



**Australian Government**

**Department of the Prime Minister and Cabinet**



**ANNUAL REPORT**  
2005–06

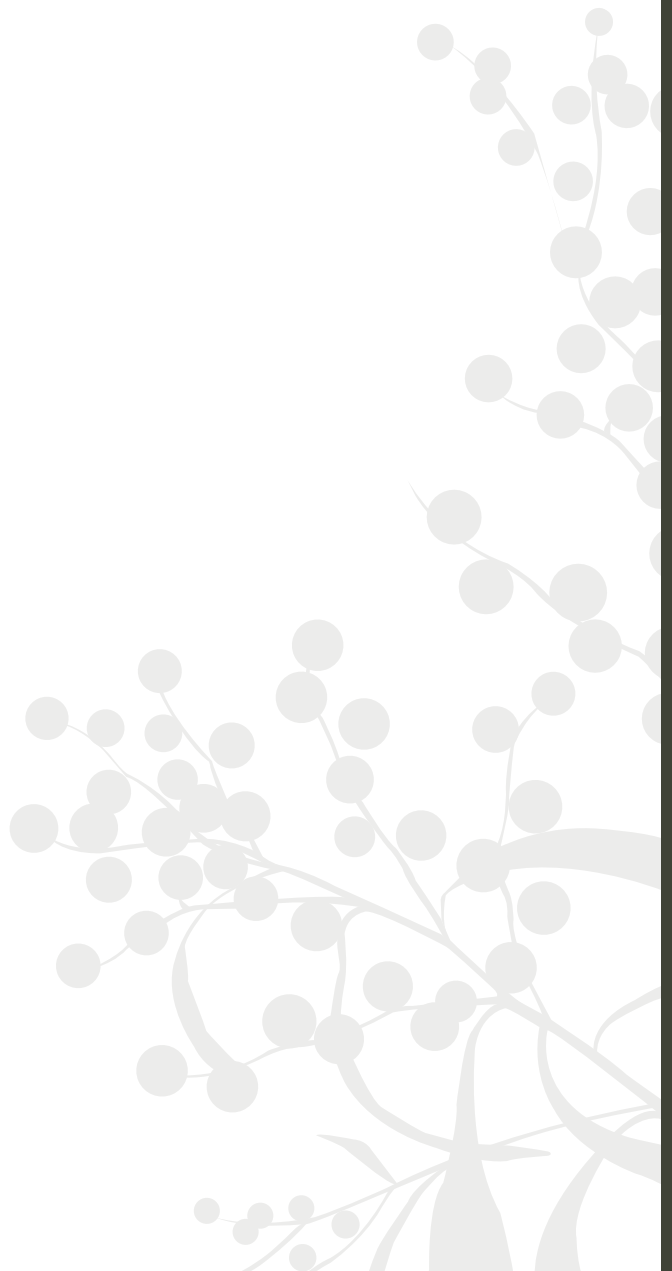


**Australian Government**

**Department of the Prime Minister and Cabinet**

# ANNUAL REPORT

2005–06



## **ABOUT THIS REPORT**

PM&C's 2005–06 annual report has been prepared in accordance with the Requirements for Departmental Annual Reports endorsed by the Joint Committee of Public Accounts and Audit (JCPAA) in June 2006.

It is available in print from 39 libraries around Australia. It is also available online at [www.pmc.gov.au/annual\\_reports](http://www.pmc.gov.au/annual_reports).

## **CONTACT US**

If you have any queries about this report or suggestions about how we could improve it, please contact:

Department of the Prime Minister and Cabinet  
ABN 181 080 0191

**Mail** 3–5 National Circuit  
Barton ACT 2600  
AUSTRALIA

**Internet** [www.pmc.gov.au](http://www.pmc.gov.au)

**Email** [annualreport@pmc.gov.au](mailto:annualreport@pmc.gov.au)

**Phone** (02) 6271 5111  
+61 2 6271 5111 (international)

**Fax** (02) 6271 5414  
+61 2 6271 5414 (international)

ISSN 0157-8340

© Commonwealth of Australia 2006

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney-General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at [www.ag.gov.au/cca](http://www.ag.gov.au/cca)

## CONTENTS

**iv Letter of transmittal**

Overview

**1 About the portfolio and the department**

**11 Secretary's review**

Our core business

**19 Economic and industry policy**

**29 Social policy**

**37 International and national security policy**

**51 Support services for government operations**

Corporate governance and reporting

**69 Management and accountability**

**92 Report under the Commonwealth Disability Strategy**

**94 Report on ecologically sustainable development**

**96 Procurement practices and outcomes**

**99 Our finances**

More information

**170 Index of compliance with JCPAA requirements**

**172 List of special features, figures, tables and photos**

**174 Acronyms**

**176 Key terms**

**177 Alphabetical index**

**Freedom of information**—inside back cover





**Australian Government**  
**Department of the Prime Minister and Cabinet**

**SECRETARY**

**CANBERRA ACT 2600**

**TELEPHONE: (02) 6271 5200**

**FACSIMILE: (02) 6271 5935**

19 October 2006

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

Dear Prime Minister

I am pleased to present the annual report of the Department of the Prime Minister and Cabinet (PM&C) for the year ended 30 June 2006.

This report has been prepared in accordance with section 63 of the *Public Service Act 1999*, which requires that you table the report in parliament. It reflects the Requirements for Annual Reports endorsed by the Joint Committee of Public Accounts and Audit in June 2006.

The report includes PM&C's audited financial statements as required by section 57 of the *Financial Management and Accountability Act 1997*.

In addition, and as required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that PM&C has in place appropriate fraud control mechanisms that meet PM&C's needs and that comply with the guidelines applying in 2005–06.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Shergold', written in a cursive style.

(Dr Peter Shergold)



1  
ABOUT THE PORTFOLIO  
AND THE DEPARTMENT

## **PORTFOLIO MINISTERS**

The Prime Minister of Australia is the Hon John Howard MP. In 2005–06 he was assisted by:

- the Hon Gary Hardgrave MP as the Minister Assisting the Prime Minister
- Senator the Hon Kay Patterson as the Minister Assisting the Prime Minister for Women's Issues until 27 January 2006
- the Hon Julie Bishop MP as the Minister Assisting the Prime Minister for Women's Issues from 27 January 2006
- the Hon Kevin Andrews MP as the Minister Assisting the Prime Minister for the Public Service
- Senator the Hon Amanda Vanstone as Minister Assisting the Prime Minister for Indigenous Affairs until 27 January 2006
- the Hon Mal Brough MP as Minister Assisting the Prime Minister for Indigenous Affairs from 27 January 2006
- the Hon Gary Nairn MP as Parliamentary Secretary to the Prime Minister until 27 January 2006, and
- the Hon Malcolm Turnbull MP as Parliamentary Secretary to the Prime Minister from 27 January 2006.

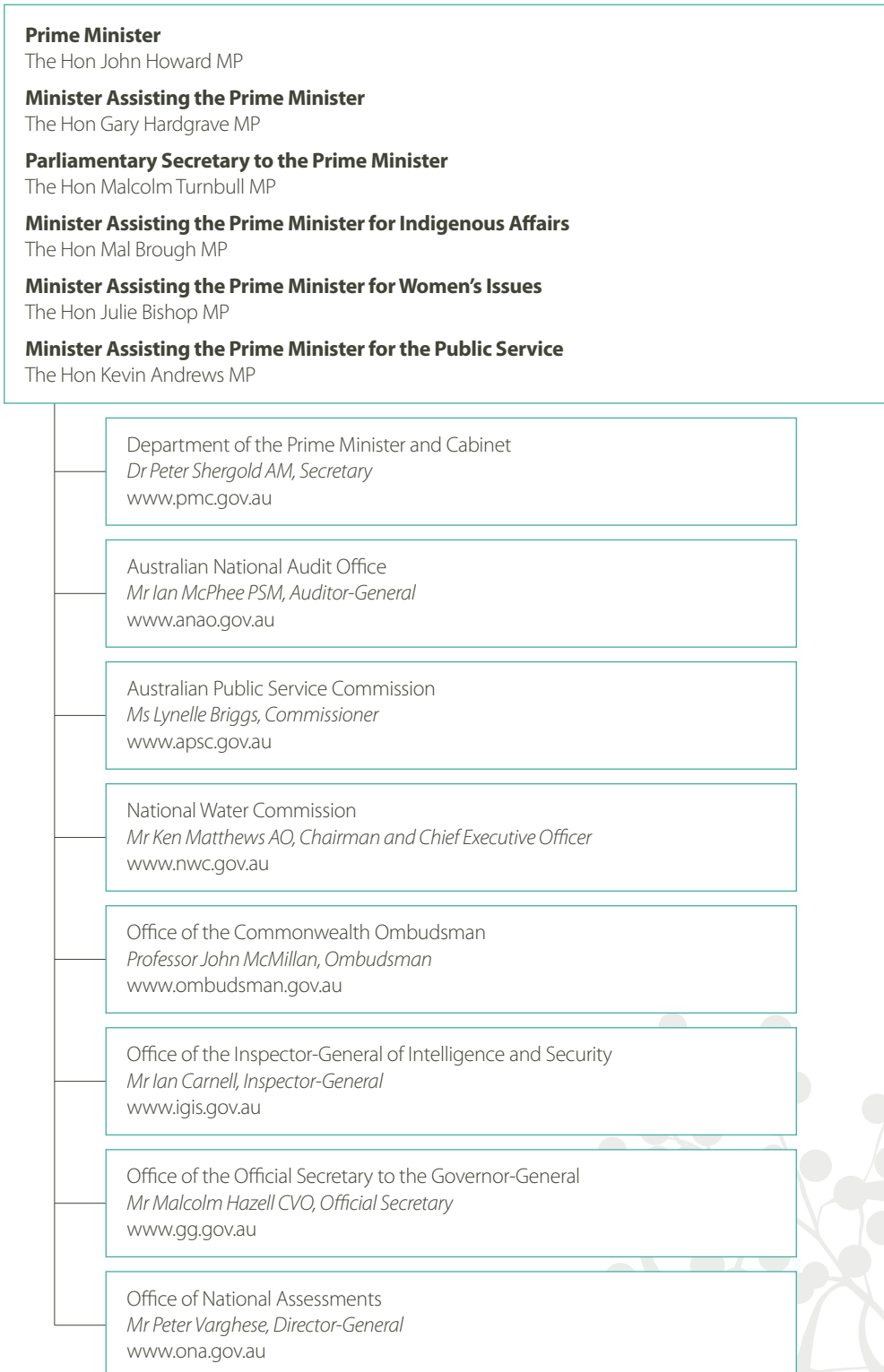
Figure 1A opposite summarises the portfolio ministers, agencies and senior officers responsible for each agency at 30 June 2006.

## **PORTFOLIO AGENCIES**

The Department of the Prime Minister and Cabinet (PM&C) is the main policy advice and coordination agency in the portfolio of the Prime Minister and Cabinet.

Another seven agencies were in the portfolio throughout 2005–06 (see opposite). More information on these agencies' outcomes and activities may be obtained from their individual annual reports and websites.

Figure 1A—Ministers and portfolio agencies at 30 June 2006





## ABOUT PM&C

PM&C’s main role is to ensure that the Prime Minister receives the best possible advice on matters requiring his attention as Australia’s head of government and the chairman of Cabinet. In this role, we aspire to:

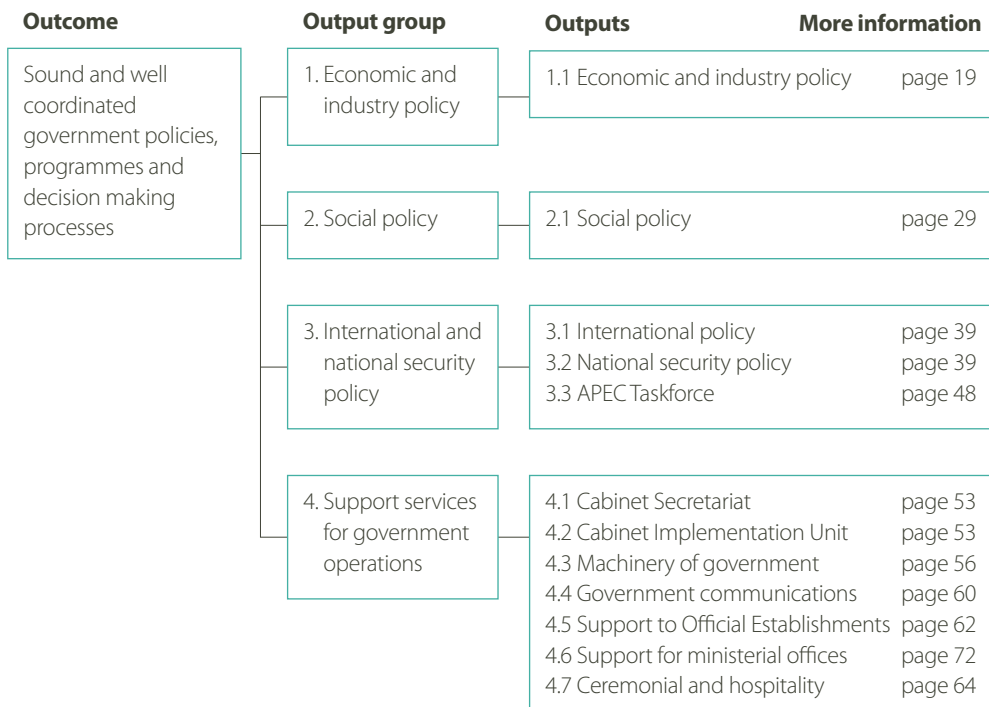
- ensure the Prime Minister and Cabinet are given accurate, clear and timely advice that takes into account the views of all stakeholders
- facilitate cooperation within the Australian Public Service (APS) and with other governments, and
- provide a whole-of-government perspective on issues including, where required, the implementation of government decisions.

We also provide a range of services to facilitate the conduct of government business. Among other things, we provide support for:

- meetings of Cabinet and of the Federal Executive Council
- official visits, ceremonies and State occasions
- coordination of government communications and advertising, and
- the Prime Minister’s official residences.

In 2005–06 we spent \$99.6 million across 12 major outputs. More information about our outputs is provided in Figure 1B below, and in chapters 3 to 6.

**Figure 1B—Departmental outcomes/outputs framework at 30 June 2006\***



\* As of 1 July 2006 the Cabinet Secretariat and Cabinet Implementation Unit outputs were merged into a single output, Cabinet Support, and remaining outputs were renumbered accordingly.

PM&C receives more than 95 per cent of its income from government, and operates under the *Financial Management and Accountability Act 1997*.

We are strongly committed to the Australian Public Service (APS) Values and Code of Conduct set out in the *Public Service Act 1999*. All staff hear our Secretary speak on APS values and ethics as part of orientation (see photo at top right).

In addition, and consistent with the APS values, we place a high priority on:

- professionalism, commitment and excellence in management
- timely, responsive and high quality service to the Prime Minister and other ministers
- constructive and cooperative relationships within PM&C and with other agencies and governments
- career and development opportunities for our staff, and
- a rewarding and caring work environment.

These corporate values underpin our approach to, and form the basis of our report on, management and accountability (see Chapter 7 page 69).



*Where captions are not provided with photos, they are provided at page 173*

## **SPECIAL FEATURE—A BRIEF HISTORY OF PM&C**

On 28 June 1906 the Prime Minister's office asked all agencies to issue an annual report, and to include a departmental history in their first report. One hundred years on, it seems timely to review how our functions as a department have changed over time.

**The story begins in April 1911**, when the Prime Minister the Rt Hon. Andrew Fisher decided to elevate a small office within the then Department of External Affairs in Melbourne into a department of state in its own right.

Separate premiers' departments had already been set up in Victoria, New South Wales, Tasmania and Western Australia.

Despite this, our establishment was a cause for controversy. Most criticism was directed at our first Secretary Malcolm Shepherd, a self-described socialist who served Prime Ministers from both sides of politics.

**World War I** saw our responsibilities increase significantly, possibly due to the necessities of wartime administration.

Prime Minister the Rt Hon. Billy Hughes abolished the Department of External Affairs in 1916, leaving us to carry out most of its functions until he reconstituted it in 1921. Even then, we continued to have a common department head until 1932.

In the interwar period, PM&C took on several additional responsibilities:

- pastoral affairs (1918–23)
- public relations on behalf of the Prime Minister (1921–35)
- immigration (1923–25)
- Australian territories in Papua, New Guinea, Norfolk Island and Nauru (1928–41), and
- economic development (1930–39).

We also relocated from Melbourne with the construction of Canberra as our national capital, moving in 1927 into the East Block building near what is now Old Parliament House.



NATIONAL ARCHIVES OF AUSTRALIA

NATIONAL ARCHIVES OF AUSTRALIA

*Staff from the Prime Minister's Department in 1912. Today, about 60 per cent of our staff are female.*



*Staff from the Prime Minister's Department in 1928. R G Casey (second from right) went on to become a minister and Governor-General.*

After **World War II**, our role evolved further with the winding down of many war-time agencies.

We began advising the Prime Minister on all Cabinet submissions (1949) and published the first *Cabinet handbook* (1950). We also took on responsibility for matters such as post-war reconstruction (1949), and education and science functions, including the CSIRO (1949–1966).

In 1968, the Cabinet Office was actually separated from the department and established as a department of state in its own right under Prime Minister the Rt Hon. John Gorton.

Three years later, and two days after Prime Minister the Rt Hon. William McMahon took office, the two agencies merged to become the Department of the Prime Minister and Cabinet as we know it today.

Since the late 1960s, our role has continued to evolve. We have taken on responsibility for aspects of indigenous affairs (1968–1971), the arts (1972–77), child care (1975–76), women's affairs (1975–77, 1984–2004), and multicultural affairs (1987–96).

**Over the last twenty years** new technologies have transformed the way we do business. We have embraced computers (1986) and email (1993), and the CABNET system for lodging and circulating Cabinet documents securely between agencies is online (1998).

Another milestone is approaching—work is almost complete on our new building at One National Circuit Barton. Once we make the move, our current building at 3–5 National Circuit will be demolished. The site is to be redeveloped for use by the Attorney-General's Department.

Further change seems inevitable but, in the words of a former Secretary of PM&C, 'the basic functions do not change; nor does the basic character of the department, and the intense pressure in working in the forefront of government activity continues' (Sir Geoffrey Yeend, 1978).



*PM&C staff in August 2001, in front of our current building at 3–5 National Circuit Barton.*



*Work is under way on our new building at One National Circuit.*

## **ABOUT PM&C (continued)**

### **PM&C in 2005–06**

On 30 June 2006, PM&C had a staff of 528 people, most based in Canberra. Many have experience with—or are on secondment from—other agencies or governments, providing us with a broad range of expertise, perspectives and networks.

From time to time, we also establish specialist taskforces to facilitate a whole-of-government approach to complex policy issues or events. These taskforces can last from a few months to several years.

A total of nine taskforces tackled various issues over 2005–06. It was a typical year in that we have supported an average of 10–11 taskforces a year since 2000.

The size of taskforces did, however, vary considerably. They ranged from a handful of people to well over 100 people in the APEC 2007 Taskforce.

Figure 1C below provides an overview of all taskforces that operated in 2005–06, while Figure 1D opposite details our overall structure and the senior people responsible for each area at 30 June 2006.

Further organisational changes are expected in 2006–07 as taskforces complete their work and new issues emerge.

Special arrangements have been made to cater for taskforces in our new building. Five separate areas have been set aside for taskforces and will accommodate 25–30 people each.

**Figure 1C—Taskforces operating in 2005–06**

<b>Taskforce</b>	<b>More information</b>
APEC 2007 Taskforce	page 48
Avian Pandemic Taskforce	page 17
Biofuels Taskforce (Secretariat)	page 24
Council of Australian Governments (COAG) Health Taskforce	page 32
COAG Human Capital Taskforce	page 35
COAG Skills Recognition Taskforce	page 34
National Competition Policy Review Taskforce	page 22
Therapeutic Cloning Taskforce	page 36
Uranium Mining Processing and Nuclear Energy Review (Secretariat)	page 25

**Figure 1D—Organisational structure at 30 June 2006**

Organisational unit	Outputs
<b>SECRETARY DR PETER SHERGOLD</b>	
<b>DEPUTY SECRETARY JENNY GODDARD</b>	
Industry, Infrastructure and Environment Division <i>Phillip Glyde</i>	1.1
Infrastructure and Regional Policy Branch <i>Rhondda Dickson</i>	
Natural Resource Management Branch <i>Jo Evans</i>	
COAG Competition and Regulation Branch <i>Pip Spence</i>	
Industry Policy Branch <i>Godwin Grech</i>	
Banks Taskforce Response <i>Peter Chesworth</i>	
Economic Division <i>Paul Tilley</i>	
Economic Policy Branch <i>Justin Douglas</i>	
Taxation, Superannuation & Workplace Relations <i>Patrick Sedgely</i>	
Fiscal Policy Branch <i>Luise McCulloch</i>	
Cabinet Division <i>Peter Hamburger</i>	
Cabinet Secretariat <i>Myra Croke</i>	4.1
Cabinet Implementation Unit <i>Kim Terrell</i>	4.2
<b>DEPUTY SECRETARY LOUISE MORAUTA</b>	
Social Policy Division <i>Serena Wilson</i>	2.1
Health and Ageing Branch <i>Robert McMahon (Acting)</i>	
Education Branch <i>Dominic English</i>	
Families, Women, Income Support and Employment Branch <i>Sally Basser</i>	
Indigenous Policy Branch <i>Shane Hoffman</i>	
Immigration Branch <i>John Matthews</i>	
Avian Pandemic Taskforce <i>Shelagh Whittleston</i>	
COAG Health Taskforce <i>Leonie Smith</i>	
COAG Human Capital Taskforce <i>Jan Harris</i>	
COAG Skills Recognition Taskforce <i>Julie Yeend</i>	
People, Resources and Communications Division <i>Greg Williams</i>	
Government Communications Unit <i>Chris Taylor</i>	4.4
Human Resources and Establishments Branch <i>Michelle Patterson</i>	4.5, 4.6 #
Information Services Branch <i>Susan Ball CIO</i>	4.6 #
Financial Management and Governance Branch <i>Robert Twomey CFO</i>	#
<b>DEPUTY SECRETARY DUNCAN LEWIS</b>	
International Division <i>Hugh Borrowman</i>	3.1
Asia, Americas and Trade Branch <i>Allaster Cox</i>	
Pacific, Rest of the World, Multilateral Branch <i>Nicholas Coppel</i>	
Ceremonial and Hospitality Branch <i>Frank Leverett</i>	4.7
APEC 2007 Taskforce <i>Ruth Pearce</i>	3.3
National Security Division <i>Angus Campbell</i>	3.2
Defence and Intelligence Branch <i>Neil Orme</i>	
Domestic Security Branch <i>Rebecca Irwin</i>	
National Security Science and Technology <i>Richard Davis</i>	
Government Division <i>Barbara Belcher</i>	4.3
Parliamentary and Government Branch <i>David Macgill</i>	
Legal Policy Branch <i>Alex Anderson</i>	
Awards and Culture Branch <i>Peter Rush</i>	
Parliamentary Liaison: House of Representatives <i>Tony Levy / Senate Gerard Martin</i>	

# These areas deliver essential business services in support of all outputs

## **THE EXECUTIVE TEAM**

### **DR PETER SHERGOLD AM**

Secretary

Dr Peter Shergold has been our Secretary since February 2003. He chairs PM&C's Corporate Leadership Group and regular meetings of portfolio secretaries.

He also provides leadership to the broader APS, speaking extensively on public service issues and chairing bodies including the Secretaries' Group on Indigenous Affairs, the APS Management Advisory Committee and the Board of the Australia and New Zealand School of Government (ANZSOG).

Before PM&C, Dr Shergold headed up Australian Government agencies including the Department of Education, Science and Training and the Department of Employment, Workplace Relations and Small Business. In earlier life he lectured on economic history at the University of NSW.

### **MS JENNY GODDARD**

Deputy Secretary

Ms Goddard is responsible for economic, industry, infrastructure and environment policy advice and for services and implementation monitoring relating to Cabinet. She also chairs our Audit Committee.

Before joining PM&C in 1997, Ms Goddard served in the Commonwealth Treasury for 13 years, including as the Treasury's representative in London.

### **DR LOUISE MORAUTA PSM**

Deputy Secretary

Dr Morauta is responsible for social policy advice and coordination, and for people, resources and communications services. She also chairs PM&C's Consultative Committee, People and Leadership Committee and the One National Circuit Steering Committee.

Dr Morauta joined PM&C in April 2005, shortly before she was awarded a Public Service Medal for her work on health financing and blood issues while with the Australian Government Department of Health and Ageing. She has also worked in the Department of Finance and Administration and AusAID.

### **MR DUNCAN LEWIS AO DSC CSC**

Deputy Secretary

Mr Lewis is responsible for international policy and national security policy advice and coordination, including APEC 2007, and for a range of government support services. He chairs PM&C's Information Management Strategic Advisory Committee.

Mr Lewis joined PM&C as head of the National Security Division in January 2004, after 30 years with the Australian Army. He has been appointed an Officer of the Order of Australia in recognition of his distinguished service in command of the Special Forces. He was appointed Deputy Secretary in 2005.



*From left, Dr Louise Morauta, Dr Peter Shergold, Ms Jenny Goddard and Mr Duncan Lewis.*



## 2 SECRETARY'S REVIEW

<b>Secretary Peter Shergold reports</b>	<b>12</b>
<b>Secretary's snapshots:</b>	
1. A larger COAG agenda	16
2. International and national leadership on pandemic influenza	17
3. Staff survey results pleasing	18



## **SECRETARY PETER SHERGOLD REPORTS**

In my last report I commented how it is rarely obvious that an annual report is, at its heart, about people.

This year I am delighted to present a rather different style of annual report—one that includes more pictures of our staff at work to put a more human face on PM&C's achievements and activities.

I would also like to thank the many people who contributed to this report, and in particular all those individuals and teams who worked so hard during the year to achieve what we are reporting here.

It has been a year of big policy issues and complex logistics, of developing long-term strategy and addressing immediate crises. We can be—and are—proud of our contribution to government in Australia.

We have served the Prime Minister with energy, commitment and dedication. To this end we have monitored, coordinated, always advised on and sometimes led responses to the manifold issues that confront government in the course of a year.

Let me elaborate on some of this activity.

### **A YEAR OF BIG POLICY ISSUES . . .**

PM&C is a unique organisation. Our mission is to ensure that the Prime Minister receives the best possible advice on any matter that requires his attention as Australia's head of government, as Chairman of Cabinet or as Chairman of the Council of Australian Governments (COAG).

This can involve PM&C brokering agreement between other agencies and jurisdictions. Often it requires us to identify points of difference, and suggest ways in which they might be resolved. There are few simple solutions in public policy.

2005–06 was a year of big policy issues, even by PM&C standards. We undertook a substantial volume of work in response to requests by both the Australian Government and COAG.

Indeed, 2005–06 saw a much larger agenda of work flowing from COAG—see Secretary's snapshot 1 (page 16)—and our COAG coordination team (see photo below) was one of several to be recognised with a 2006 Australia Day Achievement Award.



We demonstrated leadership at times of crisis. We made a major contribution to the Australian Government response to tropical cyclones Larry and Monica. PM&C also made a contribution to planning for the possibility of an avian influenza pandemic (see Secretary's snapshot 2, page 17), and in relation to counter-terrorism.

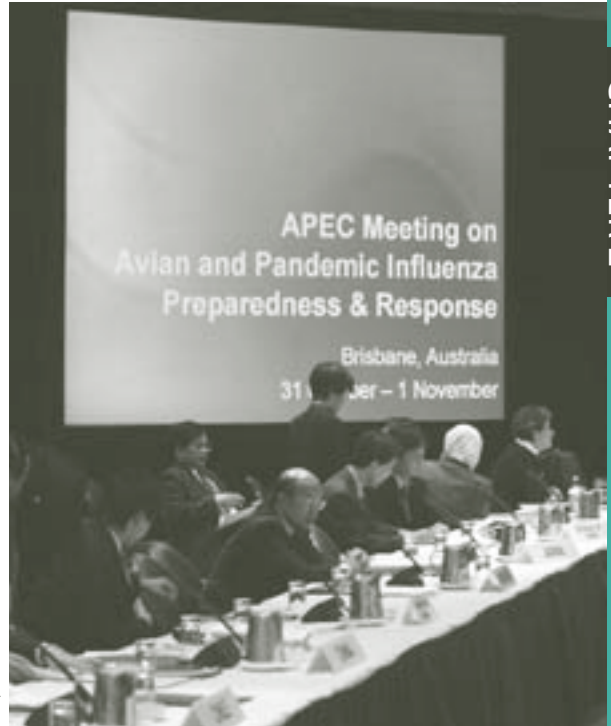
We also contributed to many key policy issues over 2005–06. We led up to 40 interdepartmental committees and working groups at a time, and participated in another 125. We set up a number of taskforces in PM&C to bring together expertise from across the public service on issues such as health reforms, biofuels, skills and nuclear energy.

We also supported the Australian Government in putting together its 2006–07 Budget, working closely with the Treasury and the Department of Finance and Administration.

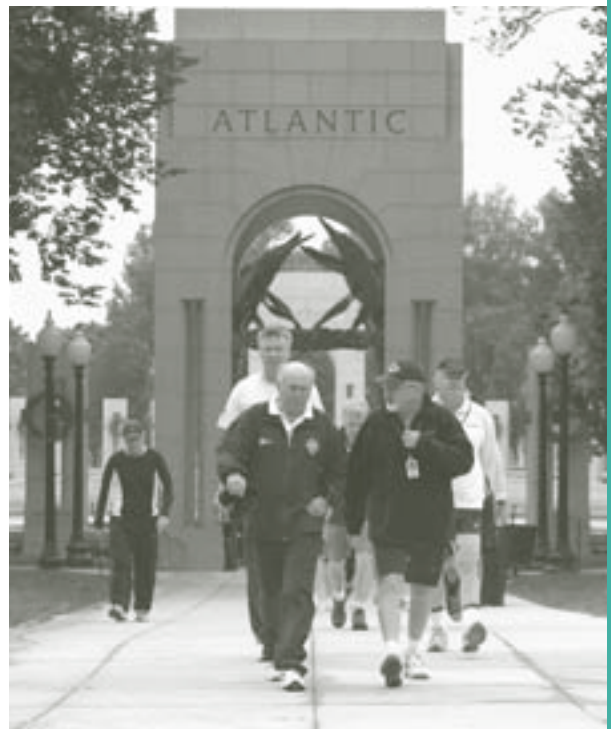
In short, we are involved in a huge range of public policy that affects the lives of all Australians.

