

Review
of
Work Value
for the office of
Secretary

Australian Government
Departments of State

August 2009

Prepared for

The Commonwealth Remuneration Tribunal

Prepared by

John Egan

of

Egan Associates

Address: Level 16, 6 O'Connell Street Sydney NSW 2000

Postal Address: GPO Box 4130 Sydney NSW 2001

Phone: (02) 9225 3225 Fax: (02) 9225 3235

E-mail: jve@eganrem.com

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Preface

This Report is one component of the Review of the office of the position of Secretary of a Department of State within the Commonwealth Government undertaken by the Remuneration Tribunal, with the assistance of its Secretariat.

The Remuneration Tribunal, through the Secretariat in the Department of Education, Employment and Workplace Relations, commissioned John Egan, of Egan Associates, to assist it, specifically, in undertaking a program of work aimed, first, at establishing a detailed understanding of the nature of the role of a Secretary from a perspective informed by an understanding of the similarities with, and the differences between, the public and private sectors.

Egan Associates was advised that the Tribunal had specified, and initiated, this report to complement an earlier component of its Review, namely the commissioning of Mr Ric Smith AO PSM - himself a former Secretary, with extensive experience at the senior levels of the Australian Public Service - to prepare a paper on the roles and responsibilities of Departmental Secretaries. It is understood that the Tribunal will publish Mr Smith's paper as part of its overall report of its Review.

The Tribunal, as well as seeking a contemporary and thorough understanding of the role and accountabilities of Secretaries, including any substantive differences that may exist between them, also required Egan Associates to develop an assessment of the work value of these offices, together with a comparison of the office of Secretary with senior positions in the broader market.

A primary challenge of the review and the finalisation of this report was to provide a perspective which not only satisfied the requirements of the current enquiry and reflected sensibilities at the highest level of Government bureaucracy but provided a flexible framework for future consideration by the Tribunal with respect to these offices.

While there have been no changes in respect of the roles examined for this study, since its commencement and this document being made public a number of changes of incumbent Secretaries have been made reflecting retirements and other initiatives of the Rudd Government.

Acknowledgements

Acknowledgement is made of the generous help and support from the people listed below. A project such as this depends heavily on the acquisition of perceptive insights into organisations as well as the accumulation of extensive detail. I have been given the benefit of considered assessments based on the accumulated experience of Secretaries and others.

The complexity of the challenges being dealt with by Government from day to day is reflected in the relationships and accountabilities of Secretaries which are the subject of this report.

Maintaining a balance and sense of proportion overall, while challenging existing precepts, has been assisted to a very large degree by the measured support which I have received,

particularly from the President and Members of the Tribunal and the Secretary of its Secretariat.

I have also received valuable assistance from highly experienced directors in the private sector who as a result of being both Chief Executive Officers and directors of prominent companies have been involved in numerous engagements over an extended period of time with Government organisations, including Secretaries of Government Departments. A number of those with whom I met had also undertaken important reviews for both Federal and State Governments over an extended period of time. I would particularly like to acknowledge the advice and counsel received from Len Bleasel AM, Roger Corbett AO, Bob Mansfield AO, David Murray AO, David Mortimer AO and Trevor Rowe AM.

I would also like to thank Millicent Chalmers for her editorial assistance and the staff at Egan Associates who were involved in undertaking relevant research and typing numerous drafts of this manuscript.

1. Introduction

1.1 Objective of the Enquiry and Process

I was commissioned, personally - as an external adviser with extensive experience in reviewing senior executive roles in both the public and private sectors - to assist the Tribunal in its consideration of the roles and remuneration of individual Secretaries and to prepare a report on the work of Secretaries and an assessment of their positions with comparable private sector jobs.

I interpreted my role as firstly, in collaboration with the Tribunal, to gain an understanding and appreciation of the nature of the role of Secretary, including the engagement in what I will define as 'Whole of Government' matters, as well as principal and distinct core objectives including the relative importance of policy formulation and program administration, and also to understand the nature and depth of the Secretary's involvement with Portfolio Agencies, the Minister and the Minister's office, the Cabinet and stakeholders external to Government both domestic and international, including the Council of Australian Governments (COAG).

My work, while benefiting from the discussions with Secretaries and drawing upon my reflections on their observations, has not endeavoured to embellish the position of Secretary nor assess the attributes of individuals occupying that position. Rather, my intention has been to reflect on roles as they exist.

Across the spectrum of the positions of Secretary there are those with a primary role engaged in policy and '*Whole of Government*' initiatives, those who have a substantial policy and service delivery role and those who are primarily engaged in service delivery, though clearly not with an absence of significant policy input to the Minister of the day.

The work was to include the preparation of a series of papers including:

- a template interview framework,
- reports of interviews,
- advice on the roles and accountabilities of Secretaries, comparing the office of Secretary as appropriate with positions in the broader market,
- advice on the approach by which the position of Secretary was to be evaluated in work value terms,
- advice on the appropriate number of levels and allocation of the positions of Secretary between levels (noting the present "two level" structure), and
- an overall report on the remuneration of Secretaries.

Egan Associates were engaged on the basis of my individual commitment to undertake the work with the proviso that I could draw upon the assistance of Egan Associates, for staff, for research and editorial assistance.

1.2 Resources and process

At the outset of the engagement, the Tribunal Secretariat provided a range of materials aimed at establishing an understanding of the more recent background to these offices and their current circumstances. The material included relevant legislation (the *Public Service Act 1999* (PS Act) and the *Financial Management and Accountability Act 1997* (FMA Act)); the current Administrative Arrangements Order (AAO); papers and presentations by former

Secretaries of the Department of the Prime Minister and Cabinet (Mr Mike Codd AC and Dr Peter Shergold AC); the paper commissioned by the Tribunal from Mr Ric Smith AO; current data about Secretaries' and SES remuneration (including the Prime Minister's current Determination); the Tribunal's Statement of January 1999 following its review of the remuneration of Secretaries; and the Australian Public Service Commission publication, "The Australian Experience of Public Sector Reform".

The Secretariat subsequently provided further materials on each portfolio, prior to the interviews arranged by the Tribunal with each Secretary.

Furthermore, Tribunal Members and I were informed about the changes that had arisen over the last generation in the nature, challenge and business of Government in meeting the needs and demands of its varied constituency.

In order to further inform myself of the role of Secretary and the position's engagement in the broader stakeholder community, I held discussions with a number of business leaders who in various capacities (some nominated below) had considerable engagement with the prior Government and/or the current Government, including:

- Len Bleasel AM (prior Managing Director and Chief Executive Officer (CEO) of AGL Energy Limited and foundation member of the Expert Task Force for the Rudd Government's rollout of a commercial fibre broadband network),
- Roger Corbett AO (prior Group Managing Director and CEO of Woolworths Limited and a board member of the Reserve Bank of Australia),
- Bob Mansfield AO (prior adviser to the Howard Government and prior Chairman of Telstra),
- David Mortimer AO (prior Managing Director of the TNT Group, Chairman of the Australian Postal Corporation, Chair of the Defence Procurement Advisory Board and Chair of a review into the Rudd Government's Export Policies and Program Review for the Department of Foreign Affairs and Trade),
- David Murray AO (prior Managing Director of the Commonwealth Bank, current Chairman of the Future Fund Board of Guardians),
- Trevor Rowe AM (prior Chairman of Queensland Investment Corporation, prior Chancellor of Bond University, member of the Future Fund Board of Guardians).

Each of the above individuals has wide experience in dealing with the public sector and continues to fulfil an active role as a director, including chairman, of one or more leading private sector corporations, as well as contributing extensively in the not for profit sector. They were approached to provide me with a perspective, from their engagement with government, on the role of Secretary and their perspectives of the differences between the role of Secretary and Chief Executive Officer in a major corporation.

I prepared a framework of research activities as detailed below and submitted it to the Secretariat for review with the President and Members of the Tribunal. Frequent consultation with the President and Members of the Tribunal was undertaken to ensure that the focus of the research accurately reflected the Tribunal's goals in undertaking the enquiry. A critical element of this initial work was developing a template to facilitate an interview program involving myself and each member of the Tribunal (Appendix A – Interview Guideline Template). I should like to acknowledge here the active and very

constructive support and co-operation of the Members of the Tribunal and the Secretariat in the completion of the planning phase.

Research was tailored so as to provide the basis for the preparation of the following documents in response to the terms of the engagement:

- Synopsis of core issues arising from interviews with all Secretaries;
- Documentation of the role and accountabilities of each Secretary;
- Advice on the approach to be adopted for the purpose of classifying each position of Secretary to a work value level;
- Advice on an appropriate number of work value levels in order to provide a comprehensive framework to enable the Tribunal to determine the remuneration arrangements for the position of Secretary;
- Comparison of the office of Secretary with jobs in the broader market; and
- Overall report on the remuneration of the Secretaries.

Research was tailored to enable me to provide specific documentation, as well as provide a generic statement of the role of Secretary and, as appropriate, the differences between the scope and accountabilities of a Secretary and Chief Executive Officer of a major public company.

I should also like to acknowledge the co-operation and support of the Secretaries who were interviewed in the preparation of this report. A list of their names and positions is set out in Appendix B.

The research was undertaken without any pre-determined views on either the work value or remuneration considerations that might arise from the conduct of the discussions nominated above. Certainly my prior engagement in the development of classification structures in both State and Federal Governments for their Senior and Chief Executive Services and my work in the early eighties in the review of the role and remuneration of a Department Secretary conducted for a prior Tribunal under the Presidency of the Honourable Justice Dennis Mahoney AO, provided some historic framework and was of assistance in formulating some preliminary views commented upon in the report in relation to the variation in the accountability between a Secretary of a Commonwealth Department and a Departmental CEO at State or Territory level.

1.3 Organisational setting of the position of Secretary

The most contemporary context of the position of Secretary within the Australian Government was provided to the Tribunal in 2008 by Ric Smith AO PSM¹, referred to above. The following represents an abridged and partially modified extract from his paper which provides a succinct statement of the organisational and legislative environment within which a Secretary operates.

1.3.1 Legislative Provisions

“The *Public Service Act 1999* (PS Act) refers to a Secretary’s management responsibilities and the role of Secretary managing the Department and advising the Minister. There is no reference in the PS Act or the FMA Act to policy development or advice.

The FMA Act describes the responsibility of Secretaries, specifically in the area of financial management. It is said to provide a principles based approach which gives Secretaries

¹ Unpublished paper commissioned by the Tribunal.

significant accountabilities in defining formal management procedures for their departments. It requires Secretaries to promote efficient, effective and ethical use of Commonwealth resources. It however makes it clear inter alia that financial management accountability ends with the Secretary as Chief Executive. There is no provision for any role for ministers in this area.

The *Defence Act 1903* includes a statement about the accountabilities of the Secretary of that Department vis a vis those of the Chief of the Defence Force, and the *Migration Act 1958* sets out explicitly the decision-making authority of the Secretary of that Department.

The *Parliamentary Services Act 1999* makes provision for Departments of the Parliament and the *Commonwealth Authorities and Corporations Act 1997* (CAC Act) provides for statutory agencies and Government Business Enterprises.

The Administrative Arrangement Orders (AAOs), which are promulgated by the Governor General whenever a new Minister is sworn in, provide a summary list of matters dealt with by departments and a list of the legislation administered by a minister administering a Department of State.

As to ministers, the Constitution provides simply that they are appointed to administer such Departments of State as the Government may establish. There is no legislation which describes their accountabilities further or defines the boundaries between the responsibilities of ministers on the one hand and Secretaries on the other.

The Australian Public Service Commission's 2005 publication, *Foundations of Governance in the Australian Public Service* (Appendix C), states that: "Ministers and Governments, as the elected representatives of the Australian people, determine and define public interest. Secretaries advise and implement, assisting governments to deliver their policy agenda and priority. Under the Australian system ministers are responsible to Parliament for the overall administration of their portfolios, for the carriage of new legislation through the Parliament and for answering questions on that portfolio when required."

Beyond the PS Act and the FMA Act a number of other Acts help define the framework of law within which Secretaries must manage their Departments. They include the *Freedom of Information Act 1982*, the *Sex Discrimination Act 1984*, the *Privacy Act 1988*, the *Disability Discrimination Act 1992*, the *Racial Discrimination Act 1975*, the *Equal Employment Opportunity Act, 1987* the *Workplace Relations Act 1996* and the *Occupational Health and Safety Act 1991*. While many of these Acts apply more broadly, the risk of adverse publicity in the public sector is greater because failure to comply with legislation can be portrayed as an incompetence on the part of Government or a waste of taxpayers' money.

1.3.2 Management Structures

Government structures are complex. The Rudd Ministry, which was sworn in on 3 December 2007, at the time of this report embraces an administration as set out below:

- a Cabinet which includes the Prime Minister and nineteen Ministers responsible for seventeen portfolios;
- ten other Ministers;
- twelve Parliamentary Secretaries.

Other features of the Rudd Ministry at the time of preparing this Report include:

- four portfolios including more than one Cabinet Minister;
- two Cabinet Ministers having multiple appointments;
- five portfolios with three Ministers, five have two and one has a Minister who holds three titles in addition to being Deputy Prime Minister;
- the Cabinet Secretary is a Cabinet Minister;
- of the Parliamentary Secretaries, Foreign Affairs and Trade and the Prime Minister and Cabinet have three each;
- the responsibilities of all of the twelve are specifically designated.

1.3.3 Agencies and Other Departments

As noted, Ministers' accountabilities also include many statutory and other agencies. There are several kinds of agencies ranging from government business enterprises like the Australian Postal Corporation; independent authorities such as the Reserve Bank of Australia; and agencies which are in effect divisions of a department. Some of these agencies are accountable to Secretaries, some not. Some have fully empowered boards, some have advisory boards and some have no boards at all. The CEOs of statutory agencies or authorities, that is those which are established by legislation, may be appointed by the relevant board and are accountable for all aspects of their agency's business.

There is also a category of prescribed agencies, that is agencies listed specifically under the FMA Act. The Head of such an agency is appointed by the Secretary under the PS Act and is responsible to the Secretary under the Act.

Beyond these three categories there are other bodies of different kinds. The Public Service Commission's 2005-2006 'State of the Service' listed seventy-three bodies of less than Departmental status, excluding statutory and executive agencies, which are accountable to Secretaries in one way or another. As well, nearly all Departments have lists of standing committees, consultative councils or other bodies which report to them.

1.3.4 Reward and employment of Secretaries

In addressing the context of employment of a Secretary it was important to understand the history of pay adjustments over recent years at the level of Secretary as well as for the most senior staff in the Senior Executive Service (SES) of the Australian Public Service, particularly Deputy Secretaries (SES Band 3) and the more recently established office of Associate Secretary, their terms and conditions and the relativities established between those roles and the most senior office in a Department, the Secretary.

What did arise in those observations and required special consideration, was the impact, over time, of progressive adjustments to remuneration and employment conditions at varying levels in the Australian Public Service. In particular, the gap between the reward of Secretaries, on the one hand, and that of the senior SES levels, has fallen significantly in recent years. The positioning of Secretaries' fixed remuneration in the broader leadership market of Australia has also shifted downwards. As a consequence of these adverse trends, SES Band 3 offices (Deputy Secretaries and equivalent positions) are now being rewarded, indicatively, at or about the 25th percentile of base remuneration in the non-government employment market, whereas Secretaries' rewards are pitched at around the market's first decile. This needs to be corrected.

These observations reflect a comparison of total annual remuneration (fixed remuneration plus performance bonus) in the APS compared to annual fixed remuneration in the private sector.

During the conduct of the review, particularly at the time of formulating the primary questions (that of work value and remuneration), I determined that in establishing a clear nomenclature and framework for the study without conflicting with other work of the Tribunal it was relevant to establish some common language and common terms. Accordingly, and noting that there are structures for Principal Executive Officers (PEOs) and for members of the Senior Executive Service, it was evident from the PS Act that Secretaries represent a single cohort in Government leadership. That broad or generic classification has within it a number of levels which for standardisation of language I have described as classification levels. Attached to each classification level is a pay band which adopts principles not dissimilar to that embraced by the Tribunal in adjudicating on PEOs, with a minimum level of fixed remuneration and a maximum level.

The question which needs to be determined in this context is the appropriateness of pay bands versus recent practice of a single payment by classification level and secondly, whether there should be a separation in pay between classification levels, as there is at present, or if the pay band construct were introduced, whether pay bands should be discrete or overlapping.

At the time of my finalising this report the Australian Government was directing enquiries into executive remuneration in the private sector, one conducted by the Australian Prudential Regulation Authority (APRA) with its primary focus on the financial services sector; in another the Government has asked the Productivity Commission (PC) to examine the remuneration framework adopted for the payment of directors and executives. The PC enquiry will be a broad ranging examination that will consider the existing regulatory arrangements that apply to director and executive remuneration for companies that are disclosing entities under the *Corporations Act 2001*, including shareholder voting, disclosure and reporting practices. I further understand that the PC will examine international trends and responses to the problems of executive risk taking and corporate greed. It is noted that the review will complement the work being undertaken by APRA in relation to executive pay in financial institutions. We note that APRA's report was released on 28 May, reflecting a broad degree of consistency with the Financial Stability Forum's recommendation arising from the G20 earlier in 2009.

2. Context and Role of Secretary

A generic statement of the role of Secretary has been prepared, including a statement of primary accountabilities, the foundation of appointment and termination of a Secretary, the frame of reference within which a Secretary must operate (consolidated in the APSC publication, “Foundations of Governance in the Australian Public Service” - see Appendix C), a statement of the environment (political and operational) within which the Secretary operates in the Commonwealth Government, including comment by others who have considered the nature of the role and accountability over the past several decades, together with a clear statement of the principal accountabilities of a Secretary. These accountabilities include the obligations for policy formulation and planning; obligations for the day to day operations of the Department, leadership, representation and relationships and the Secretary’s obligations for controlling, regulating and reporting outputs from the Department.

In the conduct of my enquiry Members of the Tribunal and myself met with the Public Service Commissioner who provided useful background in relation to the role of Secretary and the recruitment of Secretaries. The Commissioner also referred to the book published on the centenary of the APS, *‘Serving the Nation’* (2001), that draws on a diversity of perspectives celebrating the Centenary of Federation and concludes that the essential role of the Public Service and thus of Secretaries has remained remarkably constant – to serve the nation through advising and assisting Ministers and Governments to implement their policies and programs. The enduring theme, however, is one of change – in terms of the policy imperatives of Government, community expectations and the economic, social and strategic circumstance of Australia. All of these changes have contributed to the increasing complexity of the role and accountabilities of Secretaries.²

2.1 Structure of Government

The Australian Government is accountable for the management of Australia Inc under the leadership of the Prime Minister and Cabinet and the Ministers of the Government of the day and the Parliament. I interpret the operation of Australia Inc as including direct oversight of the work of Government Departments and a number of Portfolio Agencies more directly under the stewardship of Secretaries and as shareholder in other wholly controlled Government owned enterprises which provide services and resources for the Government’s use or for the citizens of Australia or more widely as defined under legislation. I understand that the primary agents of the Prime Minister and Ministers of the Government assisting them in the management of the enterprises within Australia Inc are the Secretaries. The Boards and CEOs of portfolio agencies which are primarily subject to an Act of Parliament or the CAC Act are also key stakeholders.

I noted in my discussions that some Secretaries, while having a close working relationship with their Minister(s) were also called upon to advise the Prime Minister on matters in relation to the economic well-being of the nation, its national security or defence, its international alliances, or in relation to programs that from time to time reflect a significant priority of Government.

In principle it is my view that the business of Government of Australia is the largest business in the nation, with aggregate revenues, excluding the majority of portfolio agencies, approaching \$270 billion, those revenues being disbursed across more than 150 agencies, with the primary interface and source of advice to the Minister in relation to that diverse spectrum of enterprise being the Secretary. In that context, while the Secretary in a

² Letter from Lynelle Briggs, Public Service Commissioner, November 2008, to the President of the Tribunal.

particular portfolio may not have substantial staff numbers or manage significant expenditures directly, they would be seen by the Minister as their primary advisor across the Minister's areas of accountability, including oversight of various agencies subject to their own Act of Parliament or the FMA Act or CAC Act.

While Secretaries do not have line accountability for many of the agencies within a Minister's portfolio, they do represent the first port of call in relation to advice and in relation to the modification or creation of legislation, which gives effect to the objectives of those agencies that are in themselves diverse and number more than 180, including, at the date of this report:

- Austrade,
- Australian Bureau of Agriculture and Resource Economics,
- Australian Broadcasting Corporation,
- Australian Competition and Consumer Commission,
- Australian Customs Service,
- Australian Fisheries Management Authority,
- Australian Law Reform Commission,
- Australian National University,
- Australian Sports Commission,
- Australian War Memorial,
- Centrelink,
- Civil Aviation Safety Authority,
- Commonwealth Scientific and Industrial Research Organisation (CSIRO),
- Defence Materiel Organisation,
- Future Fund Management Agency,
- Great Barrier Reef Marine Park Authority,
- Indigenous Land Corporation,
- Medibank Private Limited,
- National Archives of Australia,
- National Health and Medical Research Council,
- National Museum of Australia,
- Refugee Review Tribunal,
- Royal Australian Mint,
- Tourism Australia,
- Workplace Authority.

2.2 Attributes of Government organisation and leadership

A Secretary is the key executive with whom a Minister has day-to-day engagement in ensuring delivery of Government programs. In the Rudd Government there are nineteen Secretaries who collectively are accountable to provide support to forty-two Ministers and Parliamentary Secretaries. One Secretary, the Secretary for the Department of Defence, operates within a diarchy with overlapping and shared accountability with the uniformed Chief of the Defence Force.

2.2.1 Structure of Government

Mr Mike Codd³, Secretary of the Department of Prime Minister and Cabinet between 1986 and 1992, indicated that the environment in which Secretaries operate constitutes a complex web of interlocking, multilateral relationships, with the Secretaries' accountability being observed in the context of their engagement with:

³ Paper presented on 'The Role of Secretaries of Departments in the APS' – March 1990.

- the responsible portfolio Minister;
- other Ministers in the portfolio;
- other Ministers (including the Prime Minister);
- Ministerial staff and Ministerial advisers;
- the Parliament and Parliamentary committees;
- individual members of the Parliament and Senators;
- Central Agencies;
- other Departments;
- the Auditor-General;
- external review bodies, e.g. Administrative Appeals Tribunal, the Commonwealth Ombudsman;
- State Governments;
- statutory authorities and other agencies within the portfolio;
- other statutory authorities;
- overseas counterpart Departments and other relevant overseas institutions;
- Departmental clients and special interest groups relevant to the subject matter of the Department; and
- the media and the public.

While in no way indicating that the above list was exhaustive, Mr Mike Codd clearly sets out the complexity of stakeholders impacting on the management obligations across a portfolio under the direct stewardship of the Secretary and increasingly in the spotlight. Codd, as with Smith and Shergold, also refers to the increasing obligation of Secretaries and Ministers' expectations of their involvement in policy development and advice, in parallel with any obligation they may have in the delivery of programs and services, as well as their necessary involvement in budget processes that are now subject to the scrutiny of Parliament up to three times a year, and their need for awareness of all matters which may impact on their portfolio through scanning of global information that is now available at an unprecedented speed through the internet and other advancements in technology.

Recent meetings with Secretaries reinforced the observations of Mr Mike Codd in their entirety. The emphasis on stakeholder management varied in accordance with the primary accountability of the Department. A further area noted in dialogue with Secretaries was the Prime Minister and Cabinet's expectation that Secretaries have a key accountability to advise and provide management support to their Ministers and their portfolios in a '*Whole of Government*' context, while in parallel mitigating risk, including the 24/7 media environment and the bombardment from the internet. Additionally, Secretaries highlighted their more recent engagement in community Cabinet meetings.

A number of Secretaries indicated that their Deputy Secretaries and Division Heads were essentially the Chief Operating Officers, having an intimate day to day engagement in delegated areas of the Department's accountabilities, being accessible to the Minister and the Minister's staff in order to ensure optimum efficiency. (See Appendix D Synopsis of Discussions with Secretaries.)

Discussions with Secretaries revealed some elements of ill-defined or ambiguous accountability, particularly in respect to the significant number of portfolio agencies that are

within the jurisdiction of Ministers to whom the Secretary is accountable. While some portfolio agencies are directly accountable to a Secretary, others have legislative independence, though Secretaries revealed that when significant issues arise in a portfolio agency impacting on a Minister or Government they turn to the Secretary for policy advice, problem solving and leadership.

In the writings of retired Secretaries, including most recently Dr Peter Shergold AC (Prime Minister and Cabinet), Mr Ric Smith AO (Defence) and earlier observations from Mr Mike Codd AC (Prime Minister and Cabinet), a diversity of perspectives are offered which flag to varying degrees the challenges faced by Secretaries who represent the primary support of Ministers in the management of Government priorities and programs.

All Secretaries revealed a significant, though variable, engagement in policy formulation and advice to their Ministers, and their financial obligations under the FMA Act. There is clearly reference in the Public Service Act to the Secretaries' obligations to advise the Minister, though no reference to their significant engagement in policy development.

All Departments have accountability for the administration of legislation. Two Departments in particular have a central agency function, notably the Departments of Prime Minister and Cabinet and Treasury, though increasingly other Departments have a wide engagement across certain aspects of Government. These Departments would include those concerned with national security, budgeting, emergency management systems, law and justice, as well as international relations.

2.2.2 *'Whole of Government' versus portfolio focus*

While some Secretaries have an engagement in *'Whole of Government'* issues others have a more focused portfolio of engagement, including Departments administering significant budgets, as well as those with fewer staff and financial resources. The majority of Secretaries report to members of Cabinet. At the time of conducting this study one did not – the Secretary of the Department of Veterans' Affairs. The Department of Veterans' Affairs is in the Defence Portfolio. Some Secretaries have more than one Minister to support.

In the Rudd Ministry at the time of preparing this report here are twenty members of Cabinet, including the Prime Minister, these Ministers having accountability for seventeen of the nineteen portfolios. There are ten other Ministers and twelve Parliamentary Secretaries who have varying degrees of engagement in the work undertaken under the stewardship of a Secretary. Four portfolios have more than one Cabinet Minister, two Cabinet Ministers have multiple appointments, five portfolios have three Ministers, four have two Ministers, and the Deputy Prime Minister has a significant breadth of accountability with three Ministers in support.

In Mr Ric Smith's recent paper he indicated that no two Departments, and hence no two Secretary positions, are the same. He stated that the accountability of Secretaries extends beyond their Department to portfolio agencies, councils, committees and other bodies, and that this complexity is often further overlaid by variability in the expectations of Ministers. In the Smith paper there was considerable comment on the differences between the roles of Departments, some being highly policy oriented, others more operational or focused on program delivery and others reflecting an amalgam of the above.

His report, and comments by others, also reflect considerable difference in scale having regard to employee numbers, assets managed, budgets and/or the management of outlays. Smith's paper goes on to state that some Departments are highly specialised whereas others are more varied and susceptible to change, a factor which he ponders could well demand quite different skill sets and experience as well as management styles.

2.2.3 Relationship with the Minister

Discussions with Secretaries clearly revealed that the relationship between the Secretary, the Minister(s) and their staff can be reflective of the nature of the portfolio, the Minister's personal style and the sensitivity of issues which may arise in Parliament or in problems associated with program implementation. It was also acknowledged that Secretaries have as their prime accountability to represent the public interest and the Government's interest, and in that context provide an independent perspective while in parallel recognising that the Government of the day and the Minister(s) to whom they are accountable have legitimate interests that may be different from that of a Secretary. In that context, however, it was universally accepted that the Secretary needs to be a highly effective leader, developing a nimble Department capable of responding to the Government of the day. It was also acknowledged there was a difference in the obligations of those staff working in the Minister's office compared to the Secretary who is ultimately accountable to the Parliament.

Many of these observations, both from the present enquiry and from the writings referred to above, have been commented on earlier by others, including the diverse observations by Professor Spann of the University of Sydney who was engaged as a consultant to the 1975 Royal Commission on Australian Government administration resulting in the report which became known as the Coombs Report.

The reflections of the well established Secretaries interviewed for the present study added to and refined a number of the early observations and writings and in particular revealed that among the current core challenges would be the speed at which information becomes available and needs to be digested and responded to, that is the 24/7 media environment and the internet. Secretaries reflected on more variable demands associated with Secretaries' engagement in community Cabinet meetings.

Dr Peter Shergold in 1997, when Head of the Public Service Commission, noted that the nature of engagement between Ministers and Secretaries could be variously described as a zone of strategic conversation or of creative tension, often representing an area in which ambiguity rules and accountability can also shift quickly. This was clearly reflected in conversations with Secretaries.

The effectiveness of the Secretary and the Department for which they are held to account is also subject to Parliamentary scrutiny through Estimates Committees as well as Standing or Select Committees. Smith noted that the tolerance for risk is declining and, as a consequence, there is continuing attention to governance issues operating in parallel with the ambiguity of expectations of Secretaries and in their relative accountability, particularly in respect of Government policy as distinct from program implementation.

Again reflective of the challenge of the role of Secretary was the observation of one Secretary who stated that over the past couple of years they had several Ministers arising from either a reallocation of Ministerial portfolios or a restructure of the Department over which they had stewardship. Reflecting the implications of a change of Government, another Secretary indicated that subsequent to the election of the new Government the Department had over 100 policy initiatives to implement, though no additional resourcing or funding.

The observation was frequently made that the Secretary is clearly accountable for everything that occurs in the Department and in this context is accountable to the Minister. It was also noted that in the private sector a CEO has similar accountability, though also a profit motive as distinct from a disbursement management accountability. Equally, it was observed that a CEO in the private sector is accountable to shareholders through a board whereas the Secretary is accountable to the Prime Minister, the Portfolio Minister, the Parliament and the broader public.

2.2.4 Portfolio agencies

Within the province of all Secretaries' accountability there are portfolio agencies, some with fully empowered boards, others with advisory boards and others with no boards at all. Many of these agencies have CEOs, some being legislatively independent of the Department. A significant number of Secretaries indicated that, along with the Public Service Commissioner and others, they would have an active engagement in the selection of CEOs of the portfolio agencies under their Minister's stewardship. Secretaries clearly reflected an engagement in advising their Ministers on options in relation to the existence or creation of portfolio agencies, advising on the performance of those agencies, assisting in the development of relevant policy and legislation and being a prime resource in assisting with any difficulties that may arise from time to time.

The observation was made by a number of Secretaries that a portfolio agency Chief Executive has far less breadth of policy and operational issues to oversight, though their accountabilities have greater depth. Secretaries have an intimate engagement in the issues of policy, the formulation of legislation and regulation and to varying degrees funding and appointments to portfolio agencies. The Secretary would normally be engaged in the development of Cabinet submissions on behalf of the portfolio agencies, though their engagement can be both planned and formal or day to day, subject to the management strength or the sensitivity of issues being addressed by the portfolio agency at any point in time.

While a Minister may have a direct reporting relationship with a statutory officeholder or a Board Chairman, they may also seek the Secretary's input on issues under consideration arising from their engagement with the agency, but Departments always engage and interact with portfolio agencies at the time of budget preparation and Senate estimates and are accountable to coordinate their budget submissions and organise and oversight the operational and financial health of the agencies within their Minister's portfolio.

The degree of formal engagement between the portfolio agency CEO and the Secretary will be influenced by the policy or operational sensitivities of the agency, the degree to which the Department has contracted the agency to undertake work on its behalf, its scale and the competence of its executive.

2.2.5 Management of conflict

Secretaries, in reinforcement of the observations of Spann, Codd, Shergold, Smith and others, revealed that they often had to manage issues between their Minister and the Government of the day in the delivery of programs which have a political purpose. The national interest remains for the Government to determine but, once determined, it is for the Secretary to implement the particular program or initiative. Sir Paul Hasluck in his foreword to Robert Hyslop's 1993 book *"Australian Mandarins – Perceptions of the Role of Departmental Secretaries"* also reflected on these challenges. A number of Secretaries revealed that today this presents an awkward area of management where there is occasionally a mismatch between their accountabilities under the FMA Act and the reality of the operations of the Government of the day. In reinforcing this financial management obligation it was stated that a recent Auditor-General's report stated that Secretaries should take a forceful stand with Ministers where programs seeking to be pursued by the Government of the day do not deliver value for money.

The observation was also made that private sector accountability rarely embraces an obligation to implement a program to which management is opposed. In this context a number of Secretaries revealed that judgements by politicians can be harsh and that both financial and performance audits within the public sector are highly invasive. Further comment highlighted the fact that Secretaries have accountability to respond to

Ombudsman's enquiries and here there may be close scrutiny of the Department's engagement with stakeholders irrespective of the merit of complaints put before the Ombudsman.

2.2.6 Financial management

In relation to financial management there was universal agreement that the Minister expects the Secretary to be across all the detail and to attend all major reviews, including Cabinet submissions and Senate estimates. The Secretary has a prime role in distilling the directions and strategies of the Department and communicating agreed outcomes across the Department, articulating accountability and ensuring there is significant awareness of any changed priorities of the Government of the day. Secretaries are clearly accountable for their budgets and the management of those budgets, with the Department of Finance and Deregulation undertaking a quarterly review which runs concurrently with Senate estimates.

Under the FMA Act and the *Charter of Budget Honesty Act 1998*, Secretaries are required to prepare portfolio budget statements to inform Senators and Members of Parliament of the proposed allocation of resources within the portfolio. Agencies receive resources from the Annual Appropriations Acts, Special Appropriations (including Standing Appropriations and Special Accounts) and revenue from other sources. Portfolio budget statements provide information, explanation and justification to enable Parliament to understand the purpose of each allocation proposed.

The Secretary, in overseeing the preparation of the portfolio budget statements, is required to produce a portfolio overview in three sections, the first offering details of the strategic direction of the organisation, the resources available to it and the measurements that will be used in order to assess outcomes. A further area which requires careful documentation is described as 'Outcomes and Planned Performance' and the final area 'Explanatory Tables and Budgeted Financial Statements'.

In meeting their obligations Secretaries produce a comprehensive overview of the Department, the portfolio agencies within the Minister's portfolio, including prescribed agencies, as well as FMA Act and CAC Act agencies, with a detailed explanation of expenditures, expected outcomes and performance measures.

The observation in relation to financial management was that there is nothing in the private sector comparable to the scrutiny of Senate estimates hearings where officers are giving evidence under oath. Notwithstanding that, the activities of CEOs and Chief Financial Officers (CFOs) in major public companies are closely scrutinised by their Boards, market analysts and shareholders each time they report. Analysts will often comment on the appropriateness of a company's plans and strategies including their merit and the quality of board and executive leadership.

2.2.7 COAG and State relations

Two further areas of Secretaries' accountabilities which raised the issue of stakeholder complexity, as well as the requirement for strict financial accountability, were in respect of Commonwealth/State relationships managed through COAG. Secretaries revealed that the current engagement of the Secretary in COAG communications has brought about clarity of perspectives, though increased complexity, in managing the financial sensitivity of issues which are required to be resolved in COAG, though it was acknowledged that these would vary by Department in accordance with their function and engagement in funding State administered activities. It was certainly highlighted by many Secretaries that, for those involved in the COAG environment, relationship management skills were critical.

Many Secretaries indicated that negotiating skills and a capacity to manage a diversity of external relationships was a critical element of their role, with a number of these relationships not being of their choice.

2.2.8 Management of change

All Secretaries are required to respond with speed and in support of the Government of the day if there are significant 'machinery of Government' changes and delegations in relation to a Minister's portfolio change. This will often require a Secretary to hand over areas of the Department to another Secretary and absorb new areas of Government activity with different external stakeholders, often on short notice.

2.2.9 Concluding observations

Drawing upon these diverse observations in relation to the role of Secretary, appended to this report (Appendix E) is a generic statement of a Secretary's accountability having regard to primary accountability, engagement in policy and planning, the role in day to day operations, leadership and management of human resources, the nature of representation and relationship management and the obligations to control and regulate the conduct of the work of the Department and report to the Parliament through the Minister(s).

