

CORPORATE MANAGEMENT AND ACCOUNTABILITY

Section 3

Overview

Corporate governance

External scrutiny

Management of human resources

Management of financial resources





A consular services training course held in the department's new Crisis Centre.



CORPORATE MANAGEMENT AND ACCOUNTABILITY

Overview

The shifting demands of the department's operating environment require flexible staffing arrangements underpinned by sound management structures. We remained alert to the changing nature of the workplace through workforce planning, targeted recruitment programs and expanded training opportunities.

Our adaptable staff were deployed quickly to meet changing policy priorities and to respond to consular crises. In Lebanon in July–August 2006, we undertook the largest single evacuation of Australian citizens. We mobilised 449 staff in Canberra and overseas to deliver a whole of government response to this complex and dangerous crisis.

We responded promptly to other emergencies, including the air disaster in Yogyakarta in March 2007 that claimed 21 lives, including Australian officials.

The department undertook a significant recruitment program of generalist and specialist staff to support the delivery of outputs. The opportunity for overseas service and the diversity of the department's work helps us to attract and retain high-quality staff.

We concluded the department's Reconciliation Action Plan and finalised the Action Plan for Employing People with Disability. Both plans enhance the department's commitment to a workplace free of harassment and discrimination.

In Canberra, the department restructured its divisions. The new structure sharpens the focus on key policy, advocacy and service functions and is more closely aligned with the Government's foreign and trade policy priorities. The creation of the Australian Passport Office enhanced the department's capacity to better service its clients and to manage the growing complexity of passport operations.

We responded to emerging policy issues through the establishment of dedicated staff units, including the creation of a temporary Fiji task force (in response to the coup), and the Japan Free Trade Agreement Task Force to advance bilateral FTA negotiations.

We deployed additional staff to work on environment issues, in particular climate change.

An extensive review of the 1985 Prime Minister's Directive on Guidelines for the Management of the Australian Government Presence Overseas was undertaken by the department and other agencies. As a result, the Prime Minister issued a revised directive in February 2007 to reflect the reality of administering a modern overseas mission in a whole of government framework.

The department established a task force on cutting red tape. The task force has consulted widely and will provide recommendations that streamline administrative processes and diminish unnecessary burdens.

We revised departmental travel policy and harmonised domestic and international travel processes. The changes provide a more equitable and efficient system of managing departmental travel.

The department improved its financial management framework by reviewing its *Finance Management Manual*, enhancing forecasting and variance analysis, and improving the department's capital management governance systems. The ANAO's review of major government agencies control structures that underpin 2006–07 financial statements rated the department as having effective internal controls in place to ensure good financial management and a sound financial reporting framework.

Corporate governance

The department's strong institutional governance framework ensured we achieved the corporate tasks that support our performance outcomes.

Senior Executive

The Secretary and five deputy secretaries comprise the department's Senior Executive. The Senior Executive provided leadership and strategic direction to the department and oversaw our corporate governance framework.

The Secretary, Michael L'Estrange AO, provided close direction on all major foreign and trade policy and corporate management issues. The Secretary provided direct leadership in shaping and communicating the professional values and culture of the department in Australia and abroad. He decided all Senior Executive Service staff placements. The five deputy secretaries supported the Secretary in overseeing the department's divisions (see Figure 1 on page 16 for a breakdown of deputy secretary responsibilities).

Members of the Senior Executive frequently represented the Government at high-level meetings in Australia and overseas. The deputy secretaries also chaired key corporate governance bodies.

Management mechanisms

The department's management mechanisms contributed to effective decision-making on foreign and trade policy and corporate issues.

Senior Executive meetings

Weekly meetings of the Senior Executive, chaired by the Secretary, considered a range of foreign and trade policy and corporate issues. The heads of Corporate Management Division, Diplomatic Security, Information Management and Services Division and, as appropriate, the Director General of AusAID also attended these meetings. The Senior Executive meetings considered regular reports on the department's staffing, budget, IT, and property management performance, and a range of other issues related to specific overseas posts, and divisional performance on ministerial correspondence and security breaches.

The Senior Executive held regular meetings on current policy issues with Mr Downer and Mr Truss.

Working in the National Interest

In May 2007 the department issued a publication *Department of Foreign Affairs and Trade: Working in the National Interest* to serve as a practical guide to staff and the wider community about what we do and why we do it. The guide describes key aspects of the department's work, role, culture and values and is available on the department's website.

It outlines how we deploy our people in Australia and in our network of overseas posts to achieve our key goals—to enhance the security of Australia, to contribute to Australia's prosperity and to help Australians overseas. It sets out what our key strategies and activities are at a bilateral, regional and multilateral level to achieve these goals in the national interest—often in difficult and unpredictable circumstances.

The guide also provides details of our consular and passport services, our public diplomacy programs which aim to promote a realistic and positive image of Australia internationally, and our contribution to whole of government foreign and trade policy outcomes.

Senior management committees

Audit and Risk Committee

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to the Secretary (and the Senior Executive) on the department's risk, control and compliance framework, and its external accountability responsibilities. It is chaired by a Deputy Secretary not directly responsible for overseeing the Corporate Management Division. The Committee is charged with:

- reviewing and enhancing the department's risk management strategy including business continuity planning
- assessing whether the internal control framework is sound and effective

- reviewing the department's financial statements and providing advice to the Secretary on the Certificate of Compliance process
- assessing legal and compliance risks
- reviewing the internal audit annual work program and its findings
- acting as a forum for communication between the Secretary, corporate management and internal and external audit
- providing advice to the Secretary on action taken on issues arising from the internal and external audit programs, including monitoring implementation of audit recommendations.

In 2006–07, the Audit and Risk Committee met three times. The committee considered issues related to the department's risk management and business continuity planning, outcomes from the internal audit program including post audit activity, progress on the implementation of the self assessment manual policy at overseas posts and detailed consideration of the committee's role in providing assurance to the Secretary in relation to the new Certificate of Compliance process.

