

Section 03

Corporate management and accountability



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Overview

The department focused on improving the professionalism of its human resources function. Significant improvements in workforce planning have begun to enhance the department's ability to better align human resources to the Government's foreign, trade and investment and development priorities. We also reviewed and adjusted the number and distribution of staff across departmental functions, both in Australia and overseas.

The department's review of obstacles to greater representation of women in leadership roles and the launch of the Leadership Strategy were aimed at enhancing organisational capability. Our learning and development programs have been augmented. Locally engaged staff (LES) leadership programs focused on improving the skills of our local staff.

The department continued a program of staff surveys to monitor staff sentiment, track performance and inform internal reform processes.

We remained committed to promoting the wellbeing of staff and their families in Australia and overseas, including those deployed at high-threat posts or in a crisis response capacity.

The department expanded Australia's diplomatic footprint overseas. We established an interim mission co-located with the Canadian post in Kyiv. New Zealand co-located with our mission in Accra and arrangements were advanced to enable New Zealand to co-locate in our mission in Baghdad. We commenced preparations to open new posts in Ulaanbaatar, Makassar, Doha and Phuket. We coordinated with Austrade to open a new post in Houston and established a LES exchange with the United Kingdom in our respective missions in Chengdu and Chongqing.

Corporate governance

The department's corporate governance agenda focused on strengthening our ability to deliver across the Government's foreign, trade and investment, and development agenda in an integrated way. In December 2014, the department launched its *Strategic Framework 2015–2019* and *Values Statement*. (See viii; p. 246.)

The Strategic Framework guides the department's work, outlining its purpose, key priorities and assets over the next four years. The Values Statement sets out the way the department aims to achieve its purpose and is the foundation for staff actions and behaviours. The department also introduced a new business planning process and changes to the review of division, post, state and territory offices' performance.

We also implemented changes required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including new performance reporting requirements.

The executive

The Secretary and deputy secretaries oversaw all significant foreign, trade and investment, and development policy, and corporate management issues in the department. The executive was also responsible for placements of senior executive staff. The deputy secretaries supported the Secretary through management of the department's work units. (See Fig. 1, p. 11 for the *executive structure and the deputy secretaries' areas of responsibility*.) Members of the executive also represented the Government at meetings in Australia and overseas and chaired key corporate governance bodies.

Senior management committees and their roles

Portfolio coordination

The department worked closely with portfolio agencies—the Australian Secret Intelligence Service, Australian Trade Commission, Tourism Australia, the Export Finance and Insurance Corporation and the Australian Centre for International Agricultural Research—to ensure a seamless and cohesive approach to implementing the Government's agenda. The Secretary met regularly with portfolio counterparts at portfolio agency heads meetings to enhance high-level coordination on policy and corporate issues, including the Government's economic diplomacy agenda.

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Whole-of-government coordination

The department's leading coordination role across Australia's overseas network is set out in the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*. Working closely with other government agencies, the department helped achieve whole-of-government objectives, including through coordination of Australia's trade and investment agenda, hosting and participating in major international meetings, delivering a quality aid program and responding to consular crises.

The Secretary and senior executive met counterparts from other government departments and agencies regularly to support cohesive responses to current and emerging foreign, trade and investment, and development policy matters, as well as shared management challenges.

Management mechanisms

The department maintained a structure of management bodies and meetings designed to share information, provide robust corporate governance, convey priorities, and propagate strong and ethical organisational values.

The **Departmental Executive (DE)**—comprising the Secretary and deputy secretaries, and other senior officers—is the department's major formal governance body.

The DE continued to meet weekly, with a focus on strategic resource management and priorities, including the budget and other cross-cutting policy matters. The DE also reviewed the performance and priorities of overseas posts, state and territory offices and departmental divisions under the Post/Office/Division Business Review process.

The following committees, chaired at deputy secretary-level, support the DE.

The **Audit and Risk Committee** provides independent assurance and advice to the Secretary and DE on the department's risk management and fraud control, internal control and compliance framework, and its external accountability responsibilities. It assists the department to comply with its obligations under legislation by reviewing and recommending improvements to management systems, key business processes, corporate governance and financial reporting processes.

The committee has three departmental members and four independent external members. Other designated departmental officers and representatives from the Australian National Audit Office (ANAO) attend meetings as observers. The Audit and Risk Committee met five times during 2014–15.

The **Ethics Committee** met three times during the 2014–15 reporting period to promote high standards of ethical behaviour and oversee and uphold the department's conduct and ethics policies and procedures, including investigations. The committee regularly reviews and authorises updates to the department's Conduct and Ethics Manual.

The **Workplace Relations Committee** met four times in the reporting period. Comprising elected staff representatives, union and management representatives, the committee is the department's principal forum for consulting and informing staff and exchanging views on the workplace, including addressing matters of employment concern. Consultation on women in leadership, changes to the performance management framework, language proficiency allowances, staffing levels and parking arrangements were among issues considered in 2014–15.

The **Aid Investment Committee** met six times in the reporting period, providing oversight of Australia's aid investment portfolio and giving strategic guidance on Aid Investment Plans for major country and regional programs. The committee assessed high-risk and/or high-value investment proposals for alignment with government policy, development impact and value for money.

