

2008–09 Annual Report



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Acknowledgements

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LETTER

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FINANCE PEOPLE

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Guide to the Annual Report

Structure

The Department of Finance and Deregulation (Finance) 2008-09 Annual Report has been prepared in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, as approved by the Joint Committee of Public Accounts and Audit.

This report is presented in seven sections as outlined below.

Introduction and Overview

This section contains three chapters that provide:

- a review by the Secretary of the 2008-09 year (Chapter 1);
- an overview of Finance and of the Finance and Deregulation Portfolio (Chapter 2); and
- a summary of the department's corporate governance arrangements (Chapter 3).

Report on Performance

This section contains six chapters that detail Finance's performance against its four outcomes and its financial, ICT and human resource management:

- Sustainable Government Finances (Chapter 4);
- Improved and More Efficient Government Operations (Chapter 5);
- An Efficiently Functioning Parliament (Chapter 6);
- Effective and Efficient use of Information and Communication Technologies by the Australian Government (Chapter 7);
- Financial Performance and Information Communication Technology (Chapter 8); and
- Human Resource Management (Chapter 9).

Chapters 4 to 7 report on performance against outcomes and commence with an overview and performance summary. They conclude with a report on the performance indicators set out in the *2008-09 Portfolio Budget Statements* and details of financial and staffing resources.

Management and Accountability

This section contains two chapters detailing Finance's management and accountability in the following areas:

- Purchasing and Asset Management (Chapter 10); and
- External Scrutiny (Chapter 11).

Appendices

The report includes eight appendices, which contain information required under specific legislation or other reporting requirements. A Consultancy Services table is available online at the link shown on page viii.

Financial Statements

The report contains Finance's audited financial statements for the year ended 30 June 2009.

Report on the Operations of the Office of Evaluation and Audit (Indigenous Programs) for 2008-09

The report also contains the report on the operations of the Office of Evaluation and Audit (Indigenous Programs) for the 2008-09 year. This report has been prepared in accordance with section 193ZA (4) of the *Aboriginal and Torres Strait Islander Act 2005*.

Glossary, Compliance Index and Index

A glossary of terms and acronyms, a compliance index for locating mandatory requirements, and an index have been included to enhance the useability of the report.

Online Annual Report

An online version of this report is available by accessing www.finance.gov.au and then following the links through to Publications / Annual Reports / Annual Report 2008-09. The Consultancy Services supplement is also available from the same web page.

Inquiries about this Report

Finance welcomes comment on this report. Inquiries and feedback may be directed to:

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Further information about Finance can be obtained from the department's internet site.

Secretary's Review



Highlights of 2008-09

Finance's People

Departmental Financial Performance

Future Issues and Directions

one

Secretary's Review

The 2008-09 year was a challenging one for the Department of Finance and Deregulation (Finance). During the early part of the year, Australia experienced a dramatic deterioration in economic conditions and the department played a key role in assisting the Australian Government to respond. At the same time, the government pursued its policy agenda and Finance played an important supporting role by identifying substantial savings to the budget, developing new measures to improve the transparency of government operations and implementing a range of other policy initiatives. Finance's people met these challenges with skill, enthusiasm and hard work, allowing the department to have a substantial impact on government policy and program delivery during this difficult time.

Highlights of 2008-09

Budget Advice and Preparation

The government's response to the financial crisis formed a significant part of Finance's workload in 2008-09. Finance worked in collaboration with other government agencies to examine the causes of the crisis, its implications for the economy and government finances, and options to address the negative impacts for Australia. Finance played a key role in policy development and costings for the three economic stimulus packages announced by the government to respond to the crisis – the \$10.4 billion Economic Security Strategy, the \$4.7 billion Nation Building Package and the \$42 billion Nation Building and Jobs Plan¹.

As a consequence of the financial crisis, the government developed the 2009-10 Budget in an environment of considerable economic uncertainty. In the lead up to the 2009-10 Budget, Finance analysed new expenditure proposals, assessed and validated expenditure costings, and assisted with the development of major savings proposals. Finance worked on 601 expense and capital measures for the 2009-10 Budget, comprising \$26.9 billion of expenditure over five years. Finance also worked on measures for the 2008-09 Mid-Year Economic and Fiscal Outlook and for the Updated Economic and Fiscal Outlook released on 3 February 2009. In total, the department contributed to 788 measures in 2008-09 compared to 709 measures in 2007-08, continuing the upward trend of the last five years.

The work of the Expenditure Review Taskforce continued from 2007-08, examining government programs to identify savings and opportunities to improve the overall quality of government program delivery. The expenditure review process contributed to savings announced in the 2009-10 Budget totalling \$3.2 billion over the forward estimates.

Finance worked collaboratively with government agencies during the year to provide policy advice and costings related to a wide variety of other packages and measures. Chief amongst these were measures introduced to respond to the disruption of the childcare market caused by the collapse of ABC Learning centres, and work on costing the \$15.2 billion Council of Australian Governments' (COAG) Funding Package, announced on 29 November 2009, to support reforms to service delivery by the Commonwealth and state governments.

The National Broadband Network

During the 2008-09 year, Finance developed policy advice and costings related to the government's \$4.7 billion package to establish a National Broadband Network, expected to cost up to \$43 billion (including private financing). After the government announced the package on 7 April 2009, Finance worked with the Department of Broadband, Communications and the Digital Economy (DBCDE) to establish a new wholly government-owned company to build and operate the network.

¹ The Economic Security Strategy was announced on 14 October 2008, the Nation Building Package was announced on 12 December 2008 and the Nation Building and Jobs Plan was announced on 3 February 2009.

Nation-building Funds

As part of the 2008-09 Budget, the government announced that it would establish the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. These funds provide financing sources to meet the government's commitment to invest in critical areas of infrastructure such as transport, communications, energy, water, education, research and health. During 2008-09, Finance played a key role in implementing the government's decision to establish these funds and credit \$22.4 billion to them. As part of its Nation Building Package and the 2009-10 Budget, the government committed to provide \$18 billion from these funds to support specified infrastructure projects.

Transparency

The government has a strong commitment to improve the transparency and accountability of government operations and Finance plays a central role in implementing initiatives to support this aim.

On 2 July 2008, as part of this commitment to transparency, the government released *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*. The guidelines support a new campaign advertising framework, developed and managed by the department. The framework provides assurance that government information and advertising campaigns are objective, factual, explanatory and free of political messages. In March 2009, with Finance's assistance, the government also published the first biannual *Campaign Advertising by Australian Government Departments and Agencies Half Year Report 1 July to 31 December 2008*.

On 9 December 2008, the government released the *Review of Operation Sunlight: Overhauling Budget Transparency* conducted by former Senator Andrew Murray. In response to the review, the government updated its Operation Sunlight policy and Finance made further improvements to the readability and usefulness of the 2009-10 Budget Papers and Portfolio Budget Statements. The government also introduced a new policy framework for the administration of grants, which includes a requirement that agencies publish the details of individual grants on their websites. Finance issued the *Commonwealth Grant Guidelines* on 25 June 2009 to support the new framework.

Issues related to the employment of the staff of Members of Parliament are of considerable public interest. On 23 December 2008, the government improved the transparency of information related to their employment by tabling in the Parliament the first *Members of Parliament (Staff) Act 1984 Annual Report 2007-08*, prepared by Finance. On 25 June 2009, the government further improved transparency by publishing on Finance's website information tabled in the Parliament outlining travel details, allowances and expenses for Parliamentarians and former Parliamentarians. The government intends to release this information every six months.

Superannuation Reforms

During 2008-09, Finance worked on a package of reforms to improve and consolidate the governance and administration of Australian Government superannuation schemes. The department has overall responsibility for developing the primary legislation to implement the new arrangements and leads a liaison working group discussing issues related to the reform package.

Implementing the Government's Better Regulation Agenda

Finance provides advice on ways to reduce the costs of regulation, provides secretariat and policy support to the COAG Business Regulation and Competition Working Group, and assists government agencies and departments to comply with the government's Regulatory Impact Analysis requirements. On 1 September 2008, Finance established a new business group in the department to strengthen its focus on the government's better regulation agenda.

During 2008-09, Finance provided support for twelve meetings of the working group and worked closely with Commonwealth and state and territory agencies to draft the *National Partnership Agreement to Deliver a Seamless Economy*. The department also worked to review the stock of regulation during the year, resulting in the *Statute Stocktake (Regulation and Other Laws) Bill 2009*, which was introduced into the Parliament on 24 June 2009. The Bill proposes the amendment or repeal of almost 30 Acts where the provisions no longer have any function or purpose.

Government Business Advice

Finance provides shareholder oversight and advice to the government in relation to Government Business Enterprises and during 2008-09 the department provided advice on a variety of matters. On 12 December 2008, the government announced that it would provide the Australian Rail Track Corporation with up to \$1.2 billion of equity injections, and Finance worked with the Department of Infrastructure, Transport, Regional Development and Local Government to advise the government on this process. On 3 February 2009, the government announced that it would provide Defence Housing Australia (DHA) with \$252 million to build 802 dwellings in metropolitan and regional centres to accommodate serving Defence force members and their families, and Finance worked with DHA to develop and implement the package. As part of the 2009-10 Budget, the department provided advice on the conversion of Medibank Private Limited to a for-profit entity².

Commonwealth Property Management Framework

On 10 November 2008, Finance established the Commonwealth Property Review Branch to work with agencies to develop a whole-of-government framework and governance arrangements for property management. The framework will outline measures to improve the efficiency and effectiveness of property management across FMA Act agencies, including an occupational density target for office accommodation and associated cost savings.

National Portrait Gallery

The National Portrait Gallery was opened to the public on 3 December 2008. The gallery is situated in the heart of Canberra on the shores of Lake Burley Griffin, next to the High Court of Australia and the National Gallery of Australia. Finance commenced the project to build the gallery in 2004 and completed it on time and within budget. The gallery has been honoured with seven major awards from Master Builders Australia and the Australian Institute of Architects.

Telepresence

On 27 February 2009, the Minister for Finance and Deregulation announced that the government would establish a national inter-governmental telepresence system. The system will provide high quality, secure video conferencing facilities connecting federal, state and territory governments, and will be used in inter-jurisdictional meetings, including Council of Australian Governments and Ministerial Council meetings. This initiative is expected to reduce travel costs and associated carbon emissions, and improve productivity. In May 2009, Finance successfully tested a pilot system of four telepresence facilities, including systems located in Parliament House in Canberra, the Commonwealth Parliament Offices in Melbourne and the department's network monitoring centre in Hume.

Coordinated Procurement Contracting

During 2008-09, Finance continued to progress arrangements to deliver efficiencies and savings from a more coordinated approach to procurement. The department has undertaken scoping studies in relation to the procurement of travel services, Microsoft products, telecommunications, major office machines, desktop computers and accounting services. On 9 February 2009, the Minister for Finance and Deregulation announced an agreement with Microsoft that provides favourable pricing and licensing conditions for the supply of Microsoft products to Australian Government agencies. On 11 March 2009, the Minister announced that the government would be proceeding with coordinated contracting arrangements for travel services.

² The conversion of Medibank Private Limited to a for-profit entity took place on 1 October 2009.

ANAO Audit of Parliamentarians' Entitlements

In May 2008, the Australian National Audit Office (ANAO) began a performance audit of the administration of parliamentary entitlements as part of its 2007-08 Planned Audit Program. On 8 September 2009, the ANAO tabled its report, *Administration of Parliamentarians' Entitlements by the Department of Finance and Deregulation*. In response, the government announced a range of reforms to improve the way entitlements are managed and reported, and also established a fundamental review of the parliamentary entitlements framework. During 2008-09, Finance provided extensive reporting, advice and support to both the ANAO and to the government in preparing the audit report and reforms.

ICT Reform Program

On 24 November 2008, the government announced its ICT Reform Program in response to the independent review by Sir Peter Gershon of the Australian Government's use of ICT. Finance supported Sir Peter's review and worked with agencies and industry to implement its recommendations. This included completing a first phase review of 'business-as-usual' ICT expenditure across 53 government agencies, which returned \$570 million of savings to the Budget over the forward years 2009-10 to 2012-13, without impairing service delivery to citizens or business.

Finance's People

Finance's people are essential to the department delivering its outcomes for government. In order to attract, develop and retain the talented people the department needs, Finance has a comprehensive human resources framework that includes innovative recruitment and retention strategies, a comprehensive learning and development program, and an attractive remuneration package.

As part of its efforts to support staff, the department introduced a number of initiatives to respond to the *Finance Staff Attitude Survey 2008*. These included improving the efficiency of departmental processes and providing training and support to staff to help them manage various workplace situations. Finance also negotiated a new non-SES Collective Agreement that includes provisions to enhance working conditions and to improve the ability of staff to balance work and family life. A majority of eligible staff approved the Collective Agreement on 26 June 2009 and it commenced operation on 16 July 2009.

Departmental Financial Performance

With the falling value of the Australian property market because of the global financial crisis, Finance recorded an operating deficit of \$49.3 million in 2008-09 compared to an operating surplus of \$129.7 million in 2007-08. The department has budgeted for an operating surplus of \$24.1 million in 2009-10, an increase of \$73.4 million from the 2008-09 actual deficit. This reflects that a further devaluation of the department's property portfolio is not anticipated in 2009-10. The ANAO audited the department's financial statements and issued an unqualified audit opinion for these statements on 17 August 2009.

Future Issues and Directions

The coming year will bring many challenges as Finance works to support the government to address its policy agenda and changing economic conditions. The department will continue to advise the Cabinet and its committees on opportunities for future savings across government, and assist the government to make difficult decisions about spending priorities. Finance will review additional government programs to find further efficiencies and the department will conduct strategic reviews of key areas of government expenditure. The government's transparency agenda will continue to be an important focus. Finance will pursue the final Operation Sunlight reforms that formed a part of the government's election commitments in this area. The department will also implement improvements to the way parliamentary entitlements are managed, including measures that will improve transparency and accountability in the use of entitlements.

During 2009-10, Finance will progress a number of initiatives that commenced in 2008-09. The department will work with DBCDE on the National Broadband Network to undertake an implementation study to determine investment and operating arrangements and the detailed network design. Finance will implement reforms to the governance and administration of Australian Government superannuation schemes. The department will pursue more coordinated approaches to government procurement and property management in conjunction with other government agencies. It will also continue the ICT Reform Program including completing Phase 2 of the savings initiative and commissioning projects in agencies to improve their 'business-as-usual' ICT operations. Finance will continue its regulatory reform work with the states and territories, including collaborating with the Organisation for Economic Development and Cooperation as it completes its review of Australia's regulatory system.

Finally, I would like to thank my predecessor Dr Ian Watt for his strong leadership of Finance over the past seven and a half years. Under his leadership, Finance has developed a reputation for professionalism and quality that has made it a trusted advisor to the government of the day. The department has a challenging agenda over the next year, but we have talented people to support our Ministers and the government to progress this agenda.

David Tune
Secretary

Departmental and Portfolio Overview



Finance's Purpose and Outcomes

Finance's Business Groups and Structure

Organisational Chart

two

Departmental and Portfolio Overview

The Finance and Deregulation Portfolio includes the Department of Finance and Deregulation (Finance) and a number of other agencies and bodies including the Australian Electoral Commission, the Australian Reward Investment Alliance, ComSuper and the Future Fund Management Agency. A diagrammatic representation of the portfolio at 30 June 2009 is at Figure A (page 9).

Finance's responsibilities are set out in the Administrative Arrangements Order of 25 January 2008 and the amendment of 1 May 2008 and comprise:

- budget policy advice and process, and review of governmental 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 government regulation;
- general policy guidelines for Commonwealth statutory authorities;
- superannuation related to former and current Members of Parliament and Australian Government 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;
- 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; and
- the central advertising system.

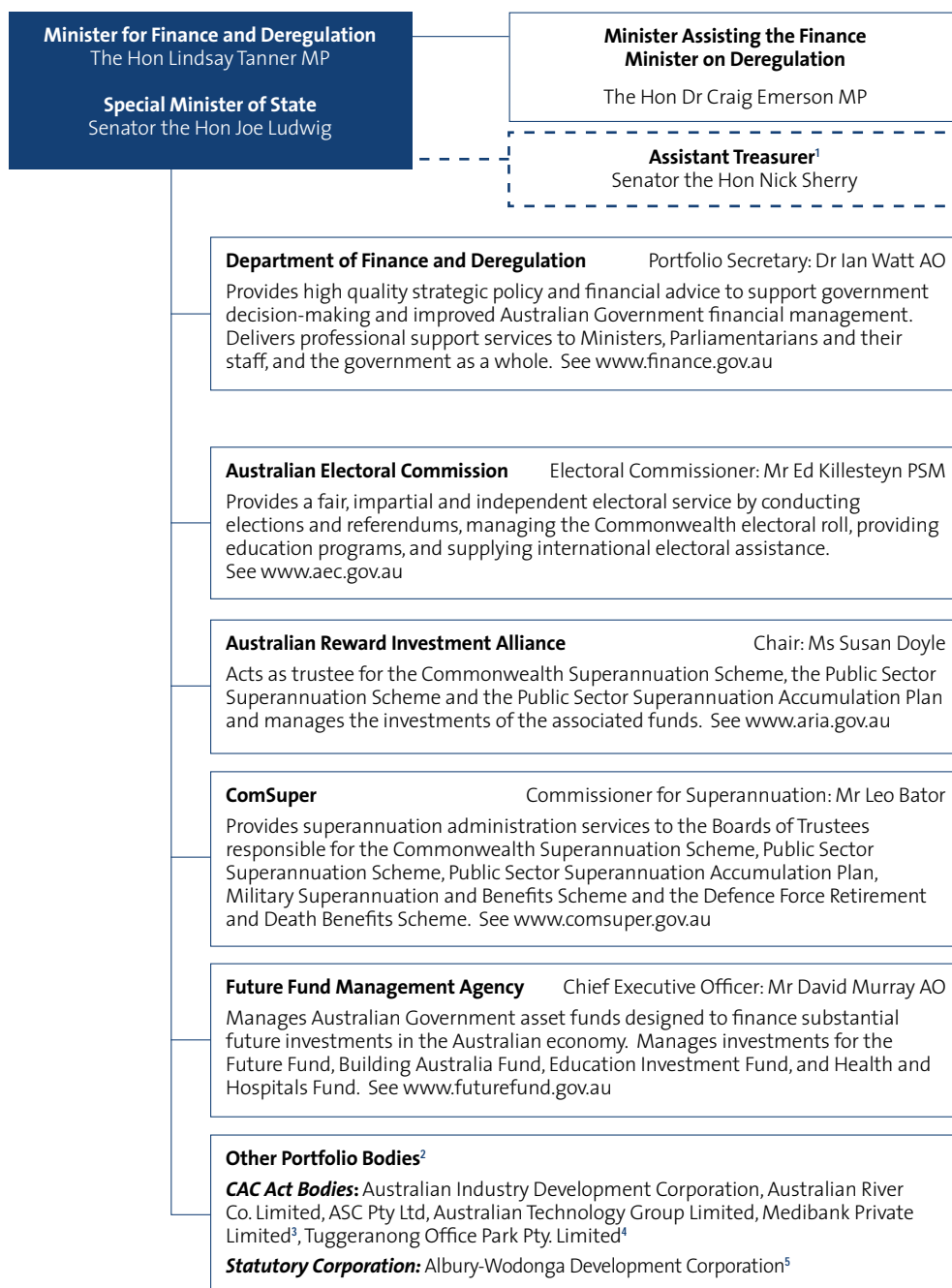
Finance's Purpose and Outcomes

As one of the Australian Government's central agencies, Finance helps the government to shape and deliver its agenda, particularly in relation to its fiscal and economic agendas, better practice regulation reform and the operations of the government. This is 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.

Figure A – Finance and Deregulation Portfolio Overview at 30 June 2009



¹ On 16 June 2009, the Assistant Treasurer was authorised to act on behalf of the Minister for Finance on matters relating to Act of Grace payments and waivers of debt under the FMA Act. Prior to 16 June 2009, the Minister for Superannuation and Corporate Law was responsible for these matters.

² On 27 May 2009, the Telstra Sale Company Limited was deregistered.

³ On 1 April 2009, Health Services Australia (previously in the Human Services portfolio) became a wholly owned subsidiary of Medibank Private Limited.

⁴ On 4 December 2008, Tuggeranong Office Park Pty Limited was transferred to the Commonwealth and became part of the Finance portfolio.

⁵ On 1 July 2009, the Albury-Wodonga Development Corporation became a Commonwealth authority under the CAC Act.

Finance assists the government to achieve its policy objectives by contributing to the following four outcomes:

- **Outcome 1 – sustainable government finances** – assisting the government to meet its fiscal objectives by providing whole-of-government advice on expenditure, helping prepare the Australian Government Budget, producing whole-of-government financial reporting, and advising on the Australian Government's Asset Funds and on best practice regulation.
- **Outcome 2 – improved and more efficient government operations** – providing advice on procurement policy including public-private partnerships, providing shareholder oversight of GBEs and other commercial entities, undertaking major construction projects that are assigned by the government for management by Finance, managing the non-Defence property portfolio within Australia, administering the Australian Government's self-managed general insurance fund, and advising on Commonwealth land and public works policy.
- **Outcome 3 – an efficiently functioning Parliament** – providing advice to Ministers on parliamentary entitlement issues, providing facilities and services including electorate office facilities, travel and accommodation entitlement support, personnel-related services, and VIP car hire services to current and certain former parliamentarians and their staff, and providing secretariat support for the Australian Political Exchange Council.
- **Outcome 4 – effective and efficient use of information and communication technologies by the Australian Government** – providing advice and service to government to improve the delivery of government information and services online, to obtain value for money in government ICT procurement and project management, and to develop the capacity of the APS workforce to deliver ICT programs and address ICT skills shortages.

A diagrammatic representation of Finance's outcomes and outputs structure at 30 June 2009 is at Figure B (page 11).

Changes to Finance's Outcome and Output Structures for the 2009-10 year

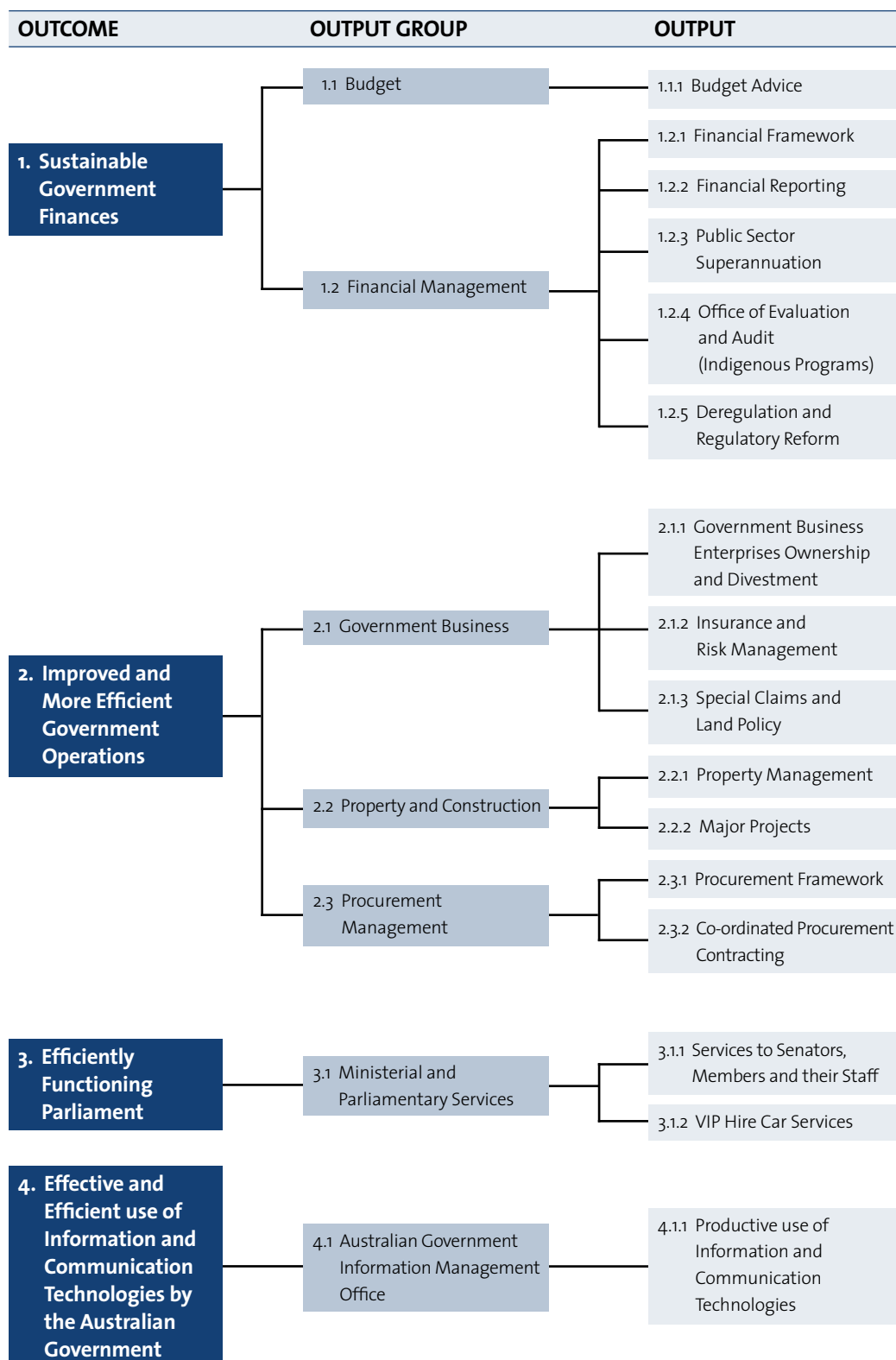
No changes were made to Finance's outcomes and outputs during the 2008-09 year. However, on 1 July 2009 as part of the Operation Sunlight Outcome Statements Review, Finance's outcome statements changed. Finance's 2009-10 Portfolio Budget Statement outlines the new outcome structure and this will form the basis of performance reporting for that year's Annual Report.

Finance's Business Groups and Structure

Figure C (page 13) shows the organisational structure at 30 June 2009. Finance has seven business groups following an internal re-organisation on 1 September 2008 that split the deregulation functions out of the Financial Management Group to form the new Deregulation Group. This did not affect Finance's outcome or output structure.

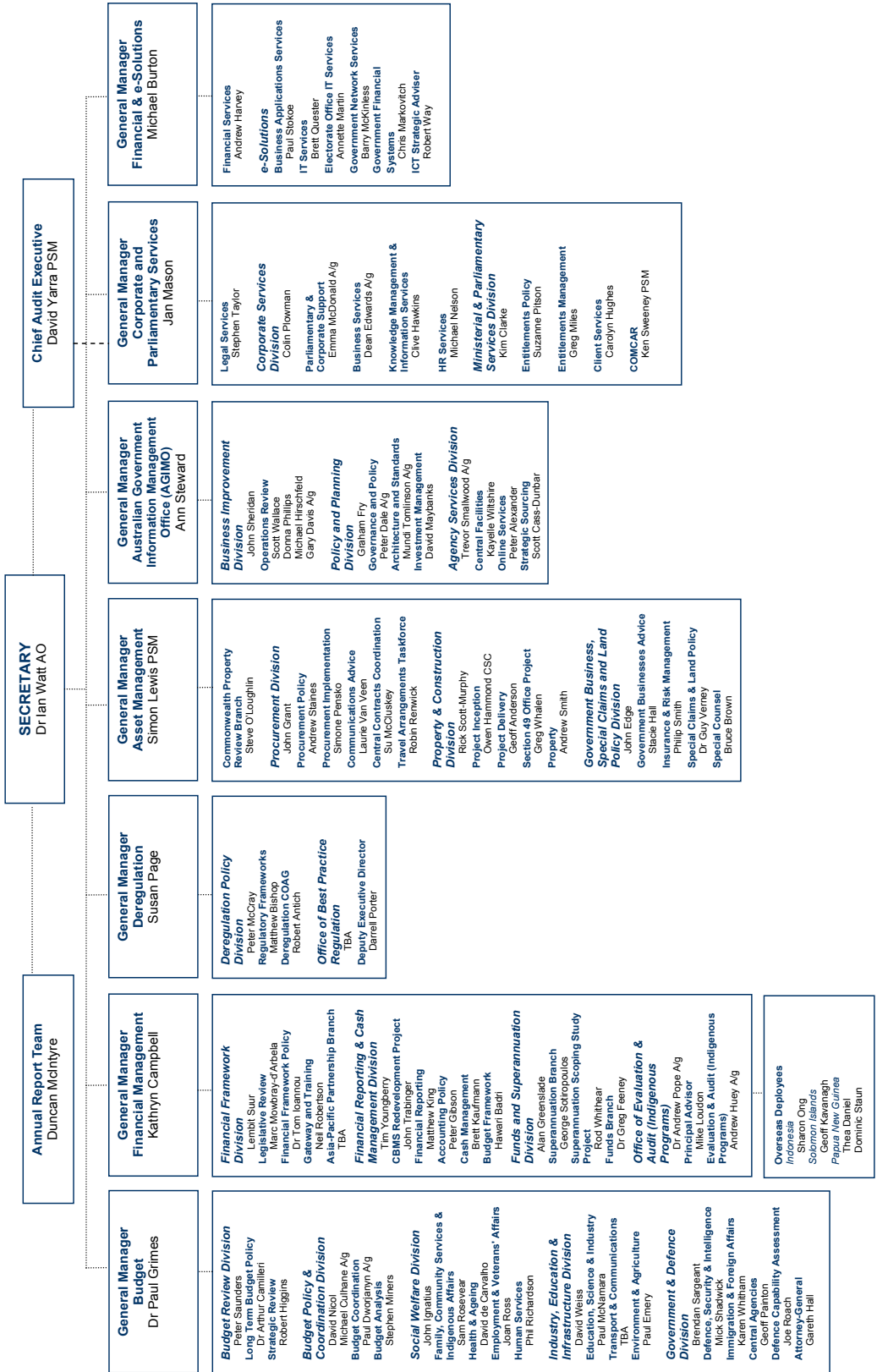
- **Budget Group** comprises five divisions contributing to *sustainable government finances* by supporting the Minister for Finance and Deregulation, the Cabinet, the Strategic Priorities and Budget Committee of Cabinet, and the Expenditure Review Committee of Cabinet in the preparation and management of the Budget (together with the Department of the Treasury [the Treasury]). This involves providing policy advice and costings on individual proposals and on whole-of-government expenditure priorities, as well as developing budget expense estimates and non-taxation revenue estimates updates (in cooperation with other agencies). Budget Group also supports and undertakes reviews of programs and functions to improve the efficiency and effectiveness of Commonwealth resource usage, and to contribute to budget sustainability by highlighting opportunities to reallocate resources to higher priorities.

Figure B: Structure of Finance Outcomes and Outputs at 30 June 2009



- **Financial Management Group** (FMG) comprises four divisions contributing to *sustainable government finances* by developing and advising on the financial framework applicable to public sector agencies, accounting and financial reporting issues, electoral policy, and superannuation arrangements for current and former Members of Parliament and Australian Government civilian employees. FMG also contributes to initiatives to help economic and financial stabilisation and to encourage good governance and financial management in Pacific Island states and Indonesia. FMG consolidates budget updates, helps prepare budget statements and prepares the Australian Government's monthly and annual consolidated financial statements. FMG also provides advice in relation to the Australian Government Asset Funds. The Office of Evaluation and Audit (Indigenous Programs) evaluates and audits Australian Government Indigenous-specific programs designed to deliver better outcomes for Aboriginal and Torres Strait Islander people.
- **Deregulation Group** comprises two divisions contributing to *sustainable government finances* by implementing the government's deregulation and regulation reform agenda. The group develops deregulation initiatives, provides the secretariat for the Council of Australian Governments Business Regulation and Competition Working Group, and supports the Office of Best Practice Regulation to administer the government's framework for Regulatory Impact Analysis.
- **Asset Management Group** (AMG) comprises three divisions contributing to *improved and more efficient government operations*. The Procurement Division develops and maintains the government's procurement policy framework, including coordinated procurement contracting arrangements and the government advertising framework. It also manages the government's central advertising system and motor vehicle fleet arrangements. The Property and Construction Division manages the government domestic non-Defence property portfolio including delivering major construction projects. The Government Business, Special Claims and Land Policy Division provides shareholder oversight advice in relation to GBEs, provides insurance services and promotes a risk management culture across the Australian Government, administers special claims under sections 33 and 34 of the *Financial Management and Accountability Act 1997* (FMA Act), and land policy in relation to the *Lands Acquisition Act 1989*. AMG also provides advice on the Commonwealth property management framework.
- **The Australian Government Information Management Office** (AGIMO) comprises three divisions fostering the *effective and efficient use of information and communication technologies by the Australian Government*. AGIMO provides advice, tools, information and services to help government departments and agencies use ICT to improve their administration and service delivery. AGIMO also works with governments and other bodies at the local, state, national and international level to simplify services to citizens and reduce duplication.
- **Corporate and Parliamentary Services Group** has two divisions. The Ministerial and Parliamentary Services Division contributes to an *efficiently functioning Parliament* by providing Senators, Members and their employees with facilities and services, including electorate office facilities, travel and accommodation entitlement support and personnel-related services. The division also provides VIP car hire services, secretariat support for the Australian Political Exchange Council and advice to Parliamentarians on a range of entitlement issues. The Corporate Services Division supports the achievement of Finance's outcomes by providing strategic advice to the Secretary and Executive Board on corporate governance and departmental administration. The division provides services to the department including portfolio coordination, parliamentary liaison, human resource services, learning and development, communications and public affairs support, knowledge management and information services, legal services and business risk management support. The division also provides home department support to Finance's portfolio ministers.
- **Financial and e-Solutions Group** supports the achievement of Finance's outcomes by providing financial systems, advice and support to Executive Board and Finance's business groups to promote efficient and effective business management. The group includes the functions of the Chief Financial Officer who prepares the department's financial statements and accounting policies, coordinates the department's business planning and budget processes, and provides procurement compliance advice and governance. Under the direction of the department's Chief Information Officer, the group also provides information technology systems and services to the government as a whole and to Finance's business groups, and also provides support to the electorate offices of Senators, Members, and their staff.

Figure C: Department of Finance and Deregulation – 30 June 2009



Corporate Governance



Senior Management Committees

Business Planning and Performance Reporting

Values and Ethical Standards

Risk Management

three

Corporate Governance

Finance is committed to delivering its outcomes in a manner that is efficient, effective, ethical, open and transparent to the Parliament and the Australian public.