Ethics Committee

The Ethics Committee works to promote high standards of ethical behaviour across the department and seeks to provide clear guidance on standards of conduct. It oversees the development and implementation of conduct and ethics policy and works closely with the department's Conduct and Ethics Unit. Chaired by the Deputy Secretary responsible for the Corporate Management Division the committee comprises ten members from various staffing levels and areas within the department. It meets up to three times a year. In 2006–07, the committee was involved in revising the department's conflict of interest policy, in line with recent changes to the Australian Public Service Commission's guidelines on conflicts of interest.

Workplace Relations Committee

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

The Committee is chaired by the Secretary or his nominee, normally a deputy secretary responsible for corporate management issues. Under the terms of the department's Collective Agreement 2006–2009, membership includes representatives from management areas and nine elected staff representatives (two from each of the three employee broadbands, two EL2 staff and one SES employee). The Association of Foreign Affairs and Trade Employees, the Community and Public Sector Union, the Australian Manufacturing Workers' Union and the Media, Entertainment and Arts Alliance are also represented on the committee. The committee meets four times a year.

During 2006–07, the committee examined and discussed options for: improving staff training and career development opportunities; further integrating working smarter principles, such as work–life balance, into the workplace; improving mechanisms for

transferring workplace knowledge; streamlining departmental work systems and practices; and introducing a Green Transport Plan for the department.

Other senior management meetings and mechanisms

The Secretary's weekly meeting with division heads is the central means of communicating foreign and trade policy and corporate priorities throughout the department. Division heads are responsible for disseminating key messages from these meetings to their staff. As required, the Secretary holds policy planning meetings with senior executive staff to discuss priority or emerging issues.

The Secretary communicated with staff through his weekly meetings with division heads, weekly policy reports to senior staff, administrative circulars, and by posting messages on the department's intranet and in the staff newsletter, *DFATNEWS*.

Posts were kept informed of and contributed to policy and corporate initiatives through:

- the Secretary's weekly policy reports
- weekly key messages briefs distributed by cable to all posts and regular formal and informal channels of communication with 'parent' divisions in Canberra
- periodic regional heads of mission/post meetings and consultations
- periodic visits by officials from Canberra, sometimes in conjunction with ministerial or senior officials' meetings
- Post Liaison Visits led by a deputy secretary
- regional management conferences attended by senior representatives of Corporate Management Division and Diplomatic Security, Information Management and Services Division
- regional public diplomacy workshops led by staff from Canberra
- policy and administrative guidance delivered through Administrative Circulars.

Planning and review

A series of departmental planning and review processes—covering all divisions, overseas posts and state and territory offices—takes place throughout the year to evaluate performance and ensure resources are directed effectively to support the Government's foreign and trade policy goals. Whole of department performance expectations and our planned use of resources are outlined in the department's Portfolio Budget Statements, which are tabled in Parliament as budget related papers.

Divisional evaluation review

Divisional evaluation reviews take place in August each year, with a mid-term review in February. The purpose is to enable the Senior Executive to evaluate the performance of each division and to determine or refine divisional priorities for the period ahead.

Budget allocation review

The budget allocation review process is the department's primary vehicle for resource decisions. It aims to enhance budget planning and expenditure forecasting, consolidate budget management on a single corporate system, and better integrate the department's internal processes with the Government's Budget timetable. Budget allocation review meetings took place in December 2006 and June 2007.

Post evaluation reports

The department undertakes an annual evaluation of the performance of our overseas posts over the previous 12 months. The process is a central mechanism for ensuring posts' work is focused on Government priorities. We assess posts' contributions to policy outcomes, examine the quality of post management and set priorities for the forthcoming year. Post evaluation also helps inform the Senior Executive's appraisal of the performance of individual heads of mission and post.

Incorporating the views of other departments and agencies is a key element of our post evaluation. For 2006–07, consistent with a suggestion from the ANAO in its 2004–05 audit on the Management of Bilateral Relations with Selected Countries, we invited comment from 45 departments and agencies, and requested that they consult relevant bodies within their portfolios. We are concerned principally with strategic-level assessments of posts' performance in meeting the Government's policy objectives, although feedback on operational issues is also welcome. Agency comments were very positive overall, demonstrating that posts were meeting whole of government objectives.

Evaluation of performance of state and territory offices

As with posts, state and territory offices are also subject to a performance review at the end of each financial year. Office evaluation reporting focuses on key areas including support to ministers, liaison with the local consular corps, business liaison programs and trade advocacy and outreach activities, as well as assistance provided for major meetings, notarial services and office administration. The 2006–07 evaluation found that state and territory offices were meeting the department's expectations in these areas.

Post liaison visits

In 2006–07, Deputy Secretaries led small teams that conducted post liaison visits (PLVs) to 11 posts. The annual program of post liaison visits allows us to assess firsthand post performance against agreed objectives and provides an opportunity for post staff and their families to raise any concerns directly with senior staff from Canberra. Following the PLVs, the department assesses whether posts are appropriately staffed and resourced and considers adjustments, as appropriate. Each PLV produces a list of recommendations on post operations that are subsequently considered by the department's Senior Executive.

Internal audit

The Audit and Risk Committee has governance responsibility for internal and external audits of the department. It guides and reviews the audit program to ensure the department maintains an effective internal control framework and complies with legislative and other obligations. The objective of internal audit is to undertake assessments of

departmental structures and processes, to make recommendations aimed at improving the department's operations, and, to provide assurances to Ministers on the overall governance of the department.

Compliance and performance audits presented to the Audit and Risk Committee included:

- twelve post compliance audits
- seven post desk audits
- one state office compliance audit
- superannuation delegations audit (annual requirement)
- handling and storage of highly sensitive national security material by the department (annual requirement)
- compliance audit of heads of mission travel in selected posts
- performance audit of the role of senior administrative officers at posts.

The Audit and Risk Committee noted that all recommendations arising from these audits were satisfactorily addressed during the year or were in the process of being addressed.

Risk management and business continuity planning

The Audit and Risk Committee has governance responsibility for risk management and business continuity planning. In 2006–07 the department: updated the risk register, incorporated risk management into performance agreements; and communicated messages to staff about the importance of effective risk management as a key element in departmental decision-making processes. We provided a submission to the annual Comcover risk management benchmarking survey and entered Comcover's awards for excellence in risk management, for which we were short-listed for an award.

