

Section 3

Management and accountability

Management and accountability

The Department's three corporate areas—Corporate and Business Division, Legal Group, and Finance and Budgets Group—provide operational and strategic support to the Department. These corporate areas include:

- › corporate governance
- › corporate planning and reporting
- › parliamentary liaison and coordination
- › business improvement
- › procurement
- › management of human resources
- › media and communications
- › information, technology and facilities
- › legal services
- › external scrutiny
- › financial management.

Corporate governance

The Department has continued to improve governance structures and arrangements to deliver on the Government's reform agenda to provide greater accountability and transparency, supported by improved business processes.

The Australian National Audit Office confirmed that the Department has measures in place contributing to sound corporate governance and financial management accountability which have been operating effectively both before and after the Administrative Arrangements Order changes.

These arrangements include:

- › regular meetings of the Executive Management Group and Senior Executive Service to oversee the strategic direction and performance of the Department
- › an Audit Risk and Evaluation Committee that meets quarterly and focuses attention on internal controls, internal audit activity, management of risks, review of financial reports, control of public monies, fraud control and regulatory compliance
- › an internal audit function that has a planned risk-based coverage of the Department's activities
- › fraud control and risk management plans that are regularly monitored and reviewed.

SENIOR MANAGEMENT COMMITTEES

Executive Management Group

The Executive Management Group is chaired by the Secretary. Membership consists of the Deputy Secretaries, First Assistant Secretaries, General Counsel and the Chief Financial Officer.

The Executive Management Group is the main forum in which the Department's corporate governance and accountability needs are discussed. The group:

- › sets and monitors the strategic direction of the Department
- › monitors the financial and non-financial performance of departmental and administered programs
- › acts as a forum for the sharing of information about major projects and activities
- › leads the development of departmental policies and procedures.

Audit, Risk and Evaluation Committee

The Audit, Risk and Evaluation Committee is chaired by a Deputy Secretary. In this reporting period two Deputy Secretaries held this position,

Ms Fay Holthuyzen and Mr Andy Townend. Membership also includes two First Assistant Secretaries, one of whom is always the First Assistant Secretary Corporate and Business, two Assistant Secretaries and one independent external member. Representatives from the Australian National Audit Office, the Department's internal auditors (Protiviti Pty Ltd), the Chief Financial Officer and General Counsel attend committee meetings as observers.

In accordance with the *Financial Management and Accountability Act 1997* (the FMA Act), the committee provides independent advice to the Secretary on the Department's control frameworks, externally published financial information, and compliance with statutory obligations. The committee considered a range of issues during the reporting period including matters relating to:

- › the financial statements
- › FMA Act Certificate of Compliance
- › internal audit plan and the associated audit reports
- › fraud, risk and business continuity planning.

Additionally, during the reporting period the Secretary met with the Committee to discuss the major risks faced by the Department and the committee's role in advising on the management of these risks. As a result the committee was able to refine its focus and role in relation to the development and finalisation of the financial statements, the FMA Act Certificate of Compliance and reviews of program performance.

RISK MANAGEMENT

The Department's risk management policy and guidelines are consistent with the current *Australia/New Zealand standard on risk management (4360:2004)*. The Risk Management Framework aims to help staff manage risk effectively and improve outcomes by identifying and analysing wider issues so that they can make informed decisions.

The Department undertook a review of the risk management policy and guideline documents as part of the departmental review and simplification of the Chief Executive's Instructions and Practical Guides. The Risk Management Plan 2007–09 was also reviewed in early 2008 to reflect machinery-of-government changes.

The Department continued to educate and raise awareness of risk management by:

- › delivering training sessions in which staff were advised of the changes to risk management through the Chief Executive's Instruction and amended Practical Guide
- › delivering a specialised risk management training course, facilitated by Comcover, the Australian Government's insurance provider
- › conducting biannual reviews of divisional risk plans.

The Department continued to participate in the annual Comcover benchmarking survey which measures performance in managing risk and assessing the extent of cultural change within agencies. The Department maintained its score of 7.6 out of 10, demonstrating an advanced level of achievement. This compares favourably to previous scores of 7.6 in 2006–07 and 6 in 2005–06.

FRAUD CONTROL

The Department's 2007–08 fraud control policy, guidelines and plan complied with the Commonwealth Fraud Control Guidelines. The Department has prepared fraud risk assessments and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes.

The Department undertook a review of its fraud control policy as part of the departmental review and simplification of the Chief Executive's Instructions and Practical Guides. The Fraud Control Plan 2007–09 was reviewed in early 2008 to reflect machinery-of-government changes.

Specialised fraud awareness sessions were available for staff to attend at six monthly intervals during the reporting period to educate and raise awareness of fraud control. The Department also held a Fraud Awareness Week during the year.

In 2007–08, a fraud awareness certification process was introduced that required staff to certify that they had read the Fraud Control Plan and understood their fraud control obligations.

There were no suspected or actual incidences of fraud referred to the Australian Federal Police during 2007–08.

BUSINESS CONTINUITY PLANNING

Business continuity planning is a key element of risk management. It aims to ensure the uninterrupted availability, or rapid restoration, of all resources required to support essential business outputs in the event of a disaster or significant disruption. This may include power outages, staff shortages, equipment failures, or a national security emergency such as a terrorist threat.

The Department's business continuity framework includes:

- › a Business Continuity Plan and associated disaster recovery and emergency procedures
- › a business impact analysis recommending how to restore interrupted services and resources and, until that is achieved, how to provide alternative resources to continue the delivery of the most important and time-critical business outputs
- › recognition of the newly implemented Continuity of Government Plan, which provides guidance on our responsibilities in relation to the continuity of the executive functions of Cabinet and the Federal Executive Council during a national emergency situation.

Preparations commenced during 2007–08, for the testing of the Department's Business Continuity Plan. The Department expects to be able to test and modify its operational business continuity arrangements in 2008–09. Following this testing, the results will be assessed and new awareness sessions for staff will be conducted if this is considered appropriate.

INTERNAL AUDIT

Internal audit services were provided by Protiviti Pty Ltd and monitored by the Audit, Risk and Evaluation Committee. The Internal Audit Plan 2007–08 was developed after consideration of the strategic risks identified in the Risk Management Plan 2007–09, and following discussions with senior managers.