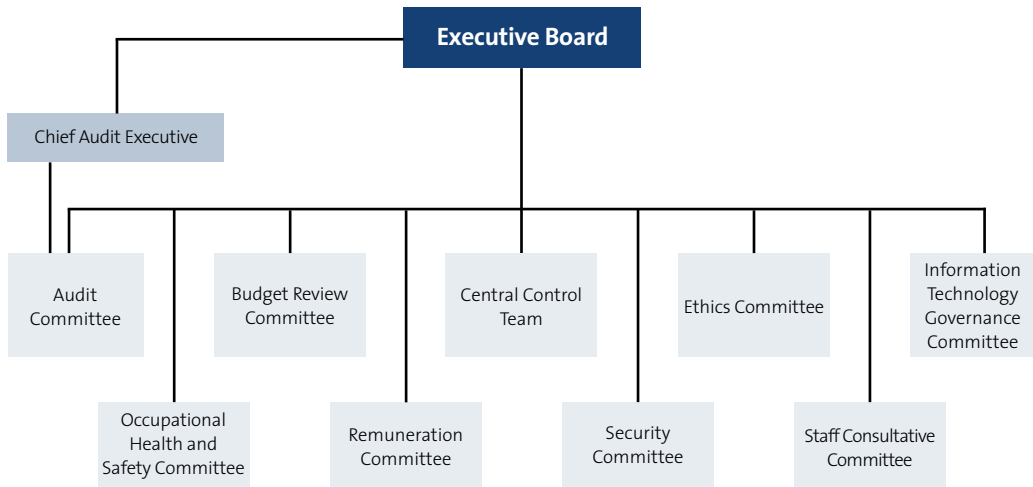
Finance's governance framework and policies embody this commitment to effective governance. The framework includes the department's senior management committees, business planning and reporting, policies to maintain the department's high ethical standards, and risk management framework.

Senior Management Committees

Under the *Public Service Act 1999* and the *FMA Act*, the Secretary is accountable for Finance's performance and compliance with legal requirements. Although overall legal accountability rests with the Secretary, the size and complexity of the department is such that the widest range of experience and most detailed knowledge of Finance's operations needs to be available when taking key decisions.

Accordingly, the Secretary has established an Executive Board with several committees (see Figure D below) to provide oversight for Finance's delivery of its outcomes.

Figure D – Finance Executive Board and its Sub-Committees



Executive Board

The Executive Board is Finance's peak governance and advisory body. The board's role is to provide corporate leadership and strategic direction, set goals for the department and manage its overall performance. The Secretary chairs the board and all general managers are members. The board usually meets at least once a week in relation to its leadership and strategic functions.

Chief Audit Executive

The Chief Audit Executive oversees the internal audit function in the department, providing high level support and advice to the Secretary, Executive Board and the Audit Committee in relation to Finance's internal audit program.

Audit Committee

The Finance Audit Committee reviews, monitors and recommends improvements to the department's corporate governance framework, with a focus on risk management, internal controls, compliance and financial reporting. The committee provides oversight for Finance's internal and external auditing, maintains a close working relationship with the Australian National Audit Office (ANAO), and ensures that internal audit and ANAO recommendations are implemented. The Audit Committee had an independent chair during 2008-09.

Budget Review Committee

The Budget Review Committee sets the department's budgetary strategy and funding parameters, reviews departmental and group business plans, and considers resource allocation priorities across Finance. The Secretary chaired the Budget Review Committee during 2008-09.

Central Control Team

The Central Control Team is responsible for implementing business continuity procedures once a business interruption event is declared and the department's Business Continuity Plan is activated. The team confirms the business interruption status, liaises with the Secretary, coordinates response and recovery within business groups, allocates resources and sets priorities for recovery to allow the normal business of the department to resume. The Division Manager of Corporate Services chaired the Central Control Team during 2008-09.

Ethics Committee

The Ethics Committee provides a forum for discussing and resolving high level ethical issues that may arise within the department. The Secretary chaired the Ethics Committee during 2008-09.

Information Technology Governance Committee

The Information Technology Governance Committee provides independent assurance and advice on ICT matters within Finance to the Secretary and Executive Board. The committee ensures that ICT initiatives undertaken by Finance include sound governance controls, support the department's business strategy, are structured to deliver in a cost-effective and timely manner, and are consistent with whole-of-government initiatives. The committee had an independent chair during 2008-09.

Occupational Health and Safety Committee

The Occupational Health and Safety (OH&S) Committee oversees Finance's work practices to ensure they are safe and align with workplace safety guidelines. It ensures Finance staff receive appropriate OH&S training and makes recommendations on OH&S matters to Finance's Executive Board. The OH&S Committee includes both management and staff representatives from each of the department's business groups and was chaired by the Division Manager of Corporate Services during 2008-09.

Remuneration Committee

The Remuneration Committee establishes and oversees the policies that govern remuneration for Finance staff, conducts annual remuneration reviews, and considers case-by-case remuneration proposals. The Secretary chaired the Remuneration Committee during 2008-09.

Security Committee

The Security Committee develops and implements security policies consistent with Finance's business needs and the Australian Government Protective Security Manual. The committee provides leadership on physical, personnel, information and systems security within the department. The General Manager of Budget Group chaired the committee during 2008-09.

Staff Consultative Committee

The Staff Consultative Committee is a forum for staff to provide feedback on issues affecting or concerning them including: workplace culture, leading and managing in the department, the balance of work and family life, performance and recognition, and effective communications and planning. The committee consists of two staff members from each of Finance's business groups, who present the views and opinions of their business group and report back to staff on committee outcomes. The Chief Audit Executive chaired the committee during 2008-09.

Other Committees

In addition to the Executive Board and its committees, Finance's governance framework incorporates several steering committees and reference committees to oversee and manage particular issues.

The Australian Government Consolidated Financial Statements Audit Committee provides independent assurance to the Secretary that the Consolidated Financial Statements have been properly prepared. The committee has an independent chair who reports to the Secretary.

The Learning and Development Reference Committee provides oversight and leadership in relation to the department's Learning and Development programs. The Division Manager of Corporate Services chairs the committee.

The Web Management Steering Committee provides oversight for Finance's web management projects to help ensure they meet the department's strategic goals and current business requirements. The Branch Manager of Knowledge Management and Information Services chairs the committee.

Business Planning and Performance Reporting

A key element of Finance's governance framework is an integrated planning and reporting process, which links day-to-day operational performance to strategic outcomes.

Finance uses its annual strategic and business planning processes to prepare the department's Corporate Plan and Portfolio Budget Statements. The Corporate Plan outlines Finance's strategic directions, provides a statement of purpose, explains the department's role in government, and sets out strategic objectives and performance measures for each of Finance's outcomes.

The department's business groups report regularly to the Executive Board on progress against the Corporate Plan, business plans and key financial and non-financial performance indicators. Finance's Budget Review Committee and IT Governance Committee also advise the Executive Board on elements of the department's business planning and performance.

Finance revised the format for Portfolio Budget Statements, with effect from the 2008-09 Budget, in line with the government's commitment under Operation Sunlight to enhance budget transparency. The Portfolio Budget Statements now consolidate and make transparent all of the resources available for agencies' use. They have a more strategic focus than in the past, presenting the key programs and activities that the agency will be undertaking in the Budget year, the resources provided for delivery and performance indicators. Financial and performance reporting in this annual report reflects the new format.

Values and Ethical Standards

Finance is committed to maintaining the highest standards of integrity, good governance and ethical standards.

The department reinforces and affirms the need for staff to uphold the Australian Public Service (APS) Values and APS Code of Conduct through its commitment to the Finance Valued Behaviours. The Valued Behaviours articulate the guiding principles that drive and motivate staff to achieve corporate goals and shape the department's direction.

Finance staff:

- nurture productive working relationships;
- communicate effectively;
- achieve results and demonstrate creativity;
- exhibit both personal drive and integrity;
- display the ability to learn; and
- demonstrate relevant skills and expertise.

The department has incorporated the Valued Behaviours into staff performance agreements, uses them as part of selection processes to assess potential new recruits, and communicates them to all new employees during induction and orientation sessions.

Finance has also established a Charter of Ethical Behaviour, runs tailored awareness programs covering ethical standards for staff and contractors, has developed a guide to ethical decision-making, and has established an ethics hotline for staff.

Risk Management

As part of its corporate governance framework the department has established mechanisms to identify, monitor and manage general business risks, including fraud risk in particular.

General Business Risk

Finance promotes risk management at all levels of the organisation as a tool to ensure that the way the department operates and the advice it provides to its Ministers and other departments is of the highest standard. Finance's risk management framework is consistent with the Australian and New Zealand Risk Management Standard (AS/NZS 4360:2004).

The department encourages staff to undertake risk assessments for business planning purposes and for projects as part of good business practice. The Office of the Chief Audit Executive includes a specialist risk management team that supports staff to manage business and project risks. In addition, the Audit Committee, Internal Audit Unit, Chief Audit Executive and Executive Board encourage the application of risk management techniques to all aspects of Finance's work. The department's Operational Guidelines require formal risk assessments to be undertaken for all procurement activities exceeding \$80,000 and for all complex or high-risk procurements.

Finance's Office of the Chief Audit Executive coordinates the maintenance, development and testing of departmental business continuity plans to prepare Finance to cope with a range of business interruption events.

Fraud Prevention and Control

Finance maintains a comprehensive Fraud Control Plan that complies with the *Commonwealth Fraud Control Guidelines 2002*. The department regularly reviews fraud prevention and control measures and is committed to continuous improvement associated with fraud prevention and detection. On 23 June 2009, the Fraud Control and Ethics Plan 2009-11 replaced the Fraud Control and Ethics Plan 2007-2009 and the department is currently implementing the strategies for raising awareness and for fraud prevention set out in the plan. Finance has completed and submitted the Institute of Criminology's annual survey of fraud control activity in Australian Government agencies for 2008-09.

The Finance Audit Committee, Chief Audit Executive, Departmental Security Team and IT Security Adviser have ongoing responsibility for assessing fraud risks and implementing fraud prevention, detection, investigation and reporting measures.

Sustainable Government Finances



Advising the Government on the Global Financial Crisis

Delivering the 2009-10 Budget

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Sustainable Government Finances

This chapter highlights some of Finance's achievements in contributing to the outcome of *sustainable government finances*. Finance contributes to the outcome by supporting the Finance Minister, the Special Minister of State, the Strategic Priorities and Budget Committee of Cabinet, and the Expenditure Review Committee of Cabinet in the preparation and ongoing management of the Budget (along with the Department of the Treasury) and providing advice on whole-of-government spending priorities. Finance also supports other Cabinet Committees in their considerations of expenditure issues.

The department provides policy advice and costings on individual proposals and on whole-of-government expenditure priorities and, in co-operation with other agencies, provides budget expense estimates and non-taxation revenue estimates updates. Finance also consolidates budget updates, contributes to the preparation of the budget papers and prepares the Australian Government's monthly and annual Consolidated Financial Statements.

Finance provides advice on the financial framework applicable to public sector agencies, accounting and financial reporting issues, electoral policy, and superannuation arrangements for current and former Members of Parliament and Australian Government civilian employees. The department provides advice in relation to the Australian Government Financial Asset Funds and helps build government financial management and budgeting skills in Pacific Island states and Indonesia. Finance's Office of Evaluation and Audit (Indigenous Programs) evaluates and audits Australian Government Indigenous-specific programs designed to deliver better outcomes for Aboriginal and Torres Strait Islander people.

The department also provides policy advice and support for the Finance Minister in implementing the government's better regulation agenda by providing policy advice on deregulation issues and assisting government agencies to comply with the government's Regulatory Impact Analysis requirements.

During 2008-09, Finance met the majority of the performance targets for this outcome set out in the 2008-09 *Portfolio Budget Statements*. In particular, Ministers indicated continued satisfaction with the quality, timeliness and relevance of Finance's advice; and the department provided over 1,000 costings to assist Budget decision-making. Australian Government agencies have also expressed satisfaction with Finance's activities including the implementation of Operation Sunlight, the utility of Gateway reviews and the assessment of Regulation Impact Statements. Finance improved its performance against targets relating to the accuracy of Budget estimates when compared to 2007-08. The department did not reach its target timeframe for the delivery of monthly general government sector financial reports but did achieve a substantial improvement in this area.

For details of Finance's performance in support of this outcome, see the performance information (Table 1) on page 30 and the resource statement (Table 2) on page 36.

Advising the Government on the Global Financial Crisis

The government's response to the global financial crisis formed a significant part of Finance's workload in 2008-09. Finance worked in collaboration with the other central agencies to examine the causes of the crisis, its implications for the economy and government finances, and options to address the negative impacts on Australia.

Given the sharp deterioration in economic conditions and the imperative to support the economy, the government announced three economic stimulus packages – the \$10.4 billion Economic Security Strategy announced on 14 October 2008, the \$4.7 billion Nation Building Package announced on 12 December 2008, and the \$42 billion Nation Building and Jobs Plan announced on 3 February 2009. Finance's role in relation to these packages included policy development and assessment, costings, supporting the decision-making of Ministers within tight timeframes, and taking account of rapidly changing domestic and international economic conditions.

The government also released an Updated Economic and Fiscal Outlook (UEFO) on 3 February 2009 and Finance played a key role in developing this document. The UEFO set out the government's revised fiscal strategy and an update of its economic forecasts and key fiscal aggregates.

Finance has an ongoing oversight role for the agencies involved in delivering the government's economic stimulus packages, including monitoring the progress of those agencies in meeting their spending targets.

Delivering the 2009-10 Budget

As a consequence of the financial crisis, the government developed the 2009-10 Budget in an environment of considerable economic uncertainty. Prior to the 2009-10 Budget, Finance analysed new expenditure proposals, assessed and validated expenditure costings, and assisted with the development of major savings proposals. Finance provided significant advice and support to the 2009-10 Budget deliberations of the Strategic Priorities and Budget Committee of Cabinet, and the Expenditure Review Committee of Cabinet. In total, 134 Green Briefs were prepared to provide policy and savings advice in relation to proposals for the 2009-10 Budget, compared to 104 in the 2008-09 Budget.

Finance worked on 601 expense and capital measures for the 2009-10 Budget, comprising \$26.9 billion of expenditure over five years. This compared to the 633 measures Finance contributed to for the 2008-09 Budget comprising \$18.2 billion of expenditure over five years. For the 2008-09 Mid-Year Economic and Fiscal Outlook (MYEFO), Finance worked on 80 expense and capital measures. The department also contributed to 107 expense and capital measures for the UEFO. In total, the department worked on 788 measures in 2008-09 compared to 709 measures in 2007-08.

Major expenditure initiatives announced in the 2009-10 Budget to which Finance directly contributed by providing policy briefing and costing analysis included:

- Secure and Sustainable Pension Reform – \$14.2 billion over four years to increase pensions and \$1.8 billion in assistance for carers over five years;
- Nation Building for the Future – including \$8.5 billion over six years for road, rail and ports infrastructure projects;
- An Innovation and Higher Education System for the 21st Century – \$5.7 billion over five years;
- The National Broadband Network – \$4.7 billion over three years primarily as an equity injection for the new National Broadband Network Company;
- Clean Energy Initiative – including \$4.5 billion over nine years for a range of carbon capture and storage projects and large-scale solar technologies;
- Hospital infrastructure, cancer care and medical research infrastructure – \$3.2 billion over seven years;
- Higher education, vocational education and training and research infrastructure – \$2.6 billion over six years;
- Jobs and Training Compact – \$1.5 billion over five years; and
- Paid Parental Leave – \$0.7 billion over five years to assist parents to combine work and family commitments.

Budget Advice

ABC Learning Centres

On 6 November 2008, ABC Learning was placed into voluntary administration and the company subsequently went into receivership. Since that time, Finance has been involved in the Child Care Industry Taskforce Cross Agency Steering Committee, established to assist the Department of Education, Employment and Workplace Relations (DEEWR) to consider how to minimise disruption to the childcare market caused by ABC Learning's financial circumstances. The committee's primary focus has been on ensuring the continuity of care for the children in childcare at facilities formerly managed by ABC Learning.

Digital TV

Finance worked with the Department of Broadband, Communications and the Digital Economy (DBCDE) on the development and costing of new measures associated with the government's commitment to switch from analog to digital television by the end of 2013. These measures, announced as part of the 2009-10 Budget, included funding for an information and communication campaign, a program to provide in home assistance for eligible households, and a program to work with industry to increase consumers' digital take-up rates.

Drought Support

During 2008-09, Finance worked with the Department of Agriculture, Fisheries and Forestry and with other central agencies to develop and cost possible reforms to the government's drought support arrangements. This work followed the completion of the Productivity Commission's inquiry report on government drought support that was published on 12 May 2009. Work on this issue continued beyond 30 June 2009.

National Broadband Network

Finance worked with DBCDE on costing the establishment of a company that will invest up to \$43 billion (including private financing) over eight years to build and operate a National Broadband Network. The government's initial investment of \$4.7 billion will provide an equity injection for the company, an investment in the early rollout of fibre-based broadband in Tasmania, and \$250 million to upgrade regional 'blackspots'. The government announced this measure as part of the 2009-10 Budget.

Northern Territory Emergency Response

As part of the 2009-10 Budget, Finance provided policy briefing and costing analysis on continuing measures initiated under the Northern Territory Emergency Response. The Response provides services relating to early childhood, education, health and community safety for Indigenous communities and town camps in the Northern Territory. The Response is now transitioning into a sustainable development phase, with funding of \$807.4 million over five years committed by the government.

Expenditure Reviews and Reforms

Expenditure Review Taskforce

In 2008-09, the Expenditure Review Taskforce continued to assist the government to improve the efficiency and effectiveness of government programs and services. The taskforce worked with portfolio departments and central agencies to identify savings or opportunities to improve the overall quality of government program delivery. The taskforce continued to draw staff from both within the department and from the Australian Public Service more generally. The expenditure review process contributed to savings announced in the 2009-10 Budget totalling \$3.2 billion over the forward estimates.

Formation of Budget Review Division

On 2 February 2009, Finance created a Budget Review Division, thereby strengthening the department's capacity to provide policy advice, particularly in relation to medium and long term policy issues. The division has a specific focus on policy reviews, economic analysis and long-term budget policy. It comprises the Long Term Budget Policy Branch, the Strategic Reviews Team, and the ongoing Expenditure Review Taskforce. Some additional funding for long-term budget modelling was provided to the department to support these functions as part of the Operation Sunlight initiative announced in the 2008-09 Additional Estimates.

Funding for the Inter-governmental Agreement on Federal Financial Relations

On 29 November 2008, the Council of Australian Governments (COAG) agreed to significant reforms to Australia's federal financial relations through the Inter-governmental Agreement on Federal Financial Relations. Underpinning the reforms was a funding package that will provide an additional \$15.2 billion over the period 2008-09 to 2012-13, primarily to support the states' delivery of services across the sectors of healthcare, schools, skills and workforce development, disability services, and affordable housing. A key feature of the new framework is centralised payment arrangements, with payments centrally processed by the Commonwealth Treasury and paid directly to each state treasury. The transfer of responsibilities from Commonwealth portfolio agencies to the Treasury occurred prior to the 2009-10 Budget.

Finance contributed to this significant structural reform by providing policy advice and costing analyses to the government in relation to the COAG funding package. Finance also assisted the Treasury and other departments to establish the new framework and to restructure appropriation, estimates and payment arrangements.

Bradley-Cutler Inter-departmental Committee

Finance worked with DEEWR and the Department of Innovation, Industry, Science and Research to develop the government's response to both the Review of Australian Higher Education (Bradley Review) and the Review of the National Innovation System (Cutler Review), through the Bradley-Cutler Inter-departmental Committee. The government announced its response to these reviews as part of the 2009-10 Budget. The response included funding to increase the number of Australians attaining a university education and the proportion of those students that are from low socio-economic status backgrounds. It also provided funding to improve student income support, increase research funding, and support business and public sector innovation and collaboration.

Pension Review

Finance contributed to the Pension Review undertaken by the Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs, Dr Jeff Harmer, which was released on 27 February 2009. Finance participated in an inter-departmental committee to develop the government's response to the review, announced as part of the 2009-10 Budget through the introduction of the Secure and Sustainable Pension Reform package. This package delivered increased support to those pensioners in greatest need, simplified the pension system, provided a new incentive for workforce participation, and included measures to maintain the long-term sustainability of the pension system.

Superannuation Reforms

Board Merger

Finance develops and advises on superannuation arrangements for Australian Government civilian employees and current and former Members of Parliament. On 31 October 2008, the government announced a package of reforms to improve and consolidate the governance and administration of Australian Government superannuation schemes. In particular, the government announced that the Australian Reward Investment Alliance, the Military Superannuation and Benefits Board, and the Defence Force Retirement and Death Benefits Authority would merge to form a single trustee board from 1 July 2010.

The new single board will act as trustee of the main civilian and military superannuation schemes and will fall under the responsibility of the Finance portfolio. The department has overall responsibility for developing the primary legislation to establish the single board and leads a Liaison Working Group to facilitate discussion on issues related to the merger with Department of Defence officials and executive staff from the civilian and military boards. Finance has a continuing role in managing transitional issues leading up to the commencement of the new board on 1 July 2010.

Scoping Study – Review of Superannuation Administration

The superannuation reform package released by the government on 31 October 2008 also announced that Finance would undertake a comprehensive scoping study of the administration arrangements for the main Australian Government superannuation schemes, including an examination of the long-term ICT requirements for the administration of the schemes. These superannuation administration services are currently provided by ComSuper and cover the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, the Public Sector Superannuation Accumulation Plan, the Military Superannuation and Benefits Scheme, and the Defence Force Retirement and Death Benefits Scheme. Together, these superannuation schemes are amongst the largest and most complex occupational superannuation schemes in Australia.

Finance examined ComSuper processes, services and ICT requirements, calling on the experience of superannuation administrators across the public and private sector and specialist advisers from PricewaterhouseCoopers. The government is expected to consider the recommendations of the scoping study in the second half of 2009.

Establishment and Governance of the Nation-building Funds

As part of the 2008-09 Budget, the government announced that it would establish the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund (collectively known as the Nation-building Funds). Finance played a key role in implementing the Nation-building Funds and in developing the *Nation-building Funds Act 2008*, which established the funds on 1 January 2009.

The Nation-building Funds provide financing sources to meet the government's commitment to invest in critical areas of infrastructure such as transport, communications, energy, water, education, research and health. Projects funded through the Nation-building Funds (with the exception of the National Broadband Network) were subject to a governance framework that included assessment by the relevant advisory body against the evaluation criteria for each fund. During the development of the 2009-10 Budget, the department provided advice to the Finance Minister on this framework and on spending proposals from the funds.

Finance, in conjunction with the Treasury, also provided advice to the government on the Nation-building Funds' investment mandates. The Future Fund Board of Guardians, in accordance with the investment mandates, manages the investments of the Nation-building Funds.

During 2008-09, Finance facilitated the crediting of \$22.4 billion to the Nation-building Funds. As part of its response to the global financial crisis, the government announced the first projects to be financed from the Nation-building Funds in the Nation Building Package on 12 December 2008 and in the 2009-10 Budget. In these announcements, the government committed to spending \$10.7 billion from the Building Australia Fund, \$4.1 billion from the Education Investment Fund and \$3.2 billion from the Health and Hospitals Fund. Finance consulted with portfolio departments to develop and coordinate the process for portfolio Ministers or their delegates to make payments from the Nation-building Funds. The first payments for agreed infrastructure projects were made from the Nation-building Funds during June 2009.

Finance assisted in the development of the *Nation-Building Funds Amendment Act 2009*, which redirected \$2.5 billion that was set aside from the Education Investment Fund to the Clean Energy Initiative.

Progressing Operation Sunlight

Operation Sunlight is the government's reform agenda to improve budget transparency and accountability. The agenda was advanced in 2008-09 with the public release on 9 December 2008 of the *Review of Operation Sunlight: Overhauling Budget Transparency* by former Senator Andrew Murray, together with the government's response and an updated Operation Sunlight policy document that incorporated agreed changes arising from the Review.

As part of the 2009-10 Budget, Finance made further improvements to the readability and usefulness of Budget Papers and Portfolio Budget Statements. Outcome statements were made more specific to provide clarity and transparency on the outcomes to be achieved by agencies, and program reporting was introduced. Additional information about special accounts was included and a net cost of services presentation of agency income statements was re-introduced to focus on the cost of public services, rather than on the concept of profit or loss.

Grants Policy Framework

On 9 December 2008, the government introduced a new policy framework for the administration of grants. The new framework implemented recommendations from the *Strategic Review of the Administration of Australian Government Grant Programs*¹ and included a requirement that from 1 January 2009 agencies publish the details of individual grants on their websites.

On 25 June 2009, the Finance Minister issued the *Commonwealth Grant Guidelines* and these took effect from 1 July 2009. The guidelines provide whole-of-government rules and guidance for Ministers and officials on grants administration and complement changes to the *Financial Management and Accountability Regulations*, which took effect at the same time.

2007-08 FMA Certificate of Compliance Process

Chief Executives of FMA Act agencies and Directors of CAC Act bodies in the general government sector are required to report annually on their entity's compliance with the financial framework and financial sustainability. They do this through a Certificate of Compliance for FMA Act agencies and a Compliance Report for CAC Act bodies. Chief Executives and Directors are asked to provide their certificate or report to their portfolio Minister and to the Minister for Finance by 15 October each year.

The second year of certificate reporting was completed on 15 October 2008, covering the 2007-08 financial year. Agencies reported instances of non-compliance across a greater number of areas than for the previous year. The Auditor-General noted in Audit Report Number 14 2008/2009, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2008*, that the Certificate of Compliance process had resulted in agencies having an increased awareness of legislative requirements and that this had resulted in officials giving higher priority to meeting these requirements, particularly where breaches had occurred in the previous year.

The most common area of non-compliance reported by Chief Executives for 2007-08 related to the commitment, approval and spending of public money. This is the most common daily financial function undertaken by all agencies. Consequently, amendments to the *Financial Management and Accountability Regulations 1997* were made, commencing on 1 July 2009, to improve the clarity of the requirements relating to the approval of spending proposals including in relation to approving spending proposals for grants. On 30 June 2009, Finance also released updated guidance on the approval of spending proposals².

The *Review of Operation Sunlight: Overhauling Budgetary Transparency* recommended that an aggregate analysis of all certificates be prepared to advise agencies, the ministry and Parliament on overall trends. The government accepted this recommendation in its response to the review, released on 9 December 2008. Finance will table an analysis of the 2008-09 results in the Parliament during the 2009-10 financial year.

Implementing harmonised accounting standards

The Australian Accounting Standards Board (AASB) accounting standard, AASB 1049 – *Whole-of-Government and General Government Sector Financial Reporting*, came into effect on 1 July 2008 and its use is required for whole-of-government and general government sector consolidated financial reporting. The financial statements included in the 2008-09 Budget were the first prepared by the Australian Government using the new standard and they enabled Finance to reduce the number of sets of financial statements in the budget documents from three to one.

During 2008-09, Finance worked with the Treasury, the Australian Bureau of Statistics and the governments of the states and territories to identify the differences in their accounting and disclosure policies, in order to achieve harmonised reporting for the first time. Finance is also working with the Australian National Audit Office to facilitate a smooth audit process for the harmonised financial statements.

Finance is continuing to support proposals to undertake a post-implementation review of the new standard and to apply these harmonised financial statement standards at the agency level. Applying these standards at the agency level will ensure consistency with the consolidated level, allow for greater and more consistent analysis of consolidated statements, and give readers a more meaningful analysis of agency financial activities.

¹ This Review was published on 21 August 2009.

² Finance Circular No. 2009/05.

Completion of the 2007-08 Consolidated Financial Statements

The Australian Government's Consolidated Financial Statements for the 2007-08 financial year were signed by the Minister for Finance and Deregulation and provided to the Auditor-General on 27 November 2008. On 28 November 2008, the Auditor-General issued an unqualified audit report for the second consecutive year. The statements were tabled in the Parliament on 9 December 2008.

Regional Economic Governance Support

Indonesia

During 2008-09, Finance and the Indonesian Ministry of Finance continued to work together under the Australia-Indonesia Finance Engagement Strategy. The strategy covers a work program to help build strong bilateral relationships, share experiences and develop Indonesian capacity in implementing public financial management reforms. During 2008-09, Finance had three deployees working in the Indonesian Ministry of Finance providing technical assistance and supporting capacity building. During the year, they focused on assisting Indonesia to integrate planning and budgeting processes, asset management and broader financial management reforms.

As part of the strategy, senior delegates from the Indonesian Ministry of Finance participated in study tours to Australia from 10 to 14 November 2008 and from 16 to 20 February 2009, and officials from the ministry undertook a series of work placements in the department. From 31 May to 3 June 2009, the Secretary of Finance and the General Manager of the Financial Management Group visited Jakarta and met with the Indonesian Minister of Finance and senior officials of the ministry to discuss a range of strategic reform issues.

Pacific Region

During 2008-09, Finance continued to play an active role in the Australian Government's partnerships with neighbouring countries in the Pacific region to support improved budgeting and financial management arrangements. Finance deployed 12 officers to Papua New Guinea as part of the Strongim Gavman Program, three to the Solomon Islands as part of the Regional Assistance Mission to the Solomon Islands, and one officer to Nauru under the Nauru Economic Advice Governance Assistance Program. Finance reviewed these engagements through the year, in consultation with whole-of-government partners and the host governments, to ensure that the assistance continued to be relevant to their needs.

As part of the PNG-Australia Finance Twinning Scheme, Finance worked with AusAID to provide short-term development opportunities for staff of Finance and PNG Finance. During 2008-09, the program provided officers with the opportunity to work in each other's departments and to improve their understanding of financial management issues.

Across the Pacific countries covered by these programs, Finance officers assisted in improving budgeting and accounting practices, expenditure controls, payroll systems and internal audit capacity, as well as working with local officials to develop improved financial management and budgeting skills. Finance concluded its engagement with Nauru in June 2009 and AusAID will negotiate any future support to the Nauruan Ministry of Finance with the Republic of Nauru.

Office of Evaluation and Audit (Indigenous Programs) [OEA]

The OEA evaluates and audits relevant Australian Government programs that aim to further the social, economic or cultural development of Aboriginal and Torres Strait Islander people. The OEA is established under part 4B of the *Aboriginal and Torres Strait Islander Act 2005*. In 2008-09, the OEA finalised three evaluations and eight performance audits of relevant Australian Government programs as well as three audits of funded organisations. There were five evaluations and seven performance audits in progress at 30 June 2009, in line with the OEA work program. Seven of these evaluations and audits will be completed and reported in the first quarter of 2009-10. In accordance with its legislation, the OEA has finalised its 2009-2012 work program. Further information about the activities of the OEA is contained in the Report on the Operations of the Office of Evaluation and Audit (Indigenous Programs) for 2008-09 at page 255 of this report.

Implementing the Government's Better Regulation Agenda

Finance provides policy advice on ways to reduce the costs of regulation, provides secretariat and policy support to the Council of Australian Government's Business Regulation and Competition Working Group (BRCWG), and assists government agencies and departments to comply with the government's Regulatory Impact Analysis requirements. On 1 September 2008, Finance strengthened its focus on the government's better regulation agenda by establishing a new business group within the department to focus on deregulation matters.

During 2008-09, Finance provided support for twelve meetings of the BRCWG and worked closely with Commonwealth and state and territory agencies to draft the *National Partnership Agreement to Deliver a Seamless Economy*. The agreement seeks to improve Australia's productivity by reducing the cost and removing regulatory barriers to doing business across jurisdictional borders. COAG approved the agreement in principle on 29 November 2008 and it came into effect on 27 February 2009.

The agreement commits the Commonwealth to provide the states and territories with up to \$550 million over five years in order to facilitate and reward the delivery of 27 priority deregulation reforms. Areas of reform covered by the agreement include a single national system for the regulation of consumer credit, a national regulatory scheme for trustee companies, a national licensing system for a range of occupations, and nationally uniform occupational health and safety laws. The agreement also commits jurisdictions to eight areas of competition reform, including a review of the parallel importation of books, and to the ongoing reform of regulatory processes. Reward payments to the states and territories are contingent upon jurisdictions meeting the key milestones set out in the agreement's implementation plan.

Regulatory Reform at the Commonwealth level

With Finance's assistance, during 2008-09 the Minister for Finance and Deregulation established Better Regulation Partnerships with ministerial colleagues to improve the effectiveness of existing regulation. The Minister developed a partnership with the Minister for Financial Services, Superannuation and Corporate Law to develop accessible product disclosure statements about financial services; and with the Minister for Health and Ageing to conduct a Health Technology Assessment Review to improve the timeliness of patient access to medical technologies and to reduce regulatory costs for the industry. The report on the review is scheduled for delivery in late 2009.

Finance was involved in two major exercises to review the stock of regulation during the year. As announced in the UEFO on 3 February 2009, the department reviewed pre-2008 subordinate regulation to document regulations that impose net costs on business and to identify opportunities to improve the efficiency of this regulation. The Minister for Finance and Deregulation introduced the *Statute Stocktake (Regulation and Other Laws) Bill 2009* into the Parliament on 24 June 2009. The Bill proposes the amendment or repeal of almost 30 Acts where the provisions no longer have any function or purpose.

During the year, Finance coordinated the government's response to two major Productivity Commission Reviews. The government published its response to the *Annual Review of Regulatory Burdens on Business: Primary Sector* on 18 December 2008 and its response to the *Annual Review of Regulatory Burdens on Business: Manufacturing and Distributive Trades* on 18 March 2009. The government accepted 68 of the 84 recommendations in these two reviews.

On 30 December 2008, the Minister for Finance and Deregulation announced that the government had requested that the Organisation for Economic Development and Cooperation (OECD) undertake a review of regulatory settings and policy development processes in Australia, including an assessment of the interaction of Commonwealth and state regulation, and current COAG regulatory reforms. The review seeks to identify opportunities to strengthen processes for making and reviewing regulations. Finance provided policy and logistical support for the OECD's two missions to Australia to conduct the review and the OECD is expected to report the results of the review by December 2009.

Office of Best Practice Regulation (OBPR)

The government has committed to a rigorous process of regulatory impact assessment as part of its objective of ensuring that Commonwealth regulation does not hinder productivity growth. Agencies proposing new or amended regulations are required to prepare a Regulation Impact Statement (RIS) to ensure that options to address a perceived policy problem are canvassed in a systematic, objective and transparent manner, with options ranked according to their net economic, social and environmental benefits.

Finance (through its Office of Best Practice Regulation) has responsibility for monitoring, assessing and reporting on compliance by agencies with the best practice regulation requirements, including assessing RISs and certifying Business Cost Calculator (BCC) reports. The department's *Best Practice Regulation Report 2007-08* was published on 23 December 2008 and details compliance with the Australian Government's and COAG's best practice regulation requirements.

Finance supports agencies as they develop regulatory proposals consistent with the best practice regulation requirements and provides formal training to policy officers involved in developing regulatory proposals. Each month, Finance provides a program of general and tailored training and guidance to agencies on the preparation of RISs and on the use of the BCC.

Performance Information and Resources for Outcome 1

During 2008-09, Finance met the majority of the performance targets that contributed to the outcome of *sustainable government finances*. The earlier part of this chapter provided detailed information on significant departmental activities and achievements. Assessments against Finance's *2008-09 Portfolio Budget Statements* performance targets for Outcome 1 (below) provide further information on the department's performance during the reporting period.