In May 2007, the department conducted a desktop test of its business continuity plan (BCP). We monitored and updated posts' and divisions' BCPs and provided generic guidance to posts about how to update and test their plans. We provided briefings to posts on BCP requirements at regional management meetings. The department advanced the utility of our offsite IT disaster recovery facility.

Conduct and ethics

The department has a workplace culture that promotes high ethical standards. Our active conduct and ethics outreach and awareness program resulted in high levels of staff familiarity and application of Australian Public Service Values and Code of Conduct and the department's own Code of Conduct for Overseas Service for Australia-based staff (2005–06 Australian Public Service *State of the Service Employee Survey*). The DFAT code takes account of the significance of the department's representational role outside Australia.

As required, we conducted investigations into both Australia-based and locally engaged staff, again recording low levels of reported fraud and misconduct. We continued extensive outreach activities, including mandatory conduct and ethics training for all staff on pre-posting training and for new staff. Conduct and ethics awareness was an important component in other staff development and management courses, such as management workshops, the Leadership and Development Program for locally engaged staff and regional management conferences involving administrative officers from posts. We provided briefings on post-specific conduct and ethics issues to heads of mission, deputy heads of mission and senior administrative officers before their departure on posting.

The department's human resources manual includes a chapter with department-specific guidance on conduct and ethics issues, including: procedures for dealing with gifts, benefits and hospitality; SES returns on their private interests; offers of sponsored travel; and diplomatic and consular privileges.

The department has an internal Ethics Committee that meets three times a year. Its object is to:

- promote high standards of ethical behaviour
- prevent fraud and misconduct
- ensure that investigations are carried out fairly and expeditiously
- provide clear and consistent guidance on standards of conduct.

Fraud measures

In accordance with the *Australian Public Service Act 1999*, the department has in place effective procedures to ensure that Australia-based or locally engaged staff who report breaches of the APS Code of Conduct or the Code of Conduct for Overseas Service are protected from the threat of reprisal and that allegations are investigated fairly and expeditiously.

In accordance with the Commonwealth Fraud Control Guidelines, the department has a fraud risk assessment and a fraud control plan. We reviewed and reissued our fraud control plan in 2006. We have in place appropriate fraud prevention, detection, investigation, reporting, and data collection procedures and processes that meet the specific needs of the department and comply with Commonwealth investigation guidelines.

The department's investigators responsible for fraud and misconduct investigations hold Advanced Diplomas of Government (Fraud Control Management), which is the Attorney-General's Department's recommended qualification for Commonwealth employees engaged in managing fraud prevention, detection and investigation activity.

Whole of government

The department worked with other agencies on issues requiring a whole of government approach. Effective whole of government coordination is an essential part of the department's work on policy and organisational matters, on tasks ranging from

the hosting of major international meetings, responses to consular crises, regional counter-terrorism cooperation and coordinating policy approaches to bilateral and multilateral trade negotiations. Whole of government coordination at our overseas posts is increasingly crucial to their operations, particularly with the increasing numbers of attached agency staff at some posts. The department led a process with other agencies to revise the 1985 Prime Minister's Directive on Guidelines for the Management of the Australian Government Presence Overseas, to provide a more contemporary guide to coordination and cooperation between agencies at posts. The revised guidelines were issued in February 2007. We integrated whole of government issues into departmental training programs and performance management templates.

External scrutiny

Reports by the Australian National Audit Office

The Auditor-General tabled in Parliament one audit report related specifically to portfolio operations, as follows:

Report No. 47: Coordination of Australian Government assistance to Solomon Islands

The audit assessed the coordination of Australian Government assistance to Solomon Islands through the Regional Assistance Mission to Solomon Islands (RAMSI). In particular, the audit examined arrangements for: coordination between Australian Government agencies; strategic planning and risk management; measuring the effectiveness of RAMSI; and reporting to RAMSI's Australian stakeholders. The report was tabled on 21 June 2007.

Additionally, the department was either involved in or responded to the following cross-portfolio performance audits tabled during 2006–07:

Report No. 5: Senate Order for Departmental and Agency Contracts

The objectives of the audit were to assess agency performance in relation to compiling their internet contract listings as required by the Senate Order and the appropriateness of the use of confidentiality provisions in Commonwealth contracts.

Report No. 6: Recordkeeping including the Management of Electronic Records

The objective of the audit was to assess the extent to which entities were meeting their recordkeeping responsibilities and in particular how effectively they were managing records that were created and stored electronically.

Report No. 21: Implementation of the revised Commonwealth Procurement Guidelines

The objective of the audit was to assess how well the revised Commonwealth Procurement Guidelines had been implemented and identify any better practice or common problem areas to assist other agencies in their future procurement activities.

Report No. 22: Management of intellectual property in the Australian Government sector

The audit objective was to examine progress in the development of an overarching approach and guidance for the management of the Commonwealth's intellectual property.

Report No. 23: Application of the Outcomes and Outputs Framework

The objective of the audit was to assess the application of the outcomes and outputs framework in Australian Government agencies. It included a review of the outcomes and outputs of agencies and the integration of the outcomes and outputs framework into agencies' operations.

Report No. 43: Managing Security Issues in Procurement and Contracting

The objective of this audit was to evaluate whether selected Australian Government agencies were effectively managing security risks arising from the use of contractors. The audit evaluated relevant policies and practices against a series of minimum requirements in the management of security issues in procurement and contracting activity. The minimum requirements were developed from the guidance and standards contained in the Protective Security Manual and from the ANAO's previous protective security audits.

Report No. 48: Superannuation Payments for Contractors Working for the Australian Government

The objective of the audit was to determine the extent to which selected agencies have implemented recommendations of the previous audit and the appropriateness of advice provided by Finance and the ATO.

Report No. 49: Non-APS Workers

The objective of the audit was to assess management practices undertaken by APS agencies to achieve value for money and transparency in dealing with contracts for non-APS workers. The focus of the audit was on circumstances where agencies had a significant reliance on a non-APS workforce to assist in achieving their core functions.