Internal audits conducted during the year covered:

- › compliance with FMA Act obligations
- › financial management reporting
- › NetAlert preliminary, final and pre-performance
- › Connect Australia program management
- › training and staff development
- › the Backing Indigenous Ability—Community Access Phones element
- › the Australian Broadband Guarantee.

The reviews of payroll processing and travel management included in the internal audit plan 2006–07 were finalised in 2007–08.

The audits conducted found a strong and positive attitude to internal control, together with matters that require a continued focus, including:

- › the design of controls to ensure efficiency
- › maintenance of skills in program delivery
- › codification of key elements in program delivery
- › consistent assessment of risk
- › budgeting issues and response strategies to under spends.

A number of recommendations were made in relation to the completed audits but no serious control breaches were identified. The Audit, Risk and Evaluation Committee monitored the implementation of report recommendations through six-monthly status reports.

EVALUATION

The Department has a three-year rolling evaluation program. Progress against the program is reported to the Executive Management Group, and biannually to the Audit, Risk and Evaluation Committee.

The following management-initiated evaluations were completed in 2007–08:

- › the effectiveness of the Annual Report—the process of developing and delivering the Department's Annual Report is evaluated every few years, and with the machinery-of-government changes this review was timely.
- › the performance of the Department's international activities to ensure that the Department maximises value from all of its international engagements. The evaluation has assisted the Department to review its priorities for international activities and the efficiency of its procedures and practices to enhance the overall effectiveness of its international engagement.
- › the performance of the Department's information technology services provider which assessed their performance against the key performance indicators of the service agreement. The service provider's performance was assessed as satisfactory or better and met the conditions of the contract.
- › the effectiveness of the Television Black Spots—Alternative Technical Solutions program.
- › the effectiveness of the former Internet Access Program which was an element of the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC). The findings from the evaluation have assisted the Department in reviewing the internet/computer element of the Backing Indigenous Ability program.

Evaluations commenced in the reporting period, but not yet finalised:

- › an evaluation of the Department's spatial data capabilities, which is examining the role of spatial data collation and analysis, including the existing skills, capabilities and capacities, and the potential for efficiencies through the application of Geospatial Information Systems technologies in business. The evaluation will be completed in 2008–09.
- › an evaluation of the payroll and personnel administrative services provided by the Department's outsourced service providers. This was a requirement of the provider contract. The final report will be presented in 2008–09.

Two further evaluations were deferred from the plan:

- › an evaluation of the Australian Broadband Guarantee was deferred because the program was subjected to an internal audit during 2007–08 which focused on the program's expenditure and operations.
- › a review of office automation was deferred due to the impacts of the machinery-of-government changes and the internal reform program. This evaluation will be rescheduled.

Corporate planning and reporting

In January 2008, the Department increased its focus on corporate planning and reporting by establishing a dedicated section to coordinate internal and external performance reporting.

SENIOR MANAGEMENT COMMITTEE

Performance Reporting Committee

The Performance Reporting Committee is chaired by the Secretary or a Deputy Secretary. Membership consists of a Deputy Secretary, the Chief Financial Officer, three First Assistant Secretaries and an Assistant Secretary. The membership of the committee reflects the Secretary's priority to improve program performance.

The committee was established in early 2008 and has two key areas of focus:

- › the quality and consistency of internal performance reporting
- › quality assurance of mandatory reporting

During the year, the committee reviewed the Department's monthly performance reports, key performance information, and the overarching reporting framework. The committee facilitated increased transparency in program reporting resulting in the identification and timely management of program risks.

CORPORATE PLANNING

The machinery-of-government changes of December 2007 required a revision of the Department's corporate plan and associated documentation.

Work began on a new *Strategic Directions 2008–2010* document which encompasses the Department's change of focus and priorities. The document was developed with Department-wide consultation, and has now been released on the Department's intranet.

The performance reporting regime was also extensively revised in 2007–08 to provide the Executive with a more robust system for monitoring and reporting on performance. The Department has moved from quarterly non-financial performance reporting to monthly reporting focusing on both the financial and non-financial performance of each administered program. The Performance Reporting Committee oversees this function.

CLIENT SERVICE CHARTER

The Department's Client Service Charter outlines our commitment to deliver high-quality service to clients. The charter explains what the Department does and the standards of service clients can expect, and explains the steps clients can take if service standards are not met.

The charter was reviewed in 2008 to reflect the change of focus following the machinery-of-government changes. It is available from our website at www.dbcde.gov.au or by sending a written request to the Manager, Corporate Planning and Reporting at the following address:

Manager, Corporate Planning and Reporting
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
Canberra ACT 2601
clientservice@dbcde.gov.au

To measure our clients' satisfaction, we conduct a client satisfaction survey each year. The results of the 2008 survey are outlined in the 'Client satisfaction and consultation section' of this report (see page 79). Overall, 97 per cent of respondents found the Department's service provision as satisfactory or better in 2007–08.

RECONCILIATION ACTION PLAN

The Department's Reconciliation Action Plan recognises the unique position of Indigenous Australians. It uses practical measures that address current disadvantages in Australia and recognises our commitment to working continuously to improve services to Indigenous people. The plan was developed in 2007 in consultation with staff and clients, and takes into account feedback from annual client surveys. It is subject to annual review to ensure it remains current.

The change in focus after the introduction of the new Administrative Arrangements Order meant that the Reconciliation Action Plan needed to be revised. The revised plan will be lodged with Reconciliation Australia early in 2008–09 together with a report on the current period.

Parliamentary liaison and coordination

The Parliamentary Liaison team is responsible for ensuring that the Minister's Office, Executive and Divisions receive high quality parliamentary support. A separate Coordination team assists in the broader role of coordinating responses to requests for information from the Minister, the Executive and non-portfolio agencies. The Coordination team also coordinates input to various departmental documents such as briefing material for the Minister including briefing for the Community Cabinet meetings, Ministerial visits, and co-coordinating responses to cabinet submissions and parliamentary questions on notice.

Both teams successfully managed the Department's obligations in relation to the Caretaker period and the preparation of the Incoming Minister's briefing and ensuring guidelines were in place for parliamentary processes following the appointment of the new Minister and portfolio changes.