Is it any wonder that the vast majority of PM&C staff describe their jobs as meaningful, interesting and satisfying? This was one of the main findings of our 2005 staff survey—see Secretary's snapshot 3 (page 18).

As the demands on PM&C continued to increase, so did our resources. We received additional funding of \$5.6 million in 2005–06. The funding was used to increase core staffing levels in the department, ensure we had the resources to carry our COAG workload and to fund the overhead costs of hosting current and future taskforces.



AAP / TONY PHILLIPS



## **SECRETARY PETER SHERGOLD REPORTS (continued)**



### **COMPLEX LOGISTICS...**

PM&C's other key role—facilitating the conduct of government business—may sound easy but requires painstaking attention to detail.

Our reputation for professionalism and excellence in this role has been hard won, and I am pleased to report a number of achievements in 2005–06.

As government has focused increasingly on the successful delivery of policy, so our cabinet implementation workload has grown. The average number of policy initiatives that we monitored on behalf of Cabinet rose to 63, comprising 196 measures. We have also engaged other agencies in discussing good practice in managing major public projects.

We launched a new website to promote Australia's honours system. It has been a big hit with members of the public. The lessons learnt are being put to good use on other PM&C websites.

We also took responsibility for 48 official visits and events, including The Queen's visit to Australia to open the Melbourne Commonwealth Games in March 2006.

Our experience in organising things on a large scale will be put to good use in 2007, when Australia hosts the next round of talks sponsored by the Asia-Pacific Economic Cooperation (APEC) organisation.

Preparations are well under way, but there is much still to be done.

The logistical challenges in arranging six high-level ministerial meetings around Australia—culminating in a meeting of world leaders in Sydney in September 2007—are daunting. How well we do it will influence the way Australia is perceived worldwide.

## AND OTHER ACHIEVEMENTS

This year has been demanding. It has also been exhilarating. In an environment in which ideas are strongly contested, our advice has been persuasive on many occasions. It's been provided to the Prime Minister in over 6 100 briefs and regular oral presentations. We've also organised well over 170 Cabinet, Cabinet committee and other senior meetings. And we've handled almost 195 000 letters to the Prime Minister.

This has been a good year for the human side of PM&C too. We have shaved heads, run cake stalls, rattled collecting boxes and walked, cycled and swum for various good causes. We've enjoyed Christmas parties and trivia nights and Happy Hours. We've become partners and parents and grandparents. We have worked well together within PM&C, and this has been particularly important in times of pressure.

This camaraderie, and commitment to achievement, gives cause for optimism about our future performance. I am looking forward to another successful year and, in particular, to moving into our new building at One National Circuit in February 2007. While our current building has served us well, we have outgrown it and our new building has been designed to meet PM&C's needs as we move further into the 21st century.



Dr Peter Shergold



## **SECRETARY'S SNAPSHOT 1: A LARGER COAG AGENDA**

The Council of Australian Governments (COAG) comprises the Prime Minister as chair, six Premiers, two Chief Ministers and the President of the Australian Local Government Association. In 2005–06, the work flowing from COAG has grown in PM&C.

COAG stands at the centre of Australian federalism. Its main role is to initiate, develop and monitor progress in implementing policy reforms that are of national significance and that require the involvement of more than one government. Success is dependent on cooperation.

COAG has met at least once a year since 2000. In 2005–06 COAG met twice: once on 27 September 2005, and again on 10 February 2006. PM&C played a major role in the smooth functioning of these meetings, which involve all First Ministers and their senior officials (see photo below).

In 2005–06 COAG engaged in and took decisions on a wide range of issues: counter-terrorism, pandemic influenza, workforce skills, indigenous affairs and climate change. COAG took a series of decisions on the health system and agreed to give priority to work on mental health and Australia's health workforce. COAG also committed to a new National Reform Agenda, comprising three streams of activity: competition policy, regulatory reform and human capital.

PM&C has been coordinating preparation of materials for COAG consideration on all of these issues. I chair the inter-jurisdictional Senior Officials' Meetings, which met nine times in 2005–06. Many other PM&C executives chair or participate in working groups with the states and territories.

At the same time, we coordinate the development of advice to the Prime Minister on how best to handle complex Commonwealth–State issues. This usually involves us working closely with the other agencies of the Australian Government.

The outcomes of each COAG meeting are documented in a communiqué released at the end of each meeting. Communiqués record the decisions which will need to be pursued in the months ahead, and are typically 10–20 pages long plus attachments. In 2005–06 we succeeded in posting both communiqués on the COAG website [www.coag.gov.au](http://www.coag.gov.au) within three hours of each meeting.

The increase in the COAG workload within PM&C has involved a significant increase in the time spent on COAG issues and the creation of taskforces to handle specific issues. The early evidence suggests that this greater effort has been reflected in positive outcomes. We have played our part in building a more cooperative federalism.



## SECRETARY'S SNAPSHOT 2: INTERNATIONAL & NATIONAL LEADERSHIP ON PANDEMIC INFLUENZA

Australia has contingency plans in place to deal with a range of disasters. They are reviewed regularly to reflect Australia's experience in dealing with actual events such as the Bali bombings in October 2002, the SARS crisis in 2003, the Indian Ocean tsunamis of 26 December 2004 and—this year—Cyclone Larry.

There are always new threats. At present, avian influenza (bird flu) rarely infects humans. However, it is in the same family of viruses as human flu and it could evolve into a form that is easily transmitted between people. It could become a pandemic, spreading worldwide and resulting in many deaths.

PM&C has contributed to Australia's international efforts to prevent a pandemic and slow the spread of avian influenza. With the Department of Foreign Affairs and Trade leading, major areas of work in 2005–06 included:

- The International Partnership on Avian and Pandemic Influenza. We participated actively with other Australian agencies in this US coordinated initiative.
- The first meeting of APEC senior pandemic coordinators. We helped stage and represent Australia at the meeting, held in Brisbane in October 2005.
- High level meetings where influenza has been discussed. We provided briefings, for example, for the APEC Leaders' Meeting in Korea in November 2005 and a ministerial meeting on influenza in Vietnam in May 2006.
- The APEC Response Exercise and other regional assistance measures.

Lessons learnt from the APEC Response Exercise in June 2006 are to be provided to APEC leaders in November 2006.

PM&C is also leading national efforts to ensure Australia is well-prepared for the possibility of an avian flu pandemic. It requires a whole-of-government approach. To this end PM&C chairs a COAG working group. We also lead a committee of more than 20 Australian Government agencies, reflecting the wide range of immediate issues which a pandemic would pose.

This whole of government work complements the work being undertaken by the Department of Health and Ageing on health aspects of a possible pandemic.

A major achievement in 2005–06 was the development of a new *National Action Plan for Human Influenza Pandemic*. Endorsed by COAG in July 2006, this sets out how all levels of government will cooperate in the event of a pandemic. It is available at [www.dpmc.gov.au/publications/pandemic](http://www.dpmc.gov.au/publications/pandemic).

Another achievement in 2005–06 was the new *Commonwealth Government Action Plan for Influenza*. Endorsed by government in May 2006, the strategy will ensure the continuity of essential Australian Government services in the event of a pandemic.



### **SECRETARY'S SNAPSHOT 3: STAFF SURVEY RESULTS PLEASING**

Since 2001, we have conducted confidential staff surveys every two years. They give our staff an opportunity to say what they really think about working in PM&C.

The surveys allow us to monitor our 'corporate health' and to run our department better. They drive continuous improvement. They tell us:

- where, and to what extent, we have improved over time
- where we need to do more work or rethink what we are doing, and
- how we compare with, and what we can learn from, a range of similar organisations.

Our previous staff survey in 2003 resulted in a number of positive changes. Among other things, we:

- created a more comprehensive orientation programme for new starters
- set up a career advisory panel for all staff, and
- improved our IT and information services.

Our latest survey, which was conducted in September 2005, has provided more food for thought.

Participation rates were excellent—more than 83 per cent of all staff completed the survey, with half doing so within 48 hours of the survey release.

Preliminary results were discussed at an SES forum in November 2005 and an action plan was developed to address issues of concern. People need to be assured that their views are not only being heard but are being acted upon.

So what did our staff have to say? On a very positive note, the overwhelming majority of staff told us that they are:

- proud to work in PM&C and find their work meaningful
- more satisfied with their jobs and with us as an employer than in 2003
- satisfied that we provide a safe and healthy workplace, and
- committed to team work.

Staff also told us that they wanted us to do more. They wanted greater access to professional development and career opportunities, and more attention devoted to providing work–life balance.

I presented the complete results and action plan to staff at an all-staff meeting in February 2006. Since then, regular updates have kept people informed about progress against the plan.

By 30 June 2006, we had fully implemented our action plan. We have already received a positive response to the actions taken:

- external speaker presentations have been well attended (see page 84)
- our new Professional Development Opportunity Fund was fully subscribed (page 84)
- our new bulk recruitment process has enabled us to fill vacancies quickly (page 83), ensuring we use the resources we have to the full, and
- a network of workplace harassment contact officers has been established (page 89).

The signs look good. Staff turnover is declining (see page 85) and there has been a lot of interest in people wanting to join PM&C (page 83). Increasingly, when people leave us, it is because they have been promoted (page 85).



### 3 ECONOMIC AND INDUSTRY POLICY



## WHAT WE DO

PM&C's Economic Division and Industry, Infrastructure and Environment Division advise and support the Prime Minister on relevant issues.

We also coordinate briefings to the Prime Minister throughout the annual Budget process, and manage the work programme of the Council of Australian Governments (COAG).

### How we measure our performance

For this output group, our overall focus is on ensuring that the Prime Minister, our executive and other stakeholders are satisfied with the timeliness and quality of our work.

We also conduct an annual evaluation of Budget preparation and coordination processes.

## KEY RESULTS IN 2005–06

In 2005–06 PM&C continued to advise the Prime Minister on a range of economic and industry policy issues. Major areas of work included:

- **COAG**—we managed a substantial COAG agenda and supported two COAG meetings plus nine senior officials meetings (see Chapter 2, page 16)
- **the annual Budget process**—we coordinated contributions from many different parts of PM&C (see special feature opposite)
- **national competition policy**—we led a review of national competition policy that resulted in COAG's new competition and regulation reform agenda (page 22)
- **energy issues**—among other things, we supported Prime Ministerial taskforces on biofuels and nuclear energy (page 24 and 25), and
- **water reform and climate change**—we contributed to work on these issues at a national and international level respectively (page 26).

Feedback was obtained from the Prime Minister, his office and PM&C's executive throughout the year. This indicated that:

- the majority of economic and industry policy advice and coordination was timely and of high quality, and
- the personal and professional commitment of PM&C staff to delivering the 2006–07 Budget was appreciated.

In addition, two teams received 2006 Australia Day Achievement Awards for their contributions to their work on COAG issues (see page 16) and to workplace relations reforms (see photo at left).



**SPECIAL FEATURE—PM&C’S ROLE IN THE BUDGET PROCESS**

The annual Budget process is always a challenge as government seeks to pull together ideas and to work out which ones should get some of the limited funds available.

PM&C’s part in planning the annual Budget process starts in May, right after the handing down of the previous Budget.

We work with the Treasury and the Department of Finance and Administration (Finance) to review what worked, what didn’t, and how best to tackle the next Budget process.

The resultant Budget Process Rules are then reviewed by Cabinet, and released to agencies around September each year.

PM&C then organises the Senior Ministers Review (SMR) in November/December, when ministers write to the Prime Minister with their suggestions for the Budget.

SMR decides which ideas should be developed further for consideration by the Expenditure Review Committee (ERC) of Cabinet.

Ministers then put together their portfolio budget submissions, where they provide details of all of their proposals with costings agreed by Finance.

PM&C is very busy at this time, working to check that submissions comply with SMR decisions and the Budget Process Rules. Where a submission does not comply, we will reject the submission and require changes—this often involves hard negotiation.

PM&C may also coordinate budget submissions on whole-of-government issues.

In addition, we provide briefings to the Prime Minister on the expenditure and revenue proposals to be considered at ERC and the Ad Hoc (Revenue) Committee.

ERC then considers which proposals should be funded, and takes its recommendations to Cabinet for endorsement. In the 2006–07 Budget, more than 470 expenditure measures were agreed at a cost of over \$18 billion over four years.

Following preparation of the Budget papers, the Treasurer delivers the Budget on the second Tuesday of May.

PM&C’s job does not end when the Budget is finalised. The reality of government is that there are always urgent, unavoidable and unforeseen proposals that come up between Budgets.

Issues that had to be dealt with between the 2005–06 and 2006–07 Budgets—and that involved many different parts of PM&C as well as many other agencies—included COAG developments (see page 16), and emergency and disaster situations across the world (page 44) and in Australia.



## **MAJOR REVIEW OF NATIONAL COMPETITION POLICY UNDERTAKEN**

National competition policy (NCP) reforms to key industries—electricity, gas, urban water, telecommunications and transport—have delivered significant benefits to Australia over the last two decades.

However, further reform is important to maintain a strong economy as national population trends start to bite and global competition intensifies.

At its meeting in June 2005, COAG asked senior officials to look into and report back on a range of issues. Issues included the 2004 Productivity Commission report on national competition policy reforms, and the June 2005 report of the Prime Minister's Taskforce on Exports and Infrastructure.

PM&C played a significant role in this work. We chaired the senior officials' working group—involving all states, territories and the Commonwealth. We also led the Australian Government officials taskforce that helped the Australian Government to formulate its position.

COAG considered the taskforce recommendations at its February 2006 meeting. These recommendations underpinned two of the three strands of a new National Reform Agenda to help deliver future prosperity:

- **Competition.** Governments have agreed to further reforms to encourage more productive investment in, and efficient use of energy, transport and other export-oriented infrastructure.
- **Regulatory reform.** Governments have agreed to a range of measures to ensure best-practice regulation making and review, and to tackle specific regulation 'hot spots'.

Under the third strand—human capital—a range of options are being explored to maintain a healthy, skilled and motivated population with high levels of workforce participation and productivity (see page 35).

Following on from the COAG meeting, PM&C is now playing a leading role in implementing COAG's decisions on competition and regulation, and more specifically in:

- leading the Commonwealth–State working group that is driving the implementation of the new competition and regulation reform agendas, and
- ensuring all governments have measures in place to protect against the introduction of red tape and to identify priorities for removing it.

Good progress is being made, with the July 2006 meeting of COAG noting that important milestones have been achieved:

- the COAG Energy Reform Implementation Group has been established and an issues paper released for public comment
- an intergovernmental review of urban congestion is well underway, and
- the Productivity Commission has released a discussion draft on freight infrastructure pricing for public comment.

Work is continuing on specific reform proposals for COAG to consider at its next meeting in early 2007. PM&C is also coordinating across governments the establishment of the COAG Reform Council, which will independently assess the costs and benefits of specific reform proposals.

## AUSTRALIAN GOVERNMENT SUPPORTS RED TAPE REDUCTION

Over the last decade, the Commonwealth, state and territory governments have reviewed over 1500 pieces of legislation, and where appropriate reformed these to reduce excessive regulatory burdens on business (red tape).

However, reducing red tape is an ongoing policy challenge and this was the focus of a government taskforce announced in October 2005.

The taskforce was asked to examine and report to the Prime Minister and the Treasurer on areas where regulatory reform could provide significant and immediate gains to business. It comprised:

- Mr Gary Banks, Chairman of the Productivity Commission (Chairman)
- Mr Richard Humphry, the former head of the Australian Stock Exchange
- Mr Rod Halstead, a corporate law expert with Clayton Utz, and
- Ms Angela MacRae, small business consultant and Chairman of the Independent Contractors Association of Australia.



A whole-of-government secretariat including a PM&C officer was established to support the taskforce to deliver its report by 31 January 2006 as required.

PM&C—working closely with the Treasury and the Department of Industry, Tourism and Resources—led the development of the Australian Government response to the taskforce report. This was an effort that involved many areas of PM&C and most Australian Government agencies.

The interim government response to the report—which dealt with 86 of the report's 178 recommendations—was released by the Prime Minister and the Treasurer on 7 April 2006. The final government response was released on 15 August 2006. Among other things, the government has made a commitment to:

- increase fringe benefit exemption and reporting exclusion thresholds from 1 April 2007
- make it easier for new businesses to find out about their compliance obligations and the help available
- continue to work with state, territory and local governments on issues including OH&S, mine safety, workers compensation, chemicals and plastics, and building regulation
- enable businesses to do business with government online more securely and cost-effectively through the existing [www.business.gov.au](http://www.business.gov.au) portal, and
- use a new Business Cost Calculator, to enable public servants to estimate the costs to business of compliance more accurately and consistently.

Next steps for PM&C will include helping to oversee the introduction of the new regulatory framework arrangements, and working with agencies to ensure that Cabinet papers meet the new standards.

## ENERGY ISSUES A FOCUS FOR MAJOR WORK

Australia's energy needs and technologies were the subject of wide-ranging public debate in 2005–06.

PM&C played a central role in assisting government to explore key issues including biofuels and nuclear energy issues. It is also working on energy market reform as part of COAG's competition work agenda (page 22).

**The biofuels industry** was the focus of a Prime Ministerial taskforce announced on 30 May 2006.

The taskforce was asked to review the costs and benefits of biofuels, with attention to the impact of ethanol and other biofuels on health, the environment and motor vehicle operation. It comprised:

- Dr Conall O'Connell, Deputy Secretary, Department of Environment and Heritage (Chairman)
- Dr David Brockway, Chief, Division of Energy Technology, CSIRO
- Dr John Keniry, Chairman Ridley Corporation Limited, and
- Mr Max Gillard, Vice President and Chief Operating Officer, Toyota Technical Centre, Asia Pacific Australia.

PM&C set up a whole-of-government secretariat to support the taskforce to deliver its report. We also:

- published information about the taskforce and its work on our website at [www.pmc.gov.au/biofuels](http://www.pmc.gov.au/biofuels)
- advised government on options for implementing the taskforce's recommendations, and
- participated in meetings with oil companies, petrol retailers, car manufacturers, consumer groups, and the biofuels industry.

When releasing the taskforce report on 22 September 2005, the Prime Minister reaffirmed the government's commitment to achieving at least 350 megalitres (ML) of biofuels production by 2010. He also committed the government to:

- work with major oil companies to develop action plans to deliver the 350ML target
- demonstrate its confidence in ethanol blended fuel by encouraging E10 fuel use in Australian Government vehicles
- work with states and territories to enact more consistent fuel standards, and
- implement a range of other measures to improve consumer information on and confidence in ethanol blends.

PM&C provides advice to the Prime Minister on progress with these commitments.

At PM&C, we also monitor and encourage the use of E10 blended fuel in our own vehicle fleet. More than 39 per cent of the fuel we used in June 2006 was E10.

**Uranium and nuclear energy** was the focus of a Prime Ministerial taskforce announced on 6 June 2006.

The taskforce is reviewing the economic, environmental, health, safety and proliferation aspects of uranium mining and processing and of nuclear energy (UMPNER). It comprises:

- Dr Ziggy Switkowski, former chief executive officer of Telstra and nuclear physicist (Chairman)
- Professor George Dracoulis, a world expert on nuclear physics, nuclear reactors and their design
- Professor Warwick McKibbin, a world expert on the economics of energy and economic aspects of climate change
- Dr Arthur Johnston PSM, a world expert on the effects of uranium mining on people and the environment
- Mr Martin Thomas AM, who has extensive experience in the energy, science and commercial sectors, and
- Professor Peter Johnston, who has extensive experience in nuclear science and engineering.

PM&C has set up a whole-of-government secretariat to support the UMPNER taskforce, bringing together experts from the Department of Industry, Tourism and Resources and six other agencies.

Australia's Chief Scientist, Dr Jim Peacock, is also supporting the review, including through a peer review of the scientific aspects of the taskforce's report.

A draft report is to be released for public comment by November 2006 and a final report is to be delivered to the Prime Minister by the end of 2006.

More information about the review and its progress is available from our website at [www.pmc.gov.au/umpner](http://www.pmc.gov.au/umpner).

## A KEY ROLE ON WATER AND CLIMATE CHANGE ISSUES

**Water reform** was another high priority in 2005–06.

PM&C provided water policy advice to the Prime Minister and to our Parliamentary Secretary, working closely with other agencies to bring a whole-of-government perspective to and support the Australian Government's important role in water policy in Australia.

Major areas of advice in 2005–06 included:

- the ongoing implementation of the National Water Initiative and related policy issues
- the Australian Government decision to provide \$500 million for projects in the Murray-Darling Basin over five years
- a tender process under the Living Murray initiative, to purchase for the environment water saved through improvements in water use efficiency without reducing productive capacity, and
- a discussion paper canvassing issues of private sector involvement in water supply.

A new Office of Water Resources within PM&C was announced by the Prime Minister on 26 September 2006, to provide and coordinate policy advice across Australian Government agencies.

It will complement the activities of the National Water Commission, which was set up to facilitate implementation of the National Water Initiative.

**Climate change.** In 2005–06 PM&C contributed to significant international and national action to address climate change.

A significant area of work was the Asia–Pacific Partnership on Clean Development and Climate. PM&C led an interdepartmental committee of six agencies that advised the government on potential areas of work under the partnership.

The inaugural ministerial meeting held in Sydney on 10–11 January 2006 brought together Australia, the People's Republic of China, India, Japan, the Republic of Korea, and the US. Together, these six nations account for about half of the world's economy, population and energy use.

Ministers agreed on a communiqué, charter and work plan that outlined a ground-breaking new model of public–private taskforces to address climate change, energy security and air pollution.

PM&C is now working with key agencies to progress the partnership's work plan with partner countries.

Another significant area of work was the Plan for Collaborative Action on Climate Change endorsed by COAG in February 2006.

PM&C contributed to the development of the plan and is now leading work to implement it and explore the scope for further cooperation, working closely with the SA Department of the Premier and Cabinet.

We also continued to monitor and advise on the implementation of the Australian Government's domestic climate change policy.

## OTHER ISSUES RECEIVE ATTENTION

PM&C has been and remains active in many other areas of economic and industry policy.

**Economic modelling.** As a member of the Joint Economic Forecasting Group, we worked with the Treasury and Reserve Bank of Australia to prepare detailed forecasts of Australia's economic outlook. These forecasts form the basis of the economic and fiscal estimates published in the Budget papers and other government documents.

**Australian Government finances.** We advised on issues including the establishment of the Future Fund to accumulate sufficient financial assets to offset the Australian Government's unfunded superannuation liability.

**Taxation.** We advised the Prime Minister on tax issues including major reforms announced in the 2006–07 Budget.

**Venture capital.** As a member of the Venture Capital Review Advisory Committee, we advised on options for increasing activity in this sector. The government has now introduced a new investment vehicle, and reduced restrictions on venture capital limited partnerships.

**Insurance.** We continued to advise the Prime Minister on issues including competitive neutrality in medical indemnity insurance, and the effectiveness of recent reforms implemented via the Medical Indemnity Policy Review Panel.

**Workplace relations.** We advised the Prime Minister on aspects of the Workplace Relations Amendment (Work Choices) Bill 2005 including the content of awards, the role of the Australian Industrial Relations Commission, the new Australian Fair Pay Commission and the new Fair Pay and Conditions Standard.

**Manufacturing.** We provided advice on issues including assistance to Ford Australia announced by the Prime Minister on 5 May 2006, and the Australian Government response to the announcement by BlueScope Steel of the rationalisation of its Port Kembla operations.

**Communications.** We advised the Prime Minister on telecommunications issues including the further sale of Telstra, future-proofing of services in regional Australia and regulatory issues. We also advised on foreign and cross-media ownership and on digital broadcasting reform following a series of statutory reviews and public consultation conducted by the Department of Communications, Information Technology and the Arts.

**Infrastructure.** We kept the Prime Minister briefed on progress in implementing AusLink, the government's five year \$15 billion national land transport plan, and the recommendations of the Prime Minister's Exports and Infrastructure Taskforce. We are leading the development of what will be the first five-yearly report to COAG on infrastructure in early 2007.





## OTHER ISSUES RECEIVE ATTENTION (continued)

**Imports and exports.** We advised the Prime Minister on quarantine and customs issues, including challenges related to the successful implementation of an integrated cargo management system.

**Rural industries.** We assisted government to develop its response to the report by the Agriculture and Food Policy Reference Group (the Corish report). We also advised on the delivery of drought relief measures and rural industry assistance more generally, and reviewed the tax treatment of plantation forestry jointly with the Treasury.

**Tourism.** We assisted the government to develop the National Tourism Investment Strategy launched in March 2006 and strategies to target emerging markets in India and China. We also advised on regulatory changes to reduce unethical behaviour by inbound tourist operators under Australia's bilateral tourism arrangement with China.

**Environment.** We advised the Prime Minister on changes to the *Environment Protection and Biodiversity Conservation Act 1999* to improve its administration and outcomes, and on resource management policy including the \$3 billion National Heritage Trust and \$1.4 billion National Action Plan for Salinity and Water Quality.

**Fisheries.** We advised on domestic and international fisheries issues including the \$220 million *Securing our Fishing Future* package announced in November 2005 and the management of southern bluefin tuna and the Torres Strait prawn fishery.

**Sport.** We advised the Prime Minister on issues including the Active Australia initiative to address childhood obesity, other government initiatives to promote and support sport, and aspects of the Australian Government's contribution to the successful staging of the Melbourne 2006 Commonwealth Games.



# 4 SOCIAL POLICY



## WHAT WE DO

PM&C's Social Policy Division advises and supports the Prime Minister on social policy issues including:

- health
- community services
- education
- employment
- immigration
- indigenous services
- veterans' affairs
- income support, and
- families.

### How we measure our performance

For this output group, our overall focus is on ensuring that the Prime Minister, our executive and other stakeholders are satisfied with the timeliness and quality of our work.



## KEY RESULTS IN 2005–06

In 2005–06 PM&C continued to support the Prime Minister by providing whole-of-government leadership and advice on a range of social policy issues. Our major areas of work included:

- **pandemic preparedness**—we led work on the National Action Plan on Human Influenza Pandemic and the Commonwealth Government Action Plan for Influenza (see Chapter 2, page 17)
- **mental health and other health issues**—we coordinated work which underpinned new Australian Government programmes in mental health, health workforce and other initiatives (page 32), and
- **skills**—we led work on a timetable and process for improving approaches to mutual recognition, apprenticeships and vocational training through COAG (page 34).

Areas of ongoing work include human capital, immigration and indigenous issues (pages 35 and 36).

Feedback was obtained from the Prime Minister, his office and our executive throughout the year. This indicated that:

- the majority of social policy advice and coordination work was timely and of high quality, and
- we succeeded in maintaining the improvements in timeliness and quality noted in our last annual report.

In addition, two staff received 2006 Australia Day Achievement Awards for their contribution to family law reforms (see photo at left).

## **MAJOR HEALTH REFORMS AGREED**

COAG identified several possible areas for improvement at its meeting in June 2005, and asked officials to prepare a draft action plan by December 2005.

PM&C played a significant role in this work. We chaired the Senior Officials' Working Group—involving all states, territories and the Commonwealth—and provided secretariat support for the group. We also helped the Australian Government formulate its position, leading a committee involving five agencies.

In response to the Working Group's report, at its February 2006 meeting COAG agreed on a \$1.1 billion reform package to achieve better health for all Australians. The Australian Government's contribution is expected to reach \$660 million over five years. This will be used to help:

- promote healthy lifestyles, detect lifestyle and disease risks, and provide better services to people with chronic conditions such as cancer
- establish a new National Health Call Centre Network from July 2007, so that by 2011 any Australian can access health advice and mental health services 24 hours a day
- provide better care for older people who are in hospital or waiting for admission to residential care, and for younger people with disabilities living in aged care facilities, and
- accelerate work on a national electronic health records system to facilitate the exchange of patient information, subject to patient consent.

COAG also asked senior officials to look into and report back by June 2006 on two more issues: services to and outcomes for people with a mental illness and their families, and Australia's health workforce.

PM&C chaired and supported the COAG groups working on these issues, as well as two interdepartmental committees involving a total of 13 Australian Government agencies.

**Mental health** is a significant issue, with mental illness costing Australia approximately \$20 billion a year.

In February 2006, COAG asked officials to develop a National Action Plan on Mental Health. We led work within the Australian Government and co-chaired with New South Wales work by Commonwealth, state and territory officials.

In April 2006, the Prime Minister announced a mental health package worth \$1.9 billion. This package will be implemented across a number of Australian Government portfolios.

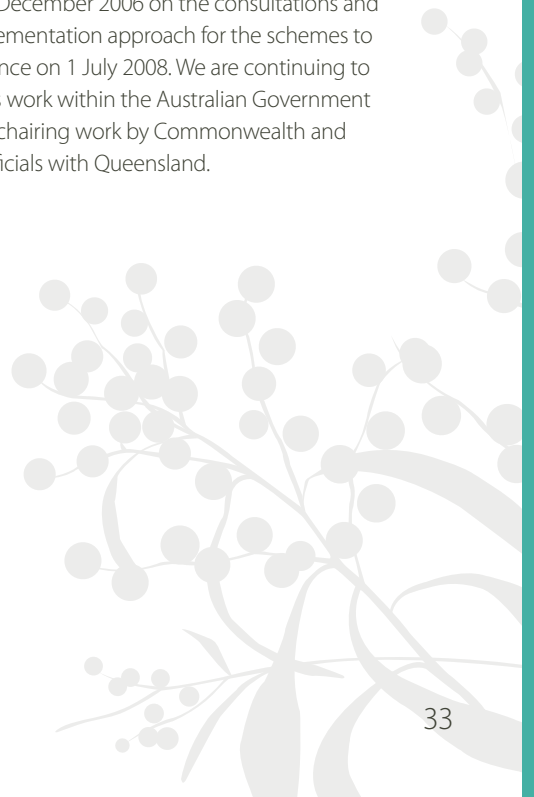
At its July 2006 meeting, COAG endorsed a five-year National Action Plan on Mental Health, of which the Australian Government mental health package formed a part.

**Health workforce** issues underpin the ability of Australia's national health system to deliver high-quality care to all Australians.

In February 2006, COAG welcomed the release of the Productivity Commission report on Australia's health workforce, and requested that senior officials report back on its recommendations and related issues in mid 2006. We led work within the Australian Government, and co-chaired with Queensland work by Commonwealth, state and territory officials.

At the July 2006 COAG meeting, governments announced a health workforce package with a total Australian Government contribution of around \$300 million over four years. The majority of this package is now being implemented across a number of Australian Government portfolios.

The implementation of the national registration and national accreditation schemes were announced as part of the health workforce reforms. On these reforms, COAG asked that senior officials consult with stakeholders on its preferred models for the schemes and report back in December 2006 on the consultations and an implementation approach for the schemes to commence on 1 July 2008. We are continuing to lead this work within the Australian Government and co-chairing work by Commonwealth and state officials with Queensland.