As a key element of my analysis of appropriate reward for the position of Secretary involved comparison with the private sector, I have also developed a generic statement of accountability of a Chief Executive of a major listed public company (Appendix E) Also attached are the specific statements of role in respect of the nineteen positions considered in this study (Appendix F) which together with the above have formed the foundation for work value determination and the allocation of each Secretary's role to a classification level. General observations made by Secretaries with regard to these issues and other observations that they shared with myself and Members of the Tribunal in relation to pay and contractual conditions to which Secretaries were subject are set out in Appendix D - Synopsis of Discussions with Secretaries.

It will be observed in the comments made by Secretaries and the observations in the following sections of this report that while Secretaries agreed there were substantial similarities between the demands placed on them and those on the Chief Executives of large corporations, there were also substantial areas where their accountabilities were completely different. This is highlighted, as noted above, in the appendices providing a comparison of generic accountabilities (Appendix E - Chief Executive Accountabilities: Government and Private Sector) which is further amplified in the individual statements of each Secretary's accountability. Discussions with prominent private sector executives noted above were also used in the development of this comparative document.

While I formed the view that the position of Secretary did not have comparable accountability to that of a Chief Executive of one of Australia's leading companies where those executives have traditionally been accountable for creating shareholder value with a primary focus on developing and implementing strategies to achieve growth in revenue, assets and profitability, with an increasing international footprint, I did, however, observe that a Secretary's principal leadership obligations were aligned with the accountabilities of a corporate entity's CEO.

In the above context I further acknowledge that the responsibilities of Secretaries as CEOs are considerably more complex and demanding than those of the most senior staff executives in the private sector. Many Secretaries have stewardship of several thousand employees located across Australia or in some instances internationally, with the vast majority having revenue accountability and substantial budgets, primarily reflecting staff resources. Additionally, while not directly managing expenditures associated with Commonwealth Government appropriations where the average Department oversight

exceeded \$14 billion, Secretaries were accountable in a not dissimilar vein to a corporate CEO for ensuring that programs substantially managed by others, for example in joint ventures, in this case State Governments, were directed in a manner to ensure that the needs of Australian citizens, both domestically and internationally, were met in accordance with program approvals.

Excluding the positions of the Secretary of the Department of the Prime Minister and Cabinet and the Secretary of the Treasury, those positions similarly classified in level 1 on average had stewardship of Departmental expenditures above \$3 billion and appropriations approaching \$30 billion, with oversight of revenue collections averaging in excess of \$3 billion. The final group (level 2) of ten Secretaries' roles were distinctly different in scale and focus, and represented an important cohort in the oversight of *'Whole of Government'* challenges. This group of Secretaries indicatively managed in excess of \$300 million in expenditures and had oversight of approximately \$3 billion in appropriations.

In this context, while acknowledging that the traditional role of a major private sector Chief Executive was distinctly different, I also formed the view that the accountability of a Secretary, particularly those managing substantial workforces and expenditures, were not indicatively replicated in their scope or enterprise scale by either business group chief executives or principal staff executives among Australia's leading corporate entities.

At the time of preparing this report it would equally be prudent to acknowledge that all Secretaries, in engaging with the Government in the oversight of initiatives responding to the global economic challenges, are fulfilling roles which, while different in their focus and potentially their intensity from those of principal executives of major global private companies, do in fact hold significant roles in the national leadership of the country.

It would also be appropriate to acknowledge that while the traditional and long established obligations of Chief Executives as defined below (Appendix E – Chief Executive Accountabilities: Government and Private Sector) were to grow and develop their businesses, it is recognised that in the near term many of that senior leadership cohort in the private sector may well have changed their focus to sustainability, consolidation and protection of assets and profits in an environment where maintaining prior enterprise values is particularly challenging.

3. Classification

3.1 Structure of accountability in Government

For the purpose of determining the work value of the position of Secretary, I had regard to the role of a nominal Office of the Prime Minister, the role of the Cabinet in executive decision-making of Government, as well as the role of the Parliament and its various committees and the role of Ministers of the Parliament in order to form a view in relation to the nature and breadth of accountability of Secretaries. In that context I made a number of assumptions which informed my view in relation to the relative work value of the positions of the various Secretaries. Additionally, I sought perspectives from senior private sector executives who had long established and continuing involvement with senior Government officials, including Ministers.

I formed the view that within the Office of the Prime Minister would be the Deputy Prime Minister and the Treasurer with the prospect of one or two other senior Ministers representing the core strategic and political advisers to the Prime Minister. I acknowledge in that context that all members of Cabinet are required when Cabinet meets to address issues in a *'Whole of Government'* context, as well as in accordance with the issues before the Cabinet which may be portfolio specific.

In forming the view which I have in relation to the position of Deputy Prime Minister and Treasurer in particular (given the scale of Australia Inc) I also reflected on the stewardship of major public companies where the Chief Financial Officer would in many respects be the key officer in the Office of the Chief Executive, except for the position of Deputy where such positions exist. This in no way is intended to diminish the importance of other Ministers or Departments over which they have stewardship, but rather to reflect the primary focus and responsibility of those with a whole of enterprise engagement and accountability. Further detail of this relationship of accountabilities appears in Appendix E – Chief Executive Accountabilities: Government and Private Sector.

In formulating an approach to the determination of work value in the context of Australia Inc, referencing the positions of Secretary, I am mindful of the unique attributes of governance within the context of Australia Inc in that the Prime Minister and the Board of Australia Inc (the Cabinet) are politicians elected by Australian citizens to manage the country in their interest. Politicians are not solely, if at all, chosen by their Party to stand for Parliament on the basis of their management expertise, their experience in a particular area of Government activity or any specific competencies that might be sought after by a Board of a leading company in choosing a fellow member or electing their Chairman.

In developing a work value structure for the office of Secretary I have had sole regard to the position's accountabilities and not in parallel developed a statement of the necessary experience that one might expect to find in a Secretary at each classification level, nor the specific competencies that one might expect to observe in a particular portfolio. These attributes could in part be deduced from the Statement of Accountability of the individual positions of Secretary which are appended to this report. The classification structure developed has of necessity embraced some acknowledgement of the process of appointment of Secretaries and the Parliamentary setting of the stewardship of Australia Inc. In considering the attributes of the role of Secretary I was equally mindful that only three appointments to the position have been made in the past fifteen or more years from outside the Government sector.

In that context, in considering work value I have seen the majority of positions of Secretary as business group executives with distinct and different operations, each meeting their

allocated requirements in the support of Australia Inc under the leadership of the Prime Minister and direction of the Cabinet, coordinated by the Department of the Prime Minister and Cabinet, with significant though different input to the Office of the Prime Minister by the Secretaries of the Departments of the Treasury and of Finance and Deregulation.

In a '*Whole of Government*' context and reflecting variable demand, subject to events of the day, Secretaries either collaboratively or in a more portfolio-focused mode will be required to marshal significant resources to contend with matters of a national scale involving policy and operational complexity, community and political sensitivity and economic impact. Recent examples of these issues would include:

- the Government's domestic and international response to the global financial crisis;
- the Government's support package to the banks and financial sector generally;
- the Government's support package for the domestic motor vehicle industry;
- the Government's engagement and response to the Victorian bushfires and Queensland and New South Wales floods;
- the Government's engagement in establishing an infrastructure framework for a globally competitive digital economy;
- the Government's proposed 'Carbon Pollution Reduction Scheme'.

The last mentioned project represents a significant program which has entailed the compilation of multi-sourced external advice at the highest levels, extensive nationwide consultations, including the provision of opportunities for submissions from interested parties (major corporations and representative bodies), at the end of which a Government policy was formulated and circulated and the legislation introduced into Parliament. These processes, which will impact at varying times on the engagement of Secretaries in the business of Government, are unique to Government.

Other factors in which Secretaries, Ministers and advisors to the Government will need to engage and respond include the collapse of businesses impacting directly on many communities (ABC Learning), the Government's recent \$42 billion package in response to challenging economic times at both corporate and individual level and more recently, its \$40 billion plus proposal involving substantial Government funds in establishing a globally competitive digital economy.

These matters of national and/or regional consequence take on a character and a scale not normally reflective of a significant enterprise's involvements in its national or international workforce adjustments, refinancing debt or asset sales programs. The demands on a nation are fluid and variation in the nature of those demands and scale highlights the challenges for Departments of State and indeed their Secretaries. These are generally not demands observed in the private sector, albeit that the private sector is a key constituent in contributing to the economic wellbeing of the nation and its gross domestic product

I note in the context of '*Whole of Government*' that both revenues and expenditures of the Commonwealth Government exceed \$250 billion and that the national gross domestic product which the Government continually endeavours to enhance exceeds \$1.25 trillion.

Another area of complexity in adjudicating on the classification of the position of Secretary is the nature of the engagement of the Secretary in the wider area of the Minister's involvements in the management of his or her portfolio agencies, which include direct

engagement in some instances with the agency's Chief Executive Officer, in others with the Chairman of the Board or both.

I also observed that a number of Secretaries serve on the boards of the agencies, statutory corporations or other bodies within the province of their Minister's accountability from enterprises as diverse as the Australian Sports Commission to the Reserve Bank of Australia. I also noted, as I have in the private sector, that a number of Secretaries sit on international bodies relevant to their Minister's portfolio and/or their expertise, bringing the benefit of those engagements to the Government of the day.

At a conceptual level I deduced that States and Territories represented satellites of the national Government, with a focus on delivering services and supporting enterprises in relation to their regional constituents. In that context I believe that the highest classification level identified as appropriate for Secretaries of Commonwealth Departments reflects accountabilities greater than those likely to be observed at State level given their breadth, scale and to a considerable extent their oversight of State Government program requirements, embracing the provision of Commonwealth funds to assist in the delivery of regional services.

Accordingly, I do not therefore believe it would be appropriate for my recommendations to be used for the purpose of automatic adjustments to key Government administration or agency roles at State level (on the basis of structure and the distribution of accountability at the time of preparing this report), excepting in circumstances where the State Government forms a view that it wishes to attract appropriate candidates and reward their most senior officers, positioning those reward arrangements at a higher 'market competitive level' than those that have been embraced in relation to the work value and reward recommendations prepared for the position of Secretary of a Commonwealth Department.

While it is clearly acknowledged that the accountability of the Secretary is substantially greater than that of a Deputy Secretary or Associate Secretary, further work and consideration may be required to be undertaken in terms of classification level parameters, career development and succession planning within Government. This is particularly so if these positions are to be principally resourced by those trained in Government, with movement between Departments, portfolio agencies and statutory bodies as part of that development process in order to appropriately equip the most able officers in the Government's employ to assume these key roles, particularly given the fact that the Ministers of the Parliament are unlikely to have the necessary administrative and professional skills to offer stewardship in a managerial context.

3.2 Work value considerations – a broad market perspective

Issues which will require consideration will be the differentiation between positions that have a 'Whole of Government' policy engagement, though not necessarily oversight of significant direct expenditure, eg the Secretaries of the Departments of the Prime Minister and Cabinet and the Treasury, through to the Secretaries of those Departments which have a combination of policy development and the management of substantial Government appropriations. Consideration must also be given to Departments of significant scale, either spread around the world or around Australia, where the task is to deliver a service to the community regarded by the Government as important, and to do this efficiently within the resources available, not by minimising cost to the detriment of the recipients of benefits but rather by optimising the value of the benefits within the budgeted resources.

Diversity and complexity are further elements contributing to work value assessment. Another element is the extent to which a Secretary's position has either or both primary accountability for a Department's operations under their stewardship as distinct from

shared, contributory or advisory accountability in the context of *'Whole of Government'* initiatives.

In reflecting upon the relative work value of the position of Secretary I believe that a primary differentiator between the position of Secretary and a Chief Executive Officer (CEO) in a major public company would be the latter's accountability for shareholder wealth, increasingly in competitive global markets where choice of resource allocation and risk sits primarily with the CEO and the executive team.

While acknowledging in this report some specific differences in the nature of and accountability of a Secretary and that of a CEO of a major public company, both generally and within a *'Whole of Government'* context, it is my judgement that it remains the closest comparator for the position of Secretary. Due to the varied obligations of executives known as Chief Operating Officers, while broadly generic in character, comparison of the office of Secretary with this position is not appropriate. Comparison with the position of business group head is also not appropriate given the primary accountabilities of the position of Secretary. While the position of Secretary has a number of comparable attributes within the construct of *'Whole of Government'*, it could be argued that similarly within the context of Australia Inc there are many substantial private sector companies providing retail services, exploring and mining the mineral and energy resources of the nation, providing health services, business services, technology and science based services, insurance services, financial services, etc. Each of these entities has a relatively modest constituency of shareholders, some international shareholders, though in no sense a 'whole of nation' focused set of obligations.

In most respects the government of the day expects Secretaries to manage allocated resources efficiently, either as advisers, resource allocators or service providers without having a profit motive, though ever mindful of stakeholder outcomes. It is evident that Secretaries have fiduciary obligations for dispensing public monies and for the management of public assets. Secretaries deal with significant risk of fraud in relation to both elements. Risk management, particularly in the current challenging economic environment, is real because of Government guarantees in many organisations under the oversight of Secretaries, though often directly reporting to Ministers. Notwithstanding that, the actual fiduciary accountability rests primarily with the Secretary. From the Minister's and the Government's perspective Secretaries are also required to advise in relation to political risk and reputational risk.

A Secretary's role is to both manage operations and to provide advice to the Government of the day. In the latter context they must remain fearless in relation to the independence of their advice. This is an area where many Secretaries are challenged by such an obligation. It reflects a requirement for a significant capacity to operate in environments of high complexity and changing priorities of Government with the end goal reflecting values at variance with the private sector. Within the Westminster system of Government the value of advice from the position of Secretary is key.

The role of a Secretary in this context is primarily to facilitate effective decisions being made by Government. Secretaries are accountable to a Minister who is in a sense a semi Executive Chairman, though not an independent Chairman nor necessarily skilled in the relevant disciplines or seasoned in dealing with the issues of the Department. A Minister's office will also be a key point of interface and often be called upon to handle significant political or reputational issues and be another source of advice to the Minister.

Political savvy and judgement are, however, vital. A key skill requirement is to survive in the context of Government stewardship through Cabinet and Ministers. A Secretary is required to meet the expectations of the Minister, to meet broad political stakeholder

expectations and to manage staff to deliver programs allocated to the Department. A Secretary cannot, however, take decisions which are politically difficult or unpalatable to the Government. While accountable for the activities and the stewardship of a Department some Secretaries have as a primary focus strategy formulation and policy development, whereas others may combine this focus with significant operations and others have a lesser focus on policy and program development and a greater focus on service delivery.

Other observations are that Secretaries are required to respond quickly to Parliament and in that context need to be politically adroit and often imaginative. Notwithstanding that observation, a view might be that the Secretary of the Department of Finance and Deregulation and the Secretary of the Treasury have to bring commercial perspectives to Government in order that they manage the resources available to them prudently and identify ways and means of maximising the benefit that can be derived from those resources.

3.3 Foundation for classification structure

The preparation for establishing a classification of Secretary positions involved the development of a classification tool embracing universal principles within a broadband construct. While there are a number of methodologies available for the purpose of determining work value, the elements considered remain common and focus on job content, complexity, judgement and leadership demands, as well as nature of accountability for financial, material and human resources and incumbent attributes essential in meeting the requirements of the position. Position classification does not concern itself with an individual's performance or effectiveness in the position but rather establishes the relative value of a position compared to others.

3.3.1 Classification descriptors

The factors which have been embraced in the classification descriptions are the core knowledge or experience required, the scope of the position in terms of functions, geographic and jurisdictional breadth, the diversity and complexity of activities and the degree to which the management of those activities are defined, the scale of the enterprise having regard to a combination of financial and other metrics, including numbers of employees, and the degree to which the position incumbent has primary, shared or contributory accountability for outcomes.

The classification descriptors have drawn upon a number of different job evaluation methodologies, including a points factor methodology which was used to establish the framework for the Senior Executive Service (SES) in the APS, that framework having been developed by the writer, and classification methodologies embraced by other major public service organisations outside Australia together with the general principles of work value.

The broad descriptor or level classifications determined do not of themselves limit remuneration outcomes which are influenced by other factors, including the marketplace for similar positions, the marketplace for specific and unique skills or experience that may be required for particular jobs or an individual incumbent's effectiveness or history of employment at a similar level.

3.3.2 Constituency and political sensitivity

Departments had varying levels of engagement in Commonwealth and State matters, some were confined to particular sectors of Government interest, both domestic and international, some Departments had a greater focus on policy development and implementation as distinct from those with a significant engagement in service delivery. I observed varying degrees of intimacy in the oversight of portfolio agencies, with a high incidence in many areas associated with engagement in policy and program reform.

All Secretaries had significant demands placed on them, whether domestic and/or international, in relation to stakeholder relationships, managing relationships with their Minister or Ministers and Parliamentary Secretaries and their support staff, as well as the Parliament, including scrutiny arising from their obligations under the FMA Act and other legislation.

3.3.3 Organisation and position attributes

The framework within which all Secretaries operated was common, with the exception of Defence where a diarchy has been long established reflecting a sharing of accountability across many areas of policy and program implementation between the Secretary and Chief of the Defence Force. Discussions revealed the need for common attributes among Secretaries and an acceptance by incumbents that the constituent elements of their Departments can vary on short notice in parallel with changed Government priorities and policy initiatives (including the abolition of departments) and/or in response to unplanned factors, including the global financial crisis, natural disasters or terrorist incidents.

Our engagement in determining the relative work value of positions did not have regard to the effectiveness of present or past incumbents or their relationship with their Ministers and their staff or the Parliament.

The framework within which a Secretary operates (with the exception of the Department of Defence) is common across the Departments, the significance of engagement in policy formulation and policy advice was also common and in all instances Secretaries indicated that they accepted accountability to their Minister(s) as the Minister's prime source of policy advice. All were subject to common financial management protocols and all were subject to the preparation of budget statements in accordance with a common set of criteria.

A view was put by many Secretaries that there was a commonality of attributes essential to fulfil the role, though certain portfolios required particular expertise without which an individual would be unlikely to be effective in meeting their position objectives. Secretaries' time commitment on policy as distinct from service delivery and management issues varied considerably, with some having a primary engagement in policy development and implementation, others a primary engagement in service delivery and others a high level of complexity in both, such as Education, Employment and Workplace Relations; Families, Housing, Community Services and Indigenous Affairs, as well as Health and Ageing.

Some Departments had a short to medium term focus as the dominant management and policy scope in their roles whereas the focus of others straddled the short term through to the very long term.

The classification construct adopted for the position of Secretary takes into account the generic knowledge and experience required for the role, as well as the specific expertise or managerial demands, together with the scope of Department portfolios, including portfolio agencies, the degree to which the Secretary's role is principally domestic or incorporates both International and domestic engagement, including participation in COAG.

Some Departments such as the Prime Minister and Cabinet and the Treasury have an intimate and intense engagement in the policy formulation and outcomes of Government initiatives, others have a key *'Whole of Government'* monitoring or advisory role such as the Departments of Finance and Deregulation and the Attorney-General's. Others have a significant engagement in a defined portfolio area involving substantial disbursements and areas of policy sensitivity impacting on the lives of most Australian families, including the Departments of Education, Employment and Workplace Relations, Health and Ageing, and Families, Housing, Community Services and Indigenous Affairs.

There are Departments which have a critical and strategic engagement in national security and emergency management, including the Departments of Defence, Foreign Affairs and Trade, the Prime Minister and Cabinet and Attorney-General's. Others have a highly focused, significant engagement in policy formulation and program implementation in key economic areas, including the Departments of Broadband Communications and the Digital Economy; Climate Change; Immigration and Citizenship; Infrastructure, Transport, Regional Development and Local Government; Innovation, Industry, Science and Research; and Resources, Energy and Tourism. Others are highly focused in specific sectorial policy and program areas or service delivery, including the Departments of Human Services, and Veterans' Affairs. Others reflected areas of significant policy sensitivity such as the Departments of Agriculture, Fisheries and Forestry; Climate Change, Environment, Water, Heritage and the Arts; and Immigration and Citizenship.

3.3.4 Diversity of portfolios

Diversity was also influenced by the nature and scale of portfolio agencies within the Minister's purview and the degree of engagement of the Secretary in the management of those agencies or as a Board member as distinct from the provision of policy support to the Minister and support to the agency in budget submissions. The nature and criticality of engagement with external stakeholders, policy sensitivity and the significance of those stakeholders to the effectiveness of the delivery of Government programs also varied.

The consequence of error of judgement was considered to be greatest in those areas overlooking the largest expenditures and/or with intimate engagement in *'Whole of Government'* initiatives or strategic programs. Scale in terms of expenditures, revenue accountability, assets managed, major contract oversight and interdepartmental engagement were also relevant considerations and while it was accepted that all Secretaries had primary accountability in relation to the *'four wall'* expenditures of their Department, a number had operations primarily confined to Canberra whereas others were widely spread across Australia and others again had diverse international exposure.

While it was acknowledged that all Secretaries would be called upon to assist their Minister(s) in relation to challenges within portfolio agencies, their accountability at best was shared with those agency CEOs and the Minister, except in circumstances requiring radical change where the Secretary on a temporary basis may be held primarily to account during the period of change. While Secretaries were often engaged with their Minister(s) in formulating legislation and/or regulation for the Minister's portfolio agencies, their role was primarily advisory without accountability for agency outcomes.

The effectiveness of service delivery by portfolio agencies or Departments was often shared with other Departments, one having oversight of the administration of the portfolio, the other having contracts associated with service delivery, for example, the role of Human Services with Medicare and Centrelink and the contractual relationship between those agencies and the Departments of Health and Ageing, Veterans' Affairs as well as Families, Housing, Community Services and Indigenous Affairs.

Not all Departments had a significant engagement in COAG or portfolio agencies. Some had a greater engagement in the management of a large workforce than others. All Secretaries had a clear accountability for the resourcing of their Departments, as well as the training and development of their staff.

Discussions with nineteen incumbent Secretaries revealed a significant diversity of portfolios with varying complexity having regard to the scope of policy from *'Whole of Government'* to more defined areas of portfolio engagement across Departments varying in scale having regard to expenditure, revenue collection and oversight of Government disbursements, often administered by others. Regard was also had to the engagement of

the Secretary in the portfolio agencies under their Minister(s) direction and in that context their scale, geographic diversity and independence.

3.3.5 Adapting to change

Given the diversity of Departments and the prospect for regular change in the priorities of Departments or the areas of Government which are coordinated under a Secretary, it was my assessment that some flexibility needed to be built into a classification framework in its function as an element of a work value structure. Accordingly, I have retained two classification levels as distinct from proposing three or more, an approach which was under consideration. Positions of Secretary have been allocated on the basis of their present role and accountability to one of the two designated levels. The allocation of positions does, however, vary from that which presently exists.

I believe that the position of Secretary is unique and while it represents a significant leadership cohort in Government it should be considered a discrete group classification. Accordingly, a generic statement of the role of Secretary and the factors which set it aside from other key leadership roles in Government has been established.

In order to provide further flexibility and accommodate promotional appointments to the position of Secretary, as well as lateral movements between Departments or the activities of Departments varying over time at the initiative of the Government of the day, I have recommended more than one pay point for each level. My advice in this context is dealt with separately.

3.4 Classification levels and position allocation

3.4.1 Classification levels

Positions of Secretary, as noted, have been allocated to two classification levels addressing the diversity of accountabilities and differences of scale across the current nineteen Departments. In the material below two of the key positions of Secretary, notably that of the Prime Minister and Cabinet and the Treasury, have been commented upon specifically, highlighting the difference in nature of those roles compared to other roles similarly classified. The diarchy embraced by the Department of Defence has also been specifically addressed.

My generic classification definition for the position of Secretary reflects their engagement in 'Whole of Government' initiatives and the requirement of Secretaries to work as a collective in addressing the priorities of the Government of the day.

CLASSIFICATION for the office of SECRETARY

The position of Secretary has carriage of the significant policy and operational areas of Government. A Secretary has stewardship of a Department of Government and in that context, as its Chief Executive, has primary accountability for adapting policies and programs in accordance with the vision of the Government of the day. As the principal agent of Government in this respect the Secretary has a key leadership role, including a requirement to motivate others to change and adapt to the way in which the Government of the day seeks to develop and formulate its programs and ultimately implement those programs.

Positions of Secretary, while reflecting in part a 'Whole of Government' involvement, have been allocated to two distinct classification levels. It is acknowledged that all Secretaries undertake work requiring a high level of policy formulation reflecting a continuous global scanning of relevant issues for the Government of the day, often on a time horizon of three to seven years, though in some instances extending up to twenty years and beyond.

The position of Secretary at each classification level has a significant planning (visualisation) and stakeholder wide communication task that demands high level cognitive skills and strong emotional intelligence.

Executive positions at this level represent the most significant leadership roles in Government and the public sector generally in terms of policy diversity, level of investment, expenditure overview or revenue collection and/or operational demands embracing the most complex strategic, policy, administration and service delivery areas of the Australian Government's activities, both domestic and international.

Level 1

This level is the province of the key 'Whole of Government' roles within the Secretary structure, as well as those positions which have accountability for the oversight of Departments of significant scale and reach in relation to the program priorities of Government.

At this level the work of the Secretary requires a continual screening of the global environment to identify and favourably influence the Minister or the Executive of Government on any or all developments that might have significance to the Australian Government.

Complexity can no longer be readily contained. It is at this layer there is a shift from an operational perspective to one of assessing risk and adding value from all sources and areas of activity and reflecting that value across the Government's numerous engagements.

This includes assessing the Government's needs for increases or decreases in investment or divestment, balancing the allocation of resources between a diversity of demands in a way which ensures that short and long term goals are achievable.

The province of the Secretary at this level is to assess and address the relevance of the bombardment of information about political, economic, social, technological and intellectual events from a global environment requiring a unique response consistent with the Australian Government's future aspirations (all spheres of Government, both Federal and State).

The focus of the work is on both domestic and international networking in all areas likely to be significant to the Australian Government in any field of endeavour. The Secretary must accumulate significant data and screen out the less significant. Some positions of Secretary must reflect relevant domestic and transnational situations back into the Australian Government and into the planning horizons of the Prime Minister and Cabinet, thereby sustaining as positive an environment as is possible for the Government across all its activities. Positions at this level have as a primary focus *'Whole of Government'* appropriations, expenditures, revenue strategies and asset management.

The primary thrust of the work is creating an internal environment that makes it possible to judge a myriad of policy and investment priorities to enhance the value of the Government's assets and the nation's resources and contribute to its long term success and sustainability. Work at this level calls for worldwide data accumulation and analysis.

Positions at this classification level have either a primary focus on *'Whole of Government'*, including the Secretaries of the Departments of the Prime Minister and Cabinet, the Treasury and the Department of Finance and Deregulation, or may have as a primary focus significant expenditures and/or asset management, as well as oversight of staff resources, either Australia wide or international. This classification level includes the positions of Secretary of the Department of Defence; Department of Education; Employment and Workplace Relations; Families, Housing, Community Services and Indigenous Affairs; Foreign Affairs and Trade; and Health and Ageing. The dimensions of these engagements would typically involve the management or joint oversight of a significant proportion of Government appropriations or have primary or shared accountability for major Government programs.

Across this cohort of Secretaries the positions of Secretary of the Departments of the Prime Minister and Cabinet and the Treasury are distinct and different. The former position is accountable to the Prime Minister and to the Cabinet of the Australian Government as the primary source of policy advice across all aspects of the national Government's activities, embracing the marshalling of the resources of all other Departments from a policy and administrative perspective, assisting the Cabinet and its committees, overseeing intergovernmental relations and communications, nationally and internationally, specifically including counter-terrorism, policy coordination and national security policy coordination, together with the oversight of highly sensitive portfolio agencies. The Secretary is the principal source of advice and support to the Prime Minister of the day.

The Secretary of the Department of the Treasury is the senior policy counsel on all major economic policy issues to the Prime Minister, the Treasurer and Treasury portfolio Ministers, Parliamentary Secretaries and the Ministerial team, with primary accountability to promote a sound macro economic environment, effective Government spending arrangements, effective taxation and retirement income arrangements, as well as functioning markets. Under the Secretary the Department is also accountable for the effective implementation and administration of the economic policies of the Government of the day.

The Secretary of the Department is also an ex officio member of the Board of Taxation, a member of the Board of the Reserve Bank of Australia, alternate Governor (for Australia) of the International Monetary Fund, Joint Chair of the Trans Tasman Council on Banking Supervision, Member of the Council of Financial Regulators and Member of the Secretaries' Committee on National Security. Other Government appointments include Chair of Australia's Future Tax System Review, Member of the Infrastructure Australia Advisory Council, Member of the National Broadband Network Panel of Experts, Chair of the Standard Business Reporting Programme Board, a Member of the Defence Procurement Advisory Board and Chair of the Advisory Board of the Australian Office of Financial Management.

The office of Secretary in the Department of the Prime Minister and Cabinet and the Treasury is not only reflective of the many attributes of the position of a CEO, albeit that their staff resources and expenditure oversight are not of the scale of some of the other roles classified in level 1, but they are also reflective of the key executives in the office of the Chairman, in this case the Chairman (Prime Minister), of Australia Inc, a \$300 billion annual expenditure and revenue corporation with more than 150 external satellites in the form of Government agencies which are 100% controlled by Government. In this context there is no Australian comparator of a similar scale. I have, however, formed the view that they do represent the most significant and onerous roles in respect of the office of Secretary in the Australian Government.

These positions as a consequence have a duality of focus. One is to manage their Department, which I have seen as secondary to their engagement with the Prime Minister and the Cabinet in the oversight and/or coordination of Australia Inc's activities in their broadest sense.

It is my judgement that these two key Secretary roles represent the pinnacle of Government policy advice, straddling *'Whole of Government'* issues in virtually every facet of their endeavour.

While both Secretaries are accountable in the context of a CEO for managing their Department, they are also the principal source of advice to the Government on everything under the Government's stewardship in relation to Australia Inc, an enterprise with an operating budget and revenues in excess of \$300 billion, oversighting an economy with a gross domestic product in excess of \$1 trillion.

Other positions of Secretary oversighting substantial Government programs similarly classified undertake work requiring continual sensing of how change occurring anywhere across the Department's portfolio can impact upon the effectiveness of the Commonwealth Government. In the *'mega Departments'* Secretaries construct unified systems where new directions are initiated. It is at this level that the key organisational direction is provided for a significant area of Government engagement and the time horizon and task complexity is extended, while management retains concurrently the ability to predict with sufficient confidence to budget for and undertake complex programs and projects, their priority often modified by the Cabinet of the day.

Secretaries in these roles must judge the likely impact of changes or events from both outside and inside the Department and its wider Ministerial portfolio engagement on any part of the system, to identify those parts where the impact is likely to be important, to trace the likely second and third order consequences of those impacts and to sustain an active anticipation of what changes are likely to unfold.

Secretaries at this classification level have to cope by means of judgement with a constantly shifting kaleidoscope of events and consequences with far too many variables to

readily map. In pursuing their plans Secretaries must sense interconnections across the *'Whole of Government'* and the broader environment and continually adjust them in relation to each other with a sensing for all internal and environmental second and third order effects.

Work at this level calls for practical judgement of immediate and downstream consequences of change. The usual time frame is up to five years, though a number of judgements may extend well beyond that time horizon. Positions at this level will embrace the major Secretary roles across the Commonwealth Government where complexity and scale clearly exceeds those in level 2.

Arising from our proposed two level structure and principally arising from my examination of the construct of shared accountability through the diarchy in the Department of Defence, I have clearly formed the view that the position of Secretary of the Department of Defence appropriately retains its standing in level 1. I do, however, note in accordance with both legislation and Ministerial directive that the Secretary and the Chief of the Defence Force (CDF) have separate and joint accountabilities which they carry out under the policy direction and authority of the relevant Minister(s) and Parliamentary Secretaries. The structure, as I understand it, provides the CDF with clear accountability for command of the Australian Defence Force (ADF) and acknowledges the CDF's role as principal military adviser to Government. Equally, the diarchy recognises the Secretary's role as principal civilian adviser to Government with statutory accountabilities and authority, particularly under the PS Act and the FMA Act.

Arising from this clear statement of both joint and shared accountability and the independent obligations of the CDF for the command of the Australian Defence Force, it was my judgement that the position of Secretary of the Department of Defence within the construct of the diarchy, was appropriately aligned with other substantial Secretary roles noted above.

If there were to be a single officer overseeing Defence, including the Defence Materiel Organisation and the Defence Force, reporting to the Minister of Defence my classification of such a position could be different from that of the position of Secretary of the Department of Defence operating within the diarchy.

The nature of the Secretary's accountability for the Defence Materiel Organisation within the diarchy remained obscure, even though I have read a number of reports and recommendations to Government in relation to the stewardship of this enterprise which employs more than 7,000 staff in its own right, with expenditures approaching \$10 billion per annum. In the event of the position of Secretary having primary and not shared accountability for the Defence Materiel Organisation and being the principal officer in Government reporting on the Defence Materiel Organisation's strategic intent and operational effectiveness, it would be my clear recommendation that the position of Secretary of Defence in this context would represent the most onerous operational role of a Secretary in the classification.

Should a public sector role be created that oversees the entire Defence portfolio it is improbable that appropriate succession roles could be established outside the Defence portfolio under the existing structure of Government. In classification terms it would be most unusual to source a candidate for a position at the most senior level of Government with stewardship of several billion dollars in operating expenditure and the largest workforce in civilian resourced Government from a position of significantly less scale.

Level 2

Secretaries at this management level undertake work requiring several interactive projects, each of which is adjusted in relation to the others. At this level executives such as Secretaries do not pursue a single path but are required to establish a number of paths and alternatives, all running at the same time and interconnected one with the other.

Secretaries at this level of organisational complexity pursue a number of different programs in synchrony with one another, harmonising and resourcing the Government's priorities while meeting schedules and guiding activity into alternate paths where necessary. There is a necessity to make trade-offs between tasks and resources in order to maintain progress along the composite route to achieving a key goal of Government which is likely to involve Government, business and community stakeholders, the latter two with significant self interest.

Work at this level calls for parallel processing and trading-off. The usual time frame is two to five years, though certain elements of the role and consequences of policy or program initiatives will extend beyond five years.

The policy, budget, resourcing and geographic dimensions of these positions in relation to the oversight of Government programs are below those in level 1, though encompass major areas of economic significance for Government, as well as service delivery or complex policy formulation where timely and appropriate outcomes are fundamental to the Government's reputation.

3.4.2 Position allocation to classification levels

Following a detailed review of each Secretary's position, they have been allocated to a classification level. These levels are set out in the table below.

3.4.3 Alignment with the current classification

It is my judgement that the proposed classification has principally recognised the continuing criticality of those positions presently classified in level 1 although, as noted above, there is a distinct and different role being fulfilled by the Secretaries of the Departments of the Prime Minister and Cabinet and the Treasury. It will be noted that having regard to the broad cohort of Secretaries and the current distribution of accountabilities among them I have proposed that five of the positions previously allocated to level 2 should be differentiated from the balance of their cohort. The positions elevated in this context include the office of Secretary in the Departments of Education, Employment and Workplace Relations; Families, Housing, Community Services and Indigenous Affairs; Finance and Deregulation; Foreign Affairs and Trade; and Health and Ageing. The balance of positions, numbering eleven, retain their alignment of equivalence within the long established two level classification structure. In essence, therefore, the principal point of departure following a review of all positions of Secretary, after discussion with each incumbent in mid 2008, led me to the conclusion that a number of positions of Secretary should be uplifted in terms of their relative classification and that the most appropriate way of achieving that outcome was to incorporate those positions in level 1.

While my initial judgement was that the prior two-level classification model did not adequately recognise the differences in terms of the scale of Departments under the stewardship of Secretaries, I have formed the view, though acknowledged the differences between the various roles occupied by Secretaries, that a two level classification structure, should the Government adopt a more flexible approach to reward in recognition of a variety of factors put forward in the second of my reports, should adequately accommodate the Government in both attracting and retaining high calibre and experienced executives in the service of Government to fulfil the role of Secretary. While I have not used scale in terms of

employee numbers as a key foundation for pay comparison, it does have a direct impact on Departmental expenditure. The two tables below set out the differences across the spectrum of positions classified in levels 1 and 2 in respect of collections (revenue) and expenditure.