Courts and administrative tribunals

The department was involved in a number of legal matters during the year. There were no decisions that had a significant legal impact on the operations of the department. Details of matters in which the department was involved are at Appendix 6.

Parliamentary committees

The department made submissions and/or gave evidence to 21 parliamentary committee inquiries. In addition, departmental staff appeared before the Joint Standing Committee on Treaties in relation to 49 proposed treaty actions (see Appendix 5 for further details).

Ombudsman

The Commonwealth Ombudsman investigated 32 approaches/complaints with respect to the department's activities in 2006–07, making two negative findings, although no formal reports were issued.

Privacy

No reports were served on the department under section 30 of the *Privacy Act 1988* (the Privacy Act), nor were there any determinations made by the Privacy Commissioner relating to the actions of the department under sections 52 or 53. No public interest determinations were sought from the Privacy Commissioner under section 72 of the Privacy Act.

In two matters where investigations commenced in 2005–06, the Office of the Privacy Commissioner found there had been no breach of privacy by the department. The Office has commenced preliminary inquiries into one complaint where the department had found there had been no breach of privacy on initial investigation and review. We are investigating four privacy complaints made directly to the department.

Other activities where the privacy implications of projects and the impact of the Privacy Act on procedures were considered are detailed in other parts of this report.

Legislation

The process for all portfolio-related legislation has been managed effectively.

Amendments to the *Australian Trade Commission Act 1985*, enacted by the *Australian Trade Commission Legislation Amendment Act 2006*, commenced on 1 July 2006.

The *Australia–Japan Foundation (Repeal and Transitional Provisions) Act 2006*, repealing the *Australia–Japan Foundation Act 1976*, received Royal Assent on 5 September 2006. The Australia–Japan Foundation was re-established by Orders in Council as a non-statutory body within the department, effective from 1 December 2006.

The *Export Finance and Insurance Corporation Amendment Act 2007*, amending the *Export Finance and Insurance Corporation Act 1991*, received Royal Assent on 19 February 2007. The amendments commenced on 1 July 2007.

These Acts were passed in order to implement the recommendations of the Uhrig Review designed to streamline government administration.

The *Non-Proliferation Legislation Amendment Act 2007*, amending legislation primarily administered by the Australian Safeguards and Non-Proliferation Office, commenced on 11 April 2007.

The *Australian Centre for International Agricultural Research Amendment Act 2007*, amending the *Australian Centre for International Agricultural Research Act 1982*, received Royal Assent on 28 June 2007. The amendments commenced on 1 July 2007.

The department facilitated the enactment and amendment of a number of regulations and determinations, including regulations to implement Australia's obligations under United Nations Security Council Resolutions to impose sanctions upon several countries.

We provided input to legislation managed by agencies within the portfolio and to legislation managed by other agencies that affected Foreign Affairs and Trade portfolio legislation.

Compensation for detriment caused by defective administration

Four cases were lodged under the compensation scheme for detriment caused by defective administration. Two cases, one from the previous financial year, were resolved, resulting in two payments made from administered funds. Four cases, one from the previous financial year, remained in progress at the end of the financial year.

Management of human resources

The department deployed staff flexibly and quickly to meet changing policy priorities and to respond to consular crises. The department undertook a major recruitment campaign to inject generalist and specialist skills to help deliver outcomes across a challenging agenda.

In successfully evacuating Australian citizens from Lebanon in July–August 2006, the department demonstrated the capacity to coordinate and implement a complex whole of government response to a major consular crisis. We deployed 449 staff in Canberra and overseas in response to the crisis. Of these staff, 356 worked on shifts in Canberra at the 24-hour Crisis Centre, the 24-hour Logistics Coordination Centre and the 24-hour Consular Operations Centre. Another 93 staff were sent to the region as members of emergency response teams and to supplement regional embassies.

We quickly deployed staff following other emergencies, including the air disaster in Yogyakarta in March 2007. We provided additional staff to the embassy in Harare to develop contingency plans in response to worsening conditions in Zimbabwe. We sent supplementary staff to manage high-profile events such as Anzac Day in Gallipoli and the Cricket World Cup in the Caribbean.

In September 2006, we identified and trained staff for a new embassy in Kabul, Afghanistan. The embassy is currently located in a temporary office.

In Canberra, the department restructured its divisions to align them more closely with the Government's foreign and trade policy priorities. The new structure sharpens the focus on key policy, advocacy and service delivery functions. The creation of the Australian Passport Office enhanced the department's capacity to manage the growing scale and complexity of the passport operation. Under the new structure the department now has six rather than four geographic divisions. They are: Americas Division; Europe Division; North Asia Division; Pacific Division; South-East Asia Division; and South and West Asia, Middle East and Africa Division.

We deployed additional staff to work on environment issues, in particular climate change. More resources were dedicated to legal issues including the implementation

of international sanctions. We created a Japan Free Trade Agreement task force to take forward negotiations for a bilateral free trade agreement. We implemented a flexible staffing structure to facilitate new free trade agreements with Chile and the Gulf Cooperation Council. We ensured the APEC Task Force was fully staffed in the lead-up to and during Australia's year of hosting APEC in 2007.

Workforce planning, staff mobility and retention

The department responded to the dynamic policy environment by filling positions in Australia and overseas with appropriately skilled staff. We retain our position as an employer of choice. Generally there is no shortage of highly suitable applicants for advertised vacancies. In response to key recommendations of the 2005 Australian Public Service report *Managing and sustaining the APS workforce*, in 2006 the department put in place a Workforce Planning Strategy that enhances our longer-term planning capacity. The strategy ensures our staffing operations, recruitment and training are well coordinated and processes are streamlined with a focus on analysing staffing supply, demand and risks.

The department, by the nature of its work as well as the systems it has in place, is cushioned from some of the workforce planning challenges that other public service agencies face. Factors that contribute to our ability to attract and retain quality staff are the opportunity for overseas service and the diversity of the department's work. The high levels of mobility and adaptability among the staff also limit the risks posed by an ageing workforce. A departmental review of staff retention rates, focusing on retention of graduate recruits, concluded that an average of 87.5 per cent of all graduates were retained in the department after five years of joining, and that over a 12-year period (1995–2006) a full 85 per cent of graduate recruits remained in the department. In 2006–07, our overall retention rates remained strong with only 110 ongoing staff separating from the department.