Business improvement

Following consultations with staff and stakeholders, approximately 40 business reforms were announced by the Secretary at an all-staff meeting on 31 August 2007. A Business Improvement Unit was established to progress the reforms across the Department in order to streamline departmental processes, communications and operations. These initiatives helped to achieve the key priorities for the Department set out by the Secretary, including:

- › providing influential advice on the Government's policy agenda, delivering on its goals effectively and produce the outcomes required
- › clearly spelling out our directions and outcomes
- › having processes that support—not hold back—the delivery of outcomes
- › focusing on communication and change the approach to risk management rather than risk avoidance
- › engaging at all levels to build confidence in the Department, particularly from the Minister and the Minister's office; industry, clients and other stakeholders; and central agencies.

Progress on the reforms was reported at all-staff meetings convened by the Secretary on 16 November 2007 and 2 May 2008. Nearly 90 per cent of the reform program was completed before 30 June 2008.

Examples where reform initiatives have strengthened the Department's outcomes and performance include:

- › streamlining the Chief Executive's Instructions and Practical Guides and devolving delegations in order to cut red tape and reduce bottlenecks (refer case study on page 93)
- › introducing upward feedback mechanisms in the Senior Executive Service Performance Management System to strengthen leadership
- › establishing a clear and logical organisational structure so that staff and clients can readily locate areas within the Department with whom they deal
- › completing staff satisfaction surveys of our Corporate and Finance areas and using the results to develop improvement strategies
- › introducing face-to-face induction sessions to brief new staff on our strategic context
- › delivering regular Talking Heads sessions to link staff with key issues and views of industry and the wider Australian Public Service
- › improving the quality of advice on the Government's policy agenda to advance priorities and commitments.

CASE STUDY

Reforming the Department's Chief Executive's Instructions and Procedural Rules

In August 2007, the Secretary announced that the Department's Chief Executive's Instructions (CEIs) and Procedural Rules would be simplified and re-written. The intent was to deliver commonsense, practical instructions and processes which would provide sound internal controls, appropriate to our risks, and support the delivery of outcomes, whilst still maintaining accountability.

The content owners—Finance, Corporate and Legal groups—as well as the Business Improvement Unit and other executive staff formed a steering group for the process. Staff were invited to join a working group which road-tested and commented on the revised instructions, and provided input into how the Department could streamline its key business processes. The Secretary worked through several versions of the revised drafts and encouraged the working group to consider substantially reforming the old documents to make them more relevant and clearer.

The new CEIs, Practical Guides and financial delegations became effective on 1 May 2008.

The CEIs were reduced from 65 pages to 19, a reduction of 70 per cent in size and now cover 45 matters (previously 57 matters were covered). The Practical Guides, which replace the Procedural Rules, were reduced from 440 pages to 264, a decrease in size of 40 per cent and these now cover 34 matters (previously 45 matters were covered).

Briefing sessions on the revised CEIs, Procedural Rules and financial delegations were held for all staff through nine sessions and a DVD and Powerpoint presentation were provided on the intranet. At the staff briefing sessions and through other forums since this time, staff were invited to contribute in an ongoing way to identify further areas to streamline and better support our business outcomes within a good governance, risk management framework.

Procurement

The Procurement Management and Reporting Unit provided assistance to business areas to undertake each procurement activity in an efficient, effective, non-discriminatory competitive environment to achieve a value for money outcome. Advice was provided relating to market approach, advertising, evaluation, agreement developments and the Department's agreement reporting obligations. The Department's procurement processes are consistent with the requirements of the Commonwealth Procurement Guidelines as issued by the Department of Finance and Deregulation and amended from time to time.

The Department's online document creation system (Exari) delivers the latest compliant documents to business areas, including agreements and correspondence. The system will also enhance the Department's reporting abilities.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by Divisions taking responsibility for developing requirements and managing contracts. However, important checking and control mechanisms are in place. A senior officer in the relevant Division must approve any consultancy contract, and both the Legal Group and the Procurement Management and Reporting Unit, provide, on request, advisory and administrative support to project officers who are involved in contracting.

The implementation of AusTender II (the Australian Government's online contract reporting system) resulted in changes to the gazettal process from 1 July 2007. This led to a further review of internal processes in relation to procurement and procurement reporting which resulted in significant improvements to the overall data quality.

Consultants

Consultants are engaged by the Department for a variety of purposes, typically to provide complex professional services that the Department does not have the ability to perform in-house. These services include technical advice, financial advice and specialised information technology services.

During 2007–08, 84 new consultancy contracts were entered into involving total actual expenditure of \$7.3 million. In addition, 21 ongoing consultancy contracts were active during the 2007–08 year, involving total actual expenditure of \$3.5 million.

Many of the Department's smaller value contracts were transferred to other portfolios due to the machinery-of-government changes. As a result, the number of contracts managed by the Department fell by 67 per cent while expenditure on contracts fell by 4 per cent.

Further details are provided in the consultancy list available on the Department's website at www.dbcde.gov.au. Information about expenditure on contracts and consultancies is also available on the AusTender website www.tenders.gov.au.

COMPETITIVE TENDERING AND CONTRACTING

As per Annual Report requirement, Item 7, Management and Accountability, in 2007–08 there were no competitive tendering or contracting contracts of \$100 000 or more (inclusive of GST) which did not provide access to the contractor's premises for the Auditor-General.

EXEMPT CONTRACTS

As per Annual Report requirement, Item 8, Management and Accountability, in 2007–08 there are no current contracts or standing offers that have been exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Management of human resources

Important achievements in 2007-08 were:

- › developing and implementing new recruitment policies and guidelines that promoted the use of innovative approaches to staff selection and set targets for reducing the time it takes to fill vacancies. A review of recruitment activity found that three months after the introduction of the new guidelines, the average time to fill a vacancy was 49.34 days. In 2006, the average time taken to fill a vacancy was 144 days.
- › selection training: a corollary to this work will be an improved online recruitment system which will be implemented in the new reporting period
- › re-assessment of HR delegations, which devolved greater authority to line managers and increased the number of authorised signatories
- › investment in a face-to-face induction program that supplemented the other elements of the induction process, including documentation, an online learning module, and workplace orientation
- › developing much more comprehensive and intuitive templates for the online performance management system, which will be available for the 2008–09 performance cycle. This work involved considerable consultation with staff from across the Department and review of best practice approaches from other organisations.