## **SKILLS IN AUSTRALIA**

In recent years, there has been significant reform of vocational education and training (VET), but a more responsive and flexible system is required to address the future skills needs of Australia.

At its meeting in June 2005, COAG agreed that a joint Commonwealth–State working group should look into barriers to achieving a national approach across the VET system, and report back with options and recommendations by December 2005.

PM&C chaired the working group and provided secretariat support for it with the assistance of two staff from the Department of Education, Science and Training (DEST).

We also convened a consultation session with peak bodies, and held follow-up meetings with the Business Council of Australia, the Australian Industry Group and the Australian Chamber of Commerce and Industry.

After considering the working group's report, the February 2006 meeting of COAG endorsed a range of measures to create 'a truly national approach to apprenticeships, training and skills recognition'. Governments are now working together to:

- improve quality standards for registered training organisations
- increase mutual recognition between states and territories of trade licenses
- streamline and strengthen processes for assessing migrants' skills, both offshore and onshore
- allow apprentices and trainees to work as soon as they have met industry competency standards
- remove barriers to school-based apprenticeships to make them available where there is industry demand
- introduce a better process to recognise the prior learning of all people entering training
- develop additional nationally portable qualifications in the General Construction Training Package
- establish a new regional programme to address the supply of skilled labour to key industries and regions, and
- develop options for further reform to the technical and vocational education system for consideration by COAG.

Good progress is being made, with the July 2006 meeting of COAG noting that all measures are on track for implementation within agreed timeframes.

PM&C remains closely involved in these reforms as chair of the COAG Skills Recognition Steering Group set up to drive the implementation of mutual recognition and overseas skills assessment. We are also monitoring implementation of the reforms and providing advice to government on broader skills related issues.



## WORK CONTINUES ON HUMAN CAPITAL AND INDIGENOUS ISSUES

**Human capital.** Australia has benefited significantly from the economic reforms of recent decades. However, we need to enhance workforce participation and productivity if we are to prepare for emerging pressures, such as the ageing of our population, and to take advantage of new opportunities.

At its February 2006 meeting, COAG asked senior officials as part of the new National Reform Agenda to develop proposals relating to human capital in Australia. The aim was to improve productivity and participation.

PM&C chairs the COAG working group—involving all states, territories and local government—and an interdepartmental committee involving eight Australian Government agencies. We also provide secretariat services for these groups, and for several issues-based subgroups chaired by state and territory officials.

Areas of ongoing work include early childhood development, education and care; diabetes; and literacy and numeracy outcomes for school students.

**Indigenous issues.** Outcomes for Australia's indigenous peoples have improved noticeably since 1994 but there remains a gap in outcomes between indigenous and other Australians.

PM&C is contributing to Australian Government efforts to tackle indigenous disadvantage and reduce these gaps, working closely with the Office of Indigenous Policy Coordination and other agencies. Significant areas of work in 2005–06 included:

- The Secretaries' Group on Indigenous Affairs. Chaired by our Secretary, this group advises the Ministerial Taskforce on Indigenous Affairs, and provides leadership to the APS on indigenous issues. It met seven times in 2005–06.
- COAG reporting. We coordinated reporting to COAG on progress in improving services to indigenous people and in reconciliation. Future reports will be expanded to include the outcomes of the June 2006 summit on violence and child abuse in indigenous communities convened by the Minister assisting the Prime Minister on Indigenous Issues, the Hon Mal Brough MP.





## OTHER ISSUES RECEIVE ATTENTION

PM&C has been and remains active in many other areas of social policy.

**Human services.** We chaired an interdepartmental committee on ways to improve Medicare claiming, and advised on the proposal to create a single health and social services access card. These initiatives are expected to improve the way Australians interact with government in coming years.

**Private health insurance.** We provided advice to the Prime Minister on options to improve innovation and choice in private health insurance, and to maintain the sustainability of the health care system.

**Medicines and therapeutic goods.** We provided advice on initiatives to improve the sustainability of the Pharmaceutical Benefits Scheme (PBS), new listings of high cost medicines on the PBS, the implementation of arrangements under the fourth Community Pharmacy Agreement to dispense PBS medicines, and the establishment of the Australian New Zealand Therapeutic Products Authority.

**Human cloning and research involving human embryos.** We provided advice to the Prime Minister on the Legislation Review of the *Prohibition of Human Cloning Act 2002* and *Research involving Human Embryos Act 2002* (the Lockhart Review).

**Family law.** As a member of the Family Law Reform Steering Committee, we are helping monitor the implementation of reforms announced on 29 July 2004.

**Child support arrangements.** We worked with other agencies and advised on the government response to the independent review of the Child Support Scheme as well as reforms to the Child Support Agency. We continue to play a role in this area as a member of the Child Support Scheme Reform Steering Committee.

**Welfare to work reforms.** We continued to monitor and advise government on the implementation of reforms, including through membership of the Welfare to Work Steering Committee and Strategic Project Management Group. The reforms seek to increase workforce participation through a balance of improved services, increased financial incentives and appropriate obligations. Most reforms had been implemented by 1 July 2006.

**Immigration.** The government continued to pursue a wide range of reforms in immigration policy and administration during 2005–06. PM&C chaired an interdepartmental committee monitoring the changes to immigration detention laws and practices announced by the Prime Minister on 17 June 2005. We also advised the Prime Minister on issues including the government response to the Palmer and Comrie reports, and the settlement of people entering Australia on humanitarian grounds.



## 5 INTERNATIONAL AND NATIONAL SECURITY POLICY



## WHAT WE DO

PM&C's International Division advises and supports the Prime Minister on international issues including trade and aid.

Our National Security Division advises and supports the Prime Minister on issues including defence policy and operations, non-proliferation, intelligence, transport security, border protection, emergency management and counter-terrorism. We also support the National Counter-Terrorism Committee.

In addition, our APEC 2007 Taskforce is preparing to organise 100 days of high level meetings for 8000+ delegates.

### How we measure our performance

For this output group, our overall focus is on ensuring that the Prime Minister, our executive and other stakeholders are satisfied with the timeliness and quality of our work.



## KEY RESULTS IN 2005–06

In 2005–06 PM&C continued to support the Prime Minister by providing whole of government leadership and advice on a range of national security and international issues. Our major areas of work included:

- **counter-terrorism (CT) policy**— we coordinated work to implement a comprehensive national approach to CT, engaging all levels of government (see page 40)
- **national security capabilities**— we worked on a range of intelligence, aviation and maritime security, and defence issues (page 42 and 43)
- **emergency and other aid**—we kept the Prime Minister briefed on numerous developments (page 44)
- **international partnerships**—we advised the Prime Minister on strengthening relations with Australia's major security and trading partners (page 46), and
- **APEC 2007**—a premier international trade and economic forum, APEC 2007 will be the largest security operation conducted in Australia (page 48).

Feedback was obtained from the Prime Minister, his office and other stakeholders throughout the year.

The majority of our work in this area was assessed as being timely and of high quality. In addition, in the CT context:

- a 2006 Public Service Medal was awarded to Dr Wendy Southern for her outstanding public service in the area of domestic security policy development, and
- a 2006 Australia Day Achievement Award recognised the contribution of our new CT policy team.

## **NATIONAL LEADERSHIP ON COUNTER-TERRORISM (CT) POLICY**

In 2005–06 PM&C led work to develop and implement a comprehensive national approach to CT policy issues. We:

- assisted the Prime Minister to convene a special meeting of the Council of Australian Governments (COAG)
- helped implement and report progress on COAG's CT agenda, and
- continued to lead national CT coordination and science efforts.

**The special meeting of COAG** was held in September 2005. It focused exclusively on CT issues including:

- progress in implementing the agreement on surface transport security endorsed by COAG in June 2005
- proposed further changes to the Commonwealth Criminal Code to deter and prevent potential acts of terrorism, and to prosecute where these occur
- the implications for Australia of the London bombings of July 2005, and
- a major review of airport security and policing by UK expert the Right Hon Sir John Wheeler (see also page 43).

PM&C played a significant role in setting up the COAG meeting and helping prepare agenda papers on a number of sensitive and complex issues (see also Chapter 2 page 16).

At the meeting, COAG noted that national CT arrangements were well developed and agreed in principle to a number of new CT measures.

COAG also endorsed a revised National Counter-Terrorism Plan to take into account issues including the lessons learnt from Mercury 04, Australia's first multi-jurisdictional CT exercise.

**Implementing COAG'S CT agenda** has involved significant work for PM&C and for the National Counter Terrorism Committee, which we chair (see opposite). Major milestones in 2005–06 included:

- strengthened CT legislation, including measures for control orders and preventative detention to restrict the movement of those who pose a terrorist risk to the community
- COAG endorsement of a new National Emergency Protocol in February 2006, which sets out how all governments will cooperate and communicate in the event of a national emergency
- the appointment of an airport police commander at each of Australia's 11 major airports to coordinate security and law enforcement responses, and
- a new code of practice on the use of closed-circuit television to deter, and assist in the response to, an attack.

Work with line agencies and with states and territories is continuing on:

- unified policing arrangements at major airports—these will involve state and territory police as well as the Australian Federal Police (AFP)
- the roll-out of a national document verification service to combat the use of false and stolen identities
- a refocused CT exercise regime and timetable with a stronger focus on Australia's ability to manage mass casualty incidents, and
- a COAG review of the control of security-sensitive chemical, biological and radiological materials.

**National CT coordination** was also pursued at an officials level through the National Counter-Terrorism Committee.

The committee comprises officials from relevant Australian Government agencies as well as from all First Ministers' departments and state and territory police services. In 2005–06 the committee:

- met four times in various locations around Australia and held three secure teleconferences, and
- conducted Exercise Mercury 05, which involved more than 4000 people in five jurisdictions (see photo at right).

An Australian National Audit Office (ANAO) audit of CT arrangements tabled in October 2005 found that:

- national CT arrangements had undergone continuous and rapid evolution since September 2001, and
- agencies were highly positive about the professional and proactive support we provided for these arrangements.

Together with the Attorney-General's Department (AGD), we are taking steps to address the areas for further improvement identified by the ANAO, including in relation to the national CT exercise programme.

**National science and technology support** is important to enable Australia to develop and enhance its CT capabilities, including through targeted equipment purchases.

PM&C coordinates science, engineering and technology work to meet Australia's CT needs. In 2005–06 we:

- developed national science and technology research priorities for CT
- worked with publicly funded science agencies to develop and pursue a collaborative research programme
- sponsored fifteen new research projects under the Research Support to Counter Terrorism Programme, and
- continued to develop links with other CT researchers and suppliers—more than 100 organisations have registered with us over the last three years.

We also made a major advance by finalising agreements with the US to facilitate cooperation on science and technology for CT purposes (see page 46).

DEPARTMENT OF DEFENCE



## DOMESTIC SECURITY CAPABILITIES RECEIVE ATTENTION

Protecting Australia and Australian interests is the first priority of government. The threat of terrorism has not only impacted on our international security response but has also had a significant domestic impact as well.

To protect our community against terrorism, PM&C acts as a central coordinating agency. In conjunction with those agencies with line responsibility, we have been focusing on developing capabilities in

- intelligence
- transport and border security, and
- defence response.

In 2005–06 PM&C continued to keep the Prime Minister briefed on the results being achieved, and on opportunities to further enhance Australia's capabilities. We briefed the Prime Minister on developments including:

- references to terrorist threats in travel advisories issued by the Department of Foreign Affairs and Trade (DFAT), and
- actual incidents including the London bombings of July 2005, and the second Bali bombing of October 2005.

**Robust intelligence** is vital to effective defence and foreign policy, and to help government to assess the risk of—and prevent and investigate—terrorist attacks.

Significant additional resourcing is going towards Australia's intelligence agencies. ASIO, for example, is to double its staffing over the next four years to meet emerging intelligence needs.

In 2005–06 PM&C continued to help the Australian Government implement its response to the 2004 Flood Report on Australia's intelligence agencies. Our major areas of work included:

- a new annual process whereby ministers consider agencies' performance, priorities and resource needs
- changes to the intelligence community's outcomes/outputs framework and foreign intelligence priorities to accord with the major redirection of the national intelligence effort in recent years, and
- advice on the *Intelligence Services Legislation Amendment Act 2005*, which came into effect in December 2005.

As a result of this Act, all legislative recommendations flowing from the Flood Report have now been implemented.

PM&C also contributed to a close alignment between the foreign intelligence effort and government priorities, in our role as a member of the Foreign Intelligence Coordination Committee.

**Transport and border security** is important to reduce the likelihood of our transport systems being a target of, or vehicle for, terrorism and to protect Australia's sovereign interests.

In 2005–06 PM&C worked closely with relevant agencies to keep the Prime Minister briefed on a range of issues, including a major review of airport security and policing by UK expert the Rt Hon. Sir John Wheeler.

In addition, as chair of the People Smuggling Taskforce, we coordinated the development of responses to unauthorised arrivals by boat into Australia.

We also led a review of fisheries compliance and enforcement. An outcome of this review was the establishment of a new Strategic Maritime Management Committee, led by PM&C, to facilitate ongoing whole-of-government work on civil maritime security.

**Defence capability** is central to the protection of Australia's interests across a broad spectrum—from CT to conventional war fighting. It also supports our response to natural disasters (see pages 40–1, 44–5 and 50).

In 2005–06 PM&C continued to provide advice on a range of defence issues, working closely with the Department of Defence (Defence) and other relevant agencies.

We provided advice to the Prime Minister on the Defence Capability Plan 2006–2016, as released to the public on 20 June 2006 by the Minister for Defence. The plan outlines more than \$51 billion of major capital equipment proposals which are to be evaluated by government over the next decade.

Other significant areas of work in 2005–06 involved advising the Prime Minister on defence industry and strategic industrial capacity including defence industry policy and production issues, and the implementation of procurement reforms by the Defence Materiel Organisation.



## INTERNATIONAL AID AND ASSISTANCE—AN ONGOING FOCUS

The Australian Government provided aid and assistance in response to events across the world and closer to home over 2005–06.

PM&C continued to support the Prime Minister on emerging issues and progress in implementing measures. Our major areas of advice in 2005–06 involved:

- emergency and disaster situations in the Asia–Pacific
- Pacific governance and security
- stabilisation and reconstruction efforts in Iraq and Afghanistan, and
- other aid and assistance measures.

**Emergency and disaster situations** in 2005–06 included major earthquakes in Pakistan and Indonesia, and Hurricane Katrina in the Gulf region of the United States of America (US).

PM&C participated in interdepartmental emergency taskforce meetings and kept the Prime Minister briefed on Australia's responses to these disasters.

PM&C also continued to work with AusAID and other agencies to allocate and implement the \$1 billion Australia–Indonesia Partnership for Reconstruction and Development announced after the Indian Ocean tsunamis of 26 December 2004.

**Pacific governance and security** continues to be a focus for Australian foreign policy.

In 2005–06 PM&C advised the Prime Minister on issues including:

- Australia's Enhanced Cooperation Programme with Papua New Guinea (PNG)
- the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI), and
- Australian Federal Police (AFP) trans-national crime units in six Pacific states.

We also advised on options for further assistance, including the measures announced by the Prime Minister at the Pacific Islands Forum Leaders' Meeting in October 2005.

In addition, we worked with a number of agencies to develop options for responding to civil unrest in Solomon Islands in April 2006 and in East Timor in May and June 2006.

The Prime Minister subsequently visited East Timor in July 2006, to speak with its new Prime Minister and with ADF and AFP personnel stationed there.

## **Stabilisation and reconstruction efforts**

in Afghanistan and Iraq are continuing with the participation of Australia and a number of other nations.

PM&C supported the Prime Minister in his decision making on ADF deployments to these areas and related issues. Major milestones included:

- the Prime Minister's visit to Iraq in July 2005 and to Afghanistan in November 2005, and
- a visit to Australia by Afghanistan's Minister for Foreign Affairs in August 2005.

In addition, as a member of the Australian Government's interdepartmental task force on Iraq, we provided advice to the Prime Minister on Iraq's rehabilitation and reconstruction.

We assisted Defence and other agencies on the planning of Australia's contribution to a Netherlands-led Provincial Reconstruction Team in Afghanistan, to be deployed in late 2006.

## **Other Australian Government aid and**

**assistance.** PM&C advised the Prime Minister on major aid issues including:

- the UN Leaders' Summit in September 2005
- the level of Australian aid
- the development of a white paper on aid in April 2006, and
- a new five year Australian Scholarships Programme.



DEPARTMENT OF DEFENCE

## KEY INTERNATIONAL RELATIONSHIPS

PM&C works closely with agencies including DFAT and Austrade to promote Australia's interests overseas, both on a bilateral and multilateral basis.

**Bilateral relationships** are the basic building blocks the Australian Government uses to pursue Australia's interests overseas.

In 2005–06 PM&C continued to play a role in this process, participating in relevant interdepartmental committees and keeping the Prime Minister briefed on developments.

We prepared and delivered visit programmes focused on advancing our foreign policy interests as part of the Prime Minister's eight overseas trips to 14 nations, and 26 visits to Australia by guests of the government.

Logistical support for, and more information on, visits is provided under our ceremonial and hospitality function (see page 64).

Australia's alliance with the US was a major focus of PM&C's advice in 2005–06. Our two nations celebrated the 60th anniversary of Victory in the Pacific (see photo on page 50). We provided advice on:

- a new Australia–US agreement on co-operation in science and technology for homeland/domestic security matters (signed 21 December 2005)
- a memorandum of understanding between PM&C and the US Department of Defense on technology for combating terrorism (signed 17 May 2006, see photo at right), and
- bilateral discussions under these agreements—PM&C led the inaugural Australian delegation to the US in mid 2006.

Other bilateral relationships also received attention in 2005–06. Major areas on which PM&C advised the Prime Minister were:

- Australian–Indonesian cooperation on terrorism, people smuggling, illegal fishing and other shared security issues
- an additional bilateral memorandum of understanding with Afghanistan on counter-terrorism
- the implementation of Australia's free trade agreements (FTAs) with the US, New Zealand (NZ), Thailand and Singapore
- the advancement of FTA negotiations with China and Malaysia
- the progress of an FTA scoping study with Japan, and
- ANZAC commemorations at, and the heritage values of, the Gallipoli peninsula in Turkey.



**Multilateral relationships** provide opportunities for Australia to influence and benefit from cooperation on a regional and global scale.

Again, PM&C ensured the Prime Minister was briefed on the opportunities and issues that arose over 2005–06, including global efforts to stop the proliferation and shipment of weapons of mass destruction and related materials.

A major area of advising for PM&C was the inaugural East Asian Summit meeting, held in Kuala Lumpur in December 2005. Other significant issues on which we provided advice included:

- the Pacific Islands Forum Leaders' Meeting in PNG in October 2005
- the Commonwealth Heads of Government Meeting in Malta in November 2005
- the Asia–Pacific Economic Cooperation (APEC) Leaders' Meeting in the Republic of Korea in November 2005
- the global Proliferation Security Initiative including through PSI *Exercise Pacific Protector 06* in Darwin in April 2006
- the World Trade Organisation Doha Development Round negotiations held throughout the year
- ongoing negotiations on an FTA between Australia, NZ and ASEAN, the Association of South East Asian Nations, and
- exploration of a possible FTA with the six Gulf Cooperation Council countries.

## APEC 2007 PREPARATIONS IN FULL SWING

APEC focuses on facilitating economic growth, cooperation, trade and investment in the Asia–Pacific region. Its 21 member economies collectively account for well over half of the world's gross domestic product—more than US\$19 trillion in 2001 and growing.

Each year, one APEC economy hosts a series of ministerial and senior officials' meetings, including the annual Leaders' Meeting which determines APEC priorities for the following year.

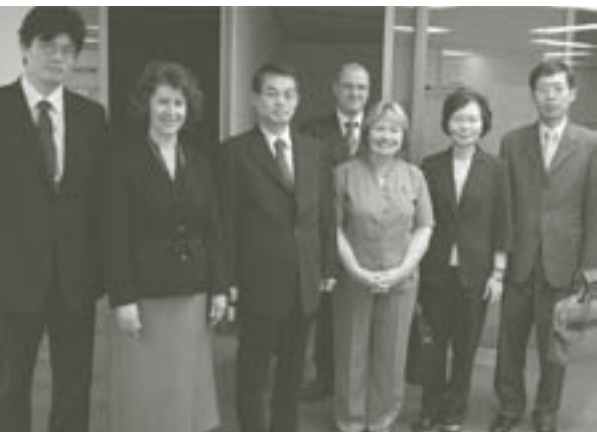
In October 2002 the Australian Government endorsed a proposal for Australia to host an APEC Year in 2007.

The APEC discussions in 2007, and the APEC Leaders' Meeting in Sydney on 8–9 September 2007, will be one of the most important international meetings hosted by Australia in many years.

Fifteen ministers' meetings and senior officials meetings will be hosted in the lead-up to the Leaders' Meeting, involving between 8000 and 10 000 delegates. A large international media contingent is also expected.

PM&C's initial role was to organise and manage the logistics solely for the Leaders' Week, but this was expanded in early 2005 to include all APEC ministerial and senior officials' meetings on the official programme. Our major areas of work in 2005–06 included:

- Meeting locations. Meetings will be held in all states and territories except Victoria, with the two Leaders' Retreats to be held in special venues.
- Project budgets. The Australian Government has announced it will spend \$216.3 million over four years on hosting APEC 2007. PM&C's budget for APEC work will reach \$115 million over three years.
- Recruitment of appropriately skilled staff. The taskforce has grown into the largest single area of PM&C, comprising 109 people at 30 June 2006 (see photo opposite). Most staff are based in Sydney, the location of Leaders' Week, together with AGD's APEC Security Branch (33 people) and the NSW Police APEC Security Command (43 people).
- Learning. Systematic orientation for new staff has been provided to build a strong team in the shortest possible time. Lessons learnt from previous events—such as APEC 2005 in Korea—have also been incorporated into planning (see photo at left).
- Coordination. Memorandums of understanding have been finalised with states, territories, and a range of Australian Government agencies involved in meetings and other events.
- Communications. The APEC Australia 2007™ website, [www.apec2007.org](http://www.apec2007.org), was launched on 20 June 2006 to provide information to delegates, officials, media and the broader community. It will be expanded over time to allow, for example, delegates to register for accreditation or book accommodation.



Preparations have gone well but there is much yet to be done—APEC 2007 will be the largest and most complex security operation ever conducted in Australia.

PM&C expects to deliver an APEC Year to remember, as well as a strong legacy that future APEC host economies can build on. We will continue to work closely with stakeholders including:

- the APEC 2007 executive—chaired by our Secretary, this is the senior body overseeing the event
- the various decision making and operational groups that report to the APEC 2007 executive
- AGD, which is coordinating protective security arrangements, and
- DFAT, which is managing Australia's relationship with APEC and the policy agenda for the year.

Once the APEC 2007 year is over, we expect to evaluate and share the lessons learnt with future host economies, the APEC secretariat and others.



## OTHER MILESTONES IN 2005–06

**Natural disasters.** We continued to brief the Prime Minister on, and to develop options for responding to, major natural disasters including the dispatch of ADF personnel as part of Operation Tropical Cyclone Larry Assist in April 2006. This work involved many different parts of PM&C and other agencies, as acknowledged in Chapter 2 (see page 13).

**Commemorative events.** We worked with the Department of Veterans' Affairs to mark a number of significant military events including:

- the state funeral of Mr Peter Casserly, Australia's last World War I veteran (see also page 67)
- ANZAC Day 2006, and
- the sixtieth anniversary of Victory in the Pacific on 12 August 2005 (see photo below).



DEPARTMENT OF DEFENCE



6  
SUPPORT SERVICES  
FOR GOVERNMENT  
OPERATIONS



## WHAT WE DO

PM&C provides a wide range of support services for government operations. These services are provided by our:

- Cabinet Division
- Government Division
- People Resources and Communications Division, and
- International Division.

### How we measure our performance

This is a very diverse output group and a number of specific targets apply. Our overall focus is on ensuring that:

- the Prime Minister, the Governor-General and other stakeholders are satisfied with the timeliness and quality of our work
- meetings and events are organised as and when required by government, and
- grants and entitlements are administered appropriately.



## KEY RESULTS IN 2005–06

PM&C delivers a wide range of support services for government operations. In 2005–06 our services included:

- **Cabinet support**—we provided support for 122 Cabinet, Cabinet committee and Federal Executive Council meetings and promoted better practice in policy implementation (see page 53)
- **Machinery of government**—among other things, we helped establish the Cole Royal Commission (page 56) and launched a new website to promote the Australian honours system (page 58)
- **Government communications**—we facilitated government information campaigns and completed a record number of photographic assignments (page 60)
- **Official establishments**—we continued to manage the Prime Minister's official residences and provide secretariat support to the Official Establishments Trust (page 62), and
- **Ceremonial and hospitality**—we organised 26 official visits to Australia, the Prime Minister's eight overseas visits, and 14 other events (page 64).

Feedback obtained from many different stakeholders confirmed that our services were timely and of high quality.

In addition, three staff received 2006 Australia Day Achievement Awards in recognition of their individual contributions 'behind the scenes':

- for providing a high standard of support for ceremonial and hospitality events (see photo at left)
- for supporting Cabinet consideration of up to 900 appointments a year (photo opposite), and
- for coordinating the tabling of significant documents from across government.

### CABINET SUPPORT

The Cabinet is the government's key decision making body and is chaired by the Prime Minister. Cabinet and its committees meet regularly, usually in the Cabinet Suite in Parliament House.

PM&C schedules and provides secretariat support for Cabinet and committee meetings. As part of this, we:

- check that documents lodged with us comply with relevant requirements
- arrange secure distribution of meeting papers and outcomes
- coordinate Cabinet briefings to the Prime Minister from our policy advice areas, and
- maintain the records of Cabinet.

Details of trends in services to Cabinet and other decision makers are provided in Table 6.1 (overleaf).

Our Cabinet secretariat workload in 2005–06 involved:

- 93 meetings of the Cabinet and its committees, including one meeting in Sydney and one in Melbourne, and
- 29 meetings of Federal Executive Council—under Australia's constitution, the council advises the Governor-General on government of the Commonwealth of Australia.

Feedback on our secretariat services was obtained from the Prime Minister, the Governor-General and other stakeholders, often immediately after meetings. Feedback continued to be very positive. Timeliness also improved:

- over 99 per cent of all Cabinet minutes were settled and circulated within 24 hours of the end of each meeting, and
- 95 per cent of papers for consideration by the Governor-General were delivered to Government House two full working days before each meeting.

Our Cabinet Implementation Unit also worked with agencies to promote early and effective planning for policy delivery, and followed up to see that key decisions were implemented on time, on budget and to Cabinet expectations. Our cabinet implementation workload increased substantially over 2005–06:

- the number of initiatives that we were asked to monitor rose, from an average of 21 initiatives comprising 134 individual measures in 2004–05 to 63 initiatives comprising 196 measures
- as part of a programme of outreach, we delivered 19 presentations on aspects of successful policy implementation to agencies and external stakeholders
- we set up a reference group of senior officials from 14 agencies to discuss emerging implementation issues and priorities, and
- we also developed a Better Practice Guide on Implementation in partnership with the Australian National Audit Office, for launch in 2006–07.

Feedback from stakeholders on our Cabinet implementation services was positive.



**Table 6.1—Trends in services to Cabinet and other decision makers**

	2001–02	2002–03	2003–04	2004–05	2005–06
<b>MEETINGS HELD OF THE CABINET AND ITS COMMITTEES</b>					
Cabinet	27	32	30	26	26
Ministry	not reported	3	3	3	3
National Security Committee (NSC) <sup>a</sup>	16	36	16	10	23
Parliamentary Business Committee <sup>b</sup>	14	20	21	14	19
Other Cabinet committees	38	26	21	21	11
Secretaries' Committee on National Security (SCNS) <sup>a</sup>	16	20	15	11	11
<b>TOTAL</b>	<b>111</b>	<b>137</b>	<b>106</b>	<b>85</b>	<b>93</b>
Number of Cabinet meetings held outside Canberra	14	6	4	2	2
<b>CABINET MINUTE AVAILABILITY WITHIN 24 HOURS OF MEETING</b>					
NSC	not reported	not reported	70%	100%	99%
Cabinet and all other committees	>95%	92%	99%	97%	99%
<b>OTHER INDICATORS OF CABINET WORKLOAD</b>					
Cabinet documents lodged	not reported	789	706	641	740
Cabinet minutes recorded	not reported	965	856	696	832
Initiatives monitored through the Cabinet Implementation Unit <sup>c</sup>	n/a	n/a	n/a	20	51
<b>SUPPORT FOR THE GOVERNOR-GENERAL IN COUNCIL (THE FEDERAL EXECUTIVE COUNCIL)</b>					
Meetings held	31	34	28	28	29
Papers considered	not reported	567	591	542	547
Availability of papers two working days before meeting	not reported	91%	91%	94%	95%

a Until 30 June 2003 secretariat support for NSC and SCNS was provided under our international and national security output group.

b This committee is mainly serviced by PM&C's Government Division rather than the Cabinet Division.

c The Cabinet Implementation Unit was set up during 2003–04.

## SPECIAL FEATURE—INTERNATIONAL LEADERSHIP AND LEARNING

While responding to the needs of the Australian Government is PM&C's top priority, we also aspire to learn from and share information with the public service in other nations. In 2005–06 we hosted visits from:

- Samoa's Cabinet Secretariat. The Assistant CEO, Ms Vaosa Epa, completed a two month secondment at PM&C in late 2005, under the Australia and New Zealand School of Government's Pacific Scholarships for Governance Scheme.
- Afghanistan's Office of Administration and Council of Ministers Secretariat. Sponsored by AusAid, the Director General Mr Farooq Wardak visited us in November 2005 to observe Australia's government processes; the government of Afghanistan was considering what form of Cabinet system to implement.
- Indonesia. A delegation of officials from Indonesia's Cabinet Secretariat and related agencies visited us in January 2006 under the Government Partnerships Fund of the Australia Indonesian Partnership for Reconstruction and Development. We expect to host several more visits from Indonesia over 2006–07.
- Ireland. A delegation of senior public servants visited us in April 2006 to discuss Cabinet and government policy processes, including implementation of key decisions.
- Papua New Guinea's Central Agencies Coordination Committee Secretariat. The Director-General, Ms Felecia Dobunaba OBE, visited us in June 2006 to discuss Australian Cabinet and whole-of-government processes.

Our staff also visited the Royal Thai Secretariat of Cabinet in July 2005 and March 2006, to help them to develop an online system for Cabinet documents similar to our CABNET. This followed visits to us by Thai officials in mid 2002 and late 2004.

Our delegations provided some interesting insights into Thai Cabinet processes:

- journalists wait outside to interview the ministers heading into and out of meetings, and
- celebrities also stand on the steps of the building to be photographed with ministers, and invited charities raise funds by selling items to the crowd.



