lease payments are subject to periodic increase in accordance with the rent review provisions of the lease.

This schedule should be read in conjunction with the accompanying notes.

## **SCHEDULE OF ADMINISTERED ITEMS (continued)**

*as at 30 June 2003*

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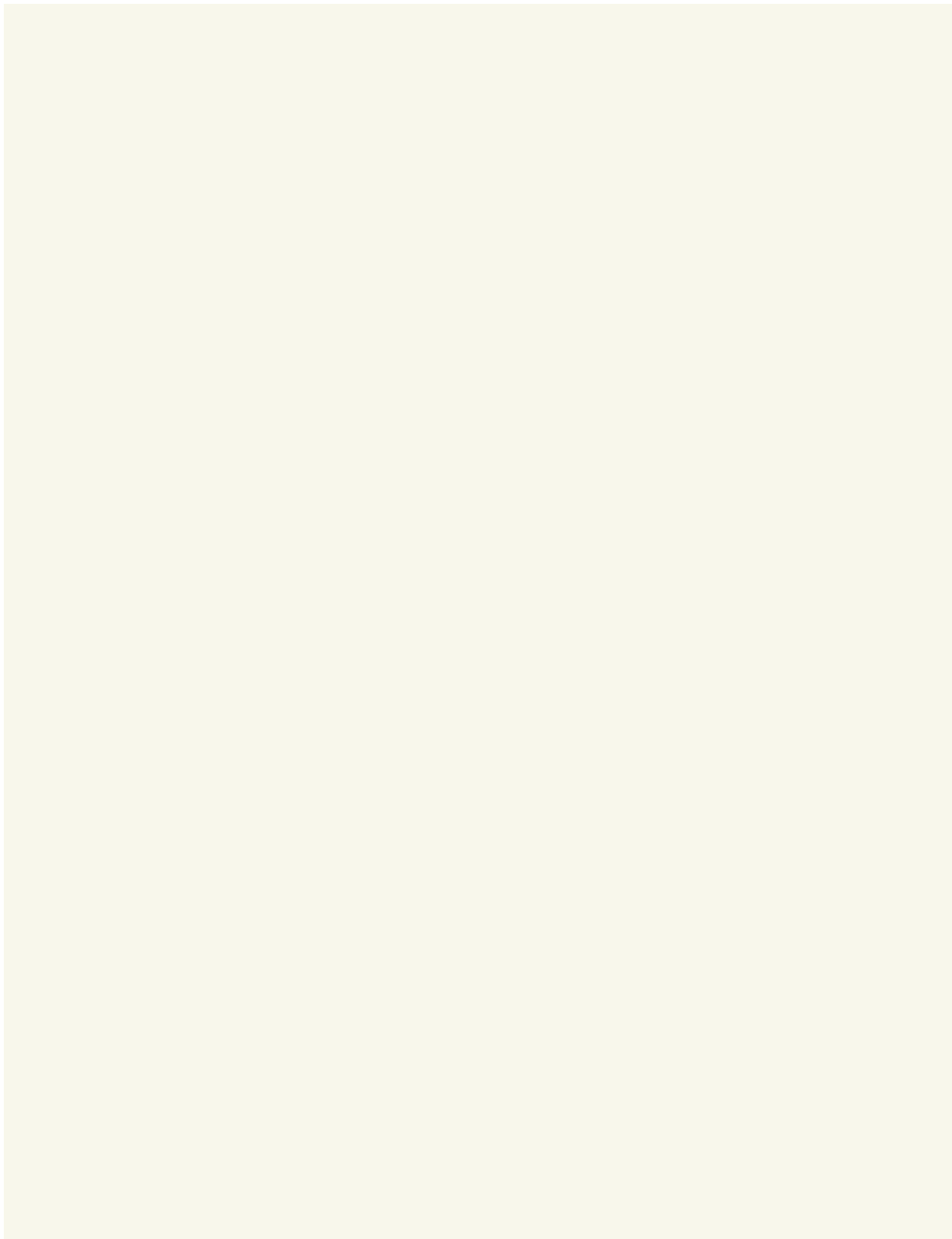
### **Administered Contingencies**

The department is not aware of any Administered liabilities or assets as at signing date which would require disclosure in the Financial Statements.

### **Administered Activities**

The major administered activities of the department are directed towards achieving one outcome as described in Note 1 to the Financial Statements. These administered activities include the administration of the Women's programmes, allowances and support to former Governors-General, the administration of the Prime Minister's Official residences, the payment of a grant to the National Australia Day Council, legal and compensation payments and payments in relation to state occasions and official visits. Administered activities in 2002-03 also included activities relating to the National Security Public Information Campaign. Details of planned activities for the year can be found in the Agency Portfolio Budget Statements for 2002-03 which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.



**Department of the Prime Minister and Cabinet**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2003*

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2003

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### NOTE 1. DEPARTMENTAL OUTCOME

1.1 The department's outcome is *sound and well coordinated government policies, programmes and decision making processes.*

The department's output groups are:

- Output group 1: Economic policy advice and coordination;
- Output group 2: Social policy advice and coordination;
- Output group 3: International policy advice and coordination; and
- Output group 4: Support services for government operations.

Agency activities contributing to these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the department in its own right. Administered activities involve the management and oversight by the department on behalf of the Government of items controlled or incurred by the Government.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) being *the Financial Management and Accountability (Financial Statements 2002-2003) Orders*;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AASB);
- other authoritative pronouncements of the AASB; and
- Consensus Views of the Urgent Issues Group.

The statements have also been prepared having regard to the Explanatory Notes to Schedule 1 of the *Financial Management and Accountability (Financial Statements 2002-2003) Orders*, and Finance Briefs.

The statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost principles except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Liabilities and assets, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2003

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Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of the department in its present form, and with its present outcome, is dependent on government policy and on continuing appropriations by Parliament.

### 2.2 Changes in Accounting Policy

Changes in accounting policy have been identified in this note under their appropriate headings.

### 2.3 Agency and Administered Items

Agency assets, liabilities, revenues and expenses are those that the department controls.

Administered assets, liabilities, revenues and expenses are those which are controlled by the Commonwealth and managed by the department on behalf of the Commonwealth.

The purpose for the distinction between agency and administered items in the financial statements is to enable assessments of efficiency in providing goods and services while at the same time providing accountability for all resources under the responsibility of the department.

The basis of accounting applies to both agency and administered items.

Schedule 1 of the FMOs requires that internal funding flows to and from the Official Public Account (appropriations and fund transfers) are not to be disclosed in the entity's financial statements. This change from 2000-01 acknowledges that the reporting of administered activities managed by the department is inappropriate as they are performed on behalf of the Commonwealth. Therefore the notes to these financial statements do not report any transactions or balances that are internal to the administered entity, except for the disclosure of administered cash flows, which is necessary for completeness.

### 2.4 Official Gifts

Official gifts brought to account in the Financial Statements include official gifts purchased by the department for presentation by the Governor-General, Prime Minister, Ministers or approved parliamentary delegations.

### 2.5 Revenues from Government

Revenues from Government are revenues relating to the core operating activities of the department. These revenues are received as appropriations for the year and are recognised as revenue.

#### *Agency appropriations*

Departmental output appropriations for the year are recognised as revenue.