Table 1: Performance Information for Outcome 1

Output Group 1.1: Budget		
Output 1.1.1 – Budget Advice		
Key Performance Indicators	2008-09 Target	Result
Budget estimates, process and documentation prepared and delivered in an accurate and timely manner.	Budget estimates, process and documentation delivered in accordance with the requirements and timetable agreed to by Cabinet.	Achieved Ministers have expressed satisfaction with the quality and timeliness of estimates, advice and documentation.

Key Performance Indicators	2008-09 Target	Result
Accurate budget estimates.	<p>Two per cent difference between first forward year estimated expenses and final outcome.³</p> <p>1.5 per cent difference between Budget estimated expenses and final outcome.³</p> <p>One per cent difference between revised estimated expenses at MYEFO and final outcome.³</p> <p>0.5 per cent difference between revised estimated expenses at Budget time and final outcome.³</p>	<p>Not achieved</p> <p>On an accrual expenses basis the difference was 2.8 per cent and on a cash payments basis the difference was 5.8 per cent.</p> <p>Achieved</p> <p>On an accrual expenses basis the difference was 0.5 per cent and on a cash payments basis the difference was 1.4 per cent.</p> <p>Achieved</p> <p>On an accrual expenses basis the difference was 0.3 per cent and on a cash payments basis the difference was 1.2 per cent.</p> <p>Achieved</p> <p>On an accrual expenses basis the difference was less than 0.1 per cent and on a cash payments basis the difference was 0.6 per cent.</p>
Government is well informed by timely and accurate costings.	Expenditure Review Committee and Budget deadlines met for provision of information and analysis.	<p>Achieved</p> <p>The department provided over 1,000 costings within deadlines to assist budget decision making.</p>
Effective, timely and appropriate advice to government agencies on Budget processes.	Stakeholders provide feedback that Budget process advice is effective.	<p>Achieved</p> <p>Agency and other stakeholder feedback indicates that advice to agencies on budget processes was effective, timely and appropriate.</p>
Expenditure Review of government programs completed.	Review completed to allow Cabinet to consider further outcomes before publication of the 2008-09 MYEFO.	<p>Achieved</p> <p>Finance provided advice on all aspects of government expenditure to Ministers in the lead up to the 2008-09 MYEFO, and at later stages in the 2009-10 Budget process, including over 90 detailed program analyses.</p>
Improving economic and fiscal stabilisation of Pacific Island states and Indonesia.	Deployment of budget advisor staff with relevant countries as agreed.	<p>Achieved</p> <p>The department located three officials in Indonesia under the Australia-Indonesia Finance Engagement Strategy and hosted five Indonesian officers with placements in Finance. The department also located ten officers in Papua New Guinea under the Strongim Gavman Program, three in the Regional Assistance Mission to the Solomon Islands, and there were six exchanges with Papua New Guinea under the PNG-Australia Finance Twinning Scheme. Finance coordinated all of these deployments in partnership with AusAID. The direct engagement of one official in Nauru concluded in June 2009.</p>

³ Exclusive of the effects of policy decisions and movements in economic parameters.

Output Group 1.2: Financial Management

Output 1.2.1 – Financial Framework

Key Performance Indicators	2008-09 Target	Result
Improved governance across government agencies through effective, timely and appropriate advice to government agencies on legislative and financial instruments.	Over the forward years (2009-12), the numbers of Certificate of Compliance breaches across agencies and CAC Act bodies declines.	<p>Finance will assess performance against this target following the receipt, on 15 October 2009, of Certificates of Compliance from FMA Act Agencies and Compliance Reports from CAC Act bodies, covering the 2008-09 financial year.</p> <p>As agreed by the government in its December 2008 response to the <i>Review of Operation Sunlight: Overhauling Budgetary Transparency</i>, Finance will prepare and table in the Parliament an aggregate analysis of Certificates of Compliance prepared by FMA Act agencies. The first report will cover the 2008-09 financial year.</p>
Operation Sunlight initiatives improve the transparency of Budget information.	Stakeholders provide feedback that Budget information is more useful.	<p>Achieved</p> <p>Finance made improvements to the Budget Papers and to agencies' Portfolio Budget Statements for the 2009-10 Budget to provide more comprehensive information on agencies' funding and their planned performance.</p> <p>Several Senate Committees included the following favourable comments in their 2009-10 Budget Estimates reports:</p> <ul style="list-style-type: none"> • The Community Affairs Legislation Committee noted the benefits of the streamlined Families, Housing, Community Services and Indigenous Affairs Portfolio outcome structure, including the closer links to client service, greater transparency and management efficiencies; • The Education, Employment and Workplace Relations Legislation Committee noted the benefits of reporting expenditure at program level, the reduction of the number of outcomes, and the use of key performance indicators and targets to assess and monitor the achievement of outcomes; and • The Finance and Public Administration Legislation Committee commended the inclusion of program level information for the portfolios for which it has oversight responsibility. <p>In addition, the Parliamentary Library in its <i>Budget Review 2009-10</i> Research Paper stated that the introduction of program reporting was "most praiseworthy" and that the introduction of a detailed listing in Budget Paper No. 4 of estimates of agencies' special accounts flows and balances was a "worthwhile addition".</p>

Key Performance Indicators	2008-09 Target	Result
Strategic reviews of significant government expenditure improve the efficiency and effectiveness of programs.	The government accepts the reports from reviews and accepts the majority of recommendations from the reviews.	Achieved The two strategic reviews commissioned by the government in December 2007 – the <i>Strategic Review of Climate Change Programs</i> (released on 31 July 2008) and the <i>Strategic Review of the Administration of Australian Government Grant Programs</i> ⁴ – were completed. The government accepted the recommendations of both reports either in full or with some modification.
Following Gateway Review, high-risk major projects of government follow best practice implementation methodologies.	90 per cent of Senior Responsible Officials identify that Gateway has contributed constructively to their project.	Achieved Finance surveys Senior Responsible Officials at the conclusion of each Gateway Review and 95 per cent identified that Gateway contributed constructively to their project or program.

Output 1.2.2 – Financial Reporting

Key Performance Indicators	2008-09 Target	Result
Financial Statements for Budget documentation prepared in an accurate and timely manner.	Financial statements finalised in accordance with the timetable agreed by the Treasurer and the Minister for Finance and Deregulation.	Achieved The department finalised the financial statements for Budget documentation in accordance with agreed timeframes.
Appropriation Bills correctly reflect funding requirements for all Australian Government decisions.	Appropriations Bills are finalised in time to be introduced into Parliament on the date agreed by the Australian Government.	Achieved The additional estimates, Supplementary Bills and the additional Supplementary Bills for 2008-09, and the Budget Bills for 2009-10 were passed, received Royal Assent and funds were made available to agencies on time.
Monthly general government sector financial reports to be prepared in a timely manner.	Statements (excluding July) provided to the Minister on average, within 21 days of month end to allow publication within 30 days of month end.	Not achieved Finance took an average of 36 days to provide the statements to the Minister and 48 days to publish the statements. This was an improvement of 26 days on the average for the 2007-08 financial year. Finance will continue to seek further improvement in 2009-10.
Consolidated financial statements provided by the Minister to the Auditor-General in accordance with the FMA Act.	Annual Consolidated Financial statements completed and provided to the Auditor-General by 30 November.	Achieved The department provided the 2007-08 Consolidated Financial Statements to the Auditor-General on 27 November 2008 and the Audit Report was issued on 28 November 2008.
The derived underlying cash balance is provided to the government in a timely manner.	Available to the government within five days of the end of the financial year.	Achieved Finance produced the derived underlying cash balance within five days of the end of the financial year.

⁴ This Review was published on 21 August 2009.

Output 1.2.3 – Public Sector Superannuation

Key Performance Indicators	2008-09 Target	Result
Policy advice on superannuation arrangements for Australian Government civilian employees, current and former Members of Parliament, and Australian Government Asset Funds meets the needs of the government.	Advice supports ministerial decision-making. Scoping study to review superannuation administration arrangements conducted by 30 June 2009.	Achieved Ministers expressed satisfaction with the quality, timeliness and relevance of Finance's advice. Achieved The scoping study was completed by 30 June 2009.
The unfunded superannuation liability and associated administered expenses managed effectively.	Unfunded superannuation liabilities reviewed in the triennial long-term cost report as at 30 June 2008. Agency employer superannuation costs reviewed annually.	Achieved The Long Term Cost Report was tabled and publicly released on 22 May 2009. Achieved Finance completed the annual review of agency employer superannuation costs and sent the advice to agencies on 25 February 2009.
Parliamentary Contributory Superannuation Scheme administered in line with industry standards.	Issue of statements by 31 December 2008. Scheme members satisfied with the service provision.	Achieved Finance issued all members' statements by 30 September 2008. Achieved Scheme members indicated that they were satisfied with Finance's service provision.

Output 1.2.4 – Office of Evaluation and Audit

Key Performance Indicators	2008-09 Target	Result
Government satisfied with the quality and value of evaluations and audits.	Formal responses indicate that reports are comprehensive and evidence-based in establishing recommendations.	Achieved Finance has received positive feedback in the formal responses from agencies on evaluation and audit reports completed during 2008-09.
Recommendations of evaluations and audits are agreed by agencies and implemented by program managers.	Over 80 per cent of evaluation and audit recommendations agreed by agencies in reports and followed up within 12 months.	Achieved Finance made 76 recommendations in evaluation and audit reports completed in 2008-09. Over 97 per cent of these were accepted by agencies. During 2008-09, Finance followed up the status of all 51 recommendations made in the six evaluation and audit reports completed in 2007-08.
Timeliness of evaluations and audits.	Over 85 per cent of audits and evaluations are commenced in the period specified in the Work Program and reported to agencies within 12 months.	Achieved Finance commenced ten out of 11 evaluations and audits (90 per cent). Of these, five were reported to agencies within 12 months of commencing and five were ongoing at the end of the financial year. Finance expects to report four of the remaining five ongoing evaluations and audits (80 per cent) to agencies within 12 months of their commencement.

Output 1.2.5 – Deregulation and Regulatory Reform

Key Performance Indicators	2008-09 Target	Result
Australian Government's deregulation agenda implemented.	Review of the stock of regulation complete by July 2008.	Achieved Finance completed the review of the stock of regulation and the <i>Statute Stocktake (Regulatory and Other Laws) Bill 2009</i> was introduced into the Parliament on 24 June 2009.
	One-in One-out process implemented by September 2008.	Achieved Finance implemented the One-in One-out process in 2007-08 and issued additional guidance on the process to agencies on 5 January 2009. The department continues to work with agencies to assist them to meet the requirements of the policy.
Satisfaction with the quality, relevance and timeliness of OBPR's advice and training on the Australian Government best practice regulation and consultation requirements and the Council of Australian Governments regulatory impact statement requirements.	80 per cent positive response from agencies that developed regulatory impact analysis following OBPR advice.	Achieved 95 per cent of officers developing regulatory impact analysis in agencies gave positive comments on the quality and timeliness of Finance's advice.
	90 per cent of comments on first drafts of Regulation Impact Statements (RISs) provided within 14 days.	Achieved The department provided 98 per cent of its comments within 14 days of receiving the draft RISs.
	80 per cent of participants on regulatory impact analysis courses rate the training course as 'excellent' to 'very good'.	Achieved 97 per cent of participants rated the training course they attended as either 'excellent' or 'very good'.
Secretariat to the COAG Business Regulation and Competition Working Group supports the agenda.	Secretariat assists co-chairs of the Working Group to implement the agenda.	Achieved During 2008-09, the Finance secretariat arranged twelve meetings of the Business Regulation and Competition Working Group (BRCWG). These meetings facilitated discussion and decisions on regulatory reforms and identified areas requiring further Commonwealth or state action. The department provided briefings to the co-chairs, arranged for papers on the BRCWG's reform agenda to be presented to meetings and prepared status reports on the progress of reforms. The department also assisted the co-chairs to draft COAG's <i>National Partnership Agreement to Deliver a Seamless National Economy</i> , which came into effect on 27 February 2009.

Table 2: Resources for Outcome 1

Outcome 1: Sustainable Government Finances			
	Budget⁵	Actual	Variation
	2008-09	2008-09	2008-09
	\$'000	\$'000	\$'000
	(a)	(b)	(a)-(b)
Output Group 1.1: Budget			
Departmental Outputs			
1.1.1 Budget Advice	43,307	45,069	(1,762)
Expenditure against revenues from other sources (s.31) for			
1.1.1 Budget Advice	9,738	4,046	5,692
Subtotal for Output Group 1.1	53,045	49,115	3,930
Output Group 1.2: Financial Management			
Administered Items:			
Act of Grace nominal interests	482	1,068	(586)
Central Banking Agreement – fees and interest	3,000	1,707	1,293
Compensation and legal expenses	500	446	54
Superannuation administration costs	10,481	9,896	585
Special Appropriations:			
<i>Parliamentary Contributory Superannuation Act 1948</i>	58,665	55,536	3,129
<i>Superannuation Act 1922</i>	60,978	68,739	(7,761)
<i>Superannuation Act 1976</i>	3,440,200	3,417,688	22,512
<i>Superannuation Act 1990</i>	2,024,821	1,763,773	261,048
<i>Superannuation Act 2005</i>	100	24	76
Departmental Outputs			
1.2.1 Financial Framework	18,110	16,986	1,124
1.2.2 Financial Reporting	22,958	25,108	(2,150)
1.2.3 Public Sector Superannuation	10,009	9,052	957
1.2.4 Office of Evaluation and Audit	5,217	5,283	(66)
1.2.5 Deregulation and Regulatory Reform	8,663	8,806	(143)
Expenditure against revenues from other sources (s.31) for			
1.2.1 Financial Framework	408	2,279	(1,871)
1.2.2 Financial Reporting	604	856	(252)
1.2.3 Public Sector Superannuation	1,564	1,046	518
1.2.4 Office of Evaluation and Audit	90	63	27
1.2.5 Deregulation and Regulatory Reform	123	236	(113)
Special Accounts			
Building Australia Fund Special Account			
Opening balance	-	-	-
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	-	10,985,990	(10,985,990)

⁵ Full-year budget, including any subsequent adjustment made to the 2008-09 Budget.

	Budget 2008-09 \$'000 (a)	Actual 2008-09 \$'000 (b)	Variation 2008-09 \$'000 (a)-(b)
Education Investment Fund Special Account			
Opening balance	-	-	-
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	-	6,597,115	(6,597,115)
Health and Hospitals Fund Special Account			
Opening balance	-	-	-
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	-	5,015,360	(5,015,360)
Subtotal for Output Group 1.2	5,666,973	27,987,057	(22,320,084)
Total for Outcome 1	5,720,018	28,036,172	(22,316,154)
Departmental	120,791	118,830	1,961
Administered	5,599,227	27,917,342	(22,318,115)
Average staffing level (number)		635	

Improved and More Efficient Government Operations



Government Business

Property and Construction

Procurement Management

Performance Information and Resources for Outcome 2

five

Improved and More Efficient Government Operations

This chapter highlights some of Finance's achievements in contributing to the outcome of *improved and more efficient government operations*. Finance contributes to the outcome by providing shareholder oversight advice in relation to Government Business Enterprises (GBEs), managing major asset sales, and developing and advising on procurement policy. Finance manages the Australian Government's Central Advertising System and motor vehicle fleet arrangements as well as the government's domestic non-Defence property portfolio and major construction projects. Finance also provides insurance services (through Comcover), promotes a risk management culture across the Australian Government and administers special claims pursuant to sections 33 and 34 of the FMA Act.

Finance met the majority of the performance targets for this outcome set out in the *2008-09 Portfolio Budget Statements*. In particular, Ministers indicated continued satisfaction with the quality and relevance of Finance's advice, and other stakeholders indicated high levels of satisfaction with the information and services provided by Finance. The department helped to establish the National Broadband Network (NBN) company and completed the construction of the National Portrait Gallery on-time and within budget. Finance also developed a new campaign advertising framework and undertook a number of scoping studies to support coordinated procurement contracting.

Some targets were not achieved or were only partially achieved. In particular, some major projects experienced delays and the target rate of return for the domestic non-Defence property portfolio was not achieved because of the reduction in the value of the portfolio due to the global financial crisis. For details of Finance's performance in support of this outcome see the performance information (Table 4) on page 46 and the resource statement (Table 5) on page 52.

Government Business

Finance provides advice and support to the Finance Minister in exercising his shareholder and financial oversight responsibilities for GBEs and other commercial entities. The department also assists the Minister in managing residual issues arising from previous asset sales and businesses managed by Finance, and in making decisions about options for the future use of various government assets.

National Broadband Network

Consistent with the government's announcement on 7 April 2009, Finance, in consultation with the Department of Broadband, Communications and the Digital Economy (DBCDE), assisted with the establishment of a new wholly government-owned company to build and operate the proposed NBN at a cost of up to \$43 billion, including private financing. The Minister for Finance and Deregulation and the Minister for Broadband, Communications and the Digital Economy are joint shareholders of the company and Finance will continue to oversee the governance arrangements for the company. Finance will also assist DBCDE to undertake an implementation study to determine the operating arrangements, detailed network design, ways to attract private sector investment and ways to provide procurement opportunities for local businesses.

Australian Submarine Corporation (ASC)

On 16 August 2006, the previous government announced its intention to return ASC Pty Ltd to private ownership through a competitive tender trade sale. Finance commenced sale preparation activities at that time and these continued into the first half of 2008-09.

On 26 February 2009, the current government announced that the sale of ASC would not proceed at this time. Following this announcement, Finance wound up the sale process but continues to provide advice to the Australian Government on the performance of ASC.

Medibank Acquisitions of Australian Health Management and Health Services Australia

Finance advised the government on Medibank Private Limited's (MPL) acquisition of Australian Health Management, which occurred on 15 January 2009, and the merger with Health Services Australia, which took effect on 1 April 2009. Finance advised on the commercial merit of these processes and the way MPL can be structured to best support the government's preventative health agenda.

Medibank Conversion to For-profit

Finance advised the government on the conversion of MPL to a for-profit entity as part of the 2009-10 Budget. The conversion will help put MPL on an equal footing with its major competitors in the private health insurance market whilst also bringing MPL into line with other government owned businesses. The conversion provides MPL with additional freedom, incentive to continue to innovate, and will support the government's preventative health agenda more broadly.

Following the government's decision, the department worked with MPL on preparations for the conversion, including drafting amendments to MPL's Constitution as part of MPL's application to the Private Health Insurance Administration Council for the conversion. On 2 July 2009, the council approved MPL's application to become a for-profit health insurer.¹

Finalisation of the Telstra 3 Sale Process

The Telstra 3 instalment collection process was successfully completed by 21 August 2008. On 21 November 2008, 35,361,956 shares that were reserved under the Telstra 3 Prospectus, but not allocated to meet bonus loyalty share obligations and buffer requirements, were transferred to the Future Fund. Of the residual Telstra 3 sale proceeds held in the Telstra Sale Special Account, \$1.735 billion was drawn down by 25 June 2009 to be utilised for the Clean Energy Initiative, local community infrastructure and other infrastructure projects. The \$0.97 billion balance of the Telstra Sale Special Account was transferred to the Building Australia Fund on 26 June 2009 and the Special Account was subsequently closed.

On 27 May 2009, the Telstra Sale Company Limited, which was the instalment receipt trustee company established during the Telstra 3 Share Offer to hold the Telstra shares, was deregistered following the conclusion of the Telstra 3 sale process.

Defence Housing Australia (DHA)

On 3 February 2009, the government announced that it would provide DHA with \$252 million as part of the Nation Building – Economic Stimulus Plan to build 802 dwellings in metropolitan and regional centres during 2009-10 and 2010-11. The houses will augment the DHA stock which is used to accommodate serving Defence force members and their families. The construction activity will provide jobs and economic stimulus in local economies and assist to offset the impact of the economic downturn. Finance worked with DHA to develop the plan and the department is monitoring its progress. Under the direction of the Coordinator-General, DHA is providing weekly reports on the construction program. At 30 June 2009, DHA had entered into 464 contracts for the commencement of construction.

Australian Rail Track Corporation (ARTC)

On 12 December 2008, the government announced that it would provide ARTC with up to \$1.2 billion of equity injections as part of the Nation Building Package. This funding is being provided to ARTC so that it is able to deliver the rail infrastructure projects identified in its strategic investment program ahead of schedule. Finance has worked with the Department of Infrastructure, Transport, Regional Development and Local Government to advise the government and to facilitate the equity injections.

Googong Dam

As noted in Finance's 2007-08 Annual Report, on 4 September 2008, the Minister for Finance and Deregulation and the ACT Chief Minister signed a 150 year lease over the land at Googong Dam. Googong Dam is located on Commonwealth land in NSW but it is an important storage facility supplying water to the ACT, Queanbeyan and the surrounding area. The lease removes the anomalies that occurred when the ACT commenced self-government in 1989 and sets out the terms of the ACT's rights to use a significant piece of Commonwealth-owned infrastructure. It also provides a legal footing on which future planning for the dam by the ACT Government can occur.

¹ The conversion of MPL to a for-profit entity took place on 1 October 2009.

Discretionary Compensation and Waivers of Debt

In 2008-09, Finance received 4,404 requests for discretionary assistance by way of an act of grace payment or waiver of an amount owing to the Commonwealth, and completed 4,330 of those requests. In addition to assessing requests, Finance liaised extensively with a range of agencies on the other discretionary compensation mechanisms, ex gratia payments and the *Scheme for Compensation for Detriment caused by Defective Administration*.

Property and Construction

Finance manages the Australian Government's domestic non-Defence property portfolio including office buildings, law courts, special purpose facilities, heritage properties, vacant land, and contaminated sites. The department aims to optimise the rate of return on the portfolio whilst recognising public interest considerations, the need to maintain tenant satisfaction and the need to maintain the condition of the portfolio. Finance also provides strategic whole-of-government advice at the inception stage for capital works projects and provides expert advice on the construction of major Australian Government building projects.

Commonwealth Property Management Framework

On 10 November 2008, Finance established the Commonwealth Property Review Branch to work with FMA agencies to develop a whole-of-government framework and governance arrangements to enhance their property management capability.

Finance has worked with all FMA agencies through a Deputy-Secretary level Commonwealth Property Inter-Departmental Committee, a Senior Property Officers' Forum to which all FMA agencies are invited, and project-specific working groups of agency representatives. These forums have developed projects to improve the efficiency and effectiveness of the Commonwealth's management of its office accommodation, including an occupational density target for office accommodation which will lead to cost savings. The Finance Minister is expected to issue Commonwealth Property Management Guidelines during 2009-10 and these will be supported by guidance and cooperative activity across agencies.

The Christmas Island Immigration Detention Centre Project

Finance's 2007-08 Annual Report noted that the construction of the Christmas Island Immigration Detention Centre reached practical completion on 13 October 2007 and, following some further minor works, the Department of Immigration and Citizenship took possession of the centre on 7 April 2008. Finance has managed the rectification of defects during the one-year defects liability period, which was scheduled to expire on 13 October 2008. As at 30 June 2009, one defect remained in the centre and once it has been rectified final completion will be awarded to the contractor.

National Portrait Gallery

The National Portrait Gallery project was completed on-time and within budget and opened to the public on 3 December 2008. The National Portrait Gallery is a significant national cultural institution which aims to increase understanding of the Australian people's identity, history, creativity and culture through portraiture. The department began the project in 2004 and is pleased to have contributed to the successful delivery of such an important public place. The portrait gallery was constructed in the heart of Canberra, on the shores of Lake Burley Griffin, next to the High Court of Australia and the National Gallery of Australia.

The portrait gallery has been honoured with major awards from Master Builders Australia and the Australian Institute of Architects. At the ACT Master Builders Excellence in Building Awards, the portrait gallery won four major awards including the Project of the Year. At the ACT Architecture Awards, the portrait gallery won three major awards, including the prestigious Canberra Medallion.

Commonwealth New Building Project

Finance continues to manage the delivery of the Commonwealth New Building Project, which will provide a purpose-designed and built facility in Canberra for the Australian Security Intelligence Organisation's (ASIO's) new central office.

Planning for the project was completed in November 2008 following a 14 month planning phase, which involved mobilising the managing contractor, establishing a dedicated high security project office, engaging the design consultants and developing the brief into a schematic design that could be used to refine the cost estimate. The delivery phase of the project, including the detailed design and construction of the building, commenced in November 2008. At 30 June 2009, the base building detailed design was 50 per cent complete and the site had been fenced off and prepared for the construction works.

During 2008-09, a number of the key planning authority approval processes for the project were completed. Although the project was exempt from scrutiny by the Parliamentary Standing Committee for Public Works, Finance and ASIO provided the Committee with a confidential briefing on 4 December 2008. On 23 April 2009, the Department of Environment, Heritage, Water and the Arts completed its review of the project's *Environment Protection and Biodiversity Conservation (EPBC) Act 1999* referral and decided the project was not one that would require approval from the Environment Minister. The National Capital Authority has provided its approval of the site establishment and early works activities.

ANZAC Park West

Finance referred the proposed fit-out and tenancy of the ANZAC Park West facility to the Parliamentary Standing Committee on Public Works in May 2009. The project aims to provide flexible and modern office space in the ANZAC Park West facility for the Department of Defence. Subject to parliamentary clearance of the project, detailed design for the fit-out and external works for the project is expected to commence in September 2009. Construction is expected to reach practical completion by the end of 2010.

Procurement Management

Finance assists in achieving the government's governance and accountability objectives in relation to government procurement by providing advice on the development and management of the Commonwealth procurement policy framework. The department develops and manages the whole-of-government procurement notification and reporting, the electronic tendering system, and the coordinated procurement contracting framework. Finance also provides policy, advice, and coordinates whole-of-government communication and advertising, including managing the Australian Government's master media agency contracts.

Procurement Framework

On 10 October 2008, the Minister for Finance and Deregulation released revised *Commonwealth Procurement Guidelines* (CPGs) and these took effect from 1 December 2008. The new guidelines clarify existing procurement policy and incorporate changes to improve accountability and transparency. The CPGs now provide for coordinated procurement contracting arrangements.

On 24 October 2008, the Minister for Small Business announced a stronger policy on 30-Day Payments for Small Business that applies to contracts entered into after 1 December 2008. For procurement contracts valued up to \$5 million (GST inclusive), agencies must provide for payment within 30 days of receipt of a correctly rendered invoice. In addition, procurement contracts valued up to \$1 million (GST inclusive) must provide for interest on late payments.

Coordinated Procurement Contracting

Finance's 2007-08 Annual Report noted that, on 28 April 2008, the government agreed to establish a coordinated procurement contracting framework. During 2008-09, the department has continued to progress arrangements to deliver efficiencies and savings from a more coordinated approach to procurement.

Finance has undertaken scoping studies in relation to the procurement of travel services, licensing of Microsoft products, telecommunications, major office machines, desktop computers and accounting services. On 9 February 2009, the Minister for Finance and Deregulation announced the establishment of a volume sourcing agreement with Microsoft. On 11 March 2009, the Minister announced that the government would be proceeding with coordinated contracting arrangements for travel services. The government is expected to consider the outcomes of the other scoping studies in the second half of 2009.

Finance has established an internal Travel Arrangements Taskforce to progress the whole-of-government tenders for travel services. Three separate open tenders will be conducted in the second half of 2009 for domestic air travel, international air travel and travel management services. A second phase of open tenders will also be conducted at this time for the provision of accommodation, hire cars and travel cards to the Australian Government.

Government Advertising

On 2 July 2008, the then Special Minister of State and the Minister for Finance and Deregulation released *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*. The guidelines are one element of a new campaign advertising framework that formally came into effect on 1 September 2008. The framework enhances accountability and transparency in campaign advertising, providing assurance that government information and advertising campaigns are objective, factual, explanatory and free of political messages. The framework also promotes value for money by providing a whole-of-government perspective to the advertising campaigns undertaken by agencies.

Application of the new framework is supported by the Inter-departmental Committee on Communications (IDCC) and the Auditor-General. The IDCC is a committee of officials at the Deputy Secretary level which considers government information and advertising activities to ensure whole-of-government coordination. Finance provides secretariat services for the IDCC. During the 2008-09 financial year, the IDCC reviewed 27 advertising campaigns.

The Auditor-General reviews campaigns with expenditure in excess of \$250,000 to provide a report to the relevant Minister on the proposed campaigns' compliance with the guidelines. However, it is also open to a Minister to ask the Auditor-General to provide a report on campaigns valued at less than \$250,000 or that are sensitive in nature.

To support the campaign advertising framework, Finance has established the Communications Multi-Use List (CMUL) that commenced operation on 31 March 2009. The CMUL is a whole-of-government procurement arrangement for advertising campaigns. Agencies undertaking advertising campaigns with expenditures exceeding \$250,000 use the CMUL to identify suitable communications experts in the areas of advertising, market research, public relations, communications with Indigenous Australians, and communications with people from non-English speaking backgrounds. Consistent with the government's commitment to introduce greater accountability and transparency in relation to advertising campaigns, the details of all suppliers listed on the CMUL are publicly available on AusTender.

To promote further transparency and accountability in relation to government advertising campaigns, the government released the *Campaign Advertising by Australian Government Departments and Agencies Half Year Report 1 July to 31 December 2008* in March 2009. The report is the first in a series of biannual reports on campaign advertising and covered direct government campaign advertising expenditures by FMA Act agencies for the first half of 2008-09.

In 2008-09, \$146.2 million was expended on campaign advertising through the Central Advertising System including \$130.1 million for FMA Act agencies and \$16.1 million for CAC entities and other bodies. In addition, a total of \$55.7 million was expended on non-campaign advertising including recruitment and tender notices. Of this, FMA Act agencies accounted for \$38.5 million. The Northern Territory and ACT governments placed non-campaign advertising totalling \$6.3 million and \$2.9 million respectively.

Table 3 details major advertising campaigns by FMA agencies placed through the Central Advertising System, for campaigns valued over \$250,000. This reporting threshold is lower than the \$3.5 million threshold used for reporting in 2007-08, reflecting the requirements of the new guidelines.

Table 3: Major Information Campaigns 2008-09

Campaign	Department / Agency	Expenditure \$million
Defence Force Recruiting	Department of Defence	34.0
Australian Better Health Initiative	Department of Health and Ageing	12.9
Stimulus Tax Bonus	Australian Taxation Office	10.1
National Binge Drinking	Department of Health and Ageing	9.0
Climate Change Household Action	Department of Climate Change	8.3
National Illicit Drug Use	Department of Health and Ageing	5.6
National Security Public Information	Attorney-General's Department	5.1
National Skin Cancer Awareness	Department of Health and Ageing	4.5
First Home Owners Boost	Department of Families, Housing, Community Services and Indigenous Affairs	4.0
H1N1 Influenza (Human Swine Flu) Public Information	Department of Health and Ageing	3.9
Education Tax Refund	Australian Taxation Office	3.7
Digital Switchover	Department of Broadband, Communication and the Digital Economy	3.5
Quarantine Matters (including Avian Flu)	Department of Agriculture, Fisheries and Forestry	3.5
Economic Security Strategy Payment	Department of Families, Housing, Community Services and Indigenous Affairs	3.4
First Home Saver Accounts	Australian Taxation Office	2.3
Smarttraveller	Department of Foreign Affairs and Trade	2.1
Electronic Medicare Claiming	Department of Human Services	2.0
National Eye Health Awareness	Department of Health and Ageing	2.0
Child Care Tax Rebate	Department of Education, Employment and Workplace Relations	1.5
SmartGate	Australian Customs Service	1.4
Removing Same Sex Discrimination	Department of Human Services	1.3
National Sexually Transmissible Infections Prevention	Department of Health and Ageing	1.2
Job Services Australia	Department of Education, Employment and Workplace Relations	1.1
Bringing Nurses Back into the Workforce	Department of Health and Ageing	0.8
Australian Refrigeration Council Summer Campaign	Department of Environment, Water, Heritage and the Arts	0.8
National Missing Persons Week	Australian Federal Police	0.3

Performance Information and Resources for Outcome 2

During 2008-09, Finance met the majority of the performance targets that contributed to the outcome of *improved and more efficient government operations*. The earlier part of this chapter provided detailed information on significant departmental activities and achievements. Assessments against Finance's 2008-09 *Portfolio Budget Statements* performance targets for Outcome 2 (below) provide further information on the department's performance during the reporting period.

Table 4: Performance Information for Outcome 2

Output Group 2.1: Government Business		
Output 2.1.1 – Government Business Enterprises Ownership and Divestment		
Key Performance Indicators	2008-09 Target	Result
Sale of ASC Pty Ltd.	Progressing the sale of ASC Pty Ltd within the timing and budget set by the Australian Government.	The government announced on 26 February 2009 that the sale of ASC Pty Ltd, formerly the Australian Submarine Corporation, would not proceed at this time.
Provision of advice on operations, financial forecasts and performance of GBEs and other commercial entities.	Briefings on Corporate Plans and progress reports to be provided to the Minister within four weeks of receipt.	Mostly achieved All Corporate Plans and Statements of Corporate Intent were reviewed within four weeks of receipt and timely advice was submitted to the Minister. In some cases, briefings were not provided to the Minister within four weeks of receipt due to the need to consult with entities and joint shareholder departments.
	Key issues briefs to be provided twice a year.	Achieved Half-yearly update briefs were provided to the Minister in a timely manner.
	Quarterly meetings with Australia Post, Medibank Private Ltd and Defence Housing Australia. At least annual meetings with all other GBEs and commercial entities oversighted.	Achieved There was regular interaction with all GBEs and other stakeholders during 2008-09 on a basis sufficient to support timely and well-informed advice to Ministers.

Output 2.1.2 – Insurance and Risk Management

Key Performance Indicators	2008-09 Target	Result
Fund member satisfaction with the quality, relevance and timeliness of advice and services.	Members overall satisfaction score exceeds 80 per cent as measured in the overall rating by fund members in Comcover's annual satisfaction survey.	Achieved The 2008 satisfaction survey found that of the 178 fund members that completed the survey, 86 per cent were satisfied with the quality, relevance and timeliness of Comcover's advice and services.
Promote best practice risk management in fund member agencies.	Fund member agencies' overall agency average benchmarking scores exceed 5.8 as measured by improvement in Comcover's annual Benchmarking Risk Management Survey.	Achieved The 2008-09 benchmarking survey score was 6.0, indicating that agencies had continued to improve the implementation of their risk management frameworks.
Adequate equity is retained within the range approved by the government to fund all known and estimated liabilities.	Equity is maintained within the \$125 million to \$180 million range.	Achieved Comcover's equity as at 30 June 2009 was approximately \$170 million.
Fund member agencies participate in one or more of Comcover's services (such as benchmarking, training, public seminars and forums, and risk management services).	The percentage of fund member agencies participating exceeds 80 per cent.	Achieved 84 per cent of Comcover fund member agencies participated in one or more of Comcover's services.
Legal costs are reduced as a proportion of total claim costs.	The proportion of legal costs to total claims costs is less than 33 per cent by the end of 2009-10.	On track Comcover is on track to achieve the target of 33 per cent by the end of 2009-10.