*Our first delegation to Thailand witnessed arrangements for a Thai Cabinet meeting and is shown with celebrities outside the meeting.*

## **MACHINERY OF GOVERNMENT**

The term 'machinery of government' refers to the allocation of functions to ministers and agencies, and to the institutions and structures that are established to deliver government policies and programmes.

In this context, PM&C assists the Prime Minister by:

- advising the Prime Minister on and preparing the Administrative Arrangements Order
- preparing the documentation required to establish a Royal Commission and administering relevant legislation
- assisting government to manage its legislative programme
- providing guidance to other agencies on a range of whole-of-government processes, and
- advising on and promoting Australia's national symbols and honours.

**The Administrative Arrangements Order (AAO)** is a formal order signed by the Governor-General. It sets out the matters dealt with by each department and the legislation administered by each minister.

PM&C provides advice and support to the Prime Minister on these issues as required. During 2005–06 the AAO was amended on two occasions:

- 21 July 2005 to reflect legislative changes since the previous AAO was issued in December 2004, and
- 27 January 2006 to reflect changes announced by the Prime Minister on 24 January 2006.

**Royal Commissions** may also be set up from time to time, to inquire into specific matters referred to them by government.

PM&C prepares the documentation required to establish a Royal Commission and administers the *Royal Commissions Act 1902*. In 2005–06 we:

- prepared Letters Patent for the appointment of the Hon T R H Cole AO RFD QC on 10 November 2005 to conduct an inquiry into certain Australian companies in relation to the UN Oil for Food Programme
- prepared additional Letters Patent which were made by the Executive Council on 6 February, 10 March, 17 March and 22 June 2006
- contributed to briefing counsel in the matter of *AWB v Cole & Commonwealth (No. 1)*, which sought to clarify the power of a Commission to require production of documents for the purpose of deciding whether or not to accept a claim of legal professional privilege, and
- in response to a request by Commissioner Cole, prepared a bill to amend the Royal Commissions Act to address the doubt raised by the Federal Court's ruling on this matter.

The Royal Commissions Amendment Bill 2006 was introduced in the House of Representatives on 25 May 2006, passed by parliament and took effect on 15 June 2006.

A further matter involving PM&C and others, *AWB v Cole and Commonwealth (No 2)*, was ongoing at 30 June 2006. In this matter, AWB seeks to establish legal professional privilege in respect of a large number of documents not involved in the first case.

**Legislation.** Before a minister introduces a bill to the parliament, he or she must obtain policy approval for the measures it contains. Approval must be obtained from:

- the Cabinet for proposals with significant policy implications, or
- the Prime Minister for proposals with minor policy significance.

The relevant minister may approve technical amendments that do not affect existing policy.

As well as obtaining policy approval, ministers must also bid for a bill containing those measures to be included in the government's legislation programme. Bids are then prioritised by the Parliamentary Business Committee of Cabinet.

The highest priority of bill, Category T, is for bills which the government considers must be introduced and passed in the same sitting period. Category A bills are intended for introduction in one sitting period and passage in the next. Category B and C bills are for lower priority legislation.

Once a bill is drafted, final approval to introduce the bill must be obtained from the Parliamentary Secretary to the Prime Minister.

PM&C plays a central role in tracking the progress of legislative proposals and bills.

As each of the three sitting periods a year approaches, we work closely with the Parliamentary Business Committee to document the government's complete legislation programme.

We also provide all senators and members with a list of the bills that the government plans to introduce and/or debate in the coming sitting period (the public list).

Then, as each sitting week approaches, we prepare a Cabinet memorandum on any proposed changes to the legislation programme and the parliamentary debate programme for the coming week.

We also provide a submission to the Parliamentary Secretary to the Prime Minister on each request for approval to introduce a bill or government amendments—a total of 206 briefs in 2005–06—and ensure that relevant ministers have been consulted on measures.

Finally, in accordance with Senate Standing Orders, we prepare an annual report on unproclaimed legislation for tabling in the parliament in August each year.

**Guidelines** are issued to agencies on a number of whole-of-government processes. Our major publications include the:

- Cabinet Handbook
- Federal Executive Council Handbook
- Legislation Handbook
- guidance on caretaker conventions
- guidelines for official witnesses before parliamentary committees
- guidelines on presenting government documents to the parliament, and the
- Annual Report Requirements for departments, agencies and other bodies subject to the *Financial Management and Accountability Act 1997* (the FMA Act).

One major publication was updated in 2005–06: the annual report requirements. This was reissued in June 2006 after minor updates and approval by the Joint Committee of Public Accounts and Audit.

Other publications issued in 2005–06 included 16 circulars on various matters including arrangements for tabling annual reports in October 2006 and the timetable for finalising the government's legislation programme.

## **MACHINERY OF GOVERNMENT (continued)**

**The Australian honours system** began in 1975, when a new system of honours was developed to replace the British Imperial honours and to recognise other areas of service valued by Australians.

Australia's honours system includes:

- the Order of Australia, the pre-eminent way we recognise the achievements and service of our fellow Australians
- the Australian Bravery Decorations, which recognise acts of bravery by members of the community, and
- honours and awards recognising military and other service.

A complete list of Australia's honours and awards is provided on our website [www.itsanhonour.gov.au](http://www.itsanhonour.gov.au).

PM&C advises the Prime Minister on the overall operation of Australia's honours system. In 2005–06 we provided advice on issues including:

- finalising the regulations for the Australian Defence Medal to recognise military service since 3 September 1945
- allowing service with certain marine and helicopter rescue services to count towards the National Medal
- extending the operational area in Thailand affected by the tsunamis to enable service in additional areas to count towards the Humanitarian Overseas Service Medal (HOSM), and
- recognising service with eligible organisations in Afghanistan for the HOSM from 8 December 1979.

The nomination process varies depending on the honour. It may involve the Honours Secretariat at Government House, the Directorate of Honours and Awards in the Department of Defence, and/or PM&C. PM&C's role varies:

- We are represented on the Council for the Order of Australia and the Australian Bravery Decorations Council.
- We advise the Prime Minister on nominations of non-Australians for the Order of Australia.
- We also advise the Prime Minister on proposals by foreign governments to grant Australians foreign honours.
- We provide secretariat services to the committees that consider public service honours e.g. the Public Service Medal.
- We process applications for a small number of awards including the HOSM.

We were particularly busy in 2005–06, processing 1,300 applications for the HOSM relating to international relief and recovery efforts after the Indian Ocean tsunamis of 26 December 2004.

PM&C also promotes awareness of the honours system and of honours recipients, working closely with the Honours Secretariat at Government House. Promotional activities in 2005–06 included:

- information sessions and exhibitions in Darwin and Brisbane (see photo opposite)
- *Celebrating Australians*, an email digest of the latest honours news and info
- *It's an Honour*, a biannual magazine with more in-depth coverage of the honours and their recipients, and
- the It's an Honour website, which was redeveloped over 2005–06.

The website has been a real success, with many visitors complimenting its content and accessibility. It attracted almost 90 000 visits in June 2006—the month of The Queen's Birthday honours announcements.

The site was designed to be accessible to the widest possible audience, and was only launched after testing by Vision Australia confirmed that it was accessible to people with a variety of visual impairments.

It features a wide range of information on Australia's honours and symbols, and is located at [www.itsanhonour.gov.au](http://www.itsanhonour.gov.au).

**National symbols** are another significant area of work for PM&C. While our national symbols have not changed in many years, areas of ongoing work relate to:

- the Australian National Flag
- the Commonwealth Coat of Arms, and
- annual Australia Day celebrations.

The Australian National Flag—our nation's foremost symbol—is to be treated with respect and dignity. PM&C provides information on protocols for flying the flag, and how to fly the flag on special occasions.

In 2005–06 the flag was flown at half mast on Anzac Day, Remembrance Day and on 16 other occasions to recognise State funerals and events such as the anniversary of the Bali bombings.

The Commonwealth Coat of Arms is the official symbol of the Commonwealth of Australia. The Arms are not available for general public use. However, exceptions may be granted for educational materials and for teams representing Australia in international competitions.

Australia Day celebrations are coordinated by the National Australia Day Council (NADC), which heads a network of state, territory and local bodies. PM&C supports the work of the NADC by providing:

- advice to the Prime Minister on appointments to its board, and
- government grants to support Australia Day celebrations and the Australian of the Year awards.

A total of \$1.9 million was provided to the NADC in 2005–06.





## **GOVERNMENT COMMUNICATIONS**

**The Government Communications Unit (GCU)** provides analysis, advice and support to the Ministerial Committee on Government Communications.

The committee makes decisions on all major and/or sensitive information activities undertaken by agencies subject to the FMA Act.

In 2005–06 the committee met 57 times and discussed 39 activities (see Table 6.2 opposite). Major areas of work related to:

- Defence Force recruitment advertising (\$14.8 million)
- the ‘Get Moving’ physical activity campaign featuring the red chair (\$4.6 million)
- light and mild tobacco (\$7.8 million)
- the National Go for 2&5™ campaign to promote healthy eating (\$0.6 million)
- the ‘Support the System that Supports You’ campaign (\$10.1 million)
- Welfare to Work reforms (\$5.8 million), and
- Work Choices industrial relations reforms (\$31.8 million).

Agenda papers were generally provided to us seven working days prior to committee meetings as required. Waivers to the seven-day rule from the chair of the committee were obtained where appropriate, for example, due to urgent or unforeseen issues.

Feedback was obtained from the committee after each meeting, as well as from agencies and our executive throughout the year. This feedback confirmed that the vast majority of our advice and support was timely and of high quality.

Other significant areas of work included:

- An audit of newspapers and other publications. This ongoing audit is looking into the circulation claims of various media outlets. While it will not be complete until 2006–07, it is already helping us to refine our advertising strategies and to target government advertising to those publications with a proven audience reach.
- The Central Advertising System (CAS). Customer satisfaction surveys were undertaken for, and recorded good levels of satisfaction with, both master media placement agencies (Universal McCann for campaign advertising and hma Blaze for non-campaign advertising). Following a review of their performance including satisfaction levels, both contracts were extended to 30 June 2008.
- A central register of creative advertising and other communications experts. We maintain a register of firms who are interested in taking on government communications work. Almost 600 firms were on the register at 30 June 2006; 135 firms registered for the first time or updated their entry during the year.
- Seminars for agency staff. We ran 10 seminars on topics ranging from strategic media planning, targeting hard to reach audiences, and the role of research in communication activities. Seminars generated considerable interest, attracting 56 per cent more people than in recent years.

More information on government requirements and upcoming seminars is available at our website [www.gcu.gov.au](http://www.gcu.gov.au).

**Table 6.2—Trends in government communications services**

	2001–02	2002–03	2003–04	2004–05	2005–06
<b>MINISTERIAL COMMITTEE ON GOVERNMENT COMMUNICATIONS</b>					
Meetings held	36	46	46	30	57
Information activities considered	22	25	30	24	39
<b>OTHER GCU SERVICES</b>					
Seminars organised	14	13	11	8	10
Attendance at seminars (approximate)	778	874	441	482	750
<b>AUSPIC GOVERNMENT PHOTOGRAPHIC SERVICE</b>					
Assignments	not reported	1 017	1 264	1 154	1 348

**AUSPIC** also had a busy year, undertaking photographic assignments for members of parliament and government agencies. An AUSPIC photographer also accompanied the Prime Minister on each of his official overseas visits (see page 66).

In 2005–06 we undertook a record level of assignments. Despite the increase in workload, we continued to achieve high levels of customer satisfaction and repeat business. We received more than 200 emails complimenting AUSPIC’s responsiveness, professionalism and quality of photography.

We also achieved a break-even financial position as planned from AUSPIC activities, which are funded on a fee-for-service basis.



## OFFICIAL ESTABLISHMENTS

The Prime Minister has two official residences, The Lodge in Canberra and Kirribilli House in Sydney.

PM&C manages both of these. We provide domestic staff at both residences—a total of 7.4 full time equivalent staff. Staffing levels have remained constant since 1996 and are not expected to change in 2006–07.

Contractors are used to provide specialist skills, such as building and grounds maintenance. A consulting firm was engaged to provide heritage architect services for both residences.

We also work closely with relevant bodies including:

- the Australian Federal Police Protective Service and other security agencies, and
- the Official Establishments Trust and Australiana Fund (see opposite).

Feedback confirmed that our services were timely and of high quality. In addition:

- both residences are being maintained in line with their heritage status, and
- the presentation of the grounds of both residences has improved noticeably.

This improvement was a real achievement given the water restrictions in place and adhered to at both residences over 2005–06.

Open days held at both residences attracted an estimated 4700 visitors and raised around \$16 000 for the Australiana Fund.

Repairs and maintenance were carried out at both residences over 2005–06. At The Lodge:

- the refit of the reception rooms was completed with new carpets installed in the foyer, staircase and back alcove
- guard facilities were painted and repaired
- the surface of the courtyard was treated to make it less slippery, and
- a major garden bed was completely replanted and more efficient irrigation systems installed.

At Kirribilli House:

- external painting and minor internal painting was undertaken
- the fire panel was replaced and circuit breakers were installed throughout the residence, and
- the grounds, gardens and irrigation systems were further improved.

In addition, and in line with the *Environment Protection and Biodiversity Conservation Act 1999*, we are developing a heritage strategy for both residences with the assistance of conservation experts.

The strategy is nearing final approval and will set out how we will manage the heritage values of these properties now and into the future.

**The Official Establishments Trust** advises the Prime Minister on his official residences and the two official residences of the Governor-General. The trust focuses on conserving and developing the public areas of residences.

PM&C assists the trust to formulate its advice to the Prime Minister. In 2005–06 we provided:

- secretariat services for four meetings of the trust and its committees
- modest funding to cover trust expenses such as members' sitting fees and travel (\$25 000), and
- advice to the Prime Minister on appointments to the trust.

Mr Bruce Buchanan was reappointed to and will serve as a member of the trust until 8 June 2008. Another three appointments to the trust are due to expire in mid 2007.

More information on the trust is provided in its annual report, available at our website [www.dpmc.gov.au/annual\\_reports](http://www.dpmc.gov.au/annual_reports).

**The Australian Fund** collects and provides items of quality for use in the public areas of Australia's official establishments. It focuses on items which reflect and illustrate Australia's heritage.

PM&C liaises with the fund to ensure proper care of and accountability for items on loan to the Prime Minister's residences—these are valued at approximately \$1.8 million.

We also provide a small amount of funding to enable the fund to obtain professional assistance to meet its objectives and account for funds raised. In 2005–06 we provided \$93 500 towards the fund's operations. No part of this grant is used for acquisitions.

More information on the fund is available at its website [www.theaustralianafund.org.au](http://www.theaustralianafund.org.au).



*Our Official Establishments team ponders a plan of The Lodge's grounds.*

## CEREMONIAL AND HOSPITALITY (CERHOS)

State occasions and official visits provide opportunities for people to acknowledge national events and for face-to-face meetings between leaders on important issues.

PM&C plays a major role in planning and coordinating such events. For an official visit—our most common task—we develop the programme in partnership with the visitor's diplomatic representatives, airlines, hotels, security and many other agencies.

We facilitate visitors' arrivals and departures including their security, immigration, customs and quarantine clearance. We ensure there are appropriate welcome and farewell arrangements (see photo below).

A member of our staff will often travel with the official party. This can mean getting up at 5.30am to catch up on emails, confirming the day's programme over breakfast with colleagues, and attending official functions throughout the day and into the night.

Our staff may also travel to venues ahead of time, to ensure that the greeting party and seating arrangements are in place.

We stage other events as required by government including state funerals. Other events, such as the May 2006 reception to honour those involved in the Beaconsfield mine rescue, can involve complex logistics and hundreds of guests.

In 2005–06 we organised an average of four visits and events a month, slightly more than in 2004–05 (see Table 6.3 opposite). Our workload peaked in February and March 2006, when we coordinated a total of 14 events including The Queen's visit.

Despite our workload, feedback from the Prime Minister, visitors and other stakeholders continued to be very positive. Feedback included:

- letters of appreciation from visitors and their diplomatic representatives, and
- cables submitted by Australia's overseas posts assessing the impact of each visit.



**Table 6.3—Trends in ceremonial and hospitality services**

	2001–02	2002–03	2003–04	2004–05	2005–06
<b>PRIME MINISTER'S OVERSEAS VISITS</b>					
Visits made	9	7	9	8	8
Nations visited <sup>a</sup>	7	13	12	10	14
<b>OFFICIAL VISITS TO AUSTRALIA BY GUESTS OF THE AUSTRALIAN GOVERNMENT<sup>b</sup></b>					
Heads of state	3	–	4	5	6
Heads of government	4	3	7	6	6
Ministers	17	15	14	13	12
Other guests <sup>c</sup>	1	5	–	2	2
<b>TOTAL VISITS</b>	<b>25</b>	<b>23</b>	<b>25</b>	<b>26</b>	<b>26</b>
Airport facilitations <sup>d</sup>	77	87	206	97	148
<b>OTHER EVENTS OF STATE</b>					
State funerals	3	–	3	2	3
State memorial services	2	2	2	1	3
Other events	5	5	3	5	8
<b>TOTAL OTHER EVENTS</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>14</b>

a Nations may be visited on more than one trip in any given year.

b A visit may be made by several visitors with the same visit programme.

c Other guests have included visitors who are royalty but not heads of state.

d Airport facilitation involves coordinating airport and border control procedures for and greeting official visitors as they arrive, depart or move about within Australia.

## CEREMONIAL AND HOSPITALITY (CERHOS) (continued)

**The Prime Minister** made eight overseas trips lasting from three to 13 days each. He visited 14 nations in all, some nations more than once. He visited:

- the US, UK and the United Arab Emirates—he also visited Australian troops stationed in Iraq (15–27 July 2005)
- the US to address the 60th anniversary session of the United Nations in New York (11–18 September 2005)
- Papua New Guinea to attend the 36th meeting of the Pacific Islands Forum (25–27 October 2005)
- Korea to attend the annual APEC Leaders' Meeting, Afghanistan and Pakistan, and Malta to attend the 18th Commonwealth Heads of Government Meeting (16–28 November 2005)
- Malaysia to attend the inaugural East Asia Summit (13–15 December 2005)
- India, as the leader of a substantial Australian business delegation (5–9 March 2006)
- the US, Canada and Ireland—the Prime Minister met with the US President and senior members of his administration, and addressed the Canadian and Irish parliaments (12–25 May 2006), and
- Indonesia and the People's Republic of China for bilateral discussions including on the proposed Australia–China Free Trade Agreement (25–29 June 2006).

**Guests of the government** made 26 visits to Australia, lasting from two to nine days each. Visitors included:

- Her Majesty The Queen and His Royal Highness The Duke of Edinburgh
- the heads of state of Chile, Lithuania, Solomon Islands, Sweden and Timor-Leste
- the heads of government of the People's Republic of China, the Netherlands, New Zealand, Singapore, Turkey and the UK
- twelve ministers including the US Secretary of State, and
- two other guests, namely the Presidents of the World Bank and the International Monetary Fund.

Visits enabled bilateral discussions on numerous issues of interest to Australia. Highlights included:

- The Queen's opening of the Melbourne Commonwealth Games in March 2006
- the UK Prime Minister's address to the Members and Senators of the Parliament of Australia, and
- the signing of government-to-government agreements on a range of issues.

Six state funeral or memorial services were held in 2005–06:

- Mr Peter Casserly, Australia's last World War I veteran (1 July 2005)
- the Right Hon Sir Harry Gibbs GCMC AC KBE, former Chief Justice of the High Court of Australia (11 July 2005)
- the fourth anniversary of the Bali bomb attacks (12 October 2005)
- the Hon Sir Reginald Swartz KBE MBE (Mil) ED, a former long-serving minister (9 February 2006)
- Mr Kerry Packer AC, prominent businessman (17 February 2006), and
- the Hon Sir John Wheeldon, another former long-serving minister (2 June 2006).

Other events we organised were:

- two Council of Australian Government meetings (26–27 September 2005 and 9–10 February 2006, see also Chapter 2 page 16)
- a reception for the Australian and World XI cricket teams (14 October 2005)
- a dinner to mark the inaugural meeting of the Asia Pacific Partnership on Clean Development and Climate (11 January 2006, see also Chapter 3 page 26)
- a ceremony and a reception to mark Commonwealth Day (12 March 2006), and
- a reception to honour those involved in the Beaconsfield mine rescue (26 May 2006).



FRANK LEVERETT PM&C

*Division head Hugh Borrowman and other members of the Prime Minister's party grab lunch in New York.*



## **OTHER SERVICES**

**Former Governors-General** receive ongoing support due to the demands on their time after they leave office.

Entitlements are agreed between the outgoing Governor-General and the Prime Minister of the day. These may include:

- a personal assistant and office in the city of their choice
- a privately plated vehicle or access to a car with driver (Comcar)
- domestic travel for duties relating to their former role, and
- a final call on The Queen in the UK.

An allowance is also payable of 60 per cent of the salary payable to the Chief Justice of Australia less any other pensions from the Commonwealth, states or territories that are being received.

PM&C administers these allowances and entitlements. In 2005–06 we continued to support five former Governors-General:

- the Right Hon Sir Zelman Cowen AK GCMG GCVO QC
- the Right Hon Sir Ninian Stephen KG AK GCMG GCVO KBE
- the Hon Bill Hayden AC
- the Hon Sir William Deane AC KBE, and
- the Right Reverend Dr Peter Hollingworth AC OBE.

Feedback on our services is mainly obtained through informal contact with personal assistants. No significant matters or concerns were raised with us in 2005–06.

The total cost of allowances and entitlements paid in 2005–06 was \$1.8 million—well within historical norms.



# 7 MANAGEMENT AND ACCOUNTABILITY

## WHAT WE DO

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

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

We aspire to:

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

### How we measure our performance

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

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

## KEY RESULTS IN 2005–06

Major areas of work in 2005–06 included:

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

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

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

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

## SPECIAL FEATURE—HONOURS AND RECOGNITION FOR PM&C STAFF

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

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

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

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

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

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

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

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

### Internal Australia Day Achievement Awards

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

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



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

## SUPPORT FOR THE PRIME MINISTER AND OTHER MINISTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 7.1—Trends in ministerial workload<sup>a</sup>**

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

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

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

## PROFESSIONALISM, COMMITMENT AND EXCELLENCE IN MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## PROFESSIONALISM, COMMITMENT AND EXCELLENCE IN MANAGEMENT (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 7.2—Trends in external scrutiny

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

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

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

## CONSTRUCTIVE AND COOPERATIVE RELATIONSHIPS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 7.4—PM&C's workforce profile<sup>a</sup>

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

NOTES: See overleaf for notes to this table.

## CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF (continued)

Table 7.5—Trends in staff recruitment and retention<sup>a</sup>

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

NOTES TO TABLES 7.4 AND 7.5

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

**Our recruitment processes** underwent significant change in 2005–06.

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

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

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

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

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

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

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

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

We generally advertise job vacancies in the press and in the weekly Commonwealth Public Service Gazette, as available online at [www.psgazetteonline.gov.au](http://www.psgazetteonline.gov.au).

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

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



## CAREER AND DEVELOPMENT OPPORTUNITIES FOR STAFF (continued)

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

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

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

Each session was well attended and received very positive feedback.

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

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

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

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

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

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

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

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

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

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

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

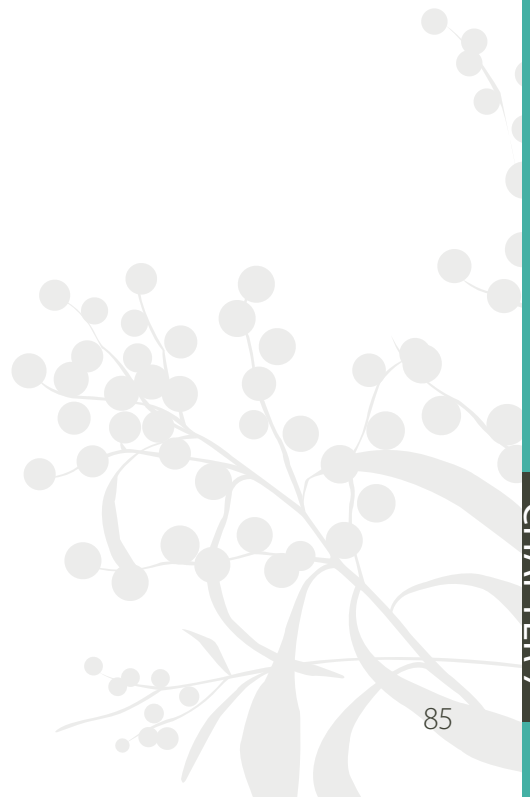
- the newly established Institute for Chinese Economy and WTO studies at Beijing University
- the Australian Competition and Consumer Commission, and
- the Office of Indigenous Policy Coordination in the NT.

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

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

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

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



## A REWARDING AND CARING WORKPLACE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 7.6—Trends in nature of employment agreements with staff <sup>a</sup>**

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

a Includes staff on long-term unpaid leave.

**Table 7.7—Trends in salary ranges by staff classification <sup>a</sup>**

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

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

**Table 7.8—Details of performance bonuses paid in 2005–06<sup>a</sup>**

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

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

## A REWARDING AND CARING WORKPLACE (continued)

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

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

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

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

Ongoing staff can access:

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

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

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

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

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

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



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

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

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

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

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

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

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

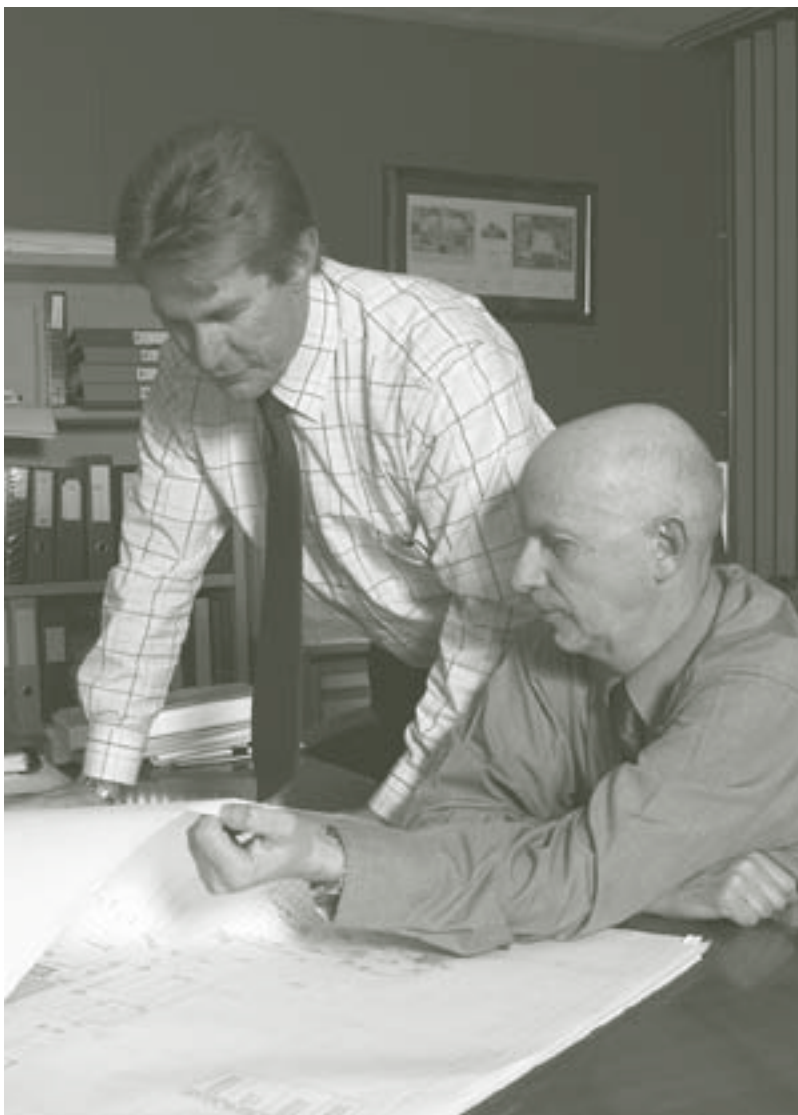
Health Week was held in November 2005 and involved a range of activities including skin, eye and other checks. Preparations are already underway for Health Week 2007, with a staff survey held to identify preferences for activities.

**Table 7.9—OH&S performance**

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







## 8 STATUTORY AND OTHER REPORTS

<b>Report under the Commonwealth Disability Strategy</b>	<b>92</b>
<b>Report on ecologically sustainable development</b>	<b>94</b>
<b>Report on procurement policies and practices</b>	<b>96</b>



## REPORT UNDER THE COMMONWEALTH DISABILITY STRATEGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Job vacancies are published in the Commonwealth Public Service Gazette—this is available in hard copy and online at [www.psgazetteonline.gov.au](http://www.psgazetteonline.gov.au)—and on occasion in the press.

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

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

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

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

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

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

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

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

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

## **REPORT ON ECOLOGICALLY SUSTAINABLE DEVELOPMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## **PROCUREMENT PRACTICES AND OUTCOMES**

### **Our procurement policies and practices**

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

We focus on:

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

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

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

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

More information on the procurement we expect to undertake in 2006–07 is published in our annual procurement plan, as available at [www.tenders.gov.au](http://www.tenders.gov.au).

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

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

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

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

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

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

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

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

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

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

**Table 8.1—Trends in consultancies\***

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

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

## PROCUREMENT PRACTICES AND OUTCOMES (continued)

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

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

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

b May include payments under \$1500



# 9 OUR FINANCES



## HOW WE ARE FUNDED

Parliament provides PM&C with two types of funding: departmental and administered.

We use departmental resources to produce goods and services (outputs) at a quantity, quality and price endorsed by government.

We also administer payments, revenues and other resources on behalf of government, which controls how we use them and requires us to account for them separately.

PM&C's outputs and administered items for 2005–06 are detailed in Table 9.2 overleaf.

A shaded background indicates that information relates to an administered resource, both in the table and in the formal financial statements that follow it.

### How we measure our performance

We published detailed financial forecasts throughout the year as part of the Budget Papers. Key reference points include:

- our *Portfolio Budget Statements*, released on Budget night, and
- our *Portfolio Additional Estimates Statements*.

Our overall focus is on providing accurate estimates, achieving a break-even financial position, and maintaining a strong balance sheet.

## KEY RESULTS IN 2005–06

In 2005–06 PM&C continued to manage the resources entrusted to it efficiently, effectively and ethically. For our departmental resources, key results included:

- **Income & expenditure growth**—these grew significantly in the context of APEC 2007 and COAG decisions
- **An operating surplus**—we achieved a surplus of \$18.7 million, in line with the forecast in our 2006–07 Portfolio Budget Statements, and
- **An increase in net equity**—net equity increased to \$45.1 million, due to not only the retained operating surplus but also equity injections associated with construction of our new building at One National Circuit.