#### *Resources Received Free of Charge*

Services received free of charge are recognised in the statement of financial performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those services is recognised as an expense.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

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Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

### *Other Revenue*

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

## 2.6 Grants

The department applies a uniform policy for all grants. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

## 2.7 Employee Entitlements

### *Leave*

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2003 and is recognised at the nominal amount.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2003. In determining the present value of the liability, the department has taken into account attrition rates and pay increases through promotion and inflation.

### *Separation*

Provision is made for separation and redundancy payments in circumstances where the department has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

### *Superannuation*

Departmental staff contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and other superannuation schemes held outside the Commonwealth. Employer contributions for 2002-03 were: CSS – \$1,206,154; PSS – \$2,097,806; and other schemes – \$81,082. These contributions include 3% superannuation productivity payments and have been expensed in the financial statements.

No liability is shown for superannuation in the Statement of Financial Position as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

The liability for superannuation for members of the CSS and PSS is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

## **2.8 Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

A finance lease was recognised in relation to information technology equipment in accordance with accounting standard AAS17: *Leases*, for the first time as at 30 June 2001. The lease is non-cancellable and for a fixed term of 3 years and had previously been recognised as an operating lease. The department guarantees the residual values of all leased assets. There are no contingent rentals.

Assets acquired by means of finance lease are capitalised at the present value of minimum lease payments, and a liability is recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of 'free' leasehold improvements and rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

## **2.9 Borrowing Costs**

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised.

## **2.10 Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

## **2.11 Financial Instruments**

Accounting policies for financial instruments are stated at note 11.

## **2.12 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.



## **2.13 Non-current assets**

### *Property, plant and equipment*

#### *Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### *Revaluations*

##### *Basis*

Land, buildings, plant and equipment are carried at valuation. All departmental and administered assets are revalued as at 1 July 2002 on a fair value basis. Assets were previously valued using the deprival basis by an independent valuer. This change in accounting policy is required by FMO 3C and is required by Australian Accounting Standard AASB 1041, Revaluation of Non-Current Assets. In 2002-03 the revaluations were conducted by the Australian Valuation Office.

The financial effect for 2002-03 of this change in policy relates to those assets recognised at fair value at 1 July 2002. The financial effect is given by the difference between the carrying amount at 30 June 2002 and the fair values of the assets as at 1 July 2002. The impact on departmental infrastructure, plant and equipment on revaluation was a decrement to the asset revaluation reserve of \$61,420. For administered assets the impact on the asset revaluation reserve was an increment of \$5,500,000 for land, an increment of \$250,167 for buildings and a decrement of \$207,038 for plant and equipment.

Accounting standard AAS6 Accounting Policies requires, where practicable, presentation of the information that would have been disclosed in the 2001-02 financial statements had the new accounting policy always been applied. It is impracticable to present this information.

##### *Frequency*

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported at cost for the duration of the progressive revaluation. The department will undertake a revaluation of its assets in accordance with the requirements of the FMOs.

##### *Conduct*

All revaluations are conducted by an independent qualified valuer.

#### *Depreciation and Amortisation of Non-Current Assets*

Land, being an asset with an unlimited useful life, is not depreciated.

Buildings, infrastructure, plant and equipment are depreciated over their useful life using the straight line method.

The cost (or other value) of leasehold improvements is amortised on a straight line basis over the estimated useful life of the improvement or the unexpired period of the lease, whichever is the shorter.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods,

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

as appropriate. Residual values are re-estimated for a change in price only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	2002-03	2001-02
<b>Administered assets</b>		
Buildings on freehold land	150 years	150 years
Plant and equipment	4 to 50 years	4 to 50 years
<b>Departmental assets</b>		
Leasehold improvements	Lease term	Lease term
Plant and equipment	4 to 10 years	4 to 10 years

## 2.14 Intangibles

### *Asset recognition threshold*

Purchases of intangibles are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

	2002-03	2001-02
Intangibles	4 to 5 years	4 to 5 years

### *Revaluations*

Intangible assets comprise externally acquired software. The assets were revalued in accordance with Schedule 1 of the FMOs. All valuations are independent.

Assets acquired after the commencement of the progressive revaluation cycle will be reported at cost for the duration of the progressive revaluation.

### *Recoverable amount test*

From 1 July 2002 the application of the recoverable amount test to the assets of the department is no longer required when the primary purpose of the asset is not the generation of revenue. No assets have been written down the recoverable amount in accordance with AAS10. Accordingly, the change in policy has had no financial impact.

## 2.15 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined as the purchase price of such inventory items, and no threshold for recognition is applied.

## 2.16 Former Governors-General allowances

The department has administrative responsibility for the payment of former Governors-General allowances. The revised actuarial assessment of the liability in relation to these allowances was made as at 30 June 2003.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

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### 2.17 Transactions with the Government as owner

From 1 July 2001, appropriations designated as 'Capital – equity injections' are recognised directly in contributed equity to the extent that the appropriation is not dependent on future events, as at 1 July, and to the extent that it is dependent on specified future events requiring future performance as it is drawn down. Previously all equity injections were recognised as contributed equity on drawdown.

Net assets received under a restructuring of administrative arrangements are designated by the Finance Minister as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

### 2.18 Capital User Charge

A capital usage charge of 11 per cent (2001-02: 11 per cent) is imposed by the Commonwealth on the net departmental assets of the agency. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year. The charge is accounted for as a dividend to government.

In accordance with the recommendations of a review of the Budget Estimates and Framework, the Government has decided that the charge will not operate after 30 June 2003.

### 2.19 Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2002-03, by agreement with the Department of Finance and Administration, the department returned output appropriation funding of \$8,000,000 to the Official Public Account.

### 2.20 Foreign Currency

Transactions denominated in foreign currencies are converted at the exchange rate at the date of the transaction. Associated currency gains and losses are not material.

### 2.21 Taxation

The department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

Revenues and expenses are recognised net of the amount of GST, except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- receivables and payables.

### 2.22 Insurance

The department is insured for risks with Comcover, the Commonwealth's insurable risk managed fund. Workers compensation is insured with Comcare.

### **2.23 Reporting of Administered Activities**

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items.

Administered appropriations received or receivable from the Official Public Account are not reported as administered revenues or assets respectively. Similarly, administered receipts transferred or transferable to the Official Public Account are not reported as administered expenses or payables. These transactions or balances are internal to the administered entity. These transfers of cash are reported as administered cash flows and in the administered reconciliation table in Note 16. Accounting policies which are relevant to administered activities only are disclosed below.

#### *Revenues*

All administered revenues are revenues relating to the core operating activities performed by the department on behalf of the Commonwealth.

#### *Grants*

The department administers a number of grants on behalf of the Commonwealth.

### **2.24 Comparatives**

Comparative figures have been adjusted to conform with changes in presentation in these financial statements where practicable.