Human resource management information system

In June 2007, the department commenced work on the software upgrade of our PeopleSoft human resource information system (HRMIS). The upgrade will streamline administrative processes and deliver productivity improvements. It will allow us to more readily manage the training and performance systems built into PeopleSoft and provide easier access by staff to routine payroll and human resource transactions.

Currawong Childcare Centre

The department continued to assist staff balance work and family responsibilities through the provision of on-site childcare in the R G Casey Building. The Currawong Childcare Centre, established in 1997, is a non-profit centre which provides 90 long-day care places for babies through to preschoolers.

Recruitment

The department's recruitment and selection processes are based on merit and the APS values set out in the *Public Service Act 1999*. We continued to recruit and promote staff through annual bulk selection processes for each broadband level and for SES Band 1. In addition, we undertook specialist recruitment processes where we required specific skills related to law, trade policy, accounting, and information technology.

In 2006–07, the department created approximately 130 new positions to support its expanded policy and service delivery agenda. To fill these positions and vacancies created by staff separations, we completed 48 recruitment processes, resulting in over 250 new staff being recruited or offered employment in 2006–07.

Our graduate recruitment program continued to attract high numbers of well-qualified applicants. Thirty-nine Graduate Trainees and seven Corporate and Financial Management Trainees commenced with the department in 2007. Meeting our need for a broad range of skill-sets, most Graduate Trainees had at least two degrees, in disciplines ranging from arts, economics and law to science, construction and engineering. The new recruits also brought a variety of language skills, including Indonesian, Mandarin, Malay, Hindi, Japanese and Arabic. Following a targeted campaign to promote graduate opportunities with the department, including through an expanded program of university visits, we received 1955 applications in 2007 for the 2008 Graduate Trainee program and 91 applications for the 2008 Corporate and Financial Management Trainee program.

Workplace diversity

The department's Workplace Diversity Program 2006–09 seeks to promote a culture within the department of professional behaviour. We encourage relationships based on respect, personal courtesy and inclusion in order to foster teamwork and prevent bullying, harassment and discrimination. Our Workplace Diversity Program emphasises the importance of all employees, including locally engaged staff, achieving an appropriate balance of work, family and cultural responsibilities that are inclusive, safe, secure and rewarding.

Two signature events in the department's workplace diversity calendar were NAIDOC Week in July 2006 and International Women's Day in March 2007. The theme for NAIDOC Week 2006 was 'Respect the Past—Believe in the Future'. A flag-raising ceremony of the Australian and Aboriginal and Torres Strait Islander flags commemorated NAIDOC Week and a representative of the department's Indigenous Employees Network provided a keynote address. The flag raising was accompanied by the launch of an international touring exhibition of Torres Strait Islander Art, *Gelam Nguzu Kazi: Dugong My Son*.

The department celebrated International Women's Day by organising and participating in activities in Canberra and at 46 posts. International Women's Day 2007 provided an opportunity to reflect on the status of women in different cultures and regions as well as to recognise the achievements of women and their contribution to society. Mr Truss launched the book *Women with a mission: Personal perspectives*, which celebrated the

contribution of women to Australian diplomacy. The book showcases the personal stories of nine former and current female officers who have served or are currently serving as heads of mission advancing Australia's foreign and trade interests overseas.

The department continued to participate in APS-wide initiatives to promote workplace diversity, Indigenous employment and enhanced employment opportunities for people with disability.

Reconciliation Action Plan

The department acknowledged National Reconciliation Week 2007 throughout its network of offices in Australia and overseas and through the development of the department's Reconciliation Action Plan.

The Reconciliation Action Plan implements the Australian Public Service Employment and Capability Strategy for Aboriginal and Torres Strait Islander Employees and enhances the department's Workplace Diversity Plan. The Reconciliation Action Plan reflects our Indigenous Recruitment and Career Development Strategy 2004–2007. We maintain both informal and formal consultative mechanisms within the department through the Indigenous Employees Network and the Indigenous Task Force, which continue to play an important role in promoting dialogue within the department on a range of issues affecting Indigenous staff.

The Indigenous Task Force assisted the recruitment, career development and retention of Indigenous employees and promoted awareness of Indigenous Australia within the department.

Commonwealth disability strategy

At June 2007, approximately 1.3 per cent of the department's employees identified themselves as having a disability.

Throughout 2006–07, we continued to meet our responsibilities under the Commonwealth Disability Strategy (CDS) through our Workplace Diversity Program.

The department has developed a workplace culture that fosters employment of people with disability. We have an Action Plan for Employing People with Disability 2007–2010. The Action Plan is consistent with the *Disability Discrimination Act 1992*, the *Workplace Relations Act 2006* and the Management Advisory Committee (MAC) report *Employment of people with disability in the APS*.

The department is committed to equity in employment and the elimination of harassment. Policies to achieve CDS objectives are set out in the Collective Agreement 2006–2009 (created in consultation with staff) and in associated human resource management policies, consistent with the *Disability Discrimination Act 1992*. We continued to provide assistance to people with disability to submit job applications and attend interviews. We also continued to make reasonable adjustments in the workplace to meet the needs of people with disability. Recruitment material is made available in a range of formats, including audio and large font.

We promoted the department's Workplace Diversity Program through a network of Workplace Diversity Contact Officers in all divisions, state and territory offices, and overseas posts. Contact Officers distributed information to employees and ensured continuing awareness of the needs and contributions of employees with disability. Our training and development programs took into consideration the needs of people with disability, including by providing information on policies and programs addressing disability issues.

In 2006–07, there were no formal grievances relating to disability under the Workplace Diversity Program. We provide mechanisms to receive feedback and grievances from internal and external sources. As the provider of passport and consular services, the department's Passports Client Service Charter and the Consular Services Charter set out and govern relevant services provided to all Australians, including people with disability.