Following the machinery-of-government changes on 3 December 2008, significant resources were devoted to implement the functional changes and ease the transition of staff to other agencies. The movement of 375 staff to three other agencies necessitated extensive liaison and consultation both within and outside the Department. The smooth transition of these staff and the subsequent establishment of HR framework elements for the new Department was a commendable achievement.

SENIOR MANAGEMENT COMMITTEES

Health and Safety Committee

The Health and Safety Committee was chaired, in the current reporting period by the Assistant Secretary, Research, Statistics and Technology Branch. Membership comprised the Manager, HR and Operations, and Assistant Manager, Occupational Health and Safety, and a number of representatives from across the wider Department.

The committee reports to the Executive Management Group on the Department's progress in meeting its occupational health and safety (OH&S) responsibilities.

The committee reviewed, discussed and made recommendations on a range of issues throughout the year, including:

- › training for health and safety representatives
- › conducting the Department's annual Health Week
- › incident and accident reports and actions
- › revising a number of OH&S policies
- › implementing the Department's Health and Safety Management Arrangements
- › introducing OH&S managers training.

Human Resource Management Committee

The Human Resource Management Committee is chaired by the First Assistant Secretary, Corporate and Business. A number of other senior executives from across the Department constitute the committee.

The committee provides strategic advice and direction on the Department's human resource initiatives. The committee guides the development of human resource strategies and programs and reports to the Executive Management Group on progress against the *HR Strategic Directions 2006–10* and the *Workforce Action Plan 2005–10*.

A range of initiatives were developed in consultation with the committee during the year, including:

- › a face-to-face induction program
- › a staff rotation program
- › a rewards and recognition program
- › a skills and knowledge transfer strategy
- › a succession management strategy
- › a series of financial management training modules and an Executive Level 2 development program and options for SES development.

Most of these initiatives have been agreed and implemented. Others are still being considered and will be finalised in the new reporting period.

The Committee also monitors and provides advice on a range of operational HR issues, including:

- › participation in training programs and the performance management system
- › reviewing human resource policies
- › the performance and review of the Department's HR service providers
- › periodic analysis of workforce metrics.

Workplace Consultative Committee

The Workplace Consultative Committee is chaired by the Secretary. Membership includes the First Assistant Secretary, Corporate and Business, the Chief Financial Officer, an Assistant Secretary, staff representatives from each Division, a representative of the Department's Graduate Program and the relevant union representatives.

The committee is established under the Department's Collective Agreement as a direct consultative mechanism with staff. Staff representatives on the committee provide advice to management on a range of workplace issues. They also help monitor the implementation of the collective agreement and progress toward achieving the pre-conditional salary increase components specified in the collective agreement.

During the year, the committee considered a range of issues, including:

- › ramifications of the departmental restructure
- › implementing a new collective agreement
- › reviewing travel arrangements.

Workplace Diversity and Harassment Committee

The Workplace Diversity and Harassment Committee is chaired by the Assistant Secretary, Human Resources and Communications. Membership includes the Manager, HR Operations, the Assistant Manager, Workplace Diversity, and two workplace diversity and harassment officers.

The committee promotes and supports the Department's commitments to workplace diversity and eliminating workplace harassment. It monitors and reports on the implementation of the objectives of the Workplace Diversity and Eliminating Workplace Harassment Plan and activities associated with celebrating NAIDOC Week, Harmony Day and Reconciliation Week.

WORKFORCE PLANNING

The Department's *Workforce Plan 2005–10* was originally developed in the former Department of Communications, Information Technology and the Arts. Annual reviews of the plan aim to analyse the current workforce profile and identify key trends or potential risks that may affect future capability and resourcing.

Key workforce risks identified in the workforce plan continued to be monitored, while the new staffing arrangements came into place as a result of the machinery-of-government changes. The focus since then has been to ensure that workforce planning reports reflect the current departmental structure and provide an accurate platform for future workforce analysis. The annual review of data for 2007–08 will provide the basis for re-establishing workforce benchmarks for trend analysis and identifying areas of the plan that need adjustment.

STAFFING OVERVIEW

At 30 June 2008 the Department had 626 ongoing and non-ongoing staff compared with 888 at 30 June 2007. The machinery-of-government changes of December 2007 resulted in 375 staff moving to three other departments:

- › the Department of Environment, Water, Heritage and the Arts
- › the Department of Health and Ageing
- › the Department of Innovation, Industry, Science and Research.

At the commencement of the new Department of Broadband, Communication and the Digital Economy 587 staff were transferred to the new organisation. This included ongoing and non-ongoing staff and staff on reassignment to and from other APS agencies.

Detailed staffing statistics are provided in appendix 8.

Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and enables staff to contribute to their full potential. The *Workplace Diversity Plan 2007–10* outlines complementary initiatives that help the Department build a harmonious, productive and rewarding workplace. A new draft plan for eliminating workplace harassment has been developed and is due for release by the end of 2008.

The Workplace Diversity and Harassment Committee continued to monitor the implementation of the objectives and strategies outlined in the Workplace Diversity Plan. Progress on implementation of the plan has progressed well with almost all new initiatives implemented and ongoing activities completed for the reporting period. The Department's workplace diversity and harassment contact officers continued to assist in the promotion of workplace diversity principles and provide advice and support to management and staff.

Full details of the Department's workplace diversity statistics are provided in appendix 8.

Of all staff, 63.4 per cent volunteered diversity data, which is a decrease on the figure of 85.9 per cent reported in 2006–07. The decrease is likely a result of a number of staff who previously volunteered diversity information moving from the Department following the machinery-of-government changes. In August 2008 improvements to the diversity data collection system were implemented.

In summary, women represented 56.4 per cent of total staff and 32.4 per cent of the SES. The percentage of staff identifying themselves as people with a disability was 1.9 per cent. According to the *State of the Service Report 2006–07*, the APS average is 3.3 per cent. In order to ensure that the Department is attracting and recruiting people from this important segment of the labour market, a disability recruitment strategy is being developed and is expected to be implemented by the end of 2008.