The **Development Policy Committee** met nine times in the reporting period, providing strategic vision and guidance on development policy issues, including alignment with Australia's foreign and trade and investment policy. The committee considered emerging development challenges and reviewed sector strategies to guide aid investments in priority areas of the development policy.

Women in Leadership: dismantling the barriers

The department's Women in Leadership initiative was announced in December 2014 and is designed to identify and address the reasons behind low numbers of women in leadership roles in the department. Fewer than 34 per cent of SES are women, despite roughly equal recruitment of male and female graduates since the mid-1980s and higher numbers of women than men at the EL1 level and below. The initiative aims to ensure the department is providing a level playing field for all staff, as well as maximising its talent and productivity.

The initiative is led by the Women in Leadership Steering Group, established in February 2015 and chaired by the Secretary. The Steering Group includes five staff representatives, three ex-officio positions, and two external

members—Elizabeth Broderick, Sex Discrimination Commissioner and Simon Rothery, CEO, Goldman Sachs Australia and New Zealand. It is supported by the Women in Leadership Secretariat, based in the Corporate Management Division.

An external consultant was engaged in February 2015 to review barriers to women's career progression and make recommendations. The expert's work included consulting 243 staff at all levels in focus groups and one-on-one interviews between March and April 2015. An additional 1391 staff completed an online survey as part of the review. The steering group is leading a staff consultation process in the second half of 2015 to map out next steps to address the findings of the review, the data paper and staff suggestions.



STAFF PROFILE

CATHY MCWILLIAM

ASSISTANT DIRECTOR, WOMEN IN LEADERSHIP SECRETARIAT, CANBERRA



As the Assistant Director of the Women in Leadership Secretariat, I support the Secretary's initiative to understand and tackle the reasons why the department has fewer women than men in senior leadership positions.

Since the Secretary's announcement of the initiative in late 2014, my role has been fast-paced and varied—from briefings to data analysis and even film production. I supported the Secretary and the Women in Leadership Steering Group to better understand the barriers to women's career progression in the department. To do this, I gathered and analysed sex-disaggregated data across the department's operations to compare how men and women fared. I also facilitated staff consultations as part of an external review of the issue and helped produce a short film to convey the findings. The picture is complex and relates to our workplace culture and practices.

In the coming months I will support a staff consultation process on the review's findings and how they can inform future steps. Building on recent work on leadership and values, I look forward to engaging with all staff to help create a more inclusive workplace.

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Intradepartmental communication

The Secretary communicated with staff through the following mechanisms:

- weekly meetings with division heads to discuss the department's priorities;
- administrative circulars, the department's intranet and all-staff messages, including, from February 2015, a monthly email newsletter to all staff on key policy and corporate issues. A dedicated feedback email address has also been established to enable staff to communicate concerns and queries directly to him;
- regular meetings with relevant senior officers to discuss policy, staffing, budget and other corporate management issues;
- an event for all Canberra-based staff on 12 December 2014, at which he launched the *Strategic Framework 2015–2019* and *Values Statement*. The event was filmed and made available to all staff in Australia and overseas through the department's intranet;
- a timeout for Canberra-based SES officers on 5 May 2015 to set direction on departmental leadership, values and innovation. Outcomes were made available to all staff;
- five forums open to all staff during the reporting period to discuss policy and corporate issues affecting the department (transcripts and videos of these forums are available to all staff in Australia and overseas through the department's intranet);
- meetings with divisions and the EL2 (section heads) network to discuss policy and corporate issues; and
- publication of his speeches and presentations on the intranet.

The overseas network was informed of policy and corporate issues through:

- regular formal and informal communication with divisions in Canberra;
- regional heads of mission/post meetings;
- video conferences between the Secretary and some overseas posts; and
- regional management conferences.

Evaluation and planning

Regular planning and evaluation took place across the department to ensure resources are best directed to support the Government's foreign, trade and investment, and development policy objectives.

The *Foreign Affairs and Trade Portfolio Budget Statements 2014–15* outlined the department's performance expectations and planned use of resources. Under the PGPA Act, the department will publish a Corporate Plan outlining how we will fulfil our key purpose, priorities and objectives over a four-year period, 2015–16 to 2019–20. An Annual Performance Statement will be included in the Annual Report from 2016–17.

As part of the department's new business planning process, introduced in August 2014, divisions, posts and state and territory offices produce yearly business plans that report against the priorities in the Strategic Framework and Values Statement. Changes have also been made to add greater rigour to reviews of divisions, posts and state and territory offices, including the requirement that they report directly against pre-agreed business plans.

The department reviewed the performance of divisions on a rolling basis, enabling the executive to evaluate each division's performance and discuss priorities for the year ahead. In 2014–15, 23 Division Business Reviews were conducted. We also reviewed the performance of posts on a rolling basis (each post is reviewed on average once every 18 months). The senior executive completed 37 Post Business Reviews in 2014–15.

We sought feedback from more than 30 Commonwealth government agencies and key stakeholders on the performance of divisions, posts and state and territory offices as part of the review process. This feedback helped identify opportunities for further or improved collaboration between the department, government agencies and other stakeholders in support of whole-of-government objectives.