Feedback on our financial management practices has been positive, in the form of an unqualified audit report from the Australian National Audit Office (ANAO).

## DEPARTMENTAL FINANCES

At the beginning of 2005–06, we expected to receive and spend \$87.5 million, with 97 per cent of our income as revenue from government. These estimates changed during the year, largely due to government decisions to:

- recognise the workload impact of decisions of the Council of Australian Governments (COAG, see page 16)
- expand our responsibility for organising APEC 2007 (page 48), and
- provide an equity injection for infrastructure, plant and equipment associated with our new building.

We finished the year with an operating surplus of \$18.7 million, in line with the forecast in our 2006–07 Portfolio Budget Statements.

This result largely reflects a \$19 million underspend on APEC 2007, but will not affect our long-term finances—any surplus funds remaining at the end of the APEC project are to be returned to government.

If the APEC underspend was excluded, we would have incurred an operating deficit of \$0.3 million in 2005–06.

Significant shifts in our income, expenses and balance sheet were recorded:

- Income rose 58 per cent overall to \$99.6 million, largely due to increased revenue from government for APEC 2007 activities.
- Expenses rose 30 per cent to \$80.9 million. Employees remained our largest single expense but the largest growth was in supplier expenses.
- Liabilities rose 22 per cent to \$20.7 million. Again, while employee provisions remained our largest single liability, the largest growth was in payments due to suppliers.
- Assets in the form of cash and appropriation receivables rose substantially due to the combined impact of equity injections and our operating surplus for 2005–06.

The overall strength of our balance sheet improved substantially—as at 30 June 2006 our assets exceeded our quantifiable liabilities by a ratio of over 3:1.

Details of trends in departmental finances are provided in Table 9.1 below.

**Table 9.1—Trends in departmental finances\***

		2004–05 \$m	2005–06 \$m	Change last year
Revenue from government		58.9	95.0	61% ▲
Other revenues		4.3	4.6	7% ▲
<b>TOTAL INCOME</b>		<b>63.2</b>	<b>99.6</b>	<b>58% ▲</b>
Employee expenses		37.3	43.9	18% ▲
Supplier expenses		19.7	30.4	54% ▲
Other expenses		5.3	6.7	27% ▲
<b>TOTAL EXPENSES</b>		<b>62.3</b>	<b>80.9</b>	<b>30% ▲</b>
<b>OPERATING RESULT</b>		<b>0.9</b>	<b>18.7</b>	<b>&gt;100% ▲</b>
Financial assets	A	14.8	52.5	>100% ▲
Non-financial assets	B	10.8	13.3	22% ▲
Liabilities	C	16.9	20.7	22% ▲
<b>NET ASSETS = A + B + C</b>		<b>8.7</b>	<b>45.1</b>	<b>&gt;100% ▲</b>

\* Historical data reflect the comparative figures signed off by the ANAO as part of our 2005–06 financial statements.

**Table 9.2—PM&C outputs and administered programmes in 2005–06**

	2005–06 Budget <sup>a</sup> \$,000	2005–06 Actual <sup>b</sup> \$,000	Variance <sup>c</sup>	More information
<b>OUTPUT GROUP 1</b>				
1.1 Economic & industry policy	13 486	13 784	2% ▲	page 19
<b>OUTPUT GROUP 2</b>				
2.1 Social policy	10 938	10 954	0%	page 29
<b>OUTPUT GROUP 3</b>				
3.1 International policy	5 063	4 150	18% ▼	page 37
3.2 National security policy	9 283	9 585	3% ▲	page 37
Administered item— National Counter Terrorism Committee	97	77	21% ▼	page 41
3.3 APEC Taskforce	34 332	15 439	55% ▼	page 48
<b>OUTPUT GROUP 4</b>				
4.1 Cabinet secretariat <sup>e</sup>	4 002 }	6 289 }	5% ▲	page 53
4.2 Cabinet implementation unit <sup>e</sup>	2 015 }	}		
4.3 Machinery of government	8 875	8 602	3% ▼	page 56
Administered item— National Australia Day Council	1 856	1 856	0%	page 59
4.4 Government communications	4 193	5 725	37% ▲	page 60
4.5 Official establishments	620	668	8% ▲	page 62
Administered item— Prime Minister's official residences	1 712	1 391	19% ▼	page 62
4.6 Support for ministerial offices	2 628	2 375	10% ▼	page 72
Administered item— Allowances & support for former Governors-General	1 977	1 620	18% ▼	page 68
4.7 Ceremonial and hospitality	3 345	3 355	0%	page 64
Administered item— State occasions & official visits	2 897	5 214	80% ▲	page 64
<b>TOTAL DEPARTMENTAL RESOURCES</b>	<b>98 780</b>	<b>99 612</b>	<b>1%</b> ▲	page 104
Less resources available to be used <sup>d</sup>	3 793	4 625	22% ▲	
Net cost to government (appropriation)	95 772	94 987	1% ▼	
<b>TOTAL ADMINISTERED ITEMS</b>	<b>8 539</b>	<b>10 158</b>	<b>19%</b> ▲	page 105
Plus other expenses	3 998	4 198	5% ▲	
Total administered operating expenses	12 537	14 356	15% ▲	
AVERAGE STAFFING LEVELS	475 ↓	443 ↓	7% ▼	page 80

a The budget shown for 2005–06 is, as required, the revised budget published in our 2005–06 Portfolio Additional Estimates Statements.

b The actual shown is the total expense recorded against each output or item in our financial statements.

c The variance is the difference between our 2005–06 budget and our 2005–06 actual, expressed as a proportion of our 2005–06 budget.

d Resources available to be used include resources received free of charge, payments from special accounts, the sale of goods and services, and the sale of assets.

e As of 1 July 2006 the Cabinet Secretariat and Cabinet Implementation Unit outputs were merged into a single output, Cabinet Support, and remaining outputs were renumbered accordingly.

## ADMINISTERED FINANCES

At the beginning of 2005–06 we expected to spend \$11.9 million on grants, suppliers and other expenses we administer on behalf of the Australian Government.

We revised this estimate up by \$0.6 million at Additional Estimates, to reflect increases in the annual grant payable to the National Australia Day Council (see page 59) and in allowances payable to former Governors-General (page 68).

Actual expenditure of \$14.4 million was incurred, more than forecast. This result was due to an increase in spending under the State Occasions and Official Visits item, reflecting an increase in the number and complexity of events staged. All other programmes either underspent or came in on target.

Expenditure was, however, still substantially less than in 2004–05 due to some one-off grant payments and the transfer of women's programmes to the Department of Family and Community Services and Indigenous Affairs in 2004–05.

Revenue collected on behalf of government rose to \$6.8 million, due to increased revenue from commissions paid into the Media Commissions Special Account.

Net assets fell due to an increase in payables to trade creditors and a decrease in receivables from the Australian Taxation Office and others.

The Prime Minister's official residences—valued at \$32 million—continued to comprise the vast majority of the assets we administered (see also page 62).

Details of trends in administered finances are provided in Table 9.3 below.

**Table 9.3—Trends in administered finances\***

		2004–05 \$m	2005–06 \$m	Change last year
TOTAL REVENUE		5.0	6.8	36% ▲
Grants		11.7	1.9	84% ▼
Suppliers		10.5	10.8	3% ▲
Other expenses		5.1	1.7	67% ▼
TOTAL EXPENSES		27.3	14.4	47% ▼
Financial assets	A	2.5	0.7	72% ▼
Non-financial assets	B	32.4	32.5	–
Liabilities	C	13.5	14.4	7% ▲
NET ASSETS = A+B–C		21.3	18.8	12% ▼

\* Historical data reflect the comparative figures signed off by the ANAO as part of our 2005–06 financial statements.

## UNDERSTANDING OUR FINANCIAL STATEMENTS

The content and format of our financial statements is prescribed by the Minister for Finance and Administration under the *Financial Management and Accountability Act 1997*. Our statements include:

- **An income statement.** This shows our income and running costs. It is prepared on an accrual basis so some income and costs may not yet have been received or paid for.
- **A balance sheet.** This details our assets and liabilities, as well as the amount of the Australian Government's equity at year end.
- **A statement of cash flows.** This shows where the cash we used during the year came from, and how we used it.
- **A statement of changes in equity.** This shows how the Australian Government equity we hold has changed due to changes in asset valuations, accumulated surpluses and capital transactions.

More information is provided in the accompanying schedules and explanatory notes. Information on related topics is available elsewhere in this report as follows:

- executive remuneration policies (page 86)
- procurement policies and practices (page 98)
- consultancies (page 99), and
- payments for market research and advertising (page 99).

## STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed



Dr Peter Shergold  
Secretary

31 August 2006



Mr Robert Twomey  
Chief Financial Officer

31 August 2006

**FINANCIAL STATEMENTS CONTENTS****Financial statements**

104	Statement by the Secretary and Chief Financial Officer
106	Independent audit report
108	Income statement
109	Balance sheet
110	Statement of cash flows
111	Statement of changes in equity
112	Schedule of commitments
114	Schedule of administered items

**Notes to and forming part of the financial statements**

118	Note 1—Summary of significant accounting policies
126	Note 2—The impact of the transition to AEIFRS from previous AGAAP
127	Note 3—Income
128	Note 4—Operating expenses
130	Note 5—Financial assets
131	Note 6—Non-financial assets
135	Note 7—Liabilities
136	Note 8—Cash flow reconciliation
137	Note 9—Restructuring
138	Note 10—Contingent liabilities and assets
139	Note 11—Financial instruments
140	Note 12—Impact of APEC Taskforce on the income statement
141	Note 13—Income administered on behalf of government
142	Note 14—Expenses administered on behalf of government
143	Note 15—Assets administered on behalf of government
146	Note 16—Liabilities administered on behalf of government
148	Note 17—Administered reconciliation table
149	Note 18—Administered financial instruments
150	Note 19—Appropriations
155	Note 20—Special accounts
161	Note 21—Executive remuneration
162	Note 22—Average staffing levels
162	Note 23—Remuneration of auditors
162	Note 24—Compensation and debt relief in special circumstances
163	Note 25—Reporting of outcomes



Auditor-General for Australia



## INDEPENDENT AUDIT REPORT

To the Prime Minister

### Scope

#### *The financial statements and Secretary's responsibility*

The financial statements comprise:

- Statement by the Secretary and Chief Financial Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedule of Commitments;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of the Prime Minister and Cabinet for the year ended 30 June 2006.

The Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

GPO Box 707 CANBERRA ACT 2601  
Centenary House 19 National Circuit  
BARTON ACT  
Phone (02) 6203 7500 Fax (02) 6273 5355  
Email [ian.mcphee@anao.gov.au](mailto:ian.mcphee@anao.gov.au)

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

#### *Independence*

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

#### Audit Opinion

In my opinion, the financial statements of the Department of the Prime Minister and Cabinet:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

  
Ian McPhee  
Auditor-General

Canberra  
31 August 2006



## INCOME STATEMENT

for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Revenues from Government	3A	<b>94,987</b>	58,931
Goods and services	3B	<b>1,303</b>	854
Commission—Campaign Advertising Special Account	3C	<b>2,202</b>	1,588
<b>Total revenue</b>		<b>98,492</b>	61,373
<b>Gains</b>			
Resources received free of charge	3D	<b>1,120</b>	1,810
<b>Total gains</b>		<b>1,120</b>	1,810
<b>TOTAL INCOME</b>		<b>99,612</b>	63,183
<b>EXPENSES</b>			
Employees	4A	<b>43,889</b>	37,314
Suppliers	4B	<b>30,356</b>	19,739
Grants	4C	<b>2,012</b>	1,007
Depreciation and amortisation	4D	<b>4,640</b>	4,091
Net loss from disposal of assets	4E	<b>14</b>	159
Finance costs	4F	<b>–</b>	7
Impairment loss	4G	<b>15</b>	–
<b>TOTAL EXPENSES</b>		<b>80,926</b>	62,317
<b>OPERATING RESULT</b>		<b>18,686</b>	866

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

Notes:

1. The operating surplus for 2005–06 incorporates an underspend by the APEC Taskforce of \$19 million. The APEC Taskforce underspend is due to difficulties in estimating in advance the expenses required for this project, including expenses by year. Any surplus funds will be returned to the Official Public Account following the completion of the project. Refer to Note 12 for a breakdown of the department's and APEC Taskforce income and expenses. If the APEC Taskforce underspend were excluded, the department would have incurred an operating deficit of \$0.3m in 2005–06.
2. Intra-agency transactions involving the Campaign Advertising Special Account have been eliminated in 2005–06. The relevant comparative amounts have been adjusted accordingly.

**BALANCE SHEET**

as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	5A	<b>17,393</b>	661
Receivables	5B	<b>34,931</b>	13,859
Accrued Revenue	5C	<b>214</b>	322
<b>Total financial assets</b>		<b>52,537</b>	14,842
<b>Non-financial assets</b>			
Infrastructure, plant and equipment	6A, 6D	<b>11,390</b>	8,949
Intangibles	6B, 6E	<b>1,190</b>	1,368
Other	6C	<b>681</b>	511
<b>Total non-financial assets</b>		<b>13,261</b>	10,828
<b>TOTAL ASSETS</b>		<b>65,798</b>	25,670
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employees	7A	<b>13,982</b>	12,869
Make good provision	7B	<b>101</b>	–
<b>Total provisions</b>		<b>14,083</b>	12,869
<b>Payables</b>			
Suppliers	7C	<b>6,601</b>	3,918
Unearned revenue	7D	<b>–</b>	105
Other	7D	<b>12</b>	35
<b>Total payables</b>		<b>6,613</b>	4,058
<b>TOTAL LIABILITIES</b>		<b>20,696</b>	16,927
<b>NET ASSETS</b>		<b>45,103</b>	8,743
<b>EQUITY</b>			
Contributed equity		<b>17,479</b>	357
Reserves		<b>2,899</b>	2,347
Retained surpluses/(Accumulated deficits)		<b>24,725</b>	6,039
<b>TOTAL EQUITY</b>		<b>45,103</b>	8,743
<b>Current assets</b>		<b>53,218</b>	14,842
<b>Non-current assets</b>		<b>12,580</b>	10,828
<b>Current liabilities</b>		<b>14,340</b>	9,908
<b>Non-current liabilities</b>		<b>6,356</b>	7,019

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

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		2,028	1,785
Appropriations		87,307	58,333
Commission—Campaign Advertising Special Account		2,204	1,544
GST input tax credits from ATO		2,578	2,136
Other		–	2,642
<b>Total cash received</b>		<b>94,117</b>	66,440
<b>Cash used</b>			
Employees		41,938	35,229
Suppliers		31,121	23,042
Finance costs		–	7
Grants		2,012	1,007
<b>Total cash used</b>		<b>75,071</b>	59,285
<b>Net cash from / (used by) operating activities</b>	8	<b>19,046</b>	7,155
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of infrastructure, plant and equipment		4	3
<b>Total cash received</b>		<b>4</b>	3
<b>Cash used</b>			
Purchase of infrastructure, plant and equipment		5,829	1,445
Purchase of intangibles		439	500
<b>Total cash used</b>		<b>6,268</b>	1,945
<b>Net cash from / (used by) investing activities</b>		<b>(6,264)</b>	(1,942)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations—Contributed equity		3,950	368
<b>Total cash received</b>		<b>3,950</b>	368
<b>Cash used</b>			
Dividends		–	4,000
Return of contributed equity		–	1,000
Repayments of debt		–	94
<b>Total cash used</b>		<b>–</b>	5,094
<b>Net cash from / (used by) financing activities</b>		<b>3,950</b>	(4,726)
<b>Net increase (decrease) in cash held</b>		<b>16,732</b>	487
Cash at the beginning of the reporting period		661	174
<b>Cash at the end of the reporting period</b>	5A	<b>17,393</b>	661

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

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2006

	Accumulated results		Asset revaluation reserves		Contributed Equity/Capital		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Opening Balance</b>	<b>6,039</b>	10,173	<b>2,347</b>	2,347	<b>357</b>	–	<b>8,743</b>	12,520
Net Operating Result	<b>18,686</b>	866	–	–	–	–	<b>18,686</b>	866
Net revaluation increment/(decrement)		–	<b>552</b>	–	–	–	<b>552</b>	–
<b>Transactions with Owners</b>								
<i>Distributions to owners</i>								
Returns on Capital Dividends <sup>1</sup>	–	(4,000)	–	–	–	–	–	(4,000)
Returns of Capital Restructuring	–	–	–	–	–	–	–	–
Returns of contributed equity <sup>1</sup>	–	(1,000)	–	–	–	–	–	(1,000)
<i>Contributions by Owners</i>								
Appropriations (equity injections) <sup>2</sup>	–	–	–	–	<b>17,122</b>	368	<b>17,122</b>	368
Restructuring	–	–	–	–		(11)	–	(11)
Transfers between equity components	–	–	–	–	–	–	–	–
<b>Closing balance at 30 June</b>	<b>24,725</b>	6,039	<b>2,899</b>	2,347	<b>17,479</b>	357	<b>45,103</b>	8,743

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

1. The comparative amount represents funds transferred from the Campaign Advertising Special Account.
2. The figure reported for 2005–06 reflects equity injections appropriated in 2005–06 and undrawn equity injections appropriated in prior years but not previously recognised, as represented by the following:

	\$'000
2005–06	14,405
2004–05	2,697
2004–05	20
	<u>17,122</u>

**SCHEDULE OF COMMITMENTS**

as at 30 June 2006

	2006 \$'000	2005 \$'000
<b>COMMITMENTS BY TYPE</b>		
<b>Capital Commitments</b>		
Leasehold Improvements	20,720	25,300
<b>Total Capital commitments</b>	<b>20,720</b>	25,300
<b>Other commitments</b>		
Operating leases <sup>1</sup>	123,175	12,355
Other commitments	6,402	5,252
<b>Total other commitments</b>	<b>129,577</b>	17,607
<b>Commitments receivable</b>	<b>(13,663)</b>	(3,901)
<b>Total net commitments</b>	<b>136,634</b>	39,006
<b>BY MATURITY</b>		
<b>Capital commitments</b>		
One year or less	20,720	5,280
From one to five years	–	20,020
Over five years	–	–
<b>Total capital commitments</b>	<b>20,720</b>	25,300
<b>Operating lease commitments</b>		
One year or less	9,100	12,355
From one to five years	31,052	–
Over five years	83,023	–
<b>Total operating lease commitments</b>	<b>123,175</b>	12,355
<b>Other commitments</b>		
One year or less	3,188	3,431
From one to five years	3,214	1,652
Over five years	–	169
<b>Total other commitments</b>	<b>6,402</b>	5,252
<b>Commitments receivable</b>		
One year or less	(3,001)	(1,915)
From one to five years	(3,115)	(1,970)
Over five years	(7,548)	(15)
<b>Total commitments receivable</b>	<b>(13,663)</b>	(3,901)
<b>Net commitments by maturity</b>	<b>136,634</b>	39,006

NB: Commitments are GST inclusive where relevant.

1 Operating leases included are effectively non-cancelable and comprise:

<b><i>Nature of lease</i></b>	<b><i>General description of leasing arrangement</i></b>
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 for 3–5 National Circuit is until 2006–07. The lease for 1 National Circuit commences in 2006–07 for a period of 15 years. The lease for APEC accommodation in Sydney is for a period of two years.
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 ADMINISTERED ITEMS**

	Notes	2006 \$'000	2005 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>			
<i>for the year ended 30 June 2006</i>			
<b>REVENUE</b>			
<b>Non-taxation revenue</b>			
Commissions—Media Commissions Special Account	13A	<b>6,779</b>	4,619
Other	13B	<b>10</b>	390
<b>Total Revenue Administered on Behalf of Government</b>		<b>6,789</b>	5,009
<b>GAINS</b>			
Assets not previously recognised	13C	<b>4</b>	–
Personal benefits—gain on actuarial assessment	13C	<b>283</b>	–
<b>Total Gains Administered on Behalf of Government</b>		<b>287</b>	–
<b>Total Income Administered on Behalf of Government</b>		<b>7,076</b>	5,009
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>			
<i>for the year ended 30 June 2006</i>			
Grants	14A	<b>1,856</b>	11,691
Personal benefits	14B	<b>655</b>	2,613
Employees	14C	<b>869</b>	863
Suppliers	14D	<b>10,813</b>	10,490
Depreciation	14E	<b>162</b>	213
Write down and impairment of assets	14F	–	231
<b>Losses</b>			
Personal benefits—loss on actuarial assessment	14G	–	1,176
<b>Total Expenses Administered on Behalf of Government</b>		<b>14,356</b>	27,277

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

## SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>			
<b>Financial assets</b>			
Cash	15A	1	70
Receivables	15B	112	1,576
Accrued Revenue	15C	643	820
<b>Total financial assets</b>		<b>756</b>	2,466
<b>Non-financial assets</b>			
Land and buildings	15D, 15G	31,961	31,989
Infrastructure, plant and equipment	15E, 15G	559	375
Other	15F	17	27
<b>Total non-financial assets</b>		<b>32,537</b>	32,391
<b>Total Assets Administered on Behalf of Government</b>		<b>33,293</b>	34,857
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>			
<b>Provisions</b>			
Employees	16A	187	182
Personal Benefits	16A, 16C	12,555	13,023
Make good provision	16A	79	–
		<b>12,821</b>	13,205
<b>Payables</b>			
Suppliers	16B	1,586	317
<b>Total Liabilities Administered on Behalf of Government</b>		<b>14,407</b>	13,522
<b>Net Assets Administered on Behalf of Government</b>		<b>18,886</b>	21,335
<b>Current assets</b>		<b>773</b>	2,493
<b>Non-current assets</b>		<b>32,520</b>	32,364
<b>Current liabilities</b>		<b>2,626</b>	1,339
<b>Non-current liabilities</b>		<b>11,781</b>	12,183

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



**SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2006 \$'000	2005 \$'000
<b>ADMINISTERED CASH FLOWS</b>			
for the year ended 30 June 2006			
<b>Operating Activities</b>			
<b>Cash Received</b>			
Commissions—Media Commissions special account		8,114	4,870
Other		20	378
Other—GST received from ATO		1,186	1,864
<b>Total Cash Received</b>		<b>9,320</b>	7,112
<b>Cash Used</b>			
Employees		864	856
Grants		1,856	11,691
Personal benefits		835	1,066
Suppliers		10,431	12,471
<b>Total Cash Used</b>		<b>13,986</b>	26,084
<b>Net Cash From / (Used In) Operating Activities</b>		<b>(4,666)</b>	(18,972)
<b>Investing Activities</b>			
<b>Cash Used</b>			
Purchase of property, plant and equipment		21	29
<b>Total Cash Used</b>		<b>21</b>	29
<b>Net Cash From / (Used In) Investing Activities</b>		<b>(21)</b>	(29)
<b>Financing Activities</b>			
Cash received		–	–
Cash Used		–	–
<b>Net cash from / (used in) financing activities</b>		<b>–</b>	–
<b>Net Increase (Decrease) in Cash Held</b>		<b>(4,687)</b>	(19,001)
Cash at the beginning of the reporting period		70	433
Cash from Official Public Account for:			
—Appropriations		10,057	16,778
—Special accounts		4,533	11,009
		<b>14,590</b>	27,787
Cash to Official Public Account for:			
—Appropriations		(1,857)	(4,311)
—Special accounts		(8,115)	(4,838)
		<b>(9,972)</b>	(9,149)
<b>Cash at End of Reporting Period</b>	15A	<b>1</b>	70

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

## SCHEDULE OF ADMINISTERED ITEMS (continued)

	2006 \$'000	2005 \$'000
<b>ADMINISTERED COMMITMENTS</b>		
BY TYPE		
<b>Other commitments</b>		
Operating leases	1,489	868
Other	6,898	3,541
<b>Total other commitments</b>	8,388	4,409
Commitments Receivable	(763)	(401)
<b>Net administered commitments by Type</b>	7,625	4,008
BY MATURITY		
<b>Operating lease commitments</b>		
One year or less	420	330
From one to five years	1,069	538
Over five years	–	–
<b>Total operating leases</b>	1,489	868
<b>Other commitments</b>		
One year or less	3,428	2,925
From one to five years	3,470	555
Over five years	–	61
<b>Total other commitments</b>	6,898	3,541
<b>Commitments receivable</b>		
One year or less	(350)	(401)
From one to five years	(413)	–
Over five years	–	–
<b>Total commitments receivable</b>	(763)	(401)
<b>Net commitments by maturity</b>	7,625	4,008

NB: Commitments are GST inclusive where relevant.

**Unquantifiable commitments**

The department has an unquantifiable commitment in relation to remuneration for HMA Blaze for non-campaign advertising placement. Remuneration is based on a percentage of the media commissions received by the department, which cannot be reliability forecast.

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.

**Administered Contingencies**

The department is not aware of any administered contingent liabilities or assets as at signing date that would require disclosure in the Financial Statements. There were no administered contingent liabilities or assets reported in 2004–05.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 OBJECTIVES OF THE DEPARTMENT

The department is structured to meet one outcome—sound and well coordinated government policies, programs and decision making processes.

The department's activities contributing to this outcome 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.

The department's activities are identified under the following Output Groups:

- Output Group 1.1: Economic policy advice and coordination;
- Output Group 1.2: Social policy advice and coordination;
- Output Group 1.3: International and National Security policy advice and coordination; and
- Output Group 1.4: Support services for government operations.

#### 1.2 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 Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*;
- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

The statements have also been prepared having regard to the Explanatory Notes to Schedule 1 of the FMOs and Finance Briefs.

The Balance Sheet and Income Statement 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 Balance Sheet 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. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Income Statement 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 programmes, is dependent on government policy and on continuing appropriations by Parliament for the department's administration and programs.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.22.

#### Significant Accounting Judgments and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1.3 STATEMENT OF COMPLIANCE**

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

Australian Accounting Standards require the department to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the department in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB’s website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the department’s initial assessment at this date, but may change. The department intends to adopt all of standards upon their application date.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.  Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact.

\* Application date is for annual reporting periods beginning on or after the date shown

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **1.4 REVENUE**

Revenue represents the gross inflow of economic benefits resulting from the ordinary activities of the department; including the sale of goods and services. Revenue excludes items such as gains from the sale of property, plant and equipment, reversals of asset write downs or impairment losses etc., which are disclosed separately on the income statement. The measurement of Revenues from Government, Resources Received Free of Charge and Other Revenue is detailed below.

#### **Revenues from Government**

Amounts appropriated for departmental outputs appropriation for the year (less any current year savings and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No 3 of 2005–06.

Appropriations receivable are recognised at their nominal amounts.

#### **Other Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion of costs incurred to date.

#### **Commission—Campaign Advertising Special Account**

Revenue is derived through the imposition of a 1.5 per cent levy on all government campaign advertising (does not include party political campaigning).

### **1.5 GAINS/LOSSES**

#### **Resources Received Free of Charge**

Services received free of charge are recognised in the Income Statement as gains 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue 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. (Refer to note 1.6).

#### **Other**

Net gains made and losses incurred on activities not considered to be in the department's normal course of business are disclosed separately on the income statement.

Gains/losses from the disposal of non-current assets are recognised when control of the asset has passed to the buyer.

### **1.6 TRANSACTIONS WITH THE GOVERNMENT AS OWNER**

#### **Equity Injections**

Amounts appropriated which are designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates) are recognised directly in Contributed Equity at 1 July or later date of effect of the appropriation.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

### Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

## 1.7 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, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

## 1.8 EMPLOYEE BENEFITS

As required by the Finance Minister's Orders, the department has early adopted AASB 119 Employee Benefits as issued in December 2004.

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

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### Leave

The liability for employee benefits 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 leave liabilities are calculated on the basis of employees' remuneration, including the department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2006. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. As at 30 June 2006 the provision was nil (nil in 2004–05).

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **Superannuation**

Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation Accumulation Plan (PSSap) and other superannuation schemes held outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

For the CSS and PSS the department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the department's employees and at 15.4% for PSSAP.

The liability for superannuation recognised as at 30 June represents outstanding contributions in relation to salaries accrued as at 30 June. As at 30 June 2006 the liability was nil (nil in 2004–05).

### **1.9 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.

Where a non-current asset is acquired by means of finance lease, the asset is capitalised at fair value or, if lower, the present value of minimum lease payments at the beginning of the lease term and a liability is recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense. The department had no finance leases as at 30 June 2006 (nil in 2004–05).

Operating lease payments are expensed 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 holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability. As at 30 June 2006 the liability was nil (nil in 2004–05).

### **1.10 FINANCE COSTS**

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

### **1.11 CASH**

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

### **1.12 TRADE CREDITORS**

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled which represent their fair value. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities (assets) are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when expense (revenue) is confirmed by a future event, settlement becomes probable or reliable measurement is possible.

### 1.14 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 of administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferrer agency's accounts immediately prior to the restructuring.

### 1.15 PROPERTY, PLANT AND EQUIPMENT

#### Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, 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 their fair value.

Asset class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Market selling price

Note that the department only holds administered land and buildings.

#### Frequency

The FMOs require that all property, plant and equipment assets be measured at up-to-date fair values from 30 June 2005 onwards, with formal valuations to be undertaken at least every five years. The current formal valuation cycle commenced on 1 July 2006 and the next formal valuation is scheduled for 30 June 2007.

#### Conduct

All formal revaluations are conducted by an independent qualified valuer.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Depreciation/Amortisation

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

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their useful lives to the department using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated/amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in price only when assets are revalued.

Depreciation/amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2005–06	2004–05
<b>Departmental assets</b>		
Leasehold improvements	<b>Lease term—1 to 15 years</b>	Lease term—1 to 15 years
Plant and equipment	<b>4 to 10 years</b>	4 to 10 years
<b>Administered assets</b>		
Buildings on freehold land	<b>150 years</b>	150 years
Plant and equipment	<b>4 to 50 years</b>	4 to 50 years

The aggregate amount of depreciation/amortisation allocated for each class of asset during the reporting period is disclosed in Note 4D.

### Impairment of Non-Current Assets

Non-current assets are reviewed at balance date for internal and external indications of impairment. Where indications of impairment are identified for an asset, its recoverable amount is determined and where lower than its carrying amount, written down to that amount.

Recoverable amount is the higher of 'value in use' and fair value less costs to sell. 'Value in use' for non-cash generating assets of not for profit entities is depreciated replacement cost, where the entity would replace the future economic benefits from the assets if deprived of them. In other cases, value in use is the present value of expected future cash flows.

### 1.16 INTANGIBLES

The department's intangible assets comprise purchased computer software for internal use. These assets are carried at cost.

Computer software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software are 4 to 5 years (2004–05: 4 to 5 years).

All computer software assets were assessed for indications of impairment as at 30 June 2006. No impairment write-down was required (2004–05: nil).