Commitment to Indigenous staff

The percentage of staff identifying themselves as being from an Aboriginal and/or Torres Strait Islander background was 0.8 per cent (five staff), representing a decrease of 28 staff from the last reporting period. The decline in Indigenous staff numbers is primarily due to the machinery-of-government changes and the transfer of the previous Department's Regional Network where the majority of Indigenous staff were located.

The Department will implement an Indigenous recruitment strategy in the near future, with the aim of increasing the number of Indigenous employees in the Department and improving retention rates. In 2007–08, the Department also employed graduates through the Australian Public Service Commission (APSC) Indigenous graduate program.

The Department encourages Indigenous staff to take full advantage of a wide range of networking and learning and development opportunities offered by the APSC for Indigenous APS staff. Indigenous staff from the Department attended network meetings, alumni and graduate events and induction, training programs and orientation sessions for new Indigenous staff.

COLLECTIVE AGREEMENT

The former Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007 in the administrative order re-arrangements. Employee terms and conditions previously provided by the DCITA Collective Agreement 2007–10 are preserved by a Determination made by the Public Service Minister on 13 March 2008, under subsection 24(3) of the *Public Service Act 1999*.

The Collective Agreement commenced in July 2007 and provides salary increases of 4.1 per cent per annum over the three years of the agreement. Of the salary increase, 1.5 per cent is linked to the achievement of pre-conditions including, 0.5 per cent for the completion of mid cycle performance review, 0.5 per cent for the completion of the end-of-year assessment and 0.5 per cent for attendance at core learning and development programs and courses. All pre-conditions of the annual pay rise were met. The agreement included some improvements in conditions of service including changes to maternity leave and adoption leave conditions.

CONDITIONS AND REMUNERATION

Senior Executive Service conditions and remuneration

Previously, all Senior Executive Service (SES) employees in the Department were covered by comprehensive Australian Workplace Agreements (AWAs) that set remuneration and non-salary components.

In accordance with government policy, AWAs are no longer offered. Pre-existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*. SES employees new to the Department or new to the SES level now have their terms and conditions of employment set by individual Determinations made under subsection 24(1) of the *Public Service Act 1999*. These Determinations set remuneration and non-salary components including superannuation, performance-based pay and general conditions of service, including the Executive Vehicle Scheme.

Individual non-SES terms and conditions

Non-SES employees previously had the option of entering into an AWA to provide a range of benefits, including access to performance-based pay, individual salary, skill/responsibility components and/or non-salary items.

As with SES employees, AWAs are no longer offered. Pre-existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*.

Where appropriate, special terms and conditions of employment are currently provided to non-SES employees through the use of common law contracts. These contracts provide a range of salary and non-salary benefits including performance-based pay and recognition of skill/responsibility components. At 30 June 2008, 149 non-SES staff were on individual agreements.

The majority of non-SES individual agreements are with executive level staff. However, they are available—and may be used—across all classification levels.

Performance management

Performance management continues to be a priority for the Department. Achievement of minimum targets for performance management participation informs pre-conditional components of the salary increases provided by the Collective Agreement. In 2007–08, 97 per cent of staff completed their mid-cycle performance review and end-of-year assessment within the necessary timeframes.

In response to staff feedback, the Online Performance Management System was reviewed in 2007–08 to enhance usability. Wide ranging consultation took place with staff to define the changes needed and to fine tune the enhancements. As a result, a revised Online Performance Management and Development Plan will be available for the 2008–09 performance cycle.

One-off performance bonus payments are available to non-SES staff who are party to an AWA or common law contract and to all SES staff. Payment of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the AWA, common law contract or subsection 24(1) Determination of the *Public Service Act 1999*.

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

Capability development

The Department's Workforce Action Plan aims to ensure that the Department has the workforce capability needed to achieve its outcome. The key strategic focus of the action plan is to build and retain workforce capability across the employment lifecycle. Over the past year, this strategy has been progressed through the following initiatives:

- › refining entry-level recruitment programs for university and year-12 graduates
- › implementing a comprehensive induction program that includes face-to-face information sessions and online resources
- › delivery of the full suite of internal capability development programs, including a pilot Executive Leadership Program for Executive Level 2 staff
- › implementing a rotation program for staff who want to broaden their experience within the Department
- › expanding the internal core training program (which consists of a range of courses that deliver essential business skills and knowledge) to include financial management training
- › introducing of a Rewards and Recognition program to acknowledge individual and team achievements
- › commencing development of a succession management framework

The Department has a commitment to the ongoing development of staff and delivers a wide range of tailored training and development programs. Evaluation of programs supports the level of investment, as feedback is consistently very positive in terms of program relevance, personal development and skills enhancement. Some comments received during the year were:

'The content continues to stretch, challenge, educate and empower me.'

'I have learned so much about effective communication which will stay with me all my life.'

'Again a stack of skills/tools. Concepts which I can use and apply both at work and elsewhere in my life.'

During the year, seven capability development programs were conducted with 127 staff participating in programs ranging from the Foundations of Management program for APS level 1–4 staff through to the Executive Leadership program for Executive Level 2 staff. Thirty-five internal core training programs were conducted with in excess of 600 staff participating in Department-specific programs covering matters such as APS Values, writing, program management, policy development, financial management skills and legal and Indigenous cultural awareness.

OCCUPATIONAL HEALTH AND SAFETY

The Department's Health and Safety Management Arrangements were signed on 14 September 2007. They were revised after the machinery-of-government changes, with the new arrangements being endorsed on 27 June 2008.

A major initiative for the year was to raise the awareness of OH&S issues across the senior management group in the Department. A series of OH&S manager workshops were run for the SES and Executive Level 2 staff. These workshops focused on managers' OH&S roles and responsibilities, and discussed the OH&S issues faced in the Department. There was also an opportunity to discuss the management of mental health issues in the workplace and strategies for early intervention. The workshops received considerable positive feedback from participants.

'Great to see the Department shows its commitment to employee health and safety so unequivocally...'

'Excellent reinforcement of key management practices...'

'The additional focus on psychological issues was very welcome...'