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Capability improvement and change

Our first Strategic Framework and our Values Statement, launched in December 2014, are foundations for guiding the department's broader capability improvement and change effort. These two documents define who we are and what we do as an organisation, and identify the values and behaviours that underpin how we go about our work.

The department's comprehensive action plan to strengthen core capabilities also covers business and workforce planning, policymaking and strategic thinking, risk management and innovation, and knowledge management. New business planning arrangements link directly to

key strategic planning documents and identify the priorities and outcomes to be achieved as well as key performance indicators and risks for the year ahead. A new workforce plan will help ensure we have the right people, with the right skills, in place at the right time to deliver the Government's international agenda.

We are putting emphasis on being less risk averse and building a culture of innovation. These cultural changes will help us solve the complex policy and other challenges Australia faces globally, lift the quality of services we provide to our clients, operate more efficiently and improve our workplace.

Office of Development Effectiveness

The Office of Development Effectiveness (ODE) assesses quality and effectiveness across the aid program. ODE monitors performance, evaluates impact and contributes to evidence and debate about aid and development effectiveness. In 2014–15, ODE published seven reports examining areas within the aid program with the greatest potential for learning. (See p. 173.)

ODE also verifies and quality assures the department's Performance of Australian Aid report, in addition to testing the robustness of annual investment and program-level performance reporting. The work of ODE is overseen by the Independent Evaluation Committee.

Conduct and ethics

The department's Conduct and Ethics Unit (CEU) provides an ethical advisory service and investigates allegations of fraud and misconduct against staff, including LES overseas. Twenty-five allegations were investigated in 2014–15, and 13 were substantiated and appropriate disciplinary action taken.

The CEU also upholds and promotes the APS Values and Employment Principles through

conduct and ethics awareness training, including e-learning training modules on APS values, ethical behaviour and accountable decision-making, and pre-posting conduct and ethics briefings for heads of mission, deputy heads of mission and senior administrative officers.

The department supports the reporting of wrongdoing in the APS in line with the procedures established under the *Public Interest Disclosure Act 2013* (PID). The department's PID policy is available on the department's intranet and external website and an e-learning course to raise understanding and awareness of departmental obligations under the Act was introduced in 2015.

Child protection compliance

The Child Protection Compliance Section oversees implementation of the Child Protection Policy for the Australian aid program.

The section manages reports of child exploitation and abuse and policy non-compliance, conducting child protection audits and compliance checks on aid delivery partners. This includes examining the child protection systems of partner organisations and ensuring that any allegation of child exploitation or abuse by an aid program delivery partner is responded to appropriately.

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The section also provides policy guidance, conducts staff training, delivers briefings to partner organisations and provides advice on program design and the management of risks to children.

Countering fraud

The department is committed to reducing the risk and incidence of fraud and corruption across its operations both within Australia and overseas. Our Fraud Control and Anti-Corruption Plan stresses zero tolerance for dishonest or fraudulent behaviour by employees, clients, contractors and recipients of Australian aid program funds. The zero tolerance approach represents a set of principles and actions that are applied to prevent, detect, investigate and respond to fraud and which comply with the Commonwealth Fraud Control Framework.

Except for cases of passport fraud, which are overseen by the passport services program, the Fraud Control Section (FCS) oversees cases of alleged, suspected or detected external fraud or corruption against the department, including those against the Australian aid program.

The department safeguards Australian funds against the risk of fraud and corruption, including by training our staff and partners, effective design and monitoring of aid investments and supporting partner governments and other institutions in their efforts to combat fraud and corruption. In 2014–15, FCS staff delivered training to 956 department, partner government, multilateral, contractor and NGO staff in Canberra and overseas.

Major country and regional aid programs developed fraud control and anti-corruption strategies detailing measures to safeguard Australia government aid funding and support efforts in individual countries to reduce fraud and corruption.

Risk management

The department issued the DFAT Guide to Better Risk Management to staff on 27 May 2015. The guide articulates the principles that govern risk management, explains roles and responsibilities and provides step-by-step instructions on how to assess and manage risk. In doing so, it encourages officers to engage with risk in a positive and transparent way to facilitate

innovation and improve policy development and service delivery, a key principle underpinning the Commonwealth Risk Management Policy.

Following the launch of the guide, all divisions, posts and state and territory offices were asked to prepare and maintain risk registers, both to assist in risk management efforts and to better integrate risk management and business planning. The department's result in the 2015 Comcover Risk Management Benchmarking Survey exceeded the average across participating agencies.

Business continuity planning

As a result of integration, the department reviewed its Business Continuity Planning (BCP) processes in Canberra and maintained a focus on higher risk areas. With physical integration now almost complete, we are finalising revised BCP arrangements in preparation for a desktop exercise aimed at validating them.

Regulatory practice

The Foreign Affairs and Trade portfolio reported \$7 million in deregulatory savings over the period September 2013 to December 2014. Key deregulatory savings included work to simplify the Australian passport application form and streamlining trading paperwork as part of the newly negotiated Korea–Australia Free Trade Agreement and the Japan–Australia Economic Partnership Agreement. The upgrade of an online portal making it easier for businesses to comply with their obligations under Australian sanctions laws recorded a net saving.