### 1.17 TAXATION

The department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.18 FOREIGN CURRENCY

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

### 1.19 INSURANCE

The department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

### 1.20 COMPARATIVES

Changes in accounting policies under AEIFRSs are applied retrospectively as if the policy had always applied. This requires changing comparative information and restating the opening balance of the comparative year for each affected component of equity.

### 1.21 ROUNDING

Amounts have been rounded to the nearest \$1,000 except in relation to the following notes:

- Appropriations;
- Special accounts;
- executive remuneration;
- remuneration of auditors; and
- compensation and debt relief in special circumstances.

### 1.22 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 below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Australian Accounting Standards.

#### Administered Cash Transfers to and from the Official Public Account

Revenue collected by the department for use by the Government rather than the department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Reconciliation Table in Note 17. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the department, with parties outside the Government.

#### Revenue

All administered revenues are revenues relating to the core operating activities performed by the department on behalf of the Commonwealth.

Administered revenue is derived from the media commissions payable to the Commonwealth for its advertising. Revenue is recognised on receipt of confirmation of placement of advertisements with advertising agencies. It is recognised at its nominal amount due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

#### Former Governors-General allowances

The department has administrative responsibility for the payment of allowances (pensions) to former Governors-General. The liability in relation to these allowances is based on actuarial assessments. Disclosures relating to the allowances are made at Note 16.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2005 \$'000	2004 \$'000
--	----------------	----------------

### NOTE 2. THE IMPACT OF THE TRANSITION TO AEIFRS FROM PREVIOUS AGAAP

There is no impact on the departmental income statement, balance sheet and statement of cash flows for the transition to AEIFRS from the previous AGAAP. Note that this varies from the 2004–05 statements (also Note 2) where an adjustment was planned.

#### Reconciliation of Total Liabilities Administered on Behalf of Government under previous AGAAP to that under AEIFRS

Total Liabilities Administered on Behalf of Government under previous AGAAP	11,599	10,753
Adjustments:		
Personal benefits	1,923	1,658
<b>Total Liabilities Administered on Behalf of Government translated to AEIFRS</b>	<b>13,522</b>	<b>12,411</b>

#### Reconciliation of Expenses Administered on Behalf of Government under previous AGAAP to that under AEIFRS

Prior year Expenses Administered on Behalf of Government under previous AGAAP	25,354
Adjustments:	
Personal benefits	747
Personal benefits—loss on actuarial assessment	1,176
<b>Prior year Expenses Administered on Behalf of Government translated to AEIFRS</b>	<b>27,277</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>NOTE 3. INCOME</b>		
Note that transactions reflecting the transfer of special account revenue to the department and its expenditure have been eliminated, so that only the net amounts are reported.		
Revenues		
<b>Note 3A—Revenues from Government</b>		
Appropriations for outputs	94,987	58,931
<b>Total revenues from government</b>	<b>94,987</b>	<b>58,931</b>
<b>Note 3B—Goods and services</b>		
Services	1,303	854
<b>Total sale of goods and services</b>	<b>1,303</b>	<b>854</b>
Rendering of services to:		
Related entities	1,108	843
External entities	195	11
<b>Total rendering of services</b>	<b>1,303</b>	<b>854</b>
<b>Note 3C—Commissions</b>		
Campaign Advertising Special Account	2,202	1,588
<b>Total other operating revenues</b>	<b>2,202</b>	<b>1,588</b>
<b>Note 3D—Gains</b>		
Resources received free of charge	1,120	1,810
<b>Total Gains</b>	<b>1,120</b>	<b>1,810</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2006 \$'000	2005 \$'000
--	----------------	----------------

**NOTE 4. OPERATING EXPENSES**

The amount and particulars of the following classes of expenditure were included in the aggregate amounts shown in the Income Statement.

Note that transactions reflecting the transfer of special account revenue to the department and its expenditure have been eliminated, so that only the net amounts are reported.

**Note 4A—Employee expenses**

Wages and salaries	<b>32,696</b>	27,486
Superannuation	<b>5,789</b>	4,826
Leave and other entitlements	<b>4,952</b>	4,599
Separations and redundancies	<b>97</b>	135
Other	<b>355</b>	268
<b>Total employee expenses</b>	<b>43,889</b>	37,314

**Note 4B—Supplier expenses**

Goods	<b>9,103</b>	5,881
Services	<b>14,399</b>	8,807
Operating lease rentals	<b>6,549</b>	4,636
Workers compensation premium	<b>305</b>	415
<b>Total supplier expenses</b>	<b>30,356</b>	19,739

Provision of goods to:

Related entities	<b>728</b>	472
External entities	<b>8,375</b>	5,410
<b>Total sale of goods</b>	<b>9,103</b>	5,881

Provision of services to:

Related entities	<b>1,152</b>	775
External entities	<b>13,247</b>	8,883
<b>Total tendering of services</b>	<b>14,399</b>	9,657

**Note 4C—Grants**

Grants to non-profit institutions	<b>2,012</b>	1,007
<b>Total grants expenses</b>	<b>2,012</b>	1,007

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>Note 4D—Depreciation and amortisation</b>		
<i>Depreciation</i>		
Infrastructure, plant and equipment	4,012	3,531
	<b>4,012</b>	3,531
<i>Amortisation</i>		
Assets held under finance leases	–	94
Intangibles—computer software	628	466
	<b>628</b>	560
<b>Total depreciation and amortisation</b>	<b>4,640</b>	4,091
<b>Note 4E—Net loss from disposal of assets</b>		
<i>Infrastructure, plant and equipment:</i>		
Proceeds from disposal	4	3
Net book value of assets disposed	18	162
Write-offs	–	–
<b>Net loss from disposal of assets</b>	<b>14</b>	159
<b>Note 4F—Finance costs</b>		
Leases	–	7
<b>Total borrowing costs expense</b>	<b>–</b>	7
<b>Note 4G—Impairment loss</b>		
Impairment of receivables	15	–
<b>Total other costs of providing goods and services</b>	<b>15</b>	–

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2006 \$'000	2005 \$'000
<b>NOTE 5. FINANCIAL ASSETS</b>		
<b>Note 5A—Cash and cash equivalents</b>		
Cash held in special accounts	1	25
Other cash on hand and at bank	<b>17,392</b>	636
<b>Total cash</b>	<b>17,393</b>	661
<b>Note 5B—Receivables</b>		
Appropriation Receivable—Cash held in the OPA	<b>33,686</b>	12,834
GST receivable	<b>641</b>	79
Goods and services	<b>601</b>	764
Commission—Campaign Advertising special account	<b>23</b>	187
Less provision for doubtful debts	<b>(20)</b>	(5)
<b>Net receivables for goods and services</b>	<b>604</b>	946
<b>Total receivables (net)</b>	<b>34,931</b>	13,859
All receivables are current assets		
Receivables (gross) are aged as follows:		
Current	<b>34,254</b>	13,365
Overdue by:		
less than 30 days	<b>210</b>	247
30 to 60 days	<b>263</b>	123
60 to 90 days	<b>44</b>	21
more than 90 days	<b>180</b>	108
<b>Total receivables (gross)</b>	<b>34,951</b>	13,864
The provision for doubtful debts is aged as follows:		
Current	–	(5)
Overdue by:		
less than 30 days	–	–
30 to 60 days	–	–
60 to 90 days	–	–
more than 90 days	<b>(20)</b>	–
<b>Total provision for doubtful debt</b>	<b>(20)</b>	(5)
<b>Note 5C—Accrued Revenue</b>		
Accrued revenue —Campaign Advertising special account	<b>214</b>	318
—departmental	–	4
<b>Total Accrued Revenue</b>	<b>214</b>	322

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>NOTE 6. NON-FINANCIAL ASSETS</b>		
<b>Note 6A—Infrastructure, plant and equipment</b>		
—fair value <sup>1</sup>	23,513	21,385
—accumulated depreciation	(16,321)	(12,888)
	<b>7,192</b>	8,497
—work in progress	4,198	452
	<b>4,198</b>	452
<b>Total infrastructure, plant and equipment (non-current)</b>	<b>11,390</b>	8,949
<b>Note 6B—Intangibles</b>		
—computer software cost—internally developed	1,733	1,708
—computer software cost—purchased	3,093	2,674
—accumulated amortisation—internally developed	(1,064)	(880)
—accumulated amortisation—purchased	(2,572)	(2,134)
	<b>1,190</b>	1,368
<b>Total intangibles (non-current)</b>	<b>1,190</b>	1,368
<b>Note 6C—Other</b>		
Prepayments	681	511
<b>Total other</b>	<b>681</b>	511

1. Asset valuations were performed by Australian Valuation Office.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 6D—Analysis of infrastructure plant and equipment

<b>TABLE A—Reconciliation of the opening and closing balances of infrastructure, plant and equipment</b>		<b>Total \$'000</b>
<b>As at 1 July 2005</b>		
Gross book value		21,837
Accumulated depreciation/amortisation		(12,888)
<i>Opening net book value</i>		8,949
Additions:		
by purchase		2,073
not previously recognised		101
Work in progress		3,746
Net Revaluation increment/(decrement)		552
Depreciation / Amortisation Expense		(4,012)
Disposals:		
Other Disposals		(44)
Disposal Depreciation		26
<b>As at 30 June 2006</b>		
Gross book value		27,712
Accumulated depreciation/amortisation		(16,321)
<i>Closing net book value</i>		<b>11,390</b>

<b>TABLE B—Infrastructure, Plant and Equipment under construction</b>		<b>Total</b>
Carrying amount at 30 June 2006		4,198
Carrying amount at 30 June 2005		452

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 6E—Analysis of intangibles

Reconciliation of the opening and closing balances of intangibles	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>			
Gross book value	1,708	2,674	4,382
Accumulated amortisation	(880)	(2,134)	(3,014)
<i>Opening net book value</i>	828	540	1,368
Additions:			
Purchase/Internally developed	25	419	444
from acquisitions of entities of operations (including restructuring)	–	–	–
Movements:			
Reclassifications	–	–	–
Amortisation Expense	(184)	(444)	(628)
Impairments recognised in the operating result	–	–	–
Other movements	–	–	–
Disposals:			
from disposal of entities or operations (including restructuring)	–	–	–
other disposals	–	–	–
<b>As at 30 June 2006</b>			
Gross book value	1,733	3,093	4,826
Accumulated amortisation	(1,064)	(2,572)	(3,636)
<b><i>Closing Net book value</i></b>	<b>669</b>	<b>521</b>	<b>1,190</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>NOTE 7. LIABILITIES</b>		
<b>Note 7A—Employee Provisions</b>		
Salaries and wages	343	555
Leave	13,639	12,314
<b><i>Aggregate employee benefit liability and related on-costs</i></b>	<b>13,982</b>	<b>12,869</b>
Current	7,626	5,850
Non-current	6,356	7,019
	<b>13,982</b>	<b>12,869</b>
<b>Note 7B—Makegood Provision</b>		
Make good provision	101	–
<b><i>Total makegood provision</i></b>	<b>101</b>	<b>–</b>
<b>Note 7C—Supplier Payables</b>		
Trade creditors	6,601	3,918
<b><i>Total suppliers payable (current)</i></b>	<b>6,601</b>	<b>3,918</b>
<b>Note 7D—Other</b>		
Unearned revenue	–	105
Other Liabilities	12	35
<b><i>Total other payables (current)</i></b>	<b>12</b>	<b>140</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006 \$'000	2005 \$'000
<b>NOTE 8. CASH FLOW RECONCILIATION</b>		
<b>Reconciliation of Cash per Income Statement to Statement of Cash Flows</b>		
Cash at year end per Statement of Cash Flows	<b>17,393</b>	661
Balance Sheet items comprising above cash:		
'Financial Asset—Cash'	<b>17,393</b>	661
<b>Reconciliation of operating result to net cash from operating activities</b>		
Operating result	<b>18,686</b>	954
Depreciation/Amortisation	<b>4,640</b>	4,091
Net loss (gain) on disposal of infrastructure, plant and equipment and intangibles	<b>14</b>	159
Change in operating assets and liabilities		
(Increase)/decrease in receivables and accrued revenue	<b>(7,792)</b>	(635)
(Increase)/decrease in other non-financial assets	<b>(170)</b>	(38)
Increase/(decrease) in suppliers payable	<b>2,683</b>	1,147
Increase/(decrease) in employee provisions	<b>1,113</b>	1,415
Increase/(decrease) in other payables	<b>(128)</b>	62
<b>Net cash from/(used by) operating activities</b>	<b>19,046</b>	7,155

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 9. RESTRUCTURING

#### Note 9A—Departmental Restructuring

##### 2005–06

The restructure in 2005–06 relates to a Section 32 transfer of funding between the department and the Attorney-General's Department for managing the APEC accreditation function.

##### 2004–05

The restructure in 2004–05 relates to a Section 32 transfer between the department and the then Department of Family and Community Services in accordance with Administrative Arrangements Orders that relates to the Office of the Status of Women.

A subsequent agreement in relation to the Administrative Arrangement Order gazetted in Gazette S230 transferred responsibility for the Indigenous Affairs Secretaries' Group, the provision of secretariat support for the Secretaries' Group, and support for the Chair from the then Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) to this Department and the new responsibility for playing a centralised coordination role on Indigenous matters.

In respect of functions assumed, there was no associated transfer of assets or liabilities.

In respect of functions relinquished, the following assets and liabilities were transferred by the Department for no consideration:

	2006 \$'000	2005 \$'000
Total asset relinquished	–	(488)
Total liabilities relinquished	–	477
<b>Net assets relinquished</b>	–	(11)
<b>Net contribution by Government as Owner</b>	–	(11)

Departmental revenues for the full year for the functions assumed by the Department are as follows:

#### Revenues

Recognised by the Department	4,293	695
<b>Total Revenues</b>	<b>4,293</b>	<b>695</b>

#### Expenses

Recognised by the Department	–	588
<b>Total Expenses</b>	–	588

#### Note 9B—Administered Restructuring

##### 2005–06

There was no Administered restructuring for the year ended 30 June 2006.

##### 2004–05

A Section 32 transfer between the department and the then Department of Family and Community Services in accordance with Administrative Arrangements Orders that relates to the Office of the Status of Women.

No assets or liabilities were transferred by the department in respect of the relinquished functions.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****NOTE 10. CONTINGENT LIABILITIES AND ASSETS***Quantifiable Contingencies*

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

*Unquantifiable Contingencies*

At 30 June 2006, the department has a number of legal matters being handled by its legal representatives. The department is not able to reasonably assess a contingent loss or gain at balance date.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 11. FINANCIAL INSTRUMENTS

**Note 11A—Interest rate risk**

Financial instrument	Notes	Floating interest rate		Fixed interest rate maturing in				Non-interest bearing		Total		Weighted average Effective Interest Rate		
		2006 \$'000	2005 \$'000	1 year or less	1 to 2 years	2 to 5 years	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000		
<b>Financial assets</b>														
Cash at bank	5A	-	-	-	-	-	-	-	661	661	17,393	661	n/a	n/a
Receivables—Goods and Services and Commissions	5B	-	-	-	-	-	-	-	946	946	604	946	n/a	n/a
Accrued Revenue	5C	-	-	-	-	-	-	-	322	322	214	322	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	1,929	1,929	18,211	1,929		
<b>Total assets</b>											65,799	25,670		
<b>Financial liabilities</b>														
Trade creditors	7C	-	-	-	-	-	-	-	3,918	3,918	6,601	3,918	n/a	n/a
Unearned revenue	7D	-	-	-	-	-	-	-	105	105	-	105	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	4,023	4,023	6,601	4,023		
<b>Total liabilities</b>											20,696	16,927		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11. FINANCIAL INSTRUMENTS (continued)

**Note 11B—Fair values of financial assets and liabilities**

	Notes	2006		2005	
		Total Carrying Amount	Aggregate Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash at bank	<b>5A</b>	<b>17,393</b>	<b>17,393</b>	661	661
Receivables—Goods and Services and Commissions	<b>5B</b>	<b>604</b>	<b>604</b>	946	946
Accrued Revenue	<b>5C</b>	<b>214</b>	<b>214</b>	322	322
<b>Total</b>		<b>18,211</b>	<b>18,211</b>	1,929	1,929
<b>Financial Liabilities</b>					
Trade creditors	<b>7B</b>	<b>6,601</b>	<b>6,601</b>	3,918	3,918
Unearned revenue	<b>7C</b>	—	—	105	105
<b>Total</b>		<b>6,601</b>	<b>6,601</b>	4,023	4,023

**Note 11C—Credit risk**

The department's 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 Balance Sheet.

The department has no significant exposures to any concentration of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 12. IMPACT OF APEC TASKFORCE ON INCOME STATEMENT

	Departmental (excluding APEC) \$'000	APEC \$'000	Total \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Revenues from Government	60,655	34,332	<b>94,987</b>
Goods and services	1,165	138	<b>1,303</b>
Commissions—Special Accounts	2,202	–	<b>2,202</b>
Total revenue	<b>64,022</b>	<b>34,470</b>	<b>98,492</b>
<b>Gains</b>			
Resources received free of charge	1,120	–	<b>1,120</b>
Total gains	<b>1,120</b>	–	<b>1,120</b>
<b>TOTAL INCOME</b>	<b>65,142</b>	<b>34,470</b>	<b>99,612</b>
<b>EXPENSE</b>			
Employees	37,475	6,414	<b>43,889</b>
Suppliers	21,526	8,830	<b>30,356</b>
Grants	2,012	–	<b>2,012</b>
Depreciation and amortisation	4,445	195	<b>4,640</b>
Net loss from the sale of assets	14	–	<b>14</b>
Finance Costs	–	–	–
Impairment loss	15	–	<b>15</b>
<b>TOTAL EXPENSES</b>	<b>65,487</b>	<b>15,439</b>	<b>80,926</b>
<b>OPERATING RESULT</b>	<b>(345)</b>	<b>19,031</b>	<b>18,686</b>

Notes:

1. The APEC Taskforce operating result is due to difficulties in estimating in advance the expenses required for this project, including expenses by year. Any surplus funds will be returned to the Official Public Account following the completion of the project.
2. The impact of the APEC Taskforce on the department's balance sheet is largely confined to appropriation receivables reflecting the amount of the operating surplus in the income statement.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 13. INCOME ADMINISTERED ON BEHALF OF GOVERNMENT

	2006 \$'000	2005 \$'000
<b>Revenue</b>		
<b>Non-Taxation</b>		
<b>Note 13A—Commission—Media Commissions special account</b>		
External entities	6,779	4,619
<b>Total commission</b>	<b>6,779</b>	4,619
<b>Note 13B—Other Income</b>		
Other income	10	390
<b>Total other income</b>	<b>10</b>	390
<b>Total Revenues Administered on Behalf of Government</b>	<b>6,788</b>	5,009
<b>Note 13C—Gains</b>		
Assets not previously recognised	4	—
Personal Benefits Scheme—Gain on Actuarial	283	—
<b>Total Gains</b>	<b>287</b>	—

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

## NOTE 14. EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT

	2006 \$'000	2005 \$'000
<b>Note 14A—Grants</b>		
Private Sector—Not for profit entities	1,856	11,691
<b>Total grants</b>	<b>1,856</b>	<b>11,691</b>
<b>Note 14B—Personal benefits</b>		
Former Governors-General	655	2,613
<b>Total personal benefits</b>	<b>655</b>	<b>2,613</b>
<b>Note 14C—Employees</b>		
Wages and salaries	612	602
Superannuation	96	91
Leave and other entitlements	162	170
<b>Total employees</b>	<b>869</b>	<b>863</b>
<b>Note 14D—Suppliers</b>		
Rendering of services—external entities	10,486	10,189
Operating lease rentals	327	301
<b>Total suppliers</b>	<b>10,813</b>	<b>10,490</b>
<b>Note 14E—Depreciation</b>		
Buildings	69	69
Other infrastructure, plant and equipment	93	144
<b>Total depreciation and amortisation</b>	<b>162</b>	<b>213</b>
<b>Note 14F—Write-down and impairment of assets</b>		
Non financial assets		
—Infrastructure, plant and equipment	–	231
<b>Total write down and impairment of assets</b>	<b>–</b>	<b>231</b>
<b>Note 14G—Losses</b>		
Personal Benefits Scheme—Loss on Actuarial	–	1,176
<b>Total Losses</b>	<b>–</b>	<b>1,176</b>
<b>Total Expenses Administered on Behalf of Government</b>	<b>14,356</b>	<b>27,277</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 15. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT

	2006 \$'000	2005 \$'000
<b>Financial Assets</b>		
<b>Note 15A—Cash and Cash equivalents</b>		
Special Account	–	–
Cash at Bank	1	70
<b>Total cash</b>	<b>1</b>	<b>70</b>
<b>Note 15B—Receivables</b>		
GST receivables from ATO	56	1,064
	56	1,064
Commissions	56	512
Less provision for doubtful debts	–	–
Net receivables for commissions	56	512
<b>Total receivables (net)</b>	<b>112</b>	<b>1,576</b>
Receivables (gross) are aged as follows:		
Not overdue	96	1,493
Overdue by:		
less than 30 days	4	3
30 to 60 days	3	7
60 to 90 days	5	–
more than 90 days	4	73
<b>Note 15C—Accrued Revenue</b>		
Accrued revenue—commissions	643	820
<b>Total accrued revenue</b>	<b>643</b>	<b>820</b>
<b>Total Financial Assets Administered on Behalf of Government</b>	<b>756</b>	<b>2,466</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 15. ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT (continued)

	2006 \$'000	2005 \$'000
<b>Non-financial Assets</b>		
<b>Note 15D—Land and buildings</b>		
Land (fair value) <sup>1</sup>	28,000	28,000
Buildings (fair value) <sup>1</sup>	6,719	6,719
Accumulated depreciation	(2,758)	(2,730)
	<b>3,961</b>	3,989
<b>Total land and buildings</b>	<b>31,961</b>	31,989
<b>Note 15E—Infrastructure, plant and equipment</b>		
Infrastructure, plant and equipment (fair value) <sup>1</sup>	1,345	1,241
Accumulated depreciation	(786)	(866)
	<b>559</b>	375
<b>Total infrastructure, plant and equipment</b>	<b>559</b>	375
<b>Note 15F—Other</b>		
Prepayments	17	27
<b>Total prepayments</b>	<b>17</b>	27
<b>Total Non-Financial Assets Administered on Behalf of Government</b>	<b>32,537</b>	32,391
<b>Total Assets Administered on Behalf of Government</b>	<b>33,293</b>	34,857

1. Asset revalued as at 30 June 2006 by the Australian Valuation Office.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 15G— ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT (continued)

Reconciliation of the opening and closing balances of property, and infrastructure, plant and equipment	Land \$'000	Buildings \$'000	Infrastructure plant and equipment \$'000	Total \$'000
<b>As at 1 July 2005</b>				
Gross book value	28,000	6,719	1,241	35,960
Accumulated depreciation/amortisation	—	(2,730)	(866)	(3,596)
Net book value	28,000	3,989	375	32,364
Additions:				
—by purchase	—	—	21	21
—not previously recognised	—	—	83	83
Net Revaluation increment/(decrement)	—	41	173	214
Depreciation Expense	—	(69)	(93)	(162)
Disposals				
Disposals Accumulated depreciation	—	—	—	—
<b>As at 30 June 2006</b>				
Gross book value	28,000	6,719	1,345	36,064
Accumulated depreciation	—	(2,758)	(786)	(3,544)
<b>Net book value</b>	28,000	3,961	559	32,520

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

## NOTE 16. LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT

	2006 \$'000	2005 \$'000
<b>Note 16A—Provisions</b>		
Employees		
—Salaries and wages	6	4
—Employees leave and other entitlements	181	178
Make good provision	79	–
Personal benefits—former Governors-General allowances (See Note 16C)	12,555	13,023
<b>Total provisions</b>	<b>12,821</b>	<b>13,205</b>
<b>Note 16B—Payables</b>		
Suppliers—Trade creditors	1,586	317
<i>All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.</i>		
<b>Total payables</b>	<b>1,586</b>	<b>317</b>
<b>Total liabilities administered on behalf of government</b>	<b>14,407</b>	<b>13,522</b>

**Note 16C—Personal benefits—former Governors-General allowances**

The *Governor-General Act 1974* provides for an allowance (or pension) to be paid to former Governors-General. A reversionary benefit is payable to a surviving spouse on the death of a former Governor-General. The scheme is unfunded and does not hold any assets. Benefits are paid out of Consolidated Revenue as they are due. The main benefits payable by the scheme are summarised below.

The benefit payable to a former Governor-General is a pension of 60% of the salary payable to the Chief Justice of the High Court of Australia. On the death of a former Governor-General, a pension of 62.5% of the full pension is payable to a surviving spouse.

If the former Governor-General is in receipt of another Government pension, the pension paid under the Governor-General Act is reduced by the amount of that other pension. Where a former Governor-General had a superannuation surcharge debt account at the time of retirement, the pension payable is reduced as a consequence.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 16. LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT

## Note 16C—Personal benefits—former Governors-General allowances (continued)

	2006 \$'000	2005 \$'000
<i>The amounts recognised in the balance sheet are as follows:</i>		
Present value of funded obligations	–	–
Fair value of plan assets	–	–
	<hr/>	<hr/>
Present value of unfunded obligations	<b>12,555</b>	13,023
Unrecognised past service cost	–	–
Net liability in balance sheet	<b>12,555</b>	13,023
	<hr/>	<hr/>
Amounts in balance sheet:		
Liabilities	<b>12,555</b>	13,023
Assets	–	–
Net liability in balance sheet	<b>12,555</b>	13,023
	<hr/>	<hr/>
<i>The amounts recognised in the income statement are as follows:</i>		
Current service cost	–	–
Interest on obligation	<b>655</b>	693
Expected return on plan assets	–	–
Past service cost	–	–
Losses (gains) on curtailments and settlements	–	–
Net benefit expense	<b>655</b>	693
Actual return on plan assets	–	–
Net actuarial losses (gains)	<b>(283)</b>	1,176
	<hr/>	<hr/>
<i>Movements in the net liability recognised in the balance sheet are as follows:</i>		
Net liability at 1 July	<b>13,023</b>	11,958
Net benefit expense (including net actuarial losses)	<b>372</b>	1,869
Contributions	<b>(840)</b>	(804)
Exchange adjustment	–	–
Net liability at 30 June	<b>12,555</b>	13,023
	<hr/>	<hr/>
<i>Principal actuarial assumptions at the reporting date (expressed as weighted averages):</i>		
	<b>2006</b>	2005
Discount rate at 30 June	<b>5.90%</b>	5.20%
Expected return on plan assets at 30 June		
Future salary increases	<b>4.00%</b>	4.00%
Future pension increases *	<b>4.00%</b>	4.00%

\* Pension offsets which are linked to CPI have been assumed to increase at 2.5%



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 17. ADMINISTERED RECONCILIATION TABLE

	2006 \$'000	2005 \$'000
<b>Opening administered assets less administered liabilities at 1 July</b>	<b>21,335</b>	24,965
<i>Plus:</i> Administered income	<b>7,075</b>	5,009
<i>Less:</i> Administered expenses	<b>(14,356)</b>	(27,277)
Administered transfers to/from Government:		
Appropriation Transfers from OPA		
Annual Appropriations Administered Expenses	<b>13,282</b>	27,787
Administered Assets and Liabilities Appropriations	<b>451</b>	–
Special Appropriations (unlimited)	<b>857</b>	–
Transfers to OPA	<b>(9,972)</b>	(9,149)
Administered revaluations taken to/from reserves	<b>214</b>	–
<b>Closing administered assets less administered liabilities as at 30 June</b>	<b>18,886</b>	21,335

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 18. ADMINISTERED FINANCIAL INSTRUMENTS

## Administered Interest Rate Risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate 1 year or less		Non-interest bearing		Total	Weighted average effective interest rate
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000		
<b>Financial Assets</b>									
Cash at Bank	15A	-	-	-	-	1	70	1	70
Receivables for commissions	15B	-	-	-	-	56	512	56	512
Accrued Revenue	15C	-	-	-	-	643	820	643	820
<b>Total financial assets (recognised)</b>						<b>700</b>	<b>1,402</b>	<b>700</b>	<b>1,402</b>
<b>Total assets</b>								<b>33,293</b>	<b>34,857</b>
<b>Financial Liabilities</b>									
Trade creditors	16B	-	-	-	-	1,586	317	1,586	317
<b>Total financial liabilities</b>						<b>1,586</b>	<b>317</b>	<b>1,586</b>	<b>317</b>
<b>Total liabilities</b>								<b>14,407</b>	<b>13,522</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 19A. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND FOR ORDINARY ANNUAL SERVICES APPROPRIATIONS

Particulars	Administered expenses		Departmental outputs		Total (Outcome 1)	
	2005–06 \$	2004–05 \$	2005–06 \$	2004–05 \$	2005–06 \$	2004–05 \$
Balance carried from previous year	1,037,091	711,024	10,473,068	5,159,102	11,510,159	5,870,126
Reductions of appropriations (prior years) <sup>1</sup>	(969,959)	(1,933,316)	–	(476,879)	(969,959)	(2,410,195)
<b>Adjusted balance carried from previous period</b>	<b>67,132</b>	<b>(1,222,292)</b>	<b>10,473,068</b>	<b>4,682,223</b>	<b>10,540,200</b>	<b>3,459,931</b>
Appropriation Act (No.1)	7,518,000	18,989,000	84,515,000	54,614,000	92,033,000	73,603,000
Appropriation Act (No.3)	569,000	990,000	6,179,000	5,651,000	6,748,000	6,641,000
Appropriation Act (No.5)	–	10,000,000	–	–	–	10,000,000
Adjustment to Appropriation (Section 8)	–	–	–	–	–	–
Departmental adjustments by the Finance Minister (Appropriation Acts)	–	–	–	–	–	–
Advance to the Finance Minister	–	–	–	–	–	–
Adjustment of appropriations on change of entity function (FMA s.32)	–	(7,669,291)	4,292,500	(1,333,636)	4,292,500	(9,002,927)
Refunds credited (FMA s30)	47,459	–	–	–	47,459	–
Appropriation reduced by Section 9 determinations (current year)	–	–	–	–	–	–
Sub-total Annual Appropriation	8,201,591	21,087,417	113,661,159	63,613,587	113,661,159	84,701,004
Appropriations to take account of recoverable GST (FMAA s30A)	483,712	1,720,867	3,182,552	2,208,503	3,666,264	3,929,370
Annotations to 'net appropriations' (FMAA s31)	–	–	2,333,815	4,053,427	2,333,814	4,053,427
Total Appropriations available for payments	8,685,303	22,808,283	110,975,934	69,875,517	119,661,237	92,683,800
Cash payments made during the year (GST inclusive)	8,540,698	21,771,192	76,998,605	59,402,449	85,539,303	81,173,641
Appropriations credited to Special Accounts (excluding GST)	–	–	–	–	–	–
<b>Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations</b>	<b>144,605</b>	<b>1,037,091</b>	<b>33,977,329</b>	<b>10,473,068</b>	<b>34,121,934</b>	<b>11,510,159</b>

Represented by:						
Cash at bank and on hand	620	69,984	17,391,266	635,569	17,391,886	705,553
Receivable—departmental appropriations	-	-	15,921,953	9,742,953	15,921,953	9,742,953
Receivable—GST receivable from the ATO	-	-	664,110	94,546	664,110	94,546
Receivables—departmental appropriations—drawing rights withheld by the Finance Minister (FMA Act s27(4))	-	-	-	-	-	-
Formal reductions of appropriation	-	-	-	-	-	-
Receivables—departmental appropriations (appropriation for additional outputs)	-	-	-	-	-	-
Receivables—from special appropriation ( <i>Governor-Generals Act 1974</i> )	143,985	967,107	-	-	143,985	-
Undrawn, unexpired administered appropriations	144,605	1,037,091	33,977,329	10,473,068	34,121,934	11,510,159
<b>Total</b>						

Note: The department has revised its methodology for preparing the note, resulting in a revised opening balances, appropriation to take account of recoverable GST and annotation to net appropriation for 2004–05 for both departmental outputs and administered expenses.