### **2.25 Rounding**

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriations.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 3. OPERATING REVENUES</b>		
The amount and particulars of the following classes of revenues were included in the aggregate amounts shown in the Statement of Financial Performance.		
<b>Note 3A – Revenues from government</b>		
Appropriations for outputs	44,526	78,408
Resources received free of charge	727	507
<i>Total revenues from government</i>	<b>45,253</b>	<b>78,915</b>
<b>Note 3B – Sales of goods and services</b>		
Services	1,146	1,421
<i>Total sale of goods and services</i>	<b>1,146</b>	<b>1,421</b>
Rendering of services to:		
Related entities	1,081	1,370
External entities	65	51
<i>Total rendering of services</i>	<b>1,146</b>	<b>1,421</b>
<b>Note 3C – Interest revenue</b>		
<i>Interest on deposits</i>	220	1,209
<b>Note 3D – Other operating revenues</b>		
Revenue from Commonwealth agencies	729	1,358
<i>Total other operating revenues</i>	<b>729</b>	<b>1,358</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 4. OPERATING EXPENSES</b>		
The amount and particulars of the following classes of expenditure were included in the aggregate amounts shown in the Statement of Financial Performance.		
<b>Note 4A – Employee expenses</b>		
Wages and Salaries	22,026	23,435
Superannuation	3,426	3,410
Leave and other entitlements	2,933	3,316
Separations and redundancies	513	198
Workers compensation premium	131	44
Other	285	214
<i>Total employee expenses</i>	<b>29,314</b>	<b>30,617</b>
<b>Note 4B – Supplier expenses</b>		
Goods and Services from related entities	1,044	3,264
Goods and Services from external entities	9,397	29,373
Operating lease rentals	4,182	3,903
<i>Total supplier expenses</i>	<b>14,623</b>	<b>36,540</b>
<b>Note 4C – Grants</b>		
Grants to non-profit institutions	66	94
<i>Total grants expenses</i>	<b>66</b>	<b>94</b>
<b>Note 4D – Depreciation and amortisation</b>		
<i>Depreciation</i>		
Other infrastructure, plant and equipment	1,240	860
	<b>1,240</b>	<b>860</b>
<i>Amortisation</i>		
Assets held under finance leases	681	443
Intangibles – software	569	465
	<b>1,250</b>	<b>908</b>
<i>Total depreciation and amortisation</i>	<b>2,490</b>	<b>1,768</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>Note 4E – Net loss from asset sales</b>		
<b>Infrastructure, plant and equipment:</b>		
Proceeds from disposal	5	3
Net book value of assets disposed	24	27
Write-offs	8	
<b>Net (loss) from disposal of infrastructure,</b>	<b>(27)</b>	<b>(24)</b>
<b>Plant and equipment</b>		
TOTAL proceeds from disposals	5	3
TOTAL value of assets disposed	(32)	(27)
<i>Net loss from disposal of assets</i>	<b>(27)</b>	<b>(24)</b>
<b>Note 4F – Other costs of providing goods and services</b>		
Purchase of services from other government bodies	-	8,591
<i>Total other costs of providing goods and services</i>	-	8,591
<b>Note 4G – Borrowing costs expense</b>		
Leases	95	111
<i>Total borrowing costs expense</i>	<b>95</b>	<b>111</b>

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 5. CASH FLOW RECONCILIATION</b>		
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	1,887	17,308
Statement of Financial Position items comprising above cash:		
'Financial Asset - Cash'	1,887	17,308
Reconciliation of net surplus to net cash provided by operating activities		
Net operating surplus	733	5,158
Depreciation of infrastructure, plant and equipment	1,809	1,325
Amortisation of lease incentive	681	443
Net loss (gain) on sale of infrastructure, plant and equipment	27	24
Borrowing costs	-	111
Change in operating assets and liabilities		
(Increase)/decrease in net receivables	(6,581)	15
(Increase)/decrease in other assets	(277)	318
Increase/(decrease) in suppliers payable	(182)	(6,228)
Increase/(decrease) in employee provisions	(49)	1,528
Increase/(decrease) in other liabilities	330	-
<i>Net cash from/(used by) operating activities</i>	<b>(3,509)</b>	2,694



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 6. FINANCIAL ASSETS</b>		
<b>Note 6A – Cash</b>		
Cash held in special accounts	(3)	690
Cash in short term investments	-	14,570
Cash on hand and at bank	1,890	2,048
<b>Total cash</b>	<b>1,887</b>	<b>17,308</b>
<b>Note 6B – Receivables</b>		
Receivable - Cash held in the OPA	7,475	-
GST receivable	250	248
	<b>7,725</b>	<b>248</b>
Accrued revenue – special account	-	270
Accrued revenue – departmental	15	39
Accrued revenue – interest	-	79
	<b>15</b>	<b>388</b>
Goods and services	997	1,605
Special account	108	23
Less provision for doubtful debts	(5)	(5)
<b>Net receivables for goods and services</b>	<b>1,100</b>	<b>1,623</b>
<b>Total receivables (net)</b>	<b>8,840</b>	<b>2,259</b>
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	7,741	1,112
Overdue by:		
less than 30 days	704	500
30 to 60 days	84	4
60 to 90 days	-	-
more than 90 days	316	648
<b>Total receivables (gross)</b>	<b>8,845</b>	<b>2,264</b>
The provision for doubtful debts is aged as follows:		
Not overdue	(5)	(5)
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	-	-
<b>Total provision for doubtful debt</b>	<b>(5)</b>	<b>(5)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 7. NON-FINANCIAL ASSETS</b>		
<b>Note 7A – Infrastructure, plant and equipment</b>		
At cost	2,408	308
Accumulated depreciation	(156)	(2)
	<b>2,252</b>	<b>306</b>
Equipment under finance lease – at cost	1,805	1,806
Accumulated amortisation	(1,124)	(443)
	<b>681</b>	<b>1,363</b>
Infrastructure, plant and equipment – at 2002-03 valuation (fair value)	10,348	-
Accumulated depreciation	(5,640)	-
	<b>4,708</b>	
Infrastructure, plant and equipment – at valuation 2001-02 (deprival)	-	7,459
Accumulated depreciation	-	(1,886)
	-	5,573
<i>Total infrastructure, plant and equipment</i>	<b>7,641</b>	<b>7,242</b>
<b>Note 7B – Intangibles</b>		
Software – at cost	2,969	187
Accumulated amortisation	(2,049)	-
	<b>920</b>	<b>187</b>
Software – at valuation 2001-02 (deprival)	-	2,606
Accumulated amortisation	-	(1,487)
	-	1,119
<i>Total intangibles</i>	<b>920</b>	<b>1,306</b>
<b>Note 7C – Other</b>		
Prepayments paid	753	476
<i>Total other</i>	<b>753</b>	<b>476</b>

<sup>1</sup> Asset valuations were performed by Australian Valuation Office

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 7D – ANALYSIS OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

**TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles**

	Infrastructure plant and equipment	Computer Software	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2002</b>			
Gross book value	9,571	2,794	12,365
Accumulated depreciation/amortisation	(2,329)	(1,488)	(3,817)
<i>Net book value</i>	<b>7,242</b>	<b>1,306</b>	<b>8,548</b>
Additions:			
by purchase	2,408	189	2,596
Net Revaluation increment/(decrement)	(61)		(61)
Depreciation Amortisation Expense	(1,921)	(569)	(2,490)
Disposals			
Other disposals	(26)	(6)	(32)
<b>As at 30 June 2003</b>			
Gross book value	14,560	2,969	17,529
Accumulated depreciation/amortisation	(6,919)	(2,049)	(8,968)
<i>Net book value</i>	<b>7,641</b>	<b>920</b>	<b>8,561</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 7D – ANALYSIS OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES (cont.)