The deregulation unit completed an audit of the total regulatory cost burden imposed by the portfolio on individuals, business and community organisations to better target future red tape reduction initiatives.

Internal audit

The department's Internal Audit Branch, under the direction of the Chief Auditor focuses on improving the quality, accountability, efficiency and effectiveness of the functions and processes used to develop and implement foreign, trade and development policy, deliver an effective aid program, and provide high quality consular assistance.

The internal audit program is designed to provide assurance that critical policies and procedures are complied with and identify areas for improvement in administrative and program functions and processes. The internal audit program is delivered using a combination of internal resources and external providers.

External scrutiny and accountability

Independent Evaluation Committee

The Independent Evaluation Committee (IEC) monitors the impact and performance of Australian aid. The committee has three external members (former World Bank Vice President, Jim Adams is the chair), and one DFAT representative (at deputy secretary level), as full members, and an observer from the Department of Finance. The IEC oversees ODE's program of evaluation and performance analysis work, including verification of the Performance of Australian Aid report. The committee met three times in 2014–15.

Parliamentary committees of enquiry

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties (JSCOT) in relation to seven proposed treaty actions. This figure does not include occasions on which Treaties Secretariat staff attended JSCOT hearings in an observer/advisory capacity. Officers also appeared as witnesses before the Parliamentary Joint Committee on Intelligence and Security and the Senate Committee on Foreign Affairs, Defence and Trade. (See App. 6, p. 264.)

Courts and administrative tribunals

The department was involved in a number of legal matters during the year. (See App. 7, p. 265.)

Commonwealth Ombudsman

The Commonwealth Ombudsman commenced fourteen investigations with respect to the department's activities in 2013–14 and provided one notice under subsection 12(4) of the *Ombudsman Act 1976*. No formal reports were issued.

Office of the Australian Information Commissioner—freedom of information and privacy

The Information Commissioner affirmed one freedom of information decision made by the department, and varied another, resulting in the release to the applicant of a small amount of additional material. The Information Commissioner declined to investigate three other applications for review. A further five applications for review were withdrawn by the applicants prior to any finding by the Information Commissioner.

The Privacy Commissioner finalised one privacy complaint, finding that the department did not interfere with the complainant's privacy.

Legislation

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

The department facilitated the enactment of the *Export Finance and Insurance Corporation Amendment (Direct Lending and Other Measures) Act 2015* that entered into force on 19 March 2015.

We also facilitated the enactment and amendment of a number of legislative instruments within the portfolio. Among them were the Autonomous Sanctions (Designated Persons and Entities and Declared Persons—Syria) Amendment List 2015 (No.1), the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015, and the Charter of the United Nations Legislation Amendment (Sanctions—Democratic People's Republic of Korea and Iran) Regulation 2014.

The department provided input to legislation managed by agencies within the portfolio and contributed to the development of legislation initiated by other agencies that affected the foreign affairs and trade portfolio.

Reports by the Auditor-General

In 2014–15, the Auditor-General tabled in Parliament the following reports by the Australian National Audit Office (ANAO) related to the department's operations:

- **Report No. 16:** Audits of the Financial Statements of Australian Government Entities for the period ended 30 June 2014;

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- **Report No. 21:** Delivery of Australia's Consular Services;
- **Report No. 43:** Managing Australian Aid to Vanuatu;
- **Report No. 44:** Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2015; and
- **Report No. 48:** Limited Tender Procurement.

Details of these reports can be found on the Australian National Audit Office website.

Compensation for detriment caused by defective administration

Fifteen new cases were lodged under the compensation scheme for detriment caused by defective administration and 11 were resolved during the year, including applications made in the previous financial year. Of these, 10 payments were made from administered funds and one application was rejected. Nine cases remained in progress at the end of the financial year.

Management of human resources

The department deployed staff to advance whole-of-government objectives and assist Australians overseas. We implemented staffing measures in response to the findings of the APSC Capability Review, including encouraging more lateral movements and secondments between agencies.

Overseas, staff were seconded to advance our multilateral objectives including to the Philippines Department of Foreign Affairs in support of APEC 2015 preparations and to the Indian Ocean Rim Association Secretariat in Port Louis, Mauritius.

We provided nimble responses to international crises, deploying Crisis Response Teams to the Ukraine following the downing of MH17, to Vanuatu following Tropical Cyclone Pam and to Nepal following the earthquakes. Staff on short-term missions also assisted overseas posts to manage one-off events, including the Anzac Centenary commemorations in Gallipoli and France.

We strengthened staffing of the department's economic and trade divisions and deployed additional staff to support a range of free trade agreements. Secondment programs with the Business Council of Australia and Treasury strengthened whole-of-government economic cooperation.



Embassy staff (A-based and LES) with the Minister for Foreign Affairs, Julie Bishop, Lima, 10 December 2014. [DFAT]

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The department continued to manage a program of voluntary redundancies for non-SES employees and SES incentives to retire. Over the reporting period, a total of 165 non-SES employees exited the department by way of voluntary redundancy. A total of eight SES employees exited the department through an incentive to retire.

Workforce planning, staff mobility and retention

Workforce planning

We undertook an extensive body of work to improve the reliability of data in our HR systems, increase rigour in position design, and embed critical workforce planning infrastructure, including work function groupings and common APS work-level standards.