Output 2.1.3 – Special Claims and Land Policy

Key Performance Indicators	2008-09 Target	Result
Provide regular advice on land and public works policy.	Provision of high quality, timely and relevant advice to stakeholders, including the Public Works Committee on land and public works policy within the required timeframe.	Achieved Feedback from the Minister on briefings provided by Finance has indicated satisfaction with the frequency, timeliness and relevance of the department's advice.
Provide policy advice on discretionary compensation mechanisms.	Provision of high quality, timely and relevant advice to stakeholders on the discretionary compensation mechanisms as required.	Achieved Feedback from the Minister on briefings provided by Finance has indicated satisfaction with the frequency, timeliness and relevance of the department's advice. External review of claims by the Commonwealth Ombudsman did not lead to qualifications. Finance allocated additional resources during the year to match a growth in requests and implemented additional systems to monitor the progress of requests. Finance also implemented a procedural fairness initiative, which provided higher levels of transparency and fairness to claimants.
Issues managed effectively and resolved in as timely a manner as possible.	Complete 50 per cent of act of grace/waiver cases within 21 days. Complete 70 per cent of act of grace/waiver cases within 35 days.	Achieved Finance completed 60 per cent of cases within 21 days and 77 per cent of cases within 35 days.

Output Group 2.2: Property and Construction

Output 2.2.1 – Property Management

Key Performance Indicators	2008-09 Target	Result
Meet tenant needs to an acceptable level.	80 per cent of tenants rate services from good to excellent as measured through survey.	Partially achieved Finance conducted two surveys during 2008-09. In the December 2008 survey 62 per cent of respondents rated the services good or excellent, in the June 2009 survey 87 per cent of respondents rated the services good or excellent, providing an annual average score of 74.5 per cent. The increase in satisfaction levels was a result of improved communication and regular meetings between the landlord and tenants.
Properties within the portfolio to be assessed for heritage values and, where required, have in place Heritage Management Plans in accordance with the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act).	100 per cent of property portfolio by June 2009.	Partially achieved Finance has completed or started assessments and Heritage Management Plans for 100 per cent of high and medium risk properties. The department has scheduled assessments of lower risk properties for 2009-10.
Commercial buildings within the portfolio have measured Australian Building Greenhouse Ratings (ABGRs) as well as energy and water audits in place.	100 per cent of property portfolio by June 2009.	Achieved In May 2008, the ABGR rating tool was rebranded to the National Australian Built Environment Rating System (NABERS). A NABERS rating assessor rated the commercial buildings within the portfolio for energy and water to provide an indicative benchmark for the portfolio. An auditor also completed energy and water audits to identify cost effective measures to improve the energy and water performance of the commercial buildings. Finance is implementing these measures on a progressive basis throughout the department's commercial portfolio.
Return a management expense ratio in alignment with market benchmarks.	No greater than 0.8 per cent of the portfolio value.	Achieved The management expense ratio for 2008-09 was 0.78 per cent.
Rate of return after competitive neutrality payments for asset revaluations and for opening fair market value (excluding asset revaluations).	At least 8.0 per cent including asset revaluations and 6.0 per cent for opening fair market value.	Not achieved The rate of return on opening fair value for 2008-09 was 4.79 per cent, which was lower than forecast due to higher than budgeted costs and taxes. The total rate of return was 2.85 per cent, which was lower than forecast as a result of the reduction in the property portfolio's value due to the global financial crisis.

Output 2.2.2 – Major Projects

Key Performance Indicators	2008-09 Target	Result
For projects directed by the government, the output will manage the project from first pass to the second pass budget approval process for Commonwealth major non-Defence capital works within 12 months of receipt of project.	90 per cent of projects achieve second pass approval within 12 months of receipt of project.	The government did not direct any project within the Finance portfolio to be prepared for second stage consideration in the 2008-09 financial year.
Completion of projects within budget and agreed timeframe to meet client needs as agreed by the Australian Government.	<p>Christmas Island Immigration Detention Centre to reach completion of Defects Liability and issue Final Certificate in November 2008.</p> <p>National Portrait Gallery to reach practical completion in September 2008.</p> <p>ASIO Central Office Project to have the building design completed by June 2009.</p> <p>Public Works Committee (PWC) approval of ANZAC Park West fit-out and remaining base building works by December 2008.</p> <p>The Royal Australian Mint to reach practical completion in October 2009.</p>	<p>Not achieved</p> <p>As at 30 June 2009 one defect item remained outstanding and a Final Certificate has been held over until this has been rectified. Subject to access to the site, Finance expects to reach completion in October 2009.</p> <p>Achieved</p> <p>The building reached practical completion in September 2008 and was opened to the public on 3 December 2008.</p> <p>Not achieved</p> <p>As at 30 June 2009, the base building design was 50 per cent complete and the remainder of the design (excluding fit-out) was scheduled to be completed in July 2010. The change to the forecast design completion date is a result of a refinement of the design program during the project-planning phase and a delay to the project in August 2008 while awaiting a government decision on additional funding.</p> <p>Not achieved</p> <p>The PWC hearing was deferred pending the identification of a tenant. The PWC hearing took place on 4 August 2009. Subject to PWC's recommendation and parliamentary approval, the works are scheduled for practical completion in December 2010.</p> <p>Partially achieved</p> <p>Practical completion of the Royal Australian Mint Project Process Building stage occurred on 20 March 2009. Final practical completion is scheduled for December 2009 when the separate Administration Building stage is completed.</p>

Output Group 2.3: Procurement Management

Output 2.3.1 – Procurement Framework

Key Performance Indicators	2008-09 Target	Result
Effective management of the Australian Government procurement policy framework.	Provision of timely and relevant advice to the government on procurement policy matters as required.	Achieved Finance maintained the framework, consulted with stakeholders and provided advice to Ministers in a timely manner.
Timely advice to agencies on the operation of the procurement policy framework.	Satisfaction rating of 'Good' or better from 75 per cent of agencies attending procurement seminars.	Achieved Finance provided timely advice in response to agencies' queries about procurement policy. Finance received a satisfaction rating of 'Good' or better from 86 per cent of agencies that provided feedback on procurement seminars conducted by Finance.
High satisfaction of clients of the master media agency contractor(s) in relation to the central advertising system.	High satisfaction ratings in surveys from 75 per cent of clients of the master media agency contractor(s) in relation to the central advertising system.	Achieved 75 per cent of clients were either 'satisfied' or 'very satisfied' with the non-campaign master media agency's performance for the period when averaged across 23 performance indicators. 75 per cent of clients were either 'satisfied' or 'very satisfied' with the campaign master media agency's performance for the period when averaged across 28 performance indicators.
AusTender, the Australian Government's whole-of-government procurement notification and reporting systems and electronic tendering system, meets business needs.	AusTender availability is 99 per cent during business hours (ACT local time).	Achieved The AusTender system was available for 99.8 per cent of business hours (ACT local time) during 2008-09.

Output 2.3.2 – Coordinated Procurement Contracting

Key Performance Indicators	2008-09 Target	Result
Effective and efficient coordinated contracts coordination outcomes.	Initial scoping studies concluded by September 2008 and new arrangements implemented within timeframes set by the government.	Mostly achieved Scoping studies for the licensing of Microsoft products, travel services and telecommunications, as well as major office machines, desktop computers and accounting services were completed during the financial year. Coordinated procurement arrangements were established within the timeframes set by the government, with a Volume Sourcing Agreement established with Microsoft on 19 January 2009 and coordinated procurement arrangements for travel services announced on 11 March 2009.

Table 5: Resources for Outcome 2

Outcome 2: Improved and More Efficient Government Operations			
	Budget ²	Actual	Variation
	2008-09	2008-09	2008-09
	\$'000	\$'000	\$'000
	(a)	(b)	(a)-(b)
Output Group 2.1: Government Business			
Administered Items:			
Grant in Aid – Australian Institute of Political Science	30	30	-
Grant in Aid – Chifley Research Centre	190	190	-
Grant in Aid – Green Institute	50	50	-
Grant in Aid – Menzies Research Centre	190	190	-
Grant in Aid – Page Research Centre	95	95	-
Grant in Aid – Royal Humane Society of Australia	23	23	-
Grant in Aid – Royal Society for Prevention of Cruelty to Animals	30	30	-
Grant in Aid – The Australian & New Zealand Federation of Animal Science	30	30	-
Departmental Outputs			
2.1.1 Government Business Enterprises Ownership and Divestment	11,670	7,123	4,547
2.1.3 Special Claims and Land Policy	4,943	4,992	(49)
Expenditure against revenues from other sources (s.31) for			
2.1.1 Government Business Enterprises Ownership and Divestment	109	878	(769)
2.1.2 Insurance & Risk Management	750	-	750
2.1.3 Special Claims and Land Policy	94	36	58
Special Accounts			
Business Services Special Account			
Opening balance	5,096	3,259	1,837
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	640	5	635
Comcover Special Account			
Opening balance	340,469	349,743	(9,274)
Appropriation receipts	23,574	23,574	-
Non-Appropriation receipts to Special Accounts	83,174	82,332	842
Telstra Sale Special Account			
Opening balance	2,700,000	2,686,622	13,378
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	30,000	23,478	6,522
Subtotal for Output Group 2.1	3,201,157	3,182,680	18,477

² Full-year budget, including any subsequent adjustment made to the 2008-09 Budget.

	Budget 2008-09 \$'000 (a)	Actual 2008-09 \$'000 (b)	Variation 2008-09 \$'000 (a)-(b)
Output Group 2.2: Property and Construction			
Special Accounts			
Property Special Account			
Opening balance	187,488	176,266	11,222
Appropriation receipts	1,721	1,721	-
Equity Injection	191,086	191,086	-
Non-Appropriation receipts to Special Accounts	83,943	89,609	(5,666)
Subtotal for Output Group 2.2	464,238	458,682	5,556
Output Group 2.3: Procurement Framework			
Departmental Outputs			
2.3.1 Procurement Framework	10,343	9,056	1,287
2.3.2 Coordinated Procurement Contracting	-	-	-
Expenditure against revenues from other sources (s.31) for			
2.3.1 Procurement Framework	145	92	53
2.3.2 Coordinated Procurement Contracting	-	-	-
Special Accounts			
Media Commissions Special Account			
Opening balance	17,805	17,425	380
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	3,424	5,903	(2,479)
Coordinated Procurement Contracting Special Account			
Opening balance	7,561	8,002	(441)
Appropriation receipts	-	-	-
Non-Appropriation receipts to Special Accounts	900	4,139	(3,239)
Subtotal for Output Group 2.3	40,178	44,617	(4,439)
Total for Outcome 2	3,705,573	3,685,979	19,594
Departmental	953,706	951,913	1,793
Administered	2,751,867	2,734,066	17,801
Average staffing level (number)		245	

An Efficiently Functioning Parliament



Services to Senators, Members and their Staff

VIP Hire Car Services

Performance Information and Resources for Outcome 3

six

An Efficiently Functioning Parliament

This chapter highlights some of Finance's achievements in contributing to the outcome of an *efficiently functioning Parliament*. To support this outcome, the department provides Ministers, Senators, Members, office-holders, former Parliamentarians and their respective dependants and staff (employed under the *Members of Parliament (Staff) Act 1984*) with a range of facilities and services. These include advice on parliamentary entitlements matters, human resources services, processing claims for travel allowance, transport services, and ICT services.

As part of this outcome, the department also provides electorate office accommodation and ICT services throughout Australia, and ministerial accommodation in Parliament House as well as in each state and territory and in the Commonwealth Parliament Offices. During the 2008-09 year, Finance provided administrative support for the Grants-in-Aid program and the Australian Political Parties for Democracy program, and secretariat support for the Australian Political Exchange Council.

Finance also provides VIP hire car services for Senators, Members, office holders and VIP guests of the Australian Government through COMCAR.

Finance met the targets for this outcome set out in the *2008-09 Portfolio Budget Statements*. Ministers indicated their continued satisfaction with the quality, relevance and timeliness of Finance's advice, and the department exceeded the performance targets related to processing travel allowance claims, service calls, and personnel and pay variations. More than 99 per cent of COMCAR clients indicated their satisfaction with this service. For details of Finance's performance in support of this outcome, see the performance information (Table 6) on page 58 and the resource statement (Table 7) on page 61.

Services to Senators, Members and their Staff

Transparency

During the year, the government agreed to (and Finance implemented) a number of measures to increase transparency by publishing additional information about the services the department provides to Senators, Members and their staff.

On 23 December 2008, the then Special Minister of State tabled the *Members of Parliament (Staff) [MOP(S)] Act 1984 Annual Report 2007-08* in the Parliament. This first annual report represents a significant improvement in transparency and accountability by making details available to the public about aspects of the employment of MOP(S) Act employees. The report includes an outline of the employment framework for MOP(S) Act employees, a staffing overview including position allocations, an outline of employee numbers and types, and information about salary ranges and non-salary benefits. The report also includes other staffing-related information, such as determinations made under the MOP(S) Act during the year, Occupational Health and Safety issues and information about the professional development of MOP(S) Act staff.

The accessibility of information tabled in the Parliament relating to the travel of Parliamentarians and former Parliamentarians was also improved in 2008-09. On 25 June 2009, the government tabled three documents:

- Travel and Travelling Allowance and Expenses for Senators and Members in the six-month period from 1 July to 31 December 2008;
- Travel expenses for former Parliamentarians for the same period; and
- Parliamentarians' overseas study travel reports for this period.

These documents were made available on Finance's internet site for the first time. The government plans to publish these documents on the site every six months when they are tabled, increasing their accessibility to the media and the public.

Also for the first time, the first two documents included estimates of the airline loyalty points accrued and used by Parliamentarians and former Parliamentarians, increasing the transparency of these entitlements and their use.

ANAO Audit of Parliamentarians' Entitlements

In May 2008, the Australian National Audit Office (ANAO) began a performance audit of the administration of parliamentary entitlements as part of its 2007-08 Planned Audit Program. On 8 September 2009, the ANAO tabled its report, *Administration of Parliamentarians' Entitlements by the Department of Finance and Deregulation*. In response, the government announced a range of reforms to improve the way entitlements are managed and reported, and also established a fundamental review of the parliamentary entitlements framework. During 2008-09, Finance provided extensive reporting, advice and support to both the ANAO and to the government in preparing the audit report and reforms.

Telepresence

On 27 February 2009, the Minister for Finance and Deregulation announced the government would establish a national inter-governmental telepresence system. The system will provide high quality, secure video conferencing facilities connecting federal, state and territory governments, and will be used in inter-jurisdictional meetings, including Council of Australian Governments (COAG) and Ministerial Council meetings. It is expected to reduce travel costs and associated carbon emissions, and improve productivity.

In May 2009, Finance successfully tested a pilot system of four telepresence facilities, including systems located in Parliament House in Canberra, the Commonwealth Parliamentary Offices in Melbourne and the department's network monitoring centre in Hume. By 30 June 2010, the department will have installed 20 telepresence facilities at various locations throughout Australia.

Australian Political Parties for Democracy Program

On 1 July 2009, administration of the Australian Political Parties for Democracy Program transferred from Finance to the Australian Agency for International Development (AusAid). Finance is no longer responsible for the program's administration but is assisting AusAid with the transition.

VIP Hire Car Services

Through COMCAR, Finance provides VIP car-with-driver services to a wide range of clients including federal Parliamentarians, the federal judiciary, holders of high public office and official guests of the Australian Government.

Finance supported a number of VIP visits during 2008-09. From 13 to 21 July 2008, COMCAR provided transport for the visit of His Holiness, Pope Benedict XVI, to Sydney for World Youth Day celebrations. COMCAR provided transport for the Asia-Pacific Economic Cooperation Structural Reform meeting held in Melbourne from 3 to 5 August 2008 and, on 21 and 22 February 2009, COMCAR provided transport to the Princess Royal who represented the Queen at the memorial service for the victims of the Victorian bushfires. COMCAR also supported the King and Queen of Spain's visit to Canberra and Sydney between 24 and 27 June 2009.

During the year, COMCAR supported COAG meetings held in Sydney, Perth, Canberra and Hobart, supplying transport to the Prime Minister, state premiers and the Australian Government ministers attending these forums. COMCAR supplied buses and car-with-driver services for the eight Community Cabinet meetings held during the year, in Darwin (Northern Territory), Corio (Victoria), Launceston (Tasmania), Ballajura (Western Australia), Emerald (Victoria), Hallett Cove (South Australia), Campbelltown (New South Wales) and Beenleigh (Queensland).

Finance negotiated a new COMCAR Drivers' Collective Agreement with the Transport Workers' Union and the Community and Public Service Union during 2008-09, which took effect on 18 May 2009. The productivity case for the agreement was based on commitments to technological and environmental improvements, as well as enhancements to drivers' work practices and utilisation. The agreement means that drivers in the COMCAR workforce now have a uniform set of conditions and work practices.

Last year's annual report noted that Finance had conducted a successful trial of Toyota Prius hybrid vehicles to assess their suitability for use on the Parliamentary Shuttle in Canberra. In January 2009, the department included four Toyota Prius hybrid vehicles in the COMCAR fleet. Finance continues to assess the preferences of COMCAR clients and to monitor the development of Australian-made energy efficient and hybrid vehicles to assess their suitability for future use.

Performance Information and Resources for Outcome 3

During 2008-09, Finance met the performance targets that contributed to the outcome of an *efficiently functioning Parliament*. The earlier part of this chapter provided detailed information on significant departmental activities and achievements. Assessments against Finance's 2008-09 *Portfolio Budget Statements* performance targets for Outcome 3 (below) provide further information on the department's performance during the reporting period.

Table 6: Performance Information for Outcome 3

Output Group 3.1: Ministerial and Parliamentary Services		
Output 3.1.1 – Services to Senators, Members and their Staff		
Key Performance Indicators	2008-09 Target	Result
Successfully manage contracts for the delivery of property, travel services, information technology, security clearance services, and other externally provided services that are in accordance with service level agreements.	Make no contract defaults.	Achieved. United Group Services continued to provide satisfactory property management services under the contracted service level agreement. The contract with Hogg Robinson Australia provided satisfactory travel management services. Contracts with Telstra Corporation for ICT services and with Pitney Bowes for postage meters continued to provide support to Senators and Members in a satisfactory manner. Carroll and Richardson – Flagworld continued to provide Australian flags under the Constituents' Request Program to Senators and Members, in accordance with performance measures stipulated in the contract. OfficeMax provided office requisites to electorate offices in a satisfactory manner.
Professional development program for MOP(S) Act employees that is targeted at key skills, is well received by participants, and meets the needs of clients.	90 per cent of participants advise that courses attended met their needs.	Achieved. During 2008-09 Finance demonstrated its continued commitment to the ongoing learning and professional development of MOP(S) Act employees by delivering a Professional Development Program. The program delivered nine tailored courses and information sessions, and 42 individual sessions to 305 MOP(S) Act employees in Canberra and state capitals (excluding Darwin). The courses and information sessions included Know Your Entitlements, Office Management, Writing Speeches with Impact, The Legislative Process, Administrative Law for non-Lawyers, Build Better Relationships and Demonstrate Leadership in the Workplace, and the Australian Government Budget Process. 99.5 per cent of participants who completed an evaluation form indicated that they would recommend the course they had attended to their colleagues.
Personnel and entitlement transactions for Senators, Members and their staff.	Estimate of 700,000 transactions processed in accordance with entitlements.	Achieved. 725,386 transactions were processed.

Key Performance Indicators	2008-09 Target	Result
Flight reservations processed.	Estimate of 30,000 transactions processed in accordance with entitlements.	Achieved. 41,077 reservations were processed.
Payment of Parliamentarians' travelling allowance.	Estimate of 21,000 transactions processed in accordance with entitlements.	Achieved. 24,686 travel allowance nights were paid.
Service calls received via office in Parliament House and staff desk units.	Estimate of 25,000 transactions processed.	Achieved 31,759 service calls were received via office in Parliament House and staff desk units.
Personnel/pay variations received prior to cut-off processed in the next pay.	95 per cent processed in the next pay.	Achieved. 98 per cent of personnel/pay variations received prior to cut-off were processed in the next pay.
Client enquiries responded to within one working day.	95 per cent within one working day.	Achieved. 99 per cent of client enquiries were responded to within one working day.
Client enquiries resolved within two working days.	80 per cent within two working days.	Achieved. 99 per cent of client enquiries were resolved within two working days.
Timely monthly reporting to Senators and Members on entitlement usage.	100 per cent of reports delivered by the due date.	Achieved. All 12-monthly reports and the end of financial year report were delivered on time.
Timely six-monthly reports to Parliament on Parliamentarians' and former Parliamentarians' paid travel expenditure and on Parliamentarians' overseas study entitlement.	100 per cent of reports tabled by the agreed date.	Achieved. Both reports were tabled within agreed timeframes.
Travel allowance claims processed efficiently.	90 per cent within 5 working days.	Achieved. 96 per cent of travel allowance claims were processed within five working days.
Charter and car transport claims processed efficiently.	95 per cent within 10 working days from the date certification is received.	Achieved. 98 per cent of charter and car transport claims were processed within ten working days from the date certification was received.
Host Employee Consultative Group meetings each year for MOP(S) Act employees.	Six Employee Consultative Group meetings per annum.	Mostly achieved. The Employee Consultative Group convened five meetings in 2008-09.

Output 3.1.2 – VIP Hire Car Services

Key Performance Indicators	2008-09 Target	Result
Satisfaction with COMCAR services.	Satisfaction with at least 98 per cent of all reservations.	Achieved. Based on the number of incidents reported to COMCAR, a 99.5 per cent satisfaction rate was achieved.
COMCAR vehicle reservations provided (excluding the Parliament House shuttle service).	Estimate of 52,000 reservations provided.	Achieved. 62,086 reservations were provided.
Phone calls for COMCAR reservations to be answered in a timely manner.	80 per cent of phone calls answered within 15 seconds.	Achieved. 87.9 per cent of calls were answered within 15 seconds.

Table 7: Resources for Outcome 3

Outcome 3: Efficiently functioning parliament	Budget ¹	Actual	Variation
	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000
	(a)	(b)	(a)-(b)
Output Group 3.1: Ministerial and Parliamentary Services			
Administered Items:			
Electorate & ministerial support costs	185,894	181,661	4,233
Australian Political Parties for Democracy program	750	750	-
Medallions	10	-	10
Political exchange program	809	399	410
Special Appropriations:			
<i>Commonwealth of Australia Constitution Act 1901 (s66)</i>	3,200	3,166	34
<i>Members of Parliament (Life Gold Pass) Act 2002</i>	2,076	3,007	(931)
<i>Parliamentary Entitlements Act 1990</i>	140,036	148,200	(8,164)
Departmental Outputs			
3.1.1 Services to Senators, Members & their staff	33,344	36,041	(2,697)
3.1.2 VIP Hire Car Services	5,656	2,425	3,231
Expenditure against revenues from other sources (s.31) for			
3.1.1 Services to Senators, Members & their staff	2,063	5,247	(3,184)
3.1.2 VIP Hire Car Services	236	23	213
Subtotal for Output Group 3.1	374,074	380,919	(6,845)
Total for Outcome 3			
Departmental	41,299	43,736	(2,437)
Administered	332,775	337,183	(4,408)
Average staffing level (number)		283²	

¹ Full-year budget, including any subsequent adjustment made to the 2008-09 Budget.

² This figure excludes ASL COMCAR drivers and support staff that were reclassified from Departmental to Administered expenses from 1 July 2008.

Effective and Efficient Use of Information and Communication Technologies by the Australian Government



ICT Reform Program

Delivering Government Information and Services Online

Coordinated ICT Procurement

Promoting ICT Employment and Careers

Performance Information and Resources for Outcome 4

seven

Effective and Efficient Use of Information and Communication Technologies by the Australian Government

This chapter outlines Finance's activities and performance contributing to the outcome, the *effective and efficient use of information and communication technologies by the Australian Government*. Finance provides policy advice to the government on whole-of-government information and communication technology (ICT) matters and implements government policy and programs. The department provides advice, tools, information and services to help government departments and agencies use ICT to improve their administration and service delivery. Finance also works with governments and other bodies at the local, state, national and international level to simplify services for citizens and reduce duplication. Finally, the department supports the government's ICT Reform Program, which is making significant changes to the way the government manages ICT.

Finance met the targets for this outcome set out in the *2008-09 Portfolio Budget Statements*. In particular, the department successfully implemented key elements of the government's ICT Reform Program including a review of ICT expenditure across 53 government agencies that identified and returned \$570 million in savings to the budget over the forward estimates. Finance made improvements to 'australia.gov.au' that have enhanced the government's online service delivery, established the Government 2.0 Taskforce to develop mechanisms for consulting with the government online, and organised an e-government forum, expo and awards. The department negotiated an agreement with Microsoft for the supply of their products to the government and promoted government ICT careers through apprenticeship and cadetship programs.

For details of Finance's performance in support of this outcome, see the performance information (Table 8) on page 67 and the resource statement (Table 9) on page 70.

ICT Reform Program

Finance's 2007-08 Annual Report noted that on 11 April 2008 the Minister for Finance and Deregulation had, on behalf of the Australian Government, engaged Sir Peter Gershon to lead an independent review of the Australian Government's use of ICT. Sir Peter provided the Minister with his report on 28 August 2008. The report provided a comprehensive and detailed analysis of a wide range of issues affecting the government's use and management of ICT and outlined a staged plan to implement the recommendations.

On 24 November 2008, the government endorsed the recommendations of the review and initiated the ICT Reform Program. The program includes initiatives that will: improve ICT governance both across the government and within agencies; enhance the efficiency, effectiveness and environmental sustainability of government ICT programs; develop a skilled ICT workforce for government; and ensure a more effective interaction between government and industry. Finance consulted extensively with government agencies and industry as part of the program.

Major achievements in 2008-09 included:

- completing a first phase review of 'business-as-usual' ICT expenditure across 53 government agencies. This process returned \$570 million of savings to the Budget over the forward estimates, without impairing service delivery to citizens or business;
- evaluating 11 ICT capability self-assessment methodologies to determine their suitability for use in government agencies. Finance selected the UK Government's Portfolio, Programme and Project Management Maturity Model and will pilot this in four government agencies between July and October 2009;
- implementing a process to assess major and high-risk government ICT projects using the Gateway Review process at the 'Business Need' stage (Gate 0); and
- implementing an ICT Two Pass Review process, which ensures that major ICT-enabled spending proposals are based on sound business cases supported by thorough analysis.

ICT Governance Committees

Finance restructured whole-of-government ICT governance arrangements as part of the ICT Reform Program. The Secretaries' ICT Governance Board (SIGB) was established, replacing the former Secretaries' Committee on Information and Communication Technology. The SIGB oversees the implementation of the ICT Reform Program and sets whole-of-government strategies that support the government's ICT agenda. It focuses on business rather than technical issues. The board includes the secretaries of key government agencies and is chaired by the Secretary of Finance.

The Business Process Transformation Committee (BPTC) and the Chief Information Officer Committee (CIOC) support the SIGB. The BPTC is responsible for coordinating the redesign and reform of agency business processes across government and comprises deputy secretaries from selected agencies. The CIOC provides technical advice and identifies ICT emerging trends and solutions that can be applied across government. It comprises the Chief Information Officers of 12 major agencies together with a representative from small to medium agencies. The Australian Government Chief Information Officer from Finance chairs both committees.

The SIGB has also established an ICT Reform Program Board to oversee the implementation and report on the progress of the ICT Reform Program. It comprises senior officials from the Department of the Prime Minister and Cabinet and Finance.

Delivering Government Information and Services Online

The Australian Government Online Service Point (AGOSP)

Finance's 2007-08 Annual Report outlined the AGOSP program, which is enhancing the 'australia.gov.au' website. The program is adding new functions that include a customer account, advanced online forms, geospatial services, and improved search functions that cover state and local government websites.

On 6 March 2009, Finance released the first phase of the AGOSP program. This included a new look for 'australia.gov.au' and an additional classification of government websites by significant life events such as starting a family, caring for others, and death and bereavement. The release also included improved browsing and search facilities, with searches spanning over 800 local, state and federal government websites and 2.5 million pages of data and information.

Interacting with Government Online

During 2008-09, Finance conducted the fourth annual survey of Australians' use of and satisfaction with e-government services. The Minister for Finance and Deregulation released the survey report, *Interacting with Government*, on 19 December 2008. The survey found that Australians continued to increase their use of e-government services at federal, state and local levels. Of the respondents to the survey, 63 per cent reported that they interacted with government using the internet, compared with 59 per cent in 2007. The survey also found that 33 per cent of respondents now use the internet for all or most of their contact with government – double the rate reported in the 2004-05 survey. Finally, the survey found that the internet is now the most common way people last made contact with government.

Consulting with Government Online

On 22 June 2009, the government established the Government 2.0 Taskforce. The taskforce will advise the government on the role of Web 2.0 technologies, which include interactive web services that allow for collaboration, two-way communication and social networking, with government. The taskforce aims to promote a culture of innovation within the Australian Government, leading to greater information sharing and collaboration between agencies, and between the Australian Government and the public. It will consider ways that the government can make better use of the internet to deliver improved information and services to citizens.

The taskforce will explore any structural barriers that might be preventing open government and develop policies to promote greater access to information.

The taskforce includes members from both the public and private sectors. The Australian Government Chief Information Officer is the Deputy Chair of the Taskforce and Finance provides secretariat support. Several agencies have seconded staff to the taskforce secretariat.

The e-Government Forum, Expo and Excellence in e-Government Award

As in previous years, Finance coordinated the annual e-Government Forum and the Australian Government Pavilion at the e-Government Expo that formed part of CeBIT 2009 (Australia's largest ICT trade fair), held in Sydney from 12 to 14 May 2009. The forum discussed the government's ICT reform agenda, the impact of the internet on government consultation and service delivery, and other opportunities that new and emerging technologies may bring. The e-Government Expo provided an opportunity for Australian Government agencies to showcase their excellence in ICT to the broader ICT community. Over 30,000 visitors attend CeBIT each year.

Finance also organised the 2009 Excellence in e-Government Award to coincide with CeBIT 2009. The award aims to promote excellence in the use of ICT across all spheres of government in Australia. The Department of Immigration and Citizenship won the 2009 award for their Visa Wizard and Citizenship Wizard projects.

Coordinated ICT Procurement

Finance's 2007-08 Annual Report noted that the department, with the Department of Defence as the lead agency, had commenced negotiation of a Volume Sourcing Agreement (VSA) with Microsoft. The agreement was signed on 29 January 2009 and provides favourable pricing and licensing conditions for the supply of Microsoft products to Australian Government agencies and bodies. The agreement is expected to cover more than \$200 million in software purchases by the government over four years and to deliver annual savings of at least \$15 million. The Microsoft VSA is the first of several ICT initiatives to be completed under the government's new Coordinated Procurement Contracting Framework, which is outlined further in Chapter 5 – *Outcome 2: Improved and More Efficient Government Operations*.

Finance continued to administer the Australian Government Telecommunications Arrangements in 2008-09. These arrangements aggregate the government's telecommunications purchasing to achieve improved pricing and service efficiencies.

During 2008-09, the department undertook a scoping study to provide advice to the government on initiatives that will deliver further cost savings and efficiencies. Finance is developing advice based on the study for the government's consideration.

During 2008-09, Finance also conducted a scoping study examining the viability of a coordinated procurement approach for the provision of desktop and laptop hardware and associated services. Finance is currently developing advice based on this study for the government's consideration.

Promoting ICT Employment and Careers

On 16 February 2009, Finance introduced a third cohort of 42 apprentices to the public service (in Canberra and Adelaide), continuing its whole-of-government ICT Apprenticeship Program. The program provides apprentices with on-the-job experience working in government while studying towards a Certificate IV in ICT. Each program runs over two years, with high performing apprentices able to complete the program in 18 months.

Apprentices who complete the program are able to apply for a permanent position in the APS through a whole-of-government recruitment exercise. Of the 42 apprentices who completed the two-year program commencing in 2007, 39 were recruited in 2008-09 as ongoing APS employees.

On 4 March 2009, Finance launched the whole-of-government ICT School-Based Apprenticeship Program in Canberra. Five school-based apprentices worked for one day each week in an APS agency while studying towards a Certificate II in ICT during the school year. School-based apprentices will transition to the APS ICT Apprenticeship Program upon successful completion of the school-based program.

Finance also established a new whole-of-government APS ICT Cadetship Program which started on 9 February 2009, with 28 second or third-year university students placed across the APS in Canberra, Adelaide and Sydney. Cadets combine a minimum of two days per week working in a government agency with part-time university study. On the successful completion of their undergraduate degree, cadets transition to full-time on-going employment in their host agency.

Performance Information and Resources for Outcome 4

During 2008-09, Finance met the majority of the performance targets that contributed to the outcome of *effective and efficient use of information and communication technologies by the Australian Government*. The earlier part of this chapter provided detailed information on significant departmental activities and achievements. Assessments against Finance's 2008-09 *Portfolio Budget Statements* performance targets for Outcome 4 (below) provide further information on the department's performance during the reporting period.

Table 8: Performance Information for Outcome 4

Output Group 4.1: Australian Government Information Management Office		
Output 4.1.1 – Strategic advice, guidance and service provision contribute to the outcome to achieve more effective and efficient use of ICT by the Australian Government.		
Key Performance Indicators	2008-09 Target	Result
Continued high-level ranking for the Australian Government amongst e-Government leaders internationally.	Australia to be ranked in the leading group in independent government ranking studies.	Achieved. In 2009, Australia ranked sixth in the Economist Intelligence Unit <i>E-readiness Rankings</i> . Initiatives such as Australia's measurement of citizen use and satisfaction with e-government services and the eCensus were included as case studies by the OECD in their 2008 publication <i>User Take-Up of e-Government Services</i> .
Improved governance of ICT in the APS.	Milestones for the implementation of the government's response to the ICT Review are achieved, including the establishment of the Ministers' ICT Committee and Secretaries' ICT Governance Board and Program Board, meetings are held and governance bodies are operating effectively.	Achieved. The governance arrangements recommended in the ICT Review have been implemented and are operating effectively. The Expenditure Review Committee of Cabinet has agreed to meet to consider ICT items, with relevant Ministers seconded to those meetings as required. In January 2009, the government established the Secretaries' ICT Governance Board (SIGB), which met twice in 2008-09. The SIGB has also established an ICT Reform Program Board to oversee the implementation and report on the progress of the ICT Reform Program. This board met once in 2008-09.

