

DEPARTMENT AND  
PORTFOLIO OVERVIEW

02



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## ROLE AND MISSION

Finance, as one of the Commonwealth's central agencies, plays an important enabling role for the Government. Our mission is to help the Government shape and deliver its agenda by providing high quality advice and services. Finance does this by contributing to three key outcomes:

- | **sustainable Government finances**—assisting the Government to meet its fiscal objectives, through activities such as preparing the Commonwealth Budget and whole-of-government financial reporting;
- | **improved and more efficient Government operations**—developing whole-of-government frameworks and strategies, providing advice to drive increased efficiencies and managing several businesses on a commercial basis;
- | **an efficiently functioning Parliament**—providing support services such as entitlements and travel for Members of Parliament and their staff.

For a diagrammatical representation of Finance's outcomes-outputs structure, please refer to Figure 1 (see p. 12).

## VISION AND VALUES

Finance is a forward-looking department that aims for continuous improvement. We are committed to being agile in our approach, open to new learning experiences and willing and prepared to accept challenges. Our vision and our work are underpinned by the Australian Public Service (APS) values contained in the *Public Service*

Act 1999, and our four core organisational values:

- | **our Ministers are our customers**—they are always our first priority and we aim to exceed their expectations in the services that we provide;
- | **performance driven**—we are motivated by a desire to excel; we aim to be the best in our field of providing advice and services to Ministers;
- | **responsive, adaptable and open to change**—we are prepared to innovate, create and challenge the status quo;
- | **absolute integrity and the highest ethical standards**—we are open and honest in our dealings with one another. We do not cut corners on ethics nor do we compromise our integrity.

Finance has identified five key behaviours that stem directly from these values:

- | creativity;
- | a desire to make a difference or the will to win;
- | the ability to learn;
- | people management;
- | expertise in a particular field.

These five behaviours are the cornerstone on which we model our human resource management practices. They are integral in our staff selection, performance management and promotion processes. We offer our people at all levels the chance to develop these behaviours through further training and workplace development programmes. Together with our core values, our key behaviours make a clear statement about Finance's culture, beliefs and goals.

## FINANCE'S BUSINESS GROUPS AND STRUCTURE

Finance is organised into eight functional Business Groups. The Department's organisational structure as at 30 June 2001 is shown at Figure 2 (see p. 13). Finance has a devolved organisational structure that supports streamlined decision-making and a wide range of challenging projects for our people across the Department. The key functions of each Business Group are:

### Budget

- contributes to the achievement of sustainable Government finances through its management of the Budget process, and the provision of analysis and advice.

### Property

- manages, on a commercial basis, the Commonwealth's non-Defence overseas and domestic property portfolio.

### Financial Framework

- supports a high performing Commonwealth public sector that delivers on Government priorities and is open to competition; develops financial framework legislation; develops Commonwealth procurement policies; provides leadership to the Government's financial management and governance practices; enhances accountability relationships; and supports the Minister in his legislated responsibilities.

### Business Services

- provides insurance services and promotes a risk management culture across the Commonwealth public sector; provides shareholder advisory services to the Minister regarding Government Business Enterprises; provides advice and operational support to the Remuneration Tribunal; manages a range of commercial contracts as well as residual issues related to the sale of Government businesses; and provides policy advice in relation to Commonwealth civilian and parliamentary superannuation schemes.

### Ministerial and Parliamentary Services

- M&PS provides advice and a range of services to Senators and Members of Parliament and their staff, the Australian Political Exchange Council and dignitaries.

### Corporate

- provides advice to the Secretary and Management Board on the administration of the Department; manages strategic partnerships with external providers to support Finance business; and provides general coordination, liaison and advisory functions to our Ministers and across the Department and Portfolio.

### e-Solutions

- aims for greater value from Finance's intellectual capital, business processes and information technology through knowledge management, end-to-end reform of business processes and online strategies.

### Financial Management

- manages financial and management accounting, budgeting, financial systems and reporting, treasury management, corporate finance and accounting policies and procedures across the Department.

## FINANCIAL PERFORMANCE

Financially, 2000–01 has been another positive year for the Department. Finance has continuously improved its financial performance in the past three years. A summary of our key financial information since 1998–99 is provided at Figure 3 (see p. 14).