<b>TABLE B – Assets at valuation</b>	<b>Infrastructure plant and equipment</b>	<b>Intangibles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at 30 June 2003</b>			
Gross book value	10,348	-	10,348
Accumulated depreciation/amortisation	(5,640)	-	(5,640)
<i>Net book value</i>	<b>4,708</b>	-	<b>4,708</b>
<b>As at 30 June 2002</b>			
Gross book value	7,459	2,606	10,065
Accumulated depreciation/amortisation	(1,886)	(1,487)	(3,373)
<i>Net book value</i>	<b>5,573</b>	<b>1,119</b>	<b>6,692</b>

<b>TABLE C – Assets held under finance lease</b>	<b>Infrastructure plant and equipment</b>	<b>Intangibles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at 30 June 2003</b>			
Gross book value	1,806	-	1,806
Accumulated depreciation/amortisation	(1,124)	-	(1,124)
<i>Net book value</i>	<b>682</b>	-	<b>682</b>
<b>As at 30 June 2002</b>			
Gross book value	1,806	-	1,806
Accumulated depreciation/amortisation	(443)	-	(443)
<i>Net book value</i>	<b>1,363</b>	-	<b>1,363</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 8. LIABILITIES</b>		
<b>Note 8A – Leases</b>		
Finance lease commitments		
Within one year	731	715
In one to five years	-	731
In more than five years	-	-
<b>Minimum lease payments</b>	<b>731</b>	<b>1,446</b>
<b>Deduct: future finance charges</b>	<b>(64)</b>	<b>(134)</b>
<i>Net Lease liability</i>	<b>667</b>	<b>1,312</b>
Finance lease liability is represented by:		
Current	647	619
Non-current	20	693
<i>Net Lease liability</i>	<b>667</b>	<b>1,312</b>
<b>Note 8B – Capital Use Charge</b>		
Return of capital	-	672
<i>Total</i>	<b>-</b>	<b>672</b>
Balance owing 1 July	672	307
Capital Use Charge provided for during the period	748	1,301
Capital Use Charge paid	(1,420)	(936)
Balance owing 30 June	-	672
The capital use charge provision is a current liability		
<b>Note 8C – Employees</b>		
Salaries and wages	-	694
Leave	10,502	9,857
<i>Aggregate employee benefit liability and related on-costs</i>	<b>10,502</b>	<b>10,551</b>
Current	3,210	3,230
Non-current	7,292	7,321
	<b>10,502</b>	<b>10,551</b>
<b>Note 8D – Suppliers</b>		
Trade creditors	2,314	1,752
<i>Total suppliers payable</i>	<b>2,314</b>	<b>1,752</b>
<b>Note 8E – Other</b>		
Unearned revenue	330	-
<i>Total other payables</i>	<b>330</b>	<b>-</b>

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 9. EQUITY**

**Note 9A – Agency Equity**

Item	Accumulated results		Asset revaluation reserves		Capital		Total Equity	
	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000
Opening balance at 1 July	7,065	7,208	2,408	-	4,831	4,831	14,304	12,039
Net Surplus	733	5,158	-	-	-	-	733	5,158
Net revaluation increment/(decrement)	-	-	(61)	2,408	-	-	(61)	2,408
<b>Transactions with owner:</b>								
<i>Distributions to owner:</i>								
Returns on Capital	-	(4,000)	-	-	-	-	-	(4,000)
Dividends	(748)	(1,301)	-	-	-	-	(748)	(1,301)
Capital Use Charge	-	-	-	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-	-	-
Restructuring	(3,169)	-	-	-	(4,831)	-	(8,000)	-
Returns of contributed equity	-	-	-	-	-	-	-	-
<i>Contributions by Owner</i>	-	-	-	-	-	-	-	-
Appropriations (equity injections)	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-
Transfers to/(from)/between reserves	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2003</b>	<b>3,881</b>	<b>7,065</b>	<b>2,347</b>	<b>2,408</b>	<b>-</b>	<b>4,831</b>	<b>6,228</b>	<b>14,304</b>
<i>Less: Outside equity interest</i>	-	-	-	-	-	-	-	-
<b>Total equity attributable to the Commonwealth</b>	<b>3,881</b>	<b>7,065</b>	<b>2,347</b>	<b>2,408</b>	<b>-</b>	<b>4,831</b>	<b>6,228</b>	<b>14,304</b>

## Notes to and forming part of the Financial Statements

for the period ended 30 June 2003

### NOTE 10. EXECUTIVE REMUNERATION

	2002-03 Number	2001-02 Number
The number of executive officers who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 to \$110,000	1	1
\$110,001 to \$120,000	3	4
\$120,001 to \$130,000	2	4
\$130,001 to \$140,000	5	9
\$140,001 to \$150,000	5	2
\$150,001 to \$160,000	4	3
\$160,001 to \$170,000	2	4
\$170,001 to \$180,000	2	-
\$180,001 to \$190,000	-	1
\$190,001 to \$200,000	1	1
\$200,001 to \$210,000	3	-
\$210,001 to \$220,000	1	1
\$240,001 to \$250,000	2	-
\$340,001 to \$350,000	-	1
	<b>31</b>	<b>31</b>
This comprised:		
The aggregate amount of total remuneration of executive officers shown above.	\$4,468,666	\$4,637,765
Total remuneration includes:		
<ul style="list-style-type: none"> <li>The aggregate amount of separation and redundancy payments during the year to executive officers shown above.</li> </ul>	-	-

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 11. FINANCIAL INSTRUMENTS**

Note: All financial instruments are recognised in the financial statements and the carrying amount of each instrument equals its net fair value.

**Part 1 – Terms, conditions and accounting policies**

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including the significant terms and conditions affecting the amount, timing and certainty of cash flows)
<b>Financial assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6	Cash at bank is recognised at its nominal amount. Interest is credited to revenue as it accrues.	Monies in the department's bank accounts are swept into the Official Public Account nightly and interest is earned on a daily balance at rates based on money market call rates. Interest is paid quarterly.
Receivables for goods and services	6	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less likely rather than more likely.	Settlement is net 14 days or less.
Accrued revenue	6	Interest is credited to revenue as it accrues.	Interest is due on the last day of each quarter.
<b>Financial liabilities</b>		Financial liabilities are recognised when a present obligation to an external party occurs and is reliably measurable.	
Finance lease liabilities	8	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the department had a finance lease with a maximum term of one year. The interest rate implicit in the leases averaged 5.95%. The lease assets secure the lease liabilities.
Trade creditors	8	Creditors and accruals are recognised at their nominal amounts, which are the amounts at which the liabilities will be settled. They are recognised to the extent that the related goods or services have been received, or to the extent an obligation arises from a legally binding contract	Settlement is net 28 days or less.