Training and development

The department is committed to ensuring employees in Australia and overseas are equipped with relevant skills and have access to professional development opportunities to ensure they perform their duties to a high standard. We strive to adapt our training program to respond to the changing staff environment, external developments and departmental priorities. The recommendations of the recently concluded senior executive Review of Training and Development Strategies and Programs will form the basis for an action plan to be implemented over the next year.



*Locally engaged staff from a range of overseas posts participating in a training session in Canberra.
Photo: Howard Moffat, Auspic*

Staff have access to over 70 training workshops covering professional development skills in key areas including; leadership and management; emerging policy issues; finance and administration; consular operations and crisis management; passports, IT and security and other specialised training. The department's core corporate training workshops are delivered by a panel of 23 training contractors selected through a public tender process in 2005. Responding to increased recruitment levels in 2006–07, we strengthened our

induction and orientation training programs to ensure that all new employees have the necessary skills and knowledge to work effectively in the department and more broadly in the APS environment.

Additional training and development opportunities were made available to staff through the Staff Training and Development Initiative, which was introduced in 2006. These included opportunities for increased numbers of staff to participate in a range of Australian Public Service Commission workshops, including on whole of government issues, and for junior staff to participate in international discussions and negotiations, providing valuable on-the-job experience.

In 2007, we introduced defensive driver and remote area first aid training for staff at higher risk posts and enhanced records management training for all staff.

Remote area first aid training

In 2006–07, the department introduced the mandatory Remote Area First Aid (RAFA) course for staff being posted to locations where medical help may be delayed or not readily accessible. This training is provided to the department by St John Ambulance (ACT) and consists of Senior First Aid training and Remote Area First Aid training.

The department has been working with St John Ambulance to customise the training to meet our specific requirements. The course covers a range of first aid events and techniques including casualty assessment; safe movement of a casualty; management of blast, crush and gunshot wounds; use of oxygen and longer-term casualty care.

On successful completion of Senior First Aid training, participants receive a nationally-accredited certificate that entitles them to the first aid allowance outlined in the Collective Agreement 2006–2009. The RAFA training program is also available to accompanying partners and family members of employees.

The average number of training days per employee during 2006–07 was ten days, well above the minimum amount of five days a year required under the department's training and development strategy.

Trainee programs

In February 2007, 39 Graduate Trainees joined the department, the same number as recruited in the previous year. Before proceeding on their first postings, Graduate Trainees undertake a two-year in-house training program consisting of four work placements to build their bilateral, trade, multilateral and corporate policy skills. This is supplemented with a professional skills training program that includes, as required, short academic courses in international relations, international law and economics. The training program is designed to enhance diplomatic trade-craft skills and equip the Graduate Trainees to undertake the full range of duties overseas, including economic and political reporting, advocacy and representation.

PERSONAL PROFILE:

Stewart McBride

Stewart McBride is one of seven Corporate, Financial and Management Trainees who joined the department in February 2006.

Stewart is working in the Evaluation and Audit Section, the fifth of seven work placements he will undertake as part of his two-year training program. Stewart's job in the section will equip him to undertake a desk audit of an overseas post—an important avenue through which the department meets its compliance and accountability obligations.

Stewart previously worked in the Consular Policy and Crisis Management Section. He travelled to Fiji as part of an emergency response team despatched to ensure the safety of Australians during political upheaval there in December 2006.

Drawing on his legal skills, Stewart has worked on the management of the department's budget and contracts procurement policy and assisted with the review of the department's language training budget. While working in the Staff Development and Post Issues Branch, Stewart travelled to Brussels to support the post in the lead-up to a large regional meeting and a ministerial visit. During 2007, along with other trainees, Stewart is working as a liaison officer for visiting foreign ministers and senior officials for APEC 2007.

In addition to on-the-job training, Stewart has upgraded his professional skills and is studying to qualify as a Certified Practising Accountant. Stewart's training is designed to provide him with a solid understanding of the department's corporate policy objectives—focusing on consular policy and financial and staffing management issues. Stewart's first overseas posting at the end of his training program will further strengthen his skills as a professional administrator in the department.



*Corporate, Financial and Management Trainee
Mr Stewart McBride.*

Seven Corporate and Financial Management Trainees joined the department in February 2007. They are recruited with a minimum of a university minor in accountancy and are trained to be corporate policy specialists in the department. In their two-year training program they undertake workplace rotations in seven areas covering financial management, audit, consular policy and post management issues. The trainees also undertake professional skills training and study towards qualifying as a Certified Practising Accountant or a similar qualification. After approximately two years they can expect to be posted overseas in an administrative capacity.

The two-year Administrative Development Program aims to provide a pool of skilled staff to fill administrative positions at overseas posts and in Canberra. Over the longer term, these employees provide a feeder group for administrative positions overseas. This program is offered to employees at the BB1–3 levels of the department. In 2006–07, eight staff participated in the program.

In 2006–07, the department's Indigenous Cadetship Program assisted seven cadets with their tertiary studies. Three of the seven cadets completed the program and commenced duty in the department. The others undertook work assignments in Canberra between November 2006 and February 2007. A further three cadets joined the department in March 2007.

Indigenous Cadetship Program graduates undertake professional training and four work placements over a two-year period before being assigned to long-term placements and postings. The department encourages its cadets to apply for the Graduate Trainee program and, if they have accounting qualifications, the Corporate and Financial Management Trainee program. The department provided Indigenous employees with advice and access to appropriate training and career development opportunities as part of the department's *Indigenous Recruitment and Career Development Strategy 2004–07*.

Studies assistance

The department continued to offer a Studybank scheme providing leave and financial assistance to staff to complete academic courses in areas relevant to the department's work. A review of Studybank is currently under way with a view to streamlining and updating procedures. As of June 2007, 46 staff were studying under the scheme. This included staff undertaking postgraduate studies in international law, public policy, accounting and financial management, and business administration.