The operating surplus for the year ending 30 June 2001 was \$187.6 million. This compares favourably to the operating surplus of \$142 million budgeted in the 2000–01 Portfolio Additional Estimates Statements (PAES). The primary reason for this higher than budgeted operating surplus was several relatively large one-off items—a \$51.3 million reversal of a loss on valuation of the property portfolio and an increase in revenue of

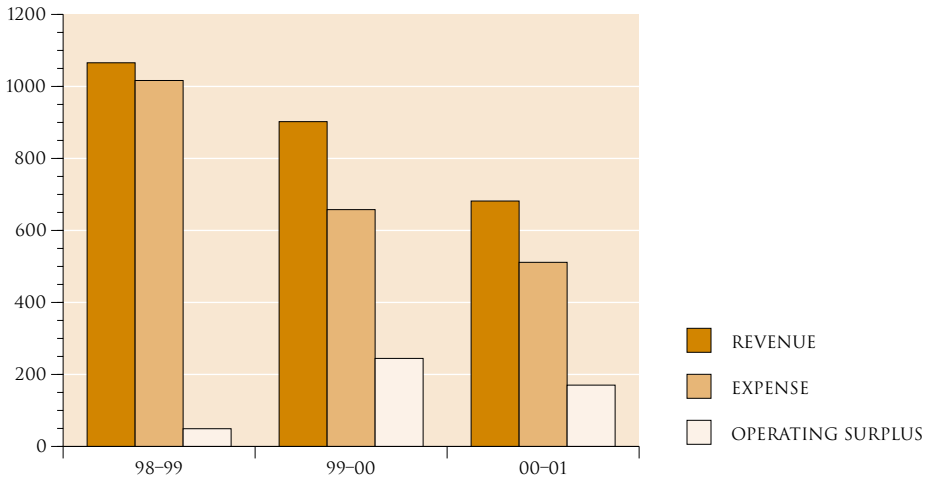
\$17.9 million due to a change in the accounting treatment of unearned appropriations. This was offset in large part by a \$10 million write-off of work in progress associated with property assets and a net payment of \$7.7 million arising from settlement of negotiations on the DASFLEET tied contract.

Both revenue and expenses were lower in 2000-01 compared with the previous year. This reflects primarily the sale of Removals Australia

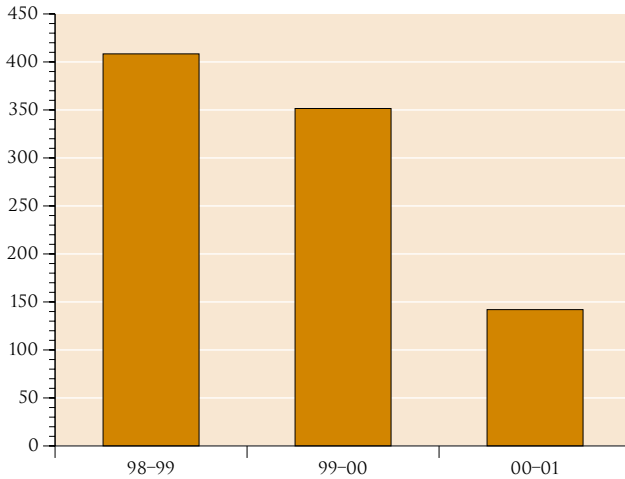
and the divestment of property both of which reduced revenue and expenses. The Department's total revenue for the year was \$694.3 million, compared to the prior year's actual revenue of \$902.2 million. The Department's total expenses for the year totalled \$506.6 million, compared to the previous year of \$657.8 million.

This is a pleasing result, and follows from a focus on cost control and improved financial management skills and reporting.