Classification Level 1 *

	75th Percentile \$ millions	Median \$ millions	25th Percentile \$ millions	Average \$ millions
Revenue	1,585	1,237	679	3,157
Expenditure	1,966	1,238	679	3,617
Appropriations	45,635	25,600	1,930	28,256

* Includes Prime Minister & Cabinet

Classification Level 2

	75th Percentile \$ millions	Median \$ millions	25th Percentile \$ millions	Average \$ millions
Revenue	506	283	145	320
Expenditure	524	285	141	325
Appropriations	2,569	2,063	1,285	2,980

Position allocation to classification levels *

Level 1	Level 2
Prime Minister and Cabinet	Agriculture, Fisheries and Forestry
Treasury	Attorney-General
Defence	Broadband Communications and the Digital Economy
Education, Employment and Workplace Relations	Climate Change
Families, Housing, Community Services and Indigenous Affairs	Environment, Water, Heritage and the Arts
Finance and Deregulation	Human Services
Foreign Affairs and Trade	Immigration and Citizenship
Health and Ageing	Infrastructure, Transport, Regional Development and Local Government
	Innovation, Industry, Science and Research
	Resources, Energy and Tourism
	Veterans' Affairs

* For further details see Appendix G – Classification Levels.

3.5 Concluding observations

The above classification structure endeavours to reflect distinct variability in position demands reflecting a multitude of differences in contextual attributes of the position of Secretary arising from engagement in *'Whole of Government'* initiatives, Departmental breadth or narrowness of focus, scale as reflected in operating expenditure, revenue collection, staffing levels or the oversight of appropriations, geographic spread, policy and/or operational focus. However, I have acknowledged in my analysis that while the position of Secretary has many attributes common to the role of Chief Executive in a major private sector organisation it has other attributes which more properly reflect a major business group leader in the private sector without the value creation or profit generation obligation. Many Secretaries do, however, manage a diverse set of service delivery obligations involving rigorous attention to financial management, program prioritisation, staff management and leadership of both national and international staff resources.

Within the context of the Government and its obligations under the leadership of the Prime Minister and the Cabinet of the day, no single role of Secretary has oversight of Australia Inc in a policy, financial and operational context and in that setting no one Secretary fulfils the role of Chief Executive of Australia Inc. Nor is the Prime Minister fulfilling that role given that the interests of the Australian Government, while in part coordinated by the nineteen Secretaries, extend to more than 180 *'wholly owned'* agencies which have a reporting obligation through the Ministries of Government and through to the Cabinet in fulfilling a considerable diversity of roles, some corporatised, others not, and including but not limited to the Australian Postal Corporation, the Australian Broadcasting Corporation, the Australian Sports Commission, the Australian Submarine Corporation, the Australian Taxation Office, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Defence Materiel Organisation, the Future Fund Management Agency, Medibank Private Limited and the Reserve Bank of Australia, to name but a few.

While indicating that the most appropriate comparator for the position of Secretary would be that of a CEO of a significant private sector enterprise, those positions regarded as clearly unique in Government, notably the Secretary of the Department of the Prime Minister and Cabinet and the Secretary of the Treasury, are in many respects reflective of principal staff executives in global enterprises, in that context partially paralleling the role of a principal executive overseeing strategy, development and planning, or the role of an executive director in a major company with considerable authority, serving in the office of Chairman and CEO.

These two roles noted, while requiring different attributes and having different specific accountabilities, are those most closely advising the Prime Minister of the day and the Cabinet on matters affecting the *'Whole of Government'*, its policy priorities and foreshadowed initiatives across all matters affecting the constituents of the nation, its stakeholders and its economic welfare. Both Secretaries have a clear and separate accountability for managing complex Departments which impact all facets of Government endeavour, though neither role has a predominance of accountabilities reflective of a CEO of a major company.

The position of Secretary of the Department of Finance and Deregulation shares some similar attributes with these positions, while other roles in level 1 share more of the attributes of a CEO, as do those in level 2, although again there are key positions of Secretary in level 2 which while sector specific have a strong strategic and policy orientation, with all roles placing significant leadership demands on their incumbents, having to marshal collaborative engagement across a myriad of stakeholders, many of which are not under their control or indeed the control of Government.

While I formed the view that Secretaries are not primarily engaged in creating enterprise value, increasing profitability or seeking entry into new markets, they are in varying capacities focused on the productive use of assets, financial resources and people. Another comparator for the position of Secretary would be the CEOs or senior partners of leading advisory firms in strategic consulting, as well as the legal and accounting professions whose Australia-wide and/or broader regional workforces of highly skilled employees now number in the thousands.

4. Appendices

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Appendix A

Interview Guideline Template

In preparing to interview Secretaries the members of the Tribunal and myself shared the asking of questions in order to gain appropriate coverage of all issues relevant to my enquiry across the nineteen Secretaries, as well as the Public Service Commissioner where we addressed issues in part reflecting gaps in our knowledge, and the Chief of the Defence Forces where our discussion reflected upon matters arising in gaining further appreciation of the diarchy structure of the Department of Defence.

Following the first series of interviews with approximately half the Secretaries the questionnaire was modified to fill gaps in our understanding of the role of Secretary in part and in other aspects our first series of interviews provided a comprehensive understanding of certain elements.

Following interviews with Secretaries a draft statement of each Secretary's role and primary accountabilities were prepared, those draft statements were forwarded to each Secretary interviewed for review and amendment. The appended documents reflect minor amendments made by Secretaries, a number of these amendments reflecting changes in Departmental priorities or reporting relationships established following the interview program.

The material below incorporates the issues on which responses were sought during interviews with each Secretary. Not all Secretaries were asked to address each issue, with some discussions focusing on particular aspects of a Secretary's role, particularly in circumstances where a unique response was offered in relation to an issue raised or a set of experiences proved relevant in reflecting upon certain elements of the role of Secretary which were under review and consideration during the study.

Opening remarks and Departmental overview

While we have a broad understanding of the principal objectives and scope of the Department of, it would be particularly helpful if you could provide us with an overview of the role of Secretary; its prime focus and the areas in which you would devote most attention.

Role of direct reports

In relation to your current accountabilities, could you provide us with some detail as to your principal objectives and the areas of involvement of your direct reports.

Policy, planning and organisation

What is the Department's level of engagement with Ministers in the development of your current portfolio's plans, policies and strategies?

What is the typical time horizon of the Department's strategic planning?

How is your Department structured to meet its policy and program delivery obligations?

Financial management

What is your role in the preparation of the Department's annual budget?

What input does the Department receive from the Department of Finance and Deregulation?

How closely do you work with the Minister in the development of the Department's financial plans?

What level of scrutiny does the Department face from Senate Estimates and/or the Parliament in relation to its financial management and performance?

People

What are the critical attributes or skill sets required to be successful as a Secretary in the Australian Public Service?

In your observation what is the relative importance of subject matter expertise compared to general management expertise?

What level of engagement and autonomy do you have in structuring the Department, selecting senior staff and determining their reward arrangements?

How involved are you in the management of senior staff performance and their development?

Ministerial engagement

Do you believe that a Minister's personal expectations of the role and engagement of a Secretary vary between Ministers?

What observations do you have in this regard?

Issues management and accountability

What are the key challenges faced by a Secretary in meeting the priorities of the Minister and Ministerial staff?

Is this further complicated by the engagement of more than one Minister and their staff's engagement in meeting the Department's priorities?

How would you describe your sense of accountability? Is it principally to the Minister, to the Parliament or the broader community whose taxes support the Department's funding?

What do you consider to be the features that distinguish your job as a Secretary from those of the Heads of Portfolio Agencies?

Portfolio Agencies

What does the Minister expect of the Department and/or you personally with respect to the oversight of portfolio agencies under your stewardship having regard to:

- annual plans and budgets;
- service delivery;
- Policy advocacy;
- legislative development;
- performance management;
- senior appointments;

- Troubleshooting?

Would you describe your engagement across portfolio agencies as variable, being high in some, moderate in others and low in others? Does this degree of involvement reflect budget scale, political sensitivity or other factors?

Do you present the annual budget to Senate Estimates for any portfolio agency under your Minister's direction?

Relationships and representation

What is the nature of your involvement in meeting Federal Government objectives through engagement with State Government Departments, external bodies, including overseas Governments?

To what extent is it critical for you to establish linkages and/or professional relationships with other parties in other parts of Australia or internationally?

To what extent are you required to build networks of relationships among key stakeholders relevant to the implementation of your Department's policy development or service delivery?

Who are the key stakeholders of your Department?

What is the nature of your personal engagement with individuals both within the Department, across Government and external to Government?

Authority

Does a Secretary have absolute or shared accountability in respect of a Department's operation and its budget considerations?

How would you describe your sense of accountability? Is it principally to the Minister, to the Parliament or the broader community whose taxes support the Department's funding?

External perspectives

What Government or private sector positions are comparable to your own based on personal experience and observation?

What do you consider to be the features that distinguish your job as a Secretary from those of the Heads of Portfolio Agencies in your portfolio?

While such agencies may be independent, what is your Department's role (and yours personally) in briefing the Minister about them and on their legislative demands, as well as making sure that they perform as expected and appoint capable people?

Scope of role and reward

What are the key areas of your current position accountability which might differentiate it from other Departments?

- Staff numbers
- Financial considerations
- Policy complexity and diversity
- Geographic spread

- Portfolio Agencies/Bodies

Should these points of difference be relevant in any position classification or pay considerations at the level of Departmental Secretary?

Does the current two level structure accommodate the complexity and scale differences between Departments? What do you see as the advantages and disadvantages of the current structure?

Do you believe that the reward arrangements of Chief Executives in portfolio agencies should have any bearing or relevance in respect of a Secretary's remuneration?

Do you see the recent change in Secretary reward embracing the incorporation of performance pay into superannuable reward as appropriate in addressing the competitiveness of your position's remuneration?

Contractual considerations

Do you believe there is merit in embracing personal loadings or similar financial considerations to recognise specific incumbent attributes and/or prevailing domestic circumstances at the level of Secretary?

Do you have any views regarding contractual arrangements in relation to:

- differential membership of superannuation funds;
- dislocation payments;
- Canberra residential allowances;
- tenure and reappointment;
- termination provisions.

Are contractual conditions for Associate Secretaries and Deputy Secretaries more favourable? If so, in what way?

Other Issues

Are there any other issues which we have not discussed with you that you believe are relevant to the Tribunal in their deliberations on the role and reward of Secretaries?

Appendix B

Interviewees and Correspondents

Secretaries who were interviewed for the purpose of this report

Dept Agriculture, Fisheries and Forestry	Dr C O'Connell
Attorney General's Dept	Mr Robert Cornall, AO
Dept Broadband, Communications and Digital Economy	Ms Patricia Scott
Dept Climate Change	Dr Martin Parkinson, PSM
Dept of Defence	Mr Nick Warner
Dept Education, Employment and Workplace Relations.....	Ms Lisa Paul
Dept Environment, Water Heritage and The Arts.....	Dr David Borthwick
Dept Families, Housing, Community Services and Indigenous Affairs	Dr Jeff Harmer
Dept Finance and Deregulation.....	Dr Ian Watt
Dept Foreign Affairs and Trade	Mr Michael L'Estrange, AO
Dept Health and Ageing	Ms Jane Halton, PSM
Dept Human Services.....	Ms Helen Williams, AO
Dept Immigration and Citizenship.....	Mr Andrew Metcalfe
Dept Infrastructure, Transport, Regional Development and Local Govt	Mr Michael Taylor
Dept Innovation, Industry, Science and Research	Mr Mark Paterson, AO
Prime Minister and Cabinet	Mr Terry Moran, AO
Dept Resources, Energy and Tourism	Dr Peter Boxall, AO
Dept Treasury	Mr Ken Henry, AC
Dept Veteran's Affairs.....	Mr Mark Sullivan

Appendix C

Foundations of Governance in the APS

Each Secretary and agency head prepares an Annual Report to the portfolio Minister for tabling in the Parliament. The Annual Report requirements are set out in a document provided by the Joint Committee of Public Accounts and Audit under section 63(2) and 70(2) of the Public Service Act 1999. Set out in those Annual Reports is a clear articulation of the governance protocols relevant in the APS and the Department's obligations and accountabilities.

While there is no universal format, these documents set out the structure of the Department, including committee structure, their ICT environment, the organisation's code of ethics and internal review processes, their internal and external audit engagements and the manner in which they manage risk. A Department's internal Audit Committee normally embraces risk management and is resourced with independent membership.

Governance frameworks relevant to the Secretary are set out in '*Foundations of Governance in the Australian Public Service*' which is a guide on the principal accountabilities of APS agency heads who are also chief executives under the '*Financial Management and Accountability Act 1997*' (FMA Act).

I understand that this document is updated regularly and provides information about the extensive and diverse range of legislative and related Australian Government policy obligations applicable to APS agency heads. These obligations derive in large part from agency head accountabilities for managing their agencies. However the range of accountabilities go far beyond the more obvious obligations such as accountabilities to Parliament and Government, staff management, financial accountability and reporting obligations.

As noted below in this document, Secretaries also have a requirement to embrace a '*Whole of Government*' perspective when meeting their day to day obligations.

The '*Foundations of Governance in the Australian Public Service*' sets out sixteen clear areas of their engagement which are specific to the APS, though in parallel with those specific obligations Secretaries have a fundamental requirement to comply with all Australian laws. The key chapters in '*Foundations*' cover the following issues:

- *Constitutional, legal and Government framework:* sets out details of specific accountabilities, including preparing legislation and Cabinet documents, appearing before Parliament and Parliamentary committees, caretaker conventions;
- *Authorisation and delegation:* articulates powers vested in a particular office and the circumstances in which those powers can (and cannot) be vested in others;
- *Accountability:* identifies the Secretary's accountability to and relationships with Ministers and the Parliament, including various reporting requirements and the role of the Auditor-General;
- *APS Values:* provides Secretaries with a clear articulation of the Values embraced by the APS culture and operating ethos, reflecting public expectations of the relationship between public servants and the Government, the Parliament and the Australian community – agency heads have legislative accountability to uphold and promote the Values, including having systems to ensure their employees understand and apply the Values;
- *APS Code of Conduct:* describes the standard of conduct required by APS employees (including all agency heads, who must also ensure their employees are aware of the Code, as well as establishing procedures for determining if the Code has been breached and applying sanctions if necessary);

- *Whistleblowing:* clearly states that legislation prohibits victimisation of an APS employee if they report a breach/alleged breach of the Code of Conduct to a person authorised to receive the report (that is, an agency head, the Public Service Commissioner or the Merit Protection Commissioner, or persons they authorise);
- *Respecting the diversity of the Australian community in providing services:* provides an outline of a range of policy and legislative accountabilities associated with how agency heads relate to, and deliver services to, the general public (including Public Service Act, Human Rights and Equal Opportunity Commission Act, and Acts covering disability discrimination, racial discrimination, sex discrimination and age discrimination);
- *Financial management and budget frameworks:* cogently describes agency heads' significant level of responsibility and accountability for the use and management of public money and public property (including Budget process and FMA Act);
- *Employment framework:* articulates the obligations of agency heads and sets out their key accountabilities under the Public Service Act and the Workplace Relations Act, as well as the occupational health and safety legislation (which includes a duty of care to employees). Information is also provided on other legislation which covers long service leave, maternity leave, superannuation, etc;
- *Management and use of Government information:* provides useful background on information management, record keeping and provision of information governed by wide range of legislation (eg Freedom of Information, privacy, evidence, archives, copyright, electronic transactions) and Senate Orders (eg lists of agency files);
- *Use of legal services:* clearly articulates that each agency head must manage the legal service needs of the agency efficiently and effectively (FMA Act) including management of legal risks;
- *Review of Government decision making:* sets out the framework for reviews of Government decision making (scope for review by courts and tribunals plus other avenues, eg Ombudsman, HREOC, Merit Protection Commissioner);
- *Protection of the Commonwealth against crime:* identifies behaviours that may constitute criminal offences against the Commonwealth (Crimes Act, Criminal Code, etc);
- *Security:* sets out agency head accountabilities to protect Government information and the safety of employees and Australian citizens (eg APS employees' security clearances and character checks, online security, privacy, fraud control);
- *Native title and dealing with land:* identifies possible Commonwealth action impact on land rights under Native Title Act; also Lands Acquisition Act regime for conducting most of the Commonwealth's property transactions; and
- *Environmental issues:* highlights the fact that agency operations must be consistent with Government environment legislation and policies. Annual reports are required to address the Department's engagement in and compliance with all relevant legislation and Government initiatives.

Appendix D

Synopsis of Discussions with Secretaries

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These notes reflect my impressions of a variety of statements and opinions made by the interviewed Secretaries and do not indicate the viewpoint or observations of any one person.

This is a compilation of views of Secretaries. Some of the views expressed by individual Secretaries duplicate in part the views of their colleagues. There are also expressions of contrary opinions among Secretaries. The intention is to illustrate the range of views. Comments include direct quotes or summaries of comparable perspectives.

Organisation setting and accountability

Secretaries are the primary advisers to the Minister on policy and are the principal agents associated with the design and implementation of Government reforms. Stakeholders of all Secretaries' areas of accountabilities extend beyond the public service, State Governments and the Parliaments to national or international stakeholders who are affected by decisions of the Department.

There is considerable focus on negotiation with external stakeholders. In this context the policy role is highly important, as is the leadership of the Department and engagement with external stakeholders. The day to day operational load is with Deputy Secretaries who have clearly defined areas of policy responsibility. A critical task for the Government is for the Secretaries and their key executive teams to remain in touch with industry research and State Governments.

Recruitment and development of staff is a critical role of a Secretary. Canberra represents a challenge in that it is away from the main stream of employment opportunity and the sources of high performing new graduates.

The Secretary is absolutely accountable for the management of the Department and is accountable when things go *'belly up'*, irrespective of the source of the error. Governments hold their Departments and their agencies fully accountable between elections. The role of Secretary is complex, though there is generally clarity of expectation. With a change of Government new Ministers without a knowledge of their role and engagement with the Department can be a near-term challenge. In the private sector the board has the right to hire and fire the CEO. The Ministers have the same rights on advice of the Prime Minister.

The observation was made that the Secretary is clearly accountable for everything that occurs in the Department and accountable to the Minister. In the private sector the CEO has similar accountability, though also a profit motive as distinct from a disbursement management accountability. Externally the CEO in the private sector is accountable to shareholders, the Secretary is accountable to the Prime Minister, the Minister, the Parliament and the wider public. Under current legislation and practice Ministers don't *'fall on their swords'* any more. The Secretary is accountable for protecting the Minister.

There is increased scrutiny on Secretaries from the Senate and the Ombudsman under Freedom of Information legislation and the Australian National Audit Office (ANAO), which is used to bring Ministers or the Government to account.

Secretaries have to manage conflicts between the Department and the Minister and the Minister and the Government of the day in the delivery of programs which have a political purpose and are not in the national interest. This is an awkward area of management for a Secretary. There is a mismatch between the accountabilities of a Secretary under the FMA Act and the reality of the operations of Government.

'It is important for a Secretary to understand how Canberra works. The APS is the biggest business in the city and in the ACT. The Secretary needs to manage

confidences, needs to be courageous, judgement is critical, there is no tolerance of failure.'

The Secretary needs to advise the Minister of the necessity to focus on the long term national benefit of programs under consideration. Governance in the public sector in this context is critical in the national interest. The APS at Secretary level and across Departments is increasingly collegiate, with Secretaries having a '*Whole of Government*' focus in the national interest. Public sector leadership is not political leadership, the latter determines the nation's destiny.

Under the Constitution and the FMA Act the Minister is accountable. In reality it is the Secretary who is accountable.

It was noted that PM&C expects Secretaries to manage their Ministers and their portfolios in the '*Whole of Government*' context. Some Ministers are not up to the challenge.

Risk mitigation and the management of media exposure is a key accountability of a Secretary. The Deputy Secretaries are essentially the COOs or Division Heads. Secretaries in many portfolios are managing in a 24/7 news cycle.

Public scrutiny, through Senate Estimates being broadcast live on radio and often on television, has increased considerably. The Secretary will generally attend press conferences with the Minister because of the nature of the constituency.

All Secretaries are accountable to the Prime Minister, though have obligations to their Minister. At Cabinet level the Secretaries and Ministers reflect a degree of collegiality for the benefit of the nation.

Under the Westminster system Ministers agree with each other and go about doing their job. PM&C is only involved when things go wrong. All Secretaries meet monthly as a group under the chairmanship of the Secretary of the Department of the Prime Minister and Cabinet. This is to ensure that Secretaries work together on issues of '*Whole of Government*' and further, to ensure a higher level of quality output, particularly in regard to policy.

In April 2004, the Management Advisory Committee released "Connecting Government". The report defined '*Whole of Government*' in the APS as: "denot[ing] public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery.

The '*Whole of Government*' approach involves an accountability to create a collegial environment with divided accountabilities which interact with Cabinet. The Government of Victoria adopts a similar collegial model, New South Wales has adopted the fiefdom model where there is a lack of separation between Ministers and the Public Service.

In the public sector there is a strong emphasis on policy where the Secretary is accountable for offering a Minister clear advice on how to solve big problems – tax, the welfare system (transfer payments), etc. In the private sector the focus is on strategy.

Challenges of a new Government – accountability emphasis

A further issue raised was the increased accountability being directed to Departments in supporting the Minister arising from the Rudd Government's reduction in Ministerial support staff. It was stated that the Minister would expect the Secretary to have a thorough understanding portfolio-wide, with the degree of detail being influenced by the nature of the

portfolio agencies and their resources and the Act governing their operation. It was universally acknowledged that where difficulties existed in portfolio agencies the Secretary was normally called upon to resolve those difficulties in collaboration with the organisation and/or direct the organisation depending upon the nature of the portfolio agency.

Ministers in new Governments create significant policy and implementation challenges arising from their desire to implement their policy platform and new initiatives with some haste in recognition of their commitment to the electorate. The Department is accountable for orchestrating the programs and coordinating their implementation, either across the Department or the Minister's portfolio.

A further and key obligation of Cabinet Ministers today has arisen as a result of the Rudd Government deciding to hold community Cabinet meetings once a month. The Secretary travels with the Minister and attends the Minister's group committees in meetings with the local community. The role of the Secretary in this context is to support the Minister though serve the Australian people through the Minister.

All Secretaries have had to deal with significant changes to the machinery of Government.

The relationship management role of a Secretary is enormous, with Ministers, portfolio agencies, staff, other Departments, other agencies impacted upon as a result of a change of Government, and external stakeholders.

With a new Government the Department inherits an obligation to meet numerous election commitments. In this context the Department is not offering policy advice on promised initiatives. It is, however, accountable for advising the Minister on the most appropriate and financially prudent way of progressing to implement those initiatives, including reforms.

The role and accountability of a Minister changes with most elections, and often between elections.

The Secretary is the first port of call for the Minister in the event of trouble. Arising from the appointment of the new Government a Department may have over 100 policy initiatives to implement with no additional resourcing or funding.

COAG

Commonwealth/State relationships managed through COAG are an important engagement of the majority of Secretaries. The complexity and financial sensitivity of issues before COAG vary by Department in accordance with their function and engagement in funding State-administered activities. The vast majority of COAG outcomes are implementable by the States. The most complex and significant policy and financial challenges rest with the Commonwealth.

For Secretaries involved in the COAG environment, relationship management skills are critical.

The existence of COAG reflects clearly that the Commonwealth Secretary role is broader in terms of leadership than that of a Head of a State Government Department. In the past at the Premier's Conference there was a finance focus. Today there is far greater engagement at Secretary level in the resolution of Commonwealth/State relations.

Financial management

Secretaries are accountable for their budgets and the management of those budgets. There is a quarterly review process which runs in parallel with Senate estimates. The Secretary must have a detailed knowledge of these issues.

In relation to financial management the Minister expects the Secretary to be across all the detail and to attend all major reviews, including Cabinet submissions and Senate estimates. The engagement of Ministers in the detail varies based upon their style and prior experience. The Secretary has a primary role in distilling the directions and strategy of the Department and communicating agreed outcomes to the Department, articulating Departmental accountability and ensuring there is increased awareness of any changed priorities.

In financial management the Secretary is wholly accountable, though in recent Auditor-General's reports the Auditor-General stated that Secretaries should take a forceful stand with Ministers where programs seeking to be pursued by the Government of the day do not represent value for money.

Portfolio agencies

Authorities and/or commissions or agencies are accountable under various Acts to manage their agencies on behalf of the Minister. Their budgets and financial plans will often be sanitised by the Department. *As Secretary I do (not) sit on some (any) agency boards.*

In relation to portfolio agencies some are well managed and require little attention, others are more complex and require attention. This has not been reflected in the history of their relative remuneration.

The Uhrig Report recommended that Secretaries serve on all boards as they represent part of the Minister's entity. The scope of an agency Chief Executive is far less than that of a Secretary, though their accountabilities have greater depth.

A number of Secretaries mentioned the criticality of the Uhrig Report and his recommendation of the use of a board to create a separation or filter between the CEO and the Minister.

The relationship with portfolio agency Chairmen is with the Minister. The Minister may seek the Secretary's input on issues under consideration in the Minister's engagement with the portfolio agency. The Department has an engagement and interacts with portfolio agencies at the time of budget preparation and Senate Estimates.

The Department is not involved in CEO selection where a board is in existence, it is the accountability of the board in accordance with appropriate legislation. Notwithstanding, the Secretary is the portfolio secretary and will often be involved in legislative changes and/or the creation of portfolio agencies and the formulation of the legislative structure. The Secretary is normally personally held to account for portfolio agency appropriation in Cabinet discussions.

The Secretary in this context has regular involvement in the portfolio agencies and is accountable to:

- coordinate their budget submissions;
- organise and oversight the operational financial health of the agencies.

All agency budgets come through the Department. Normal Commonwealth Authorities and Companies (CAC) Act agencies which are only revenue generating have a board. There are some agencies which represent a hybrid between an FMA (Financial Management and Accountability Act) and CAC agency. In this context the Department will often have observer status on those boards and will meet regularly with portfolio agency CEOs, being involved in the appointment and/or selection of all CEOs.

Qualities of a Secretary

- A general observation was made that subject matter expertise was not the critical attribute for a Secretary in the majority of Departments.
- “Secretaries fall into skill-set categories – social policy and economic policy. The key knowledge areas for a Secretary would include subject matter of their portfolio, policy analysis, leadership and management, stakeholder and relationship management, and an ability to deliver meaningful outcomes for the Government of the day.”
- *Qualities would include capacity to manage ambiguity, effectiveness at delegating, being a capable adviser to the Minister, a manager of substantial funds, a good judge of program sensitivity and community sensitivity, a skilled negotiator with numerous stakeholders, a good strategist and visionary.*
- *A clear thinker, an effective manager of a Department’s operations, Government reforms, organisation change and responsive to Ministerial change, a capacity to manage public scrutiny, sometimes from a hostile media, where issues are not the errors of the Department.*
- *The position today is one of high risk. Legal actions can often be personal, freedom of information requests are challenging, some Ministers can be hostile in their relationship with the Secretary. The Secretary is often required to manage illegal or inappropriate Ministerial direction and also manage new initiatives which have not been funded in the Department’s budget.*

Reflective of the challenge of managing up, one Secretary over the past eighteen months has had several Ministers arising from the change of Government and change of Department.

- *Secretaries need the capacity to manage relationships which are not of choice and are required to manage across a complex set of arrangements (there is nothing in the private sector comparable to Senate Estimates). Officers are giving evidence under oath.*

Private sector accountability rarely embraces an obligation to implement a program that management are firmly opposed to. Judgement by politicians can be harsh in this context. Independently a Secretary is accountable to Parliament through Senate Estimates. Financial and performance audits of the public sector are highly invasive. Accountability to the Ombudsman further focuses on the circumstances of the claimant irrespective of their merit.

The Secretary is the chief adviser on policy (strategic), as well as tactical responses to Government programs and/or constituent needs, and is required to be an effective manager with a complete and detailed knowledge of his or her Department. There are clear skill-set differences across the various portfolios:

- *Factory managers – these are the policy delivery agencies, it should be relatively easy to find replacements, though some have significant policy roles which could require background in Government.*
- *The pure policy group is small, the pool is smaller, the question is – should you pay more for them? If the public sector is the source of the majority of replacements for Secretaries, the feeder pool is critical.*

A number of Secretaries reflected on the role of Minister as the chairman of their portfolio, though acknowledged there is no written clarity of the Minister's role or the Secretary's accountability in many portfolios. History or precedent cannot be a driver as relationships change with Ministerial changes and Secretary changes. Most Secretaries do not have sufficient time available to make desired long term strategic input into their Department. The pace of activity has accelerated dramatically over the last decade.

"There is clear granularity between policy and service delivery. The skills required are different but broadly equivalent."

"Money is not the primary source of reward. Keating stated that psychic reward was important. It would still be acknowledged by existing Secretaries."

"The Department of the Prime Minister and Cabinet advises on appointments of Secretaries in consultation with each Minister and advises the Prime Minister. Critical ingredients are the individual's attributes for delivering high quality policy advice, as well as a background in flawless administration and implementation of Government programs."

"Good Ministers are critical clients of a Department's advice. This is beneficial for all parties."

"Across Secretaries there will be common attributes. There is also a 'Whole of Government' focus in some Departments such as Treasury, Finance and Regulation, Prime Minister and Cabinet."

"PM&C is accountable for Government policy and strategy. Ministers are essentially the chief strategist and marketing officer, they are not managers. As marketing officer they will be proactive in communicating Government policy. Their principal strategic role is political. There are immense subtleties in the role of the Secretary and in this context the role of Ministerial advisers, the Secretary and staff and the view of Cabinet, and a significant level of interplay between these elements of Government."

Classification

While there is a common core of accountability for a Secretary there are foundations for difference which relate to size and scale reflecting diversity, complexity, scope, challenge, level of risk, nature of accountability, including exposure to portfolio agencies and the depth and breadth of engagement with Minister(s) and Parliamentary Secretary(s).

In respect of the existing classification levels the question arises – what are the elements which make the job of Secretary difficult:

- expenditure management;
- diversity of subject/policy content;
- international diversity;

- number of staff and levels;
- *'Whole of Government'* focus.

The scope and diversity of portfolio agencies under the general stewardship of the Secretary also need consideration. There is a significant difference between the duties and capacities of a Secretary and a Deputy Secretary. This is not reflected in pay. The Secretary is the CEO.

In relation to classification, the view was that once you reached the position of Head of Prime Minister and Cabinet or Head of Treasury you are unlikely to seek another appointment.

One observation made was that variable appointments over time of Secretaries with long service at that level can be seen as reflecting promotions and demotions in an irrational continuum. A further issue raised historically related to the appointment of a previous Head of Treasury to the role of Governor of the Reserve Bank (at the time the Bank also assumed the role of regulator. APRA has since been created as a separate regulatory body. Was this regarded at the time as a lateral appointment or a promotion? What would be the view of the incumbent? There was clearly a significant pay differential.

Government outlays as a single measure of work value is not appropriate. Issues of consequence of error, complexity and diversity are highly critical.

The Singaporean Government pay structure is worthy of consideration.

Misalignments could also be construed in relation to the relative ranking of the Secretary on the basis of the ranking of the relevant Minister in Cabinet or out of Cabinet. This nexus needs to be clearly isolated and acknowledged as either relevant or not relevant.

In terms of the factors which might be considered in work value, there should be consideration of the areas under the direct control of the Secretary, as well as those of indirect control or influence, and in the latter areas consideration should be given to scale, diversity and criticality of external agencies in terms of the Government's reputation, financial position and stakeholder management.

Issues that need to be taken into account would be breadth of program coverage and implementation requirements, the obligation of statutory and legislative development and the imposition of *'Whole of Government'* policy engagement.

Secretaries do not have a homogenous role in respect of policy, program implementation or service delivery. There is however a significant core element of a Secretary's role which is common across all portfolios.

Differences of size and complexity of Department

The current level structure is slightly outdated. Need to look at where major expenditure of public monies is taking place. A concern would be that any line drawn on this basis is arbitrary, though it may cause one to develop five or six pay levels to address the Secretariat. It is outdated in that it reflects a central agency mindset.

A further issue in relation to the number of classification levels that requires consideration is that administrative arrangements can change quite rapidly and are continuous, both in terms of Ministers to whom the Secretary reports and the portfolios allocated to the Department. This will influence the number of staff, both internally and through portfolio agencies, the required number of deputies and the inner and outer budget accountabilities.

"There used to be three Secretary levels in the past, with the Head of the Public Service Board being a level 1."

"The current two tier classification is okay, three or more tiers would be divisive in what is essentially a collegiate environment. For tier 1 the current two central agencies and the Department of Defence appear okay. Tier 1 could also include the Department of Foreign Affairs and Trade, with possible outsiders being Health and the Department of Finance. Three groups would make sense – central agencies, PM&C, Treasury and Defence. Those with large staffs, complex engagements and difficult portfolio management issues such as DEEWR, FaHCSIA and Health and Ageing. National interest and security are also critical and in this context Defence and Foreign Affairs need appropriate attention."

"Three tiers is probably manageable. In this context, however, a pay range would be meaningful to accommodate long serving Secretaries who are often transitioned in the twilight of their career to less onerous roles. A policy initiative in this context could embrace a retention of prior pay with absorption of increases."

"The possibility of three bands might include four or five at the top, four or five at the bottom and the balance in the middle."

"In terms of classification three levels make more sense than the current arrangement. Level 1 should reflect size, financial budget, complexity, scale and breadth. The distribution across levels should be 5, 10, 5 or something similar. Some consideration should be given to the pay relativity between Secretary and direct reports. This does not always reflect good decisions, either in terms of pay or reporting structure."

"Level 1 should clearly be Central Agencies, with the prospect of mega Departments such as Health and DEEWR also being classified in level 1."

"It is not clear why the two level structure exists. There is no rationale, therefore it is not helpful. We need clear principles to identify points of difference. There should be wider pay bands by level."

"The current tier 1 for PM&C and Treasury is appropriate."

"Possibly DFAT should be elevated given the profiles and risks of the Department. DFAT represents the complexity of nations emerging and engaging with each other. Australia punches above its weight and the Department's engagement is critical to the country's future."

"In relation to classification, Treasury and PMC are appropriately classified, Defence has variable relevance. It represents a sleepy hollow. It is a keeper of the Department's budget with a far less onerous role."

"PM&C and Treasury have a very high profile and are high risk. Consideration should be given to departments managing \$20 billion."

"Four levels may be appropriate, though one needs to understand that the Government are constantly changing portfolio allocations and moving Secretaries. Levels could also be influenced by the number of Ministers or Parliamentary Secretaries."

"The Department of Finance and Regulation should be in a high level, it has a '*Whole of Government*' role and is across every dollar spent in the Government sector."

“All Secretaries’ positions entail high risk, all are subject to personal scrutiny. Psychic income, on the other hand, is very real.”

“PM&C, Treasury and Finance and Deregulation as Departments have to have a view on every issue of Government. Defence is a troika of services.”

“CEOs of lobby groups with 30 or more staff working in Canberra are paid more than Secretaries. Mark Sullivan just resigned from a Secretary’s position to join ACTEW Corporation on a higher level of reward, working in an organisation far less complex than the majority of positions occupied by Secretaries. Secretaries of Commonwealth Departments in levels 1 and 2 should be the highest paid in the Australian Public Sector.”

“In Defence, Ministers listen to the Chief of the Defence Force, however uniformed officers are not good at organisation and management of a large business. Treasury is reasonably easy to run with top quality people, not as difficult to manage as might be considered.”

“FaHCSIA and Health have big budgets, dispersed locations, more contracts than Defence. They have difficult and complex stakeholders.”

“Climate Change and Resources, Energy and Tourism are small Departments and have short shelf lives in their present form.”