Key Performance Indicators	2008-09 Target	Result
Review of 'business as usual' ICT expenditure of FMA Act agencies.	Development of review methodology and implementation of 'business as usual' reviews within 28 of the largest-spending agencies (excluding Defence) in accordance with the agreed project schedule. Validation of agency-specific ICT 'business as usual' savings targets and identification of opportunities to achieve these targets.	<p>Achieved.</p> <p>Evaluation of 11 ICT capability self-assessment methodologies has been completed by Finance and a model selected for pilot testing.</p> <p>The first phase of the review of 'business as usual' ICT expenditure across 53 agencies returned \$570 million of savings to the Budget over the forward estimates. The savings were achieved without impairing service delivery to citizens or business.</p>
Increased use and awareness of Australian Government online services.	<p>Increased take-up of the internet for contact with government is at least 75 per cent of any growth in broadband connectivity.</p> <p>More than 60 per cent of Australians indicate awareness of the Australian Government entry point, www.australia.gov.au.</p>	<p>Achieved.</p> <p>The 2008 <i>Interacting with Government</i> survey report which measures Australians' use of and satisfaction with e-government services was released by Finance on 19 December 2008. The survey showed that broadband connectivity had increased by 12 per cent since 2007. In the same period the number of Australians whose most recent contact with government was through the internet increased by 36 per cent.</p> <p>Mostly achieved.</p> <p>The survey revealed that 59 per cent of Australians were aware of the Australian Government entry point, www.australia.gov.au</p>
The delivery of government information and services is improved by enhancements to 'australia.gov.au'.	2008-09 milestones for the Australian Government Online Service Point are achieved in accordance with the agreed project schedule.	<p>Achieved.</p> <p>Enhancements to australia.gov.au delivered in 2008-09 make it easier for people to find government information and services. These include an expanded website search service (incorporating state, territory and local government results), a new visual design, and an additional classification of government websites by significant life events (such as starting a family, caring for others and death or bereavement).</p>

Key Performance Indicators	2008-09 Target	Result
The capacity for APS agencies to achieve efficiencies through access to coordinated ICT procurement frameworks is increased.	Scoping studies concluded within timeframes set by government and new arrangements implemented.	<p>Achieved.</p> <p>In January 2009, Finance established a Volume Sourcing Arrangement with Microsoft which is expected to deliver annual savings of at least \$15 million over a period of four years commencing in July 2009. This agreement is the first of several ICT initiatives to be completed under the government's new Coordinated Procurement Contracting Framework announced in the 2008-09 Budget.</p> <p>The Telecommunications Scoping Study and the Desktop Scoping Study have been finalised. Finance is currently developing advice for the government based on the studies.</p>
The capacity of the APS ICT entry-level workforce to meet demand for skilled ICT workers is increased.	Over 90 per cent of apprentices who complete their apprenticeship are recruited as ongoing APS employees.	<p>Achieved</p> <p>Of the 42 apprentices who completed their apprenticeship, 39 (93 per cent) were recruited as ongoing APS employees.</p>
Effectiveness of agreed guidance and frameworks.	Extent to which Australian Government agencies apply whole-of-government frameworks, information standards, principles, guidelines and tools.	<p>Achieved</p> <p>In 2008, the government implemented the Two Pass Review process for large ICT-enabled projects. This process provides Ministers with better information about the costs and risks of projects before government agencies proceed to the acquisition stage. Since June 2008, Finance has reviewed 29 ICT Two Pass proposals worth a total of \$8.4 billion with an estimated total ICT value of \$2.54 billion.</p> <p>Finance manages GovDex, a website that supports collaboration across agencies. In 2008, GovDex user numbers increased by 77 per cent. The website now serves approximately 5,300 active users participating in 305 collaborative communities.</p> <p>In December 2008, the Online Communications Council endorsed the National Government Information Sharing Strategy and five national frameworks covering address management, e-authentication, government information licensing, smartcards and a standards framework. Finance has published the frameworks and implementation is underway across all jurisdictions in Australia.</p>

Table 9: Resources for Outcome 4

Outcome 4: Effective and efficient use of information and communication technologies by the Australian Government			
	Budget¹	Actual	Variation
	2008-09	2008-09	2008-09
	\$'000	\$'000	\$'000
	(a)	(b)	(a)-(b)
Output Group 4.1: Australian Government Information Management Office			
Departmental Outputs			
4.1.1 Strategic advice, relating to the application of new and existing technologies	46,739	44,679	2,060
Expenditure against revenues from other sources (s.31) for			
4.1.1 Strategic advice, relating to the application of new and existing technologies	492	908	(416)
Subtotal for Output Group 4.1	47,231	45,587	1,644
Total for Outcome 4	47,231	45,587	1,644
Departmental	47,231	45,587	1,644
Administered	-	-	-
Average staffing level (number)		151	

¹ Full-year budget, including any subsequent adjustment made to the 2008-09 Budget.

Financial Performance and Information and Communication Technology



Financial Performance

Information and Communication Technology Performance

Financial Summary and Agency Resource Statement

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Financial Performance and Information and Communication Technology

This chapter highlights Finance's financial performance during 2008-09 for both departmental activities and for administered activities that Finance oversees on the government's behalf. The chapter also outlines the department's key achievements in 2008-09 related to ICT. Financial performance and ICT contribute to Finance's Corporate Plan in the Key Performance Area, *financial performance*.

With the falling value of the Australian property market because of the global financial crisis, Finance recorded an operating deficit of \$49.3 million in 2008-09 compared to an operating surplus of \$129.7 million in 2007-08. Finance has budgeted for an operating surplus of \$24.1 million in 2009-10. The department's financial statements are presented from pages 121 to 253 of this report. The Australian National Audit Office issued an unqualified audit opinion for these statements on 17 August 2009.

A summary of Finance's financial performance is presented below and the department's Agency Resource Statement is presented on page 77 of this chapter. A resource summary for each outcome can be found at the end of each of Chapters 4 to 7.

During 2008-09, Finance staff continued to express a high level of satisfaction with the department's ICT support services. The department upgraded a number of core management applications, whole-of-government network services and elements of the Central Budget Management System.

Financial Performance

Financial Performance of Departmental Activities

Finance's departmental financial performance for 2008-09 is summarised in table 10, below. Departmental resourcing includes assets, liabilities, revenues and expenses that Finance controls directly and uses to produce outputs on behalf of the government.

Table 10: Departmental Financial Performance

	30 June 2009 (\$'000)	30 June 2008 (\$'000)	Variance (\$'000)
Revenue from government	246,253	260,772	(14,519)
Income from independent sources	266,747	173,081	93,666
Gains	58,614	90,875	(32,261)
Total income	571,614	524,728	46,886
Operating expenses	610,375	383,708	226,667
Operating result before tax	(38,761)	141,020	(179,781)
Income tax equivalent	10,523	11,326	(803)
Operating (deficit) / surplus	(49,284)	129,694	(178,978)

For the 2008-09 financial year, the department recorded an operating deficit of \$49.3 million compared to an operating surplus of \$129.7 million in 2007-08. The result was \$81.5 million less than the revised estimates as published in the *2009-10 Portfolio Budget Statements* – primarily due to large losses from investment property revaluations. These valuations were undertaken during the last few months of the financial year.

Total income increased by \$46.9 million, from \$524.7 million in 2007-08 to \$571.6 million in 2008-09. This was mainly a consequence of a \$76.2 million increase in reinsurance and other recoveries, primarily as a result of Pan Pharmaceuticals related claims¹. In addition, revenues from government decreased by \$14.5 million to \$246.3 million reflecting completion of the Telstra 3 sale; rental income increased by \$10.4 million primarily due to amounts received as a result of a break lease for the Anzac Park West building in Parkes, Canberra; and Comcover² increased its insurance premiums by \$9.4 million to \$82.3 million.

Total gains of \$58.6 million were recognised in 2008-09, \$32.3 million less than 2007-08 due to a smaller increase in land values in the current year and the sale of the Tuggeranong Office Park property in 2007-08.

The department's total operating expenses increased from \$383.7 million in 2007-08 to \$610.4 million in 2008-09. Write-down and impairment of assets expenses increased by \$145.7 million reflecting downward revaluations of investment properties. The insurance claims expense increased by \$76.6 million commensurate with the increase in reinsurance and other recoveries¹. Employee expenses increased by \$7.1 million reflecting increased salaries and changes to the provisions made to fund future employee liabilities.

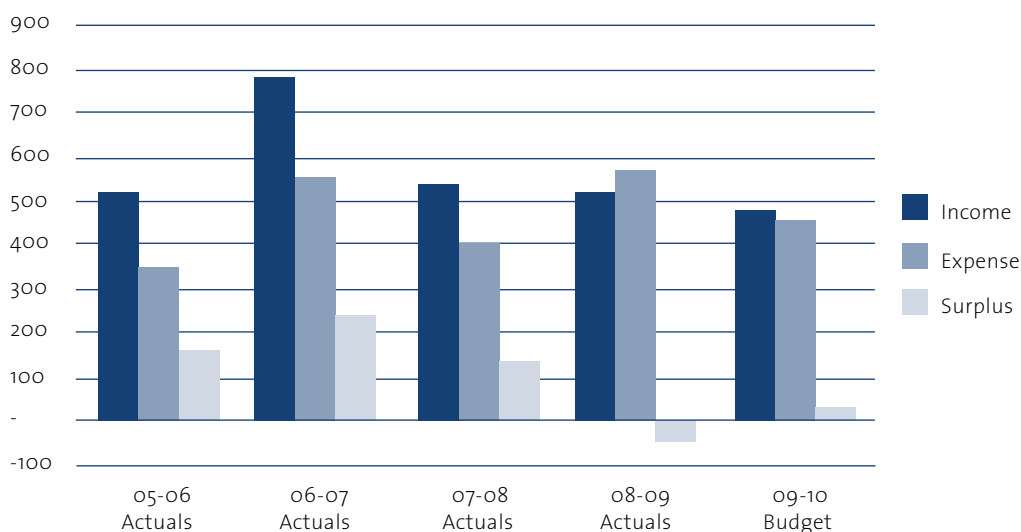
An income tax equivalent regime is applied to the department's major business activities which operate through the Property Special Account and the Comcover Special Account. The Property Special Account's income tax equivalent expense was \$10.5 million in 2008-09, compared with \$11.3 million in 2007-08. The Comcover Special Account was not required to pay an income tax equivalent in 2008-09 due to prior year losses carried forward.

Finance returned a total of \$160.0 million to the government in 2008-09, comprising a cash return of \$44.9 million from the operations of the Property Special Account, \$97.4 million from a permanent reduction of the Property Special Account, and \$17.7 million of prior year savings for asset sales funding.

The department has budgeted for an operating surplus of \$24.1 million in 2009-10, which is an increase of \$73.4 million from the 2008-09 actual deficit. This reflects an expected improvement in the property portfolio's operation.

Figure E below outlines the department's financial performance over the past four years and the budget for the 2009-10 year.

Figure E: Departmental Financial Performance 2005-06 to 2009-10 (\$million)



¹ Refer to note 7B of the Financial Statements on page 161 for further information.

² Comcover is the Australian Government's general insurance fund and is managed by Finance as part of *Outcome 2 – Improved and more Efficient Government Operations*.

Financial Performance of Administered Activities

The financial performance of Finance's administered activities for 2008-09 is summarised in table 11, below. Administered items are assets, liabilities, revenues and expenses that are controlled by the executive government but managed or overseen by the department on behalf of the government.

Table 11: Administered Financial Performance

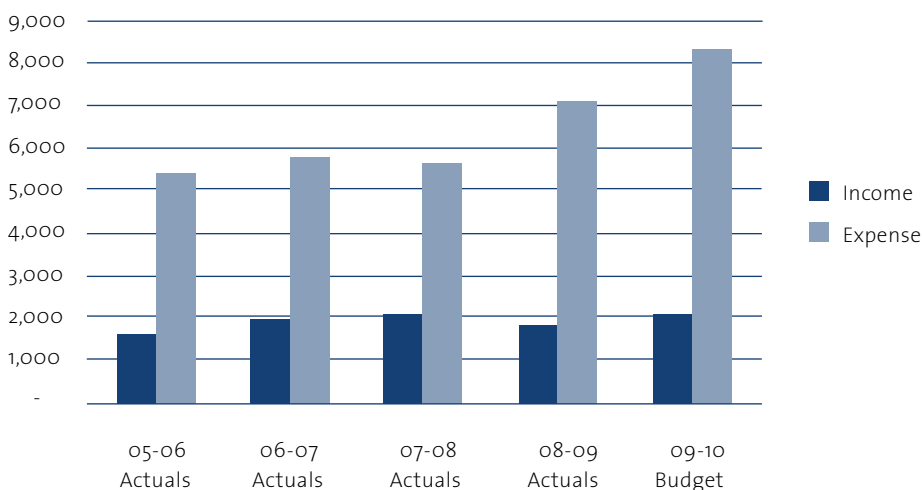
	30 June 2009 (\$'000)	30 June 2008 (\$'000)	Variance (\$'000)
Revenue administered on behalf of the government	1,773,116	1,996,792	(223,676)
Expenses administered on behalf of the government	6,989,715	5,572,021	1,417,694

The department recognised \$1.8 billion of income on behalf of the government in 2008-09. This is \$0.2 billion less than in 2007-08 as a result of the Telstra 3 sale transaction being finalised in 2007-08.

Finance administered \$7.0 billion in expenses on behalf of the government during 2008-09. Of this, \$5.3 billion represented superannuation payments to retirees from the government's Commonwealth superannuation schemes. Of the remaining expenses, \$1.3 billion represented payments to the Nation-building Funds Portfolio Special Accounts in other agencies and \$0.3 billion represented payments made to Senators, Members and their staff by virtue of the entitlements legislation that Finance administers on behalf of the government.

Figure F below outlines the department's financial performance in relation to administered activities over the past five years.

Figure F: Administered Activities 2005-06 to 2009-10 (\$million)



Information and Communication Technology Performance

Finance manages a diverse range of technology to assist the department to achieve its outcomes. In addition to supporting the work of Finance's business groups, the department provides ICT support for the electorate offices of Senators and Members, supports whole-of-government ICT networks, and manages a number of whole-of-government ICT applications. Finance's ICT support for electorate offices was discussed in *Chapter 6: Outcome 3 – Efficiently Functioning Parliament*.

Departmental ICT Support

Finance manages its ICT capability through a mix of in-house services and support services provided under contract by CSG Limited. During 2008-09, the department strengthened its ICT disaster recovery capability by migrating core infrastructure equipment to its facility located in Hume, Canberra. Finance upgraded a number of management applications including its financial management system and workflow management system. The department implemented enhanced spam filtering software, deployed a Blackberry solution to facilitate the mobile communications of Finance staff and undertook planning for a major refresh of the department's network storage and standard desktop operating environment.

In November 2008, the department conducted its annual survey to assess the satisfaction of Finance's staff with the ICT services of the department. Staff provided a strongly positive response, with 78 per cent of respondents satisfied with the overall quality of ICT services. Staff indicated a similar level of satisfaction to previous years for Finance's ICT service desk, education and training, after-hours support and desktop support. When compared to the 2007 survey, staff indicated an increased level of satisfaction with the applications services they received and a lower level of satisfaction with the standard desktop operating environment. Work to improve the standard desktop operating environment is a major priority for the department in 2009-10.

Whole-of-Government Network Services

Finance provides ICT infrastructure services to support Ministers, parliamentary offices and agency heads in Parliament House and throughout Australia. The department provides communications support for whole-of-government and inter-government meetings including those of the Asia-Pacific Economic Cooperation forum and for the continuity of government in the event of a major incident. Finance also manages the Inter-government Communications Network which provides secure communications links between Australian Government offices throughout Canberra.

During 2008-09, Finance upgraded ministerial secure fax equipment, commenced a project to upgrade network cryptographic equipment and developed a secure network to support budget work across government. The department also developed secure video conferencing telepresence facilities as outlined in *Chapter 6: Outcome 3 – an Efficiently Functioning Parliament*.

Whole-of-government ICT Applications

Finance manages a number of ICT applications and services that support whole-of-government activities. These include 'australia.gov.au' which was discussed in *Chapter 7: Outcome 4 – Effective and Efficient Use of ICT by the Australian Government*; AusTender, the government's central procurement information system; and the Central Budget Management System which facilitates the government's budget, financial reporting and cash management processes.

During 2008-09, Finance upgraded elements of the Central Budget Management System to support the government's Operation Sunlight transparency reforms and to improve the way the system manages and reports financial information.

Financial Summary and Agency Resource Statement

Table 12: Financial Summary 2005-06 to 2008-09 (\$million)

	2005-06	2006-07	2007-08	2008-09
Income				
Revenue from government	235.51	462.43	260.77	246.25
Rendering of services	17.44	26.03	27.06	23.45
Insurance premiums	119.77	92.61	72.91	82.31
Reinsurance and other recoveries	2.36	7.84	0.96	77.14
Rental income	63.53	66.40	70.87	81.32
Other revenues	2.04	0.48	1.28	2.53
Gains	74.67	126.61	90.88	58.61
Total income	515.32	782.40	524.73	571.61
Expense				
Employees	107.22	123.70	136.56	143.62
Suppliers	171.96	313.54	130.27	130.88
Write-down and impairment of assets	0.56	0.03	0.16	145.83
Insurance claims	15.58	73.63	69.17	145.76
Other	53.95	44.26	58.88	54.80
Total expenses	349.27	555.16	395.04	620.89
Net surplus / (deficit)	166.05	227.24	129.69	(49.28)
Current liabilities	135.44	192.75	248.13	286.23
Non-current liabilities	192.63	177.49	87.17	106.83
Current assets	625.62	783.29	712.99	682.04
Non-current assets	1,238.61	1,512.72	1,229.30	1,201.26
Equity	1,536.16	1,925.77	1,606.99	1,490.24
Net operating cash flow	55.48	74.16	154.97	97.47
Returns to government	33.40	61.40	256.58	160.00

Table 13: Agency Resource Statement 2008-09

Department of Finance and Deregulation Resource Statement - 2008-09

	Actual Available Appropriations for 2008-09 \$'000 (a)	Payments Made 2008-09 \$'000 (b)	Balance Remaining \$'000 (a-b)
Ordinary Annual Services¹			
Departmental appropriation			
Departmental appropriation	326,564	258,816	67,748
S.31 Relevant agency receipts	16,417	15,710	707
Total	342,981	274,526	68,455
Administered expenses			
Outcome 1 - Sustainable government finances	15,388	12,614	
Outcome 2 - Improved and more efficient government operations	699	698	
Outcome 3 - Efficiently functioning Parliament	213,045	178,540	
Outcome 4 - Effective and efficient use of information and communication technologies by the Australian Government	-	-	
Total	229,132	191,852	
Total ordinary annual services	572,113	466,378	
Other services²			
Departmental non-operating			
Equity injections	110,122	95,569	14,553
Previous years' outputs	282	-	282
Total	110,404	95,569	14,835
Administered non-operating			
Administered Assets and Liabilities	11,429	4,415	
Total	11,429	4,415	
Total other services	121,833	99,984	
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Members of Parliament (Life Gold Pass) Act 2002</i>		1,729	
<i>Parliamentary Contributory superannuation Act 1948</i>		33,189	
<i>Parliamentary Entitlements Act 1990</i>		147,424	
<i>Superannuation Act 1922</i>		160,799	
<i>Superannuation Act 1976</i>		2,746,441	
<i>Superannuation Act 1990</i>		229,700	
<i>Superannuation Act 2005</i>		24	
Special appropriations limited by amount			
<i>Commonwealth of Australia Constitution Act 66</i>		3,166	

¹ Appropriation Bill (No.1) 2008-09 and Appropriation Bill (No.3) 2008-09² Appropriation Bill (No.2) 2008-09 and Appropriation Bill (No.4) 2008-09

	Actual Available Appropriations for 2008-09 \$'000 <u>(a)</u>	Payments Made 2008-09 \$'000 <u>(b)</u>	Balance Remaining \$'000 <u>(a-b)</u>
Special appropriations limited by capital			
<i>Special capital appropriation</i>		1,260,767	
Total special appropriations		<u>4,583,239</u>	
Special Accounts			
Opening balance	3,241,913		
Appropriation receipts	25,295		
Equity Injections	191,085		
Non-appropriation receipts to Special Accounts	58,836,420		
Payments made		61,732,428	
Closing Balance			562,285
Total Special Account		<u>61,732,428</u>	
Total Resourcing and Payments	<u>693,946</u>	<u>66,882,029</u>	

Human Resource Management



Recruitment and Retention

Learning and Development

Remuneration, Rewards and Recognition

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Human Resource Management

Finance has a comprehensive human resources (HR) policy framework designed to attract, develop and retain talented people and assist the department to deliver its outcomes. Finance's HR strategies allow the department to build and maintain high-performance teams, develop the department's people, and offer attractive remuneration.

This chapter outlines Finance's HR management practices and the department's achievements during 2008-09 that contributed to its Corporate Plan in the Key Performance Area, *professional and respected staff*. The chapter covers issues associated with recruitment and retention, learning and development, and remuneration, rewards and recognition. During the year, Finance continued to focus on strategic HR issues, including workforce planning and maintaining competitive employment conditions. The department negotiated a new non-SES Collective Agreement (CA) and markedly improved staff retention rates.

Further HR information is included in appendices to this report. Occupational health and safety arrangements are discussed in Appendix D and the department's staffing profile, salary ranges, performance payments and turnover are outlined in Appendix E.

Recruitment and Retention

Finance is committed to building high-performance teams through its recruitment and retention practices. The department regularly reviews its recruitment policies and processes to ensure that they are efficient and meet the department's needs. Finance also undertakes a range of workforce planning activities to ensure it continues to recruit the right people for the longer term. The department has specific recruitment programs for graduates, career starters and indigenous employees. In response to feedback from staff, Finance has initiated a range of strategies to improve staff retention.

In 2008-09, the department continued to implement the *Finance Recruitment Strategy 2007-08 to 2011-12*. The strategy outlines Finance's recruitment, marketing and communications program, and highlights the department's commitment to managing and sustaining its workforce while accommodating the increasingly diverse career paths pursued by staff within the department. During 2008-09, Finance received an average of 17 applications for each vacancy advertised, compared with 14 in 2007-08.

Finance aims to complete all recruitment processes (from close of applications to final delegate decision) within 30 working days, and these timeframes are monitored and reported to the department's Executive Board. In 2008-09, the average time to fill a vacancy was 24.0 working days, compared with 28.3 working days in 2007-08.

Finance recognises that diverse workplaces are more productive and better able to attract the best people. In 2008-09, to increase the department's ability to recruit and retain people living with a disability, Finance advertised all vacancies on the Disability Works Australia website, participated in the Diversity Network and has become a member of the newly created Disability Steering Committee coordinated by the Department of Families, Housing, Community Services and Indigenous Affairs.

Workforce Planning

Finance's 2007-08 Annual Report noted that the department intended to conduct a comprehensive review of its workforce plan as part the 2009-10 business planning cycle. The department undertook this review during 2008-09 and it indicated that Finance has low workforce planning risks in the short-term, even in areas known to be subject to skills shortages in the broader labour market. While this analysis indicated that Finance's current workforce is well positioned to meet the department's objectives, it identified a number of areas where the department could benefit from more detailed planning. Consequently, the department is currently developing a retention strategy and a succession management framework.

Graduate Recruitment

The Graduate Recruitment Program is Finance's largest entry-level recruitment program. It targets university students completing their final year of study and former students who have completed a degree within the last five years. The department structures the program to support students in their transition from study to work. Graduates participate in a twelve-month development program, which includes both mandatory and individually targeted training. They have the opportunity to be promoted to the Australian Public Service Level 4 (APS4) during the program and, at its conclusion, they can apply for promotion to APS5 positions within the department. In a survey of the department's 2008 graduates, 93 per cent found the Graduate Development Program to be effective.

Finance employed 53 graduate program recruits in 2009. Of the 142 graduates the department recruited between 2007 and 2009, 75 per cent were still employed by Finance at 30 June 2009.

Finance's comprehensive graduate development program is outlined on page 82 of this chapter.

Career Starters' Program

During 2008-09, the department continued its Career Starters' Program that targets school-leavers (students completing their final year of secondary education) for employment in positions at the APS1 level. The program enjoys good retention rates and a number of the better performing recruits have already won promotion in open merit selection processes – some recruits who commenced with Finance in 2006 have now reached the APS5 level. The department recruited 13 APS1 staff in the 2008 program and nine in 2009.

Finance's Undergraduate Study Program for Career Starters is outlined on page 83 of this chapter.

National Indigenous Cadetship Project

Finance employed five Indigenous Cadets during 2008 and three in 2009 through the National Indigenous Cadetship Project. This project is an initiative undertaken by the Australian Public Service Commission (APSC) that aims to improve the professional employment prospects of Indigenous Australians. It links Indigenous tertiary students with employers in a cadetship arrangement that involves both full-time study and work placements.

Other Recruitment Programs

The department has developed a number of other innovative recruitment programs to help attract, develop and retain valuable employees. These programs include Driver Plus for casual COMCAR drivers, a vacation employment program, a temporary employment register and recruitment merit lists.

Driver Plus is a program that allows suitable casual COMCAR drivers to undertake office work elsewhere in the department at times when they are not called to duty by COMCAR. During 2008-09, the department provided additional training to four COMCAR drivers to allow them to undertake administrative tasks such as payroll and travel processing during peak administrative periods.

Finance runs a vacation employment program that aims to give students practical work experience whilst studying at University. The program has two intakes each year that cover the winter and summer holidays. Students participating in the program have completed at least their first year of university study in disciplines such as Economics, Econometrics, Actuarial Studies, Accounting, Finance, Business, Arts, Law, e-Commerce, Commerce Accounting, Engineering, Town Planning or IT. The department accepted three students as part of this program in winter 2008, six in summer 2008 and five in winter 2009.

On 17 February 2009, Finance established a Temporary Employment Register to enable former APS employees and other eligible citizens to register their interest in non-ongoing employment with the department. As at 30 June 2009, there were 413 candidates on the register and Finance had placed 12 candidates from the register in non-ongoing positions.

Finance also makes eligibility lists from past recruitment processes available to managers in the department who are seeking to fill positions with similar duties. Using these lists reduces the need to re-advertise vacancies and increases the speed with which vacancies with similar requirements can be filled, while still basing placements firmly on a merit selection process.

Strategies to Increase Staff Retention

During 2008-09, and in response to the 2008 departmental staff attitude survey, Finance developed and introduced a number of initiatives to help reduce staff turnover and improve workplace culture. These included improving departmental processes for approvals, briefing and recruitment, and providing training and support to assist staff and managers to deal with inappropriate workplace behaviour. Additionally, Finance negotiated a number of provisions that aim to increase staff retention as part of the department's 2009-11 CA that took effect on 16 July 2009. These include rolling performance bonuses into salary, revising arrangements for Time Off In Lieu, introducing overtime for staff at the APS1 to 6 levels, enhancing allowances, and increasing parental leave.

During 2008-09, Finance had a staff turnover rate of 12 percent, reflecting the department's ongoing efforts to improve staff retention along with changed labour market conditions associated with the global financial crisis. This compares to turnover rates of 18 per cent in 2007-08 and 20 per cent in 2006-07 and 2005-06.

Finance monitors the information from its annual staff surveys and the APSC *State of the Service* Employee Survey to understand the further changes Finance needs to make to assist in retaining talented staff.

Learning and Development

Finance aims to provide attractive learning and development opportunities for its staff. Displaying the ability to learn is one of Finance's Valued Behaviors and is a core expectation of all staff. During 2008-09, Finance spent 1.78 per cent of the department's operating budget on learning and development opportunities for staff, exceeding the targeted minimum rate of 1.5 per cent. In Finance's 2008 staff survey, 79 per cent of respondents agreed that Finance places a high priority on the learning and development of employees. In the 2008 APSC *State of the Service* Employee Survey, 65 per cent of the Finance staff surveyed indicated they were satisfied with their access to learning and development opportunities at Finance, compared with 55 per cent across the broader APS.

Finance's learning and development strategies are set out in the department's Learning and Development Framework, which helps staff to identify and access the most appropriate learning and development opportunities for their needs. The framework encompasses a range of suitable development opportunities for all departmental staff from APS1 to Senior Executive Service (SES) Band 3. These opportunities are both on-the-job and through formal and informal training. The framework requires staff to develop a learning and development plan as part of the performance management cycle each year. Staff agree on their plan with their manager, who is expected to encourage and motivate them to engage in continuous learning and to periodically assess their development.

During 2008-09, Finance delivered a broad range of programs to staff, including programs to develop leadership and professional skills for various groups within the department, as well as support for university study. These programs achieved high participation rates and consistently positive feedback from participants.

Graduate Development

Finance's Graduate Development Program helps provide graduates with the skills and knowledge required to underpin their future careers within the department and the APS.

During 2008-09, Finance reviewed its Graduate Development Program and changed the structure from a mandatory program to a program that combines mandatory and customised training. The generic component of the program covers a range of base-level training, a leadership off-site, as well as various networking events. The customised component of the program is tailored to the needs of the individual graduate and their branch, and is developed in consultation with the graduate, their manager, and the Learning and Development Team.

Leadership Development

During 2008-09, Finance supported an increased range of leadership development programs for future leaders within the APS5 and APS6 levels, as well as Executive Level (EL) and SES officers.

Selected SES officers represented the department in a range of leadership programs during the year. One SES Band 3 officer attended the *Advanced Management Program* at the Harvard Business School. A number of SES Band 2 officers took part in core leadership programs run by the APSC including the *Leading Australia's Future in the Asia-Pacific* and *Leading Across Boundaries* programs. Three SES Band 1 officers attended the Leadership for a Democratic Society program run by the Federal Executive Institute in Virginia, USA, and one SES Band 1 officer participated in the *Leadership Insight* program run by the Macquarie Graduate School of Management.

In June 2009, Finance ran two in-house residential programs targeted specifically at EL2 officers, which sought to develop their skills in management, influencing and negotiating. Five EL2 officers also attended the APSC's Career Development Assessment Centre.

Finance is a member of The Leadership Consortium, which provided a number of leadership programs over the course of the year. Sixteen EL1 and SES Band 1 officers attended programs run by the organisation, including one new program entitled *The Effective Leader* that targets the EL1 level.

Professional Skills Development

The Professional Skills Training Program offers a comprehensive selection of learning and development opportunities for Finance staff. In 2008-09, 423 participants attended 31 in-house courses across four key streams: Professional Capability; Leadership and Management; Professional Qualifications; and Career Development.

Study and Professional Membership Assistance

Finance provides support to staff wishing to undertake approved further study in the form of both leave and financial assistance. In 2008-09, 146 staff received assistance for study relevant to the operational needs of the department at the undergraduate or postgraduate level.

Finance also provides financial assistance to staff who are members of a recognised organisation with aims relevant to the department's operational needs, for their membership or subscription fees. Finance reimbursed 112 staff under this program in 2008-09.

Postgraduate Study Program

Through a partnership with the Australian National University, Finance staff have the opportunity to undertake postgraduate studies in management. The three intensive courses offered exclusively to Finance staff in 2008-09 saw 68 participants study units as a single program or towards a Graduate Certificate in Management, a Master of Management, or a Master of Business Administration. Two students completed a Graduate Certificate in Management during 2008-09.

Undergraduate Study Program for Career Starters

Finance continued its Undergraduate Study Program for Career Starters in 2008-09. The program aims to help Career Starters to work and gain relevant APS experience while studying part-time to complete tertiary qualifications in business administration, commerce or management. At June 2009, there were eight Career Starters enrolled in the program.

COMCAR Driver Training

Finance provides ongoing driver training to COMCAR drivers and, in 2008-09, 15 driver training courses were held throughout Australia, involving 273 drivers. COMCAR staff also participated in a Workplace Relations Training Program in June 2009, targeting effective workplace communication.

Finance Learning Centre

The Learning Centre provides Finance officers with the opportunity to attend seminars on various topics presented by internal speakers and high-profile external speakers from the public and private sectors.

In 2008-09, the theme *Strong People Create Strong Organisations – Supporting Personal Health, Wealth and Happiness* continued from the previous year, with notable speakers including Ms Lynelle Briggs, the then Australian Public Service Commissioner, and the late Mr Doug Jukes, former Global Head of People at KPMG.

Learning and Development Panel

On 31 July 2008, Finance launched a Learning and Development Panel of Service Providers. This non-exclusive panel includes 16 organisations that provide services across areas including the delivery of training programs, facilitation services, executive coaching and career coaching programs for Finance staff and *Members of Parliament (Staff) Act 1984* employees. 42 orders had been placed through the panel as at 30 June 2009.

Library Services

Finance has a library facility that provides a broad range of information to the department's staff. It undertakes research, keeps staff up-to-date with newly published information and sources material from the collections of other libraries.

Remuneration, Rewards and Recognition

Finance recognises that a competitive remuneration package and a culture that recognises and rewards outstanding performance are critical elements in attracting and retaining the best people. During 2008-09, the majority of non-SES Finance staff were engaged under the *Finance Certified Agreement 1997-1999*, supplemented by a Public Service Act determination made under section 24 (1) of the *Public Service Act*. This agreement provided staff with flexible and competitive remuneration and conditions including performance bonuses, generous leave provisions and the ability to choose their superannuation provider. This was an interim arrangement, pending the commencement of the department's new CA (outlined on page 82). A number of Finance employees continued to be employed under Australian Workplace Agreements (AWAs).

Over the course of the year, Finance negotiated a new non-SES *Department of Finance and Deregulation Collective Agreement 2009-11*. The CA is a two-year agreement that contains provisions that enhance the working conditions of Finance's staff in areas including: consultation, representation and dispute resolution; salary and classification structure; allowances and other financial assistance; parental leave; and measures to assist staff to balance the demands of work and family life. A majority of eligible staff approved the CA on 26 June 2009, and it commenced operation on 16 July 2009.

COMCAR drivers were engaged under the *COMCAR Certified Agreement 1997-99* and the *COMCAR Drivers' Certified Agreement 2002-05*. During the year, Finance negotiated a new *COMCAR Drivers' Collective Agreement 2009-2011* with the Transport Workers' Union and the Community and Public Sector Union. This agreement commenced operation on 18 May 2009.

Finance's employment conditions, supported by the department's HR policies, comply with all legislative and government policy requirements.

Remuneration

Finance conducted an Annual Remuneration Review for staff up to SES Band 2 level, to ensure that Finance's remuneration arrangements remain competitive with comparable agencies in the APS. The Annual Remuneration Review incorporated annual individual pay point advancement and an across-the-board salary increase, subject to staff achieving a performance rating of 'effective' or better. The 2009 review was conducted in June 2009 and resulted in a three per cent across-the board increase from 1 July 2009.

The Secretary determines salaries for SES Band 3 staff, informed by the recommendations of the Annual Remuneration Review and their responsibilities when compared to other senior members of the APS.

Performance Management

All Finance employees participate in the department's performance management arrangements, except for the small number of employees who transferred to Finance under Machinery of Government changes announced on 3 December 2007. These employees will also participate in the department's arrangements with the commencement of the new CA.