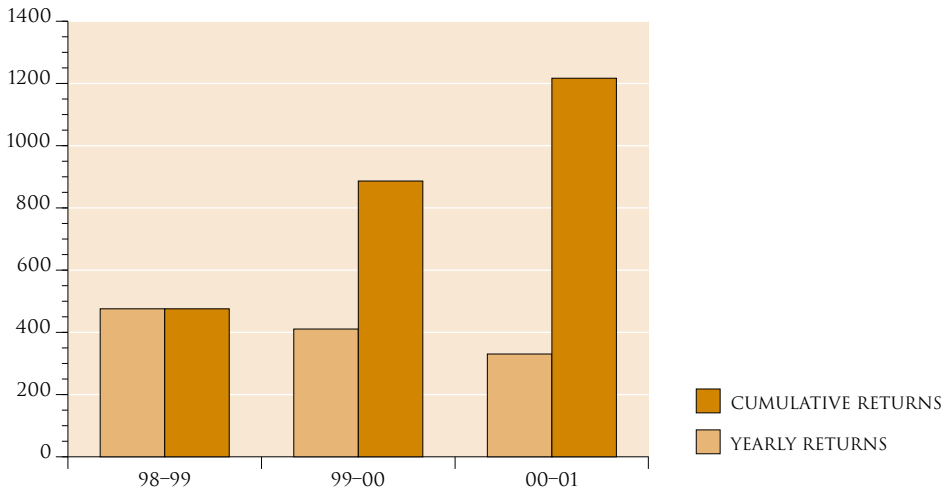
**FINANCIAL PERFORMANCE 1998-99 to 2000-01 (\$million)**



**REDUCTION IN TOTAL DEBT 1998-99 to 2000-01 (\$million)**



## CUMULATIVE RETURNS TO GOVERNMENT 1998–99 to 2000–01 (\$million)



In 2000–01 the Department reaffirmed its commitment to reducing debt, retiring promissory notes at a cost of \$222 million issued to finance property development under the previous cash budget regime. The result was a saving of some \$3 million in net present value terms.

Finance returned \$390 million to the Government in 2000–01, comprising a dividend of \$142 million, asset sales of \$198 million and an additional return of capital of \$50 million. This is recognition of continuing efficiencies in Departmental operations and better management of our balance sheet. Our financial performance over the last three years has enabled Finance to return approximately \$1.2 billion to the Government for use in other areas.

Finance’s overall performance in terms of outcomes reflects the above results, although actual and budgeted individual outcomes varied. Service charges for Departmental overheads were further refined and re-allocated to better reflect the total cost of outputs for Business Groups.

This year saw the further refinement and consolidation of our Departmental financial management reporting. An improved reporting framework assists good management decision-making, positioning the Department to deliver

its outcomes more effectively. The work undertaken to improve budgeting reporting frameworks has further raised the level of financial awareness throughout the Department. Leveraging off our strong financial base, Finance has the opportunity to continue to deliver a strong operating result for the Commonwealth.

## THE FINANCE AND ADMINISTRATION PORTFOLIO

### Our Ministers

The Department serves:

- the Minister for Finance and Administration—overall responsibility for the Portfolio including the Budget; outsourcing of relevant Government functions; public sector superannuation; non-Defence property portfolio; purchasing policy; Office of Asset Sales and Information Technology Outsourcing; Remuneration Tribunal and the Commonwealth Grants Commission;
- the Special Minister of State—responsibilities include the Australian Electoral Commission; M&PS; Comcover; COMCAR; Australian Procurement and Construction Council and Government Information;

- the Parliamentary Secretary to the Minister for Finance and Administration—responsibilities include public sector accounting reform; consideration of Act of Grace financial assistance and waiver of recovery of debts; Commonwealth property management relating to *Lands Acquisition Act 1989*; liaison with Parliamentary Standing Committee on Public Works and the Australian Antarctic Southern Ocean Profiling Project.

Legislation administered by the Portfolio can be found on the Finance website:

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

### Portfolio Responsibilities

The Finance and Administration Portfolio is diverse. The Portfolio's principal responsibilities, including those in the Administrative Arrangement Order of 17 December 1998, include:

- Budget policy advice and process, and review of governmental programmes;
- Government financial accountability, governance and financial management frameworks;
- shareholder advice on Government Business Enterprises;
- general policy guidelines for Commonwealth statutory authorities;
- superannuation for Commonwealth employees;
- asset sales and information technology (IT) outsourcing;
- Government information;
- natural disaster relief in the form of financial assistance to the States and Territories;
- strategic property management in Australia and overseas, including acquisition and disposal of real property;
- responsibility for Commonwealth public works policy;
- procurement policy and services (including contracting out, removals and disposals);
- electoral matters;
- administration of Parliamentarians' entitlements;
- administrative support for Royal Commissions and certain other inquiries;
- competitive tendering and contracting;
- Service Charters.