“Some positions are more substantial than others, such as PM&C, Treasury and Defence – Defence because of its scale, Treasury because of the criticality to the economy, though in respect of Treasury the function is divided between the Tax Office and Treasury, the former running its own show.”

“Many jobs increase or decrease on a regular basis in accordance with the judgements of the Cabinet and Parliament. Any remuneration system needs to accommodate movement in allocated portfolios.”

“The least demanding positions would be Human Services, Veterans’ Affairs, Resources, Energy and Tourism and the Public Service Commissioner. The most important economic positions in the country are Head of Treasury and Head of the Reserve Bank. Differentials between the core role of Secretary and the position of Secretary in Treasury is too small.”

Reward and contractual conditions

The issue is not current remuneration. If the APS with its present structure is going to be able to recruit top executives for the future, that is 2010 and beyond, it will need to attract Secretaries from a wider talent pool than simply the APS. The Government needs to create a framework to manage future succession for high calibre leadership.

Basically Secretaries are highly skilled people. It is recognised in research which has been undertaken that the Secretary is at or around the first decile in the marketplace whereas the SES is pitched at around the 25th percentile. There is no external relativity.

A Secretary’s pay should not be diminished if functions move or if their portfolio is changed. This could lead to a lack of co-operation with Government or between Secretaries in optimally managing the challenges of the day. Many Assistant Secretaries do not see the benefit of assuming the role of Secretary.

A further issue is one of mobility. Once appointed, for example, to the Head of Treasury, Foreign Affairs and Trade or PM&C the Secretaries become less mobile. In order to deal with the movement of Secretaries and their development, the policy needs to have some flexibility which might include a base fee for the position of Secretary with loadings which

apply on the basis of the current assignment. It needs to be recognised that all Secretaries are accountable to manage their allocated portfolios in the national interest.

The relevance of a base level of remuneration and loadings becomes particularly important with mega departments which often disappear and/or are scaled down over time having regard to the prospect of mega departments remaining effective over time.

There is no recognition of tenure other than the benefits which may apply under the Secretary's superannuation participation.

For a Secretary at 55 years of age and a member of the CSS, retirement from now on is attractive. Up until reaching the age of 55 it is problematic. An issue raised was the question of tenure of a Secretary compared to a CEO in a private corporation.

At the Secretarial level the view was that performance pay is not well managed and could be used negatively by a Minister. Contract tenure was more critical.

An issue which is widely noted is the narrowing gap between the Senior Executives (SES) and the Secretaries.

With portfolio agencies there may also be useful external comparisons. For example, the Head of the Sports Commission versus outside sports administration, university reward at senior level.

"Issues of equivalence of reward require consideration. As an appointee relocated from interstate I receive \$25,000 per annum as a rental subsidy and an air travel subsidy equivalent to 24 tickets per annum to a value of \$13,000."

"In respect of relativities, relativities should be considered in the context of payment of top public servants in the States and potentially Portfolio Agency Heads and their Deputies, including say APRA, ASIC, ACCC."

"There needs to be some consideration of pay arrangements across the Government, including payment in Portfolio Agencies. For example, the CEO of the Reserve Bank versus Head of Treasury, Medibank Private, Defence Materiel Organisation, regulators, for example, ASIC, APRA, ACCC. These are roles which could be adequately fulfilled by a good bureaucrat."

"There should be some consideration of the difference in role between the CEOs of portfolio agencies and Secretaries. For example, the Head of Centrelink and Medicare. The Centrelink CEO receives a 20% performance pay opportunity, at Medicare it is 15%. Some consideration should be given to the universality of performance pay opportunities if they are to continue. There is some merit in FMA and CAC agencies to retain a focus on performance effectiveness."

"One Department has had to pay recent recruits higher than career public servants with comparable responsibility. There are also examples of portfolio agency Heads paid well in excess of the Secretary who is held to account for the total portfolio's performance by the Minister."

"One of the key issues faced by the Department is the challenge in meeting the pay opportunities in the private sector, particularly for high quality graduates. Another observation is that most public servants do not aspire to be a Secretary."

“The gap between the Secretary and direct reports is getting too close. On the other hand too big a gap would have another effect. Pay is aligned to public purpose, though it is important to attract people from the private sector in that the Department should consider a different cadre of individuals.”

“The role of Secretary is more onerous than the role of Heads of Regulatory bodies and portfolio agencies in that it has an obligation to address the entire policy framework under the Minister’s jurisdiction, take a lead role in Senate estimates and has principal accountability for service delivery or the management of poor service delivery on behalf of the Minister.”

“A critical issue requiring careful attention is the pay differential between portfolio agency heads and Secretaries. A further question requiring close examination in this context is the sourcing of individuals in respect of both sets of roles.

If there is to be a third classification level of Secretary consideration should be given to the significant experience of long serving Secretaries who have assisted significantly in the mentoring of others who have been progressively promoted. In this context an issue which should be given consideration is salary recognition after a period of time at the level of Secretary.”

“Many individuals in each Secretary’s portfolio earn more than the Secretary. The Government could be overpaying portfolio agency CEOs. Departments have EL2s (Executive Level 2 classification) running \$50 million programs. It is a question of a level of pay compared to a significant business unit or an independent CEO in the private sector.”

“State owned enterprises’ CEOs are not appropriate comparators for a Secretary. They are not generally equivalent. In the private sector pay is substantially driven by profit metrics. State owned enterprises’ CEOs are principally sourced from the private sector.”

“The Defence Materiel Organisation has a significant policy focus and is more bureaucratic than a State owned enterprise.”

“The Victorian model where pay differentials are based on scale should be considered. The Government, however, needs flexibility. Recent increases in the SES compared to Secretarial level have reduced the gap. This reduction does not reflect the change in the role of Secretary. The creation of an Associate Secretary establishes the construct of a band 3. There is often a \$50,000 differential between Associate Secretary and an SES classified Deputy Secretary. Therefore this initiative has inserted a level which does not really exist. The issue of complexity probably needs to be considered where national security and the national interest is critical.”

Structure of pay

“In respect of pay, the absorption of the performance component might have some appeal. The payment of the superannuation benefit, including the performance component, would be valuable as it has traditionally not been included. There should be pay bands with ranges to afford flexibility without attracting the front page of the press. Superannuation is an attractive top-up but should have an equivalence for all positions. Allowances should be carefully considered as there are a whole variety of reasons one might provide an allowance. As a check the Government should from time to time go to the private sector market to seek suitably qualified people.”

“Loadings as a construct could also be considered. Many Secretaries would have experienced a significant increase in their accountability but no increase in pay, a significant decrease in their accountability and no reduction in pay. Performance is generally not

rewarded appropriately. Most Secretaries are risk averse because there is no downside and no upside. It is collectivism and an inclusive model of reward, not a market approach.”

“Interstate appointees receive a \$25,000 housing allowance and a \$13,000 travel allowance per annum. A Secretary who is both a wife and mother receives no allowance to support the domestic dislocation associated with fulfilment of that role.”

“I commute from interstate and receive eight airfares per year. New appointees in the Minister’s office commute from Sydney or Melbourne weekly – their costs are met. I receive an accommodation allowance but I am not in a position to own an asset in Canberra. Another Secretary who owns property, both interstate and in Canberra, does not receive any allowance.”

“In relation to payment, issues worthy of consideration would be a personal loading for an individual which would be permanent or a range by a level to accommodate individual attributes, including role loadings and performance loadings. Three levels has more appeal than the present system.”

“The Canberra factor. A Secretary has to uproot from a location outside Canberra if they are attracted to a role, or uproot from Canberra to pursue a career. These issues are not catered for. The Government have great difficulty in retaining talented graduates in the APS in particular skill sets such as accounting, finance, economics.”

“The role of Secretary is no longer a well respected position in the broader population. What you pay says something about what you value. Remuneration level is more important than the contract term or redundancy provisions, however Secretaries would prefer a better notice period.”

“A question which arises is the treatment of new hires versus long established APS employees. The cost to Government of employing Secretaries is unequal. Outcomes are not comparable.”

“The allocated cost of parking makes no sense. I pay for parking by parking under the building, though I could park on the street outside for nothing.”

“I pay for parking in the Civic. In the Parliamentary circle they don’t pay for parking.”

“I would be comfortable with a total employment cost construct with fixed allowances, with overlapping pay bands.”

“One Secretary indicated that the way in which cars were costed was totally inappropriate. A business use Calais in the Commonwealth cost \$26,000 out of the Secretary’s package, in Victoria it was \$12,000. Pool cars are available for business travel. The question was raised – what is the allocated cost for a Parliamentarian’s car? Their contributions are trivial. What are the costs associated with these benefits for Ministerial staff?”

Superannuation

Several Secretaries remarked that the CSS superannuation is attractive.

Superannuation is a key area requiring careful consideration.

It was observed that a differential arises from the Secretary's participation depending upon which one of the superannuation schemes, the CSS, the PSS and accumulation schemes the Secretary is a participant of. The full cost of participation should be deducted from a total employment cost construct without modifying the benefits accruing to a Secretary irrespective of plan participation so that there is an equivalence of total remuneration cost. Key issues arising from this outcome requiring consideration would be the differences in superannuation contributions between PSS and CSS.

Superannuation should be preserved on the basis of the highest salary in a reasonable period to the date of retirement.

The superannuation provisions are a reward for longevity. Over a 30 year period of service in Australia the Secretary's retirement benefit would be 30% to 35% of their final salary. We need to see what the UK and Canada do. Canada apparently has an income replacement model and the UK is pitched at 60% of final salary.

Performance pay

"Performance pay has not always been well managed. Performance pay should be distinguished having regard to the scale of the Department, its complexity and the individual's personal capacity."

Performance pay has had a variable impact on Secretaries, both positive and less so. Performance management and bonus payments at the Departmental level has been more thorough and structured. It is in this area that the effectiveness of the Public Service Commissioner and the Department of Prime Minister and Cabinet is critical, though has been variable.

"In the Department performance management is popular, performance pay is not popular."

"One Secretary believed that performance pay was a strong management tool, though he also expressed the view that performance management processes have been poorly implemented. At the Secretarial level the view was that performance pay is not well managed and could be used negatively by a Minister."

"The Department are strong supporters of performance pay, though it is acknowledged that at Secretary level outcomes may depend upon the quality of the Minister or the Prime Minister's judgement."

Severance

It was stated that contract renewal is always poorly managed by the Centre. Contracts are unattractive as you can be deemed retired with three months pay with very limited notice. A critical issue in this context is the effectiveness of the role of the Department of PM&C and the Public Service Commissioner. Contract management at the level of Secretary is more critical than performance pay.

Of concern in the contractual area is that no one at the level of Secretary has tenure. Secretaries generally have a three or four year contract. Deputy Secretaries are treated more generously.

While fearless advice is a critical element and Secretaries must be frank and focus on integrity, there might be concerns in some quarters in relation to continuity. Secretaries can be moved overnight. The question arises whether these moves reflect a personal promotion, a demotion, a failure in a particular role, a poor relationship with the Minister. The press normally speculate on these issues, though they are not always accurate.

Contractual issues would need to consider the fact that the Secretary has no permanency and a minimal payout. This raises the question of fairness and relative fairness having regard to conditions applying in the APS at the Deputy Secretary level and senior SES positions, as well as provisions with statutory bodies. For example, ASIC, ACCC and APRA versus PM&C and other bodies such as universities, galleries and museums.

“In respect of contracts the severance arrangements are inappropriate and poor. The Service is becoming a less and less attractive career. The Government loses good people in mid career either because of external opportunity or lack of certainty in relation to career continuity at the most senior levels. The APS pay arrangements reflect a discount to the market. In the past the severance benefit was equivalent to two weeks pay for each year of service.”

“Termination clauses are inadequate. With higher pay there are higher expectations and better conditions. Failed Secretaries and SES officers if removed are often given attractive appointments elsewhere in Government.”

“Contract payout on notice should be up to twelve months.”

“Contract management is poor. Government often does not communicate with the Secretary until a matter of days before the contract is due to terminate. The redundancy arrangement is poor, though it is critical, more so than salary.”

“The differential treatment on termination between band 3 Deputy Secretaries would lead a number not to accept a Secretary’s role. Band 3 positions are interesting, challenging and reasonably well paid.”

“A significant difficulty and differential between a Deputy Secretary and a Secretary are the redundancy provisions. In the latter they are poor. Superannuation under CSS is attractive at 55 and Secretaries in their 40s would be nervous until they reached that status. Compensation for short notice would be beneficial, though most Secretaries assumed higher office knowing of the conditions. Loss of tenure was addressed some years ago with respect to the pay adjustment at the level of Secretary.”

“Three months notice is harsh. A Deputy Secretary would have twelve months. Others have up to twelve months in redundancy. Critical in this context is the Ministerial relationship where termination may not arise from a lack of confidence or a lack of effectiveness.”

“Three months notice is totally inappropriate and unreasonable. Secretaries are exposed to high risk. There is a clear lack of tenure despite the fact that agreements are entered into for five years. If terminated a Secretary is out of a job with a tarnished reputation, not always of their making.”

“As the Secretary’s role is one of high risk because of volatile political whims, termination provisions should be less parsimonious. People join the public sector for a long career on the basis of job security. When they reach the pinnacle of their career they have no job security.”

“Termination provisions are parsimonious. Arrangements should be taken away from the Prime Minister and Cabinet or the Parliament and determined by an independent body.”

“The contractual arrangements are worthless, the least generous I know of. They are *‘penny pinching’*. Termination is based on salary only.”

“For younger Secretaries twelve months notice is fundamental as there would be significant reputation damage associated with loss of office.”

Appendix E

Chief Executive Accountabilities: Government and Private Sector

In reflecting upon the specific accountabilities and relative work value of the position of Secretary I believe that a primary differentiator between the position of Secretary and a Chief Executive Officer in a major public company would be the latter's accountability for shareholder wealth, increasingly in competitive global markets where choice of resource allocation and risk sits primarily with the CEO and the executive team.

The leadership demands in the context of Government would be seen as broadly comparable to that of a Chief Executive in the private sector. Their fiduciary accountabilities are, however, different. They do not have to focus on:

- the wealth of shareholders;
- financial consequence of risky decisions in various sectors and markets.

I understand and note that in relation to major Government decisions Secretaries, in a similar vein to Chief Executives of major public companies, bring in leading advisory firms to assist. In both contexts I understand that these external experts are fundamental in the provision of advice to both business and increasingly critical in respect of considering issues which might require legislative or regulatory change, in understanding the implications of challenges being addressed by the Government of the day. I understand that both major corporations and Government Departments draw upon the same source of advice, be it lawyers, accountants, engineers, top scientists or other notable professionals, including academics.

Like a Chief Executive in a major public company, a Secretary needs to have significant mental and intellectual agility to fulfil the role effectively. Speed and efficiency is critical in both sectors, though, as noted, shareholder wealth, profit and return on assets is a more critical point of focus in the private sector. As commented upon above, leadership is key in both sectors. While accountability and risk is different it is considerable in both sectors, though traditionally more subject to key stakeholder scrutiny in the private sector. The authorisation process in the private sector is different, with the one up one down review and the key relationship between the CEO and the Board. In Government a Secretary reports to the Minister, with a key interface being the Minister's staff and/or the Cabinet. Performance management is different, as are the criteria.

Arising from of these contextual differences I note that at the level of Secretary a recent decision by the Tribunal has been to remove the performance factor in pay.

In exploring issues of work value and position classification I have observed that a Secretary is not required to possess the same strategic expertise aligned to growth, improving profitability and shareholder return. They are not subject to the same competitive influences, that is they are not competing with other stakeholders for a share of capital, a share of market, a share of suppliers' wares or a share of customers' business. Time is not of the essence in the same context though, as noted, speed and efficiency is critical in both sectors.

While acknowledging the above differences, it is appropriate to acknowledge that Chief Executives, unlike many Secretaries, are not required to address national or international crises which either impact the entire nation or constituents arising from matters reflected upon above. In this context Governments have to respond quickly, efficiently and with the same level of economy as the private sector CEO but often with greater sensitivity having

regard to political and constituent interests which are paramount in the business of Government. Reflective of this circumstance would be the recent deployment by the Department of Human Services in addressing the challenges associated with the Victorian bushfires and Queensland floods, the engagement of the Defence Force in matters of this nature, together with the engagement of a number of Secretaries in the Government's response to the global financial crisis, the \$42 billion support package and associated settlement with various constituents represented in the Australian Parliament. Rarely does an individual business, no matter its size, need to deal with tsunami scale events in any given period and certainly not more than one simultaneous event of similar complexity and scale. Secretaries in this context need to possess the expertise to deal with tsunami scale events in a highly public and '*Whole of Government*' context not found in the private sector.

Secretaries also have legal, statutory and regulatory boundaries within which they are required to operate. They do, however, not have the same obligations or accountabilities for directly addressing stakeholders or the nation's constituents or communicating directly with them. They have different legal and public reporting obligations in respect of the nation's constituents. They are not required to keep the market informed directly. This is managed through the Minister and the Minister's office or Cabinet. While the roles might be outcome focused they are subject more to political influence than economic influence, though in the current setting economic factors are clearly critical.

Secretaries' families are unlikely to be exposed in public life in the same way as a CEO of a public company, particularly in the event of failure. They are not subject to the same competitive environment, not subject to the same requirements to create value and sustain value or strategic intensity.

A CEO in the private sector will assume accountability to reform and dramatically change an organisation and the way it conducts itself in business and will live or die on the basis of those decisions which in many instances would be regarded by the existing organisation, its Board or shareholders as radical.

A '*Whole of Government*' accountability in many respects is no different from a CEO or business group head of a major private company who has a '*Whole of Company*' accountability at all times, including in many instances significant international exposure which includes exposure to different jurisdictions, different economies, different markets, different currencies, different financial systems.

Secretaries are input focused, CEOs are output focused. Secretaries are accountable to Parliament through their Minister and to Senate Estimates. A CEO is accountable to the Board and shareholders and faces all the challenges associated with the competitive environment. Secretaries don't have to manage capital allocation decisions – it is a major priority of a CEO, not only how much capital but where to invest the capital, whether to outsource or to operate the investment. CEOs also need to make choices in respect of which markets and geographies they should operate in and allocate risk.

A CEO in the private sector to succeed needs to be tough and to execute quickly. The machinery of Government contains many speed bumps. There is often a conflict of cultures between Government and between Departments which will impact on the effectiveness of decision execution. One of a Secretary's prime accountabilities is productivity, reflected in the management of head count.

While the requirement of Secretaries to appear before Senate Estimates Committees is onerous, senior executives in the private sector are increasingly exposed to investor interrogation. The investor can be either domestic or international, short term or long term focused, an individual, an institution, a hedge fund or superannuation fund.

In my judgement the above reveals that while a CEO in a major privately held company has many financial obligations which are different from a Secretary and are subject to competitive and financial demands which require immediate and appropriate response Secretaries, both within a defined portfolio and as required to engage in *'Whole of Government'* initiatives, do require significant capacity to deal with complexity in a timely manner with a different set of constraints that are subject to public scrutiny where the leadership and judgement is of paramount importance. The consequence of error in financial management terms does, however, while critical not carry the same consequence of error that applies in the private sector.

The table below sets out a generic descriptor under defined headings of the role of Secretary and Chief Executive Officer of a major public company. I have structured the statement of principal accountabilities under the following headings:

- Primary Accountability
- Policy and Planning
- Operations
- Leadership
- Representation and Relationships
- Controlling, Regulating and Reporting

The unique and differential accountabilities of each Secretary are briefly described in Appendix F. The tabulation of accountabilities below highlight many common attributes, though also reveal differences, between the generic accountability of a Secretary and a Chief Executive Officer in a major public company.

Secretary	Chief Executive Major Listed Company
<p>Primary Accountability</p> <ul style="list-style-type: none"> • Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees. • Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation. • Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee. • Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team. • Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies. • Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources. • Ensure that APS values are upheld, both domestically and internationally. 	<p>Primary Accountability</p> <ul style="list-style-type: none"> • Achieve profit, revenue and growth objectives agreed to by the Board annually and direct the energies and resources of the organisation to achieve long term goals. • Provide leadership across the enterprise, both domestically and internationally, directing major business group heads in the achievement of their operational and financial plans and provide stewardship of group strategy, financial, IT, human resources and legal support services. • Ensure that the corporate culture and values of the organisation permeate throughout all business groups and regions of the company. • Ensure that the development of the company's human resources and employee relations policies enhance the corporate ethos and business ethics articulated by the Board. • Provide information and advice to the Chairman and the Board, as necessary, in keeping them fully informed on all matters affecting the operations and reputation of the company.

Secretary	Chief Executive Major Listed Company
<p>Policy and Planning</p> <ul style="list-style-type: none"> • Direct the preparation of submissions on all policy and strategic issues requiring Ministerial or Cabinet approval, offering guidance and advice to Minister(s), as appropriate. • Formulate operational plans for the Department in meeting the Government's agenda and priorities, ensuring that resources are in place to assist in both the development and implementation of Government plans and programs. • Ensure that detailed annual operating and capital budgets are prepared in a timely manner within guidelines established by the Department of Finance and Regulation for incorporation in the Government's annual budget. • Ensure to the extent required that strategic and operating plans are developed in respect of all Portfolio Agencies where the Minister holds the Department to account and, as appropriate, liaise with other portfolio agency CEOs in ensuring that policies, plans and budgets are aligned to the Agency's charter and are in accordance with approved or foreshadowed legislation. • Oversee the preparation and regular modification of plans and programs necessary for the attainment of the Government's program priorities and agenda. 	<p>Policy and Planning</p> <ul style="list-style-type: none"> • Direct the preparation of submissions on all strategic acquisitive and divestment initiatives requiring Board approval, offering guidance and advice to the Board as appropriate. • Oversee the preparation and regular review of annual budgets, forward plans and programs necessary to keep the Board informed of the company's progress in relation to shareholder returns and its strategic agenda. • Formulate operational plans for the company in meeting their financial and growth objectives and ensure that resources are in place to achieve Board approved programs. • Ensure detailed annual operating and capital budgets are prepared and that an annual and three year business plan is submitted to the Board for review and approval. • Ensure that strategic and operating plans are developed in respect of each major business group, that the relevant Chief Executives are provided with the opportunity of presenting their plans to the Board. • Ensure that a thorough examination and evaluation of the nature of the company's competitive position and business opportunities in each of its businesses and regions of endeavour in relation to economic, political and social trends is undertaken regularly. Keep the Board informed on progress on a continuing basis.
<p>Operations</p> <ul style="list-style-type: none"> • Support Ministers in meeting their obligations to the Parliament for the overall administration of their portfolio (including during Parliamentary sittings, the daily briefing for Question Time and appearances before Estimates and other Parliamentary Committees). • Ensure that senior staff accountable for every facet of the Department's operations and functions achieve best practice standards in all of their activities. • Meet with direct reports and other key internal stakeholders on a regular basis in order to maintain a comprehensive appreciation of day-to-day issues impacting on the Department's ability to meet the Government and Minister(s) objectives. 	<p>Operations</p> <ul style="list-style-type: none"> • Ensure through collaboration with direct reports and others as appropriate that the application of information technology is fully utilised and enhanced to improve efficiencies in the management of the enterprise domestically and internationally where appropriate. • Convene regular executive meetings in order to maintain a comprehensive appreciation of day to day issues impacting on the company and its ability to meet its financial and growth objectives. • Lead the company in the formulation of action programs and tactics. Regularly review progress and take necessary action to ensure that specific programs are developed to exceed budgeted growth and

Secretary	Chief Executive Major Listed Company
<ul style="list-style-type: none"> • Ensure, through collaboration with direct reports and others as appropriate, that the application of information technology is fully utilised and enhanced to improve efficiencies in the management of the Department, domestically and internationally where appropriate. • Monitor the Department's energy, environmental and climate programs in consultation with appropriate executives and contribute, where appropriate, to both the planning and implementation of processes affecting each of the above areas of the Department's operations. • Attend meetings as may be required with the portfolio Minister(s), including Ministerial staff where appropriate, in ensuring that all stakeholders are across key policy and program delivery priorities in meeting the Government's agenda. • Brief members of the House of Representatives and the Senate, as appropriate, on foreshadowed legislation to ensure that they have an appropriate understanding of the legislation's content and the reason for the legislation if it involves an amendment to prior legislative instruments. • Attend COAG meetings in support of the portfolio Minister(s), participate in committees established by the Government on issues relevant to the Department's service delivery or policy advocacy and/or serve on boards of portfolio agencies in accordance with Ministerial requests, including the Prime Minister. • Assist the Minister(s) in meeting their obligation as a member of Cabinet, including attendance at community Cabinet meetings on a monthly or other regular basis. • Attend Minister'(s) meetings with the local community and respond to issues arising in support of the Minister(s), as appropriate. • Respond to issues brought to various appeal tribunals and courts and/or the Ombudsman, as necessary, in ensuring that the Department is responsive to concerns expressed by stakeholders, be they in relation to program administration or policy issues. 	<p>profit objectives.</p> <ul style="list-style-type: none"> • Monitor the Group's energy, environmental and climate programs in consultation with appropriate executives and contribute, where appropriate, to both the planning and implementation of processes affecting each of the above areas of the company's operations in order to optimally impact on the Group's profitability and reputation. • Ensure that executives accountable for the company's operations have identified environmental and safety risks and implemented appropriate policies and audit trails to monitor the company's compliance with environmental and safety regulations. • Direct business group heads in the management of their businesses and in particular in the achievement of their profits and growth objectives, working closely with them in meeting both the normal day to day business priorities and in the management of any significant acquisitive or divestment initiatives within their business operations. • Ensure that executives accountable for business groups or regions of the company achieve best practice standards in relation to the company's compliance with occupational health and safety performance. • Ensure that all advertising, corporate literature and promotional activity adopted by the company or its business groups are appropriate to their stakeholder audience and further that all exposures are developed to enhance the company's image, its competitiveness and reputation.

Secretary	Chief Executive Major Listed Company
<p>Leadership</p> <ul style="list-style-type: none"> • Develop and maintain an organisation structure that facilitates the effective management of the Department's objectives and its human capital. • Consult with the Minister in relation to senior staffing decisions, principally that of Deputy Secretary or direct report, and the Public Service Commissioner, as appropriate. • Ensure that all working relationships of direct reports and other key staff within the Department are defined, understood and accepted and that areas of probable conflict are identified and resolved and an acceptance of shared accountabilities, where appropriate, obtained. • Delegate accountability and appropriate authority to direct reports to enable them to achieve their position objectives. • Develop and implement long term workforce strategies that ensure the Department has staff with appropriate skills and experience and in the right place to deliver high quality services and/or advice. • Ensure that highly skilled staff are in key positions throughout the Department and that an environment is provided in which opportunities are created for individuals to reach their potential. Ensure that appropriate resources are applied to support the development and training of staff. • Ensure that the Department provides a professionally rewarding working environment for all its staff. • Ensure that the development of the Department's human resources and its employee relations policies contribute positively to its culture and enhance values consistent with Government policy and the Department's ethos. • Ensure that the Department and management's relationship with relevant staff associations or unions is effectively managed, particularly in the development of affordable enterprise agreements. • Ensure, as appropriate, that Portfolio Agencies have appropriate human resource policies and practices which are consistent with Government policy and best practice relevant to their activities and obligations. 	<p>Leadership</p> <ul style="list-style-type: none"> • Ensure that the development of the company's human resources and employee relations policies contribute positively to its culture and enhance the company's corporate values consistent with the Board's perspectives and the company's code of conduct. • Develop and maintain an organisation structure that facilitates the effective management of the company's objectives and its human capital. • Delegate accountability and appropriate authority to direct reports to enable them to achieve their position objectives. • Ensure that all working relationships of direct reports and other key staff across the company are defined, understood and accepted and that areas of probable conflict are identified and resolved and an acceptance of shared accountabilities, where appropriate, obtained. • Ensure that highly skilled staff are in key positions throughout the company and that an environment is provided in which opportunities are created for individuals to reach their potential. • Ensure that the company establishes, implements and maintains HR policies and procedures which enable it to attract and retain appropriate talent through the development of competitive remuneration practices, appropriate conditions of employment and effective training and development across the entire company. • Oversight the development and implementation of the Group's occupational health and safety programs in accordance with relevant laws and Board approved policies and programs. Keep the Board informed on progress. • Direct senior staff career development programs and provide the Board with regular updates of succession plans for the two most senior levels of management in the organisation. • Consult with the Chairman and other directors as appropriate in relation to senior executive appointments, reward arrangements and termination, as appropriate.

Secretary	Chief Executive Major Listed Company
<p>Representations and Relationships</p> <ul style="list-style-type: none"> • Liaise with the Portfolio Minister(s) and Parliamentary Secretaries as appropriate, together with their staffs, in ensuring that the engagement between Government, the Parliament and the Department and its affiliated Portfolio Agencies is managed in a manner to provide optimal support to the Minister and the Government of the day. • Maintain dialogue with key Departmental Officers operating outside Canberra, both throughout Australia and internationally, as appropriate, in ensuring that they are fully informed on matters relevant to their service delivery and/or advocacy requirements. • Maintain relationships with Secretaries in central agencies, building a close and cooperative relationship, including the receipt of advice or the provision of advice or information in respect of the portfolio and its potential impact on the business of Government. • Seek advice from the Department of Prime Minister and Cabinet on machinery of Government issues or where the Department is convening interdepartmental committees or taskforces, where policy development work of the Department is under consideration. • Liaise with Ministers and Secretaries outside the portfolio where the Department's policy parameters intersect with other Ministerial portfolios for the purpose of ensuring a coherent coordinated response in meeting agreed Government policy and service delivery. • Participate as a member of Government committees, COAG and international bodies relevant to the Department's objectives, as requested by the Minister, the Department of Prime Minister and Cabinet or Prime Minister, as appropriate. • Provide support to the Department's Minister(s) as necessary in their engagement with the community at community Cabinet meetings and in other forums in meeting the Government's agenda. • Travel both domestically and internationally, as required, in order to ensure that the Department maintains a contemporary knowledge of issues under its stewardship and, as appropriate, travel with other members of Government and relevant Minister(s) in support of the Government's programs and initiatives. • Provide hospitality, both locally and while 	<p>Representations and Relationships</p> <ul style="list-style-type: none"> • Develop appropriate contacts with key stakeholders of the company, as appropriate, in ensuring that the engagement between the company and its key investors and other stakeholders is managed in a manner to provide optimal support to the company. • Lead investment roadshows, both domestically and internationally, and ensure that the company's reputation is progressively enhanced through open communication and promotion to both existing and potential shareholders. • Monitor changes in key shareholdings and maintain dialogue with their representatives in order to retain a continuous awareness of shareholder expectations, particularly in relation to strategic time horizons and returns. • Maintain relationships with key suppliers, including banks, legal advisors, strategy consultants, investment banks and others. • Travel both domestically and internationally, as required, in order to ensure that the company maintains a contemporary knowledge of issues relevant to its business operations. • Participate on Government and national industry advisory bodies relevant to the company. • Provide hospitality, both locally and while overseas to industry executives, clients and Government officials in order to foster goodwill for the company and maintain outsiders' awareness of the company's business and technical skills. • Contribute personally and ensure that key business executives contribute to the external relationships which the company have, both domestically and internationally, providing leadership for the Group in the pursuit of maintaining world's best practice in all fields relevant to the company's performance. • Maintain relationships with Governments, both local, State and Federal and, where appropriate, participate in industry committees relevant to the future prosperity of the company, as well as in the development of legislation and regulation impacting on its conduct. • Contribute to the company's relationships with its key stakeholders on a national and international level, as required. Provide

Secretary	Chief Executive Major Listed Company
<p>overseas, to relevant stakeholders in order to foster goodwill for the Department and the Australian Government and maintain outsiders' awareness of the Department and the Government's contribution to issues of the day which are aligned to the achievement of the Department and the Government's priorities and objectives.</p> <ul style="list-style-type: none"> • Establish strategic linkages and/or professional relationships with counterparts in other countries and, as desirable, with a wide range of organisations, both domestically and internationally, relevant to the work of the Department. • Contribute to the Department's relationship with its key stakeholders on a national and international level, as required; provide leadership in maintaining and enhancing its reputation in all fields across all stakeholders relevant to its sustainability and effectiveness. • Develop and maintain a network of relationships among key stakeholders relevant to the execution of the Department's policy development or program implementation. • Respond to media enquiries, as appropriate, under guidelines agreed by the Minister. • Deliver presentations at various public forums on matters relevant to the portfolio, including Government policy, program delivery or other issues of public interest. Where necessary, seek the Minister's agreement before accepting an invitation to address a public forum. • Liaise with members of the House of Representatives and/or Senators, as appropriate, in informing them in areas of their interest or engagement in the work of the Parliament relevant to the Department's portfolio, with the Minister's knowledge. • Provide briefings to Opposition members and Senators on matters related to the Department on receiving Ministerial approval. 	<p>leadership in maintaining and enhancing the company's reputation in all fields across all stakeholders relevant to its sustainability and effectiveness.</p>

Secretary	Chief Executive Major Listed Company
<p data-bbox="256 241 794 275">Controlling, Regulating and Reporting</p> <ul data-bbox="256 286 831 1995" style="list-style-type: none"> • Ensure that the administrative and planning functions of the Department provide the Department and the Minister(s) (and the Department of Finance and Regulation) with comprehensive financial and administrative reporting and a satisfactory service in relation to financial planning. • Ensure that risks in all their dimensions faced by the Department are identified, monitored and effectively managed, and that the Department establishes management processes to ensure compliance with the Acts it is required to administer and other regulations impacting on the conduct of its operations, both nationally and, where appropriate, internationally. • Review capital and operating expenditure requests associated with Government priorities and programs and ensure that adequate financial analysis is undertaken before submission to the Minister(s) and/or the Government, as appropriate. • Receive weekly, monthly, quarterly and annual reports on various aspects of the Department's operations and those of Portfolio Agencies as may be required in providing guidance to the Minister(s). • Provide information and advice to the Minister(s) and/or his or her staff, as required, in assisting them to fulfil their obligations in serving the Government of the day. • Oversight the preparation for tabling in Parliament of the Department's Annual Report, providing a comprehensive account of the Department's activities and performance. • Ensure that the Department's Annual Report is prepared in a manner to inform the Parliament (through the responsible Minister), other stakeholders, educational and research institutions, the media and the general public about the performance of the Department in relation to services provided. • Attend public hearings arising from the tabling of the Department's Annual Report, offering explanations sought by representatives of the Parliament. • Cooperate with the Australian Audit Office in their operational audit and in their review of the Department's financial management. • Ensure that the Department is responsive to audit reports, addressing issues of concern. 	<p data-bbox="863 241 1401 275">Controlling, Regulating and Reporting</p> <ul data-bbox="863 286 1422 2024" style="list-style-type: none"> • Ensure that the administrative and planning functions of the company provide the Board with comprehensive financial and operational reporting, as well as the necessary background on foreshadowed initiatives. • Ensure that an appropriate risk management program is in place and that the Board are kept fully informed on the company's exposure to financial, operational and other risk elements to enable them to offer sound and informed guidance. • Ensure that the business risks of the company in their various forms are identified, monitored and effectively managed and further that the company establish management processes to ensure its compliance with a wide variety of legislation and regulation impacting on the conduct of business, both nationally and internationally. • Review systems and internal controls established to ensure compliance with policy, plans, procedures, rules and regulations which could have a significant impact on the company's operations. • Review the company's commercial practices and ensure that all negotiations and commercial arrangements entered into with any stakeholder engaged with the company comply with both the letter and intent of relevant legislation and associated regulations. • Review capital expenditure requests and ensure that adequate financial analysis is undertaken for all major projects, including acquisitions and divestments prior to any submissions made to the Board for their review and consideration. • Work closely with the Chief Financial Officer and business group heads in the development of capital expenditure proposals, acquisitive and divestment initiatives, aligned with the preparation of either annual budgets or longer term plans, ensuring that they are appropriately documented, priorities determined and that these proposals have been thoroughly considered before being submitted to the Board as either part of an annual budget or a longer term plan. • Receive weekly, monthly and annual reports on various aspects of the company's operations as may be required

Secretary	Chief Executive Major Listed Company
	<p>in providing guidance to the Board.</p> <ul style="list-style-type: none"> • Provide information and advice to the Chairman and the Board, as required, in assisting them fulfil their obligations as shareholder representatives. • Direct the preparation of an Annual Report to shareholders in compliance with the Corporations Act 2001 and, as appropriate, ASX Listing Rules and the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

Appendix F

Statement of Position Accountability for the position of Secretary by Department within Classification Levels

The following documents provide a brief overview of each Department's function and Minister's portfolio, as well as the role and principal accountabilities of the Secretary.