- Following identification of an error in the calculation of prior year reductions of administered appropriations, the Minister for Finance and Administration issued a redetermination of these amounts resulting in a revision to the figure for 2004–05.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 19B. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND FOR OTHER THAN ORDINARY ANNUAL SERVICES APPROPRIATION

Particulars	Equity		Non-operating		Administered assets and liabilities		Total	
	2005–06	2004–05	2004–05	2005–06	2004–05	2005–06	2004–05	2005–06
	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	2,716,991	20,000	20,000	–	–	–	20,000	20,000
Reduction of appropriations (prior years)	–	–	–	–	–	–	–	–
<b>Adjusted balance carried from previous period</b>	<b>2,716,991</b>	<b>20,000</b>	<b>20,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,000</b>	<b>20,000</b>
Appropriation Act (No.2)	10,405,000	–	–	–	–	–	–	10,405,000
Appropriation Act (No.4)	4,000,000	3,065,000	3,065,000	451,000	–	–	3,065,000	4,451,000
Departmental adjustments and borrowings	–	–	–	–	–	–	–	–
Advance to the Finance Minister	–	–	–	–	–	–	–	–
Adjustment to appropriations on change of entity function (FMA s.32)	–	–	–	–	–	–	–	–
Refunds credited (FMA s30)	–	–	–	–	–	–	–	–
Section 8—determination of annual administered appropriations	–	–	–	–	–	–	–	–
Appropriation reduced by a section 11 determination (current year)	–	–	–	–	–	–	–	–
Sub-total Annual Appropriation	17,121,991	3,085,000	3,085,000	451,000	–	–	3,085,000	17,572,991
Appropriations to take account of recoverable GST (FMA s.30A)	395,097	36,801	36,801	21,010	–	–	36,801	416,107
Total appropriations available for payments	17,517,088	3,121,801	3,121,801	472,010	–	–	3,121,801	17,989,098
Cash payments made during the year (GST inclusive)	4,218,190	404,810	404,810	472,010	–	–	404,810	4,690,200
Appropriations credited to Special Accounts (GST exclusive)	–	–	–	–	–	–	–	–
<b>Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations</b>	<b>13,298,898</b>	<b>2,716,991</b>	<b>2,716,991</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,716,991</b>	<b>13,298,898</b>

Represented by:						
Cash at bank and on hand	-	-	-	-	-	-
Appropriation Receivable	<b>13,298,898</b>	2,716,991	-	-	-	2,716,991
GST receivable from the ATO	-	-	-	-	-	-
Departmental appropriation receivable—drawing rights withheld by the Finance Minister (FMA s.27(4))	-	-	-	-	-	-
Formal reductions of appropriation	-	-	-	-	-	-
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-
Undrawn, unexpired administered appropriations	-	-	-	-	-	-
<b>Total</b>	<b>13,298,898</b>	2,716,991	-	-	-	2,716,991



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 19C. ACQUITTAL OF AUTHORITY TO DRAW CASH FROM THE CONSOLIDATED REVENUE FUND—SPECIAL APPROPRIATIONS (UNLIMITED AMOUNT)

<b><i>Governor-General Act 1974</i></b> <b>Section 5</b>	<b>Administered expenses</b> <b>Outcome 1</b>	
	<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
Purpose: To make provision in relation to the payment of allowances for former Governors-General.		
Cash payments made during the year	<b>834,647</b>	1,060,469
Refunds credited (net) (FMA s.30)	<b>(261,080)</b>	–
Total charged to appropriation	<b>573,567</b>	1,060,469
<i>Budget estimate</i>	<b>850,000</b>	1,072,000

Note: The refund relates to a payment which was made in error in late 2004–05 and was recovered in early 2005–06.

<b><i>Financial Management and Accountability Act 1997</i></b> <b>Section 28(2)</b>	<b>Administered expenses</b> <b>Outcome 1</b>	
	<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
Purpose: To make repayments required or permitted by law (where no other appropriation exists)		
Cash payments made during the year	<b>899</b>	–
<i>Budget estimate</i>	–	–

The special appropriations for: (1) Provision of superannuation surcharge for former Governors-General under S4 (7) of the *Governor-General Act 1974*; and (2) Remuneration and allowances of members of the Parliamentary Commission of Inquiry and for other expenses under S10 of the *Parliamentary Commission of Inquiry (Repeal) Act 1986* were not used during the reporting period or the previous reporting period and are therefore not shown in separate tables.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS

Account name	2006 \$	2005 \$
<b>Other Trust Moneys (Departmental)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</i>		
<i>Purpose: For expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
This account is non-interest bearing		
Balance carried from previous period	<b>23,928</b>	60,945
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts	<b>5</b>	7,700
GST Credits (FMA s30A)	–	–
Available for payments	<b>23,933</b>	68,645
Payments made	<b>23,933</b>	44,717
<b>Balance carried to next period</b>	–	23,928
Represented by:		
Cash—held by the entity	–	23,928
<b>Total balance carried to the next period</b>	–	23,928



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2006 \$	2005 \$
<b>Services for other Governments and Non-Agency Bodies Account (Departmental)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</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>		
This account is non-interest bearing		
Balance carried from previous period	<b>1,057,736</b>	1,179,164
Adjustment to balance brought forward <sup>1</sup>	–	–
Appropriation for reporting period	–	–
Costs recovered	–	–
Other receipts	–	–
Funds received from State Agencies	–	44,000
Comcare Recoveries	<b>13,740</b>	171,959
GST Credits (FMA s.30A)	–	991
Available for payments	<b>1,071,476</b>	1,396,114
Payments made to suppliers	–	166,519
Payments made to employees	<b>13,740</b>	171,859
<b>Balance carried to next period</b>	<b>1,057,736</b>	1,057,736
Represented by:		
Cash—held by the entity	<b>781</b>	781
Cash held in the Official Public Account	<b>1,056,955</b>	1,056,955
<b>Total balance carried to the next period</b>	<b>1,057,736</b>	1,057,736

Note that the department is currently reviewing the balances comprising the account.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2006 \$	2005 \$
<b>Campaign Advertising Account (Departmental) (Established 16 December 2004)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</i>		
<i>Purpose: Funds in this account are used for costs associated with the administration of the Central Advertising System; to make repayments to the original contributors, and the capacity to return excess amounts without making a real or notional payment.</i>		
This account is non-interest bearing		
Balance carried from previous period	<b>2,019,086</b>	—
Amount transferred from previous Campaign Advertising Account		7,105,106
Adjustment to balance brought forward	—	—
Appropriation for reporting period	—	—
Costs recovered	—	—
Other receipts	—	—
Commissions	<b>2,454,776</b>	355,573
GST Credits (FMA s.30A)		40,615
Available for payments	<b>4,473,862</b>	7,501,294
Payments made	<b>950,000</b>	482,208
Cash transferred to OPA		5,000,000
<b>Balance carried to next period</b>	<b>3,523,862</b>	2,019,086
Represented by:		
Cash—held by the entity	—	—
Cash held in the Official Public Account	<b>3,535,751</b>	2,034,979
<i>Add: Receivables—Goods &amp; Services—GST receivable from customers</i>	—	—
<i>Less: Other payables—Net GST payable to ATO</i>	<b>(11,889)</b>	(15,894)
<b>Total balance carried to the next period</b>	<b>3,523,862</b>	2,019,086

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2005 \$
<b>Campaign Account (Departmental) (Abolished 16 December 2004)</b>	
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</i>	
<i>Purpose: Funds in this account are used for costs associated with running the central advertising unit.</i>	
This account is non-interest bearing	
Balance carried from previous period	<b>6,501,375</b>
Adjustment to balance brought forward <sup>1</sup>	
Appropriation for reporting period	
Costs recovered	
Other receipts	
Commissions	<b>1,028,731</b>
GST Credits (FMA s.30A)	
Available for payments	<b>7,530,106</b>
Payments made to suppliers	<b>425,000</b>
Closure of account—Transfer of cash to new Campaign Advertising Special Account	<b>7,105,106</b>
<b>Balance carried to next period</b>	<b>—</b>
Represented by:	
Cash—held by the entity	—
Cash—transferred to the Official Public Account	—
Add: Receivables—Goods & Services—GST receivable from customers	—
Less: Other payables—Net GST payable to ATO	—
<b>Total balance carried to the next period</b>	<b>—</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2006 \$	2005 \$
<b>Media Commissions Account (Administered) (Established 16 December 2004)</b>		
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</i>		
<i>Purpose: Funds in this account are used to transfer media commissions through the central advertising system and to reduce the balance without making real or notional payments.</i>		
This account is non-interest bearing		
Balance carried from previous period	<b>7,151,052</b>	—
Amount transferred from previous Media Commissions Account	—	15,157,896
Appropriation for reporting period	—	—
Costs recovered	—	—
Other receipts	—	—
Commissions	<b>7,344,326</b>	1,273,023
GST Credits (FMA s.30A)	<b>376,576</b>	144,081
Available for payments	<b>14,871,953</b>	16,575,000
Payments made to suppliers	<b>4,142,332</b>	1,823,948
Cash transferred to OPA	—	7,600,000
<b>Balance carried to next period</b>	<b>10,729,621</b>	7,151,052
Represented by:		
Cash—held by the entity	—	—
Cash held in the Official Public Account	<b>10,735,833</b>	7,153,943
Add: Receivables—Goods & Services—GST receivable from customers		
Less: Other payables—Net GST payable to ATO	<b>(6,212)</b>	(2,891)
<b>Total balance carried to the next period</b>	<b>10,729,621</b>	7,151,052

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 20. CASH BASIS ACQUITTAL OF SPECIAL ACCOUNTS (continued)

Account name	2005 \$
<b>Media Commissions Account (Administered) (Abolished 16 December 2004)</b>	
<i>Legal authority: Financial Management and Accountability Act 1997 s.20</i>	
<i>Purpose: Funds in this account are used to transfer media commissions through the central advertising system to advertising agencies.</i>	
This account is non-interest bearing	
Balance carried from previous period	13,328,475
Adjustment to balance brought forward <sup>2</sup>	–
Appropriation for reporting period	
Costs recovered	
Other receipts	
Commissions	3,207,191
GST Credits (FMA s.30A)	379,594
Available for payments	16,915,260
Payments made to suppliers	1,757,364
Closure of account—Transfer of cash to new Media Commissions Special Account	15,157,896
<hr/>	
<b>Balance carried to next period</b>	
Represented by:	
Cash—held by the entity	–
Cash—transferred to the Official Public Account	–
Add: Receivables—Goods & Services—GST receivable from customers	–
Less: Other payables—Net GST payable to ATO	–
<hr/>	
<b>Total balance carried to the next period</b>	
<b>–</b>	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 21. EXECUTIVE REMUNERATION

	2006 Number	2005 Number
The number of senior executive service officers who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	3	4
\$145,000 to \$159,999	6	4
\$160,000 to \$174,999	6	6
\$175,000 to \$189,999	7	10
\$190,000 to \$204,999	5	3
\$205,000 to \$219,999	3	1
\$220,000 to \$234,999	1	2
\$235,000 to \$249,999	4	1
\$250,000 to \$264,999	1	1
\$265,000 to \$279,999	1	–
\$280,000 to \$294,999	1	1
\$295,000 to \$309,999	1	–
\$445,000 to \$459,999	–	1
\$490,000 to \$504,999	1	–
	<b>40</b>	<b>34</b>

This comprised:

The aggregate amount of total remuneration of senior executive officers shown above.	<b>\$8,000,530</b>	\$6,474,878
--	--------------------	-------------

The aggregate amount of separation and redundancy payments during the year to executive officers shown above.	–	–
---	---	---

Note: The comparatives have been amended to allow for the increased threshold from \$100,000 to \$130,000 and the increased increments of \$10,000 to \$15,000.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2006	2005
<b>NOTE 22. AVERAGE STAFFING LEVELS</b>	Number	Number
The average staffing level for the department for the financial year was:	<b>443</b>	373
<b>NOTE 23. REMUNERATION OF AUDITORS</b>	\$	\$
Financial statement audit services are provided free of charge to the department. The fair value of the services provided was:	<b>147,000</b>	126,500
<p>In addition to the amounts disclosed above, there was an amount of auditor remuneration of \$4,000 relating to the 2005–06 financial statement audit, arising from work done in 2004–05 on the opening balance sheet prepared under AEIFRS.</p> <p>No other services were provided to the department by the Auditor-General.</p>		
<b>NOTE 24. COMPENSATION AND DEBT RELIEF IN SPECIAL CIRCUMSTANCES</b>	\$	\$
<b>Act of Grace Payments</b>		
No payments were made during the reporting period. (2005: No payments made)	-	-
<b>Waivers of Debt</b>		
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2005: No waivers made)	-	-
<b>Defective Administration Scheme Payments</b>		
No payments were made during the reporting period. (2005: No payments made)	-	-
<b>Ex-gratia Payments</b>		
No payments were made during the reporting period. (2005: No payments made)	-	-
<b>Section 73 of the Public Service Act 1999 Payments</b>		
No payments were made during the reporting period. (2005: No payments made)	-	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 25. REPORTING OF OUTCOMES

The department predominantly uses staff numbers and floor space to determine the attribution of its shared items. The basis of attribution in the table below is consistent with the basis used for the 2005–06 Budget and the financial year ended 30 June 2005.

## Note 25A—Net Cost of Outcome Delivery

	Outcome 1	TOTAL	
	2006 \$'000	2006 \$'000	2005 \$'000
Administered expenses	14,356	14,356	27,277
Departmental expenses	80,926	80,926	62,317
<b>TOTAL EXPENSES</b>	<b>95,282</b>	<b>95,282</b>	89,594
Costs recovered from provision of goods and services to the non-government sector			
Administered	10	10	390
Departmental	195	195	11
<b>TOTAL COSTS RECOVERED</b>	<b>205</b>	<b>205</b>	401
Other external income			
Administered			
Commission—Media Commissions Special Account	6,779	6,779	4,619
Total Administered	6,779	6,779	4,619
Departmental			
Commission—Campaign Advertising special account	2,202	2,202	1,588
Goods and services revenue from related entities	1,108	1,108	843
Gains—Resources received free of charge	1,120	1,120	1,810
Total Departmental	4,430	4,430	4,241
<b>TOTAL OTHER EXTERNAL INCOMES</b>	<b>11,209</b>	<b>11,209</b>	8,860
<b>NET COST/(CONTRIBUTION) OF OUTCOME</b>	<b>83,868</b>	<b>83,868</b>	80,333

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 25B—Major Classes of Departmental Income and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1 Output 1.1	Output Group 1 Total	
	2006 \$'000	2006 \$'000	2005 \$'000
Departmental expenses			
Employees	8,419	8,419	7,977
Suppliers	4,401	4,401	3,017
Depreciation and amortisation	964	964	891
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>13,784</b>	<b>13,784</b>	11,885
Funded by:			
Revenues from Government	12,539	12,539	11,310
Sales of goods and services	516	516	162
Gains—Resources received free of charge	42	42	141
<b>TOTAL DEPARTMENTAL INCOME</b>	<b>13,097</b>	<b>13,097</b>	11,613

Outcome 1	Output Group 2 Output 2.1	Output Group 2 Total	
	2006 \$'000	2006 \$'000	2005 \$'000
<i>Departmental expenses</i>			
Employees	6,648	6,648	7,063
Suppliers	3,641	3,641	2,805
Depreciation and amortisation	665	665	731
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>10,954</b>	<b>10,954</b>	10,599
Funded by:			
Revenues from Government	9,965	9,965	10,224
Sales of goods and services	11	11	154
Gains—Resources received free of charge	34	34	469
<b>TOTAL DEPARTMENTAL INCOME</b>	<b>10,010</b>	<b>10,010</b>	10,847

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25B—Major Classes of Departmental Income and Expenses by Output Groups and Outputs  
(continued)

Outcome 1	Output Group 3 Output 3.1	Output Group 3 Output 3.2	Output Group 3 Output 3.3	Output Group 3 Total	
	2006 \$'000	2006 \$'000	2006 \$'000	2006 \$'000	2005 \$'000
<i>Departmental expenses</i>					
Employees	<b>2,534</b>	<b>4,805</b>	<b>6,414</b>	<b>13,753</b>	8,566
Suppliers	<b>1,275</b>	<b>2,361</b>	<b>8,830</b>	<b>12,466</b>	4,753
Depreciation and amortisation	<b>341</b>	<b>499</b>	<b>195</b>	<b>1,035</b>	895
Grants	–	<b>1,920</b>	–	<b>1,920</b>	917
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>4,150</b>	<b>9,585</b>	<b>15,439</b>	<b>29,174</b>	15,131
<i>Funded by:</i>					
Revenues from Government	<b>4,076</b>	<b>8,381</b>	<b>34,332</b>	<b>46,789</b>	14,179
Sales of goods and services	<b>5</b>	<b>14</b>	<b>178</b>	<b>197</b>	205
Gains—Resources received free of charge	<b>14</b>	<b>828</b>	<b>116</b>	<b>958</b>	1,072
<b>TOTAL DEPARTMENTAL INCOME</b>	<b>4,094</b>	<b>9,223</b>	<b>34,626</b>	<b>47,943</b>	15,456

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

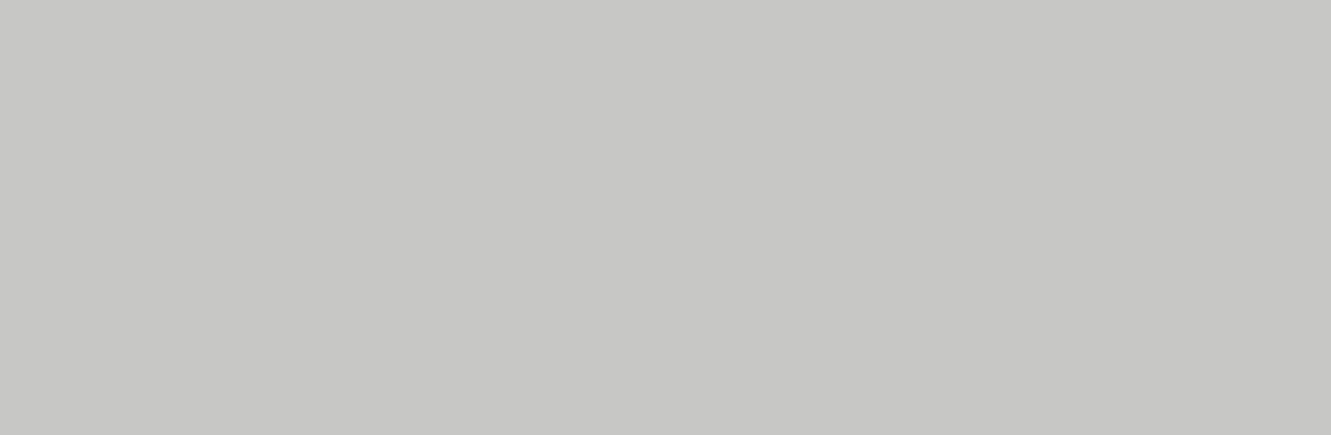
**Note 25B—Major Classes of Departmental Income and Expenses by Output Groups and Outputs (continued)**

Outcome 1	Output Group 4 Output 4.1 2006 \$'000	Output Group 4 Output 4.2 2006 \$'000	Output Group 4 Output 4.3 2006 \$'000	Output Group 4 Output 4.4 2006 \$'000	Output Group 4 Output 4.5 2006 \$'000	Output Group 4 Output 4.6 2006 \$'000	Output Group 4 2006 \$'000
Departmental expenses							
Employees	3,588	5,169	3,402	341	379	2,190	15,069
Suppliers	2,231	2,751	1,850	187	1,948	896	9,863
Depreciation and amortisation	470	682	473	48	48	269	1,990
Grants	-	-	-	92	-	-	92
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>6,289</b>	<b>8,602</b>	<b>5,725</b>	<b>668</b>	<b>2,375</b>	<b>3,355</b>	<b>27,014</b>
Funded by:							
Revenues from Government	5,956	8,143	5,647	633	2,221	3,095	25,695
Sales of goods and services	29	25	519	1	2	3	579
Commissions—Special Accounts	-	-	2,202	-	-	-	2,202
Gains—Resources received free of charge	20	27	19	2	7	10	87
<b>TOTAL DEPARTMENTAL INCOME</b>	<b>6,005</b>	<b>8,196</b>	<b>8,387</b>	<b>636</b>	<b>2,231</b>	<b>3,109</b>	<b>28,563</b>
							25,267

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 25C—Major Classes of Administered Income and Expenses by Outcomes

Outcome 1	Total Outcome 1	
	2006 \$'000	2005 \$'000
<i>Administered income</i>		
Sales of goods and services	10	390
Commissions—Media Commissions Special Account	6,779	4,619
Gains—Assets not previously recognised	4	–
Personal benefits—gain on actuarial assessment	283	–
<b>TOTAL ADMINISTERED INCOME</b>	<b>7,076</b>	<b>5,009</b>
<i>Administered expenses</i>		
Grants	1,856	11,691
Personal benefits	655	2,613
Employees	869	863
Suppliers	10,813	10,490
Depreciation	162	213
Write down and impairment of assets	–	231
Personal benefits—loss on actuarial assessment	–	1,176
<b>TOTAL ADMINISTERED EXPENSES</b>	<b>14,356</b>	<b>27,277</b>





## MORE INFORMATION

<b>Index of compliance with JCPAA requirements</b>	<b>170</b>
<b>List of special features, figures, tables and photos</b>	<b>172</b>
<b>Acronyms</b>	<b>174</b>
<b>Key terms</b>	<b>176</b>
<b>Alphabetical index</b>	<b>177</b>
<b>Freedom of information</b>	<b>inside back cover</b>

## INDEX OF COMPLIANCE WITH JCPAA REQUIREMENTS

This report has been prepared taking into account the *Requirements for Annual Reports* endorsed by the Joint Committee of Public Accounts and Audit (JCPAA) in June 2006.

This index provides a summary of the requirements and indicates where they are met within this report or are not applicable.

### Letter of transmittal & aids to access

Letter of transmittal, page iv

Table of contents, page iii

Index, page 177

Key terms, page 176

Contact officer, page ii

Internet home page and internet address for report, page ii

### Review by Secretary

Review by departmental secretary, page 11–18

Summary of significant issues and developments, pages 11–18

Overview of department's performance and financial results, pages 11–18, 20, 31, 39, 52, 70 and 100–104

Outlook for following year, pages 8, 14–18, 23, 25–26, 34–35, 48–49, 53, 62, 75–76, 80 and 96

Significant issues and developments—portfolio, page 2

### Departmental overview:

Overview description of department, pages 4–10

Role and functions, pages 4–10

Organisational structure, page 9

Outcome and output structure, page 4

Where outcome and output structures differ from PBS format, details of variation and reasons for change, *not applicable*

Portfolio structure, pages 2–3

### Report on performance:

Review of performance during the year in relation to outputs and contribution to outcomes, pages 20, 31, 39 and 52

Actual performance in relation to performance targets set out in PBS/PAES, pages 20, 31, 39 and 52

Performance of purchaser/provider arrangements, *not applicable*

Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change, *not applicable*

Narrative discussion and analysis of performance, pages 19–68

Trend information, *included throughout plus tables on* pages 54, 61, 65, 97, 101 and 103

Factors, events or trends influencing departmental performance, pages 19–68

Significant changes in nature of principal functions/services, page 8

Performance against service charter customer service standards, complaints data, and the department's response to complaints, *not applicable*

Social justice and equity impacts, pages 92–93

Discussion and analysis of the department's financial performance, pages 100–103

Discussion of any significant changes from the prior year or from budget, pages 100–103

Summary resource tables, by outcomes, page 102

Developments since the end of the financial year that have affected or may significantly affect the department's operations or financial results in future, *included throughout but particularly* page 8

### Management & accountability

Statement of the main corporate governance practices in place, pages 74–75

Names of the senior executive and their responsibilities, pages 9–10

Senior management committees and their roles, pages 74, 79

Corporate and operational planning and associated performance reporting and review, page 74

Approach adopted to identify areas of significant financial or operational risk and arrangements in place to manage risks, page 75

Agency head certification of agency compliance with Commonwealth Fraud Control Guidelines, page iv

Policy and practices on the establishment and maintenance of appropriate ethical standards, pages 5, 75 and 84

How nature and amount of remuneration for Senior Executive Service officers is determined, page 86

Significant developments in external scrutiny, pages 76–77

Judicial decisions and decisions of administrative tribunals, pages 56, 76

Reports by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman, page 76

Assessment of effectiveness in managing and developing human resources, pages 80–89

Workforce planning, staff turnover and retention, pages 80–85

Developments regarding and key features of certified agreements and AWAs, pages 86–88

Training and development undertaken and its impact, page 84

Occupational health and safety performance, page 89

Productivity gains, page 88

Statistics on staffing, pages 81–82

Specific information on certified agreement and AWAs, pages 86–87

Statistics on performance pay, page 87

Assessment of effectiveness of assets management, page 62

Assessment of purchasing against core policies and principles, page 96

Summary statement on consultancies, page 97

Competitive tendering and contracting contracts let and outcomes, page 96

Absence of contractual provisions allowing access by the Auditor-General, page 96

Contracts exempt from AusTender/the Purchasing and Disposal Gazette, page 96

Report on performance in implementing the Commonwealth Disability Strategy, pages 92–93

### Financial statements

Financial statements, pages 104–167

### Statutory reports

Occupational health and safety, page 89

Freedom of information, inside back cover

Advertising and market research, pages 97–98

Ecologically sustainable development and environmental performance, pages 94–95

### Other

Discretionary grants, *see Australiana Fund* page 63

Correction of material errors in previous annual report, *not applicable*



## **LIST OF SPECIAL FEATURES, FIGURES, TABLES AND PHOTOS**

### **Special features**

A brief history of PM&C, page 6–7

Secretary's snapshot 1: A larger COAG agenda, page 16

Secretary's snapshot 2: International and national leadership on pandemic influenza, page 17

Secretary's snapshot 3: Staff survey results pleasing, page 18

PM&C's role in the Budget process, page 21

International leadership and learning, page 55

Public honours and recognition for PM&C staff, page 71

### **Figures**

Figure 1A—Ministers and portfolio agencies at 30 June 2006, page 3

Figure 1B—Departmental outcomes/outputs framework at 30 June 2006, page 4

Figure 1C—Taskforces operating in 2005–06, page 8

Figure 1D—Organisational structure at 30 June 2006, page 9

### **Tables**

Table 6.1—Trends in services to Cabinet and other decision makers, page 54

Table 6.2—Trends in government communications services, page 61

Table 6.3—Trends in ceremonial and hospitality services, page 65

Table 7.1—Trends in ministerial workload, page 73

Table 7.2—Trends in external scrutiny, page 77

Table 7.3—PM&C committees and their members in 2005–06, page 79

Table 7.4—PM&C's workforce profile, page 81

Table 7.5—Trends in staff recruitment and retention, page 82

Table 7.6—Trends in nature of employment agreements with staff, page 87

Table 7.7—Trends in salary ranges by classification, page 87

Table 7.8—Details of performance bonuses paid in 2005–06, page 87

Table 7.9—OH&S performance, page 89

Table 8.1—Trends in consultancies, page 97

Table 8.2—Details of market research and advertising payments of \$1500 or more, page 98

Table 9.1—Trends in departmental finances, page 101

Table 9.2—PM&C outputs and administered programmes in 2005–06, page 102

Table 9.3—Trends in administered finances, page 103

### Photos

Acknowledgements for the use of photographs are made throughout this report. Where we do not do so, PM&C is the source of the photo.