The arrangements require each employee to establish a performance agreement in consultation with their manager. The performance agreement identifies an individual's key outcomes, with reference to the relevant Finance Work Level Standards. In December and June each year, managers assess staff members' performance against the agreement and against the Finance Valued Behaviours. Learning and development opportunities are also identified in the performance agreement.

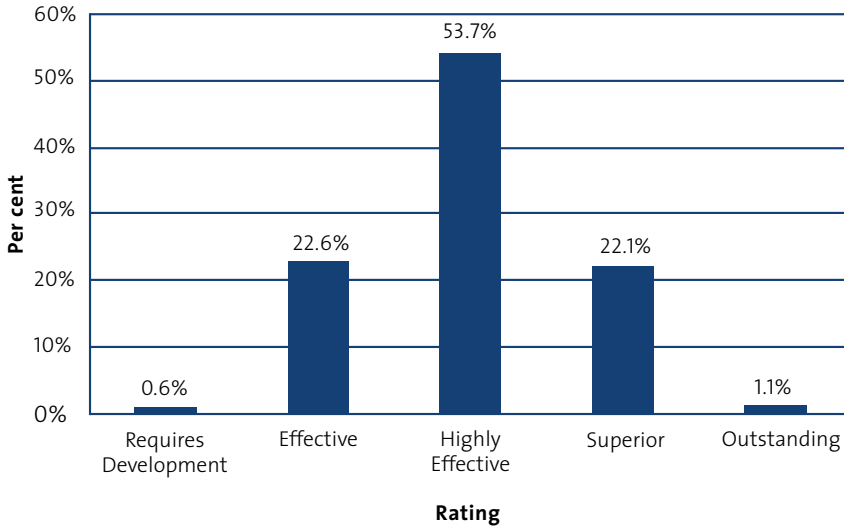
Following the end-of-cycle performance assessment in June, staff members are provided with a performance rating. During 2008-09, staff rated 'highly effective' or above received performance bonuses. The maximum potential bonus for staff up to APS6 was five per cent of their annual salary, for EL staff the maximum potential bonus was 7.5 per cent and for SES staff, it was ten per cent. The performance rating scale is outlined in Table 14 below.

Table 14: Finance's Performance Rating Scale for 2008-09

Rating	Bonus as a per cent of maximum potential bonus
Development Required	0
Effective	0
Highly Effective	50%
Superior	75%
Outstanding	100%

The 2008-09 performance management cycle concluded on 30 June 2009¹. Figure G below outlines staff performance ratings for 2008-09.

Figure G: Staff Performance Ratings as a Percentage of Staff Rated 2008-09



Rewards and Recognition

Finance formally recognises exceptional contributions by staff by presenting the Secretary's Awards every six months. These awards celebrate the achievements of teams and individuals whose work exemplifies the Finance Valued Behaviours and who make significant contributions to the department's outcomes.

Staff may demonstrate outstanding performance through excellent customer service, leadership, achieving efficiencies, or outstanding policy and program outcomes.

In 2008-09, the following individuals and teams received Secretary's Awards:

¹ Conditions in the *Department of Finance and Deregulation Collective Agreement 2009-11* have modified the department's approach to performance management from July 2009.

Secretary's Awards for Achievement 2008-09

Glenys Byrne, Specific Purpose Payments Coordinator, Budget Group

For an outstanding contribution to the reform and ongoing development of Commonwealth-State financial relations through advice, analysis, communication and collaboration with central agencies on Specific Purpose Payments.

Expenditure Trends Team and Budget Outlook Team, Budget Group

For professionalism, dedication and sustained commitment in providing Ministers with timely and accurate updates on the Budget position, coordinating savings processes, and preparing documents for the 2008-09 Budget.

Budget Framework Implementation Team, Financial Management Group

For outstanding achievement in leading the redesign of Portfolio Budget Statements for the 2008-09 Budget, to make them simpler, streamlined and more strategic.

Tuggeranong Office Park Divestment Team, Asset Management Group

For their team effort in developing and executing a sound management strategy for mitigating the substantial financial risk to the Commonwealth inherent in the Tuggeranong Office Park transaction, through managing the successful sale of the property.

National Portrait Gallery Team, Project Inception Branch, Asset Management Group

For professionalism, teamwork and dedication in the timely and successful delivery of the National Portrait Gallery, the first new building in the Parliamentary Triangle since 1988.

Information Communications Technology Review Secretariat Team, Australian Government Information Management Office

For the high level of professionalism, expertise and commitment provided to the independent reviewer (Sir Peter Gershon) in completing a review of the Australian Government's use of Information and Communications Technology.

MOPS(S) Act Annual Report Team, Corporate and Parliamentary Services

For the development and production of the inaugural annual report for staff employed under the *Members of Parliament (Staff) Act 1984*.

Nation-building Funds Legislation Team, Funds Branch, Financial Management Group

For an outstanding effort in developing policy for the nation-building funds, including the Health and Hospitals Funds, the Building Australia Fund and the Education Investment Fund, and for developing and implementing the funds legislation.

Purchasing and Asset Management



Departmental Purchasing and Asset Management

Whole-of-Government Purchasing and Asset Management

ten

Purchasing and Asset Management

Finance has a range of policies and processes in place to ensure the department undertakes its purchasing and asset management functions in accordance with sound practice and government policy. This chapter outlines Finance's policies and performance in relation to both the department's own purchasing, consultancies and air travel as well as whole-of-government functions performed by the department for coordinated procurement contracting, government advertising, asset management and motor vehicle fleet management.

Departmental Purchasing and Asset Management

Purchasing Policy

Finance's procurement framework is consistent with the *Commonwealth Procurement Guidelines*¹ (CPGs) and reflects the core principle governing Australian Government procurement – value for money. Finance applies the CPGs to its activities through the department's Chief Executive's Instructions (CEIs) and supporting operational guidelines.

Finance's procurement policies help to ensure the department: undertakes competitive, non-discriminatory procurement processes; uses its resources efficiently, effectively and ethically; and makes decisions in an accountable and transparent manner. Specified officials in Finance's business groups have responsibility for procurement – generally senior executive service officers, financial managers or cost centre managers. The department supports this decentralised approach by providing information and training about procurement to all staff and maintaining a single point of contact for staff to seek advice on the CPGs, the CEIs and tendering processes.

The department has a framework to help manage risks associated with procurement activities. Finance's CEIs require staff to undertake risk assessments for all procurements and a formal risk assessment is required for complex or high-risk procurements. The department conducts probity reviews of all procurements valued at \$80,000 and above and formal two-stage probity reviews for all procurements assessed as high-risk or valued over \$500,000. During 2008-09, Finance completed 18 probity reviews to provide assurance that final purchasing outcomes were in accordance with the CPGs, the CEIs and departmental probity and procurement guidelines.

Finance has standard tendering and contracting documentation to ensure consistent procurement practices are employed across the department. As part of these arrangements, Finance has standard access clauses included in tender documents and in contracts that provide Finance and the Auditor-General with access to the contractor's premises.

The department entered into one contracting arrangement during 2008-09, worth over \$100,000, which did not provide the Auditor-General with access to the contractor's premises. This was the Microsoft Volume Sourcing Head Agreement signed by Finance on 29 January 2009. Microsoft refused to include the standard clause allowing Finance and the Auditor-General to access their premises. However, the agreement does require Microsoft to comply with any requests for information made in accordance with the *Auditor-General Act 1997*. For further information on the Microsoft Volume Sourcing Agreement, please refer to Chapter 7 - *Outcome 4: Effective and Efficient Use of Information and Communications Technologies by the Australian Government*.

The CPGs require that the details of certain agency agreements and Commonwealth contracts be published on AusTender. However, they state that "if the Chief Executive of an agency decides that details of an agency agreement or Commonwealth contract (including standing offers) are exempt matters under the *Freedom of Information Act 1982*, the Chief Executive may then direct, in writing, that details are not to be published". Finance did not issue any directions of this type during 2008-09.

Finance publishes information about significant procurements the department expects to undertake during the following year in an annual procurement plan which is available from the AusTender website at www.tenders.gov.au.

¹ Financial Management Guidance No.1, *Commonwealth Procurement Guidelines*, December 2008.

Consultants

During 2008-09, Finance entered 342 new consultancy contracts involving total actual expenditure of \$16.7 million. In addition, 54 ongoing consultancy contracts were active during the 2008-09 year, involving total actual expenditure of \$6.2 million. This led to a total actual expenditure on consultancies in 2008-09 of \$22.9 million, compared to \$12.2 million in 2007-08 and \$42.4 million in 2006-07.

Details of the consultancy contracts let in 2008-09 with a contract value over \$10,000 are available from Finance's website at www.finance.gov.au. Information on the contract value of contracts and consultancies is available from the AusTender website at www.tenders.gov.au.

Air Travel

Finance's air travel is mainly same-day travel on the Canberra-Sydney and Canberra-Melbourne routes. The department compiles weekly internal management reports on all domestic air travel undertaken by Finance employees and these reports also record the airlines used by departmental staff.

In accordance with government policy², Finance travels on Virgin Blue and small airlines on sectors where these airlines have flights available and where they provide the best fare of the day. The best fare of the day is defined as the cheapest fare that suits official requirements. For the 2008-09 year overall, 75.9 per cent of all domestic Finance travel was on Qantas Airways Limited (including Qantas subsidiaries), 23.0 per cent on Virgin Blue Airlines Pty Ltd, and 1.1 per cent on small airlines.

Government policy³ requires Finance to set a target of 25 per cent for the use of smaller airlines for the department's official travel on the Canberra-Sydney route. For the 2008-09 year, 21.5 per cent of Finance's travel on the Canberra to Sydney route was on Virgin Blue Airlines and 78.5 per cent was on Qantas Airways Limited.

Whole-of-Government Purchasing and Asset Management

Coordinated Procurement Contracting

Finance has established a framework to coordinate the procurement of particular goods and services in common use across FMA Act agencies. Coordinated procurement contracting aims to deliver efficiencies and savings, aggregating government purchasing to obtain better pricing and improve value for money. It reduces the cost and duplication of procurement practices for both agencies and industry.

Finance is responsible for Australian Government procurement policy and has a lead role in coordinated procurement contracting. For further details of the department's activities in this area see Chapter 5: *Outcome 2, Improved and More Efficient Government Operations*.

Government Advertising

On 2 July 2008, the government publicly released the Guidelines on Campaign Advertising by Australian Government departments and agencies that had come into effect on 27 June 2008. On 1 September 2008, the government introduced a new campaign advertising framework to support the guidelines and improve accountability and transparency in campaign advertising. The framework promotes value for money by providing a whole-of-government perspective and a degree of coordination across the various advertising campaigns undertaken by agencies.

The Interdepartmental Committee on Communications, a committee of Australian Government officials at the Deputy Secretary level, supports the application of the framework. Finance provides secretariat services for this committee.

² Finance Circular No. 2008/02, *Use of Best Fare of the Day for Official Air Travel*.

³ Finance Circular No. 2008/01, *Official Air Travel on the Canberra-Sydney Route: 25 per cent Minimum Usage Target for Smaller Airlines*.

Asset Management

Finance manages the government's non-Defence domestic property portfolio. The portfolio includes eighty-five properties with a fair value of approximately \$1.05 billion at 30 June 2009.

United Group Process Solutions Pty Ltd (United) assists Finance to manage these properties through a property management contract. Asset plans for individual properties (which are revised annually) help the department to manage the portfolio. In developing these plans, Finance incorporates information from property inspections, condition audits, tenant surveys, valuation reports and other independent advice from United or other private sector advisers.

Performance indicators for Finance's management of the domestic property portfolio are included under Output 2.2.1: Property Management, detailed in Chapter 5 of this report.

Motor Vehicle Fleet Arrangements

Finance has a contract with LeasePlan Australia Ltd (LeasePlan) that governs the vehicle fleet arrangements for Australian Government agencies subject to the FMA Act. The contract commenced on 1 February 2004 and has a term of six years with a three-year option to extend. On 11 February 2009, following consultation with affected agencies, Finance announced that it had executed a deed that takes up the option to extend. The contract is now scheduled to expire on 31 January 2013.

Finance monitors and reviews LeasePlan's services to ensure that they are provided in accordance with the contract. Finance also works with agencies to ensure they have an appropriate level of awareness about contract management and fleet management issues.

In addition, Finance manages vehicle supply arrangements with Ford, Holden and Toyota, consistent with the government's policy of sourcing vehicles from manufacturers that have a local vehicle assembly and component production operation. Agencies make their vehicle selections within this purchasing framework, having regard for value for money, safety, environmental benefit and operational suitability.

A per-vehicle administration fee, paid by participating agencies, funds Finance's contract management services. During 2008-09, Finance received fees totalling \$750,000 from participating agencies.

At 30 June 2009, there were 104 agencies participating in the arrangement with 8,358 commercial and passenger vehicles leased and managed under the contract. In addition, Finance manages a fleet of 6,044 non-military vehicles operated by the Department of Defence. The total value of all vehicles was approximately \$411 million.

The government has a policy that encourages Commonwealth vehicle users to purchase ethanol blended fuel (E10) where possible. Since the policy commenced, the government fleet's monthly consumption of E10 has increased from 2,000 litres in October 2005 to 249,170 litres during June 2009. Over the past twelve months, consumption of E10 has increased by 11 per cent and now represents approximately 25 per cent of total fleet unleaded fuel consumption.

External Scrutiny



Parliamentary Committees

Reports by the Australian National Audit Office (ANAO)

Substantial Legal Actions involving Finance

Commonwealth Ombudsman's Office Investigations

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External Scrutiny

Finance is subject to external scrutiny from many sources. In 2008-09, various parliamentary committees conducted inquiries that were relevant to Finance. These included the Joint Committee of Public Accounts and Audit (JCPAA), the Senate Standing Committee on Finance and Public Administration (SSCFPA) and the Parliamentary Standing Committee on Public Works. The Australian National Audit Office (ANAO) performed a series of audits on activities that were relevant to the department and Finance was involved in several significant legal actions. The department also cooperated with investigations undertaken by the Commonwealth Ombudsman. This chapter focuses on the reviews, inquiries, audits and legal actions where Finance's involvement was substantial.

Parliamentary Committees

Joint Committee of Public Accounts and Audit

The JCPAA is responsible for holding Australian Government agencies to account for the lawfulness, efficiency and effectiveness with which they use public monies. Given Finance's accountability role, the committee often asks the department to contribute to its inquiries.

On 4 June 2008, the JCPAA opened an inquiry into the impact of the efficiency dividend on smaller public sector agencies¹. The committee initiated the inquiry following public discussion about the impact of the government's one-off two per cent efficiency dividend on these agencies, and the related impact of the ongoing efficiency dividend. Finance lodged a submission to this inquiry with the JCPAA on 4 July 2008 and appeared before the hearings of the committee on 19 September 2008. The committee tabled its report on 4 December 2008, recommending a revised approach to the application of the efficiency dividend to smaller agencies. The government's response to the report's eight recommendations was under consideration at 30 June 2009.

On 12 February 2009, the JCPAA invited Finance to give evidence to its inquiry into the role of the Auditor-General in scrutinising government advertising campaigns. The department appeared at public hearings on 11 March and 13 May 2009 and provided a submission on 1 June 2009. The inquiry was still underway at 30 June 2009.

The committee commenced a review of the Auditor-General's reports, numbers 18 to 31, 2008-09 on 13 May 2009. This review included *Audit Report 25: Green Office Procurement and Sustainable Office Management*. Finance appeared at a public hearing of the committee on 24 June 2009 to discuss the report. The review was still underway at 30 June 2009.

On 22 June 2009, the JCPAA tabled *Report 412 – Review of Auditor-General's Reports tabled between August 2007 and August 2008*. The report included five recommendations directed to Finance on matters related to: agency compliance with the Senate Order for the production of lists of departmental and agency contracts; the handling of legal advice obtained by agencies; and support Finance provides to agencies related to information technology security. The report's recommendations were under consideration at 30 June 2009.

Senate Standing Committee on Finance and Public Administration

The SSCFPA is responsible for Senate oversight of several portfolios including Finance. During 2008-09, Finance appeared at the estimates hearings of the SSCFPA on 21 October 2008, 24 February 2009 and from 27 to 28 May 2009. The committee tabled reports that covered the two 2009 hearings on 17 March 2009 and 23 June 2009 respectively. The report tabled on 17 March contained three recommendations for Finance relating to the implementation of Operation Sunlight reforms. These recommendations were under consideration at 30 June 2009.

¹ Report 413 – *The Efficiency Dividend: Size Does Matter*.

Officers of the department appeared before the SSCFPA's inquiry, *Nation Building and Jobs Plan – Inquiry into the provisions of the Appropriation (Nation Building and Jobs) Bill (No.1) 2008-2009 and 5 related bills*², at its hearings on 5 and 9 February 2009. The committee tabled its report on 10 February 2009 with the majority recommending the Senate pass the Bills.

Finance's 2007-08 Annual Report noted that the SSCFPA recommended the department report on the long-term effect of efficiency dividends on the outcomes and services provided by different types of government agencies³. This request was deferred pending the JCPAA's inquiry into the effects of the ongoing efficiency dividend on smaller public sector agencies (outlined on the previous page). The department intends to respond to this matter once the government has finalised its response to that report.

Finance's 2006-07 Annual Report noted that the SSCFPA tabled its report, *Second report on the operation of the Senate Order for the production of lists of departmental and agency contracts (2003-06)* on 27 February 2007. The report made nine recommendations directed to Finance. The government provided a response to the report on 26 August 2008 supporting the report's recommendations, except for the proposal to extend the coverage of the Senate Order to include CAC Act agencies, as these agencies operate under a different legislative and governance framework to those that are subject to the Senate Order.

Finance's 2007-08 Annual Report noted that the SSCFPA tabled its report, *Transparency and Accountability of Commonwealth Public Funding and Expenditure* on 1 March 2007. The Minister for Finance and Deregulation noted that a final response would be provided following the completion of the review of budget transparency matters, including Operation Sunlight, by former Senator Andrew Murray. Senator Murray provided his report to the government on 9 June 2008 and the government released its response to Senator Murray's review on 9 December 2008. A final response to the SSCFPA report was under consideration at 30 June 2009. Further details relating to Operation Sunlight can be found in Chapter 5 – *Outcome 1: Sustainable Government Finances*.

Senate Standing Committee on Economics

On 25 November 2008, Finance gave evidence to the Senate Standing Committee on Economics' inquiry into the *Nation-building Funds Bill 2008*; the *Nation-building Funds (Consequential Amendments) Bill 2008* and the *COAG Reform Fund Bill 2008*. The committee tabled its report on 2 December 2008 recommending the Senate pass the Bills.

Parliamentary Standing Committee on Public Works

The Parliamentary Standing Committee on Public Works, also known as the Public Works Committee, reviews all public works valued above \$15 million.

On 22 September 2008, the committee published *Report 7/2008 – Update Report: the Christmas Island Detention Project*. The committee expressed concern about cost over-runs associated with the project and noted that the ANAO was undertaking an audit of the project⁴ (this audit is outlined on page 98).

On 4 December 2008, the Australian Security Intelligence Organisation and Finance provided a confidential briefing to the committee in regards to the Commonwealth New Building Project. This briefing was offered to the committee after the Governor-General granted the project an exemption from scrutiny by the committee on 4 October 2007 (under paragraph 18(8)(c) of the *Public Works Committee Act 1969*), because the work is for defence purposes and referring it to the committee would be contrary to the public interest.

On 14 May 2009, Finance provided a proposal to the committee to undertake works to enable the Department of Defence to take up the tenancy of the refurbished ANZAC Park West office building in Parkes, Canberra. The committee was still considering the proposal at 30 June 2009⁵.

² *Appropriation (Nation Building and Jobs) Bill (No.1) 2008-2009; Appropriation (Nation Building and Jobs) Bill (No 2) 2008-2009; Commonwealth Inscribed Stock Amendment Bill 2009; Household Stimulus Package Bill 2009; Tax Bonus for Working Australians (Consequential Amendments) Bill 2009; and Tax Bonus for Working Australians Bill 2009.*

³ SSCFPA *Additional Estimates 2007-08 report, tabled 18 March 2008.*

⁴ *Report Number 43, 2008/2009: Construction of the Christmas Island Immigration Detention Centre* (tabled 23 June 2009).

⁵ Finance appeared in relation to the ANZAC Park West proposal at the Public Works Committee's public hearing on 4 August 2009.

Reports by the Australian National Audit Office (ANAO)

As a central agency, Finance is often referred to in ANAO reports. In relation to reports completed during 2008-09 where recommendations were directed to and agreed by Finance, the department has either implemented or is taking steps to implement these recommendations. The following audit reports either included significant involvement by Finance or included recommendations specific to Finance.

Report Number 3, 2008/2009: Establishment and Management of the Communications Fund – tabled 23 September 2008

The objective of this audit was to assess the effectiveness of the management of the Communications Fund by the former Department of Communications, Information Technology and the Arts. Finance was a member of the working group that examined management options for the fund and had a role in progressing its longer-term investment strategy, but was not significantly involved in the development of the legislation that enabled the fund.

The ANAO made recommendations relating to the way legislative approval and investment advice should be sought in similar circumstances in the future. Finance agreed with the recommendations but, as the department's ongoing involvement with the Communications Fund is limited, further action by Finance was not required.

Report Number 5, 2008/2009: The Senate Order for Departmental and Agency Contracts (Calendar Year 2007 Compliance) – tabled 25 September 2008

The objective of this audit was to assess the extent to which all agencies complied with the requirement of the Senate Order on Departmental and Agency Contracts to place on the internet a list of contracts valued at \$100,000 or more that the agency has entered into in the previous 12 months. The audit also examined the appropriateness of the use by six selected agencies of confidentiality provisions in contracts. Finance produces guidance that assists agencies to meet their obligations under the Senate Order.

The report recommended that agencies implement review measures to assess the appropriateness of decisions to include confidentiality provisions in contracts and provide suitable feedback to the staff involved in their procurement activities. Finance supported the recommendation.

Report Number 14, 2008/2009: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2008 – tabled 17 December 2008

The objective of this audit was to provide an independent examination of the financial accounting and reporting of public sector entities, including Finance. The audit report expresses the auditor's opinion on whether the financial statements as a whole, and the information contained within them, fairly reflect the results of each entity's operation and its financial position.

The report concluded that the 2007-08 Consolidated Financial Statements gave a true and fair view of the Australian Government's financial position as at 30 June 2008. For the second consecutive year, the Consolidated Financial Statements received an unqualified audit report.

Report Number 18, 2008/2009: The Administration of Grants under the Australian Political Parties for Democracy Program – tabled 3 February 2009

The objective of this audit was to assess the effectiveness of the accountability arrangements and of Finance's administration of the Australian Political Parties for Democracy Program.

The audit concluded there were opportunities for Finance to strengthen the administrative arrangements for the program. Finance agreed to the four audit recommendations, with some qualifications. On 1 July 2009, administration of the program transferred from Finance to the Australian Agency for International Development (AusAID). AusAID will be responsible for implementing the ANAO's recommendations.

Report Number 19, 2008/2009: CMAX Communications Contract for the 2020 Summit – tabled 4 February 2009

The objectives of this audit included an examination of whether the Department of the Prime Minister and Cabinet's appointment of CMAX Communications Pty Ltd for the 2020 Summit was consistent with the Australian Government procurement framework and sound principles of public administration.

The report recommended implementing coordinated procurement arrangements for media and communications advisory services. In response, Finance advised that the level of expenditure on media and communications advice consultancies across government was not sufficient to warrant centralising the procurement of these services.

Report Number 20, 2008/2009: Approval of Funding for Public Works – tabled 5 February 2009

The objective of this audit was to assess the planning and delivery of capital works projects undertaken by Australian Government agencies. The report made recommendations that were relevant to the department relating to the information provided to the Public Works Committee about project cost estimates, project finalisation reports and post-implementation reviews. Finance agreed to the recommendations.

Report Number 24, 2008/2009: The Administration of Contracting Arrangements in relation to Government Advertising to November 2007 – tabled 5 March 2009

The objective of this audit was to assess the effectiveness of the procurement and contracting activities associated with government advertising campaigns and the operation of the Central Advertising System.

The report recommended that in developing arrangements to renew the Central Advertising System, Finance include a performance management framework and transition planning, simplify financial arrangements, and provide for appropriate consultation with clients. Finance supported the recommendations and has incorporated them into the department's ongoing administration of government advertising.

Report Number 25, 2008/2009: Green Office Procurement and Sustainable Office Management – tabled 11 March 2009

The objective of this audit was to assess and report on government agencies' progress in achieving better practice in green office procurement and sustainable office management. The report recommended that all agencies strengthen their internal environmental management systems and plans, and improve their sustainability practices. Finance agreed in-principle with all the recommendations and has commenced developing an environmental policy statement and supporting strategies.

Report Number 29, 2008/2009: Delivery of Projects on the AusLink National Network – tabled 23 April 2009

The objective of this audit was to assess the effectiveness of project delivery on the AusLink National Network by the Department of Infrastructure, Transport, Regional Development and Local Government. The audit included discussion of the way AusLink projects that were announced as election commitments had been costed.

The report directed no recommendations to Finance but encouraged the department to consider expanding its guidance on the information required for costing projects in the *Charter of Budget Honesty, Costing of Election Commitments: Guidelines*. Finance undertook to consider this issue during the regular review of matters relevant to costings under the charter, which will be finalised in 2009-10.

Report Number 37, 2008/2009: Online Availability of Entities' Documents Tabled in the Australian Parliament – tabled 25 May 2009

The objectives of this audit included an assessment of Finance's policy and guidance to agencies on online publishing, including the department's *Australian Government Web Publishing Guide*.

The report found that the guide was relevant, accessible and easy to use. The report suggested the guide could be improved by specifying the requirements relating to tabling papers with greater clarity, providing advice on the period that government entities must maintain documents online and providing advice on whether an entity can electronically archive its parliamentary documents. Finance revised the guide in accordance with the recommendations and released the enhanced version on 17 June 2009.

Report Number 42, 2008-2009: Interim Phase of the Audit of Financial Statements of General Government Sector Agencies for the Year ending 30 June 2009 – tabled 22 June 2009

As part of the interim audit procedures for the 2008-09 financial statements of agencies, the objective of this audit was to examine the internal control structures of major government entities including Finance. These control structures include governance arrangements, information systems and control procedures.

In relation to Finance, the audit found that key internal controls are generally operating satisfactorily. The report made two moderate risk findings associated with the implementation of the department's new Financial Management Information System. Finance addressed these issues during the 2008-09 financial year and is confident that they will not affect the financial statements for 2009-10.

Report Number 43, 2008/2009: Construction of the Christmas Island Immigration Detention Centre – tabled 23 June 2009

The objectives of this audit were to assess the adequacy of the planning and delivery processes for construction of the Christmas Island Immigration Detention Centre, the extent of the value for money achieved in the delivery of the project, and the project's compliance with the *Public Works Committee Act 1969*.

The report noted that the project was more complex than many others undertaken by the Australian Government and recommended changes to the business processes Finance uses to deliver capital projects. Finance agreed to the recommendations and is incorporating the proposed changes into internal guidance material. In particular, the department is addressing the areas of risk assessment, order of accuracy of cost estimates, governance arrangements, and costs over the life of projects where multiple agencies are involved. Finance is also conducting post-project reviews to identify further areas for improvement.

Report Number 44, 2008/2009: Security Risk Management – tabled 23 June 2009

The objective of this audit was to assess whether selected organisations had effective security risk management programs, including whether protective security risk controls were working as designed.

The report recommended that the Attorney-General's Department work with Finance to clarify the CAC Act organisations to which the *Protective Security Manual* applies. The department agreed to the recommendation. While the report did not direct any other recommendations to Finance, the department has incorporated relevant suggestions from the audit into its security risk management framework.

Report Number 48, 2008/2009: Planning and Approval of Defence Major Capital Equipment Projects – tabled 30 June 2009

The objective of this audit was to assess whether the strengthened two-pass approval process for major capital equipment projects is being implemented effectively.

The report's recommendations included requesting that the Department of Defence should reach an agreement with Finance on a suitable approach to whole-of-life costings, and seek Finance's involvement in the evaluation of capability development costings at an early stage. Finance agreed to the recommendations.

Substantial Legal Actions involving Finance

Commonwealth of Australia v BIS Cleanaway Ltd

The Commonwealth commenced proceedings on 28 June 2006 in the NSW Supreme Court against BIS Cleanaway Limited (now known as Transpacific Cleanaway Pty Ltd). This action relates to the depositing of industrial wastes by a private entity between 1973 and 1980 on Commonwealth land at Lucas Heights in Sydney under a licence granted by the Commonwealth.

Since reporting this matter in Finance's 2006-07 and subsequent Annual Reports, the department has continued to pursue this action. On 23 July 2008, the NSW Court of Appeal struck out Finance's application for leave to appeal a previous decision on this matter. Negotiations with BIS Cleanaway Ltd and the NSW Department of Environment, Climate Change and Water (DECCW) continue. Finance's legal advisers, Clayton Utz, are continuing to liaise with DECCW to ensure the matter is resolved to the satisfaction of all interested parties.

Commonwealth of Australia v Davis Samuel Pty Ltd & Ors

Since reporting this matter in Finance's 2001-02 and subsequent Annual Reports, Finance continues to pursue the funds defrauded by Mr David Muir, which he distributed to a number of parties. All criminal proceedings have now been completed and the civil hearing in relation to this matter commenced against 15 defendants in the ACT Supreme Court on 10 June 2008. Final submissions were lodged on 27 February 2009 and the defendants have asked the Court to re-list the matter. The Commonwealth opposed the request and the Court is yet to decide on this issue. A written decision on the matter is expected in late 2009.

John Cornwell v Commonwealth of Australia

On 6 March 2005, the ACT Supreme Court found against the Commonwealth of Australia in a claim for negligence and breach of contract relating to superannuation benefits by Mr John Cornwell, a former employee of the then Department of the Interior. Mr Cornwell claimed that he was disadvantaged by advice he received from his manager in relation to his ineligibility to join a Commonwealth superannuation scheme. Following two unsuccessful appeals, the Commonwealth settled with Mr Cornwell in October 2007.

As at 30 June 2009, there were 22 further cases where the plaintiff had filed proceedings against the Commonwealth in the ACT Supreme Court alleging negligent mis-statement, negligence and breach of statutory duty in relation to superannuation entitlements. Each matter is progressing in line with the court timetable.

G & M Nicholas Pty Ltd v Minister for Finance and Deregulation

On 29 February 2008, G & M Nicholas Pty Ltd filed proceedings in the Federal Court of Australia seeking a review under the *Administrative Decisions (Judicial Review) Act 1977* of a decision by the Minister for Finance. The Minister had declined a request for an Act of Grace payment (under Section 33 of the FMA Act) relating to a compensation claim for alleged business losses and reputational damage due to a statement by a former Minister for Health and Ageing, which named the applicants in Parliament. A hearing was held on 17 and 19 September 2008 and the Court handed down its judgement on 20 February 2009. It found that, by not providing the applicants with an opportunity to comment on a summary of a Question Time Brief in a document used by the Minister in making his decision, the Minister had not provided the applicants with procedural fairness. The Court referred the matter back to the Minister to reconsider.

Sharjade v Darwinia and the Commonwealth of Australia

The Commonwealth was a second defendant in an action by Sharjade, which the NSW Supreme Court heard from 7 to 24 July 2008. Sharjade alleged that the Commonwealth induced Darwinia to breach an agreement made in 2000 between Sharjade and Darwinia in relation to the sale of Commonwealth land at Turrumurra (NSW) to Darwinia for the construction of a retirement village for ex-service personnel. The Court dismissed the claim against the Commonwealth on 8 October 2008. Sharjade subsequently appealed the decision.⁶

⁶ The full bench of the NSW Supreme Court heard the appeal on 19 and 20 August 2009.

Southern Cross Airports Corporation Pty Ltd v Chief Commissioner of State Revenue

On 17 November 2006, the NSW Office of State Revenue (OSR) issued an assessment for land rich duty arising from the sale of the Sydney Airport to Southern Cross Airports Corporation Holdings Limited in 2002. Finance formally objected to the assessment on 11 January 2007 on the basis that the valuation methodology adopted by the OSR was not in accordance with the relevant legislation and standard valuation practices, and that the Commissioner should have exercised his 'just and reasonable' discretion not to assess stamp duty.

Since reporting this matter in Finance's 2007-08 Annual Report, the department has continued to pursue the matter and pre-trial procedures are still in progress. The matter is likely to be listed for hearing in early 2010.

Woodlands Pty Limited and W R Hyles & Co v Commonwealth of Australia

On 17 January 2008, the former owners and operators of the property that is now the site of the Defence Headquarters Joint Operation Command (located between Queanbeyan and Bungendore, NSW) instituted proceedings in the Federal Court of Australia against the Commonwealth. The family company Woodlands Pty Limited was the registered proprietor of the land and members of the family, being the partners of the W R Hyles & Co partnership, conducted farming business on the land.

The claimants sought a determination of compensation by the Federal Court as an entitlement under the *Lands Acquisition Act 1989*. The Commonwealth made an offer of compensation to Woodlands Pty Limited on 20 July 2007 but it was not accepted. The matter was resolved through mediation on 9 December 2008.

Commonwealth Ombudsman's Office Investigations

In the 2008-09 year, Finance was aware of the Ombudsman's Office investigating thirteen issues concerning the department. The majority of these issues related to concerns about Act of Grace payments raised by members of the public. Finance provided responses to the Ombudsman's Office in relation to all the issues raised. The Ombudsman's Office notified Finance that no action was to be taken on nine of these matters and, as of 30 June 2009, the department is aware of four issues that the Ombudsman's Office is still investigating. Finance has provided, or is in the process of providing, responses to these.

Appendices



Appendix A: Advertising and Market Research

During 2008-09, the total expenditure for advertising and market research over the reporting threshold of \$10,900¹ (including GST) amounted to \$1,918,882. Of this sum, \$759,170 was administered expenditure relating to an *efficiently functioning Parliament (Outcome 3)*. This compares with \$1,589,913 in 2007-08, which included \$131,516 associated with the Telstra 3 sale and \$649,500 relating to Outcome 3.

Details of payments, as required under the Section 311A of the *Commonwealth Electoral Act 1918*, are contained in Table 15 below.

Table 15: Advertising and Market Research Expenditure

Organisation	Purpose	Expenditure Inc GST(\$)
Advertising Agencies		
Gavin Anderson & Company (Australia) Ltd	Communication advisory services for the Telstra 3 final instalment collection process.	32,581
Market Research Organisations		
Colmar Brunton Social Research Pty Limited	Provision of market research services in relation to stage two (design phase) of the Australian Government Online Service Point.	38,856
Roy Morgan Research Pty Ltd	Provision of business advisory services in relation to research and analysis for the measurement of e-government services.	186,451
Taylor Nelson Sofres Australia Pty Limited	Market research services for the Australian Government Online Service Point.	390,634
Media Advertising Organisations		
Australian Public Service Commission	Public Service Gazette 2008-09 Subscription.	36,989
Couch Creative Pty Limited	Graduate Program advertising and marketing.	51,485
HMA Blaze Pty Limited	Recruitment, tender and office relocation advertising (includes \$759,170 administered expenditure for an <i>efficiently functioning Parliament – Outcome 3</i>).	1,070,832
HMA Blaze Pty Limited	Advertising to invite communications consultants to apply for the communications multi-use list.	20,550
Fairfax Media Publications Pty Limited	On-line recruitment advertising.	20,790
Unimail Pty Limited	Graduate Program advertising and marketing.	69,714
Total expenditure for payments over \$10,900		1,918,882

¹ The reporting threshold in 2007-08 was \$10,500.