A comprehensive appreciation of the scope of each Department will be found in the Department's Annual Report and budget documentation.

A comprehensive generic role statement for the position of Secretary is set out in a document 'Secretary: Australian Government – Statement of Governance Foundations Role and Accountability 2008'.

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Secretary: Department of the Prime Minister and Cabinet (PM&C)

Primary Accountabilities

- Guide the Prime Minister and the Cabinet in setting the broad direction and goals of Government and assist in the development and coordination of the Government's legislative program and monitor the implementation of Cabinet decisions.
- Act as the Prime Minister's senior policy counsel on major and sensitive policy issues and provide support, as appropriate, to other Ministers and Parliamentary Secretaries and the Cabinet in managing the passage of major or sensitive policy issues and subsequent legislation through the Parliament, including meeting the requirements of Parliament and its committees.
- Provide advice and support to the Cabinet Secretary and Parliamentary Secretaries appointed to assist the Prime Minister to meet his portfolio accountabilities.
- Provide support to the Minister for Climate Change and Water and the Secretary of that Department, as appropriate, in assisting them achieve their portfolio objectives.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required.
- Provide leadership across the Department and the broader portfolio at the Prime Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy, financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that APS values are upheld, both domestically and internationally.
- Ensure that the Department of Prime Minister and Cabinet collaborates with all Departments of Government in endeavouring to establish a '*Whole of Government*' approach to core policy initiatives.
- Ensure that the Department effectively coordinates Government administration, provides appropriate assistance to Cabinet and its committees, manages inter-Governmental relations and communications with respect to both State and Territory Governments and effectively oversees the Government's ceremonial and hospitality initiatives.
- Assume a leadership role in coordinating relevant portfolios, State and Territory Governments and other stakeholders to progress priorities through the Council of Australian Governments (COAG) and the initiatives identified at the 20 20 Policy Summit.
- Ensure that appropriate support is provided to official establishments of Government, including the Governor-General and former Governors-General, and support the Prime Minister and Ministers on State occasions and official visits, both domestically and internationally.

- Provide the Prime Minister, relevant Ministers and Parliamentary Secretaries, as appropriate, with policy advice on Parliamentary, machinery of Government, legal and cultural issues, including a range of support services to Cabinet and its committees and to the Executive Council.

Ministerial Reporting

- The Prime Minister of Australia
- Minister for Climate Change and Water
- Cabinet Secretary
- Parliamentary Secretary to the Prime Minister
- Parliamentary Secretary for Early Childhood Education and Childcare
- Parliamentary Secretary Assisting the Prime Minister for Social Inclusion

Function of the Department

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

The principal responsibilities of the Department include:

- coordination of Government administration;
- assistance to Cabinet and its committees;
- policy advice and administrative support to the Prime Minister;
- intergovernmental relations and communications with State and Territory Governments;
- Australian honours and symbols policy;
- Government ceremonial and hospitality;
- counter terrorism policy coordination;
- national security policy coordination;
- work and family policy coordination;
- privacy;
- freedom of information;
- management of Government records.

Geographic Spread

PM&C staffs are located in Canberra ACT.

Direct Reports

- Deputy Secretary (responsible for Industry, Infrastructure and Environment, and Economic Division)
- Deputy Secretary (responsible for Social Policy Division, Office of Work and Family, and COAG Skills Recognition Taskforce)
- Deputy Secretary (responsible for People, Resources and Communications, Government Division, Cabinet Division, and Australia 2020 Summit Secretariat)
- Deputy Secretary (responsible for International Division and Office of National Security).

Organisational Environment

It is the role of the Department:

- To ensure that policy proposals put to the Prime Minister, other ministers in the portfolio and to Cabinet are developed in a coherent, informed and coordinated fashion.

- Where directed, to coordinate the administrative response to Government policies and decisions, recognising that ministers are responsible individually for the administration of their departments and collectively for matters decided by Cabinet.
- To provide services to the Prime Minister and to the Government to enable the business of government to be managed in an efficient, effective and coordinated manner.
- To monitor the implementation of the Government's objectives where charged with doing so in particular areas such as science and technology policy and access and equity.

The Department provides advice and information to the Prime Minister on major policy matters of domestic and international concern. There is a particular responsibility to advise on the implications of proposals for Commonwealth-State relations and to facilitate those relations.

The Department takes a particular responsibility for policy coordination. In this area it seeks to ensure that the Prime Minister has the best possible advice drawing from and consulting with, appropriate sources across the whole government system.

The Department is the primary source of advice on government and parliamentary policy matters covering such issues as Cabinet processes, accountability and the management of the public service. The Department also provides a range of support services to the Government. These services include developing and coordinating the Government's legislative program, assisting the Leader of the House and the Manager of Government Business in the Senate to program government business in Parliament, providing a secretariat to the Executive Council and arranging and coordinating government hospitality and official ceremonial occasions.

The Department provides support services to the Prime Minister and his family. It also advises on the maintenance and restoration of official residences.

The ***Department of the Prime Minister and Cabinet*** (PM&C) is comprised of five groups aimed at achieving sound and well-coordinated government policies, programs and decision-making processes. Groups 1-4 contribute to the PM&C's planned outcomes through the analysis of major policy issues and design of strategic solutions, particularly in matters relating to economic and international policy agendas, industry, infrastructure, environmental, social, international and national security issues. The groups play a lead role in coordinating relevant portfolios, state and territory governments and other stakeholders to progress priorities through the Council of Australian Governments (COAG) and advance the initiatives that were identified at the 2020 Policy Summit.

The fifth group provides policy advice on parliamentary, machinery of government, legal and cultural issues, and a range of support services, including secretariat services to Cabinet and its committees and to the Executive Council; it also monitors the implementation of Cabinet decisions; develops and coordinates the government's legislative program; coordinates and promotes awards and national symbols; supports the official establishments, former Governors-General and the Governor-General designate; and administers State occasions and the official visits program.

Also under the stewardship of the Department of the Prime Minister and Cabinet is the Department of Climate Change which is accountable for leading the development and coordination of Australia's climate change policy.

Portfolio Agencies

The Portfolio comprises the following agencies:

The **Australian Institute of Family Studies** (AIFS) is an Australian Government statutory authority established under the *Australian Family Law Act (1975)*. The institute was established in February 1980 to promote the identification and understanding of factors affecting marital and family stability in Australia. The agency aims to inform government, policy makers and other stakeholders on factors affecting how families function.

The **Australian National Audit Office** (ANAO) – the Auditor-General, assisted by the ANAO is responsible for undertaking audits of the financial statements and performance of Australian Government public sector agencies. The ANAO has two major aims which includes the provision of an independent assessment of the performance of selected Australian Government public sector activities, including the scope for improving efficiency and administrative effectiveness; and, independent assurance of Australian Government public sector financial reporting, administration, control and accountability.

The **Australian Public Service Commission** (the Commission) is a central agency with a leadership role in contributing to the future capability and sustainability of the Australian Public Service (APS). The objective of the Commission is to foster a confident, high quality, values-based and sustainable Australian Public Service. The Commission's three output groups are Australian Public Service policy and employment services, development programs and better practice and evaluation.

The **Office of National Assessments** (ONA) provides assessments on international developments, including political, strategic and economic developments, to the Prime Minister, senior ministers and senior officials. The ONA is also responsible for coordinating and evaluating Australia's foreign intelligence activities.

The role of the **National Archives of Australia** (the Archives) is provide Commonwealth institutions with access to recordkeeping products and services that enable them to account for their actions and decisions through full, authentic and reliable records and to ensure Australians have access to a national archival collection that assists them in understanding their heritage and democracy.

The **Office of the Commonwealth Ombudsman** (the Ombudsman) works to ensure that administrative action by the Australian Government is fair and accountable. The Ombudsman reviews administrative action and statutory compliance in specified areas.

The **Office of the Inspector-General of Intelligence and Security** (OIGIS) works to provide assurance that Australia's intelligence agencies act legally, ethically and with propriety. The Office achieves this by inspecting, inquiring into and reporting on the activities of the intelligence and security agencies.

The **Office of the Official Secretary to the Governor-General** (the Office) was established by the Constitution of the Commonwealth of Australia. The role of the Office is to enable the Governor General to perform the constitutional, statutory, ceremonial and public duties associated with the appointment.

The **Office of the Privacy Commissioner** (OPC) is an independent office which has responsibilities under the Privacy Act 1988. The focus of the OPC is to promote an Australian culture that respects privacy. In achieving this, the OPC recognises that this right should be balanced against other important social interests such as the free flow of information and the need for government business to operate efficiently.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The corporate governance practices in the Department are overseen by the management committees. The Corporate Leadership Group has overall responsibility for making decisions impacting on the department as a whole and is supported by the People and Leadership Committee, the Information Management Strategic Advisory Committee and the Security Committee. In addition, the Audit Committee has specific responsibility for the oversight and review of potential financial and operational risks and reports directly to the Secretary.

The governance arrangements in place to manage risks include regular audits as identified in the Department's Strategic Internal Audit Programme, controls established under the financial management framework, including Chief Executive's Instructions and supporting guidelines, business continuity planning and reporting on legislative compliance through the Certificate of Compliance.

Annual Reports

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

23 Acts.

Position Dimensions

Appropriations \$165 million

Expenditure \$95 million

Staff costs \$TBA

Revenue \$93 million

Secretary: The Treasury

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Prime Minister, Treasury Portfolio, Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Ensure that the Department of Treasury collaborates with the Department of Finance and Regulation in the preparation of the Budget annually. Accept joint accountability for the budget documents.
- Deliver the policy outcomes of sound macroeconomic environment; effective government spending arrangements; effective taxation and retirement income arrangements; and well functioning markets.
- Fulfil the role as Director of the Reserve Bank of Australia.

Ministerial Reporting

- Treasurer
- Assistant Treasurer and Minister for Competition Policy and Consumer Affairs
- Minister for Superannuation and Corporate Law

Function of the Department

The Treasury undertakes a range of activities aimed at achieving strong sustainable economic growth and the improved wellbeing of Australians. This entails the provision of policy advice to the Prime Minister and portfolio Ministers which seek to promote a sound macroeconomic environment, effective Government spending arrangements, effective taxation and retirement income arrangements, and well functioning markets. It also entails the effective implementation and administration of policies that fall within the portfolio Minister's responsibilities.

The Department of the Treasury produces output through four groups – Macroeconomic, Fiscal, Revenue and Markets.

- The Macroeconomic group is accountable for domestic economic policy advice and forecasting and international economic policy advice and assessment.
- The objectives of the Fiscal group are budget policy advice and coordination; Commonwealth-State financial policy advice; industry, environment and defence policy advice; and social and income support policy advice.
- The Revenue group is accountable for taxation policy and legislation advice; and retirement income and saving policy and legislation advice.
- The Markets group is accountable for foreign investment and trade policy advice and administration; financial system and corporate governance policy advice; competition and consumer policy advice and actuarial services.

Geographic Spread

921 employees in Australia and 6 employees are located at overseas posts.

Direct Reports

- Executive Director Fiscal Group
- Executive Director Macroeconomic Group (2)
- Executive Director Markets Group
- Executive Director Revenue Group
- General Manager Corporate Services Group
- Two General Managers to the Executive and Parliamentary Division

Organisational Environment

The **Department of the Treasury** has prime accountability for the following matters:

Economic, fiscal and monetary policy,
Taxation,
Borrowing money on the public credit of the Commonwealth.
International finance,
Foreign exchange.
Financial sector policy,
Currency and legal tender,
Foreign investment in Australia,
Superannuation and retirement savings policy,
Business law and practice,
Corporate, financial services and securities law,
Corporate insolvency,
Competition and consumer policy,
Prices surveillance,
Excise,
Census and statistics,

Valuation services,
Commonwealth-State financial relations.

Portfolio Agencies

The portfolio includes the following agencies:

The **Australian Bureau of Statistics** is Australia's official statistical agency. Outputs are directed at informed decision making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service. Its outputs principally relate to the production of economic, population and social statistics.

The **Australian Competition and Consumer Commission** outputs are directed at enhanced social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Outputs are: compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and competitive market structures and informed behaviour.

The **Australian Office of Financial Management** (AOFM) is responsible for the management of Australian Government debt and financial assets. Through its output – debt management – the AOFM aims to manage its net debt portfolio at least cost over the medium term, subject to an acceptable level of risk, and to contribute to the operation of financial markets by supporting efficient Treasury Bond and Treasury Bond Futures markets.

The **Australian Securities and Investments Commission** (ASIC) is the independent government body that administers and enforces corporate and financial services law and has responsibilities for consumer protection in relation to investments, life and general insurance, superannuation and banking (except lending). Its role is to ensure there is a fair and efficient financial market characterised by integrity and transparency which supports confident and informed participation of investors and consumers. ASIC aims to provide policy and guidance about the laws administered by ASIC; comprehensive and accurate information on companies and corporate activity; compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity; and enforcement activity to give effect to the laws administered by ASIC.

The **Australian Prudential Regulation Authority** (APRA) is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and most members of the superannuation industry. Outputs aim at enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality.

The role of the **Australian Taxation Office** is to effectively manage and shape systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems. The ATO is responsible for the shape, design and build of administrative systems; management of revenue collection and transfers; compliance assurance and support of revenue collection; compliance assurance and support for transfers and regulation of superannuation funds; and services to governments and agencies.

The role of the **Commonwealth Grants Commission** is to ensure fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory which is achieved through the distribution by Government of GST revenue and health care grants. Its output is to report on State revenue sharing relativities.

The objectives of the **Corporations and Markets Advisory Committee** are directed at confident and informed participation of investors and consumers in the financial system. The Committee makes recommendations to the responsible minister on the *Corporations Act 2001*; and prepares the annual report, discussion papers and reports of the Committee.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers. This is to be achieved by identifying systemic issues in the administration of the tax laws and providing independent advice to the Government on the administration of the tax laws.

The **National Competition Council** is an independent advisory body for all Australian governments that advises and makes recommendations under the National Access Regime and recommendations and decisions in relation to natural gas pipelines. Its objective is the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. The aim is to provide advice to governments on infrastructure access issues.

The **Productivity Commission** contributes to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective. Outputs relate to or include: government commissioned projects; performance reporting and other services to government bodies; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

The **Royal Australian Mint** manufactures and sells circulating coins to meet the coinage needs of the Australian economy and collector coins and other minted products for Australia and foreign countries. Its objectives are the manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice; manufacturer and sale of circulating coins for foreign countries; production and sale of collector coins and other minted and like products for Australian and other clients; and provide gallery and visitor services.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The Treasury's corporate governance practices comply with statutory and other external requirements and aim to achieve sound administrative and financial management practice. They are designed to ensure efficient, effective and ethical use of the Treasury's resources.

Key aspects of the Treasury's corporate governance practices include:

- Clearly established role accountabilities, including clear delegations of authority and responsibilities;

- Planning and monitoring of outputs; and
- Monitoring of the Treasury's resource use, based on budgeting, financial accounting, audit, fraud control, risk management and other reporting systems.

The Executive Board is the Treasury's primary decision-making body. The Audit Committee is the other body that ensures accountability. The Treasury's Executive Board comprises the Secretary, the Executive Directors and the General Manager of Corporate Services. The Executive Board is responsible for high-level policy issues relating to the Treasury's strategic leadership and management including:

- Organisational development – shaping the Treasury's future;
- Policy development and coordination – involving major and/or new economic policy issues, generally with implications that involve more than one group;
- Corporate governance – ensuring the efficient, effective and ethical use of resources; and
- Planning and allocation of resources – meeting current and future work priorities.

The Executive Board is supported by the Executive and Parliamentary Division.

The Audit Committee functions as a forum of review of audit issues by:

- Supporting and enhancing the control framework;
- Providing assurance on published financial information;
- Monitoring, reviewing and reporting on compliance; and
- Assisting the Chief Executive to comply with all legislative and other obligations.

The Treasury's Audit Committee follows the recommended best practice guidelines issued by the Australian National Audit Office (ANAO). The ANAO also attends the Treasury Audit Committee meetings as an observer. The Audit Committee reviews internal and external audits relating to the Treasury.

Remuneration committees are established within the Executive, Corporate Services Division, Strategic Communications Division and the four policy groups in the Treasury to recommend to the Secretary the determination of salary rates available under Australian Workplace Agreements for APS6, EL1 and EL2 SES employees.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

219 Acts.

Position Dimensions

Appropriations \$45.635 billion

Expenditure \$157 million

Staff costs \$102 million

Revenue \$157 million

Secretary: Department of Defence

The Diarchy

The Secretary and CDF by legislation and Ministerial Directive have separate and joint responsibilities that they carry out under the policy direction and authority of Ministers and the Parliamentary Secretaries. The diarchy brings together the responsibilities and complementary abilities of public servants and military officials to achieve the Defence outcome sought by Government. This structure provides the CDF with clear responsibility for command of the ADF. It acknowledges the CDF's role as principal military adviser to Government. The structure recognises the Secretary's role as principal civilian adviser to Government with statutory responsibilities and authority, particularly under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

Primary Accountabilities

As a member of the diarchy the Secretary:

- Is the principal civilian adviser to the Minister(s) with all the rights, duties and powers of an agency head under the *Public Service Act* and is responsible for the Department and the ADF under the *Financial Management and Accountability Act*.
- Advises the Minister on policy and departmental issues, and matters relating to the stewardship of Defence resources.
- Supports members of the ADF through the provision of services, including housing and administration, enabling the delivery of capability.

The Secretary and the CDF jointly:

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Advise the Prime Minister and Senior Cabinet Ministers on aspects of national security decision making in times of crisis and in response to operational aspects of Defence activities.
- Attend the National Security Committee of Cabinet to advise members in their decision making.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.

- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.

Within the diarchy:

- The CDF commands the ADF and is the principal military adviser to the Minister. In this regard the Minister looks to the CDF for advice on matters that relate to military activity, including operations.

Ministerial Reporting

- Minister for Defence
- Minister for Defence Science and Personnel
- Parliamentary Secretary for Defence Procurement
- Parliamentary Secretary for Defence Support

Function of the Department

The Defence mission is to defend Australia and its national interests. In fulfilling this mission Defence serves all Australians; and

is accountable to the Commonwealth Parliament, on behalf of the Australian people, for the efficiency and effectiveness with which it carries out the Government's defence policy.

The current security environment is complex and challenging. Australia's strategic environment is shaped by the impacts of globalisation, the challenges of supporting regional nations at risk, threats of terrorism, the proliferation of weapons of mass destruction and the evolving relationships between the major powers in the Asia Pacific region. These trends underpin an increasingly uncertain and challenging strategic environment for Australia and Defence.

Defence's principal focus is to ensure that Australia's interests are protected and advanced through the provision of military capabilities and the promotion of international security and stability. Defence prepares for and conducts military operations and other tasks as directed by the Government and it shapes, builds and maintains defence capabilities to provide response options to the Government to meet a wide range of events and circumstances in which Australia's security interests are engaged.

In support of this objective, Defence also manages a range of international Defence relationships, research, and development and procurement activities. It also plays an active role in support of Australian Defence Industry.

Geographic Spread

Of the APS staff, around 6,300 are based in the Australian Capital Territory, the balance are spread across Australia, with the largest populations being in New South Wales, Victoria, Queensland and South Australia. Around 100 members of the APS are serving overseas. Permanent members of the ADF are predominantly based in New South Wales and Queensland, though there are more than 5,000 in the Northern Territory and a similar number in the ACT, with over 1,000 allocated to overseas postings across the Reserve and permanent forces. Of the APS there are over 100 members of the Senior Executive Service.

Direct Reports

Within the diarchy, other than members of the Australian Defence Forces, that is those uniformed officers working within the Department direct reports to the Secretary of Defence include:

- Chief Executive Officer, Defence Materiel Organisation
- Deputy Secretary Defence Support
- Deputy Secretary White Paper
- Deputy Secretary Intelligence, Security and International Policy Group
- Deputy Secretary Strategy, Coordination and Governance
- Deputy Secretary People Strategies and Policy
- Chief Finance Officer
- Chief Information Officer
- Chief Defence Scientist

Organisational Environment

A number of senior committees represent key elements of Defence's governance framework. These include:

- Defence Committee
- Defence Capability & Investment Committee
- Defence Capability Committee
- Defence Infrastructure Committee
- Defence Audit Committee
- Defence Information Environment Committee
- Defence Occupational Health & Safety Committee
- Defence People Committee
- The Chiefs of Service Committee
- Financial Management Controls Committee

Portfolio Agency

There is joint engagement of the Secretary and CDF in the **Defence Materiel Organisation (DMO)**, the strategic portfolio agency under the stewardship of the Secretary within the Defence diarchy. The DMO is Australia's largest project management organisation and its mission is to acquire and sustain equipment for the Australian Defence Force. In the 2008/09 financial year the DMO will spend more than \$9.6 billion acquiring and sustaining military equipment and services and will employ more than 7,500 people in more than 40 locations around Australia and overseas. The DMO is involved in many of the largest and most demanding projects in Australia.

The DMO represents more than 40% of the total Defence budget. Its capital budget exceeds \$4.5 billion in the 2009 financial year, with more than \$4.8 billion deployed on

sustainment. The DMO at the time of preparing this document had over 230 current major projects and over 180 minor projects.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

Over 30 Acts.

Position Dimensions

Appropriations \$25.602 billion

Expenditure \$20.311 billion

Staff costs \$1.368 billion

Revenue \$20.204 billion

Secretary: Department of Education, Employment and Workplace Relations (DEEWR)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide advice to the Government and administer programs to achieve the Government's objectives for education, employment productivity and workplace relations to provide education and training opportunities for all Australians, to increase employment participation and to ensure fair and productive workplaces.

Portfolio Ministers and Parliamentary Secretaries

- Deputy Prime Minister
- Minister for Education
- Minister for Employment and Workplace Relations
- Minister for Social Inclusion
- Minister for Employment Participation
- Minister for Youth
- Parliamentary Secretary for Social Inclusion and the Voluntary Sector
- Parliamentary Secretary for Early Childhood Education and Child Care

Function of the Department

The Department brings together the core elements of the Government's productivity and participation agenda from early childhood, to school, to further training and education to ensure that everyone who is able to work can get a job. The Department is also responsible for workforce participation, employment and the laws governing the workplace. The Department's objectives in this area are to maximise the ability of working age Australians to participate actively in the workforce and improve the productive performance of enterprises in Australia. DEEWR administers over \$40 billion annually and has about 6,000 staff in over 50 locations in Australia and 26 locations overseas.

The Department of Education, Employment and Workplace Relations (DEEWR) was created in December 2007 and its functions were promulgated in the Administrative Arrangements Orders (AAO) of 3 December 2007 and 25 January 2008. The Department is responsible for the majority of the functions from the former Departments of Education, Science and Training (DEST) and Employment and Workplace Relations (DEWR), plus the child care and youth functions from the former Department of Families, Community Services and Indigenous Affairs (FaHCSIA).

Geographic Spread

The majority of employees work in Canberra but the Department has staff located in all Australian States and Territories and overseas.

Direct Reports

- Associate Secretary
- Deputy Secretaries of the DEEWR
- Director of the OECC
- Schooling and COAG
- Tertiary Youth and International
- Employment
- Employment and Strategic Policy
- Workplace relations
- Corporate and Network
- Branch Manager, Office of the Secretary
- Assistant Director, Office of the Secretary
- Indigenous Leader

Organisational Environment

The Department aims to maximise the ability of all Australians to participate actively in education and training the workforce and improve the productive performance of enterprises in Australia.

The work of the Department of Education, Employment and Workplace Relations reflects the government's priorities for early childhood development, quality education outcomes at all levels, a skilled and productive workforce with greater participation, successful workplaces and an inclusive society. These priorities are reflected through the below goals which provide the focus for the Department's efforts.

- A positive start in life.
- A brighter future through education.
- A highly skilled, educated and productive community.
- A participative and inclusive society.
- A safe, fair, productive and successful workplace.

The Department deals with the following matters:

- early childhood and childcare policy and programs;
- education policy and programs including schools, vocational, higher education and Indigenous education, excluding migrant adult education;
- education and training transitions policy and programs;
- science awareness programs in schools;
- training, including apprenticeships and training services;
- youth affairs and programs;
- policy co-ordination and support for education exports and services;
- income support policies and programs for students and apprentices;
- employment policy, including employment services;
- Job Network;
- labour market and income support policies and programs for people of working age;
- workplace relations policy development, advocacy and implementation;
- promotion of flexible workplace relations policies and practices;
- co-ordination of labour market research;
- Australian government employment workplace relations policy, including administration of the framework for agreement-making and remuneration and conditions;
- occupational health and safety, rehabilitation and compensation;
- equal employment opportunity;
- work and family programs;
- services to help people with disabilities obtain employment, other than supported employment.

Portfolio Agencies

The portfolio includes the following agencies

The ***Australian National University*** is unique among its contemporaries as the only Australian university established by an Act of Federal Parliament, in 1946. It is also one of Australia's most research-intensive universities, with a high ratio of academic staff to students. The University campus has over 200 buildings and occupies 145 hectares adjacent to the city centre of Canberra. ANU advances knowledge through excellence in research, education and community engagement by:

- adding to the world's knowledge through original enquiry and intellectual discourse;
- enhancing understanding of Australia and its position in the region and the world;
- exploring the important problems and issues that confront the nation, the region and the world - and working to provide solutions.

The ***Australian Fair Pay Commission Secretariat*** supports the Australian Fair Pay Commission in wage setting by providing research and analysis, consultation and submission processes and monitoring and evaluation services. The agency undertakes activities to promote public understanding of matters relevant to the Australian Fair Pay Commission's wage setting function and provides administrative support to the Australian Fair Pay Commission.

The principal function of the ***Australian Industrial Relations Commission*** (AIRC) is to give effect to the legislative framework for co-operative workplace relations which promotes the economic prosperity and welfare of the people of Australia. The role of the ***Australian Industry Registry*** (AIR) is to facilitate the operation of the Australian workplace relations system. The Registry seeks to achieve the following:

- Provide effective administrative support to the Australian Industrial Relations Commission to assist it to meet the objectives of the *Workplace Relations Act 1996*.
- Provide clients of the Australian Industrial Relations Commission/Australian Industrial Registry with efficient, effective and timely services that facilitate the objectives of the *Workplace Relations Act 1996*.
- Comply with a regulatory framework and requirements both in relation to the *Workplace Relations Act 1996* and the public service environment.
- Provide Parliament and the Australian public with a service that is accountable and performed impartially.

A major objective for the Registry is to assist the Commission in its role relating to award modernisation. Additionally, the Registry is involved in the preparation of the establishment of Fair Work Australia.

The ***Australian Institute for Teaching and School Leadership Ltd (Teaching Australia)*** is a public company limited by guarantee subject to the Commonwealth Authorities and Companies Act 1997. It operates under its own constitution with decisions made by a board of directors drawn from the teaching profession. Since its establishment as the national body for the teaching profession, Teaching Australia has made significant progress towards establishing a coherent national professional standards framework.

The ***Australian Teaching and Learning Council*** was established in 2004 to provide a national focus for the enhancement of learning and teaching in Australian higher education providers.

The Council focuses on:

- Promoting and supporting strategic change in higher education institutions for the enhancement of learning and teaching, including curriculum development and assessment.
- Raising the profile and encouraging recognition of the fundamental importance of teaching in higher education institutions and in the general community.
- Fostering and acknowledging excellent teaching in higher education.
- Developing effective mechanisms for the identification, development, dissemination and embedding of good individual and institutional practice in learning and teaching in Australian higher education.
- Developing and supporting reciprocal national and international arrangements for the purpose of sharing and benchmarking learning and teaching processes.
- Identifying learning and teaching issues that impact on the Australian higher education system and facilitate national approaches to address these and other emerging issues.

Comcare, the Safety, Rehabilitation and Compensation Commission, and the Seafarer's Safety, Rehabilitation and Compensation Authority is the statutory authority responsible for administering the Commonwealth's occupational health and safety framework, its statutory framework for rehabilitation and workers' compensation and its common law liabilities for asbestos compensation. Comcare works in partnership with employers and employees to reduce the incidence and cost of workplace injuries and disease. In addition to its regulatory and claims service functions, Comcare also provides assistance to the Safety, Rehabilitation and Compensation Commission (SRCC) and administrative support to the Seafarers Safety, Rehabilitation and Compensation Authority.

The ***Office of the Australian Building and Construction Commissioner*** is an independent statutory body responsible for investigating and prosecuting breaches of the

Building and Construction Industry Improvement Act 2005, the *Workplace Relations Act 1996* and the *Independent Contractors Act 2006* in relation to the building and construction industry.

The Australian Building and Construction Commission (ABCC) has prime accountability for the following matters in respect of the building and construction industry:

- instituting proceedings against industry participants contravening the relevant Acts, agreements, orders and awards;
- intervening in matters before the Australian Industrial Relations Commission or the courts that involve an industry participant or building work;
- monitoring, promoting and securing compliance with the National Code;
- providing advice and assistance to industry participants regarding rights and obligations;
- disseminating information about the relevant Acts and the National Code and promoting appropriate standards of conduct by industry participants;
- if appropriate, referring matters to other Commonwealth, State or Territory bodies including the Australian Competition and Consumer Commission, the Australian Tax Office and the Australian Federal Police.

The **Workplace Authority** provides an understanding of the Commonwealth workplace relations legislation by making available general advice and guidance about the operation of the legislation. It also provides advice and assistance to employers, employees and organisations on their rights and obligations under the legislation. In accordance with the Workplace Relations Act 1996, the Workplace Authority is responsible for accepting lodgement of workplace agreements and determining whether these agreements pass the no-disadvantage test. The Workplace Authority is also responsible for regulating a number of other aspects of agreement making.

The **Workplace Ombudsman** protects and enforces the rights of workers and employers under Commonwealth workplace relations laws. The agency ensures that the rights and obligations of workers and employers are understood and enforced fairly through:

- the provision of advice and assistance to employers, workers and organisations on compliance and enforcement under the Workplace Relations Act 1996, other Commonwealth workplace relations laws and associated regulations;
- undertaking targeted education and compliance campaigns to further protect the rights of workers;
- investigating claims of alleged breaches of federal industrial instruments, the Workplace Relations Act 1996 and associated regulations logged by employers and workers;
- initiating legal action, where appropriate, to enforce workplace laws.

The Workplace Ombudsman is also responsible for ensuring compliance with the provisions of the Government's transitional industrial relations legislation.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

71 Acts.

Position Dimensions

Appropriations \$43.200 billion

Expenditure \$1.966 billion

Staff costs \$435 million

Revenue \$1.95 billion

Secretary: Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Develop and implement programs addressing income security, services for people with disabilities and families with children, community support services, family relationship services and public housing.

Ministerial Reporting

- Minister for Families, Housing, Community Services and Indigenous Affairs
- Minister for Housing
- Minister for the Status of Women
- Parliamentary Secretary for Disabilities and Children's Services

Function of the Department

Its main purpose is to improve the lives of Australians by creating opportunities for economic and social participation by individuals, families and communities.

The Government's objectives for FaHCSIA are set out in four outcomes. They identify desired results, impacts or consequences for the Australian Community. These outcomes are:

1. greater self-reliance and economic, social and community engagement for Indigenous Australians;
2. seniors, people with disabilities, carers, youth and women are supported, recognised and encouraged to participate in the community;
3. families and children have choices and opportunities;
4. strong and resilient communities.

The Department is also responsible for whole-of-government co-ordination for Indigenous affairs and for women. This is to ensure that Government activity across portfolios takes adequate account of these two key population groups.

Geographic Spread

74.7% of employees work in Canberra, 4.6% work in QLD, 4.2% work in NSW, 1.9% work in VIC and 14.6% are located in the remaining States and Territory.

Direct Reports

- Deputy Secretary (responsible for Social Policy, Register of Indigenous Corporations and Pension Review Taskforce)
- Chief Operating Officer / Chief Financial Officer (responsible for Corporate Support, Information Management and Technology and Business and Financial Service)
- Deputy Secretary (responsible for Families, Women, Children and Parenting Support, Disability and Carers and Mental Health, Autism and Community Support)
- Deputy Secretary (responsible for Legal and Compliance, Housing and Indigenous Remote Service Delivery)
- Deputy Secretary (responsible for Office of Indigenous Policy Coordination, Program Performance and Indigenous Leadership and Engagement).

Organisational Environment

FaHCSIA is the Australian Government's principal source of advice on social policy and is responsible for about a quarter of the Government's budgetary outlays.

FaHCSIA works in partnership with other government and non-government organisations in the management of a diverse range of programs and services designed to support and improve the lives of Australians. The Department is responsible in policy terms for over \$72 billion and has a significant footprint in Australian society utilising 10,000 service providers managing over 70 programs.

Portfolio Agencies

The portfolio includes the following agencies:

The ***Aboriginal Hostels Limited*** (AHL) which is an Australian Government company that provides temporary accommodation to Aboriginal and Torres Strait Islander persons through a national network of 138 hostels. AHL contributes to the portfolio's goals by helping Aboriginal and Torres Strait Islander people to improve their standard of living and achieve health, aged care, educational and employment related goals.

Indigenous Business Australia (IBA) was established to create opportunities for Aboriginal and Torres Strait Islander communities and individuals to build assets and wealth.

The **Indigenous Land Corporation** is a statutory authority that assists Aboriginal and Torres Strait Islander persons to acquire land and manage Indigenous-held land so as to provide economic, environmental, social and cultural benefits.

The **Torres Strait Regional Authority** was established to formulate, implement and monitor the effectiveness of programs for Aboriginal and Torres Strait Islander people living in the Torres Strait. The authority works to empower these people to determine their own affairs based on Ailan Kastom (Island Custom) of Torres Strait.

The **Equal Opportunity for Women in the Workplace Agency** administers the *Equal Opportunity for Women in the Workplace Act 1999* and contributes to the goals of the portfolio by working with business to develop workplace practices that improve women's workforce participation in an environment free from discrimination.

The other statutory authorities that fall within the purview of the Department of Families, Housing, Community Services and Indigenous Affairs are:

The Aboriginal Benefit and Account Advisory Committee which advises the Minister in relation to payments made under the Account.

The Aboriginal Land Commissioner is an independent statutory officeholder whose principal function is to consider applications for claims to traditional land and to make recommendations to the Minister for the granting of such land.

The position of Executive Director, Township Leasing enters into leases over townships on Aboriginal land in the Northern Territory following approvals from the traditional owners. The purpose of these arrangements is to facilitate certainty of land tenure for housing and commercial development in Indigenous townships.

The Northern Land Council, The Central Land Council, the Anindilyakwa Land Council and the Tiwi Land Council are the four Northern Territory land councils established under the *Aboriginal Land Rights (Northern Territory) Act 1976*. I note that each of these land councils is an independent statutory body that was established to represent Aboriginal interests in a range of processes.

The Registrar of Indigenous Corporations is the independent statutory office holder who administers the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act), and provides communities, groups and organisations with a means of registration.

The Social Security Appeals Tribunal conducts merit reviews of administrative decisions made under a number of enactments, in particular social security law, family assistance law and child support law. This tribunal has the power to review decisions independently of Centrelink, the Child Support Agency, Department of Education, Employment and Workplace Relations and FaHCSIA.