The Secretary established an SES-level Strategic Workforce Planning Committee which considered and endorsed the department's first Strategic Workforce Plan.

Recruitment

The department targeted its 2014–15 recruitment at meeting critical operational needs, completing two non-SES bulk recruitment rounds (including graduate recruitment) and 12 non-SES specialist rounds. One specialist and four bulk SES selection processes were completed.

The department remained an employer of choice for graduate recruits, with 1943 applicants for the upcoming 2016 policy graduate intake and 522 applicants for the management graduate intake.

Workplace diversity

The department continued to support flexible working arrangements, including access to flex/time off in lieu, permanent part-time work arrangements and teleworking (home-based work). We expect reforms to extend such arrangements to support the Women in Leadership initiative.

We held diversity-focused events in Australia and overseas to reinforce the department's commitment to a diverse workplace: these included NAIDOC week in July 2014, International Day of People with Disability in December 2014, Harmony Day in March, and National Reconciliation Week in May 2015. The department was a major sponsor of the Australian Network on Disability's annual conference in May 2015.

The department supported the advocacy and advisory work of network groups including those for Indigenous employees, staff with disabilities, and the Lesbian, Gay, Bisexual, Transgender and Intersex networks. The department implemented the *Australian Government's Guidelines on the Recognition of Sex and Gender* ahead of the 2016 deadline with staff now able to identify as male, female or X (Indeterminate/Intersex/Unspecified).



LES Consular Assistant, Kofi Gyan-Poakwa, leads high commission staff in celebrating Harmony Day by sharing traditional foods and playing a Ghanaian traditional game—Antoakyire (meaning 'it is behind you'), Accra, 21 March 2015. [DFAT]

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The DFAT Families Network continued, on a volunteer basis, to support staff and their families taking up and returning from overseas postings.

The department's diversity training focused on providing employees with skills to value difference and build inclusive teams. We co-hosted an APSC pilot diversity training program for EL1 and EL2 officers. The department continues to maximise the professional opportunities that our workforce of over 730 staff with working-level proficiency in one or more of 38 foreign languages bring.

Indigenous employment

On 30 June 2015, the department had 70 ongoing employees (representing 1.8 per cent of A-based employees) who disclosed an Aboriginal and/or Torres Strait Islander heritage—up from 65 Indigenous employees at 30 June 2014. The department had no non-ongoing Indigenous employees at 30 June 2014 or 2015. The active advocacy work of the department's Indigenous Champions and the Indigenous Task Force has continued to promote greater visibility and awareness of the needs of Indigenous Australians, including in support of employment and development opportunities with the department.

The department's engagement of Indigenous communities was enhanced through support of four staff (EL1 and EL2 level) to participate in the Jawun Indigenous Corporate Partnerships (Jawun). We also sought expressions of interest from employees (APS6 level) to participate as Indigenous Community Volunteers to share knowledge and expertise through community-led projects.

We continued our investment in indigenous scholarships over the reporting period through MOUs with Griffith University and the Canberra University.



Executive Officer, Aaron Carroll (left), with Les Malezer, National Congress of Australia's First Peoples, at the Expert Mechanism on the Rights of Indigenous Peoples session, UN Permanent Forum on Indigenous Issues, Geneva, 10 July 2014. [DFAT]

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Indigenous Task Force

The Indigenous Task Force was created in 2004 as a forum for Indigenous employees to canvas directly with senior management, policy and management issues of concern. It provides a mechanism for high-level review and monitoring of developments affecting the recruitment, development and retention of Indigenous employees under the department's Indigenous Recruitment and Career Development Strategy.

The terms of reference were revised in 2014 to reflect the wider ambit of its role, including to formalise its function to oversee the delivery of the department's Reconciliation Action Plan and to oversee and ensure the effective implementation of the Indigenous Peoples Strategy.

Disability employment

On 30 June 2015, the department had 60 employees (representing 1.6 per cent of its A-based employees) who disclosed a disability, although internal surveys suggest the actual number is around twice this figure. Our Disability Champion was active throughout the year in promoting greater visibility and awareness of the needs of employees with disability. The department initiated a training program to assist EL2 staff confidently manage staff with disability. We reviewed arrangements for staff with mobility permits to ensure access to appropriate parking and increased the number of allocated accessible spaces in DFAT-controlled car parking to exceed the minimum requirement outlined in the *Disability (Access to Premises—Buildings) Standards 2010*.

To raise awareness and assist in the development of tailored programs and policies to meet the needs of employees with disability, we launched a campaign to encourage employees with disability to disclose this on our HR information system.

The Trade and Investment Minister spoke to staff on his experience of working in high-profile roles while living with a depressive illness and Dr Susanne Bruyère from Cornell University, New York, addressed employees from across the APS on factors influencing people to share information on a disability.

The department used the APS RecruitAbility scheme as part of the graduate recruitment program, allowing applicants with disability to experience all aspects of our selection processes.