The fifth annual Health Week was held in April 2008, with many employees participating in one or more activities. The theme for the week was 'Enjoy life, get active'. There was an increase in staff participation this year, with a higher percentage of staff electing to receive flu vaccinations and participate in health assessments.

OH&S representatives continued to conduct annual workplace OH&S inspections in conjunction with the relevant SES officer in the designated work group.

There were relatively few work-related injuries reported in 2007–08. The majority of injuries came under the Comcare categories of falls, trips and slips and body stressing. The number of accepted claims was 10, representing a small decrease from the 13 accepted in the previous year. The Department's claim frequency (claims per \$million payroll) is 1.62 claims per 100 employees.

The continuation of effective rehabilitation and compensation claim management has seen a continuing reduction in the Department's compensation premium. The premium over the year was 0.9 per cent, which is lower than the all-agencies rate of 1.55 per cent.

Media and communications

The Corporate Communications team helps the Department to meet its objective and the needs of various stakeholders by providing professional communication services. The team produced more than 200 media releases and 160 speeches during the year and provided event management services for a variety of launches, conferences and seminars.

The section also managed the effective communication of the Media Access discussion paper through the development of an audio file, Braille copy and an HTML version of the discussion paper. This led to greater participation by people with and without a disability, thereby improving the overall quality and quantity of submissions.

Information, technology and facilities

A particular focus for the Information, Technology and Facilities Branch was improving communication capacity within the Department. This was achieved through a variety of information, communication and technology developments such as extending our video conferencing capability, video streaming presentations to the intranet, development of a corporate directory and the redevelopment of the Department's intranet. Additionally, there were changes to the physical working environment with the establishment of several meeting and conference rooms with the flexibility to cater for a variety of accommodation and presentation needs.

SENIOR MANAGEMENT COMMITTEE

Information Management Committee

The Information Management Committee is chaired by the First Assistant Secretary, Corporate and Business. Membership includes the Chief Financial Officer, two First Assistant Secretaries and two Assistant Secretaries.

The committee provides advice and strategic direction to the Executive Management Group on the Department's information and technology needs. During the year, the committee considered a range of issues, including:

- › the future of the Department's electronic records management system
- › progress reports on information and communication technology projects
- › development of a budgeting and reporting tool
- › website development and infrastructure.

INFORMATION TECHNOLOGY

The performance of the Department's information technology environment continued to be reliable and robust during a period of change and development. There were significant challenges for the Information Technology teams in the work associated with separating those staff moving to other departments as a result of the machinery-of-government changes, while maintaining service levels to those staff remaining with the new Department.

During the reporting period there were significant improvements made to the IT environmental foot print of the Department. A review was undertaken to investigate the use of physical servers that provide IT services. The review focused on utilisation of servers, future needs, use of power, and potential financial and environmental savings. The analysis was completed in May 2008 and the findings showed that the number of servers could be reduced by 60 per cent using virtualisation technology. Virtualisation also has a higher availability function, resulting in a more robust and reliable infrastructure. The migration of the physical servers to the virtual environment is due for completion in October 2008.

An additional focus for the IT team was the development of policy and plans for the introduction of secure and portable USB memory devices. Work on this initiative commenced in 2007–08 and will be finalised in the 2008–09 reporting period.

WEB SERVICES

Machinery-of-government changes included caretaker modifications to the DCITA website, the re-launch of the DCITA website as DBCDE and a website for the new Minister. Content relating to Arts, Sport and Innovation and relevant satellite sites were transferred to other departments resulting in a rationalisation of the Department's web environment to nine sites.

Throughout the year the team worked to continually improve the Department's websites aiming to meet government and industry best practice standards. New sites developed included the Regional Telecommunications Review website, Online Communications Council website, and the Cultural Ministers' Council website. Major new features were developed to enhance the StaySmartOnline website and a Department Alumni extranet was created.

During the reporting period the Department undertook a major redevelopment of its intranet to optimise the use of its web technologies to improve information sharing, communication and to better support internal operations. Following a consultative process to determine business requirements, the new intranet was modelled on a user-centric design that incorporates a number of features from other award winning sites. The new departmental site, now called OwlNet, was launched in May 2008. A post implementation review is to be conducted in September 2008 at the completion of the second and third stages of development.

CORPORATE INFORMATION SYSTEMS

A corporate directory was developed to support improving communication within the Department. The aim of the directory is to provide a searchable tool that provides a face to a name, along with staff functions and roles.

The Department's current electronic records management system is under review and a working group is examining and testing a range of information and records management systems. The objective is to come up with an easy to use, reliable, and useful records management system that will support the Department to meet its record management responsibilities and assist staff in their day-to-day operations.

In November 2007 the Department reviewed its Parliamentary Correspondence Management System (PCMS) against a revised set of business requirements. PCMS is a single repository for the processing of a number of document types such as Ministerials, Briefs, Minutes and Campaigns. The system provides security and archiving functions through flexible workflows. As a result of the review, the Department has decided to enhance PCMS to include other departmental information including Question Time Briefs and Parliamentary Questions on Notice. These modules were developed and completed in June 2008. The enhancements will be tested and implemented in the PCMS by November 2008.

An online training and help facility was developed for SAP—the Department's financial management system—to provide users with faster and easier access to assistance and to improve users' knowledge of the functional capabilities of SAP.

FACILITIES

The Department has an ongoing capital works and refurbishment program. A number of capital and minor projects of varying complexity and cost were completed during the year.

As a result of the machinery-of-government changes, resources were allocated to implementing the physical movement of some 375 staff to other agencies. Additionally, around 80 staff were relocated within the Department's existing buildings. Several minor fit-out projects were undertaken to accommodate these changes mostly relating to specialist taskforces and committees. All internal and external signage was changed to reflect the new Department's name.

SECURITY

This year an enhanced electronically controlled access system was introduced to improve security access. Electronically controlled entry and exit gates were installed to improve control of access to specific areas within the building as well as the general entry for visitors and staff. This has enhanced building, visitor and staff safety and these changes are in line with the government's current security status.

The closed circuit television system was upgraded and additional cameras installed to provide security officers with better visibility of building entry points and car parks.