### Other Portfolio Agencies

#### Australian Electoral Commission (AEC)

The AEC provides the Australian people with a fair, equitable and independent electoral service through its conduct of elections and referendums; the maintenance of the Commonwealth electoral roll; and the provision of electoral information and education programmes for the community. The Commission also supports Australian foreign policy through the provision of effective international electoral assistance.

In accordance with section 17 of the *Commonwealth Electoral Act 1918*, the Australian Electoral Commission produces its own annual report.

**AEC website: [www.aec.gov.au](http://www.aec.gov.au)**

**Telephone: (02) 6271 4411**

#### Office of Asset Sales and Information Technology Outsourcing (OASITO)

The OASITO is responsible for the sale of major Commonwealth business assets; the implementation of the outsourcing of information technology infrastructure services for Commonwealth budget sector agencies; and assistance with the market testing of relevant activities and services commencing with corporate services (other than IT) that agencies are currently undertaking.

During 2000–01, the implementation of the outsourcing of information technology infrastructure services for Commonwealth Budget sector agencies was devolved to Department and Agency Heads following the Government's acceptance of recommendations from the Humphry Review. In accordance with this decision, effective from 1 July 2001, OASITO is to be known as the Office of Asset Sales and Commercial Support (OASACS).

As required by section 70 of the *Public Service Act 1999*, the OASITO produces its own annual report.

**OASITO website: [www.oasacs.gov.au](http://www.oasacs.gov.au)**

**Telephone: (02) 6208 9100**

#### Commonwealth Grants Commission (CGC)

The CGC operates under the *Commonwealth Grants Commission Act 1973*. It responds to terms of reference provided by the Minister for

Finance and Administration. The main task of the CGC is to recommend the allocation of Goods and Services Tax revenue and health care grants to the States and Territories. The recommendations based on the principle that each State and Territory should have the financial capacity to provide government services of the same standard as the other States and Territories, if it makes the same effort to raise revenue and operates at the same level of efficiency. From time to time, the Commission is also required to report on the finances of Australia's external Territories, on local government matters and the regional distribution of the Commonwealth's funding for Indigenous Australians.

As required by section 63 of the *Public Service Act 1999*, the CGC produces its own annual report.

**CGC website: [www.cgc.gov.au](http://www.cgc.gov.au)**

**Telephone: (02) 6229 8800**

### **Commonwealth Superannuation Administration (ComSuper)**

ComSuper administers four superannuation schemes: the Commonwealth Superannuation Scheme; the Public Sector Superannuation Scheme; the Defence Force Retirement and Death Benefits Scheme; and the Military Superannuation and Benefits Scheme. ComSuper provides superannuation administration services to scheme members over the 'lifetime' of their membership. ComSuper also provides direct support services to the Boards of Trustees of the various schemes, including accounting and secretariat functions.

In accordance with relevant statutory requirements, ComSuper produces its own annual report.