The Wreck Bay Aboriginal Community Council holds title to land and provides services to the Aboriginal community of Jervis Bay.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication

“Foundations of Governance in the Australian Public Service”. The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

FaHCSIA’s corporate governance is guided by its Strategic Framework 2008-10 which enables all staff to have a shared understanding of the Department’s Purpose, priorities and the working processes and environment that underpin successful outcomes. FaHCSIA’s four outcomes form part of the Strategic Framework. It is the key document on which subsequent Group, Branch and State Office business plans are considered.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

42 Acts.

Position Dimensions

Total appropriations \$72.757 billion
Departmental expenditure \$1.574 billion
Departmental staff costs \$295 million
Departmental revenue \$1.574 billion

Secretary: Department of Finance and Deregulation

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide high quality, strategic policy and financial advice to support government decision-making and improved Australian Government financial management, particularly with regard to expenditure, deregulation reform and the operations of government and supporting the delivery of the Australian Government Budget, the ongoing management of the Australian Government's non-defence domestic property portfolio and key asset sales.
- Provide high quality advice on Ministerial and Parliamentary entitlements and deliver professional support services to the Department's ministers, parliamentarians and their staff, and the Government as a whole.

Ministerial Reporting

- Minister for Finance and Deregulation (Portfolio Minister)
- Special Minister of State
- Minister Assisting the Finance Minister on Deregulation
- Minister for Superannuation and Corporate Law

Function of the Department

The Department of Finance and Deregulation is a central agency responsible for advising on, and implementing, many key Government priorities. It plays a pivotal role in driving forward initiatives which, when in place, will help transform how the Australian Government conducts its business.

The role of the Department is to help the Australian Government achieve its policy objectives by contributing to four key outcomes: sustainable Government finances; improved and more efficient Government operations; an efficiently functioning Parliament; and effective and efficient use of information and communication technology by the Australian Government.

Geographic Spread

89.69% of employees work in the ACT; 3.81% work in NSW; 2.25% work in Victoria; 3.12% work in the remaining States and the Northern Territory; and 1.12% work as overseas employees in the Solomon Islands, Papua New Guinea, Nauru and Indonesia.

Direct Reports

- Chief Audit Executive
- General Manager, Budget
- General Manager, Deregulation
- General Manager, Financial Management
- General Manager, Asset Management
- General Manager, Australian Government Information Management Office
- General Manager, Corporate and Parliamentary Services
- General Manager, Financial & e-solutions.

Organisational Environment

The Department of Finance and Deregulation's strategic objective is to help the Government shape and deliver its agenda, particularly its fiscal and economic agendas, by providing high quality advice and services. These objectives are reflected in Finance's Statement of Purpose:

"We provide high quality, strategic policy and financial advice to support government decision-making and improved Australian Government financial management.

We deliver professional support services to our ministers, parliamentarians and their staff and the government as a whole."

The principal responsibilities of the Portfolio that fall within the purview of the Department of Finance and Deregulation include the following matters:

- Budget policy advice and process and review of government programs.
- Government financial accountability, governance and financial management frameworks, including procurement policy and services;
- Shareholder advice on Government Business Enterprises (GBEs) and commercial entities treated as GBEs;
- Reducing the burden of Australian Government regulation, and reducing the burden of state regulation via COAG;
- General policy guidelines for Commonwealth statutory authorities;
- Superannuation related to former and current members of parliament and Australian Government civilian employees

- Asset sales;
- Strategic management of non-Defence Commonwealth owned property in Australia, including construction, major refurbishment, acquisition, ownership and disposal of real property;
- Electoral matters;
- Policy advice on, and administration of Parliamentarians' entitlements;
- Administration of the Australian Government's self managed general insurance fund (Comcover);
- Government on-line delivery and information technology and communications management;
- Evaluation and audit of Indigenous programs and operations;
- Advice on the Future Fund, Building Australia Fund, Education Investment Fund and Health and Hospitals Fund;
- Central advertising system.

Portfolio Agencies

The portfolio includes the following agencies:

The **Australian Electoral Commission** (AEC) is the Australian Government agency established in 1984 under the *Commonwealth Electoral Act 1918* to provide Australians with an impartial and independent electoral service that meets their needs and enhances their understanding of and participation in the electoral process.

The AEC is responsible for delivering three specific outcomes for the Australian community:

- An Australian electoral roll that ensures voter entitlement and provides the basis for planning electoral events and redistributions;
- Ensuring stakeholders and customers have access to the electoral system, advising on impartial and independent electoral services, and enabling electors to participate in electoral events; and
- Educating and informing the community about participating in the electoral process.

The **Commissioner for Superannuation**, through ComSuper, provides administrative services for the defined contribution and the defined benefit superannuation schemes for the Australian Government civilian employees and Australian Defence Force members. ComSuper provides superannuation administration services to the trustees responsible for the:

- Public Sector Superannuation Accumulation Plan (PSSAP);
- Public Sector Superannuation Scheme (PSS);
- Commonwealth Superannuation Scheme (CSS);
- Military Superannuation and Benefits Scheme (MSBS); and
- Defence Force Retirement and Death Benefits Scheme (DFRDB).

In undertaking these roles, ComSuper meets performance standards agreed with its stakeholders and observes directions and policies given by the relevant boards, the superannuation regulatory framework, scheme legislation and trust deeds.

"The **Australian Reward Investment Alliance** (ARIA) established under section 20 of the *Superannuation Act 1990* (PSS Act) is a body corporate, by virtue of section 21 of that Act. ARIA is trustee of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the Public Sector Superannuation accumulation plan (PSSAP), and is also responsible for administering these schemes in accordance with the *Superannuation Act 1976* (CSS Act), the PSS Act and the Trust Deed made under that Act

and the *Superannuation Act 2005* (PSSAP Act) and Trust Deed made under that Act. ARIA is also responsible for the management and investment of the CSS, PSS and PSSAP funds.

In undertaking these roles ARIA must comply with the superannuation regulatory framework administered by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC), scheme legislation, scheme rules and commercial and accounting requirements and procedures. ARIA has delegated the bulk of its general administration powers and responsibilities to the Commissioner for Superannuation.

The ***Future Fund Management Agency*** (FFMA) has been established under the *Future Fund Act 2006* (FF Act). The FFMA is an integral part of the governance and administrative arrangements for the Future Fund. The FF Act is the enabling legislation that establishes the Future Fund for the purpose of accumulating assets to offset unfunded Australian Government superannuation liabilities.

The FF Act established in the Finance and Deregulation portfolio:

- An asset fund (the Future Fund);
- The Future Fund Board of Guardians (the Board of Guardians) – a body corporate with collective responsibility for the investment management of the Future Fund in accordance with the Government’s investment mandate; and
- The FFMA, which is responsible for the operational activities associated with the Future Fund. The FFMA will act on investment decisions and provide secretariat support to the Board of Guardians.

The Future Fund will accumulate assets for the purpose of offsetting the unfunded superannuation liabilities of the Australian Government. Through investment in a broad range of financial assets, the Future Fund will contribute to enhancing the net worth of the Australian Government. By accumulating assets to meet liabilities that will become payable at a time when spending pressures associated with an ageing population become increasingly important, the Future Fund will strengthen the Australian Government’s balance sheet and help ensure the long-term sustainability of its finances.

The Board of Guardians are also responsible for investing the financial assets of the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, established under the *Nation-building Funds Act 2008*.

As well as the Portfolio Agencies listed above, the Department of Finance and Deregulation provides advice in relation to the Minister for Finance and Deregulation’s (Minister) oversight responsibilities (either as Portfolio Minister and sole shareholder or Portfolio Minister and joint shareholder) for Government Business Enterprises and other commercial entities. These entities, and the Minister’s status as a shareholder, are listed below:

Airservices Australia is a statutory authority under the *Air Services Act 1995*. The Minister for Infrastructure, Transport, Regional Development and Local Government is the responsible Minister. The Minister for Finance and Deregulation, through the responsible Minister, assists in the development of financial targets and the ongoing monitoring of financial performance of the company. It provides air traffic control and aviation rescue and fire fighting services.

The ***Albury-Wodonga Corporation*** is an Australian Government agency which operates as a major property owner and manager in the Albury-Wodonga region. The Corporation has discontinued its previous role as a land developer and is now concentrating on the disposal

of its property assets in an orderly manner by around 2015. (Portfolio Minister and sole shareholder).

Australian Government Solicitor's (AGS) shareholder Ministers are the Attorney-General and the Minister for Finance and Deregulation. As a government business enterprise, it is subject to the reporting and accountability requirements of the *Commonwealth Authorities and Companies Act 1997*.

AGS is a fully commercial and competitive law firm. It acts for departments and agencies, and for entities in which the Australian Government has an interest, domestically and internationally. It also acts for State and Territory government organisations at their request. It does not generally act for private sector individuals or organisations.

The Government announced the wind down of **Australian Industry Development Commission** (AIDC) in 2002. The AIDC Board, in carrying out the functions specified in sections 6(1)(a) and 6(1)(b) of the *Australian Industry Development Corporation Act 1970*, will only perform those functions as are necessary to manage and wind-down to finality in a prudent and commercial manner, the existing assets, liabilities and obligations of the Corporation. (Portfolio Minister and sole shareholder).

Australia Post is a statutory corporation under the *Australian Postal Corporation Act 1989*. It provides letter, parcel, logistics and retail services. Its responsible minister is the Minister for Broadband, Communication and the Digital Economy and the Minister for Finance and Deregulation is joint Shareholder.

Australian Rail Track Corporation Ltd (ARTC) was established by the Australian Government in 1998, following an agreement with the mainland States, to provide efficient and seamless access to train operators to the interstate standard gauge rail network. The Minister for Infrastructure, Transport, Regional Development and Local Government is the responsible minister with the Minister for Finance and Deregulation as the joint shareholder.

The company's charter also provides for it to pursue a growth strategy for interstate rail through improved efficiency and competitiveness, and to improve rail infrastructure through better management of the asset and by managing a program of commercial and public funded investment.

The Government announced the wind down of **Australian River Company Limited** (ARCo) in 2002. It is expected that the ARCo Board will manage the remaining operations of the company with a view to winding down the company at the earliest opportunity on a commercially supportable basis, including the pursuit of any sale opportunities (Portfolio Minister and sole shareholder).

ASC Pty Ltd is committed to building the most advanced naval warships in the nation. This commitment has seen us establish Australia's largest repository of naval high-end skills, as well as working relationships with over 1,400 suppliers, capability partners, universities and specialist providers. Today, ASC has evolved into Australia's largest specialised defence shipbuilding organisation, with naval design and engineering resources unparalleled within Australia's defence industry. We are independent of major product suppliers and have access to critical intellectual property from global suppliers.

Australian Technology Group Ltd (ATG) was established in 1994 to provide funding to new technology ventures. The Australian Government has commenced the process to wind-up ATG. The Minister for Finance and Deregulation is the responsible minister.

Defence Housing Australia (DHA) was established in 1987 and manages a portfolio of over 17,000 houses to accommodate Australian Defence Force ADF Members and their families throughout Australia. It is a Commonwealth Authority. The Minister for Defence is the responsible minister. The Minister for Finance and Deregulation, through the responsible minister, assists in the development of financial targets and the ongoing monitoring of financial performance of the company.

Since its establishment, DHA has substantially improved the housing available to members of the Australian Defence Force.

Health Services Australia Ltd (HSA) is a wholly owned Commonwealth Government Business Enterprise, directly accountable to its shareholder ministers, the Minister for Finance and Deregulation and the Minister for Human Services. It was established in 1997 as part of the corporatisation of the Australian Government Health Service, a division of the former Commonwealth Department of Health and Family Services. It was set up to provide accessible, expert and independent health and medical services in the corporate, occupational and related sectors.

HSA currently provides occupational and travel health services under three brands: Health for Industry, Work Solutions and The Travel Doctor – Traveller’s Medical and Vaccination Centre. HSA employs just over 1,000 people comprising doctors, health professionals, primary care specialists, and administrative and managerial employees.

Medibank Private Limited is Australia’s largest and only national private health insurer, covering nearly three million people and representing about 30% of the private health insurance market. It has over 100 retail centres in every state and territory and is the largest health care provider network. (Portfolio Minister and sole shareholder).

Snowy Hydro Limited is a Corporations Act company and 13% of its shareholding is owned by the Commonwealth. The Minister for Innovation, Industry, Science and Research is the responsible minister. The Minister for Finance and Deregulation has joint oversight of Snowy Hydro Limited with the Minister for Innovation, Science and Research.

It provides peak, renewable electricity to the National Electricity Market and electricity price hedging products to retailers and generators. Snowy Hydro also manages the Snowy Mountains Hydro-electric Scheme.

Telstra Sale Company Ltd (TSCL) was incorporated on 29 September 2006 to act as trustee for the shares held in the Telstra Corporation on behalf of the instalment receipt shareholders and the Commonwealth. Its principal activities involved arranging the collection process for the final instalment to convert these shares to fully paid ordinary shares in 2007-08. The company also acted as trustee under a separate trust deed, for bonus loyalty shares. The Minister for Finance and Deregulation is the responsible minister.

Tuggeranong Office Park Pty Ltd (TOPPL) was established to construct Tuggeranong Office Park and lease Commonwealth owned land. Bonds issued by TOPPL's subsidiary to fund the construction matured and were redeemed on 20 August 2008. Following this, the Commonwealth purchased TOPPL for a nominal amount. It is not trading and has no assets other than surplus funds from the sale of the Park. It is in the process of being wound-down. The Minister for Finance and Deregulation is the responsible minister. (Portfolio Minister and sole shareholder).

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

57 Acts.

Position Dimensions

Appropriations \$11.413 billion

Expenditure \$5.433 million

Staff costs \$331 million

Revenue \$1.585 billion

Assets \$3.674 billion

Liabilities \$74.598 billion

Secretary: Department of Foreign Affairs and Trade (DFAT)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide leadership on foreign and trade policy, consular and corporate issues.

Ministerial Reporting

- Minister for Foreign Affairs
- Minister for Trade
- Parliamentary Secretary for Pacific Island Affairs
- Parliamentary Secretary for International Development Assistance
- Parliamentary Secretary to the Minister for Trade.

Function of the Department

The Department's role is to advance the interests of Australia and Australians internationally. This involves working to strengthen Australia's security and enhance Australia's prosperity.

The Department provides foreign and trade policy advice to the Government and works to achieve four outcomes:

- The protection and advancement of Australia's national interests through contributions to international security, national economic and trade performance and global cooperation;
- The provision to Australians of information about and access to consular and passport services in Australia and overseas;
- Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally;
- Efficient management of the Commonwealth overseas owned estate.

Geographic Spread

Of the 3,701 DFAT staff employed on 30 June 2008, 2153 (58.2%) were Australian based and 1,548 (41.2%) were locally engaged staff. 62% of Australian-based staff were working in Canberra, 25.2% overseas and 12.8% in State and Territory offices.

Direct Reports

The current responsibilities of deputy secretaries are outlined below. These will be revised in February 2008 when a fifth deputy secretary takes up a vacancy.

- Deputy Secretary, South-East Asia Division, International Organisations and Legal Division; Consular, Public Diplomacy and Parliamentary Affairs Division; North Asia Division; Australian Passports Office
- Deputy Secretary, South and West Asia, Middle East and Africa Division; International Security Division; Australian Safeguards and Non-Proliferation Office; Diplomatic Security, Information Management and Services Division
- Deputy Secretary, Corporate Management Division; Pacific Division; Overseas Property Office
- Deputy Secretary, Office of Trade Negotiations; Trade Development Division; Asia Trade Task Force.

Organisational Environment

The Department advance's the Government's foreign and trade policy objectives through a range of strategies. Australia's foreign policy is directed towards a renewed focus on UN engagement and strengthened multilateralism, strengthening the United States alliance, intensifying Australia's interaction with the Asia-Pacific region, building new partnerships with Europe and advancing Australia's interests in meeting key global challenges on issues such as counter-terrorism, food security, nuclear non-proliferation and disarmament.

Australia's trade policy priorities are achieving liberalised trading arrangements through multilateral, regional and bilateral negotiations and implementing effective economic reform "behind the border". Multilateral trade reform, specifically an ambitious outcome to the World Trade Organisation (WTO) Doha Round of trade negotiations, remains Australia's most important negotiation priority.

The Department is responsible for the following matters:

External affairs including:

- relations and communications with overseas governments and United Nations agencies;
- treaties including trade agreements;

- bilateral, regional and multilateral trade policy;
- international trade and commodity negotiations;
- market development, including market access;
- trade promotion and international business development;
- international development cooperation;
- diplomatic and consular missions;
- international security issues, including disarmament, arms control and nuclear non-proliferation;
- public diplomacy, including information and cultural programs.

Additional specific roles:

- International expositions;
- Provision to Australia citizens of secure travel identification;
- Provision of consular services to Australian citizens abroad;
- Overseas property management, including acquisition, ownership and disposal of real property.

Portfolio Agencies

The foreign affairs and trade portfolio includes the following agencies:

AusAID manages the Australian Government's federally funded overseas aid program that aims to reduce poverty in developing countries.

The role of **Austrade** is to contribute to community wealth by helping Australians succeed in export and international business by providing advice, market intelligence and support to Australian companies to reduce the time, cost and risk involved in selecting, entering and developing international markets. Austrade also provides advice and guidance on overseas investment and joint venture opportunities.

The **Export Finance and Insurance Corporation** (EFIC) is Australia's export credit agency and supports Australian businesses by providing finance and insurance solutions.

The **Australian Secret Intelligence Service** (ASIS) is Australia's overseas intelligence collection agency.

The **Australian Centre for International Agricultural Research** (ACIAR) operates as part of Australia's aid program. It contributes to the aid program objectives of advancing Australia's national interest through poverty reduction and sustainable development.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues. The Department's institutional governance framework

underpins its corporate tasks. The Department's management mechanisms contribute to effective decision-making on foreign and trade policy and corporate issues. The Secretary and deputy secretaries comprise the Department's Senior Executive. The Senior Executive provides leadership and strategic direction to the Department and oversees the corporate governance framework.

Members of the Senior Executive frequently represent the Government at high-level meetings in Australia and overseas. The deputy secretaries chair key corporate governance committees. The committees established to assist the Senior Executive team include an Audit and Risk Committee; an Ethics Committee and a Workplace Relations Committee.

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to the Secretary and Senior Executive on the Department's risk, control and compliance framework and its external accountability responsibilities.

The Ethics Committee works to promote high standards of ethical behaviour across the department and seeks to provide clear guidance on standards of conduct. It oversees the development and implementation of conduct and ethics policy and works closely with the Department's Conduct and Ethics Unit.

The Workplace Relations Committee is the principal consultative forum for management and staff representatives to discuss issues related to the working environment, conditions of service and matters of concern to staff.

Annual Report

The Secretary is required to supply an annual report for the Department to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

37 Acts.

Position Dimensions (2008-09)

Appropriations \$1.193 billion

Expenditure \$1.205 billion

Staff costs \$382 million

Revenue \$938 million

Secretary: Department of Health and Ageing

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide leadership on health, aging and health security issues, including matters related to bioterrorism through strengthening evidence-based policy advising, improving program management, research, regulation, and partnerships with other government agencies, consumers and stakeholders.
- Ensure the conduct of all relevant regulatory functions including, where appropriate, associated cost recovery arrangements.

Ministerial Reporting

- Minister for Health and Ageing
- Minister for Ageing
- Minister for Sport
- Parliamentary Secretary to the Minister for Health and Ageing

Function of the Department

The Department of Health and Ageing has a main purpose to achieve better health and active ageing for all Australians.

In 2006-07 the Department was responsible for achieving the Government's priorities for: population health; pharmaceutical and medical services; ageing and aged care; primary care; rural health; hearing services; indigenous health; private health; health system capacity and quality; mental health; health workforce capacity; acute care; and biosecurity and emergency response.

Geographic Spread

78.77% of employees work in Canberra, 6.12% work in New South Wales, 4.44% work in Victoria and 10.67% are located in the remaining States and Territory.

Direct Reports

- General Counsel
- Chief Medical Officer
- Deputy Secretary, responsible for ageing and aged care, health protection and biosecurity, medical and biological research, and regulatory policy
- Deputy Secretary, responsible for primary care, rural health and Aboriginal and Torres Strait Islander health
- Deputy Secretary, responsible for acute care, mental health, health workforce and portfolio strategies
- Deputy Secretary, responsible for population health and medical and pharmaceutical benefits
- Assistant Secretary, Audit and Fraud Control
- National Manager, Therapeutic Goods Administration
- Chief Financial Officer.

Organisational Environment

The objectives of the Department of Health and Ageing are to achieve improved health and wellbeing through strengthening evidence-based policy advising, improving program management, research, regulation and partnerships with other government agencies, consumers and stakeholders.

The Department deals with the following matters and objectives:

Population health relating to:

Improved health, reduced preventable mortality, illness and injury,
National regulatory policies and controls for therapeutic goods, chemicals and gene technology;

Medicines and Medical Services including:

Access to affordable and effective medicines and medical services through the Pharmaceutical Benefits Scheme and Medicare;
Long term financial sustainability of the Australian Government's contribution to the health system;
Access to Pharmaceutical Services;
Access to Medical Services.

Aged Care and Population Ageing working towards:

Healthy, independent and active lives for older Australians;
Access to high quality, affordable care for frail older people;

Support for the aged care workforce;
Support for carers.

Primary Care including:

Access to appropriate primary care services through Medicare;
Support for general practitioners and allied health workers;
Better management of chronic and complex conditions in primary care setting.

Rural Health:

Access to health and aged care services in rural areas;
Support for health professionals practicing in rural areas;
Access to hearing services and devices;
Improved health status for Aboriginal and Torres Strait Islander peoples.

Private Health including:

Improved choice of private health services;
A viable and efficient private health industry.

Health System Capability and Quality in relation to:

National leadership in health care, safety, quality and information management;
Supply and distribution of the health workforce, which is responsive to need;
Improved health outcomes through focusing on the national health priority areas.

Acute Care in relation to:

Access to public hospitals, diagnostic and acute care services;
Viability of the medical indemnity insurance industry.

Biosecurity and Emergency Response including:

Strengthened communicable disease surveillance and preparedness for health emergencies, threats and disasters from natural or terrorist causes;
Strengthened ability to respond to health emergencies, threats and disasters from natural or terrorist causes.

Health and medical research ensuring:

Health and medical research is conducted to the highest ethical standards;
Health policy and practice informed by well-developed research capabilities and sound evidence-based advice.

Sport

Development of a stronger and internationally competitive Australian Sport Sector and encouragement of greater participation in sport by all Australians.

Portfolio Agencies

The Health and Ageing Portfolio works towards achieving a health care system that meets the health care and ageing needs of all Australians. The portfolio includes the following agencies:

The ***Aged Care Standards and Accreditation Agency Ltd*** which accredits, monitors and promotes high quality care through information, education and training for Australian Government-funded aged care homes. The Agency is a wholly owned Australian Government company.

The ***Australian Institute of Health and Welfare*** (AIHW) informs community discussion and decision-making through national leadership and collaboration in developing and providing health and welfare statistics and information.

The **Australian Radiation Protection and Nuclear Safety Agency** (ARPANSA) measures and advises on radiation, regulates the Australian Government's use of radiation sources and nuclear facilities, promotes uniformity in radiation protection policies and practices throughout Australia and responds to radiological incidents.

The **Australian Sports Anti-Doping Authority** (ASADA) works to deter athletes from using prohibited substances through a comprehensive anti-doping program, encompassing deterrence, detection and enforcement.

The **Australian Sports Commission** (ASC) supports and invests in sport at all levels in Australia, provides leadership, coordination and support for the sport sector and promotes an effective national sporting system.

Cancer Australia provides national leadership in cancer care, guides improvements in prevention, provides support to consumers and health professionals and makes recommendations to the Australian Government about cancer policy and priorities.

Food Standards Australia New Zealand (FSANZ) protects and informs consumers through the development of effective food standards in a way that helps stimulate and support growth and innovation in the food industry while protecting consumers.

General Practice Education and Training Ltd (GPET) works to ensure general practice education and training meet the needs of communities, individuals and general practitioners across Australia. GPET is an Australian Government company limited by guarantee.

The **National Blood Authority** (NBA) manages and coordinates the Australian blood supply and manages national contracts with suppliers of blood and blood-related products on behalf of all levels of government.

The **National Health and Medical Research Council** (NHMRC) supports health and medical research, develops health advice for the community, health professionals and the Government and provides advice on ethical health care behaviour and the conduct of health and medical research. The functions and resources of the National Institute of Clinical Studies are incorporated into those of the NHMRC.

The **Private Health Insurance Administration Council** (PHIAC) administers the registration of private health insurers, regulates the financial performance of the insurers and advises the Minister for Health and Ageing about the insurers' financial operations and affairs. PHIAC also calculates and distributes the risk equalisation pool funds and provides information relating to membership in private health insurance and the benefits paid by the industry.

The **Private Health Insurance Ombudsman** (PHIO) provides an independent service for dealing with complaints about private health insurance and through this activity, identifies underlying problems in the practices of private health funds or health providers relevant to the administration of private health insurance .

The **Professional Services Review** (PSR) examines suspected cases of inappropriate practice to determine whether health practitioners have inappropriately rendered or initiated services that attract a Medicare benefit, or inappropriately prescribed under the Pharmaceutical Benefits Scheme.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

66 Acts.

Position Dimensions

Appropriations \$51.846 billion
Expenditure \$679 million
Staff costs \$433 million
Revenue \$679 million

Secretary: Department of Agriculture, Fisheries and Forestry

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Implement the Government's priorities by better positioning agriculture, fishing, forestry and food related industries to respond to the main threats and opportunities ahead.

Ministerial Reporting

Minister for Agriculture, Fisheries and Forestry (The Hon Tony Burke MP)

Function of the Department

To develop and implement policies and programs that ensure Australia's agricultural, fisheries, food and forestry industries remain competitive, profitable and sustainable.

The primary objectives of the Department are to ensure Australian agricultural, fisheries, food and forestry industries are based on sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to

markets, are protected from diseases and are underpinned by scientific advice and economic research.

The role of the Department is to:

- encourage and support sustainable natural resource use and management;
- protect the health and safety of plant and animal industries;
- enable industries to adapt to compete in a fast-changing international and economic environment;
- help implement market access and market performance for the agricultural and food sector;
- encourage and assist industries to adopt new technology and practices; and
- assist primary producers and the food industry to develop business and marketing skills and to be financially self reliant.

Geographic Spread

40.4% of staff are located in the ACT, 19% in NSW, 15.2% in QLD, 12.6% in VIC, 6.9% in WA, 3.7% in SA, 1.5% in NT, 0.29% in TAS and 0.34% overseas.

Direct Reports

- Deputy Secretary
- Deputy Secretary, Executive Director AQIS
- Deputy Secretary (with oversight responsibility for the Fisheries and Forestry and Natural Resource Management divisions and coordination of policy work, including biosecurity policy)
- Executive Director ABARE
- Executive Director BRS
- Chief Operating Officer
- Executive Manager, Corporate Policy Division

Organisational Environment

I note that the Department is comprised of a number of divisions and bureaus and that in June 2008 the Department's structure changed to better reflect the government priorities of climate change, productivity, trade and market access, and improved biosecurity systems. The transition to the new structure will occur progressively. The Divisions are as follows:

- The Department's Executive
- Corporate Policy Division
- Agriculture and Productivity Division
- Trade and Market Access Division
- Management Services Division
- Sustainable Resource Management Division
- Climate Change Division
- Fisheries
- Forestry
- Product Integrity, Animal and Plant Health Division
- ABARE
- Australian Quarantine and Inspection Service
- Biosecurity Australia
- Bureau of Rural Sciences.

Portfolio Agencies

The portfolio includes the following agencies:

The **Australian Quarantine and Inspection Service** (AQIS) manages quarantine controls at Australia's borders to minimise the risk of exotic pests and diseases entering the country. AQIS also provides import and export inspection and certification to help retain Australia's highly favourable animal, plant and human health status and wide access to overseas export markets.

The **Bureau of Rural Sciences** (BRS) provides scientific advice to government in support of more profitable, competitive and sustainable Australian agricultural, food, fisheries and forestry industries, to enhance the natural resource base to achieve greater national wealth and stronger rural and regional communities. At the interface between science and policy, BRS is an essential part of the Government's capacity for integrated evidence-based policy development.

The **Australian Bureau of Agricultural and Resource Economics** (ABARE) is an Australian government economic research agency which conducts independent research and analysis. The bureau contributes to the competitiveness of Australia's agricultural, fishing, forestry, energy and minerals industries and the quality of the Australian environment by providing rigorous and independent economic research analysis and forecasting.

The **Australian Pesticides and Veterinary Medicines Authority** (APVMA) is an independent Australian Government statutory authority responsible for the registration of pesticides and veterinary medicines prior to sale and their regulation up to and including the point of retail sale. The APVMA administers the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS) in partnership with the States and Territories and with the active involvement of other Australian government agencies.

Biosecurity Australia provides science based quarantine assessments and policy advice that protects Australia's favourable pest and disease status and enhances Australia's access to international animal and plant related markets.

The **Dairy Adjustment Authority** (DAA) was established under the Dairy Industry Adjustment Act 2000 to administer applications and make determinations for the purpose of making Dairy Structural Adjustment Program (DSAP) payments to eligible dairy farmers. In July 2001, the Dairy Produce Legislation Amendment (Supplementary Assistance) Act 2001, provided the legislative framework for the DAA to administer additional assistance measures to dairy producers under the Supplementary Dairy Assistance Scheme. The DAA will exist until such time as payment of entitlements under DSAP and SDA are finalised.

Wheat Exports Australia (WEA) was established on 1 July 2008 under the *Wheat Export Marketing Act 2008*. It was established to regulate the export of bulk wheat from Australia through the bulk Wheat Export Accreditation Scheme.

The **Australian Fisheries Management Authority** (AFMA) is the statutory authority responsible for the efficient management and sustainable use of Commonwealth fish resources on behalf of the Australian community. The AFMA manages commercial fisheries from three nautical miles out to the extent of the 200 nautical mile Australian Fishing Zone (AFZ). The States and the Northern Territory are responsible for recreational fishing, commercial coastal and inland fishing and aquaculture.

The **Australian Wine and Brandy Corporation** is an Australian Government statutory authority established in 1981 to provide strategic support to the Australian wine sector. The objectives of the Corporation include:

- The provision of better market intelligence at a global level in regard to consumer trends and country-by-country opportunities for the sale of Australian wine at all price points.
- Maintaining Australia's international reputation for wine quality despite increasing pressure to reduce production costs to remain globally competitive.
- Ensuring that the Corporation is proactive and better able to pre-empt or quickly respond to industry requirements to ensure a sustainable, long term future for sector participants.
- Continually improving stakeholder communication.
- Assisting the wine sector in maintaining its leading role in a global industry.

The **Cotton Research and Development Corporation** is a partnership between the Australian cotton industry and the Australian Government to ensure a globally competitive and responsible cotton industry. The Corporation provides leadership and investment in research, innovation, knowledge creation and transfer.

The **Fisheries Research and Development Corporation** (FRDC) invests strategically across all of Australia in research and development activities that benefit all three sectors of the fishing industry – commercial (wild catch and aquaculture), recreational and customary. The role of the FRDC is to plan, fund and manage fisheries research and development. I note that the FRDC does not undertake research itself; rather it identifies research and development needs - and the means of addressing them - through a planning process and by contracting with research providers.

The **Grains Research and Development Corporation** is a leading research organisation responsible for planning, investing and overseeing research and development, delivering improvements in production, sustainability and profitability across the Australian grains industry.

Established in 1991 under the *Primary Industries and Energy Research and Development Act 1989*, the **Grape and Wine Research and Development Corporation** (GWRDC) is an Australian Government statutory authority. The Corporation supports the development of the Australian grape and wine industry by planning and funding collective research and development programs and then facilitating the dissemination, adoption and commercialisation of the results throughout the industry. I note that the Corporation purchases R&D from existing providers (such as CSIRO, universities and The Australian Wine Research Institute) on behalf of the Australian grape and wine industry.

Land and Water Australia's core business is as a research investor, with the aim of achieving the sustainable management and use of Australia's natural resources. The Corporation acts as a leading research broker, organising collaborative research and development programs. Through carefully targeted and well-managed research, the Corporation aims to:

- generate the uniquely Australian knowledge needed to improve Australian farming systems and consequent profitability;
- improve the way natural resources are managed for sustainability;
- inform large public investments in natural capital;
- help governments balance competing demands on natural resources and rural landscapes.

The **Rural Industries Research and Development Corporation** (RIRDC) is a statutory Corporation set up by the Commonwealth Government to work closely with Australian rural industries on the organisation and funding of their R&D needs. The Corporation manages and funds priority research and translates the results into practical outcomes for industry

development. The focus of this business is on new and emerging industries as a means of diversification of rural enterprises in Australia. The role is enhanced by responsibility for research and development for a range of established rural industries and for key generic issues confronting the rural sector.

The ***Sugar Research and Development Corporation*** works in partnership with the Australian sugarcane industry and the Australian Government to foster an innovative and sustainable sugarcane industry through targeted investment in research and development.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The Department's corporate governance framework is based on accountability, transparency and integrity. It provides for clear corporate direction and leadership, effective corporate planning and performance management, a culture of accepting personal responsibility, effective internal communication and appropriate corporate control.

The governance framework allows the Department achieve its policy, program and regulatory objectives efficiently and ethically, and to deal with emerging strategic governance issues and risks. It ensures that all statutory requirements are met under the *Financial Management and Accountability Act 1997 and the Public Service Act 1999*.

The governance framework encompasses interlinking executive committees allowing a structured and integrated approach to decision making. The framework is supported by arrangements to embed risk management into planning processes and ensure critical function continuity and recovery; an internal audit program to improve business processes and mitigate risk; with a Fraud Control Plan and an active Security Programme Plan, to provide a safe and secure work environment, protect the Department's physical and intellectual assets, and drive a culture that promotes staff compliance.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be

included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

100 Acts.

Position Dimensions

Appropriations \$2.591 billion

Expenditure \$609 million

Staff costs \$395 million

Revenue \$608 million

Secretary: Attorney–General’s Department

Primary Accountabilities

- Provide leadership across the Department and the broader portfolio at the Ministers’ direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department’s strategy, financial management, ICT, human resources programs and legal support services.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio’s senior policy counsel on major and sensitive policy issues to the Ministers and the Ministerial team.
- Provide information and advice to the Ministers, as necessary, in keeping the Ministers fully informed on all matters impacting significantly on the Ministers’ portfolios and the Government’s reputation.
- Provide expert support to the Government in the maintenance and improvement of Australia’s system of law and justice and its national security and emergency management systems.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Ensure that APS values are upheld, both domestically and internationally.
- Oversee accountability, performance, controls and assurance.

Ministerial Reporting

- Attorney-General
- Minister for Home Affairs

Function of the Department

The Attorney-General’s Department is the central policy and coordinating element of the Attorney-General’s portfolio. The portfolio covers a broad range of law and justice services including legal policy and services to the Commonwealth in areas of administrative, constitutional, civil, family and international law, international crime cooperation, Indigenous legal justice, law reform, bankruptcy estate administration and regulation, Commonwealth courts and tribunals, legal aid, native title, national and international human rights issues, censorship, criminal law and law enforcement, national security, emergency management, aspects of customs and border control, administration of territories and management of the Australian Government’s interests in the National Capital.

Geographic Spread

94.95% of employees work in Canberra, 3.24% work at Mount Macedon, near Melbourne, Victoria, and 1.81% are located in the remaining States and Territory.

Direct Reports

- Executive Adviser
- Deputy Secretary Civil Justice and Legal Services Group
- Deputy Secretary National Security and Criminal Justice
- General Manager Information and Knowledge Services
- General Manager Corporate Services
- General Manager Financial Services.

Organisational Environment

The Attorney General's portfolio comprises the Attorney General's Department and 21 other statutory and non-statutory agencies. The mission of the Department is achieving a just and secure society and this is undertaken with approximately 1,200 staff and with a renewed focus on the needs of clients and stakeholders.

The Attorney General's Department serves the people of Australia by providing essential expert support to the Government in the maintenance and improvement of Australia's system of law and justice and its national security and emergency management systems.