Appendix B: Freedom of Information

This statement is published to meet the requirements of section 8 of the *Freedom of Information Act 1982* (the FOI Act).

Organisation and Functions

Information about Finance, including the department's organisation and functions, can be found in earlier sections of this Annual Report. Information is also available on the department's internet site at www.finance.gov.au

Decision Making Powers

Finance is responsible for the following Acts, or parts of Acts. Where applicable, Ministers or Finance officers may exercise decision-making powers under these Acts:

- Aboriginal and Torres Strait Islander Act 2005*, Part 4B
- Aerospace Technologies of Australia Limited Sale Act 1994*
- AIDC Sale Act 1997*
- Airports (Transitional) Act 1996*
- Albury-Wodonga Development Act 1973*
- Annual Appropriation Acts
- Appropriation (Supplementary Measures) Act (No.1) 1999*
- Appropriation (Supplementary Measures) Act (No.2) 1999*
- Audit (Transitional and Miscellaneous) Amendment Act 1997*
- Australian Capital Territory (Planning and Land Management) Act 1988*, section 27, insofar as it relates to the declaration of land in the Australian Capital Territory to be National Land where the land is required for Commonwealth purposes other than for the special purposes of Canberra as the National Capital
- Australian Industry Development Corporation Act 1970*
- CFM Sale Act 1996*
- Commonwealth Authorities and Companies Act 1997*
- Commonwealth Authorities and Companies Amendment Act 2008*
- Commonwealth Electoral Act 1918*
- Commonwealth Electoral Legislation (Provision of Information) Act 2000*
- Commonwealth Funds Management Limited Act 1990*
- Commonwealth Vehicles (Registration and Exemption from Taxation) Act 1997*
- CSL Sale Act 1993*
- Federal Magistrates Act 1999* insofar as it relates to superannuation and death and disability¹
- Financial Management and Accountability Act 1997*
- Future Fund Act 2006*
- Governor-General Act 1974* insofar as it relates to superannuation²
- Judges' Pension Act 1968*³
- Lands Acquisition Act 1989*
- Lands Acquisition (Defence) Act 1968*⁴
- Lands Acquisition (Northern Territory Pastoral Leases) Act 1981*
- Lands Acquisition (Repeal and Consequential Provisions) Act 1989*

¹ The *Federal Magistrates Act 1999* insofar as it relates to superannuation and death and disability was transferred from the Attorney-General's Department on 1 July 2009.

² The *Governor-General Act 1974* insofar as it relates to superannuation was transferred from the Attorney-General's Department on 1 July 2009.

³ The *Judges' Pension Act 1968* was transferred from the Attorney-General's Department on 1 July 2009.

⁴ The *Lands Acquisition (Defence) Act 1968* was repealed by the *Lands Acquisition Legislation Amendment Act 2008* on 12 July 2008.

Loan (War Service Land Settlement) Acts
Medibank Private Sale Act 2006
Members of Parliament (Life Gold Pass) Act 2002
Members of Parliament (Staff) Act 1984
Ministers of State Act 1952
*Nation-building Funds Act 2008*⁵
Northern Territory (Commonwealth Lands) Act 1980
Northern Territory (Self-Government) Act 1978, sections 69 and 70
Papua New Guinea (Staffing Assistance) Act 1973, insofar as it relates to superannuation and retirement benefits
Papua New Guinea (Staffing Assistance) Termination Act 1976
Parliamentary Allowances Act 1952
Parliamentary Contributory Superannuation Act 1948
Parliamentary Entitlements Act 1990
Parliamentary Precincts Act 1988
Parliamentary Superannuation Act 2004
 Parliamentary Retiring Allowances (Increases) Acts
Public Accounts and Audit Committee Act 1951
Public Works Committee Act 1969
Qantas Sale Act 1992, except to the extent administered by the Treasurer or the Minister for Infrastructure, Transport, Regional Development and Local Government
Referendum (Machinery Provisions) Act 1984
Representation Act 1983
Salaries Adjustment Act 1956
Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008, section 4⁶
 Superannuation Acts
Superannuation Benefits (Supervisory Mechanisms) Act 1990
Superannuation (Distribution of Surplus) Act 1974
 Superannuation (Pension Increases) Acts
Superannuation (Productivity Benefit) Act 1988
 Supply Acts
 Surplus Revenue Acts
Telstra Corporation Act 1991
Territory Authorities (Financial Provisions) Act 1978
Transferred Officers' Allowances Act 1948
Western Australia (South-West Region Water Supplies) Agreement Act 1965

⁵ The *Nation-building Funds Act 2008* commenced on 23 June 2009.

⁶ The *Same-Sex Relationships (Equal Treatment in Commonwealth Laws-Superannuation) Act 2008* commenced on 4 December 2008.

Accessing Documents held by Finance

To seek access to documents under the FOI Act, applicants should write to or email Finance (or the relevant portfolio agency) and include:

- as much detail as possible about the documents sought;
- an address in Australia to which the department can send notices;
- if possible, a telephone number and email address to allow officers processing the request to contact the applicant for any clarification; and
- a \$30 application fee.

In some circumstances, including financial hardship or the public interest, the department may remit the application fee. If the applicant is not satisfied with a decision made under the FOI Act, they may ask for an internal review of the decision. Requests for internal review must be in writing and enclose a \$40 application fee.

Applicants should send FOI-related requests to:

FOI Coordinator
 Department of Finance and Deregulation
 John Gorton Building, King Edward Terrace, Parkes ACT 2600
 Phone: 02 6215 1783
 Facsimile: 02 6215 2593
 Email: foi@finance.gov.au

For further information about fees, charges, document access arrangements and review rights, please contact the FOI Coordinator.

Categories of Documents

Finance has a wide variety of documents available on the department's website at www.finance.gov.au/publications. These documents include ministerial media releases and speeches, annual reports, budgetary documents, financial reporting documents, policy and guidance documents related to the department's responsibilities, published reviews, and documents detailing Parliamentarians' travel. The Finance website also provides listings of the department's file titles, contracts let and grants awarded.

Finance also holds documents that applicants can request under the FOI Act. These include documents relating to:

- **internal organisation and administration** including personnel records, organisation and staffing records, financial and expenditure records, agendas and meeting minutes, and internal operating documents such as training manuals, office procedures and instructions;
- **ministerial and parliamentary correspondence** including briefing papers prepared for ministers, Cabinet submissions, answers to parliamentary questions, and working files related to these documents;
- **the preparation of policy advice** in Finance's areas of responsibility including working files, briefing papers, correspondence, analysis, policy papers and reports;
- **administration and service delivery** in Finance's areas of responsibility including working files, briefing papers, correspondence, reports, rules, guidelines, procedures and determinations; and
- **other departmental files** including freedom of information request files, internal audit reviews and associated working papers.

More information about the classes of personal information held by the department is available from the Office of the Privacy Commissioner's website at www.privacy.gov.au/government/digest

External Participation and Consultation

Members of the public are able to make representations in writing to Finance portfolio Ministers about the range of policy and other matters dealt with by the department. The following arrangements are in place for external participation and consultation.

Australian Government Consultative Committee on Knowledge Capital

The Australian Government Consultative Committee on Knowledge Capital aims to develop mechanisms to measure knowledge capital and to have these mechanisms incorporated in government and international accounting standards. The committee's membership is drawn from the public, private and university sectors and includes senior representation from the accounting and actuarial professions. Finance is a member of the committee.

Government 2.0 Taskforce

On 22 June 2009, the Minister for Finance and Deregulation and the Special Minister of State launched the Government 2.0 Taskforce. The role of the taskforce is to advise and assist the Australian Government to adopt Web 2.0 and related technologies and ideas. The taskforce aims to promote a culture of innovation within the Australian Government, leading to greater information sharing and collaboration between Australian Government agencies, and between the Australian Government and the public. The taskforce includes members from both the public and private sectors. The Australian Government Chief Information Officer (CIO) is the Deputy Chair of the taskforce and Finance provides secretariat support.

Online and Communications Council

The Online and Communications Council is a Ministerial Council under the Council of Australian Governments. It is the peak ministerial forum across governments that considers and agrees on strategic approaches to information and communications issues of national importance. The Minister for Broadband, Communications and the Digital Economy chairs the Council and its members include the Minister for Finance and Deregulation (chair for e-government agenda items), senior ministers from state and territory governments and the President of the Australian Local Government Association. The Council meets annually.

Cross-Jurisdictional Chief Information Officers' Committee

The Cross-Jurisdictional Chief Information Officers' Committee reports to the Online and Communications Council and aims to address e-government issues that span jurisdictional boundaries. The Australian Government CIO chairs the committee. Membership includes the CIOs or equivalent of each state and territory government, and a representative from the Australian Local Government Association. The New Zealand Government's CIO equivalent officer has observer status on the committee.

Domain Consultative Committee

The Domain Consultative Committee ensures the 'gov.au' domain name is managed effectively by providing a forum for government domain providers to collaborate on common issues. Finance chairs the committee, which includes domain providers from the Australian Government and from each state and territory government with responsibility for assessing individual domain name applications within their jurisdiction.

Australian Procurement and Construction Ministerial Council

The Australian Procurement and Construction Ministerial Council is a council of Australian Government, state and territory, and New Zealand Government ministers responsible for procurement and construction. The Minister for Finance and Deregulation is a member of the Council.

Business Regulation and Competition Working Group

The Business Regulation and Competition Working Group reports to the Council of Australian Governments on scope to reduce regulatory barriers which inhibit competition and productivity. The Minister for Finance and Deregulation and the Minister Assisting the Finance Minister on Deregulation co-chair the working group. Membership comprises senior officials representing the central agencies of the Australian Government, each of the states and territories, and New Zealand.

Appendix C: Discretionary Grants and Grants in Aid

The Department of Finance and Deregulation does not administer any discretionary grant programs. The department paid the non-discretionary Grants in Aid listed below in 2008-09.

On 9 December 2008, the Minister for Finance and Deregulation announced several reforms to grant program expenditure reporting. As part of these reforms, from 1 January 2009 agencies have been required to publish grant details on their websites. Information on grants awarded by Finance since 1 January 2009 is also available at www.finance.gov.au/publications/grants/index.html

Table 16: Grants in Aid 2008-09

Name of Recipient	Purpose of Grant	Amount Paid (\$)
Australian Labor Party	To strengthen democracy internationally by supporting the activities of Australia's major political parties overseas. Grant funding may be used for activities including: providing training, education and advice; supporting democratic activities and programs overseas; providing support to conduct elections; and the involvement of Australia's political parties in international activities and visit programs.	375,000 ¹
The Liberal Party of Australia	To strengthen democracy internationally by supporting the activities of Australia's major political parties overseas. Grant funding may be used for activities including: providing training, education and advice; supporting democratic activities and programs overseas; providing support to conduct elections; and the involvement of Australia's political parties in international activities and visit programs.	375,000
The Chifley Research Centre Limited	For the general expenditure of the Centre to enable it to undertake research into social, economic and political policies, and encourage high quality public policy development.	189,559
The Menzies Research Centre Limited	For the general expenditure of the centre to enable it to undertake research, conduct public lectures and seminars on social and political issues, publish articles and maintain a website.	189,559
The Page Research Centre Limited	For the general expenditure of the centre to enable it to undertake research and publish articles on rural and regional policy issues, maintain a website, and establish a public archive and research centre.	94,780
The Green Institute Limited	For the general expenditure of the institute to enable it to undertake research, publish articles, provide education and training, and conduct forums on policies aimed at protecting the environment, biodiversity, bio-carbon and climate change.	50,000 ²

¹ In the context of the 2009-10 Federal Budget, the government decided to transfer funding for the Australian Political Parties for Democracy Program from Finance to AusAID, with effect from 1 July 2009. The level of funding for the program has been restored to an annual \$1 million each for the Australian Labor Party and the Liberal Party of Australia from 1 July 2009. The program will be re-focused to ensure that the \$1 million meets Official Development Assistance criteria for 2009-10 and forward years.

² On 13 May 2008, as part of the 2008-09 Budget, the government announced its decision that funding under the Grants in Aid program for the Don Chipp Foundation Ltd would cease from 1 July 2008, and that the program would instead provide \$50,000 to the Green Institute Limited, a research organisation established by the Australian Greens. This follows the Australian Greens obtaining minority party status within the meaning of the *Parliamentary Entitlements Act 1990* from 1 July 2008, and the terms of the remaining Australian Democrat senators ending on 30 June 2008.

Name of Recipient	Purpose of Grant	Amount Paid (\$)
Animals Australia Inc.	To assist in coordinating the views of animal rights and welfare groups, and to provide input into government agriculture, environment and science policies which impact on animal welfare.	30,039
Australian Institute of Policy and Science	To produce the publication <i>AQ – Journal of Contemporary Analysis</i> , which publishes articles on current political, social, economic, educational and scientific policy issues that have a bearing on Australian society. The journal is available in state, university and school libraries.	30,039
RSPCA Australia Incorporated	To produce policy and position papers, provide advice to government and non-government organisations, conduct scientific seminars, and educate the community through targeted education campaigns, website development and the periodical <i>Animal Welfare Science Update</i> .	30,039
The Royal Humane Society of Australasia	To provide and present bravery awards to recipients across Australia.	23,000
Total		1,387,015

Appendix D: Occupational Health and Safety

The following statement is provided in accordance with Section 74 of the *Occupational Health and Safety Act 1991* (OH&S Act).

Management Arrangements

Finance's OH&S Committee oversees the department's work practices to ensure they are safe and align with workplace safety guidelines. It ensures Finance staff receive suitable OH&S training and makes recommendations on OH&S matters to Finance's Executive Board. The committee includes both management and staff representatives from each of the department's business groups. In consultation with staff, the committee has developed Health and Safety Management Arrangements for the department.

Each Business Group in Finance has a Health and Safety Representative and a Deputy Health and Safety Representative who represent their group on OH&S issues. These representatives can exercise the powers, functions and rights prescribed in the OH&S Act.

During 2008-09, Finance reviewed its management of OH&S matters and updated the department's *Occupational Health and Safety and Rehabilitation Strategic Plan 2007-08 to 2009-10*. The revised plan sets out an agenda for improving OH&S outcomes by identifying workplace hazards, assessing and controlling risks to health and safety, and preventing workplace injuries.

Initiatives

Finance's key OH&S initiatives in 2008-09 included:

- establishing an in-house OH&S rehabilitation service from 30 June 2008 (the department had previously outsourced this service);
- reviewing Finance's OH&S management to incorporate new OH&S legislative requirements, including developing Health and Safety Management Arrangements which improve on the department's previous consultation and risk management approach;
- providing manager-specific OH&S training for managers at Executive Level 2 and above;
- providing revised OH&S information for new employees as part of their induction into the department;
- training Health and Safety Representatives to improve their ability to identify hazards, and assess and control OH&S risks;
- a structured hazard inspection program for all work areas;
- offering ergonomic workstation assessments to all employees;
- providing a confidential counselling service for employees through an Employee Assistance Program; and
- continuing the department's Health Promotion Program, including initiatives such as health awareness seminars, exercise classes, a walk-a-thon, influenza vaccinations and a health check program.

Finance works in partnership with Comcare, the Australian Government's Occupational Health and Safety agency. In 2008-09, the department continued to take part in Comcare's Psychological Injury Research Project, which aims to improve the prevention and management of psychological injuries within the workplace. Finance continued to engage in early intervention and managed compensation claims and non-compensable injury or illness cases intensively.

Health and Safety Outcomes

Finance has shown steady improvement in health and safety outcomes, reducing the number of workplace injuries sustained by the department's staff. As a result, Comcare reduced the 2008-09 agency workers' compensation premium rate paid by the department from the original estimate of 0.60 per cent to 0.57 per cent.

Statistics of Accidents or Dangerous Occurrences

During 2008-09, Finance reported 14 incidents to Comcare under Section 68 of the OH&S Act (Notification of Accidents and Dangerous Occurrences). These incidents involved twelve employees and two contractors. Thirteen of the reported incidents involved serious personal injuries and the remaining one involved a dangerous occurrence, as defined in the OH&S Act.

Investigations & Notices

Section 29 Notices (Provisional Improvement Notices)

No notices were issued under Section 29 of the OH&S Act.

Section 46 Notices (Power to Issue Prohibition Notices)

No notices were issued under Section 46 of the OH&S Act.

Section 47 Notices (Power to Issue Improvement Notices)

No notices were issued under Section 47 of the OH&S Act.

Investigations (Sections 29, 46, or 47)

No investigations were undertaken.

Appendix E: Staffing Overview

Staff profile (by headcount)

Table 17: Ongoing, non-ongoing and casual staff numbers, as at 30 June 2008 and 30 June 2009

Employment Type	APS Classification										
	SES 1-3		EL2		APS 6 - EL1		APS 1-5		Total		
Gender	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	
Ongoing	Female	21	20	101	112	274	309	311	326	707	767
	Male	68	76	133	142	256	288	193	221	650	727
	Subtotal	89	96	234	254	530	597	504	547	1,357	1,494
Non-ongoing	Female	1	1	1	1	3	1	20	16	25	19
	Male	6	5	3	1	4	9	8	9	21	24
	Subtotal	7	6	4	2	7	10	28	25	46	43
Casual	Female	-	-	-	-	-	-	39	34	39	34
	Male	-	-	-	-	1	-	158	140	159	140
	Subtotal	-	-	-	-	1	-	197	174	198	174
Total	96	102	238	256	538	607	729	746	1,601	1,711	

Table 18: Full-time, part-time and casual staff numbers, as at 30 June 2008 and 30 June 2009

Attendance Type	APS Classification										
	SES 1-3		EL2		APS 6 - EL1		APS 1-5		Total		
Gender	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	
Full-time	Female	21	20	87	96	237	266	292	299	637	681
	Male	73	80	133	139	254	288	197	223	657	730
	Subtotal	94	100	220	235	491	554	489	522	1,294	1,411
Part-time	Female	1	1	15	17	40	44	39	43	95	105
	Male	1	1	3	4	6	9	4	7	14	21
	Subtotal	2	2	18	21	46	53	43	50	109	126
Casual	Female	-	-	-	-	-	-	39	34	39	34
	Male	-	-	-	-	1	-	158	140	159	140
	Subtotal	-	-	-	-	1	-	197	174	198	174
Total	96	102	238	256	538	607	729	746	1,601	1,711	

Table 19: Location of staff, as at 30 June 2008 and 30 June 2009 (including ongoing, non-ongoing and casuals)

Location	Gender	APS Classification									
		SES 1-3		EL2		APS 6 - EL1		APS 1-5		Total	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
ACT ¹	Female	22	21	102	113	272	303	338	346	734	783
	Male	74	81	136	143	255	293	255	274	720	791
	Subtotal	96	102	238	256	527	596	593	620	1,454	1,574
NSW	Female	-	-	-	-	2	2	8	8	10	10
	Male	-	-	-	-	1	1	50	46	51	47
	Subtotal	-	-	-	-	3	3	58	54	61	57
NT	Female	-	-	-	-	1	1	-	-	1	1
	Male	-	-	-	-	-	-	-	-	0	0
	Subtotal	-	-	-	-	1	1	-	-	1	1
QLD	Female	-	-	-	-	-	-	8	5	8	5
	Male	-	-	-	-	1	1	10	9	11	10
	Subtotal	-	-	-	-	1	1	18	16	19	17
SA	Female	-	-	-	-	-	-	6	5	6	5
	Male	-	-	-	-	1	1	8	8	9	9
	Subtotal	-	-	-	-	1	1	14	13	15	14
TAS	Female	-	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	1	-	3	3	4	3
	Subtotal	-	-	-	-	1	-	3	3	4	3
VIC	Female	-	-	-	-	2	2	8	8	10	10
	Male	-	-	-	-	1	1	25	23	26	24
	Subtotal	-	-	-	-	3	3	33	31	36	34
WA	Female	-	-	-	-	-	2	2	2	2	4
	Male	-	-	-	-	1	-	8	7	9	7
	Subtotal	-	-	-	-	1	2	10	9	11	11
Total		96	102	238	256	538	607	729	746	1,601	1,711

¹ Includes (at 30 June 2009) 20 overseas deployees to the Solomon Islands, Papua New Guinea, Nauru and Indonesia.

Collective Agreement, Australian Workplace Agreements and Public Service Act Determinations (by headcount)

Table 20: Number of Finance staff covered by a Collective Agreement, Public Service Act 1999 – s.24 (1) Determination, and Australian Workplace Agreements (AWAs)² – excluding casuals – at 30 June 2009.

APS Classification	Collective Agreement and/or s24(1) det	AWA	Total ³
SES Bands 1 to 3	21	91	112
EL 2 (non-SES)	228	28	256
APS 6 to EL 1 (non-SES)	540	67	607
APS 1 to 5 (non-SES)	509	53	562
	1,298	239	1,537

Table 21: Available salary ranges (excluding casuals), at 30 June 2009⁴

APS Classification	Minimum (\$)	Maximum (\$)
SES Bands 1 to 3	130,000	N/A ⁵
EL 2 (non-SES)	104,600	123,200
APS 6 to EL 1 (non-SES)	66,200	103,700
APS 1 to 5 (non-SES)	37,400	66,200

Table 22: Actual salary ranges (excluding casuals), at 30 June 2009⁴

APS Classification	Minimum (\$)	Maximum (\$)
SES Bands 1 to 3	130,000	280,000
EL 2 (non-SES)	104,600	123,200
APS 6 to EL 1 (non-SES)	66,200	104,500
APS 1 to 5 (non-SES)	37,400	70,500

Non-salary benefits

Finance staff have access to a range of salary sacrifice benefits including superannuation, leased motor vehicles, laptop computers, mobile telephones, airline lounge memberships and on site early childhood care services. Finance also contributes to child care costs by offering below market property rental to the early childhood care service provider. Finance meets relevant professional membership fees in accordance with the department's policy.

² Finance did not have any staff covered by a Common Law Agreement.

³ This total does not include 174 casual staff.

⁴ These figures reflect base salary only and exclude superannuation and other benefits.

⁵ The Secretary, in consultation with Finance's Remuneration Committee, determines the salaries of all SES staff.

Performance pay

Table 23: Staff performance bonus by classification 2008-09

APS Classification	Staff who received performance pay	Aggregated performance pay (\$)	Minimum performance pay (\$)	Maximum performance pay (\$)	Average payment (\$)
SES Bands 1 to 3	93	833,856	2,614	28,000	8,966
EL 2 (non-SES)	211	952,544	774	9,240	4,514
APS 6 to EL 1 (non-SES)	449	1,279,410	88	7,778	2,849
APS 1 to 5 (non-SES)	367	455,742	37	3,060	1,242
		3,521,552			

Staff turnover (by headcount)

Table 24: Voluntary turnover rate for ongoing staff as a percentage of all ongoing separations

Financial year	Number of ongoing staff ⁵	Voluntary ongoing separations	Total ongoing separations	Percentage of voluntary separations by total separations	Percentage of voluntary separations by ongoing staff
1999-00	800	135	337	40	17
2000-01	710	96	184	52	14
2001-02	648	78	131	60	12
2002-03	682	84	95	88	12
2003-04	793	126	128	98	16
2004-05	975	214	215	100	22
2005-06	1,095	214	214	100	20
2006-07	1,281	250	252	99	20
2007-08	1,330	239	240	99	18
2008-09	1,426	164	164	100	12

⁵ The number of staff is the average number of staff for the specified financial year.

Appendix F: Commonwealth Disability Strategy

During 2008-09, Finance continued to encourage an inclusive and diverse workplace in accordance with the requirements of the *Disability Discrimination Act 1992*. This appendix reports on the department's performance in implementing the Commonwealth Disability Strategy. For the purposes of the strategy, Finance's activities include the roles of "Employer", "Policy Adviser", "Regulator", "Purchaser" and "Provider". Finance reports on its Employer role through the Australian Public Service Commission's annual State of the Service agency survey.

Finance's role as a Policy Adviser requires the department to work primarily with Australian Government agencies rather than the wider community. The department recognises that it needs to consider the impact a new or revised policy will have on the lives of people with disabilities, and when advising on the policies brought forward by other agencies for government consideration, Finance considers these issues.

Finance's policy responsibilities include the Australian Government's procurement policy framework. The Commonwealth Procurement Guidelines articulate the government's expectations for all FMA Act agencies and their officials when performing duties related to procurement. Revised guidelines took effect on 1 December 2008, which included a new exemption from the mandatory procurement procedures for the procurement of property or services from businesses that primarily exist to support people with disabilities through the provision of their services.

Finance also publishes checklists and guides that promote better practice in using technology to deliver information and services to a diverse range of people, including people with disabilities. For example, the *Australian Government Web Publishing Guide* informs agencies about their legal obligations for online accessibility and provides practical guidance to help them meet or exceed these obligations. The guidelines mandate that government websites meet all the Priority 1 checkpoints, and recommend they also meet Priority 2 checkpoints of the *Web Content Accessibility Guidelines* Version 1 published by the World Wide Web Consortium. Meeting these checkpoints removes many barriers to accessing web documents for people with disabilities.

Finance's own websites, including 'finance.gov.au' and 'australia.gov.au', provide access to information in a manner that complies with the *Australian Government Web Publishing Guide*. Finance has implemented quality control processes to ensure access and equity principles are taken into consideration during the web publishing process.

Finance's role as a Regulator does not directly impact on the public and is limited to issues internal to the Australian Government. Information related to this role is accessible to people with disabilities from the Finance website.

Finance's role as a Purchaser includes delivering specific construction projects for the government. The buildings for which Finance managed the planning and construction during 2008-09 complied with all relevant state, territory and Commonwealth legislation, including the *Disability Discrimination Act 1992*.

Finance's role as a Provider includes supplying a range of support services to Ministers, Senators, Members and their staff, including electorate office facilities, motor vehicles and car-with-driver services. Finance makes adjustments in order to provide access to these services for clients with disabilities.

Appendix G: Ecologically Sustainable Development and Environmental Performance

The following information is provided in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act). It highlights how the outcomes and activities of Finance contribute to ecologically sustainable development.

Finance's Whole-of-Government Environmental Activities

Non-Defence Domestic Property Portfolio

Finance manages a diverse portfolio of non-Defence properties within Australia, including office buildings, law courts, special purpose facilities, heritage properties, vacant land, and contaminated sites. The department manages this portfolio in accordance with the legislative framework for environmental and heritage matters including the *National Environment Protection Council Act 1994* (NEPC Act) and the EPBC Act. Finance manages each property in accordance with the principles of ecologically sustainable development and considers potential environmental and heritage impacts when making management decisions. During 2008-09, Finance implemented a program to review heritage assessments and updated the heritage management plans of relevant properties within the portfolio to maintain compliance with the EPBC Act.

Finance is reviewing the energy consumption of each of the properties in its portfolio to ensure consistency with the Australian Government's *Energy Efficiency in Government Operations* (EEGO) policy. The department is progressively implementing the findings of these reviews to maximise the energy and environmental efficiency of each property.

In the event that a Finance property is contaminated, the department undertakes management and remediation in accordance with the NEPC Act and the *National Environment Protection (Assessment of Site Contamination) Measure 1999*, which is the recognised standard for assessing site contamination.

Finance is also managing the planning and construction process for several new Australian Government buildings and the construction or refurbishment of several existing buildings. The department is working to ensure these facilities meet the government's EEGO policy and applicable ecologically sustainable development guidelines. Finance is working to ensure that office buildings, in particular, achieve a minimum National Australian Built Environment Rating System (NABERS) energy rating of 4.5 stars.

Information and Communication Technology

As a result of the *Review of the Australian Government's Use of Information and Communication Technology* by Sir Peter Gershon, which was released on 16 October 2008, the government has developed initiatives to improve its ability to understand its ICT energy costs and environmental footprint.

In the first half of 2009 Finance, in conjunction with the Department of Environment, Water, Heritage and the Arts (DEWHA), developed a list of Green ICT Quick Wins based on best practice followed in Commonwealth departments and agencies and in the private sector. By implementing the Green ICT Quick Wins, agencies can quickly attain energy efficiency savings and build momentum for whole-of-government green initiatives. Finance published the list on its website on 30 June 2009, which includes replacing active screensavers with blank screens, automatically shutting down computers outside of work hours, and requiring prospective suppliers to indicate whether they are a signatory to the National Packaging Covenant.

Parliamentarians' Electorate Office Accommodation and Support

Finance is responsible for the provision of Parliamentarians' office accommodation and associated facilities within their electorate. Finance also provides office facilities for Ministers, other office holders and visiting Parliamentarians in each state capital.

Throughout 2008-09, Finance continued implementing a range of initiatives aimed at improving the energy efficiency of these offices, including replacing existing light bulbs with energy efficient types, installing dual flush toilets, installing flow restrictors on taps and showers, installing timers on boiling water units and providing carbon-neutral copy paper to Parliamentarians through the department's office requisites provider.

COMCAR

In line with government policy, COMCAR uses ethanol-blended fuel (E10) where practicable and in 2008-09 COMCAR's average usage was 87 per cent. Access to E10 fuel near COMCAR depots in Western Australia and Tasmania is limited and the department expects that overall usage will be even greater when E10 fuel becomes more widely available in those states.

Following the outcome of a trial of hybrid vehicles, which concluded on 6 June 2008, Finance added four hybrid vehicles to the ACT fleet for use on the Canberra parliamentary shuttle.

On 7 February 2008, Finance installed a 20,000-litre water tank in COMCAR's Melbourne depot to harvest rainwater from the large warehouse roof. The depot's in-house car-wash area uses the recycled water. This facility has provided sufficient water to meet the car washing requirements of the depot throughout 2008-09 and no mains water was used for car washing in that period.

Finance's Departmental Environmental Activities

Finance has operating procedures for the management of energy consumption, packaging, paper usage and general waste generation. These procedures guide the recycling of paper, cardboard, printer cartridges, plastics, metals, glass, batteries, mobile phones and fluorescent tubes. The procedures also provide for building fit-out materials and furniture to include recycled material where practical and cost effective.

On 14 November 2008, Finance began an environmental awareness program for staff, which is designed to promote awareness of the environmental measures that the department currently has in place and encourage staff to participate in these activities. For example, the program has encouraged staff to use double-sided printing where possible to reduce the volume of paper used (all Finance printers that are capable of printing double-sided do so by default). At the request of staff, an enhanced waste recycling trial has commenced at one departmental tenancy. The trial aims to improve staff recycling and waste disposal habits and increase the measurement accuracy for levels of waste and recycling. Should the trial prove successful, Finance will review the current arrangements in its other tenancies.

Finance was a registered participant in Global Earth Hour 2009 on 28 March 2009. Participation involved taking steps to minimise energy usage by turning off non-essential lights and computers, closing window blinds and unplugging non-essential appliances and equipment. Finance staff are encouraged to adopt these Earth Hour strategies as standard procedure over weekends and holiday periods.

Beginning on 11 June 2009 as part of Finance's contribution to the Green ICT Quick Wins program, the department began a progressive roll-out to alter the power saving settings on the department's laptops and desktops to reduce their electricity usage.

During 2008-09, Finance entered into voluntary Green Improvement Agreements for two of its tenancies. The objective of the agreements is to achieve a NABERS rating of 3.5 stars as a minimum by undertaking energy audits, developing energy management plans, and implementing engineering programs and tenant cultural change programs to improve building energy efficiency. The Green Improvement Agreements are similar to the

DEWHA Green Lease Schedules, which oblige the tenants of buildings to achieve certain energy targets, but they have the added advantage of being able to be implemented mid-lease. Currently these agreements cover buildings where Finance is a co-tenant with the National Capital Authority and the Department of the Treasury (Treasury Building), and DEWHA (the John Gorton Building).

Finance monitors its average energy consumption and reports the outcomes to the Department of Climate Change through the whole-of-government Online System for Comprehensive Activity Reporting program. During 2008-09, the department's total energy consumption was 4,504,550 kWh¹. The department increased its consumption of Greenpower by 0.74 per cent over 2007-08 levels. Greenpower now comprises approximately 7.25 per cent of total energy consumption.

Finance is a signatory to the National Packaging Covenant and under this arrangement reports annually to DEWHA on the volume of waste directed to recycling. Using the volume-modelling tool provided by DEWHA, Finance estimates that 17 per cent of the total volume of its waste will be recycled in 2008-09. This is the same percentage as in 2007-08.

Recycling of office waste paper, including the secure destruction of classified documents, is dealt with as a separate stream of recycling activity from that reported under the National Packaging Covenant. Under this arrangement, Finance records and monitors the total weight of recycled materials. For the period 1 July 2008 to 30 May 2009, Finance recycled a total of 58,088 kilograms of office waste paper. This total figure comprises 29,237 kilograms of general office waste paper, including newspapers and magazines, and 28,851 kilograms of classified documents.

¹ Not all energy invoices for June 2009 had been received by Finance at the time of reporting. Data for June 2009 is based on the yearly average across all months.

Appendix H:

Corrections to the 2007-08 Annual Report

This appendix itemises corrections to Finance's 2007-08 Annual Report.

There is one amendment to Chapter 10 – Purchasing and Asset Management:

- Information on the *contract value* of contracts and consultancies with a contract value over \$10,000 is available from the AusTender website, but not on expenditure as stated in Finance's 2007-08 Annual Report (page 94).

There is one amendment to Appendix G – Ecologically Sustainable Development and Environmental Performance:

- Page 127 incorrectly states that Finance recycled 28 per cent of total waste. This figure was prepared based on the recycling volume-modelling tool provided by the Department of Environment, Water, Heritage and the Arts (DEWHA). On 11 September 2009, DEWHA confirmed that Finance should update the figures using a revised version of this tool. The revised figure for 2007-08 is 17 per cent. This amended figure has been used as the basis for comparing Finance's performance in 2008-09 on page 118 of this report.

There is one amendment to the Report on the Operations of the Office of Evaluation and Audit (Indigenous Programs) for 2007-08:

- *Table 1: Performance information and level of achievement – 2007-08*, on page 259, incorrectly states that the Office's 2007-08 total revenue was \$5,138 million and the total expenditure was \$5,228 million. The correct figures should have been total revenue of \$5.138 million and total expenditure of \$5.288 million.