**ComSuper website:**

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

**Telephone: (02) 6252 7911**

FIGURE 1—FINANCE OUTCOMES AND OUTPUTS STRUCTURE

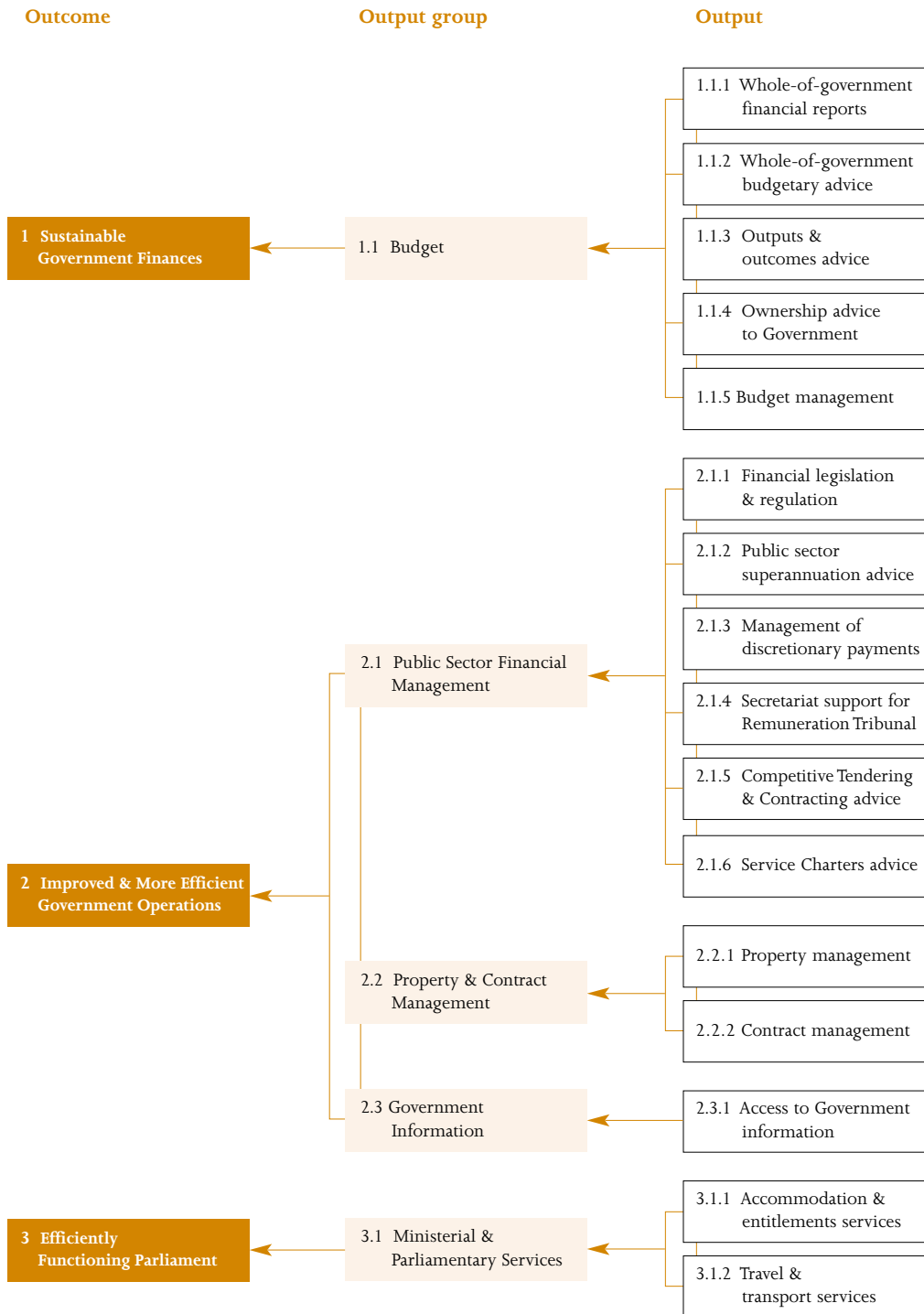


FIGURE 2—FINANCE ORGANISATIONAL CHART at 30 June 2001



FIGURE 3—FINANCIAL SNAPSHOT

	1998–99 \$million	1999–00 \$million	2000–01 \$million
<b>Revenue</b>			
Revenue from Government	261.98	166.29	174.15
Sales of Goods and Services	359.47	383.46	244.89
Other	444.23	352.49	274.84
Total Revenue	1,065.69	902.24	694.23
<b>Expense</b>			
Employees	112.25	58.84	56.63
Suppliers	332.30	298.80	233.90
Other	571.91	300.14	216.07
Total Expenses	1,016.47	657.78	506.60
<b>Net Surplus / (Deficit)</b>	49.22	244.46	187.62
Current Liabilities	126.23	166.03	175.45
Non-current Liabilities	425.79	364.89	171.68
Current Assets	544.52	558.81	311.08
Non-current Assets	2,720.22	2,455.89	2,545.07
Equity	2,712.72	2,483.78	2,509.03
Debt and Borrowings	408.44	351.48	142.02
Net Operating Cashflow	240.50	274.48	198.41
<b>Net Returns to Government</b>	475.74	410.73	330.38