In pursuing its mission of achieving a just and secure Australian society, the Department works towards achieving the following objectives:

- Delivering an equitable and accessible system of federal civil justice;
- Providing a coordinated federal criminal justice, security and emergency management activity, for a safer Australia; and
- Providing assistance to regions to manage their own futures.

I note that the Department's responsibilities in the areas of national security have increased dramatically.

Portfolio Agencies

The Portfolio comprises the following agencies:

The ***Administrative Appeals Tribunal*** is responsible for improvements in the quality of administrative decision-making through the provision of a review mechanism that is fair, quick, informal, just and economical.

The provision of assurance that Australian Government law enforcement agencies and their staff act with integrity is the purview of the ***Australian Commission for Law Enforcement Integrity***.

The agency of the ***Australian Crime Commission*** is focussed on the enhancement of the Australian law enforcement capability.

The ***Australian Customs Service*** has the responsibility of effective border management ensuring minimal disruption to legitimate trade and travel and preventing illegal movements across the border while raising revenue and providing trade statistics.

The objectives of the ***Australian Federal Police*** organisation are the investigation and prevention of crime against the Commonwealth and the protection of Commonwealth

interests in Australia and overseas and creating a safe and secure environment in the ACT through effective policing activity.

The role of the **Australian Institute of Criminology** is to inform the Government of activities which aim to promote justice and reduce crime.

The development and reform of aspects of the laws of Australia to ensure that they are equitable, fair, modern and efficient is the domain of the **Australian Law Reform Commission**.

The role of the **Australian Security Intelligence Organisation** is to secure Australia for its people and commerce, for government business and national infrastructure and for special events of national and international significance.

The **Australian Transaction Reports and Analysis Centre** is Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit.

In Australia, it is a legal requirement that films, computer games and some publications be classified before sale. The Commonwealth, States and Territories share responsibility for this regulation under the National Classification Scheme and all jurisdictions have legislation.

The **Classification Board** is an independent statutory body responsible for classification decisions. A single National Classification Code, agreed between the Australian Government and the States and Territories, sets out the principles to be followed in making classification decisions. General criteria for the various classification categories have also been agreed.

The **Classification Review Board**, also an independent statutory body, can review original classification decisions in certain circumstances and provide a fresh classification decision.

The **Criminology Research Council** controls and administers the Criminology Research Fund which provides research grants to researchers in universities, government departments or similar institutions in Australia.

The mission of the **CrimTrac Agency** is to contribute to enhanced community safety by delivering and maintaining high-quality, timely and cost-effective national policing information services, advanced national police investigation tools and national criminal history record checks for accredited agencies. CrimTrac assists the Australian police services to take advantage of opportunities opened up by forensic science, information technology and communications advances.

As Australia's specialist superior family court the **Family Court of Australia** determines cases, including those in particular with complex law and facts and provides national coverage as the appellate court in family law matters.

The **Federal Court of Australia** is a superior court of record and a court of law and equity. The court was established by the Federal Court of Australia Act 1976. The Court assumed in part jurisdiction formerly exercised by the High Court of Australia and the whole jurisdiction of the Australian Industrial Court and the Federal Court of Bankruptcy. The objectives of the Court are to decide disputes according to law and in so doing interpret the statutory law and develop the general law of the Commonwealth. Additionally, the Court provides an effective registry service to the community.

Providing the Australian community with a simple and accessible forum for the resolution of less complex disputes (including areas such as family law, industrial law and immigration) falls within the jurisdiction of the **Federal Magistrates Court**.

The role of the **High Court of Australia** is to interpret and uphold the Australian Constitution and perform the functions of the ultimate appellate Court in Australia.

The **Human Rights and Equal Opportunity Commission** fosters the protection and promotion of human rights in Australian society. The agency is responsible for resolving complaints of discrimination or breaches of human rights under federal laws; holding public inquiries into human rights issues of national importance; developing human rights education programs and resources for schools, workplaces and the community; providing independent legal advice to assist courts in cases that involve human rights principles; providing advice and submissions to parliaments and governments to develop laws, policies and programs; and undertaking and coordinating research into human rights and discrimination issues.

The role of the **Insolvency and Trustee Service Australia** is the provision of a personal insolvency system that produces equitable outcomes for debtors and creditors, maximises public confidence and minimises the impact of financial failure on the community.

The **National Capital Authority** (NCA) manages the Australian Government's continuing interest in the planning, promotion, enhancement and maintenance of Canberra as the nation's capital, on behalf of all Australians.

The **National Native Title Tribunal** assists people to resolve native title issues over land and waters. The primary role of the Tribunal is to apply the registration test to native title claimant applications and mediate native title claims under the direction of the Federal Court of Australia.

The Office of the Commonwealth **Director of Public Prosecutions** (CDPP) is an independent prosecuting service that was established by Parliament to prosecute alleged offences against Commonwealth law. The main cases prosecuted by the CDPP include drug importation, money laundering, offences against the corporations legislation, fraud on the Commonwealth (including tax fraud, medifraud and social security fraud), people smuggling, people trafficking, terrorism, and a range of regulatory offences. The principle functions of the **Office of Parliamentary Counsel** are drafting Bills for introduction into either House of the Parliament and drafting amendments of Bills. I note the objective of the OPC is to assist the Government in carrying out its legislative program and to assist Private Members with their legislative requirements, by drafting Bills and amendments and supplying them to the Parliament.

Governance and Reporting

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The Corporate Governance and Coordination Section is responsible for a range of governance and accountability activities that the Department must undertake each year. The Section reports to the General Manager Corporate Services Group.

Responsibilities include:

- Risk management
- Fraud control
- Annual report
- Performance reporting
- Business continuity arrangements
- International travel management
- Ministerial travel arrangements
- Cross portfolio coordination activities.

Annual Reports

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

An annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

176 Acts.

Position Dimensions

Appropriations \$0
Expenditure \$217 million
Staff costs \$118 million
Revenue \$232 million

Secretary: Department of Broadband, Communications and the Digital Economy (DBCDE)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Chair the Panel of Experts to assess proposals for the rollout of a national broadband network where the government is prepared to consider regulatory changes to the *Trade Practices Act* and to provide up to \$4.7 billion in funding.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide strategic advice to the Government on the development of policies and programs for enhancing Australia's broadband and communications sectors and the digital economy, and ensure the efficient and effective implementation of programs.

Ministerial Reporting

Minister for Broadband, Communications and the Digital Economy

Function of the Department

The DBCDE provides strategic advice and support to the Australian Government on a wide range of significant and rapidly changing policy areas including:

- broadband and telecommunications;
- cyber-safety;
- post;
- spectrum management and digital switchover;
- broadcasting; and
- the digital economy.

The Department of Broadband, Communications and the Digital Economy aims to develop a sustainable and internationally competitive broadband and telecommunications sector that promotes the digital economy for the benefit of all Australians that is competitively priced, widely accessible, highly reliable, facilitates choice and is innovative.

Geographic Spread

As at 30 June 2008, the Department had 626 staff with 94% of employees in Canberra and 4% based in Sydney.

Direct Reports

- Deputy Secretary, National Broadband Network Taskforce
- Deputy Secretary, Digital Switchover Taskforce
- Deputy Secretary Broadcasting, Regional Strategy, Digital Economy and Corporate
- Chief Financial Officer Finance and Budgets
- General Counsel Legal Group
- First Assistant Secretary, Broadband
- First Assistant Secretary, Telecommunications, Network Regulation and Australia Post

Organisational Environment

The Secretary of the Department of Broadband, Communications and the Digital Economy with seven direct reports has accountabilities in the following areas; National Broadband Network implementation; the Digital Switchover Taskforce; Broadcasting, Regional Strategy the Digital Economy and Corporate; Finance and Budgets and the Legal Group.

The National Broadband Network Taskforce is responsible for the implementation of the Government's \$4.7 billion National Broadband Network initiative. It provides advice on legislative, regulatory and technical issues and also on the financial and commercial dimensions of the National Broadband Network. The Taskforce provides secretariat support to the Panel of Experts, the Steering Committee and to an Australian Government Interdepartmental Committee established to facilitate coordination across the whole-of-government.

The Broadband Division has accountability for advising on network competition and broadband development policy and programs.

The Telecommunications Network Regulation and Australia Post division has accountability for advising on telecommunications competition, consumer and network operational policy issues, spectrum policy, internet governance, critical infrastructure protection, online security, international telecommunications treaties and postal policy.

The Broadcasting, Regional Strategy, Digital Economy and Corporate area is accountable for strategic analysis on the development of the digital economy, regional communications, media industry issues including content regulation and departmental corporate affairs.

The Digital Switchover Taskforce is overseeing Australia's transition to digital broadcasting by December 2013. This is a significant challenge as the switchover will affect practically all

Australian households. A substantial role for the taskforce is raising consumer awareness nationwide and bringing on board the nearly 60% of consumers who have not yet switched to digital television.

by ending analog transmission, additional spectrum will be freed up allowing the realisation of the so-called 'digital dividend'. The Department will also be responsible for advising the Government on the mechanisms for allocation of this additional spectrum.

The Legal Group provides advice and counsel to the Department. The Finance and Budgets Division has accountability for the coordination and management of financial and budgetary information and reporting across the Department.

Portfolio Agencies

The portfolio includes the following agencies:

The ***Australian Broadcasting Corporation (ABC)*** is the national broadcaster and is an integral part of the radio, television and online production industries and the news and information media. The ABC contributes to and reflects the Australian national identity, fosters creativity and the arts and encourages cultural diversity.

The ***Australian Communications and Media Authority (ACMA)*** is responsible for the regulation of broadcasting, radio communications, telecommunications and online content. The ACMA works with key stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses community concerns, meets the needs of industry and maintains community and national interest safeguards.

The ***Special Broadcasting Service Corporation (SBS)*** as a national broadcaster provides multicultural and multilingual services to inform, educate and entertain all Australians. Its core objective is to contribute to a more cohesive, equitable and harmonious Australia through television, radio and on-line services.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The Department has established a corporate governance framework including eight committees that link systems, structures and processes to ensure outcomes are delivered. These committees are the Executive Management Group, the Performance Review Committee, Audit, Risk and Evaluation Committee, Human Resource Management Committee, Information Management Committee, Workplace Consultative Committee, Diversity and Harassment Committee and the Health and Safety Committee.

Three cross-departmental coordinating committees have been established to ensure effective planning and forward policy setting. The three committees are Research Coordination, International, and Convergence and the Digital Economy.

Annual Report

The Secretary is required under the Public Service Act to supply an annual report for the Department, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999 and published by the Department of the Prime Minister and Cabinet.

The Annual Report is required to include a review by the Secretary, a departmental overview, a report on performance, an assessment of management and accountability, a report on the management of human services, an assessment of purchasing, a report on external scrutiny, an analysis of the Department's financial performance and a range of other mandatory information including OH&S matters, FOI, ecologically sustainable development and environmental performance, and discretionary grants.. The Annual Report must also include the Department's audited financial statements.

Administered Legislation

38 Acts.

Position Dimensions 08-09

Portfolio appropriations* \$1.497 billion
Departmental expenditure \$116 million
Departmental staff costs \$67 million
Departmental revenue \$116 million

*Includes annual appropriations for the ABC (\$888m) and SBS (\$209m). The Secretary is responsible for coordinating funding bids from the ABC and SBS and managing the bids through the Expenditure Review Committee and Cabinet process for approval.

Secretary: Department of Climate Change

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Provide policy advice, policy implementation and program delivery in three areas: reducing Australia's greenhouse gas emissions, adapting to the impacts of climate change that cannot be avoided and helping to shape a global solution.

Ministerial Reporting

Minister for Climate Change and Water

Function of the Department

The Department of Climate Change leads the development and coordination of Australia's climate change policy. It is responsible for the oversight of the Office of the Renewable Energy Regulator (ORER).

The Department aims to improve Australia's well-being by contributing to an effective national and global response to climate change, including the necessary transformation of the Australian economy.

The Department of Climate Change is responsible for oversight of the Office of the Renewable Energy Regulator (ORER). The ORER is responsible for implementing the Australian Government's mandatory renewable energy target, which is to be achieved over the period 2001 to 2020.

Geographic Spread

(National and international)

Direct Reports

- Deputy Secretary (Emissions Trading, Strategies and Coordination, Greenhouse and Energy Reporting)
- Deputy Secretary (Adaptation and Land Management, International, Corporate)

Organisational Environment

Established in December 2007 the Department is focussing on the significant challenges of climate change. The Secretary has two direct reports operating in the key areas of emissions trading, strategies and coordination, greenhouse and energy reporting and adaptation and land management and international and corporate).

I note that the Department has adopted as its vision "To improve Australia's well-being by contributing to effective national and global responses to climate change, including the necessary transformation of the Australian economy".

The primary focus of the Department is to develop and implement the Government's domestic and international climate change strategy.

The Department of Climate Change is organised into five divisions:

Greenhouse and Energy Reporting Office Division – is responsible for implementing a single national framework for the reporting and dissemination of information related to greenhouse gas emissions, energy consumption and energy production of corporations. The Act's regulator is the Greenhouse and Energy Data Officer and the division supports the Greenhouse and Energy Data Officer to fulfil his role under the Act.

Emissions Trading Division– is accountable for leading and managing the whole of government development and implementation of Australia's Emissions Trading Scheme. The central element of this strategy is the design and implementation of an emissions trading scheme. I note that the Australian Government has committed to a reduction in greenhouse gas emissions by 60 percent from 2000 levels by 2050 using emissions trading as the central policy instrument.

Strategies and Coordination Division – plays a key coordination role across the Department and Commonwealth Government agencies on climate change policies and programs. The division is also responsible for managing the Council of Australian Governments (COAG) working group on climate change and water and leads work underway through COAG in the areas of complimentary policies and renewable energy including the design and implementation of the expanded national Renewable Energy Target. . The division leads on policy development in national greenhouse emissions and energy reporting. It is also responsible for producing the National Greenhouse Gas Inventory and annual projections of Australia's future greenhouse gas emissions. It is responsible for managing communications and stakeholder relations, and the provision of parliamentary support for the Department.

Adaptation and Land Management Division– is responsible for developing and implementing a strategic approach to climate change adaptation and land management issues and coordinating climate change science activities. This includes critical functions in measuring and reporting on emissions from land use activities through the National Carbon Accounting System.

International Division–leads work on international climate change negotiations, including under the United Nations Framework Convention on Climate Change and the Kyoto Protocol, and other major international meetings. The Division develops policy and undertakes analysis on international climate change issues. It leads practical bilateral activity associated with reducing emissions from deforestation, developing approaches to adaptation, as well as supporting bilateral partnerships with China, the US, UK, EU, South Africa, New Zealand, Japan, Indonesia, Papua New Guinea and Pacific Island countries.

These divisions are supported by **Corporate Service Branch** which is responsible for systems, policies and procedures to ensure compliance with all statutory and legislative requirements associated with a department of state and for strategic organisational priorities that build and sustain the Department's capacities.

The Department has also established a group that will eventually be spun off to form the independent climate change regulator – the Australian Climate Change Regulatory Authority (ACCRA). The formation of ACCRA is a significant task, bringing together existing regulatory bodies such as the Office of the Renewable Energy Regulator (ORER) and the Department's own Greenhouse and Energy Data Office Division into a super-regulator likely to be as large as the Department of Climate Change itself.

Portfolio Agencies

The portfolio includes the following agencies:

The Office of the **Renewable Energy Regulator** is a statutory authority established to oversee the implementation of the Australian Government's mandatory renewable energy target. The aim of the renewable energy target is to increase the production of renewable energy. Under the target, all electricity retailers and wholesale buyers have a legal liability to contribute towards the generation of additional renewable energy. They are called 'liable parties', and meet their legal obligation by acquiring renewable energy certificates

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual

report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

3 Acts.

Position Dimensions

Appropriations \$88 million

Expenditure \$56 million

Staff costs \$30 million

Revenue \$56 million

Secretary: Department of the Environment, Water, Heritage and the Arts (DEWHA)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that staff adopt financial management disciplines which enable the Department to administer its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Develop and implement national policy, programs and legislation to protect and conserve Australia's environment and heritage and to promote water security and Australian arts and culture.

Ministerial Reporting

- Minister for the Environment, Heritage and the Arts
- Minister for Climate Change and Water

Functions of the Department

DEWHA is responsible for national policy, programs and legislation aimed at ensuring that the environment, especially those aspects that are matters of national environmental significance, is protected and conserved; Australia's interests in Antarctica are advanced; the more efficient and sustainable use of Australia's water resources; and the development of a rich and stimulating cultural sector for all Australians.

The key functions of the Department include:

- arts and culture;
- biodiversity;
- Caring for our Country initiative;
- community education;
- ecologically sustainable development;
- energy efficiency;
- *Environment Protection and Biodiversity Conservation Act 1999*;
- environmental information;
- greenhouse gas abatement;
- heritage;
- Indigenous communities and the environment;
- international activities and commitments;
- natural resource management;
- oceans policy;
- parks and reserves (marine and terrestrial);
- pollutants;
- renewable energy;
- State of the Environment reporting;
- Supervising Scientist;
- waste;
- water.

Geographic Spread

69.1% of all employees work in Canberra, 11.1% work in Tasmania, 10.2% work in the Northern Territory, 1.1% at Jervis Bay, 5% in Antarctica, 1% in the Indian Ocean Territories with the remainder of the 2,922 staff as at 30 November 2008 located in the remaining States and Norfolk Island.

Direct Reports

- Deputy Secretary (responsible for Approvals and Wildlife, Corporate Strategies, Environment Quality, Policy Coordination, and Supervising Scientist)
- Deputy Secretary (responsible for Water Efficiency, Water Governance and Water Reform)
- Deputy Secretary (responsible for Arts, Culture, Heritage, Old Parliament House, and National Portrait Gallery)
- Deputy Secretary (responsible for Australian Antarctic, Industry, Communities and Energy, Marine and Biodiversity, Natural Resource Management Programs and Parks Australia)
- Executive Assistant
- Executive Officer

Organisational Environment

The key environmental role of the Environment, Heritage and the Arts portfolio is achieve a coordinated national approach to protecting Australia's environment, water resources and heritage. In addition, the portfolio is responsible for supporting community and household energy efficiency, Australia's Antarctic activities, and the provision of meteorological services to the Australian community. It also aims to ensure that Australia continues to support and develop the cultural sector to enrich the economic, social and cultural well-being of the nation and provide all Australians with opportunities to engage and participate in cultural and creative arenas.

Portfolio Agencies

The portfolio includes the following agencies:

The **Bureau of Meteorology** is the national meteorological authority and makes meteorological observations; forecasts the weather and climate; issues weather warnings; studies climate change; and supports international cooperation. The Bureau also monitors and measures the nation's water resources. The Bureau's work supports all Australians, including the Australian Defence Force and key industry sectors such as transport and agriculture.

The **Director of National Parks** (DNP) is a Commonwealth authority responsible for the conservation and appreciation of Commonwealth reserves. The DNP manages Commonwealth reserves and conservation zones, including Kakadu and Uluru-Kata Tjuta National Parks, and provides national leadership in protected area management.

The **Great Barrier Reef Marine Park Authority** (GBRMPA) is responsible for the protection, wise use, understanding and enjoyment of the Great Barrier Reef. This includes the protection of and conservation of the World Heritage values of the Great Barrier Reef.

The **Sydney Harbour Federation Trust** (SHFT) ensures that the Trust lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians. SHFT is also responsible for conserving and planning the future uses of former military bases and other Commonwealth land around Sydney Harbour.

The **National Water Commission** (NWC) is an independent statutory body that is responsible for the sustainable management and use of Australia's water resources.

The **Murray-Darling Basin Authority** (MDBA) is an independent body established to manage the water resources of the Murray-Darling. This new authority will develop and implement the Basin Plan which will include a sustainable cap on surface and groundwater diversions across the Basin, an Environmental Watering Plan, a Water Quality and Salinity Management Plan and water trading and transfer rules. It will also undertake the current functions of the Murray-Darling Basin Commission (state water shares, Murray River operations, the Living Murray Initiative and a range of natural resource management programs).

The **Australia Council** is the Australian Government's principal arts funding and advisory body and is responsible for ensuring that Australian artists create and present a body of distinctive cultural works characterised by the pursuit of excellence. The Council ensures that Australian citizens and civic institutions appreciate, understand, participate in, enjoy and celebrate the arts. The Council aims to enrich the nation's culture through the support and promotion of the arts.

The **Australian Film, Television and Radio School** is the national advanced-level training institution for the film and broadcast industries. It provides advanced education and training in program making for the Australian broadcast media industries which enhances the Australian cultural identity.

The **Australian National Maritime Museum** is accountable for increasing the knowledge, appreciation and enjoyment of Australia's relationship with its waterways and the sea.

The **National Film and Sound Archive** maintains the national audiovisual collection.

The **National Gallery of Australia** is responsible for encouraging understanding, knowledge and enjoyment of the visual arts by providing access to and information about, works of art locally, nationally and internationally.

The role of the **National Library of Australia** is to ensure that documentary resources of national significance relating to Australia and its people, as well as significant non-Australian library materials, are collected, preserved and made accessible either through the Library itself or through collaborative arrangements with other libraries.

The role of the **National Museum of Australia** is to ensure that Australians have access to the museum's collections and public programs to encourage awareness and understanding of Australia's history and culture. The museum conducts research into Australian history, develops and maintains a national collection of historical materials, creates exhibitions and programs which explore our heritage and history and makes it more accessible to more Australians.

Screen Australia commenced operations in July 2008 bringing together the majority of the functions of the Australian Film Commission (AFC) with those of the Film Finance Corporation and Film Australia Limited. Governance

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The Department has a Service Charter which sets out its Mission, a description of what it does, its values, relationship with clients and service standards.

Annual Report

The Secretary is required to supply an annual report for the Department to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

57 Acts.

Position Dimensions

Appropriations \$2.248 billion

Expenditure \$586 million

Staff costs \$203 million

Revenue \$562 million

Secretary: Department of Human Services (DHS)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Manage the Department and lead the work of the broader portfolio to improve government social and health-related services to all Australians.

Ministerial Reporting

Minister for Human Services.

Function of the Department

The Department plays a leadership role in the development of policy on service delivery and for the coordination of Government service delivery across the Human Services Portfolio including for a range of services outside the immediate health and welfare areas. It takes leadership of a range of cross-portfolio objectives such as strategies for reducing health and welfare fraud and non-compliance, improved access to services for indigenous Australians and major innovative programs such as the development of the access card for the previous Government and more recently, the development of the Basics Card for welfare quarantining and as a facility for payment reform. Additionally, the Department is actively

engaged to implement successful approaches to improve the efficiency of Human Services service delivery agencies in providing a reformed and co-ordinated delivery system. These include expanding options for physical and electronic access, reducing red tape and facilitating streamlined communications. Through its oversight of joint procurement and property management and promotion of other cross-agency synergies, the Department is accountable for leading service delivery reform across the portfolio's systems and networks. It also contributes to the reduction of costs and environmental impacts across the portfolio.

The primary purpose of the Department is to:

- achieve the efficient and effective delivery of social and health related services including financial assistance, to the Australian people.

In this context the Department works to ensure early consideration of service delivery issues in the policy development process to improve the quality and cost effectiveness of service delivery by agencies in the Human Services portfolio.

Geographic Spread

The Department, including CPS Australia, has 649 staff in Canberra and 5472 staff located in all Australian States and Territories.

Direct Reports

- General Manager, Child Support Program
- Deputy Secretary, Delivery, Policy and Compliance
- Deputy Secretary, Technology and Corporate
- General Manager Commonwealth Rehabilitation Service
- Chief Finance Officer

Organisational Environment

The Department consists of central business co-ordination, service delivery development and corporate support areas, the Child Support Program and CRS Australia (Commonwealth Rehabilitation Service). The role of the central business co-ordination and service delivery development areas is to direct, coordinate and broker improvements to service delivery and provide policy advice on service delivery matters to Government.

The Department's key strategies embrace:

- considering community requirements when reviewing services offered by service delivery agencies to promote simplicity, visibility and innovation;
- working in partnership with Human Services agencies and external stakeholders to strengthen community confidence in service delivery;
- partnering with other Government agencies to develop and influence policy on service delivery and develop innovative and appropriate service delivery mechanisms;
- working to ensure that Australians are able to access Government services in an efficient, effective and contemporary way;
- balancing individuals' preference for service delivery with the risks to taxpayer funds caused by fraud and incorrect payment;
- working with the service delivery agencies to deliver value for money in service provision and sound and substantial financial and governance arrangements.

Arising from these accountabilities and engagements the Department of Human Services has significant business partnership agreements with other Departments, notably:

- Department of Housing, Family and Community Services and Indigenous Affairs;
- Department of Employment, Education and Workplace Relations; and
- Department of Health and Ageing.

Portfolio Agencies

As noted above, the Department works to improve the service delivery of the Child Support Program and CRS Australia which are part of the Department, and works closely with the four agencies that form part of the Human Services portfolio, notably Australian Hearing, Centrelink, Health Services Australia Group and Medicare Australia with the same objective.

I note that the Secretary has recently integrated the management and support functions of the Child Support program more closely with the Department in line with accountabilities under the Administrative Arrangements Order. I note that this change runs in parallel with the Minister's confirmation and strengthening of the arrangements previously in place.

The **Child Support Program** ensures that children of separated parents receive financial support from both parents. **CRS Australia** assists people with an injury or a disability to get a job or return to work by providing individualised vocational rehabilitation and by helping employers to keep their workplaces safe.

The Department also has oversight of **Centrelink** which delivers a range of Government payments and services for retirees, families, carers, parents, people with disabilities, indigenous people and people from diverse cultural and linguistic backgrounds, and provides services at times of major change.

It also oversees **Medicare Australia** which looks after the health of Australians through efficient services and payments such as Medicare, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register and the Australian Organ Donor Register.

Also within its portfolio are the two CAC agencies, receiving less direct oversight. The first is **Australian Hearing**, one of the largest hearing service providers in the world dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21, eligible adults and aged pensioners and most war veterans.

The second, **Health Services Australia**, is a Government business enterprise focusing primarily on occupational health and safety and medical assessments.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

7 Acts.

Position Dimensions

Appropriations \$1.878 billion

Expenditure \$683 million

Staff costs \$406 million

Revenue \$648 million

Secretary: Department of Immigration and Citizenship

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.

Ministerial Reporting

- Minister for Immigration and Citizenship
- Parliamentary Secretary for Multicultural Affairs and Settlement Services

Function of the Department

The Department's key objectives are to:

- manage the lawful and orderly entry and stay of people in Australia, including through maintaining effective border security; and
- promote a society which values Australian citizenship, appreciates cultural diversity and enables migrants to participate equitably.

Geographic Spread

36.7% of employees work in the National office in Canberra, 17.1% work in NSW, 12% work in VIC and 19.9% are located in the remaining State and Territory offices. 1.69% of

employees are overseas (A-based staff), which includes staff in the transit pool awaiting placement. 12.3% of employees are overseas locally engaged.

Direct Reports

- Deputy Secretary, Migration, Refugee Citizenship and Compliance Group
- Deputy Secretary, Borders, Compliance, Detention and Technology Group
- Deputy Secretary, Client and Corporate Services Group
- Special Counsel
- National Communications Manager
- First Assistant Secretary, Policy Innovation and Research Unit

Organisational Environment

The department has approximately 7,000 employees, including staff based at Australian diplomatic missions overseas and an operating budget in excess of \$1 billion.

The tasks assigned to the portfolio are:

- arrangements for the settlement of migrants and humanitarian entrants, other than migrant child education;
- border immigration control;
- entry, stay and departure arrangements for non-citizens;
- citizenship;
- multicultural affairs;
- ethnic affairs.

The Department's business is:

- managing the permanent and temporary entry of people to Australia;
- contributing to border security;
- successfully settling migrants and refugees;
- administering Australian citizenship law and policy;
- promoting the benefits of a united and diverse society.

The services provided by the portfolio in Australia and overseas include:

- policy analysis and advice in relation to the role of temporary and permanent migration and humanitarian entry, in responding to changes in Australia's social, economic and international environment;
- granting visas for migrants, temporary entrants (e.g. skilled workers), business visitors, students and tourists, including identifying prior to arrival those entitled to lawfully enter Australia;
- managing the entry and departure of people crossing the Australian border;
- authenticating the identity of people entering Australia and maintaining a foundation identity of non-citizens;
- assessing the character, health and bona fides of people applying for entry to Australia;
- meeting Australia's international protection obligations and contributing to the resettlement of refugees and those in humanitarian need through the delivery of the Humanitarian Program;
- preventing and deterring non-compliance with migration law;
- applying appropriate sanctions to business sponsors who breach sponsorship undertakings;
- locating, detaining and resolving the immigration status of unlawful non-citizens;

- identifying and reducing irregular immigration, people smuggling, trafficking in persons and other immigration malpractice and fraud;
- increasing the ability of new permanent residents, particularly refugee and Special Humanitarian Program entrants and family stream migrants with lower levels of English proficiency, to participate in Australian life, through a settlement program including English language tuition and translating and interpreting services;
- promoting the value of Australian citizenship;
- deciding applications for Australian citizenship and making decisions on citizenship status;
- promoting the benefits of a united and diverse society, including through programs that support the integration of migrants and the enhancement of social cohesion.

Portfolio Agencies

The portfolio includes the following agencies:

Migration Review Tribunal

The Migration Review Tribunal provides final independent merits review of departmental decisions concerning the refusal or cancellation of migration and temporary entry visas.

Refugee Review Tribunal

The Refugee Review Tribunal provides independent merits review of departmental decisions to refuse or cancel protection visas. The tribunals report separately.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

I note that the core elements of the Department's governance system are leadership, strategic direction, accountability, performance, controls and assurance. A range of tools and capabilities have been put in place to support the continued good governance and administration of the Department. These initiatives include a strengthened capability in business planning, governance, budgeting and resource allocation, quality assurance, risk management, internal audit, information technology, stakeholder engagement, decision-making, training, values, leadership and communication. These elements come together to support the Department's strategic themes of openness and accountability, fair and reasonable dealings with clients and well trained and supported staff.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

11 Acts.

Position Dimensions

Appropriations \$1.76 billion

Expenditure \$1.238 billion

Staff costs \$552 million

Revenue \$1.237 billion

Secretary: Department of Infrastructure, Transport, Regional Development and Local Government

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Manage Departmental staff in their policy development, regulatory and program implementation work for infrastructure planning and coordination; transport safety, land transport; civil aviation and airports; transport security; maritime transport including shipping; regional development; matters relating to local government; and major projects facilitation.

Ministerial Reporting

- Minister for Infrastructure, Transport, Regional Development and Local Government
- Parliamentary Secretary for Regional Development and Northern Australia

Function of the Department

The Department provides policy advice to its Portfolio Minister and Parliamentary Secretary and delivers a variety of programs on behalf of the Australian Government. It assists the Government to promote, evaluate, plan and invest in infrastructure, foster an efficient,

sustainable, competitive, safe and secure transport system, and assist regions and local government to develop and manage their futures.

Functions of the Department include research, analysis and safety investigations, provision of safety information and advice based upon these investigations, and performance of regulatory functions.

Its purpose is to promote economic, social and regional development by enhancing Australia's infrastructure performance.

Geographic Spread

82% of employees work in Canberra, 4.27% work in NSW, 4.27% work in QLD and 9.46% are located in the remaining States and Territory.

Direct Reports

- Deputy Secretary (responsible for transport and portfolio policy and research, aviation and airports, and maritime and land transport)
- Deputy Secretary (responsible for AusLink, regional services, territories and local government, safety investigation, and international and multilateral forums)
- Deputy Secretary (responsible for transport security issues)
- Chief Operating Officer (responsible for all corporate administrative matters)
- Inspector of Transport Security
- Governance Centre.

Organisational Environment

The Department consists of seven business divisions:

- Local Government and Regional Development;
- Australian Transport Safety Bureau;
- Office of Transport Security;
- Aviation and Airports;
- Infrastructure Investment;
- Infrastructure and Surface Transport Policy;
- National Transport Strategy.

These divisions are supported by the Bureau of Infrastructure, Transport and Regional Economics (BITRE) and a Corporate Services division. The Department assists the Infrastructure Coordinator who supports Infrastructure Australia in the performance of its functions. It also provides support to the International Air Services Commission. Additionally, the Department oversees the policy context in which the Civil Aviation Safety Authority (CASA) and the Australian Maritime Safety Authority (AMSA) operate.

The Department is accountable for providing policy advice, delivering programs and for regulation across the following nine areas:

- infrastructure investment policy and programs;
- infrastructure investment coordination;
- transport safety, including investigations;
- transport security policy, programs and regulation;
- surface transport policy, programs and regulation;
- road safety and vehicle policy, programs and regulation;
- aviation and airports policy, programs and regulation;
- regional development policy and programs;

- local government policy and programs.

Portfolio Agencies

The portfolio includes the following agencies:

The **Australian Transport Council (ATC)** provides a forum for Commonwealth, State, Territory and New Zealand Ministers to consult and provide advice to governments on the co-ordination and integration of all transport and road policy issues.

Austrroads is the association of Australian and New Zealand road transport and traffic authorities. Austrroads members are the six Australian state and two territory road transport and traffic authorities, the Department for Infrastructure, Transport, Regional Development and Local Government, the Australian Local Government Association (ALGA), and the New Zealand Transport Agency.

The **Standing Committee on Transport (SCOT)** is the senior coordinating body providing support to the Australian Transport Council (ATC). The committee's key function is to develop, coordinate and progress the council's agenda, while respecting the prerogatives of the National Transport Commission

The **Local Government and Planning Ministers' Council (LGPMC)** has the objective of enhancing the effectiveness of local government and planning in Australia and New Zealand. It leads debate in decision making on key strategic policy matters for Local Government and planning in Australia and New Zealand that can be addressed at the national level.

The **Regional Development Council (RDC)** is the Ministerial Council responsible for regional development issues in Australia. It comprises Federal, State and Territory Ministers responsible for regional development and a representative from the Australian Local Government Association. The aim of the Regional Development Council is to facilitate more effective cooperation across all spheres of government in order to achieve sustainable economic, social and environmental outcomes for regional Australians.

The **Standing Committee on Regional Development** reviews and recommends agenda items for the Regional Development Council and supports its work.

Airservices Australia is a government-owned corporation providing safe and environmentally sound air traffic control management and related airside services to the aviation industry.

The **Australian Maritime Safety Authority** is a largely self-funded government agency with the charter of enhancing efficiency in the delivery of safety and other services to the Australian maritime industry. It is committed to continuous improvement in provision of its safety and environment protection services and maintaining constructive relations with our stakeholders in government, industry and the community.

The **Civil Aviation Safety Authority** works to enhance and promote aviation safety through effective safety regulation and by encouraging industry to deliver high standards of safety.

The **International Air Services Commission** determines the outcomes of applications by existing and prospective Australian airlines for capacity and route entitlements available under air services arrangements. These determinations allocate the available capacity on a route to one or more carriers and set conditions, where these are considered appropriate. The Commission is also responsible for reviewing determinations after a specified period

and providing advice to the Minister for Transport about any matter referred to the Commission by the Minister concerning international air operations.

The **Maritime Council** is constituted under the Navigation Act 1912 and the Minister has authority to refer a variety of matters to the Council under that Act for determination.

The Australian **Rail Track Corporation Ltd (ARTC)** was created after the Commonwealth and State Governments agreed in 1997 to the formation of a 'one stop' shop for all operators seeking access to the National interstate rail network. ARTC currently has responsibility for the management of over 10,000 route kilometres of standard gauge interstate track, in South Australia, Victoria and Western Australia , and New South Wales . ARTC also manages the Hunter Valley Coal Rail network in New South Wales (311 km) and other regional rail links in New South Wales (651 km).

The **Maritime Industry Finance Company Ltd (MIFCo)** provided assistance in connection with the reform and restructuring of the stevedoring industry through funding redundancy-related payments in the industry.