The machinery-of-government changes resulted in security staff collating and dispatching personal security files for the 375 transferred staff, reprogramming electronic access control systems and providing keys and key safe access to support the Department's new physical security arrangements.

INFORMATION AND RECORDS MANAGEMENT

Towards the end of the reporting period, considerable effort was made to provide a response from the Department to Sir Peter Gershon's Independent Review of the Australian Government's Use and Management of Information and Communications Technology (ICT).

This year a new contract was sought to provide mail, freight and courier services. The market was approached to provide a consortium response to achieve a more efficient and effective process for managing and administering a single contract for multiple services. The contract was executed in August 2007.

The machinery-of-government changes resulted in the identification, separation and transfer of more than 20 000 administration files to the Department of the Environment, Water, Heritage and the Arts. In addition, structural changes were made to the electronic records system to reflect the new department. The Department provided mail services and deliveries for transferred staff and functions until February 2008.

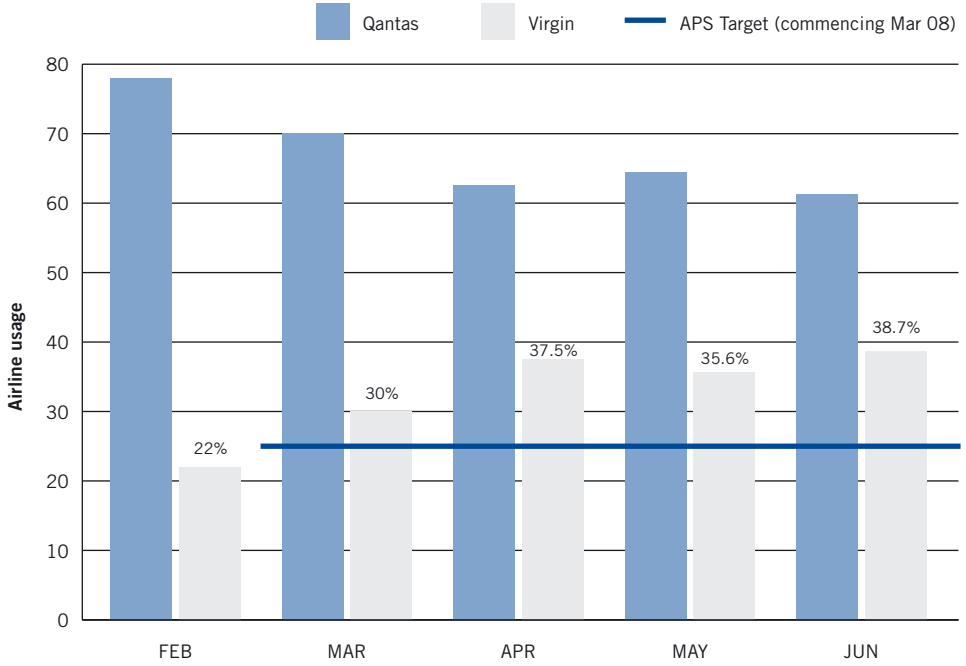
Corporate administrative support

The Department has established a network of Divisional Administration Units to provide corporate administrative support to all areas of the Department.

Key corporate administrative support achievements for the year include:

- › identifying financial resources to be transferred as part of the machinery-of-government change
- › a reliable and coordinated approach to divisional administration across the Department
- › successful completion and implementation of a departmental Print Panel
- › ongoing management of the Department's travel and office requisites contracts
- › successful implementation of the online booking tool resulting in the Department exceeding the smaller airline target of 25 per cent. The Department achieved 37 per cent smaller airline patronage since the 25 per cent target was announced, as illustrated in figure 3.1.

FIGURE 3.1 SMALL AIRLINE USAGE BETWEEN CANBERRA AND SYDNEY IN 2007-08



Legal services

During the year, internal legal and legal policy advice was provided by the Legal Group, supplemented by legal advice provided by external sources under deeds of standing offer administered by the group. These external sources included the Australian Government Solicitor, Blake Dawson, Clayton Utz, Corrs Chambers Westgarth and DLA Phillips Fox.

Legislation and statutory instruments

The Legal Group plays an important role in the preparation of drafting instructions and explanatory documentation for, and the settling of, new and amending primary legislation and subordinate legislation. During the year, the Legal Group provided significant input on six bills and five sets of regulations. The group drafted 10 subordinate statutory instruments and a number of appointment instruments. Appendix 7 provides more details about legislation.

Other legal services

The Legal Group provides legal advice and legal policy advice on a wide range of telecommunications, broadcasting, commercial, workplace relations, administrative law and legislation issues. Some of the significant matters on which the Legal Group provided advice during the year included the:

- › closure of the CDMA network
- › National Broadband Network project
- › development of policy and legislative schemes for digital television and digital radio
- › NetAlert
- › development of funding agreements for Clever Networks
- › Backing Indigenous Ability program
- › Broadband Connect Infrastructure program
- › machinery-of-government changes in December 2007
- › broad range of personnel, procurement and contracting matters.

The Legal Group made significant contributions to financial management reform in the Department, including the review of financial delegations and the Chief Executive's Instructions. The Legal Group also developed and delivered an in-house contract law training package, as well as participating in broader Legal Awareness Training.

The Legal Group coordinated action on behalf of the Department in response to a number of challenges brought to the Administrative Appeals Tribunal, the Federal Court and the High Court. During the year, Telstra commenced a number of legal proceedings against the Commonwealth or the Minister, including bringing an

'acquisition of property' constitutional case in the High Court, and Federal Court proceedings seeking to challenge the process leading to the signing of the OPEL contract and making a licence condition preventing CDMA shutdown. All of these cases were resolved in the Commonwealth's favour (as with the acquisition of property case) or have been discontinued because of a change of circumstances (as with the cancellation of the OPEL contract).

Administration and liaison functions

The Legal Group coordinates the portfolio's legislation program, including the development of departmental processes for the preparation, approval, introduction and passage of portfolio legislation. The group also manages the processing of the Department's freedom of information requests and the registration of portfolio legislative instruments on the Federal Register of Legislative Instruments. The group is also the central point of contact for privacy issues.

During the year, the Legal Group also implemented a new Legal Matter Management system.