Front cover—From largest to smallest: Members of our HR team; a member of our APEC 2007 Taskforce; Mr Lewis at the APEC pandemic meeting in Brisbane (photo courtesy AFP/Heather Faulkner)

Page 1—The bridge through our current building

Page 5—From top to bottom Dr Shergold at a graduate orientation session; a member of our IT help desk; a member of our HR team; members of our ministerial correspondence team

Pages 6, 7 and 10—As noted on these pages

Page 11—Dr Shergold

Page 12—Members of our COAG team receive their 2006 Australia Day Achievement Award from Dr Shergold

Page 13—From top to bottom APEC meeting on pandemic influenza Dr Shergold briefing the Prime Minister

Page 14—From top to bottom Staff from our Cabinet team, from the It's an Honour website project team, from the government communications unit and from the APEC 2007 taskforce

Page 15—From top to bottom The annual Shave for a Cure challenge; our 2005 Christmas Giving Tree; our 2005 Children's Christmas Party; and our People, Resources and Communications Division celebrates St Patrick's Day 2006

Page 16—The Prime Minister and Dr Shergold at COAG

Page 19—Ms Goddard

Page 20—Our workplace relations reform team receives their 2006 Australia Day Achievement Award from Dr Shergold

Page 23—Ms Goddard (3rd from left) and members of our COAG team

Page 29—Dr Morauta

Page 31—Staff who worked on family law reforms receive their 2006 Australia Day Achievement Awards from Dr Shergold

Pages 34 and 35—Members of Social Policy Division

Page 37—Mr Lewis

Page 39—Dr Shergold and the Prime Minister in India

Page 41—Exercise Mercury 05

Page 45—Operation Pakistan Assist

Page 46—The signing of an MOU between PM&C and the US Department of Defense

Page 48—Members of our APEC 2007 Taskforce and of Korea's APEC 2005 team

Page 49—The APEC 2007 Taskforce

Page 50—Fireworks to celebrate the 60th anniversary of Victory in the Pacific

Page 51—Members of our CERHOS team

Page 52—Karyn Vance receives her 2006 Australia Day Achievement Award from Dr Shergold

Page 53—Bill Burdof receives his 2006 Australia Day Achievement Award from Dr Shergold

Page 55—Members of our Cabinet Division in Thailand with local celebrities

Page 59—Members of Government Division

Page 63—As noted on this page

Page 64—PM&C staff and others farewell the Governor-General of Solomon Islands

Page 67—As noted on this page

Page 69—The security gates at our main entrance

Page 71 and 88—As noted on these pages

Page 91—Members of our long-term accommodation team

Page 101—Members of People, Resources and Communications Division

Page 171—A member of Government Division Also featured on various pages—a panorama of our current building at 3–5 National Circuit

## ACRONYMS

AAP	Australian Associated Press	DAFF	Department of Agriculture Fisheries and Forestry
ACT	Australian Capital Territory	DCITA	Department of Communications Information Technology and the Arts
ADF	Australian Defence Force	DEH	Department of Environment and Heritage
AGD	Attorney-General's Department	DEST	Department of Education Science and Training
AFP	Australian Federal Police	DEWR	Department of Employment and Workplace Relations
ANAO	Australian National Audit Office	DFAT	Department of Foreign Affairs and Trade
ANZSOG	Australia and New Zealand School of Government	DHS	Department of Human Services
AM	Member of the Order of Australia	DIGO	Defence Imagery and Geospatial Organisation
AO	Officer of the Order of Australia	DIO	Defence Intelligence Organisation
APEC	Asia Pacific Economic Cooperation	DITR	Department of Industry, Tourism and Resources
APS	Australian Public Service	DLO	Departmental Liaison Officer
APSC	Australian Public Service Commission	DOFA	Department of Finance and Administration
ASEAN	Association of South East Asian Nations	DOHA	Department of Health and Ageing
ASIO	Australian Security Intelligence Organisation	DOTARS	Department of Transport and Regional Services
ASIS	Australian Secret Intelligence Service	DSC	Distinguished Service Cross
AusAID	Australian Agency for International Development	DSD	Defence Signals Directorate
AWA	Australian Workplace Agreements	DVA	Department of Veterans' Affairs
CA	Certified Agreement	ERC	Expenditure Review Committee of Cabinet
CAS	Central Advertising System	EXCO	Executive Council
CEIs	Chief Executive Instructions	FACCSIA	Department of Family and Community Services and Indigenous Affairs
CEO	Chief Executive Officer	FOI	Freedom of Information
CFO	Chief Financial Officer	FTA	Free Trade Agreement
CHOGM	Commonwealth Heads of Government Meeting	GCU	Government Communications Unit
CIO	Chief Information Officer		
COAG	Council of Australian Governments		
CSC	Conspicuous Service Cross		
CSIRO	Commonwealth Scientific and Industrial Research Organisation		
CT	counter-terrorism		

GST	Good and Services Tax	PBS	Pharmaceutical Benefits Scheme
HIC	Health Insurance Commission	PBS	Portfolio Budget Statements
HOR	House of Representatives	PLO	Parliamentary Liaison Officer
HOSM	Humanitarian Overseas Service Medal	PM&C	Department of the Prime Minister and Cabinet
HREOC	Human Rights and Equal Opportunity Commission	PMO	Prime Minister's Office
IDC	interdepartmental committee	PSCC	Protective Security Coordination Centre
IMF	International Monetary Fund	PSM	Public Service Medal
IT	information technology	QON	question on notice
JCPAA	Joint Committee of Public Accounts and Audit	SA	South Australia
JEFG	Joint Economic Forecasting Group	SCNS	Secretaries Committee on National Security
MAC	Management Advisory Committee	SES	Senior Executive Service
MCGC	Ministerial Committee on Government Communications	SMR	Senior Ministers' Review
MOU	memorandum of understanding	UK	United Kingdom
NAA	National Archives of Australia	UN	United Nations
NADC	National Australia Day Council	US	United States of America
NCP	National Competition Policy	WA	Western Australia
NCTC	National Counter Terrorism Committee		
NSC	National Security Committee of Cabinet		
NSW	New South Wales		
NT	Northern Territory		
NWC	National Water Commission		
NWI	National Water Initiative		
NZ	New Zealand		
OA	Order of Australia		
OAM	Medal of the Order of Australia		
OBE	Order of the British Empire		
OH&S	Occupational health and safety		
ONA	Office of National Assessments		



## KEY TERMS

### **Administrative Arrangements Order (AAO).**

An order issued from time to time by the government and signed by the Governor-General which establishes the matters or outcomes to be dealt with by each department of state, and the Acts to be administered by each minister.

**Administered items.** Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the government's behalf.

**Agency.** A department of state, department of parliament and prescribed agency under the *Financial Management and Accountability Act 1997*.

### **Australian Workplace Agreement (AWA).**

An agreement between an employer and an employee about the terms and conditions of employment, made under the *Workplace Relations Act 1996*.

**Certified Agreement (CA).** A collective agreement relating to employment conditions made directly between an employer and a group of employees.

**Chief Executive's Instructions** provide instructions and guidance for accountability requirements under the *Financial Management and Accountability Act 1997*.

**Competitive tendering and contracting (CTC).** The process of contracting out the delivery of government activities previously performed by an Australian Government agency to another organisation.

**Equity.** Also known as net assets, it is the residual interest in the assets of an entity after deduction of its liabilities.

**First Ministers.** The Prime Minister, state Premiers and territory Chief Ministers.

**Non-ongoing employee.** An Australian Public Service (APS) employee who is employed for a specific term or task, or for duties that are irregular or intermittent as per paragraph 22(2)(b) and (c) of the *Public Service Act 1999*.

**Ongoing employee.** A person engaged as an ongoing APS employee as per paragraph 22(2)(a) of the *Public Service Act 1999*.

**Outcomes and outputs structure.** This structure reflects an agency's business and enables sound performance reporting to parliament. Outcomes are the results, impacts or consequences of actions by the Australian Government affecting the Australian community. Outputs contribute to outcomes. They are the goods or services produced by agencies on behalf of the government and are specified by price, quantity and quality.

**Portfolio Budget Statements (PBS).** These statements explain the provisions of the Appropriation Bills (Budget Bills), that is, where appropriated funds are to be spent.

**Portfolio agencies.** The different government agencies which are accountable to a minister. For a list of the Prime Minister's portfolio agencies see page 3.

**Price of outputs.** The government's contribution to the department's direct costs in producing required outputs and associated indirect costs, such as corporate overheads. It does not include, for example, revenue from independent sources.

**Reasonable adjustment.** The principle of 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.

**ALPHABETICAL INDEX**

**A**

- Active Australia initiative, 28
- Acumen Alliance, 75
- Ad Hoc (Revenue) Committee of Cabinet, 21
- Administrative Arrangements Orders (AAO), 56, 76
- Advertising, 60, 97, 98
- Afghanistan, 44, 45, 46, 55, 58, 66
- Agriculture and Food Policy Reference Group, 28
- Air pollution, 26
- Airport security, 43
- Andrews, Hon Kevin, MP, 2–3
- ANZAC commemorations, 46, 50, 59
- APEC Response Exercise, 17
- APEC 2007, 10, 14, 34, 48–9, 76, 100–1
  - Taskforce, 4, 8, 39, 48–9, 80, 102, 105
- Arts, 7
- Asia-Pacific Economic Cooperation (APEC)
  - organisation, 14, 17
  - Leaders' Meeting 2005, 17, 47
- Asia-Pacific Partnership on Clean Development and Climate, 26, 67
- Assets, 102–3
- Association of South East Asian Nations (ASEAN), 47
- Attorney-General's Department, 7, 41, 49
- Audit, 70
  - external, 76
  - internal, 75
- AusAid, 44, 55
- AusLink, 27
- AUSPIC, 61
- AusTender, 98
- AusTrade, 46
- Australia and New Zealand School of Government (ANZSOG), 10, 55, 71, 84
- Australia-China Free Trade Agreement, 66
- Australia Day celebrations, 59, 71
- Australia Day 2006 Achievement Awards, 12, 20, 31, 52, 71, 86
- Australia-Indonesia Partnership for Reconstruction and Development, 44, 55
- Australia's honours system, 14, 52, 58–9
- Australian Bravery Decorations, 58
- Australian Chamber of Commerce and Industry, 34
- Australian Competition and Consumer Commission, 85
- Australian cricket team, 67
- Australian Defence Force, 43–5
- Australian Defence Medal, 58
- Australian Fair Pay Commission, 27
- Australian Federal Police (AFP), 40, 44
  - Protective Service, 62
- Australian Government, 12, 26, 105
  - support services for operations, 51–2
  - 2006–07 Budget, 13
  - unfunded superannuation liability, 27
  - vehicles, 24
- Australian Industrial Relations Commission, 27
- Australian-Indonesian cooperation, 46
- Australian Industry Group, 34
- Australian Local Government Association, 16
- Australian National Audit Office (ANAO), 39, 41, 53, 75, 76, 98, 102
- Australian National Flag, 59
- Australian New Zealand Therapeutic Products Authority, 36
- Australian of the Year awards, 59
- Australian Public Service (APS), 4, 74
  - Code of Conduct and Values, 5, 74, 86, 93
- Australian Scholarships Programme, 45
- Australian Taxation Office, 105
- Australian Workplace Agreements (AWAs), 86
- Australiana Fund, 60, 63
- Avian influenza pandemic, 13, 16, 17, 31, 71
- Avian Pandemic Taskforce, 8, 9, 17
- AWB v Cole & Commonwealth (No. 1)*, 56
- AWB v Cole & Commonwealth (No. 2)*, 56

## **B**

Balance sheet, 104, 106  
 Bali bombings, 17, 42, 59, 67  
 Banks, Mr Gary, 23  
 Banks Taskforce, 8  
 Beaconsfield mine rescue, 64, 67  
 Beijing University, 85  
 Berry, Lisa, 71  
 Bilateral relationships, 46  
 Biofuels, 13, 20, 24, 78, 96  
     Taskforce, 8, 24  
 Bishop, Hon Julie, MP, 2–3  
 BlueScope Steel, 27  
 Border security, 43  
 Brisbane, 17, 58, 82  
 Brockway, Dr David, 24  
 Brough, Hon Mal, MP, 2–3, 35  
 Buchanan, Mr Bruce, 63  
 Budget  
     annual process, 21  
     preparation and coordination, 20  
     2006–07, 13, 21  
 Burdof, Bill, 71  
 Business Cost Calculator, 23  
 Business Council of Australia, 34

## **C**

Cabinet, 4, 14, 15  
     support to, 7, 10, 52, 53–4  
 Cabinet Division, 52  
*Cabinet Handbook (1950)*, 7, 57  
 Cabinet Implementation Unit, 53  
 CABNET system, 7, 55  
 Canada, 66  
 Canberra, 6, 8, 54, 62, 81  
 Career advice and support, 84  
 Cash flows, statement of, 110  
 Casserly, Mr Peter, 50, 67  
 Central Advertising System (CAS), 60, 97  
 Central Agency Indigenous Exposure Programme,  
     80

Ceremonial and hospitality (CERHOS), 52, 64–7  
 Certified Agreement (CA), 86–8  
 Chief Executive Instructions (CEIs), 98  
 Chief Scientist, 25  
 Child care, 7  
 Child Support Agency, 36  
 Child Support Scheme, 36  
 Chile, 66  
 China, People's Republic of, 26, 28, 46, 66  
 Climate change, 16, 20, 26  
 COAG Energy Reform Implementation Group, 22  
 COAG Health Taskforce, 8, 9, 32  
 COAG Human Capital Taskforce, 8, 9, 35  
 COAG Reform Council, 22  
 COAG Skills Recognition Taskforce, 8, 9, 34  
 Codd, Mike, 79  
*Coddswallop*, 79  
 Cole, Hon TRH, 56  
 Cole Royal Commission, 52, 56, 76  
*Combet v Commonwealth of Australia*, 76  
 Comcar, 68  
 Commemorative events, 50  
 Commonwealth Coat of Arms, 59  
 Commonwealth Day, 67  
 Commonwealth Disability Strategy, 92–4  
*Commonwealth Government Action Plan for  
 Influenza*, 17, 31  
 Commonwealth Heads of Government Meeting  
 (CHOGM), 47, 66  
*Commonwealth Procurement Guidelines*, 98  
 Commonwealth-State relations, 16, 20, 71, 78  
 Communication  
     external, 78  
     internal, 79  
 Competition policy, 16, 20, 22  
 Consultants, 97  
 Corporate Leadership Group, 10, 74, 79  
 Corporate values, 5  
 Council of Australian Governments (COAG), 8, 12,  
     16, 20, 25, 26, 32, 40, 67, 104  
 Counter-terrorism, 13, 16, 39, 40–1, 71

Cowen, Right Hon Sir Zelman, 68  
 CSIRO, 7, 24  
 Curtis, Rebecca, 71  
 Cyclones Larry and Monica, 13, 17, 50

### D

Darwin, 47, 58  
 Deane, Hon Sir William, 68  
 Defence Capability Plan 2006–2016, 43  
 Defence Force recruitment advertising, 60  
 Defence Materiel Organisation, 43  
 Department of Communications, Information Technology and the Arts, 27  
 Department of Defence, 43  
 Department of Education, Science and Training (DEST), 34  
 Department of Employment and Workplace Relations (DEWR), 86  
 Department of Family and Community Services and Indigenous Affairs, 105  
 Department of Finance and Administration, 10, 13, 21, 96, 104  
 Department of Foreign Affairs and Trade (DFAT), 17, 42, 46, 49  
 Department of Health and Ageing, 10, 17  
 Department of Immigration and Multicultural Affairs, 71, 136  
 Department of Industry, Tourism and Resources, 23, 25  
 Department of the Premier and Cabinet (SA), 26  
 Department of the Prime Minister and Cabinet (PM&C), 2–3  
   administered finances, 102, 105  
   corporate values, 5  
   departmental resources, 102  
   finances, 104  
   funding, 13, 102  
   history of, 6–7  
   income, 5  
   key results, 70  
   mission, 12  
   organisational structure, 9

performance measurement, 102  
 resources, 13  
 role, 4  
 whole-of-government perspective, 4

Department of Veterans' Affairs, 50  
 Departmental Consultative Committee, 86  
 Departmental liaison officers, 72  
*Disability Discrimination Act 1992*, 93  
 Disasters, aid for, 13, 17, 21, 44, 50  
 Discretionary grants, see Australiana Fund  
 Dobunaba, Ms Felecia, 55  
 Domestic security capabilities, 42  
 Dracoulis, Professor George, 25  
 Drought relief measures, 28  
 Duke of Edinburgh, 66

### E

East Asian Summit meeting, 47, 66  
 East Timor, 44  
   *see also* Timor-Leste  
 Ecologically sustainable development, 94–5  
 Economic and industry policy, 19–28  
 Economic Division, 9, 20  
 Economic modelling, 27  
 Emergencies, aid for, 21, 39, 44  
 Energy issues, 20, 24  
 Energy market reforms, 24  
 Energy security, 26  
 Energy use, 94–5  
 Environment, 28  
*Environment Protection and Biodiversity Conservation Act 1999*, 28, 62, 95  
 Environmental impact statements, 95  
 Epa, Ms Vaosa, 55  
 Equal employment opportunity (EEO), 80  
 Equity, changes in, 100, 101, 104, 111  
 Ethanol blended fuel, 25, 95  
 Ethics, *see* Australian Public Service Code of Conduct and Values  
 Executive team, 10  
 Exercise Mercury 05, 41



Exercise Pacific Protector 06, 47  
Expenditure, 100, 101, 104  
Expenditure Review Committee (ERC) of Cabinet,  
21  
External audits, 76  
*see also* Australian National Audit Office  
External consultation, 78

## **F**

Fair Pay and Conditions Standard, 27  
Family Law Reform Steering Committee, 36  
Family law reforms, 31, 36, 71  
Federal Executive Council, meetings of, 4, 52, 53,  
54, 57  
*Financial Management and Accountability Act 1997*,  
5, 60, 74, 106  
Financial statements, understanding, 104  
Fisheries, 28, 43  
Flu vaccinations, 89  
Ford Australia, 27  
Foreign Intelligence Coordination Committee, 42  
Fraud control processes, iv, 75  
Fraud risk assessment, iv, 75  
Free trade agreements, 46, 47  
Freedom of information (FOI), 76, 77, inside back  
cover  
Freeman, Professor Richard, 84  
Freight infrastructure pricing, 22  
Future Fund, 27

## **G**

Gas industry, 22  
'Get Moving' physical activity campaign, 60  
Gibbs, Right Hon Sir Harry, 67  
Gillard, Mr Max, 24  
Goddard, Ms Jenny, 9, 10  
Gorton, Prime Minister John, 7  
Government communications and advertising, 4,  
52, 60–1, 76, 92  
Government Communications Unit (GCU), 60–1  
Government Division, 9, 52

Governor-General, 52, 53, 56  
    former Governors-General, 68, 105  
Guidelines issued by PM&C, 57, 86  
Gulf Cooperation Council countries, 47

## **H**

Halstead, Mr Rod, 23  
Hardgrave, Hon Gary, MP, 2–3, 72  
Harries, Belinda, 71  
Hayden, Hon Bill, 68  
Hayes, Sharyn, 71  
Health reforms, 13, 16, 32–3  
Health Week, 89  
Health workforce, 31, 33  
hma Blaze, 60, 97–8  
Hollingworth, Right Reverend Dr Peter, 68  
Home department services, 72  
Howard, Hon John, MP, 2–3  
Hughes, Prime Minister Billy, 6  
Human capital, 16, 22, 31, 35  
Human cloning, 36  
Human embryos, research involving, 36  
Human Rights and Equal Opportunity  
    Commission, 76, 93  
Human services, 36  
Humanitarian Overseas Service Medal (HOSM), 58  
Humphry, Mr Richard, 23  
Hunter, Jordana, 71  
Hurricane Katrina, 44

## **I**

Immigration, 6, 31, 36  
Imports and exports, 28  
Income, 100–4  
Income statement, 108  
India, 26, 28, 66  
Indigenous affairs, 7, 16  
Indigenous Exposure Programme, Central  
    Agency, 80  
Indigenous issues, 31, 35, 76  
Indigenous Leadership programme, 80

Indonesia, 44, 46, 55, 66  
 Industry, Infrastructure and Environment Division,  
 9, 20  
 Information technology (IT) security, 75  
 Infrastructure, 10, 27  
 Inspector-General of Intelligence and Security,  
 42, 82  
 Institute for Chinese Economy and WTO studies,  
 85  
 Insurance, 27, 36  
 Intelligence agencies, 42  
*Intelligence Services Legislation Amendment Act  
 2005*, 42  
 Internal audit and Audit Committee, 10, 75, 79  
 Internal communication, 79  
 International aid and assistance, 43  
 International and National Security Policy, 39  
 International Division, 9, 39, 52  
 International Monetary Fund, 66  
 International Partnership on Avian and Pandemic  
 Influenza, 17  
 International partnerships, 39, 46  
 Iraq, 44, 45, 61, 66  
 Ireland, 55, 66  
*It's an Honour* website, 58

**J**

Japan, 26, 46, 71  
 Johnston, Dr Arthur, 25  
 Johnston, Professor Peter, 25  
 Joint Committee of Public Accounts and Audit  
 (JCPAA), ii, 57, 170  
 Joint Economic Forecasting Group, 27

**K**

Kelly, Paul, 84  
 Keniry, Dr John, 24  
 Kirribilli House, 62  
 Korea, Republic of, 17, 26, 47, 48, 66

**L**

Laurie, Mr Will, 75  
 Learning and development, 70, 80, 84  
 Legal action, 56, 76  
 Lewis, Mr Duncan, 9, 10  
 Liabilities, 102  
 Lithuania, 66  
 Living Murray initiative, 26  
 Lockhart Review, 36  
 Lodge, The, 62  
 London bombings 2005, 40, 42

**M**

McKibbin, Professor Warwick, 25  
 McMahan, Prime Minister, 7  
 MacRae, Ms Angela, 23  
 Machinery of government, 52, 56–9  
 Malaysia, 46, 66  
 Malta, 47, 66  
 Management and accountability, 69–90  
 Manufacturing, 27  
 Market research, 97–8  
 Media Commissions Special Account, 103  
 Medical Indemnity Policy Review Panel, 27  
 Medicare claiming, 36  
 Medicines and therapeutic goods, 36  
 Melbourne, 6, 53, 58  
 Melbourne Commonwealth Games 2006, 14, 28,  
 66  
 Mental health, 16, 31, 33  
 Mercury 05, 41  
 Minister Assisting the Prime Minister, 2–3, 72  
 Minister Assisting the Prime Minister for  
 Indigenous Affairs, 2–3, 35  
 Minister Assisting the Prime Minister for the Public  
 Service, 2–3  
 Minister Assisting the Prime Minister for Women's  
 Issues, 2–3  
 Minister for Defence, 43

Ministerial Committee for Government  
Communications, 60–1  
Ministerial support, 70, 72–3  
Ministerial Taskforce on Indigenous Affairs, 35  
Morauta, Dr Louise, 9, 10  
Multicultural affairs, 7  
Multilateral relationships, 47  
Murray-Darling Basin, 26

## **N**

Nairn, Hon Gary, MP, 2–3  
National Action Plan for Human Influenza  
Pandemic, 17, 31  
National Action Plan for Salinity and Water Quality,  
28  
National Action Plan on Human Influenza  
Pandemic, 31, 75  
National Action Plan on Mental Health, 33  
National Australia Day Council (NADC), 59, 102  
National Competition Policy (NCP), 16, 20, 22  
National Competition Policy Review Taskforce, 8  
National Counter-Terrorism Committee, 39–41,  
71, 102  
National Counter-Terrorism Plan, 40  
*National Emergency Protocol*, 40  
National Health Call Centre Network, 32  
National Heritage Trust, 28  
National Reform Agenda, 16, 22, 35  
National Security Division, 9, 39  
National symbols, 59  
National Tourism Investment Strategy, 28  
National Water Commission (NWC), 3, 26  
National Water Initiative (NWI), 26  
Nauru, 6  
Net equity, 102  
Netherlands, the, 66  
New building, *see* One National Circuit  
New Zealand, 46, 66  
Norfolk Island, 6  
Nuclear energy, 13, 20, 24, 25  
Taskforce, 25

## **O**

Occupational health and safety, 89  
O'Connell, Dr Conall, 24  
Office of Indigenous Policy Coordination, 35, 85  
Official Establishments Trust, 52, 62, 63  
Official residences, 4, 52, 62, 103  
Official visits and events, 4, 14, 46, 52, 61, 64–7,  
102–3  
Old Parliament House, 6  
Ombudsman, Commonwealth, 3, 76  
One National Circuit, Barton, new building at, 7, 8,  
15, 70, 75, 79, 80, 86, 95, 100–1  
Operating surplus, 100–1  
Operation Tropical Cyclone Larry Assist, 50  
Order of Australia, 58  
Organisational structure, 9  
Outcomes/outputs framework, 4

## **P**

Pacific governance and security, 44  
Pacific Islands Forum, 44, 47, 66  
Packer, Mr Kerry, 67  
Pakistan, 44, 66  
Papua New Guinea (PNG), 6, 44, 47, 55, 66  
Parliamentary Secretary to the Prime Minister, 2–3,  
26, 57, 72  
Patterson, Hon Kay, 2–3  
Peacock, Dr Jim, 25  
People, Resources and Communications Division,  
52  
People Smuggling Taskforce, 43  
Performance bonuses, 86  
*Perry v Howard, the Commonwealth of Australia and  
Others*, 76  
Pharmaceutical Benefits Scheme (PBS), 36  
Plan for Collaborative Action on Climate Change,  
26  
Plantation forestry, 28  
Port Kembla, 27  
Portfolio Additional Estimates Statements, 100–1  
Portfolio agencies, 2–3

Portfolio Budget Statements, 74, 100–1  
 Portfolio Ministers, 2–3  
 Prime Minister of Australia, 2–3, 4, 5, 12, 20, 21, 23, 26, 31, 52, 53, 56, 61, 70, 95  
     official residences, 4, 52, 62, 94, 102–3  
     overseas trips, 46, 52, 61, 64–6  
     support for, 15, 72–3  
 Prime Minister's Taskforce on Exports and Infrastructure, 22  
 Privacy Commissioner, 76  
 Private health insurance, 36  
 Procurement, 75, 96–7  
 Productivity Commission, 22, 23, 33  
 Professional Development Opportunity Fund, 18, 84  
 Proliferation Security Initiative, 47  
*Public Service Act 1999*, 5, 74, 93  
 Public Service Medal, 10, 39, 58, 71

### Q

Queen, The, 14, 59, 64, 66, 68

### R

Record keeping practices, 76  
 Recruitment, 18, 48, 70, 76, 80, 82, 83, 85, 86, 93, 98  
 Recycling, 94–5  
 Red tape, reducing, 22, 23  
 Regional Assistance Mission to Solomon Islands, 44  
 Regulatory reform, 16, 22, 23, 78  
 Reserve Bank of Australia, 27  
 Risk management, 70, 75  
 Royal Commissions, 56  
*Royal Commissions Act 1902*, 56  
 Rural industries, 28

### S

Samoa, 55  
 SARS crisis, 17  
 Science, 7, 40–1, 46  
 Secretaries' Group on Indigenous Affairs, 35

Secretary's Review, 11–18  
*Securing our Fishing Future*, 28  
 Security Committee, 74  
 Senior Ministers Review (SMR), 21  
 Senior Official's Working Group, 22, 32  
 Shepherd, Malcolm, 6  
 Shergold, Dr Peter, 3, 9, 10, 11, 12  
 Singapore, 46, 66  
 Skills recognition, 8, 9, 13, 16, 31, 34  
 Social policy, 29–36  
 Social Policy Division, 31  
 Solomon Islands, 44, 66  
 Southern bluefin tuna, 28  
 Southern, Dr Wendy, 39, 71  
 Sport, 28  
 Staff  
     consultation with, 79  
     pay and conditions, 86–8  
     performance, 74, 86–8  
     professional development, 18, 84  
     statistics, 81, 82, 87  
     work-life balance, 18, 88  
 Staff survey 2005, 13, 18, 70, 74, 79, 80, 85, 88, 89, 99  
 Staffing needs, 80  
 State funerals, 50, 59, 64–5, 67  
 Stephen, Right Hon Sir Ninian, 68  
 Strategic Maritime Management Committee, 43  
 Swartz, Hon Sir Reginald, 67  
 Sweden, 66  
 Switkowski, Dr Ziggy, 25  
 Sydney, 14, 26, 48, 53, 62, 81

### T

Tani, Dr Max, 84  
 Taskforce on Reducing Regulatory Burden on Business, 8, 23  
 Taskforces, 8, 9, 13, 16, 20, 26, 75, 78  
 Taxation reforms, 27  
 Technology, new, 7

Telecommunications issues, 27

Telstra, sale of, 27

Thailand, 46, 55, 58

Therapeutic Cloning Taskforce, 8, 36

Thomas, Mr Martin, 25

Thwaite, Julia, 71

Timor-Leste, 66

*see also* East Timor

Torres Strait prawn fishery, 28

Tourism, 28

Treasurer, 21, 23

Treasury, the, 10, 13, 21, 23, 27, 28

Tropical Cyclones Larry and Monica, 13, 17, 50

Tsunamis 2004, 17, 44, 58

Turkey, 66

Turnbull, Hon Malcolm, MP, 2–3, 72

## **U**

Unikowski, Isi, 71

United Arab Emirates, 66

United Kingdom (UK), 66, 68

United Nations (UN), 45, 66

UN Oil for Food Programme, 56

United States of America, 26, 44, 46, 66

Universal McCann, 60

Uranium Mining Processing and Nuclear Energy  
Review (Secretariat), 8, 25, 78

Urban congestion, 22

## **V**

Vance, Karyn, 71

Vanstone, Hon Amanda, 2–3

Venture Capital Review Advisory Committee, 27

Victory in the Pacific anniversary, 46, 50

Vietnam, 17

Vocational education and training (VET), 34

## **W**

Wardak, Mr Farooq, 55

Waste generation, 95

Water reform, 20, 26, 76

Water use, 96

Wheeldon, Right Hon Sir John, 67

Wheeler, Right Hon Sir John, 39, 43

Women's affairs, 7, 103

Work Choices, 27, 60

Workforce planning, 80

Workplace diversity, 80, 81, 83

Workplace Harassment Contact Officers (WHCOs),  
18, 89, 94

*Workplace Relations Act 1996*, 86

Workplace relations reforms, 20, 27, 71

World Bank, 66, 83

World Trade Organisation, 47

World War I, 6, 50

World War II, 7

## FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* gives individuals rights to see documents held by Australian Government ministers and agencies, with some exceptions. Section 8 of the Act requires us to report on:

- our organisation and functions—these are described in Chapter 1 (page 4–9)
- arrangements for outside participation in policy development—these are described in Chapter 7 (page 78)
- the types of documents we hold, and
- our FOI procedures, facilities and contact details.

**The types of documents we hold** include:

- submissions to and the official records of the Cabinet, its committees and the Federal Executive Council
- documents of Royal Commissions and other major inquiries
- representations to the Prime Minister on every aspect of government activity
- working files including departmental correspondence, analysis and advice
- internal administrative records such as personnel files, staffing and financial records and office procedures, and
- documents usually available free of charge including government policy statements and communiqués.

Our annual report and selected other documents relating to PM&C are available free of charge on our website at [www.pmc.gov.au](http://www.pmc.gov.au).

More information about the classes of personal information we hold is available from the Office of the Privacy Commissioner at [www.privacy.gov.au/government/digest](http://www.privacy.gov.au/government/digest).

**To lodge an FOI request**, you must contact us in writing—this can be by mail, fax or email. You must provide an address in Australia where we can send you notices under the Act. You should also include:

- the \$30 application fee—please send a cheque or money order made out to the Collector of Public Monies
- as much detail as possible about the document(s) you wish to access, and
- a phone number in case we need to clarify your request.

If your request is approved, you will be provided with an opportunity to inspect the records at our Canberra office or with a copy of the records. Copying charges may apply.

You can apply to the National Archives of Australia for access to records that are more than 30 years old.

Under the *Archives Act 1983*, special access may be available to:

- former Governors-General, ministers and senior officials who wish to refresh their memories of records they personally dealt with while in office
- people connected to government who have placed their personal records in NAA custody, and
- people researching authorised biographies of office holders, or major works that are considered to be of national importance.

**More information** can be obtained from PM&C's Freedom of Information Coordinator. Please contact:

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

**Email**    [foi@pmc.gov.au](mailto:foi@pmc.gov.au)  
**Phone**    02 6271 5849  
**Fax**        02 6271 5776