Diversity reporting mechanisms

Details about disability reporting under the National Disability Strategy and Multicultural Access and Equity are available at dss.gov.au. Information regarding Indigenous Australians is available at indigenous.gov.au and further information on diversity reporting mechanisms is available through the APSC's State of the Service Report and the APS Statistical Bulletin at apsc.gov.au

Learning and development

The Learning and Development Section facilitated a number of internal and external programs to enhance officers' leadership, management, and diplomatic tradecraft skills as well as enhance employees' abilities to engage with risk, think strategically, develop public policy, and innovate.

Over the review period, 855 officers participated in internal programs aimed at developing leadership, writing skills, conflict resolution, negotiation, tradecraft and cultural awareness. Officers from other APS agencies participated in diplomatic tradecraft programs, which enhanced our engagement across the APS.



Assistant Secretary, Julianne Cowley (left), and Co-Chair of the Staff Disability Network, Lindy Judge (right), with Professor Susanne Bruyère (second right), and CEO of the Australian Network on Disability, Susanne Colbert, at Prof. Bruyère's address on barriers to employees disclosing disability, Canberra, May 2015. [DFAT]

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Through the Capability Development Program, 198 officers participated in over 100 external programs at institutions in Australia and overseas. In addition to developing approaches to leadership, participants strengthened the department's people-to-people links across the APS and to other Australian and international organisations.

Trainee programs

Thirty-six policy graduates and five corporate (management) graduates began a two-year program of on-the-job and formal training in February 2015. Together with 42 graduates from the 2014 intake, trainees engaged in work rotations designed to develop core professional skills and the experience necessary for future roles.

To enhance professional ties with Asia and the Pacific, the Middle East and Africa, we hosted 21 junior international diplomats for a two-month intensive graduate training program to broaden participants' academic knowledge, professional skills and engagement with Australian policy issues.

The department expanded its two-year Administrative Officer Development Program which develops skilled officers at APS4 to EL1 levels. Seven officers began the 2014–15 program, undertaking rotations in key corporate units and short-term placements overseas.

In support of the Government's 'Closing the Gap' strategy, the department participated in the APSC Indigenous Pathways Program and APS Special Measures. Three Indigenous tertiary students completed Indigenous Cadetship programs, while a further three continued their studies alongside work rotations. Of the three Indigenous officers who joined the 2015 Graduate Program, two gained entry through Pathways (including one former DFAT cadet) and one via APS Special Measures provisions.

We also participated in the Indigenous Australian Government Development Program, recruiting three staff for a 15-month on-the-job traineeship, including study towards a Diploma of Government. Two staff completed the APSC Indigenous Traineeship with a Certificate IV in Government and undertook short-term missions in Suva and Hong Kong.

Two ICT apprentices completed their certifications in 2015. The department recruited two ICT tertiary graduates and one ICT cadet through whole-of-government entry level programs.

International Skills Development Program

To develop officers' diplomatic tradecraft skills, 54 junior officers participated in the International Skills Development Program (ISDP), including by shadowing senior officials at high-level international engagements.

Five Indigenous employees and three officers with disabilities also participated in overseas development opportunities under the ISDP, including attendance at the UN Permanent Forum on Indigenous Issues and Torres Strait Treaty meetings. Outside the formal ISDP program, we supported Indigenous employees to develop international advocacy skills through short-term missions to the UN World Conference on Indigenous Peoples in New York and the Human Rights Council in Geneva.

Studybank

In 2014–15, financial assistance and leave from duties was granted to 143 employees to pursue study. The Studybank program supports the Women in Leadership agenda with female staff comprising 65 per cent of approved applicants. The department supported staff studying in the disciplines of arts, business, crisis management, development studies, economics, information technology, international relations, law, public policy and strategic studies, with more than 80 per cent of approved applicants studying postgraduate qualifications.

Language studies

With 212 language-designated positions at overseas posts, the department accords priority to learning and maintaining foreign languages that align with Australia's foreign policy objectives. We provide training in 27 priority foreign languages and, in 2014–15, 187 staff undertook long-term language training in Australia and overseas. The department reviewed its language studies program to streamline Language Proficiency Allowances and to ensure language-designated positions are aligned with government priorities. We continue to provide immersion courses and lunchtime discussion groups to our staff and external APS agencies to support language maintenance.

Additional support is provided to staff through the Rosetta Stone e-learning application. This application was made available to LES at five overseas posts through a pilot program in Advanced English. This program will be expanded to other overseas posts in the year ahead.

e-learning

The department has continued to build its suite of e-learning programs to meet various corporate, technical and operational training requirements with 12 new programs under development including innovative solutions for Anti-Bullying, Harassment and Discrimination, Work Health and Safety, Consular Information System, Local Area Network Administrator, and Certifying Officer training.

Leadership

The department launched a Leadership Strategy in April 2015 aimed at developing and promulgating a culture of strong leadership, strengthening already good leaders, and focusing on ways to raise leadership outcomes at all levels. The launch of a DFAT Leadership Charter, DFAT-specific leadership training, and an annual Secretary's leadership award are key initiatives being pursued. Officers at all levels—Australia-based and locally engaged staff—are to assume responsibility for embodying and entrenching strong leadership as they pursue individual work responsibilities.

Performance management

The performance management cycle ran over the 12 months to 31 March 2015. Employees received informal performance feedback throughout the cycle, a formal mid-term appraisal and an end-of-cycle performance review and rating.