Notes to and forming part of the Financial Statements  
for the period ended 30 June 2003

**NOTE 11. FINANCIAL INSTRUMENTS (continued)**

**Part 2 - Interest rate risk**

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted average effective interest rate
		2002-03 \$'000		1 year or less		1 to 2 years		2 to 5 years		2001-02 \$'000		2001-02 \$'000		
		2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000		
<b>Financial assets</b>														
Cash at bank	6A	1,882	2,734	-	14,570	-	-	-	-	5	4	1,887	17,308	4.7%
Receivables for goods and services (gross)	6B	-	-	-	-	-	-	-	-	8,840	2,259	8,840	2,259	n/a
<b>Total financial assets (recognised)</b>		<b>1,882</b>	<b>2,734</b>	<b>-</b>	<b>14,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,845</b>	<b>2,263</b>	<b>10,727</b>	<b>19,567</b>	
<b>Total assets</b>												<b>20,041</b>	<b>28,591</b>	

**Financial liabilities**

Finance lease liability	8A	-	-	731	715	-	731	-	-	-	-	731	1,446	5.95%
Capital Use Charge		-	-	-	-	-	-	-	-	-	672	-	672	n/a
Trade creditors	8C	-	-	-	-	-	-	-	-	2,314	1,752	2,314	1,752	n/a
<b>Total financial liabilities (recognised)</b>		<b>-</b>	<b>-</b>	<b>731</b>	<b>715</b>	<b>-</b>	<b>731</b>	<b>-</b>	<b>-</b>	<b>2,314</b>	<b>2,424</b>	<b>3,045</b>	<b>3,870</b>	
<b>Total liabilities</b>												<b>13,813</b>	<b>14,287</b>	

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 11. FINANCIAL INSTRUMENTS (continued)

#### Part 3 – Net fair values of financial assets and liabilities

Assets and Liability Carrying Amounts	2002–03		2001–02	
	Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Cash at bank	1,887	1,887	17,308	17,308
Receivables	1,365	1,365	2,259	2,259
Receivable - Cash held in the OPA	7,475	7,475	-	-
<b>Total Financial Assets</b>	<b>10,727</b>	<b>10,727</b>	<b>19,567</b>	<b>19,567</b>
<b>Financial Liabilities</b>				
Finance lease liabilities	667	667	1,312	1,312
Capital use charge	-	-	672	672
Trade creditors	2,314	2,313	1,752	1,752
<b>Total Financial Liabilities</b>	<b>2,981</b>	<b>2,980</b>	<b>3,736</b>	<b>3,736</b>

#### *Financial assets*

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

#### *Financial liabilities*

The net fair values of the finance lease are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. The net fair values for trade creditors are approximated by their carrying amounts.

#### Part 4 – Credit risk

The maximum exposure to credit risk as at reporting date in relation to each class of financial assets is the carrying amount of the assets as indicated in the Statement of Financial Position. There are no significant exposures to any concentration of credit risk. No collateral or other security is held in relation to any financial asset.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 12. REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>		
<b>Note 12A - Goods and services</b>		
Rendering of services - external entities	3,190	5,891
<i>Total goods and services</i>	<b>3,190</b>	<b>5,891</b>
<b>Note 12B - Other revenue</b>		
Other	24	-
<i>Total other revenue</i>	<b>24</b>	<b>-</b>
<b>Total Revenues Administered on Behalf of Government</b>	<b>3,214</b>	<b>5,891</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 13. EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>		
<b>Note 13A - Grants</b>		
State and territory governments	-	10,009
Private sector - Non-profit institutions	3,556	3,687
Related entities - Other sectors in the Commonwealth	-	568
<i>Total grants</i>	<b>3,556</b>	<b>14,264</b>
<b>Note 13B - Personal benefits</b>		
Direct - former Governors-General	4,176	943
<i>Total personal benefits</i>	<b>4,176</b>	<b>943</b>
<b>Note 13C - Employees</b>		
Wages and salaries	609	593
Superannuation	91	81
Leave and other entitlements	140	122
<i>Total employees</i>	<b>840</b>	<b>796</b>
<b>Note 13D - Suppliers</b>		
Provision of services - external entities	31,422	13,797
Operating lease rentals	202	157
<i>Total suppliers</i>	<b>31,624</b>	<b>13,954</b>
<b>Note 13E - Depreciation and amortisation</b>		
Other infrastructure, plant and equipment	55	71
Buildings	69	65
<i>Total depreciation and amortisation</i>	<b>124</b>	<b>136</b>
<b>Note 13F - Write-down and impairment of assets</b>		
Non financial assets		
- Infrastructure, plant and equipment	-	14
<i>Total write down and impairment of assets</i>	-	14
<b>Total Expenses Administered on Behalf of Government</b>	<b>40,320</b>	<b>30,107</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 14. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>		
<b>Financial Assets</b>		
<b>Note 14A - Cash</b>		
Special Account	94	7,314
Agency	(9)	1,830
<i>Total cash</i>	<b>85</b>	<b>9,144</b>
<b>Note 14B - Receivables</b>		
GST receivables from ATO	156	417
	156	417
Accrued revenue	655	1,040
Goods and services	166	467
Less provision for doubtful debts	-	-
Net receivables for goods and services	166	467
<i>Total receivables (net)</i>	<b>977</b>	<b>1,924</b>
Receivables (gross) are aged as follows:		
Not overdue	811	1,918
Overdue by:		
less than 30 days	166	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	-	6

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 14. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT (continued)</b>		
<b>Non-financial Assets</b>		
<b>Note 14C - Land and buildings</b>		
Land - at valuation 2002-2003 (fair value) <sup>1</sup>	28,000	-
Land - at valuation 1999-2000 (deprival)	-	22,500
Buildings - at valuation 2002-2003 (fair value) <sup>1</sup>	6,719	-
Accumulated depreciation	(2,592)	-
	4,127	-
Buildings - at valuation 1999-2000 (deprival)	-	6,166
Accumulated depreciation	-	(2,220)
	-	3,946
<i>Total land and buildings</i>	<b>32,127</b>	<b>26,446</b>
<b>Note 14D - Infrastructure, plant and equipment</b>		
Infrastructure, plant and equipment - at cost	11	199
Accumulated depreciation	-	(50)
	11	149
Infrastructure, plant and equipment - at valuation 2002-2003 (fair value) <sup>1</sup>	939	-
Accumulated depreciation	(629)	-
	310	-
Infrastructure, plant and equipment - at valuation 1999-2000 (deprival)	-	690
Accumulated depreciation	-	(267)
	-	423
<i>Total infrastructure, plant and equipment</i>	<b>321</b>	<b>572</b>
<b>Note 14E - Inventories</b>		
Inventories not held for sale	231	231
<i>Total inventories</i>	<b>231</b>	<b>231</b>
<b>Note 14F - Prepayments</b>		
Prepayments paid	15	340
<i>Total prepayments</i>	<b>15</b>	<b>340</b>
<b>Total Assets Administered on Behalf of Government</b>	<b>33,756</b>	<b>38,657</b>

<sup>1</sup> Asset revaluations were performed by the Australian Valuation Office.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 14G – ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT (continued)

**TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles**

	Land	Buildings	Infrastructure plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2002</b>				
Gross book value	22,500	6,166	889	29,555
Accumulated depreciation/ amortisation	-	(2,220)	(317)	(2,537)
<i>Net book value</i>	22,500	3,946	572	27,018
Additions:				
by purchase	-	-	11	11
Net Revaluation increment/(decrement)	5,500	250	(207)	5,543
Depreciation Amortisation Expense	-	(69)	(55)	(124)
Disposals				
Other disposals	-	-	-	-
<b>As at 30 June 2003</b>				
Gross book value	28,000	6,719	950	35,669
Accumulated depreciation/amortisation	-	(2,592)	(629)	(3,221)
<i>Net book value</i>	28,000	4,127	321	32,448