Financial Statements Department of Finance and Deregulation



Financial Statements for the Year Ended 30 June 2009



INDEPENDENT AUDITOR'S REPORT

To the Minister for Finance and Deregulation

Scope

I have audited the accompanying financial statements of the Department of Finance and Deregulation for the year ended 30 June 2009, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Administered Items and Notes to and forming part of the Financial Statements, including a Summary of significant accounting policies.

The Responsibility of the Secretary for the Financial Statements

The Secretary of the Department of Finance and Deregulation is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Finance and Deregulation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of

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Finance and Deregulation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary of the Department of Finance and Deregulation, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Finance and Deregulation:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Finance and Deregulation's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ian Goodwin

Principal Adviser

Delegate of the Auditor-General

Canberra

17 August 2009

DEPARTMENT OF FINANCE AND DEREGULATION
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2009 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* as amended.



IJ Watt
Secretary
Department of Finance and Deregulation

14 August 2009



Michael Burton
Chief Financial Officer
Department of Finance and Deregulation

14 August 2009

Report on the Operations of the Office of Evaluation and Audit (Indigenous Programs) for 2008–09



OEA



Australian Government
Department of Finance and Deregulation

Dr I J Watt AO
Secretary
Department of Finance and Deregulation
John Gorton Building
King Edward Terrace
PARKES ACT 2600

Dear Dr Watt

In accordance with section 193ZA(4) of the *Aboriginal and Torres Strait Islander Act 2005* I am pleased to provide a report on the operations of the Office of Evaluation and Audit (Indigenous Programs) for the period 1 July 2008 to 30 June 2009.

Yours sincerely

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

Andrew Pope
Acting Director of Evaluation and Audit
Office of Evaluation and Audit (Indigenous Programs)
20 August 2009

Overview

During 2008-09, the Office of Evaluation and Audit (Indigenous Programs) [the Office] completed eleven evaluations and audits from its Work Program. Five of these had been commenced in 2008-09 while the others had been commenced prior to 2008-09. There were twelve evaluations and audits in progress as at 30 June 2009; six of these will be completed in the first quarter of 2009-10.

Compiling a Work Program that reflects the priorities of government is an important activity for the Office. The Northern Territory Emergency Response (NTER) meant a major change in Indigenous program delivery in 2007-08 and was an area of significant expenditure commitments. The government has identified 'Closing the Gap' as its priority for Indigenous Affairs and 2008-09 saw further reforms to delivery arrangements with the development of a range of agreements and partnerships under the Council of Australian Governments (COAG) framework to achieve the Closing the Gap targets.

The Office's Work Program has been developed to reflect these priorities. During 2008-09 the Office completed a performance audit of the NTER School Nutrition Program and commenced work on a performance audit of Government Business Managers, a key element of the NTER. The 2009-2012 Work Program has been designed around the COAG agreed Building Blocks and reflects a primary emphasis on early childhood, schooling and housing, which are critical areas in achieving the Closing the Gap targets.

Over the year, the Minister for Finance and Deregulation published six evaluation and audit reports. The Minister also tabled two audit reports. These reports are available on Finance's website.

Introduction

The Office was established in the Department of Finance and Deregulation (Finance) by section 193W(1) of the *Aboriginal and Torres Strait Islander Act 2005* (the Act). The Office is a division of the Financial Management Group.

Under the Act, the Office reports on its evaluations and audits to the Minister for Finance and Deregulation (the Minister).

The head of the Office is the Director of Evaluation and Audit (the Director). Section 193ZA(2) of the Act provides that the Director is to be engaged under the *Public Service Act 1999* and appointed by the Minister. Section 193ZB(2) provides that the term of the Director's appointment must not exceed five years. At 30 June 2009, the acting Director was Andrew Pope. The previous Director, Colin Plowman, resigned from the position on 25 February 2009.

Section 193ZA(4) of the Act requires that the Director provide the Secretary of Finance with a report on the operations of the Office each year for inclusion in the department's Annual Report.

Role of the Office of Evaluation and Audit (Indigenous Programs)

The Office provides objective advice to the Australian Government about the management and performance of its programs for Aboriginal and Torres Strait Islander people. It makes recommendations about how relevant programs can be improved, and how the Australian Government can deliver better outcomes for Aboriginal and Torres Strait Islander people.

The Office's reports can be tabled in the Parliament or published, at the discretion of the Minister, increasing the accountability of Australian Government bodies delivering relevant programs. Six evaluation and audit reports were published during 2008-09 and two reports were tabled in the Parliament.

Section 193W(2) of the Act provides that the purposes of the Office are to:

- (a) evaluate or audit relevant programs¹ administered by Australian Government bodies
- (b) evaluate or audit the activities of any individual or organisation that has received funding under any relevant program
- (c) report to the Minister on those evaluations or audits and to report to other Ministers in accordance with the directions of the Minister.

Section 193ZG of the Act provides that the Director may, for the purposes of a particular evaluation or audit, examine documents relating to the government agency, organisation or individual that is being evaluated or audited. The Director is entitled to full and free access to such documents and may take copies or extracts from such documents. The Director may also, by notice in writing, require a person to answer questions or produce documents for the purposes of an evaluation or audit.

The Work Program

Section 193Y of the Act provides that before 1 July each year, the Director must develop an evaluation or audit program (Work Program). The Work Program covers a three year period and includes:

- relevant programs administered by Australian Government bodies
- particular aspects of the operations of Australian Government bodies as they concern the administration of relevant programs.

In June 2009, the Office finalised its Work Program for the period 1 July 2009 to 30 June 2012. In undertaking the development of the Work Program, the Office consulted with the Minister as well as the Minister with primary responsibility for Indigenous Affairs (as required by the Act). The Office consulted with the Australian National Audit Office, relevant Australian Government departments, and hosted a round table of officers from relevant Australian Government agencies to discuss the draft Work Program.

The Office's process for developing, implementing and monitoring the Work Program was the subject of a departmental internal audit between July and November 2008. The audit concluded that the OEA has sound procedures in place for developing, implementing and monitoring the Work Program.

¹ The Act defines a relevant program as a program, or program component, under which money is provided, including on loan, or a guarantee is given, or an interest in land or other property is transferred, for the purpose of furthering the social, economic or cultural development of Aboriginal persons or Torres Strait Islanders.

Performance of the Office

The performance of the Office is assessed against the Key Performance Indicators established in Finance's Portfolio Budget Statements.

Table 1: Performance information and level of achievement – 2008-09

Key Performance Indicators	2008-09 Target	Result
Government satisfied with the quality and value of evaluations and audits.	Formal responses indicate that reports are comprehensive and evidence-based in establishing recommendations.	Achieved. OEA has received positive feedback in the formal responses from agencies on evaluation and audit reports completed during 2008-09.
Recommendations of evaluations and audits are agreed by agencies and implemented by program managers.	Over 80 per cent of evaluation and audit recommendations agreed by agencies in reports and followed up within 12 months.	Achieved. OEA made 76 recommendations in evaluation and audit reports completed in 2008-09. Ninety-seven per cent of these were accepted by agencies. During 2008-09 OEA followed up the status of all 51 recommendations made in the six evaluation and audit reports completed in 2007-08.
Timeliness of evaluations and audits.	Over 85 per cent of audits and evaluations are commenced in the period specified in the Work Program and reported to agencies within 12 months.	a) Achieved. OEA commenced ten out of 11 evaluations and audits (90 per cent). Of these, five were reported to agencies within 12 months of commencing and five were ongoing at the end of the financial year. b) Mostly achieved. OEA expects to report four of the remaining five ongoing evaluations and audits (80 per cent) to agencies within 12 months of commencing.

Cost of the OEA

Total revenue in 2008-09 was \$5.3 million. Total expense in 2008-09 was \$5.3 million.

Evaluations and Audits in 2008-09

In 2008-09, the Office completed three evaluations and eight performance audits. Summaries of the findings of completed reports can be found at Attachment A. At 30 June 2009, work continued on a further five evaluations and seven performance audits. Details of all of these evaluations and audits are provided in Tables 2-5, below.

Table 2: Evaluations completed in 2008-09

Program	Portfolio
Legal Aid for Indigenous Australians Program	Attorney-General's
Service Delivery in Remote Indigenous Communities	Cross Portfolio
Law and Justice Advocacy Development Program	Attorney-General's

Table 3: Evaluations in progress at 30 June 2009

Program	Portfolio	Status at 30 June 2009
National Arts and Crafts Industry Support Program	Environment, Water, Heritage and the Arts	Finalising report
Capacity Building Program	Office of the Registrar of Indigenous Corporations (Families, Housing, Community Services and Indigenous Affairs)	Finalising report
Community Development Employment Projects Program	Families, Housing, Community Services and Indigenous Affairs	Discussion paper
Primary Health Care Funding for Aboriginal and Torres Strait Islander People	Health and Ageing	Finalising report
Indigenous Youth Mobility Program	Education, Employment and Workplace Relations	Fieldwork

Table 4: Performance audits completed in 2008-09

Performance Audit	Portfolio
Aboriginals Benefit Account	Families, Housing, Community Services and Indigenous Affairs
English as a Second Language – Indigenous Language Speaking Students	Education, Employment and Workplace Relations
Indigenous Land Corporation – Follow-up Audit of Aspects of the ILC's National Indigenous Development Centre	Families, Housing, Community Services and Indigenous Affairs
Australian Hearing Special Program for Indigenous Australians	Families, Housing, Community Services and Indigenous Affairs; and Health and Ageing, and; Human Services
Centrelink Community Agents Program	Human Services
Indigenous Professional Support Units	Education, Employment and Workplace Relations
Indigenous Community Volunteers	Families, Housing, Community Services and Indigenous Affairs
School Nutrition Program	Education, Employment and Workplace Relations

Table 5: Performance audits in progress at 30 June 2009

Performance audit	Portfolio	Status at 30 June 2009
Indigenous Money Management Services Strategies	Families, Housing, Community Services and Indigenous Affairs	Finalising report
Indigenous Heritage Program	Environment, Water, Heritage and the Arts	Fieldwork
International Repatriation Program	Families, Housing, Community Services and Indigenous Affairs	Fieldwork
Residential Aged Care for Indigenous Australians	Health and Ageing	Finalising report
Indigenous Leadership Program	Families, Housing, Community Services and Indigenous Affairs	Fieldwork
Government Business Managers	Families, Housing, Community Services and Indigenous Affairs	Planning
Sporting Chance	Education, Employment and Workplace Relations	Finalising report

Ministerial Requests

The Minister can request the Office to evaluate or audit funded organisations under section 193X(1)(b) of the Act. In addition, section 193X(1)(ca) enables the Minister to request evaluations or audits of the activities and operations of land councils in the Northern Territory. Ministerial requests are not included in the Work Program.

The Office finalised two Ministerial requests in 2008-09. The OEA finalised its audit of the Centrecorp Aboriginal Investment Corporation in November 2008 and the report was tabled in Parliament on 11 March 2009. The Office was also requested to undertake an audit of the Northern Land Council. This was implemented in two stages covering a financial management component (finalised in July 2008) and a governance component (finalised in December 2008). The Minister tabled a report on the recommendations of the governance component on 24 June 2009. There were no Ministerial requests in progress as at 30 June 2009.

Future Initiatives and Challenges

As part of the 2009-2012 Work Program, the Office will increase its focus on programs in the area of early childhood, schooling and housing – as these are critical to progress in Closing the Gap. The Office will also retain a focus on NTER activities, through audits of Government Business Managers, Income Management, Northern Territory Night Patrols and the deployment of additional teachers in the Northern Territory.

Building internal capacity is a continuing ambition for the Office. During 2008-09 the Office focused on on-the-job training as a mechanism to build its capacity. A key initiative in this respect has been to partner the Office's staff with experienced evaluators and auditors to provide for skills transfer, mentoring and the development of practical experience.

Human Resources

Staff

At 30 June 2009, the Office employed 23 staff. Twelve staff members were female and eleven were male.

Table 6: Staff movements 2008-09

Appointments	7
Promotions in	1
Internal promotions	4
Permanent transfers in	1
Temporary transfers in	0
Temporary staff engaged	2
Temporary staff cessations	1
Promotions out	1
Permanent transfers out	2
Resignations	1
Retirements	0

Consultants and Contractors

Following an open tender process the Office appointed a new panel of consultants in December 2008. The panel includes a core group of consultants to undertake or assist with evaluations and audits. It also includes a sub-panel of consultants able to assist with building the evaluation and audit capacity of the Office. During 2008-09, the Office spent \$1.2 million on consultancies and contractors to deliver evaluations and audits, or to provide support to the Office in its delivery of evaluations and audits.

Attachment A: Summaries of Work Program evaluations and audits completed in 2008-09

Evaluations

Program:	Legal Aid for Indigenous Australians (LEGA) program
Agency:	Attorney-General's Department (AGD)
Value:	\$58.0 million in 2007-08
Program objective:	To better prioritise and target available resources to ensure that Legal Aid services are responsive to established policy priorities and community needs, and to provide the best possible quality of service to individual clients.
Evaluation objective:	To assess the efficiency, effectiveness and economy of the management and operations of the LEGA Program.

The Australian Government has funded legal services for Indigenous people since 1971. The LEGA program, which is administered by the Attorney-General's Department, is delivered through nine contracted providers located in metropolitan, regional and remote locations across Australia. The evaluation found that overall the LEGA Program is meeting its primary objective of improving the access of Indigenous Australians to high-quality and culturally appropriate legal aid services, so that they can fully exercise their legal rights.

The Office made five recommendations for improvements in overall program management and in the management of arrangements and relationships with service providers, including provider contracts and improving the capacity of service providers.

Program:	Service Delivery in Remote Indigenous Communities
Agency:	Cross Portfolio
Value:	n/a
Program objective:	n/a
Evaluation objective:	To report on the efficiency, effectiveness and impact of Australian Government arrangements for the administration of Indigenous programs in remote communities.

This evaluation examined perspectives held by Indigenous community organisations on the Australian Government's arrangements for the delivery of Indigenous programs in remote areas. The evaluation focused on 52 remote communities in the Northern Territory, Western Australia, Queensland and South Australia and sought community organisations' perspectives on how well Australian Government departments are delivering services into these communities. Overall the evaluation found that organisations generally felt they had good relationships with Australian Government departments and that most programs were generally aligned to community needs. Organisations often were not able to readily distinguish between the different levels of government in terms of service delivery responsibilities and felt that further improvements could be made to stability and flexibility of funding and to the level of administrative burden associated with funding agreements.

The evaluation made eight recommendations covering issues relating to strengthening operational relationships between Australian Government departments and service providers and reducing the administrative burdens on providers.

Program:	Law and Justice Advocacy Development Program (LJADP)
Agency:	Attorney-General's Department
Value:	\$2.495 million in 2007-08
Program objective:	The LJADP aims 'to support Indigenous Australians in developing policy, law reform projects and delivering community legal education and information'.
Evaluation objective:	The objectives of the evaluation were to examine and assess: <ul style="list-style-type: none"> • the efficiency of AGD's funding allocation process • the effectiveness of the LJADP and AGD's use of monitoring and evaluation to assess effectiveness • the impacts arising from the LJADP that contribute to changes in policy and practice.

The LJADP aims to support Indigenous Australians in developing policy, law reform projects and delivering community legal education and information. The evaluation examined the effectiveness of the LJADP and the efficiency of the Attorney-General's Department's funding and monitoring arrangements. The evaluation found that there was lack of clarity about what outcomes the program seeks to achieve, how funded activities are intended to achieve program objectives, and how such progress will be measured. To improve the management of the LJADP, the report recommended that the Attorney-General's Department should review the program's funding arrangements, grants administration and performance management arrangements.

The evaluation made two recommendations to integrate the program into the Legal Aid for Indigenous Australians program and to improve the existing performance indicators.

Performance Audits

Program:	Aboriginals Benefit Account (ABA)
Agency:	Department of Families, Housing, Community Services and Indigenous Affairs
Value:	\$96.2 million in 2008-09
Program Objective:	To contribute to the recognition and protection of land rights in the Northern Territory by the effective and efficient administration of those provisions in the <i>Aboriginal (Northern Territory) Land Rights Act 1976</i> (the Act) which provides for the operation of the ABA.
Audit Objective:	The objective of this audit was to examine and report on the efficiency, effectiveness and economy of the ABA, and its overall management. The audit examined the major functions of the ABA, particularly: <ul style="list-style-type: none"> • receipt of royalty-equivalent monies and interest • payment of monies to land councils for administrative expenses • payment of monies to land councils for distribution to royalty associations • payments for the benefit of Aboriginal people living in the Northern Territory.

The ABA is a Special Account of the Australian Government established for the receipt and distribution of statutory royalty-equivalent monies generated from mining on Aboriginal land in the Northern Territory. The audit found there were significant opportunities to improve the accountability frameworks for royalty-equivalent payments made from the ABA and for the grants made from the ABA for the benefit of Aboriginal people in the Northern Territory.

The audit made ten recommendations to improve the administration and transparency of the ABA and to improve its performance reporting.

Program:	English as a Second Language – Indigenous Language Speaking Students (ELS-ILSS)
Agency:	Department of Education, Employment and Workplace Relations (DEEWR)
Value:	\$7.2 million in 2006
Program Objective:	To facilitate the entry of eligible Indigenous students into education by providing intensive English language tuition to each eligible student.
Audit Objective:	The objectives of the audit were to: <ul style="list-style-type: none"> • assess the effectiveness of DEEWR's management of ESL-ILSS including its program administration, monitoring and reporting arrangements • assess the appropriateness of existing funding and program design arrangements • identify and discuss opportunities for these arrangements to improve, including resourcing implications.

The ESL-ILSS program is one element of the Indigenous Education Program funded under the *Indigenous Education (Targeted Assistance) Act 2000*. The ESL-ILSS aims to facilitate the entry of eligible Indigenous students into education by providing intensive English language tuition to each eligible student. The audit identified a number of opportunities to revise aspects of the ESL-ILSS program's design and performance monitoring and evaluation arrangements to help improve its effectiveness.

The audit made three recommendations covering program design, funding methodology and monitoring and reporting.

Program:	Indigenous Land Corporation (ILC) Follow-Up Audit on Aspects of the ILC's National Indigenous Development Centre
Agency:	Indigenous Land Corporation
Value:	n/a
Program Objective:	n/a
Audit Objective:	The objective of the audit was to assess the ILC's progress in implementing Recommendation No.3 of the February 2007 report, <i>Performance Audit of the Indigenous Land Corporation</i> . The audit also had regard to any changed circumstances, or new administrative issues, affecting implementation of the recommendation.

In February 2007, the Office completed an audit of the ILC. As part of that audit, the Office recommended that the ILC strengthen its approach to assessing strategic projects and that in particular more attention be given to the management arrangements of the National Indigenous Development Centre project. The follow-up audit found that the ILC has implemented this recommendation.

Program:	Australian Hearing Special Program for Indigenous Australians (AHSPIA)
Agency:	Department of Health and Ageing and Department of Human Services
Value:	\$4.75 million in 2007-08
Program Objective:	To improve Indigenous access to hearing health care programs and services for clients eligible under the Australian Government Hearing Services Program.
Audit Objective:	To assess the efficiency and effectiveness of Australian Hearing's management and delivery of AHSPIA to improve access to hearing services for Indigenous Australians.

AHSPIA is funded as a community services obligation and administered by the Office of Hearing Services within the Department of Health and Ageing. The program is delivered through 131 Outreach Sites, which are established across Australia to provide culturally appropriate hearing services to eligible Indigenous Australians. The audit found that AHSPIA is achieving its objective of providing a more flexible service delivery model but that further refinements to the program's administration could increase its effectiveness.

The audit made eight recommendations.

Program:	Community Agents Program (CAP)
Agency:	Centrelink
Value:	\$5.6 million in 2007-08
Program Objective:	To contract out basic Centrelink information provision services and application receipt services to community organisations to ensure that Indigenous people in remote communities are not disadvantaged by their remoteness from Centrelink offices.
Audit Objective:	To assess the efficiency, effectiveness and economy of the operation of the program and identify any areas where performance of the program can be improved.

CAP is designed to assist Indigenous people living in remote communities to gain access to Centrelink services. Delivering a support program like CAP in remote areas is challenging. The lack of adequate infrastructure and the ability to attract and retain suitable staff are key issues that affect the quality of service delivery. The Office considered that while the intent of the program is sound, Centrelink's administration of the program could be improved.

The audit made seven recommendations covering location, resourcing and support of CAP agents and reporting arrangements for the program.

Program:	Indigenous Professional Support Units (IPSU)
Agency:	Department of Education, Employment and Workplace Relations
Value:	\$6.2 million from November 2006 to November 2008
Program Objective:	The objectives of IPSUs are to: <ul style="list-style-type: none"> • provide high quality, flexible and innovative professional advice, support and training to staff in eligible Indigenous-run child care services • work collaboratively and provide advice and support to Professional Support Coordinators and Inclusion Support Agencies on the needs of Indigenous child care workers and strategies for addressing these needs.
Audit Objective:	The objectives of the performance audit were to: <ul style="list-style-type: none"> • assess the effectiveness and efficiency of DEEWR's management and administration of the IPSU initiative • assess the effectiveness and efficiency of IPSUs' management of funding, including service delivery and performance management arrangements, and the processes in place to assess eligible services' support needs • work collaboratively and provide advice and support to Professional Support Coordinators and Inclusion Support Agencies to assist these agencies to provide culturally appropriate inclusion and professional support for Indigenous children.

IPSUs provide professional development, advice and resources for eligible Indigenous childcare services. They are managed under the Professional Support Program, which is a component of a larger Inclusion and Professional Support Program that aims to support and enhance the inclusion and professional development needs of childcare services. The audit examined the management of IPSUs by DEEWR and service delivery arrangements. Overall, the audit found that IPSUs have been effective in assessing and addressing Indigenous childcare services' needs.

The audit made four recommendations covering program planning, design and performance monitoring and reporting arrangements to strengthen program management.

Program:	Indigenous Community Volunteers (ICV)
Agency:	Indigenous Community Volunteers
Value:	One-off grant of \$20 million in 2003-04
Program Objective:	To provide opportunities for Aboriginal and Torres Strait Islander people to develop community and human capacity in order to improve their quality of life, health, social and economic wellbeing and membership entitlement within Australian society.
Audit Objective:	The performance audit examined the efficiency and effectiveness of ICV in providing volunteer services and achieving skills transfer to Indigenous Australians in order to support social and economic development.

ICV is a not-for-profit organisation and the audit concluded that it has been successful in delivering volunteer projects. However, the impacts of these projects have not been measured, as ICV's project management processes and performance frameworks are not sufficiently developed to support the assessment of skills transfer outcomes at either the project or community levels.

The audit made ten recommendations to improve the operation of ICV and its ability to demonstrate the achievement of its outcomes.

Program:	School Nutrition Program (SNP)
Agency:	Department of Education, Employment and Workplace Relations
Value:	\$6.397 million in 2007-08
Program Objective:	<p>SNP aims to achieve two main policy goals:</p> <ul style="list-style-type: none"> • to contribute to improved school attendance and engagement by providing breakfast and lunch to school aged children attending schools in prescribed communities • to provide employment opportunities for local Indigenous people.
Audit Objective:	The objective of the performance audit was to assess whether the SNP is operating efficiently and effectively and is progressing towards its intended outcomes.

The SNP is an important aspect of the NTER aimed at improving school attendance. The audit concluded that the achievement of the program's objective of improving school attendance and engagement could not be solely, or significantly, attributed to the SNP. While the audit identified a number of positive practices and outcomes relating to program implementation, there are opportunities to improve program planning and design, governance arrangements, service delivery and performance management arrangements. There is also a need for DEEWR to address the program's subsidiary aims and the sustainability of the program.

The audit made seven recommendations including in the areas of program planning, overall sustainability of the program and strengthened performance reporting.

Glossary of Terms and Abbreviations and Acronyms



Glossary of Terms

Term	Meaning
Accrual accounting	The accounting basis that brings items to account as they are earned or incurred (and not as cash received or paid) and recognises them in financial statements for the related accounting period.
Act of Grace payment	A discretionary power provided under section 33 of the FMA Act to make payments in special circumstances, generally those in which the Australian Government considers it has a moral rather than legal obligation to provide redress to an individual or other entity, in relation to losses directly caused by the acts or omissions of the government, or caused by the unintended, unfair or anomalous effect of its legislation.
Administered items	Revenues, expenses, assets and liabilities that the executive government controls, but which an agency or authority manages on the government's behalf.
Appropriation	An amount of public monies the Parliament authorises for spending (that is, funds to be withdrawn from the Consolidated Revenue Fund). Not only does an appropriation authorise the Australian Government to withdraw monies, but it also restricts the expenditure to the particular purpose specified.
AusTender	The Australian Government's web based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
Australian Reward Investment Alliance	The Trustee for the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and the Public Sector Superannuation Accumulation Plan and manages the investments of the associated funds. See www.aria.gov.au
Australian Political Exchange Council	An organisation that develops young Australian political leaders by providing opportunities to gain insights into the political systems and cultures of countries with which an exchange program has been established.
Australian Workplace Agreement (AWA)	An individual written agreement between an employer and employee about the terms and conditions of employment, made under the <i>Workplace Relations Act 1996</i> up until 13 February 2008.
Average Staffing Level (ASL)	The average number of employees receiving salary or wages (or compensation in lieu of salary or wages) over a financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Budget	The Australian Government Budget sets out the fiscal and economic outlook for Australia, and includes expenditure and revenue estimates for the current financial year, the budget year, and three forward financial years. It shows the government's social and political priorities, and how the government intends to achieve these. The Budget is usually announced in May each year.
Certified Agreement	A collective agreement certified by the Australian Industrial Relations Commission. Collective agreements were required to be certified by the commission prior to 27 March 2006.
Collective Agreement	A collective agreement relating to employment conditions made directly between an employer and a group of employees.

Term	Meaning
Comcover	The Australian Government's general insurance fund.
ComSuper	Provides superannuation administration services to the Boards of Trustees responsible for the Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme, Public Sector Superannuation Accumulation Plan, Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme. See www.comsuper.gov.au
Commonwealth Monthly Financial Statements	Statements published pursuant to section 54 of the FMA Act.
Consolidated Financial Statements	Statements that present the whole-of-government financial results inclusive of all Australian Government controlled entities, including entities outside the general government sector, such as Australia Post and the Reserve Bank of Australia.
Commonwealth Parliament Offices	Offices that provide state-based parliamentary office accommodation for Ministers, opposition office-holders and leaders of minority parties and provide temporary office and meeting facilities for visiting Senators and Members. Senators may also choose to establish their electorate office within a Commonwealth parliamentary office.
Commonwealth Procurement Guidelines (CPGs)	Guidelines that are issued by the Minister for Finance and Deregulation under Financial Management and Accountability Regulation 7(1). They establish the core procurement policy framework and articulate the government's expectations for all FMA Act agencies and their officials when performing duties related to procurement.
Consultancy services	One particular type of service delivered under a contract for services. They are distinguished from other contracts by the nature of the work performed. A consultant is an entity (individual, partnership or corporation) engaged to provide professional independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist the agency in management decision-making.
Debt waiver	A discretionary power provided under section 34 of the FMA Act to waive debts owed to the Australian Government in special circumstances, generally those in which the government considers it has a moral, rather than legal obligation to extinguish a debt, the repayment of which would result in an overall loss to the individual or entity concerned which has arisen through a direct act or omission of the government; or in the case of an individual, which would cause or exacerbate ongoing financial hardship.
e-Government	The application of information and communications technology – particularly the internet – to enable better service delivery and better administration by government.
Ethanol blended fuel (E10)	A blended fuel consisting of 10 per cent ethanol and 90 per cent unleaded petrol.

Term	Meaning
Expenditure Review Committee of Cabinet	The major ministerial committee responsible for examining all expenditure proposals in light of the government's overall fiscal strategy, advising Cabinet on budget spending priorities and initiating reviews of expenditure under individual ongoing programs.
Expenditure Review Taskforce	A taskforce charged with identifying savings or opportunities to improve the overall quality of government program delivery.
Final Budget Outcome report	Financial statements which are similar to those in the Budget but provide actual outcomes rather than estimates and are released no later than three months after the end of the relevant financial year.
Future Fund	A fund established by the government for the purpose of accumulating assets to offset future Australian Government superannuation liabilities.
Gateway Review Process (Gateway)	A project assurance methodology that involves short, intensive reviews at critical points in the project's lifecycle by a team of reviewers not associated with the project. This provides an arm's length assessment of the project against its specified objectives and an early identification of areas requiring corrective action.
General Government Sector	This sector comprises entities that provide public services which are mainly non market in nature, are mainly for the collective consumption of the community, involve the transfer or redistribution of income or are financed mainly through taxes and other compulsory levies.
Government Business Enterprise (GBE)	A Commonwealth authority or Commonwealth company that is prescribed as a GBE in regulations under the <i>Commonwealth Authorities and Companies Act 1997</i> .
Headcount	The actual number of employees employed by the department.
Mid-year Economic and Fiscal Outlook (MYEFO)	The MYEFO updates the economic and fiscal outlook from the previous Budget. It is released each year by the end of January or six months after the last Budget, whichever is later.
Nation-building Funds	The collective term for the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. These funds provide financing sources to meet the government's commitment to invest in critical areas of infrastructure such as transport, communications, energy, water, education, research and health.
Non-ongoing staff member	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
Ongoing staff member	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
Operation Sunlight	The Australian Government's reform agenda to improve the openness and transparency of public sector budgetary and financial management and to promote good financial governance practices.

Term	Meaning
Outcomes and outputs structure	The outcomes and outputs structure of an agency reflects its business operations and provides the basis of performance reporting to the parliament. Outcomes are the results, impacts or consequences of actions by the Australian Government on the Australian community. Outputs contribute to outcomes, and are specified by price, quantity and quality.
Performance information	Evidence about performance that is collected and used systematically which may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention.
Portfolio Additional Estimates Statements	Statements which inform senators, members and the public of changes since the Budget to the proposed allocation of resources to government outcomes.
Portfolio Budget Statements	Statements which explain how moneys included in the Appropriation Bills (Budget Bills) are to be spent.
Practical Completion	The point in time at which construction works have been completed except for minor defects and the contractor has provided appropriate certifications and documentation.
Private financing	A form of government procurement involving the use of private sector capital to wholly or partly fund an asset that otherwise would have been purchased directly by the government and which is used to deliver government outcomes.
Protective Security Manual	The principal means for disseminating Australian Government protective security policies, principles, standards and procedures to be followed by all Australian Government agencies for the protection of official resources.
Strategic Priorities and Budget Committee of Cabinet	A subcommittee that provides strategic oversight and direction to: broad government strategy; sensitive whole-of-government issues; Council of Australian Government processes; and budget processes by setting the budget and fiscal strategies and broad policy priorities for expenditure.
Telepresence	A set of video conferencing technologies that allow a person to feel and appear as if they are present at a remote location.
Updated Economic and Fiscal Outlook (UEFO)	A UEFO is published should the government consider that changes in economic conditions or its fiscal strategy warrant an update of its economic forecasts and key budget aggregates. The first UEFO was released on 3 February 2009 to explain the impact of the global recession on Australia's economic outlook and key fiscal measures.

Acronyms

Acronym	Meaning
AASB	Australian Accounting Standards Board
ABA	Aboriginals Benefit Account
ABGR	Australian Building Greenhouse Rating
AGD	Attorney-General's Department
AGIMO	Australian Government Information Management Office
AGOSP	Australian Government Online Service Point
AHSPIA	Australian Hearing Special Program for Indigenous Australians
AMG	Asset Management Group
ANAO	Australian National Audit Office
AO	Order of Australia
APS	Australian Public Service
APSC	Australian Public Service Commission
ARTC	Australian Rail Track Corporation
ASC	Australian Submarine Corporation
ASIO	Australian Security Intelligence Organisation
ASL	Average Staffing Level
AusAid	Australian Agency for International Development
AWA	Australian Workplace Agreement
BCC	Business Cost Calculator
BPTC	Business Process Transformation Committee
BRCWG	Business Regulation and Competition Working Group
CA	Collective Agreement
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAP	Community Agents Program
CAS	Central Advertising System
CeBIT	Centre for Office and Information Technology
CEI	Chief Executive's Instructions
CIO	Chief Information Officer
CIOC	Chief Information Officer Committee
CMUL	Communications Multi-Use List
COAG	Council of Australian Governments
CPGs	Commonwealth Procurement Guidelines

Acronym	Meaning
DBCDE	Department of Broadband, Communications and the Digital Economy
DECCW	NSW Department of Environment, Climate Change and Water
DEEWR	Department of Education, Employment and Workplace Relations
DEWHA	Department of Environment, Water, Heritage and the Arts
DHA	Defence Housing Australia
Eto	Ethanol Blended Fuel
EEGO	Energy Efficiency in Government Operations
EL	Executive Level
ELS-ILSS	English as a Second Language – Indigenous Language Speaking Students
EPBC Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
Finance	Department of Finance and Deregulation
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMG	Financial Management Group
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
GBE	Government Business Enterprise
GST	Goods and Services Tax
HR	Human Resources
ICT	Information and Communication Technology
ICV	Indigenous Community Volunteers
IDCC	Inter-departmental Committee on Communications
IILC	Indigenous Land Corporation
IPSU	Indigenous Professional Support Units
JCPAA	Joint Committee of Public Accounts and Audit
LEGA	Legal Aid for Indigenous Australians
LJADP	Law and Justice Advocacy Development Program
MOP(S) Act	<i>Members of Parliament (Staff) Act 1984</i>
MPL	Medibank Private Limited
MYEFO	Mid-year Economic and Fiscal Outlook
NABERS	National Australian Built Environment Rating System
NBN	National Broadband Network
NEPC Act	<i>National Environment Protection Council Act 1994</i>

Acronym	Meaning
NTER	Northern Territory Emergency Response
OBPR	Office of Best Practice Regulation
OEА	The Office of Evaluation and Audit (Indigenous Programs)
OECD	Organisation for Economic Cooperation and Development
OH&S	Occupational Health and Safety
OH&S Act	<i>Occupational Health and Safety Act 1991</i>
OSR	NSW Office of State Revenue
PBS	Portfolio Budget Statements
PAES	Portfolio Additional Estimates Statements
PSM	Public Service Medal
PWC	Public Works Committee
RIS	Regulation Impact Statement
SIGB	Secretaries' ICT Governance Board
SES	Senior Executive Service
SNP	School Nutrition Program
SSCFPA	Senate Standing Committee on Finance and Public Administration
UEFO	Updated Economic and Fiscal Outlook
VIP	Very Important Person
VSA	Volume Sourcing Agreement

Compliance Index and Index



Compliance Index

Under subsection 63(2) of the *Public Service Act 1999*, departmental annual reports must be prepared in accordance with guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit (JCPAA). The JCPAA approved the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* on 17 June 2009 and they apply to annual reports for the financial year ending on or after 30 June 2009. The requirements stipulate a core set of mandatory information that must be included in annual reports to ensure that accountability requirements are met and to provide consistency for readers.

The following table shows where the information specified by the requirements can be found in this report.

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