In 2014–15, work was undertaken to improve the performance management framework with the aim of streamlining processes and increasing support for staff and managers. An online upwards feedback survey was successfully trialled in February 2015 and will be used to collect upwards feedback on management from staff across the department in February 2016. A new Performance and Development Agreement template was introduced to provide stronger links between department-wide strategies and individual performance and to embed the APS

Work Level Standards and the DFAT *Values Statement*. Training was offered to improve skills in undertaking performance discussions.

The department provides salary increments or performance bonuses for non-SES staff who receive ratings at the end of the performance cycle of 'performing well' or 'performing exceptionally'. SES employees participate in the performance management system but are not eligible to receive a performance bonus.

Locally engaged staff

The department values the significant contribution made by the LES workforce. Under the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*, we manage the appointment, termination, salary and terms and conditions of all LES, except those engaged by Austrade. This is done in accordance with contemporary Commonwealth management principles, local labour and other relevant laws and good employer practice. In 2014–15, the department was the legal employer of approximately 3909 LES, 1565 of whom were employed on behalf of other government agencies.

We made significant progress on a global project to reform the LES workforce. This includes implementing global work-level standards and reviewing terms and conditions. LES salaries are being reviewed to align with movements in local labour markets.

Workplace arrangements

Terms and conditions for non-SES employees are governed by the DFAT Enterprise Agreement 2011–14 (EA), which nominally expired on 30 June 2014 but will continue until replaced by a new agreement.

Details of employees covered by the EA, determinations, individual flexibility agreements and remuneration supplementation agreements are included in *App. 3, pp. 251–2*.



Then Ambassador to Saudi Arabia (now Ambassador to Egypt), Neil Hawkins (left), introduces LES staff (L. to R.: Walid Farraro, Dima Barrishi, Maria El Moutaoukkil, Manal Elsarwy (shaking hands) and Rheem Abu Daff) to the Governor-General, Sir Peter Cosgrove AK MC, Riyadh, 26 January 2015. [DFAT]

Remuneration of senior executives

All DFAT Senior Executive Service (SES) staff are employed under the same terms of a determination made by the Secretary under section 24(1) of the *Public Service Act 1999*. Executive remuneration is set out in Note 14 of the financial statements on p. 344.

Staff welfare

The Medical Unit continued to support six clinics in Port Moresby, Dili, Jakarta, Rangoon, Vientiane and Phnom Penh, which offer medical advice and primary care treatment on a cost recovery basis to A-based staff and families. The Medical Unit also provides advice and support to other posts that do not have a clinic presence as well to individual staff and family posted overseas. During 2014–15, there were 140 medical evacuations.

The Staff and Family Support Office (SFO) provided more than 300 management and 2000 counselling consultations. Staff counsellors visited 45 posts and five state offices, which included 13 critical incident responses. The Family Liaison Officer supported staff and families in relation to the overseas posting cycle and

provided oversight of the network of community liaison officers.

The SFO provided psychological screening for high-threat posts, wellbeing checks for staff in challenging roles, pre-posting and return-to-Australia briefings, and oversight of the Employee Assistance Program. The SFO conducted over 130 training sessions reaching over 2100 participants. Support to managers included advice on performance and mental health issues and how to support staff during crisis and change.

Staff surveys

In 2014–15, the department continued its program of staff surveys to seek feedback from staff and monitor wellbeing. A total of 3430 staff (APS and overseas LES) participated in the all-staff Pulse Survey in February–March 2015, representing a response rate of 58 per cent. Fifty-one per cent of staff also participated in the annual APS Census held in May–June. We continue to use the survey results to inform business planning and decision-making.



STAFF PROFILE

CLARA YOO

DIRECTOR, CONDITIONS OF SERVICE, CANBERRA



As Director of the section responsible for human resources (HR) policy, I head a team which provides advice on conditions of service for our departmental officers, whether in Australia or overseas. We also provide advice on conditions of service for deployees from 13 other Australian government agencies and the Australian Civilian Corps. Bedding down our department's integration of HR policies and processes meant that 2014–15 was a busy year.

An additional priority this year was managing the department's largest A-based voluntary redundancy program. This work enabled the department to achieve a sustainable staffing profile following integration. With the introduction of paid parking in the Parliamentary Triangle, we also developed the department's new car parking policy and ran the first annual car parking ballot.

A priority for us in 2015–16 will be to further consolidate and refine our HR policies and processes to strengthen our people management and build the department's capabilities.

Management of financial resources

Overview

The department's operations in Australia and overseas are supported by a sound financial resource management framework, which includes robust internal controls and regular budgeting performance reporting.

The 2014–15 Budget included additional funding to continue Australia's diplomatic presence in Afghanistan and Iraq, support the prevention and disruption of maritime people smuggling, and transfer responsibility for accrediting tourism products from government to industry. The Government agreed to re-prioritise Australia's official development assistance (ODA) budget to focus on economic growth and poverty reduction in the Indo-Pacific region. As a result of the integration of the former AusAID, the department was able to identify considerable efficiencies, delivering \$400 million in savings to the Government in 2014–15.