Regional management conferences

In May 2007, the department organised a regional management conference in Brisbane for managers and a number of locally engaged staff from our Pacific island posts to ensure they kept in touch with corporate and administrative developments. Conference participants, including senior staff from Canberra, discussed consular, passport, finance, security, property and other administrative issues. In addition, we held informal meetings between senior administrative officers from relevant regional posts and Canberra-based staff in Athens in October 2006 and Abu Dhabi in November 2006.

Language training

The department trains staff in priority languages reflecting Australia's foreign and trade policy interests. Over the year, 81 employees undertook long-term language training in Australia or overseas. A further 82 undertook survival language training in preparation for their postings. Total expenditure on language training was \$2.1 million.

To encourage staff to maintain existing high-level language proficiency in priority languages, the department held three one-week, intensive in-house immersion courses in Indonesian, Japanese and Mandarin. The department also conducted weekly lunchtime language discussion classes—participation at these classes also includes employees from other APS agencies. In order to further encourage staff to maintain skills in priority languages a financial incentive, in the form of an allowance, is paid to officers who maintain a tested proficiency.

Performance management

The performance management system continues to be a vital component of the department's human resources strategy. The department remains committed to a system that is fair and equitable for all staff and is conducted with integrity. It is designed to foster a strong performance culture. It encourages and rewards high achievement, improves and manages individual performance and develops and trains staff to meet both their career development needs and the needs of the department.

The *Collective Agreement 2006–2009* enhanced the transparency of the performance management process by introducing compulsory appraisal feedback training for supervisors. Training was provided over the past year to staff in Canberra and a number of the department's interstate offices on their supervisory responsibilities. Further changes, introduced in response to staff feedback, included enhanced transparency of staff comparative assessment that determines 'outstanding' and 'superior' performance ratings.

Locally engaged staff management

Locally engaged staff (LES) continued to contribute substantially to the effective performance of our overseas posts.

The department comprehensively reviewed the LES Better Practice Guide to ensure that the policy and employment conditions for LES remained current and that overseas posts had an effective guide to assist them to manage LES.

We audited the department's employer obligations for LES at all our overseas posts, targeting in particular social security and other compulsory employer payments.

The department maintained its close engagement with other government agencies represented overseas on administrative arrangements relating to employment issues for LES.

Australian workplace agreements

All SES staff are employed under Australian Workplace Agreements (AWAs). So too are some non-SES staff, including in specialist/technical positions or positions that involve additional responsibility or significant additional working hours compared to other staff at the same level.

Remuneration of senior executives

SES employees will receive a pay rise of 12 per cent over the nominal three-year duration of the AWAs up to June 2009.

Certified and collective agreement

The department's third employee collective agreement, 2006–2009, came into effect on 6 July 2006. The agreement included a salary increase of 12 per cent over three years.

Non-salary benefits under the collective agreement and Australian workplace agreements

Both the collective agreement and AWAs in the department provide non-salary benefits, including access to performance-based bonuses and a range of flexible and family-friendly work practices, such as flex-time, time off in lieu, 12-weeks full pay or 24-weeks half-pay maternity leave and emergency child care costs. The allowances for overseas service are a significant non-salary benefit available to departmental staff posted overseas.

Staff welfare

The department supports staff through specialist services provided by the Staff Counsellor's Office, the Medical Unit and the Family Liaison Officer.

The Staff Counsellor's Office provided psychological support services to staff in Canberra and overseas. Staff counsellors were deployed to major incidents including the Lebanon crisis and the air disaster in Yogyakarta. To provide a whole of government response to crises, the Staff Counsellor's Office strengthened links with counsellors from other government agencies. The Office hosted an inaugural international conference of mental health professionals in April 2007 involving delegates from the United Kingdom, Germany, Japan, New Zealand and AusAID. The conference promoted information-sharing and cooperation with international counterparts.

The Medical Unit provided services to support staff, in particular employees and their families posted overseas. The unit managed over 50 medical evacuations including one air ambulance evacuation and others requiring medical escorts on commercial flights.

With the help of the Community Liaison Officer network at overseas missions, the Family Liaison Officer advised employees and their families on issues including spouse recognition and employment, children's education requirements, culture shock and general conditions at post. The office managed 25 compassionate travel requests, provided logistical assistance to 22 medical evacuations to Australia and liaised with posts and attached agencies on the evacuation of non-essential staff and dependants from Lebanon and Fiji. The department provided direct assistance to the family of the departmental officer who died in the Yogyakarta air disaster in March 2007.

The department monitored avian influenza and has in place arrangements to protect staff and dependants at high risk posts.

The department consulted staff on occupational health and safety (OHS) issues through regular OHS forums (see Appendix 3 for more information on our policy and measures). We delivered training modules on OHS and workers compensation and rehabilitation. We continued our program of OHS briefings to employees undertaking overseas postings and to new staff as part of orientation training. We began work on new Health and Safety Management Arrangements which will replace the Occupational Health and Safety Employer/Employee Agreement.

Management of financial resources

The department's financial resource management function supports our operations in Australia and overseas by:

- managing our internal and external financial and budgetary processes
- supporting and improving our financial information system
- providing comprehensive and timely budgetary performance reports to the department's managers and Senior Executive and the Government
- developing and monitoring financial management, budgeting and contracting policies
- monitoring and refining a system of effective internal controls, including financial delegations
- managing our treasury and tax function
- managing the external financial audit process.

The department continued to improve its financial management framework, including by completing a review of the department's Finance Management Manual; enhancing the department's forecasting and variance analysis; and improving the department's capital management governance and supporting processes.

In the ANAO's review of major government agencies' control structures that underpin the 2006–07 financial statements, tabled in Parliament in June 2007, the department was recognised as having effective internal controls in place to ensure good financial management and a sound financial reporting framework. The department rated well, with no significant or moderate business or financial risks noted.