**TABLE B – Assets at valuation**

	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2003</b>				
Gross book value	28,000	6,719	939	35,658
Accumulated depreciation/amortisation	-	(2,592)	(629)	(3,221)
<i>Net book value</i>	28,000	4,127	310	32,437
<b>As at 30 June 2002</b>				
Gross book value	22,500	6,166	690	29,356
Accumulated depreciation/amortisation	-	(2,220)	(267)	(2,487)
<i>Net book value</i>	22,500	3,946	423	26,869

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 15. LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>		
<b>Note 15A - Provisions</b>		
Salaries and wages	23	19
Employees leave and other entitlements	211	240
Personal benefits - former Governors-General allowances	9,600	6,250
<i>Total provisions</i>	<b>9,834</b>	<b>6,509</b>
<b>Note 15B - Payables</b>		
Suppliers - Trade creditors	1,541	2,336
Grants		
Private Sector - Non-profit institutions	-	116
<i>Total payables</i>	<b>1,541</b>	<b>2,452</b>
<b>Total Liabilities Administered on Behalf of Government</b>	<b>11,375</b>	<b>8,961</b>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

	2002-03 \$'000	2001-02 \$'000
<b>NOTE 16. ADMINISTERED RECONCILIATION TABLE</b>		
<i>Opening administered assets less administered liabilities at 1 July</i>	29,285	26,967
<i>Plus: Administered revenues</i>	3,214	5,891
<i>Less: Administered expenses</i>	(40,320)	(30,107)
Administered transfers to/from Government:		
Appropriation Transfers from OPA	32,995	26,534
Transfers to OPA	(8,335)	-
Administered revaluations taken to/from reserves	5,543	-
<i>Closing administered assets less administered liabilities as at 30 June 2003</i>	<b>22,381</b>	29,285

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2003

**NOTE 17. ADMINISTERED FINANCIAL INSTRUMENTS**

Note: All financial instruments are recognised in the financial statements and the carrying amounts of each instrument equals its net fair value.

**Part 1 – Terms, conditions and accounting policies**

Financial Instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	14A	Cash at bank is recognised at its nominal amount. Interest is credited to revenue as it accrues.	Moneys in the department's bank accounts are swept into the Official Public Account nightly and interest is earned on a daily balance at rates based on money market call rates. Interest is paid quarterly.
Receivables for goods and services	14B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less likely rather than more likely.	Settlement is net 14 days or less.
Accrued revenue	14B	Interest is credited to revenue as it accrues. Interest is payable quarterly.	Interest is due on the last day of each quarter.
Financial Liabilities		Financial liabilities are recognised when a present obligation to an external party occurs and is reliably measurable.	
Trade creditors	15B	Creditors and accruals are recognised at their nominal amounts which are the amounts at which the liabilities will be settled. They are recognised to the extent that the related goods or services have been received, or to the extent an obligation arises from a legally binding contract.	Settlement is net 28 days or less.

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2003

**NOTE 17. ADMINISTERED FINANCIAL INSTRUMENTS (continued)**

**Part 2 – Interest Rate Risk: Administered**

Financial instrument	Notes	Floating interest rate		Fixed interest rate 1 year or less		Non-interest bearing		Total	Weighted average effective interest rate
		2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000	2002-03 \$'000	2001-02 \$'000		
<b>Financial Assets</b>									
Cash at Bank	14A	-	-	-	-	85	9,144	85	9,144
Receivables for goods and services	14B	-	-	-	-	977	1,924	977	1,924
<b>Total financial assets (recognised)</b>						<b>1,062</b>	<b>11,068</b>	<b>1,062</b>	<b>11,068</b>
<i>Total assets</i>								<b>33,756</b>	<b>38,657</b>
<b>Financial Liabilities</b>									
Trade creditors	15B	-	-	-	-	1,541	2,336	1,541	2,336
<b>Total financial liabilities</b>						<b>1,541</b>	<b>2,336</b>	<b>1,541</b>	<b>2,336</b>
<i>Total liabilities</i>								<b>11,375</b>	<b>8,961</b>

**Part 3 – Net fair values of Financial Assets and Liabilities**

*Financial Assets*

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

*Financial Liabilities*

The net fair values for trade creditors are approximated by their carrying amounts

**Part 4 – Credit risk**

The maximum exposure to credit risk as at reporting date in relation to each class of financial assets is the carrying amount of the assets as indicated in the statement of Assets and Liabilities. There are no significant exposures to any concentration of credit risk. No collateral or other security is held in relation to any financial asset.

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2003

**NOTE 18. CASH BASIS ACQUITTAL OF APPROPRIATIONS FROM ACTS 1 AND 3**

<i>Particulars</i>	Administered expenses (Outcome 1)	Departmental Outputs	Total
<b>Year ended 30 June 2003</b>	\$	\$	\$
Balance carried from previous year	1,449,905	13,762,691	15,212,596
Appropriations for reporting period (Act 1)	25,830,000	44,526,000	70,356,000
Amounts from the Advance to the Finance Minister	6,764,000	-	6,764,000
GST Credits (FMA s30A)	3,103,581	2,140,267	5,243,848
Annotations to 'net appropriations' (FMA s31)	-	2,403,124	2,403,124
Other annotations	14,581	411,294	425,875
Transfers to/from other agencies (FMA s32)	-	-	-
Administered expenses lapsed under determination	(71,953)	-	(71,953)
Available for payments	37,090,114	63,243,376	100,333,490
Payments made	37,090,114	55,354,513	92,444,627
Appropriations credited to Special Accounts	-	-	-
<b>Balance carried to next year</b>	<b>-</b>	<b>7,888,863</b>	<b>7,888,863</b>
<i>Represented by:</i>			
Cash	(9,057)	1,889,930	1,880,873
Add: Appropriations receivable	-	5,860,000	5,860,000
Add: Receivables - Goods and Services - GST from customers	15,054	91,612	106,667
Add: Return of contributed equity	-	-	-
Less: Other payables - Net GST payable to the ATO	(155,713)	(257,636)	(413,349)
Less: Payable - Suppliers - GST portion	140,062	210,315	350,377
Add: Savings in Portfolio Additional Estimates Statement	-	-	-
<b>Total</b>	<b>21,648</b>	<b>7,888,863</b>	<b>7,910,512</b>

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 18B. CASH BASIS ACQUITTAL OF SPECIAL APPROPRIATIONS  
(UNLIMITED AMOUNT)**

**Special appropriations (Unlimited Amount)**

<i>Legislation: Governor-General Act 1974 section 5</i>	Outcome 1	
	2003 \$	2002 \$
Purpose: An Act to make provision in relation to the Salary of the Governor-General, and the Payment of Allowances.		
Budget estimate	578,000	537,000
Payments made	533,635	442,597
Appropriations credited to Special Accounts	-	-
<b>Refunds credited (section 30)</b>	-	-

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS

Account name	2003 \$	2002 \$
<b>Services for other Governments and Non-Agency Bodies Account (Departmental)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997</i>		
<i>Purpose: Funds in this account are used for expenditure in connection with services performed on behalf of other governments and bodies that are not FMA agencies.</i>		
Balance carried from previous period	1,171,373	1,318,073
Appropriation for reporting period	-	-
Costs recovered	-	-
Other receipts		
Services - Rendering of services to related entities	44,218	616,985
GST Credits (FMA s.30A)	3,080	40,568
Available for payments	1,218,671	1,975,626
Payments made to suppliers	17,980	804,253
Cash Transferred to OPA	1,199,910	-
<b>Balance carried to next period</b>	<b>781</b>	<b>1,171,373</b>
<i>Represented by:</i>		
Cash	781	1,171,373