The **National Transport Commission (NTC)** was established to assist Australian governments in achieving their jointly agreed objective set out in the Inter-Governmental Agreement¹(IGA) of: "improving transport productivity, efficiency, safety and environmental performance and regulatory efficiency in a uniform or nationally consistent manner." Its role is to lead transport regulatory reform nationally to meet the needs of transport users and the broader community for safe, efficient and sustainable land transport.

Transport Certification Australia Limited (TCA) is a public company whose purpose is to support the development and implementation of the Intelligent Access Program (IAP) and ensure that IAP Service Providers are certified and audited.

(Australian Road Research Board) ARRB Group Ltd is a public company limited by guarantee. The Members of the company are the state, territory and federal government road agencies, who established the organisation as a means of cooperating to undertake research of national importance, which they could not justify carrying out individually. The company has representatives of four of these agencies as Directors on its Board.

Transport Research Limited is now part of ARRB Group

The national network of **Area Consultative Committees (ACCs)** has been an important link between the Australian Government and rural and metropolitan Australia. The Minister for Infrastructure, Transport, Regional Development and Local Government, announced on 20 March 2008 that as foreshadowed in the Governments key regional election commitments, Area Consultative Committees (ACCs) would provide the basis for the creation of Regional Development Australia (RDA). Therefore ACCs will transition to become local Regional Development Australia committees. As a first step, the ACC Chairs Reference Group will become the RDA Interim Board until 31 December 2008.

The **Australian Logistic Council ALC** is a partnership of senior industry leaders including customers, transport providers, peak bodies, State-based Freight Councils, government officials, academics, unions and other industry specialists with the aim of advocating on behalf of the T&L Freight industry.

Members of the third **Regional Women's Advisory Council (RWAC)** met on 7 June 2006. The 12 Council members were chosen because of their expertise in key issues facing regional Australians such as agriculture, health, education, business, social welfare, regional development, indigenous issues and industry.

The **Sustainable Regions program** has now closed for new and uncontracted projects.

- No new applications will be accepted or considered for funding.
- The Department of Infrastructure, Transport, Regional Development and Local Government will continue to fund those Sustainable Regions projects that have an executed funding agreement in place with the Government.

The **Tasmanian Freight Equalisation Scheme** is administered by Centrelink and the Review Authority reviews decisions made in accordance with the Ministerial Directions for the operation of the Scheme, and at the request of the Minister or Secretary to the Department, provides an advisory opinion on matters relating to the administration of the Scheme or interpretation of the Directions.

On January 1, 2008 the **Australian Maritime College** integrated with the University of Tasmania becoming a specialist institute of the University. AMC contains three national centres: National Centre for Maritime Engineering and Hydrodynamics, National Centre for Ports and Shipping and National Centre for Marine Conservation and Resource Sustainability.

The Inspector of Transport Security Act 2008 provides for the appointment of an **Inspector of Transport Security** to inquire into transport security matters and offshore security matters.

Part X of the *Trade Practices Act 1974* (TPA) provides that the parties to a conference agreement in respect of outwards or inwards liner cargo shipping may apply to the **Registrar of Liner Shipping** for its registration upon which certain conditional exemptions from sections 45 and 47 are granted.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

The governance framework and the senior management committees that underpin it provide leadership in and coordination of the maintenance of good governance standards in the Department. Supporting the Secretary in their role as agency head and decision-maker, senior management committees focus on:

- managing the Department efficiently, effectively and in accordance with Australian Public Service legislative requirements;
- ensuring the Department's outputs are of a high quality, are timely and contribute to the achievement of the Australian Government's desired outcomes; and
- supporting the Department to meet its obligation to be open and accountable to its stakeholders.

There are four high level departmental groups which meet regularly and assist the Secretary and senior management of the organisation's decision-making process. These are:

- Secretary's Business Meeting;
- Executive Management Team;
- Senior Executive Service (SES) Management Team; and
- SES Strategic Planning Forum.

There are also six supporting committees that focus on specific areas of organisational management and decision making. These are:

- Audit Committee;
- Strategic IT Committee;
- Departmental Consultative Committee;
- Departmental Security Committee;
- People Management Committee; and
- Occupational Health and Safety Committee.

Additionally, a Finance Sub-Committee of the Audit Committee meets to support the financial statements activity.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

81 Acts.

Position Dimensions

Appropriations \$5.049 billion
Expenditure \$239 million
Staff costs \$120 million
Revenue \$235 million

Secretary: Department of Innovation, Industry, Science and Research

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Develop policies and deliver programs, in partnership with stakeholders to encourage the sustainable growth of Australian industries by developing a national innovation system that drives knowledge creation, cutting edge science and research, international competitiveness and greater productivity.

Ministerial Reporting

- Minister for Innovation, Industry, Science and Research
- Minister for Small Business, Independent Contractors and the Service Economy
- Minister assisting the Finance Minister on Deregulation

Function of the Department

To develop and administer programs and services designed to advance Australia's innovation and technology capabilities in manufacturing, resources and service industries.

The Department will achieve its strategic objective by focussing on four key themes: Innovation; Industry; Science and Research; and Small Business and Deregulation.

Innovation – by building a culture of innovation and new ideas by strengthening investment in creativity and knowledge generation through a streamlined, national innovation system.

Industry – by improving the economic viability and competitive advantage of Australian industry.

Science and Research – by building a strong Australian science and research capability that can effectively contribute to the achievement of national economic, social and environmental objectives.

Small Business and Deregulation – improving the growth, performance and competitiveness of small business.

Geographic Spread

91.78% of staff are located in the ACT, with the remaining staff located in each remaining State and Territory of Australia.

Direct Reports

- Director General, IP Australia
- Deputy Secretary (responsible for Enterprise Connect, AusIndustry, Corporate, eBusiness and Manufacturing)
- Deputy Secretary (responsible for National Measurement Institute, Questacon, Science and Research, Industry and Small Business Policy, Innovation and the Principal Adviser, Innovation and Industry).

Organisational Environment

A key priority of the Department is to encourage the sustainable growth of Australian industries by developing a national innovation system that drives knowledge creation, cutting edge science and research, international competitiveness and greater productivity. The Department is committed to developing policies and delivering programs, in partnership with stakeholders, to provide lasting economic benefits ensuring Australia's competitive future.

The role of the Department is:

- to ensure a stronger, sustainable and internationally competitive Australian industry, comprising manufacturing, resources and services sectors;
- to enhance economic and social benefits through a strengthened national system of innovation;
- to maintain the strong science, research and innovation capacity required to generate and utilise knowledge;
- to enhance Australia's international influence through international recognition of Australia's education, research and training and strengthening and diversifying international linkages and collaboration.

The Department is structured into a number of divisions: AusIndustry; Industry Policy and Small Business Division; Innovation Division; Enterprise Connect Division; Manufacturing Division; Science and Research Division; eBusiness Division; Corporate Division; the National Measurement Institute and Questacon. The Office of the Chief Scientist and Biotechnology Australia (which also reports to four other Departments) are also located within the Department.

In addition, IP Australia falls within the Department's organisational structure as a prescribed agency under the FMA Act (Financial Management and Accountability **Act** 1997), but operates independently of the Department on financial matters and with some degree of autonomy on other matters. I note that IP Australia is the Australian Government agency responsible for granting patent, trade mark, and industrial design and plant breeders' rights. IP Australia also manages programs to educate and promote awareness of the benefit of effective protection and use of intellectual property (IP); provides policy advice to Government; develops legislation to support Australia's IP system; and contributes to bilateral and multilateral negotiations to improve IP protection internationally. Australia's IP system is vital in promoting innovation, investment and international competitiveness.

The Department deals with the following matters:

- manufacturing and commerce including industry and market development;
- industry innovation policy and technology diffusion;
- promotion of industrial research and development and commercialisation;
- biotechnology, excluding gene technology regulation;
- export services;
- marketing, including export promotion of manufactures and services;
- enterprise improvement;
- construction industry;
- small business policy and implementation;
- business.gov.au management;
- information and communications technology industry development;
- bounties on the production of goods;
- trademarks, plant breeders' rights and patents of inventions and designs;
- country of origin labelling;
- weights and measures standards;
- civil space issues;
- analytical laboratory services;
- science policy;
- promotion of collaborative research in science and technology;
- science communications;
- co-ordination of research policy;
- administration of financial support arrangements for higher education institutions' research and research training activities;
- investing in research infrastructure;
- funding of research grants and fellowships;
- commercialisation and utilisation of public sector research relating to portfolio programs and research activities undertaken by the following portfolio agencies – the AIATSIS, AIMS, ANSTO, CSIRO and AATB.

Portfolio Agencies

The portfolio includes the following agencies:

The role of the ***Australian Institute of Aboriginal and Torres Strait Islander Studies*** (AIATSIS) is to encourage, undertake and promote and publish Aboriginal and Torres Strait Islander studies; to assist in training people, particularly Aboriginal and Torres Strait Islanders as research workers in fields relevant to the division; to establish and maintain a cultural resource collection consisting of materials relating to Aboriginal and Torres Strait Islander studies and to encourage understanding of Aboriginal and Torres Strait Islander societies.

The **Australian Institute of Marine Science** (AIMS) generates and transfers knowledge to support the sustainable use and protection of the marine environment through innovative, world class research.

The **Australian Nuclear Science and Technology Organisation** (ANSTO) is Australia's nuclear research and development organisation and the centre of Australia's nuclear expertise. It provides the Government with expert scientific and technical advice in areas such as Australia's national strategic and nuclear policy objectives and radioactive waste management. ANSTO operates nuclear science and technology based facilities for the benefit of industry and the Australian research community, including higher education. It conducts and applies environmental; material engineering; and radiopharmaceutical research as well as research in applications of neutron scattering and x-ray radiation. ANSTO also operates business units, most notably units producing and marketing radiopharmaceuticals and providing services to the mining and minerals sector.

The **Australian Research Council** (ARC) is a primary source of advice to the Government on investment in the national research effort. The ARC supports the highest quality research and research training through national competition in all fields of science, social sciences and the humanities and broker's partnerships between researchers and industry, government, community organisations and the international community.

The **Commonwealth Scientific and Industrial Research Organisation** (CSIRO) carries out scientific research to assist Australian industry and to further the interests of the Australian community and to contribute to national and international objectives and responsibilities of the Australian Government.

IP Australia is the Australian Government agency responsible for granting patent, trademark, industrial design and plant breeder's rights.

The **Anglo-Australian Telescope Board** (AATB) owns and operates the world-class Anglo-Australian Observatory based in Australia in northern New South Wales. It is a world leader in astronomical (optical) research and in the development of innovative telescope instrumentation.

The **Office of the Chief Scientist** provides information and advice on emerging issues in innovation, science and research and administrative support for Australia's Chief Scientist and the Prime Minister's Science, Engineering and Innovation Council.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Good governance is reflected in the Department's Service Charter which indicates the standards to which the Department aims to perform. Measurement of outcomes against the original proposals also promotes awareness of and importance of goals.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

38 Acts.

Position Dimensions as at 1/7/08

Appropriations \$2.502 billion

Expenditure \$336 million

Staff costs \$174 million

Revenue \$336 million

Secretary: Department of Resources, Energy and Tourism (RET)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Improve the strength, competitiveness and sustainability of the Resources, Energy and Tourism industries to enhance Australia's prosperity through implementation of government policy and programs.

Ministerial Reporting

- Minister for Resources and Energy
- Minister for Tourism

Function of the Department

The Department is responsible for developing and maintaining Government policies and programs for the resources, energy and tourism industries. Key objectives of the Department include: achieving strong economic growth; resilient and secure energy systems; equitable distribution of the benefits of Australia's energy, resources and tourism industries; and actively participating in a whole of government approach to domestic and international environmental policy.

The Department of Resources, Energy and Tourism (RET) was established through the Administrative Arrangements Order issued on 3 December 2007 and 25 January 2008. Functions were transferred from the former departments of Industry, Tourism and Resources; Education, Science and Training; and Environment and Water Resources. Geoscience Australia, the National Offshore Petroleum Safety Authority (NOPSA) and Tourism Australia were transferred from the former Industry, Tourism and Resources Portfolio.

Geographic Spread

Department located in Canberra. Portfolio agencies located in Canberra, Sydney and Perth. Departmental policies and programs have strong international context.

Direct Reports

- Chief Internal Auditor
- Chief Executive Officer Geoscience Australia
- Deputy Secretary
- Chief Financial Officer.

Organisational Environment

The Department of Resources, Energy and Tourism plays an important role in assisting the Government to achieve its objectives by providing high quality advice and services to achieve improved competitiveness and sustainability of the resources, energy and tourism industries. The Department deals with the following matters:

- Energy policy, including energy security
- Mineral and energy industries, including oil and gas and electricity
- National energy market
- Energy-specific international organisations and activities
- Administration of export controls on rough diamonds, uranium and thorium
- Minerals and energy resources research, science and technology
- Tourism industry
- Geosciences research and information services including geodesy, mapping, remote sensing and land information co-ordination
- Radioactive waste management
- Renewable energy technology development
- Cleaner fossil fuel energy technology development
- Industrial energy efficiency.

The priorities of the Department are based on the importance of enhancing Australia's economic prosperity to ensure that Australia maintains its international competitiveness and responds to the increasing globalisation and technology developments of the resources, energy and tourism industries. At the same time the Department is working to encourage small to medium players into these sectors and shared access to the benefits of economic growth. The Department liaises closely with the private sector, including major corporations and business associations.

Portfolio Agencies

The portfolio includes the following agencies:

Geoscience Australia is financially independent of the Department and exists within the portfolio structure as a prescribed agency. Geoscience Australia is Australia's national geosciences research and geospatial information agency. Geoscience Australia is a world

leader in providing first class geosciences information and knowledge that enables the Australian Government and community to make informed decisions about the exploitation of resources, the management of the environment, the safety of critical infrastructure and the resultant wellbeing of all Australians. Geoscience Australia also encompasses the Office of the Spatial Data Management which coordinates the implementation of the Australian Government's policy on spatial data access and pricing.

The **National Offshore Petroleum Safety Authority** (NOPSA) is responsible for the delivery of world class health and safety regulation for the Australian offshore petroleum industry. In addition, NOPSA is responsible for the promotion of occupational health and safety of persons engaged in offshore petroleum operations in Australian Government, State and Territory coastal waters. The primary objectives for NOPSA include: improving safety outcomes across the Australian offshore petroleum industry; ensuring that health and safety regulation of the offshore petroleum industry is provided to standards that are equal to the best in the world; and reducing the regulatory burden on the offshore petroleum industry, which operates across multiple jurisdictions, by delivering a consistent and comprehensive health and safety regime.

Tourism Australia is the Australian Government agency responsible for international and domestic tourism marketing, as well as the delivery of research and forecasts for the tourism sector. The main objectives of Tourism Australia is to: influence people to travel to Australia, including travel to events; help foster a sustainable tourism industry in Australia; and help increase the economic benefits to Australia from tourism.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication "Foundations of Governance in the Australian Public Service". The publication is issued by the Public Service Commissioner and is updated regularly.

It includes requirements in regard to the constitutional, legal and Government framework, authorisation and delegation, accountability, the APS values and Code of Conduct, whistle blowing, respecting diversity, financial management, employment framework, Government information, review of decision making, protection of the Commonwealth against crime, native title and environmental issues.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the Public Service Act 1999.

The annual report is required to include a review by the Secretary, a departmental overview, a report on performance, a statement in regard to corporate governance, a report on external scrutiny of the Department including decisions by courts and tribunals, an assessment of the management of human resources, asset management, purchasing, consultants, audit access clauses, AusTender exempt contracts and an assessment under the Commonwealth Disability Strategy (CDS). Audited financial statements must be included with a variety of other mandatory information, disclosure of discretionary grants and correction of previous reporting errors.

Administered Legislation

38 Acts.

Position Dimensions

Appropriations \$1.145 billion

Expenditure \$76 million

Staff costs \$36 million

Revenue \$76 million

Secretary: Department of Veterans' Affairs (DVA)

Primary Accountabilities

- Support the Minister(s) in meeting their accountabilities to the Parliament for the overall administration of their portfolio and in framing legislation for consideration by, and supporting its passage through, the Parliament, including meeting the requirements of the Parliament and its Committees.
- Assist the Minister(s), where appropriate, in meeting their obligations as a member of the Cabinet (the apex of executive Government) in setting the broad direction and goals of Government, deciding policies and identifying the optimum path for program implementation.
- Assist the Minister(s) in meeting obligations as a member of the Expenditure Review Committee.
- Act as the portfolio's senior policy counsel on major and sensitive policy issues to the Minister(s), Parliamentary Secretary(s) and the Ministerial team.
- Contribute to the effective management and sustainability of allocated portfolio agencies through overseeing the effective implementation of Government policy and programs as required, including membership, as appropriate, of relevant governing bodies.
- The Secretary is also the president of the Repatriation Commission and the Chair of the Military Rehabilitation and Compensation Commission. In these roles the Secretary ensures the functions and powers of these bodies are undertaken in accordance with the relevant legislation.
- Provide leadership across the Department and the broader portfolio at the Minister's direction, both domestically and internationally, directing key executives, where appropriate, in the achievement of their operational and financial plans, providing stewardship over the Department's strategy and financial management, ICT, human resources programs and legal support services and ensure that all officers adopt financial management disciplines which enable the Department to achieve its program within allocated financial resources.
- Ensure that all officers across the Department adopt financial management disciplines which enable the Department to achieve its programs within allocated financial resources and annual budget provisioning.
- Ensure that APS values are upheld, both domestically and internationally.
- Establish longer-term directions, providing a broader strategic framework within which departmental divisions and national lines of business can develop their annual operational plans. providing administrative support for policies and programs for repatriation beneficiaries and administering subsidised loans for housing for veterans.

Ministerial Reporting

Minister for Veterans' Affairs

Function of the Department

The Veterans' Affairs portfolio is responsible for carrying out Government policy and implementing programs to fulfil Australia's obligations to veterans and their dependants as well as providing the compensation claims management service to serving and former members of the Australian Defence Force. The portfolio is made up of two agencies: the Department of Veterans' Affairs and the Australian War Memorial.

The Department of Veterans' Affairs (DVA) provides administrative support to the Repatriation Commission and the Military Rehabilitation and Compensation Commission. It is responsible for advising these Commissions on policies and programs for repatriation beneficiaries and the carrying out of these policies and programs. As well as supporting the Repatriation Commission and the Military Rehabilitation and Compensation Commission, the Department administers legislation such as the *Defence Service Homes Act 1918* under which subsidised loans for housing and housing-related benefits are provided to eligible veterans.

Geographic Spread

730 employees work in Canberra, 398 work in NSW, 336 work in VIC and 902 are located in the remaining States and Territory.

Direct Reports

- Deputy President
- Commissioner
- Deputy Commissioner NSW/ACT
- Deputy Commissioner NT
- Deputy Commissioner QLD
- Deputy Commissioner SA
- Deputy Commissioner TAS
- Deputy Commissioner VIC
- Deputy Commissioner WA
- General Manager, Policy and Development
- General Manager, Service Delivery
- General Manager, Corporate
- General Manager, Commemorations and War Graves
- General Manager, Business Integrity
- Director, Office of Australian War Graves .

Organisational Environment

DVA and a number of other entities that are administered by the Minister for Veterans' Affairs are formally part of the Defence portfolio. The Australian Government serves the needs of the veteran and defence force communities through a number of bodies that make up the Veterans' Affairs portfolio.

DVA is the primary service delivery agency in the Veterans' Affairs portfolio. Other bodies in the portfolio include:

Repatriation Commission - the Repatriation Commission is accountable under the *Veterans' Entitlements Act 1986* for granting pensions, allowances and other benefits, providing treatment and other services and generally administering the Act. The Secretary holds the position of President of the Repatriation Commission.

Military Rehabilitation and Compensation Commission- The Military Rehabilitation and Compensation Commission is accountable for the administration of benefits and arrangements under the *Military Rehabilitation and Compensation Act 2004* and Part XI (except for sections 143(2) and (3), 144(4), 149, 150, 153(2), 156, 158 and 159) of the *Safety, Rehabilitation and Compensation Act 1988*. The Secretary holds the position of Chair of the Military Rehabilitation and Compensation Commission.

Veterans' Review Board - reviews certain decisions of the Repatriation Commission and the Military Rehabilitation and Compensation Commission. There are two broad classes of decision that the Board may review: 'entitlement' cases where a claim for pension other than a service pension was decided and 'assessment' cases where the rate of pension payable for an accepted incapacity was assessed.

The Board may review decisions of the Service Chiefs of the respective arms of the Defence Force in respect of liability for injury, disease or death and compensation for such issues. Compensation will extend to rehabilitation and other benefits. Persons dissatisfied with a decision of the Veterans' Review Board may lodge an appeal with the Administrative Appeals Tribunal.

Veterans' Children Education Boards responsible to the Military Rehabilitation and Compensation Commission for matters concerning the administration of the Veterans' Children Education Scheme and the *Military Rehabilitation and Compensation Act 2004* Education and Training Scheme in each state.

Office of Australian War Graves (OAWG) manages the War Graves program and has four main functions:

- maintains the Commission's war cemeteries and other commemorations in Australia, Papua New Guinea, Solomon Islands and Norfolk Island and
- is responsible for the graves in Australia and overseas of Australian service personnel who have died in conflicts subsequent to the two world wars.
- implements government policy for the perpetual commemoration of Australian veterans whose post-war deaths are accepted as being due to their war service.
- constructs and maintains memorials overseas at sites significant to Australia's military history and
- publishes and maintains nominal rolls of participants in various conflicts on the internet.

Repatriation Medical Authority - determines statements of principles in relation to medical or scientific evidence connecting injuries, diseases or death with the circumstances of a particular veteran's service.

Specialist Medical Review Council - reviews the contents of a statement of principles or a decision of the Repatriation Medical Authority not to issue such a statement on application.

Australian War Memorial - established as a body corporate under the *Australian War Memorial Act 1980*. and operates within the Veterans' Affairs portfolio as a discrete agency.

Governance and Reporting

Governance

The general principles of public sector governance which apply to the functions of public sector agency heads (which include the Secretaries of Departments of State, heads of executive agencies and the heads of statutory agencies) are set out in a publication

“Foundations of Governance in the Australian Public Service”. The publication is issued by the Public Service Commissioner and is updated regularly.

The Department established a new governance committee structure during 2006-07. This new structure retains the Executive Management Group (EMG) and the Audit Committee (formerly the National Audit and Fraud Committee) as the senior governance committees in the Department.

The EMG is concerned with DVA's internal management and determines and evaluates progress on its strategic direction. The EMG supports the Secretary in the discharge of his/her responsibilities.

The Audit Committee's objectives are to review and monitor the efficiency of the internal audit (including the audit of information and communication technology), evaluation, risk management and fraud control functions of the Department; to assist the Secretary in the responsibility to ensure that the control framework remains effective and supports the objectives of DVA; to review the objectivity and reliability of externally published financial information; to assist the Secretary to comply with all legislative and other obligations; and to ensure that a professional working relationship is maintained with the Australian National Audit Office.

The Resources Committee provides independent advice and assistance to the Secretary and the EMG. The committee focuses on maintaining DVA's financial health and provides assurance that DVA's objectives and goals are achieved efficiently and economically. The Committee also provides advice on DVA's people management strategies, policies and practices.

The Operations Committee provides advice and assistance to the Secretary and the EMG on all matters relating to business operations, to ensure the maintenance and, where possible, enhancement of quality service to the veteran and defence force communities.

The Department has a range of information and communications technology (ICT) governance committees that ensure a cohesive and strategic direction for technology management within the Department. The Information Committee provides independent advice and assistance to the Secretary and the EMG on ICT matters and is supported in this role by:

- The Design Authority (DA) exists to oversee solution design relating to IT developments at an Enterprise level. It is an integral part of the overall governance process under the Curam development framework and includes examination of both Curam and non-Curam projects.
- The Business Architecture Committee (BAC) is both a technical and business-focussed committee that provides advice and assistance to the Information Committee and acts as the gateway for ICT-based project proposals. The Curam Project Board (CPB) is responsible for overseeing the implementation of the approved Curam Transformation Roadmap including the strategy, project schedule, deliverable, outcomes, resource estimates and budget.

The Integrity and Risk Committee was established to oversee the department's external activities to monitor fraud and compliance as well as the consistency of its internal activities and decisions. The committee seeks to promote a strong culture of personal integrity and compliance within the Department, while adopting robust and transparent community compliance frameworks similar to those in place in other Commonwealth agencies such as the Australian Taxation Office and Centrelink.

The Defence/DVA Links Steering Committee continues to provide high-level strategic direction and policy development for the Defence/DVA Links program.

Annual Report

The Secretary is required to supply an annual report for the Department, executive agencies and prescribed agencies, to the portfolio Minister for tabling in the Parliament. The annual report requirements are set out in a document approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the *Public Service Act 1999*.

Administered Legislation

21 Acts.

Position Dimensions

Based on the Annual Report 2007 - 2008

Appropriations \$10.88 billion

Expenditure \$384 million (consolidated – both DVA and Defence Service Homes Insurance)

Staff costs \$199 million (consolidated – both DVA and Defence Service Homes Insurance)

Revenue \$349 million (consolidated – both DVA and Defence Service Homes Insurance).

Appendix G

Classification Levels

	Classification Level		No. of Ministers/ Parliamentary Secretaries	Portfolio Agencies/ Statutory Bodies	Staff	Budget
	1	2				
Agriculture, Fisheries and Forestry		■	1 / -	13	4,425	Appropriations \$2.591 billion Expenditure \$609 million Staff costs \$395 million Revenue \$608 million
Attorney General		■	2 / -	22	1,252	Appropriations \$1.214 billion Expenditure \$217 million Staff costs \$118 million Revenue \$232 million
Broadband Communications and the Digital Economy		■	1 / -	3	888	Appropriations \$1.497 billion Expenditure \$116 million Staff costs \$67 million Revenue \$116 million
Climate Change		■	1 / -	N/A	250	Appropriations \$88 million Expenditure \$56 million Staff costs \$30 million Revenue \$56 million
Defence	■		2 / 2	3	80,000(E*)	Appropriations \$25.6 billion Expenditure \$20.312 billion Staff costs \$1.368 billion Revenue \$20.204 billion
Education, Employment and Workplace Relations	■		3 / 2	9	5,243	Appropriations \$43.2 billion Expenditure \$1.966 billion Staff costs \$435 million Revenue \$1.95 billion
Environment, Water, Heritage and the Arts		■	2 / -	14	1,530	Appropriations \$2.248 billion Expenditure \$586 million Staff costs \$203 million Revenue \$562 million
Families, Housing, Community Services and Indigenous Affairs	■		3 / 1	14	3,052	Appropriations \$72.757 billion Expenditure \$1.574 billion Staff costs \$295 million Revenue \$1.574 billion
Finance and Deregulation	■		3 / -	13	1,525	Appropriations \$11.413 billion Expenditure \$5.33 billion Staff costs \$331 million Revenue \$1.585 billion
Foreign Affairs and Trade	■		2 / 3	6	3,656	Appropriations \$1.93 billion Expenditure \$1.205 billion Staff costs \$382 million Revenue \$938 million

	Classification Level		No. of Ministers/ Parliamentary Secretaries	Portfolio Agencies/ Statutory Bodies	Staff	Budget
	1	2				
Health and Ageing	■		3 / 1	19	4,817	Appropriations \$51.846 billion Expenditure \$679 million Staff costs \$433 million Revenue \$679 million
Human Services		■	1 / -	6	230	Appropriations \$1.878 billion Expenditure \$683 million Staff costs \$406 million Revenue \$648 million
Immigration and Citizenship		■	1 / 1	3	7,687	Appropriations \$1.76 billion Expenditure \$1.238 billion Staff costs \$552 million Revenue \$1.237 billion
Infrastructure, Transport, Regional Development and Local Government		■	1 / 1	20+	1,289	Appropriations \$5.049 billion Expenditure \$239 million Staff costs \$120 million Revenue \$235 million
Innovation, Industry, Science and Research		■	3 / -	7	1,149	Appropriations \$2.502 billion Expenditure \$336 million Staff costs \$174 million Revenue \$336 million
The Prime Minister and Cabinet	■		3 / 3	11	506	Appropriations \$165 million Expenditure \$95 million Staff costs \$55 million Revenue \$93 million
Resources, Energy and Tourism		■	2 / -	3	310	Appropriations \$1.145 billion Expenditure \$76 million Staff costs \$36 million Revenue \$76 million
The Treasury	■		3 / -	11	923	Appropriations \$45.635 billion Expenditure \$157 million Staff costs \$102 million Revenue \$157 million
Veterans' Affairs		■	1 / -	8	2,369	Appropriations \$11.592 billion Expenditure \$330 million Staff costs \$175 million Revenue \$331 million

* Excludes reservists; aggregate of uniformed staff and APS staff plus reservists approximate 100,000.

Appendix H

Abbreviations and Acronyms

AABT	Anglo-Australian Telescope Board
AANRO	Australian Agriculture and Natural Resources Online
AAO	Administrative Arrangements Order
ABARE	Australian Bureau of Agricultural and Resource Economics
ABCC	Australian Building and Construction Commission
AC	Companion of the Order of Australia
ACCRA	Australian Climate Change Regulatory Authority
ACCs	Area Consultative Committees
ACIAR	Australian Centre for International Agricultural Research
ADF	Australian Defence Force
AEC	Australian Electoral Commission
AFC	Australian Film Commission
AFMA	Australian Fisheries Management Authority
AFZ	Australian Fishing Zone
AG's	Attorney-General's Department
AGS	Australian Government Solicitor's
AHL	Aboriginal Hostels Limited
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
AIDC	Australian Industry Development Commission
AIHW	Australian Institute of Health and Welfare
AIMS	Australian Institute of Marine Science
AIR	Australian Industry Registry
AIRC	Australian Industrial Relations Commission
ALC	Australian Landcare Council
ALC	Australian Logistic Council
AMSA	Australian Maritime Safety Authority
ANIMEX	AQIS's live animal and reproductive material export conditions database
ANSTO	Australian Nuclear Science and Technology Organisation
AOFM	Australian Office of Financial Management
APRA	Australian Prudential Regulation Authority
APS	Australian Public Service
APSC	Australian Public Service Commission
APVMA	Australian Pesticides and Veterinary Medicines Authority
AQIS	Australian Quarantine and Inspection Service

ARC Australian Research Council

ARCo Australian River Company Limited

ARIA Australian Reward Investment Alliance

ARPANSA Australian Radiation Protection and Nuclear Safety Agency

ARRB Group Ltd (Australian Road Research Board)

ARTC Australian Rail Track Corporation Ltd

ASADA (Australian Sports Anti-Doping Authority)

ASC Australian Sports Commission

ASIC Australian Securities and Investment Commission

ASIS Australian Secret Intelligence Service

ASX Australian Securities Exchange

ATC Australian Transport Council

ATG Australian Technology Group Ltd

AWBC Australian Wine and Brandy Corporation

BITRE Bureau of Infrastructure, Transport and Regional Economics

BRS Bureau of Rural Sciences

CAC Commonwealth Authorities and Companies

CASA Civil Aviation Safety Authority

CATSI Act Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)

CDF Chief of the Defence Force

CDS Commonwealth Disability Strategy

CEO Chief Executive Officer

CFO Chief Financial Officer

COAG Council of Australian Governments

Comcare the Safety, Rehabilitation and Compensation Commission

ComSuper an Australian Government Business Unit, is responsible for the administration of the CSS, PSS, PSSAP, MilitarySuper and DFRDB superannuation schemes for members of the APS, participating employers, and members of the ADF

COO Chief Operating Officer

CPB Curam Project Board (DVA)

CRDC Cotton Research and Development Corporation

CRS Australia (Commonwealth Rehabilitation Service)

CSIRO Commonwealth Scientific and Industrial Research Organisation

CSIRO Commonwealth Scientific and Research Organisation

CSS Commonwealth Superannuation Scheme

CSS Act Superannuation Act 1976 (Cth)

DAA Dairy Adjustment Authority

DAFF Department of Agriculture, Fisheries and Forestry

DBCDE Department of Broadband, Communications and the Digital Economy
DCC Department of Climate Change
DEEWR Department of Education, Employment and Workplace Relations
Defence Department of Defence
DEST Departments of Education, Science and Training (DEST)
DEWHA Department of the Environment, Water, Heritage and the Arts
DEWR Employment and Workplace Relations
DFAT Department of Foreign Affairs and Trade
DFRDB Defence Force Retirement and Death Benefits Scheme
DHA Defence Housing Australia
DHS Department of Human Services
DIAC Department of Immigration and Citizenship
DIISR Department of Innovation, Industry, Science and Research
DITRDLG Department of Infrastructure, Transport, Regional Development and Local Government
DMO Defence Materiel Organisation
DNP Director of National Parks
DoHA Department of Health and Ageing
DPMC Department of the Prime Minister and Cabinet
DVA Department of Veterans' Affairs
EFIC Export Finance and Insurance Corporation
EL1 Executive level 1
EMG Executive Management Group (DVA)
EWHA Department of the Environment, Water, Heritage and the Arts
EXDOC Export Documentation Scheme
FaHCSIA Department of Families, Housing, Community Services and Indigenous Affairs
FF Act Future Fund Act 2006 (Cth)
FFMA Future Fund Management Agency
Finance Department of Finance and Deregulation
FMA Financial Management and Accountability Act 1997 (Cth)
FRDC Fisheries Research and Development Corporation
FSANZ Food Standards Australia New Zealand
FWPA Forest & Wood Products Australia Limited
GBRMPA Great Barrier Reef Marine Park Authority
GPET General Practice Education and Training Ltd
GRDC Grains Research and Development Corporation
GWRDC Grape and Wine Research and Development Corporation
HREOC Human Rights and Equal Opportunity Commission

HSA Health Services Australia Ltd
IBA Indigenous Business Australia
ICON AQIS's import conditions database
ICT Information Communications Technology
LGPMC Local Government and Planning Ministers' Council
LWA Land and Water Australia
MCAS-S Multi-Criteria Analysis Shell for Spatial Decision Support
MDBA Murray-Darling Basin Authority
MIFCo Maritime Industry Finance Company Ltd
MSBS Military Superannuation and Benefits Scheme
NAMS National Agricultural Monitoring System
NBA National Blood Authority
NDSP National Dryland Salinity Program
NHMRC National Health and Medical Research Council
NOPSA National Offshore Petroleum Safety Authority
NRMMC Natural Resource Management Ministerial Council
NTC National Transport Commission
NWC National Water Commission
OAWG Office of Australian War Graves
OBE Officer of the Order of the British Empire
OECC Office of Early Childhood Education and Child Care
ORER Office of the Renewable Energy Regulator
PHIAC Private Health Insurance Administration Council
PHIO Private Health Insurance Ombudsman
PHYTO AQIS's plant and plant product export conditions database
PM&C Department of the Prime Minister and Cabinet
PRISM Practical Index of Salinity Models Database
PS Act Public Service Act 1999 (Cth)
PSM Public Service Medal
PSR Professional Services Review
PSS Public Sector Superannuation Scheme
PSSAP Public Sector Superannuation Accumulation Plan
PSSAP Act Superannuation Act 2000 (Cth)
PZJA Torres Strait Protected Zone Joint Authority
RDC Regional Development Council
RET Department of Resources, Energy and Tourism
RIRDC Rural Women's Award

RIRDC Rural Industries Research and Development Corporation
RWAC Regional Women's Advisory Council
S&P / ASX Standard and Poor's / Australian Securities Exchange
SES Senior Executive Service
SHFT Sydney Harbour Federation Trust
SRCC Safety, Rehabilitation and Compensation Commission
SRDC Sugar Research and Development Corporation
TCA Transport Certification Australia Limited
Teaching Australia Australian Institute for Teaching and School Leadership Ltd
TOPPL Tuggeranong Office Park Pty Ltd
TRaCK Tropical Rivers and Coastal Knowledge
Treasury Department of the Treasury
TSCL Telstra Sale Company Ltd
WEA Wheat Exports Australia
WTO World Trade Organisation
YARN Young Australian Rural Network

Appendix I

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