At the 2014–15 Additional Estimates, we received additional funding to support Australia's presence in Iraq; to assist with the consular response to the downing of MH17 in Ukraine, including to set up an interim mission in Kyiv; and to establish a national support service for intercountry adoption. The Government discontinued funding for the International Cultural Council.

In its report, *Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2015*, the ANAO acknowledge that the department had effective internal controls to ensure good financial management and a sound financial reporting framework.

Financial management information system

The department is nearing completion of a financial systems enhancement program that has delivered an internal audit controls module, electronic travel and credit card system and a position-based SAP security and delegations model. Post-based pilots of the new cash management, business intelligence reporting

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and budgeting tools have commenced and will be further rolled out in 2015–16. Improvements, including electronic purchase-to-pay functionality for Australia and overseas, are under development and will also be implemented during the next financial year.

Assets management

The department's internal capital funding process is based upon sound business cases being developed for allocation of funds to work units. The executive reviewed the progress of capital investment throughout the year, including specific reviews on large projects such as the international communications network and Passport Redevelopment Program.

Further strategic capital planning is underway with development of a Capital Management Plan that will enable long-term planning of the department's investment needs.

We operate a rolling cycle for asset revaluations whereby each asset class is revalued every three years. The exceptions are land and buildings, which are revalued annually. Informal reviews and impairment testing of asset classes are conducted annually to ensure asset values are fairly stated in the end-of-year accounts.

Purchasing performance

The department ensured compliance with all relevant Commonwealth procurement policies and legislation, particularly the Commonwealth Procurement Rules.

Competitive tendering and contracting

In 2014–15, use of open and competitive methods of procurement was 88 per cent of gazetted contracts by value.

A low proportion of tenders were exempted from open tendering. Exemptions were granted in circumstances where additional deliveries of services by the original supplier were required to ensure continuity; where, in response to an approach to market, no submissions that represented value for money were received; or where specialist in-country capability was required to ensure appropriate service delivery.

In 2014–15, 81 per cent of relevant contracts with a value above \$10,000 were reported within 42 days on AusTender.

The department introduced a streamlined Partner Performance Assessment Framework to strengthen the department's management of its aid program commercial partners and ensure that past performance is closely linked to future contract award decisions.

We continued to promote streamlining and innovation in procurement, piloting broad, outcomes-based scopes of services, flexible approaches to pricing to encourage innovative proposals and performance base contracts.

Exempt contracts

There were no contracts or standing offers in excess of \$10,000 (including GST) exempted from publication 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

During 2014–15, the department entered into 30 new consultancy contracts, involving total actual expenditure of \$1,630,555. In addition, 10 on-going consultancy contracts were active, involving total actual expenditure of \$1,495,549.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website tenders.gov.au.

Procurement initiatives to support small business

The department supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website: finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/

We recognise the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: treasury.gov.au/

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The department uses non-discriminatory procurement practices that support SMEs and are consistent with the Commonwealth Procurement Rules. Additional initiatives include use of procurement templates that are based on the Commonwealth Contracting Suite to reduce tendering costs and red-tape, electronic systems including the ability to pay by credit card for agreements up to \$10,000, maximising the number of Indigenous SME contracts through broad application of the mandatory set-aside requirements in the Indigenous Procurement Policy, use of SMEs as independent evaluation committee members, and conducting 'Doing Business with DFAT' seminars and other industry engagement workshops.

Whole-of-Australian-Government stationery and office supplies

The Department of Finance exercised the first of two 'one-year' extensions to the Whole-of-Australian-Government Arrangements for Stationery and Office Supplies. Consequently, OfficeMax continued to be our stationery provider for the Whole-of-Australian-Government Arrangements for Stationery and Office Supplies during 2014–15.

Whole-of-Australian-Government travel management services

The department continued to work under phase two of the Whole-of-Australian-Government Arrangements (for Travel and Related Card Services) throughout the financial year. Under phase two, the AOT Group provide accommodation services for the department and Thrifty and Europcar provide our car rental suppliers within Australia. We commenced using Diners Club in August 2014 as the payment method for domestic and international airfares as well as accommodation and car rental services within Australia.

In December 2014, the Department of Finance appointed QBT Pty Ltd as the new whole-of-government travel management services provider. The department commenced with QBT Pty Ltd on 29 June 2015.

Outlook

Strong management of financial resources will be required for the effective implementation and alignment of government priorities in the areas of foreign affairs, trade and investment, and development assistance, including the establishment of new posts funded in the 2015–16 Budget. As part of the Government's smaller government agenda, work is underway to review the department's functional efficiency.

The department remains an attractive career choice for individuals with broad experience and those with more defined areas of expertise in foreign policy, development, trade, consular and our enabling services (such as IT, property, human and financial resources). A challenge in the coming year will be to increase our workforce planning capacity to better forecast needs in years to come, assess whether those capabilities can be met in-house or need to be brought into the department, and recruit across the range of our requirements. In parallel, we must ensure that our training programs address internal needs and equip our officers for developing deep expertise in highly varied working environments. Strengthening skills in our LES workforce and HR systems to meet our needs overseas remains an important goal. Ensuring health and safety concerns are addressed in a complex international environment, while meeting Australian standards, remains an area of focus.