Account name	2003 \$	2002 \$
<b>Campaign Reserve Special Account (Departmental)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997</i>		
<i>Purpose: Funds in this account are used to cover a portion of the costs incurred by the Government Communications Unit in managing the Central Advertising System, which provides consolidated media buying services to Commonwealth departments and agencies. Revenue is derived from a small fee levied on departments and agencies that undertake advertising campaigns.</i>		
Balance carried from previous period	2,368,661	5,420,140
Appropriation for reporting period	-	-
Costs recovered	-	-
Other receipts		
Services - Rendering of services to related entities	890,219	1,813,762
GST Credits (FMA s.30A)	-	-
Available for payments	3,258,880	7,233,902
Payments made to suppliers	792,599	865,241
Cash Transferred to OPA	2,470,000	4,000,000
<b>Balance carried to next period</b>	<b>(3,719)</b>	<b>2,368,661</b>
<i>Represented by:</i>		
Cash	(3,719)	2,368,661

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 19. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2003 \$	2002 \$
<b>Media Commissions Advance Account (Administered)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997</i>		
<i>Purpose: Funds in this account are used to remunerate the Commonwealth's contracted master media placement agencies and, if required, any creative advertising agencies, for the placement of Commonwealth Government advertising. Revenue is derived from the media commission payable to the Commonwealth for its advertising.</i>		
Balance carried from previous period	<b>7,314,310</b>	9,459,732
Appropriation for reporting period	-	-
Costs recovered	-	-
Other receipts		
Services - Rendering of services to related entities	<b>3,603,994</b>	6,918,211
GST Credits (FMA s.30A)	<b>289,556</b>	489,982
Available for payments	<b>11,207,859</b>	16,867,925
Payments made to suppliers	<b>3,214,015</b>	4,553,615
Cash Transferred to OPA	<b>7,900,000</b>	5,000,000
<b>Balance carried to next period</b>	<b>93,844</b>	7,314,310
<i>Represented by:</i>		
Cash	<b>93,844</b>	7,314,310

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 20. REPORTING OF OUTCOMES**

The department predominantly uses staff numbers to determine the attribution of its shared items. Some exceptions exist but testing has shown that other, more complex allocation methods do not produce a materially different result to that produced by this allocation method.

**NOTE 20A - Net Cost of Outcome Delivery**

	Outcome 1	TOTAL	
	2003 \$'000	2003 \$'000	2002 \$'000
Administered expenses	40,320	40,320	30,107
Departmental expenses	46,620	46,620	77,635
<b>Total expenses</b>	<b>86,940</b>	<b>86,940</b>	<b>107,742</b>
<i>Costs recovered from provision of goods and services to the non-government sector</i>			
Administered	3,214	3,214	5,891
Departmental	64	64	51
<b>Total costs recovered</b>	<b>3,278</b>	<b>3,278</b>	<b>5,942</b>
<i>Other external revenues</i>			
Administered			
Dividends from Commonwealth companies	-	-	-
Interest on loans	-	-	-
<b>Total Administered</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental			
Interest on cash deposits	220	220	1,209
Revenue from disposal of assets	5	5	1
Reversals of previous asset write-downs	-	-	-
Other	-	-	1,865
Goods and services revenue from related entities	2,538	2,538	1,370
<b>Total Departmental</b>	<b>2,763</b>	<b>2,763</b>	<b>4,445</b>
<b>Total other external revenues</b>	<b>2,763</b>	<b>2,763</b>	<b>4,445</b>
<b>Net cost/(contribution) of outcome</b>	<b>80,899</b>	<b>80,899</b>	<b>97,355</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome. The Capital Use Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

### NOTE 20B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1		Output Group 1 Total	
	Output 1.1			
	2003 \$'000	2003 \$'000	2002 \$'000	2002 \$'000
<i>Departmental expenses</i>				
Employees	6,578	6,578	5,670	
Suppliers	2,464	2,464	2,448	
Depreciation and amortisation	533	533	328	
Other expenses	23	23	-	
<b>Total departmental expenses</b>	<b>9,598</b>	<b>9,598</b>	<b>8,446</b>	
<i>Funded by:</i>				
Revenues from Government	9,823	9,823	9,324	
Sales of goods and services	72	72	47	
Other non-taxation revenues	48	48	265	
<b>Total departmental revenues</b>	<b>9,943</b>	<b>9,943</b>	<b>9,636</b>	

Outcome 1	Output Group 2		Output Group 2 Total	
	Output 2.1	Output 2.2		
	2003 \$'000	2003 \$'000	2003 \$'000	2002 \$'000
<i>Departmental expenses</i>				
Employees	3,722	5,561	9,283	8,225
Suppliers	1,483	2,538	4,021	4,280
Depreciation and amortisation	319	478	796	469
Other expenses	11	46	57	-
<b>Total departmental expenses</b>	<b>5,535</b>	<b>8,623</b>	<b>14,158</b>	<b>12,974</b>
<i>Funded by:</i>				
Revenues from Government	5,392	8,328	13,720	13,045
Sales of goods and services	138	386	524	3
Other non-taxation revenues	29	87	116	995
<b>Total departmental revenues</b>	<b>5,559</b>	<b>8,801</b>	<b>14,360</b>	<b>14,043</b>

Comparative information by output group is unavailable for year end 2001-02.

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 20B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)**

Outcome 1	Output Group 3	Output Group 3 Total	
	Output 3.1		
	2003	2003	2002
	\$'000	\$'000	\$'000
<i>Departmental expenses</i>			
Employees	2,916	2,916	2,638
Suppliers	1,217	1,217	1,154
Depreciation and amortisation	234	234	145
Other expenses	9	9	-
<b>Total departmental expenses</b>	<b>4,376</b>	<b>4,376</b>	<b>3,937</b>
<i>Funded by:</i>			
Revenues from Government	4,426	4,426	4,327
Sales of goods and services	32	32	1
Other non-taxation revenues	21	21	118
<b>Total departmental revenues</b>	<b>4,478</b>	<b>4,478</b>	<b>4,446</b>

Comparative information by output group is unavailable for year end 2001-02.

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 20B – Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)**

Outcome 1	Output Group 4 Output 4.1	Output Group 4 Output 4.2	Output Group 4 Output 4.3	Output Group 4 Output 4.4	Output Group 4 Output 4.5	Output Group 4 Output 4.6	Output Group 4 Total
	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000
<i>Departmental expenses</i>							
Employees	1,569	4,834	1,707	278	499	1,649	14,083
Suppliers	1,090	2,237	1,045	149	1,615	785	28,659
Depreciation and amortisation	154	402	148	28	34	159	827
Other expenses	6	15	6	67	5	6	104
<b>Total departmental expenses</b>	<b>2,819</b>	<b>7,489</b>	<b>2,905</b>	<b>523</b>	<b>2,152</b>	<b>2,599</b>	<b>18,488</b>
Funded by:							
Revenues from Government	2,789	7,442	1,806	519	2,153	2,575	17,284
Sales of goods and services	28	54	407	4	5	21	519
Other non-taxation revenues	14	38	698	3	3	14	770
<b>Total departmental revenues</b>	<b>2,831</b>	<b>7,534</b>	<b>2,910</b>	<b>525</b>	<b>2,162</b>	<b>2,610</b>	<b>18,573</b>
							<b>54,779</b>

Comparative information by output group is unavailable for year end 2001-02.