JUDICIAL DECISIONS AND DECISIONS OF ADMINISTRATIVE TRIBUNALS

In January 2007, Telstra initiated proceedings in the High Court against the Commonwealth, the Australian Competition and Consumer Commission, and 11 access seekers that have accessed Telstra's unconditioned local loop and/or line sharing services under Part XIC of the *Trade Practices Act 1974* (the Trade Practices Act). The High Court's decision was handed down on 6 March 2008.

Telstra sought a declaration that Part XIC of the Trade Practices Act is invalid as it applies to those services, on the grounds that the obligation on Telstra to provide access to them under Part XIC results in an 'acquisition of property' otherwise than on just terms, in breach of section 51(xxxi) of the Constitution.

The High Court unanimously rejected Telstra's arguments and held that Part XIC does not effect an acquisition of Telstra's property.

External scrutiny

Cross-departmental Audits

The Australian National Audit Office issued a number of reports in 2007–08, and several audits scheduled for 2007–08 continued on into 2008–09. Audits involving the financial statements and management of credit cards involved the Department directly. Others were of special or general interest to the Department. Details of Australian National Audit Office audits, and their relationship to the Department, are provided in appendix 6.

A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports.

Commonwealth Ombudsman

During 2007–08, the Commonwealth Ombudsman received 20 approaches about the Department. Seventeen approaches were made by phone, one in writing, one by email and one via the internet.

During the year, the Commonwealth Ombudsman closed 20 approaches covering 20 separate issues relating to the Department. No approaches were investigated and there were no approaches where a finding of administrative deficiency was recorded.

Parliamentary committees

During 2007–08, the Department was involved in six Parliamentary Committee Inquiries compared with 20 in 2006–07.

The Department has not coordinated the Australian Government's response to any Parliamentary Committee Inquiry reports. However, we have provided input to one Australian Government response and have made written submissions, given evidence or provided input to five Parliamentary Committee Inquiries.

Details of the Department's involvement in these Parliamentary Committee Inquiries are provided in appendix 5.

Financial management

Better practice

The Department has continued to focus on business improvements and enhancing its internal financial and budgetary management practices and processes.

As part of wider departmental reforms the Chief Executive's Instructions and Practical Guides, including those involving receiving and spending public money and managing public property were reviewed, streamlined and re-issued to staff. The financial delegations were also reviewed and re-issued with the effect of greater devolution and more timely approvals. Detailed information sessions on the key changes in all areas were provided to all staff during the latter part of the financial year.

System development

Continuing from the planning undertaken in prior years, the Department launched its new Budget and Reporting Tool in the areas of internal budgeting, internal reporting and financial statements. This has resulted in the significant streamlining of internal processes, removal of a number of redundant systems, and has provided staff with the ability to run their own monthly financial management reports and undertake ad-hoc financial queries. The Department is further leveraging off the system by developing web-based executive reports for on-line access in 2008–09. The Department continued to implement improvements to its Financial Management Information System during the year, and is working to integrate grants management systems to improve reconciliations, transparency and efficiency.

Financial management training

During the year the Department delivered a number of new targeted financial management training programs. These programs contain content specific to the Department's practices and procedures and are aimed at improving staff understanding of the wider government financial management framework including the appropriation and budget framework, as well as current internal budgeting and reporting policies and practices. Further modules are being added to the program in the first half of 2008–09. In addition to these training programs, sessions on the budgeting and reporting tool, internal reporting, taxation and operational accounting were held with staff in divisional administration units.

Administrative Arrangements Order

The Administrative Arrangements Order of 3 December 2007, abolished the Department of Communications, Information Technology and the Arts and transferred its functions to the Department of Environment, Water, Heritage and the Arts, the Department of Health and Ageing, the Department of Innovation, Science and Research and the newly established Department of Broadband, Communications and the Digital Economy. This resulted in detailed budget and accounting negotiations with receiving agencies, and considerable resources were dedicated to resource transfers and associated accounting disclosures in the financial statements.

The 2007–08 Finance Minister's Orders require incorporation of the financial statements of abolished Departments with the respective new Department and separate disclosure of Administrative Arrangements Order changes in the 2007–08 financial statements. The statements in this Annual Report reflect this approach and a detailed overview of the financial effect of the transfers is contained in appendix 14. The Department received an unqualified audit report from the Australian National Audit Office (ANAO) for 2007–08, with the ANAO noting that the financial statements preparation process had been challenging but well managed by the Department.

Financial performance

After taking account of the Administrative Arrangements Order changes, the Department's income for 2007–08 was \$116.2 million. Departmental expenses totalled \$128.3 million, resulting in an operating deficit of \$12.1 million, an outcome in line with the approved operating loss. The loss was related to a number of one-off initiatives, including NetAlert, Broadband Now, National Broadband Network, Connect Australia consultancies and the establishment of the Digital Switchover Taskforce. A more detailed analysis of financial performance is contained in appendix 14.

ASSET MANAGEMENT

Departmental

The Department manages non-financial assets in accordance with guidelines set out in the Chief Executive's Instructions, Accounting Policy Manual, Finance Minister's Orders and Australian Accounting Standards. Information and Communications assets are also managed in accordance with the Department's Information and Communications Technology Strategic Plan 2006–09.

The Administrative Arrangements Order of 3 December 2007 resulted in a large portion of the former Department's non-financial assets transferring to the Department of Environment, Water, Heritage and the Arts (\$51.5 million)

predominantly artworks, and to the Department of Health and Ageing \$8000, with the remainder transferring to the newly established Department of Broadband, Communications and the Digital Economy.

As at 30 June 2008, the Department held a total of \$16.9 million in non-financial assets. This comprises of \$10 million of leasehold improvements, \$5.2 million of infrastructure, plant and equipment, \$1.3 million of intangibles and \$400 000 of prepayments.

Administered

The Administrative Arrangements Order of 3 December 2007 resulted in the former Department's non-financial assets of both the National Institute of Dramatic Art building (\$35.9 million) and Old Parliament House building and heritage furniture (\$58.6 million) being transferred to the Department of Environment, Water, Heritage and the Arts (\$94.5 million) in total.

As at 30 June 2008, the Department's administered non-financial assets comprises solely of \$2.5 million of prepayments.