The challenging international environment continued to have an impact on the department's operations in Australia and overseas. In 2006–07, the Government provided additional funding for the department to further advance Australia's interests internationally, including:

- \$30.9 million for costs relating to evacuations from the Lebanon crisis in mid-2006
- \$18.0 million for the *Australia Network* television service to the Asia-Pacific region

- \$12.1 million for budget sustainability
- \$3.2 million for continuation of the *smartraveller* consular information program
- \$17.8 million for strengthening the department's overseas crisis and response capability
- \$7.4 million for establishing an Australian diplomatic presence in Kabul, Afghanistan
- \$1.1 million for improving intelligence connectivity
- \$0.4 million for improving nuclear and radiological security
- \$5.7 million for strengthening the regional counter-terrorism capacity
- \$2.3 million for enhancing the security and integrity of Australian passports
- \$1.5 million for the purchase of new chancery premises in Amman, Jordan.

During the year, the department paid \$25 million in the form of a dividend from the Overseas Property Office.

Since 30 June 2006, the department incorporated the Australia–Japan Foundation in its departmental accounts and assumed responsibility for the overseas property portfolio previously held by Austrade. Both of these events have been included in the department's operations and financial results in 2006–07.

There have been no developments or events since 30 June 2007 that have affected or will affect the operations or financial results of the department.

Assets management

The department continues to ensure prudent asset management. Work areas continually review and update their capital purchasing and disposal requirements in a five-year asset plan cycle.

As of 2005–06, the department moved to a five-year rolling cycle for revaluations. Under the rolling plan, asset classes are revalued once every five years, with the exception of Land and Buildings, which are revalued every year. Informal reviews and impairment testing of asset classes covered by the relevant Australian accounting standards are conducted annually to ensure asset values are fairly stated. In 2006–07, the Plant and Equipment class was formally revalued under the new rolling plan.

Competitive tendering and contracting

The department continued to review and update its Procurement Manual to ensure full compliance with the *Commonwealth Procurement Guidelines*. A range of standard contracts were developed to streamline the contracting processes. Our website provides notification of all tenders, including select tenders, expressions of interest and pre-tender notices.

All competitive tendering and contracts of \$100 000 or more let during the reporting period provide for the Auditor-General to have access to the contractors' premises.

There were no contracts let during the reporting period for outsourced services, previously performed by a Commonwealth agency, of \$100 000 or more.

Purchasing performance

The department's procurement policy provides for the efficient, effective and ethical delivery of the Government's purchasing and procurement programs. All contractual arrangements entered into by the department are conducted in accordance with the principles of value for money, encouraging competition and non-discrimination. They comply with all relevant Commonwealth procurement policies and legislation, in particular the *Commonwealth Procurement Guidelines—January 2005*.

Exempt contracts

There were no contracts in excess of \$10 000 or standing offers exempted from being published in the Purchasing and Disposal Gazette (AusTender) on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Consultancy services

The department engages recognised experts on an ad hoc basis to provide specialist expertise or where independent assessments or input are considered desirable.

The selection process for consultancy services both in Australia and at overseas posts is consistent with our broader procurement policies and the *Commonwealth Procurement Guidelines—January 2005*.

During 2006–07, 30 new consultancy contracts over \$10 000 were entered into involving total actual expenditure of \$1 241 104. In addition, 9 ongoing consultancy contracts were active during the 2006–07 year, involving total actual expenditure of \$1 443 628.

More detailed information, including a summary of the department's policy on the selection and engagement of consultants and a detailed list of all consultancy contracts let during the year to the value of \$10 000 or more, is available in Appendix 11: Consultancy services.

Information on expenditure on contracts and consultancies is also available on the AusTender website www.tenders.gov.au.

Overseas property—leased estate

The overseas property estate comprises Australian Government owned properties, which are managed by the Overseas Property Office (OPO) and funded from the overseas property Special Account (see Outcome 4), and properties leased from private landlords, which are funded from the department's appropriations.

OPO manages the overseas owned estate, and provides specialist project advice in overseeing projects for the refurbishment and relocation of leased chanceries and head of mission residences.

The department leases approximately 500 properties overseas, including chanceries, head of mission residences, staff accommodation and other facilities. Posts are responsible for ensuring that staff accommodation meets appropriate standards, and that tenant maintenance obligations are met and rents paid.

Properties in the overseas estate must meet functional needs and security requirements. Occupational health, safety and staff welfare are important aspects of managing the overseas estate. OPO has instituted a program of audits of properties in both the overseas owned and leased estates to ensure compliance with health and safety requirements.

Overseas leased estate projects completed in 2006–07 included a new chancery in Port Vila, and relocation of our offices in Guangzhou, Los Angeles and assistance with the relocation of the Australian Chamber of Commerce and Industry office in Taipei. Leased estate projects under way or in the planning and development stages include staff apartments in Baghdad and new chanceries in Madrid and Tel Aviv. Planning continued for relocation of our embassy in Tehran to provide improved protection against seismic risks.

Domestic property

Under the terms of the lease, a biennial review of the quantum of rent for the department's central office, the R G Casey Building in Canberra is currently underway. An independent valuer appointed by the Australian Property Institute on behalf of the building owner and the department is due to commence valuation in October 2007.

We continue to review and upgrade security at our central office in Canberra and at state and territory offices. During the year, we completed an upgrade of security at the Torres Strait Treaty Liaison Office on Thursday Island.

The department has in place an Environmental Management System (EMS) for the R G Casey Building incorporating environmental considerations in its business systems, including procurement guidelines, and in building and maintenance work. The EMS is certified to International Standard ISO 14001:2004 (see Appendix 7 for more information).

Outlook

Key corporate management and accountability challenges for 2007–08 include:

- maintaining an appropriately skilled workforce in a tight labour market
- further improving budget planning and forecasting
- issuing a plain English, intranet version of the Finance Management Manual

- developing a standard suite of financial management reports for use across all areas of the department
- further improving the governance framework for the department's capital program
- implementing the outcomes of the reviews on training and development and language training
- establishing a new Service Level Agreement with attached agencies
- managing the transition to the new Human Resources Management Information System (HRMIS)
- implementing the Reconciliation Action Plan
- implementing the Action Plan for Employing People with Disability
- completing the replacement for the Corporate Information Database/Infolink
- reviewing the department's risk management and business continuity frameworks
- strengthening the risk-based approach to our internal audit processes
- improving portfolio coordination mechanisms
- refreshing the department's work/life balance framework, 'Working Smarter'.