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2003

**NOTE 20C – Major Classes of Administered Revenues and Expenses by Outcomes**

Outcome 1	Total 2003 \$'000	Outcome 1 2002 \$'000
<i>Administered revenues</i>		
Sales of goods and services	3,190	5,891
Other non-taxation revenues	24	-
<b>Total administered revenues</b>	<b>3,214</b>	<b>5,891</b>
<i>Administered expenses</i>		
Grants	3,556	14,264
Subsidies	-	-
Personal benefits	4,176	943
Suppliers	31,623	13,954
Other	965	946
<b>Total administered expenses</b>	<b>40,320</b>	<b>30,107</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2003

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### NOTE 21. ACT OF GRACE PAYMENTS AND WAIVERS

There were no act of grace payments or waivers made during the reporting period.

### NOTE 22. AFTER BALANCE DATE EVENTS

The department is not aware of any after balance date events that will affect the financial statements.

### NOTE 23. SERVICES PROVIDED BY THE AUDITOR-GENERAL

Financial statement audit services are provided free of charge to the department. The fair value of the services provided was:

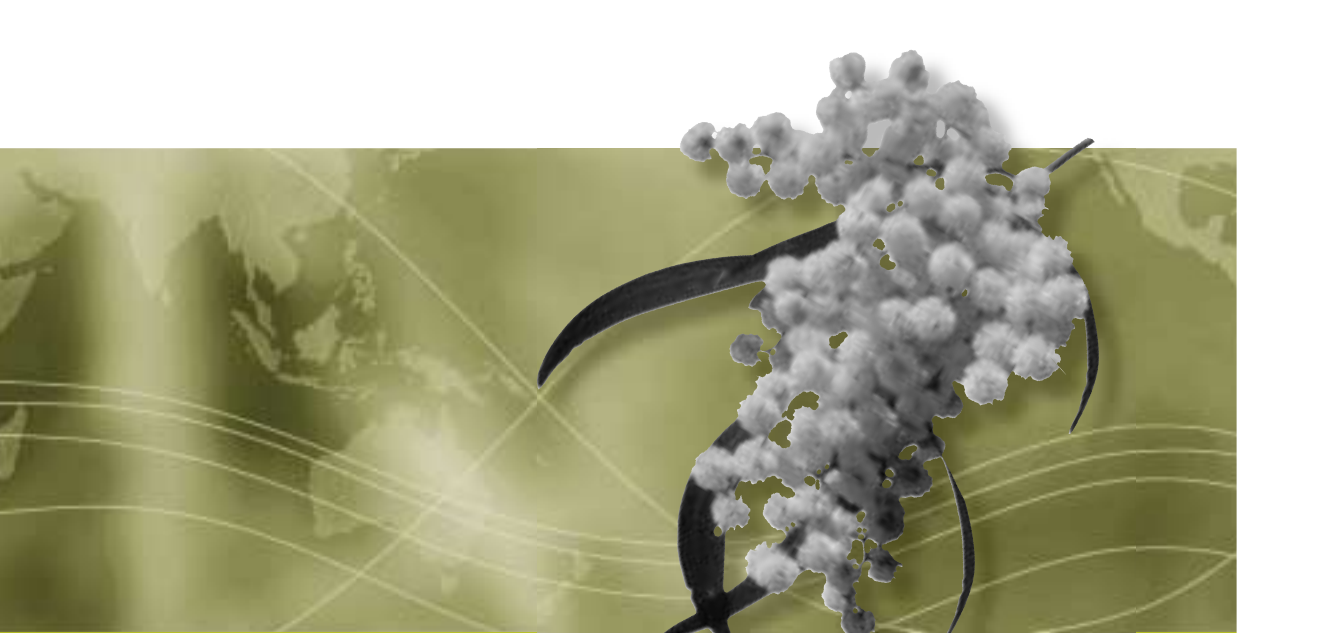
2002-03	2001-02
\$	\$
<b>121,000</b>	<b>115,000</b>

No other services were provided to the department by the Auditor-General.

### NOTE 24. AVERAGE STAFFING LEVEL

The average staffing level for the department for the financial year was:

2002-03	2001-02
\$	\$
<b>357</b>	<b>390</b>



# References



## Glossary and Abbreviations List



administered items	those assets, liabilities, revenues and expenses that are controlled by the Australian Government but managed or overseen by the department on the government's behalf
AIC	Australian Institute of Criminology
AIR 9000 project	project to acquire additional troop lift helicopters
AMR	Advertising and Market Research
ANAO	Australian National Audit Office
APEC	Asia Pacific Economic Cooperation
APS	Australian Public Service
Archives Act	<i>Archives Act 1983</i>
AUSPIC	the government photographic service
Australiana Fund	The Australiana Fund was established as a private company in 1978 to encourage direct public participation in the acquisition and preservation of a permanent collection of works of Australian artistic and historical interest for the four official residences
Australian Government, the	the Government of the Commonwealth of Australia
AWA	Australian Workplace Agreement
BEFR	Budget Estimates and Framework Review
biofuels	fuels produced from renewable organic sources
CABNET	secure document management system used to store and transmit Cabinet documents
CAS	Central Advertising System
CEIs	Chief Executive Instructions
CERHOS	Ceremonial and Hospitality Unit
CHOGM	Commonwealth Heads of Government Meeting
COAG	Council of Australian Governments
data warehouse	electronic facility for the storage and retrieval of data
DE	direct engagement
Doha round	a new round of World Trade Organisation trade negotiations launched in Doha in November 2001
eGovernment	the delivery of government services through the appropriate use of new technologies
FOI Act	<i>Freedom of Information Act 1982</i>
FTA	Free Trade Agreement
GCU	Government Communications Unit
HIH	HIH insurance group
IT&T	information technology and telecommunications
JEFG	Joint Economic Forecasting Group
Mutual Recognition Agreement	a 1992 agreement between Australian governments to address the difficulties caused by regulatory differences between jurisdictions in relation to goods and occupations

MCGC	Ministerial Committee on Government Communications
MCU	Ministerial Correspondence Unit
NAA	National Archives of Australia
NADC	National Australia Day Council
NGOs	non-government organisations
NOIE	National Office of the Information Economy
NSC	National Security Committee of Cabinet
OH&S	occupational health and safety
OSW	Office of the Status of Women
OWP	Other Women's Programmes
PAD scheme	Performance Appraisal and Development scheme
PADV	Partnerships Against Domestic Violence
PT	public tender
reasonable adjustment principle	providing an employee with a disability with services and/or facilities to assist them in carrying out the inherent requirements of their employment where this does not impose unjustifiable hardship on the employer
SARS	severe acute respiratory syndrome
SCNS	Secretaries' Committee on National Security
SES	Senior Executive Service
SOE	Standard Operating Environment
ST	selective tender
TRIM	records management system
TTY	telephone typewriter
WDP	Women's Development Programme





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