



Australian Government
Australian Public Service Commission

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Commissioner
Annual Report

2004-05



Incorporating the Annual Report of the Merit Protection Commissioner

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Heart

part three



Management

MANAGEMENT AND ACCOUNTABILITY

This Chapter reports on the Commission's management and accountability during 2004–05. It covers our:

- corporate governance framework
- people management
- financial management
- consultancy services and procurement
- information management
- ministerial liaison
- ethical standards and management accountability
- ecologically sustainable development and environmental performance
- accommodation
- social club.

Corporate governance framework

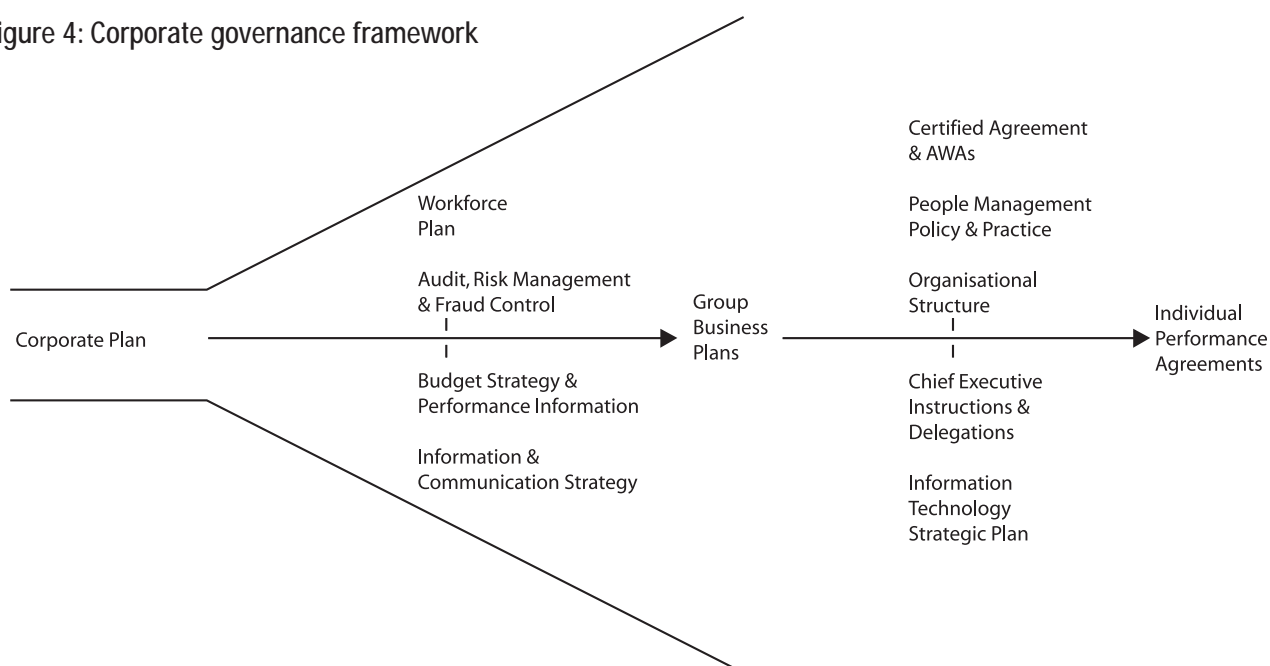
The Commission has an integrated corporate performance planning and management framework that facilitates the effective achievement within budget of the commitments in the Commission's Corporate Plan and assists accountability. The framework links the Commission's Corporate Plan, group business plans and individual performance agreements.

A schematic representation of the framework is set out at Figure 4.

At the broadest level, we set out our performance expectations and planned use of resources through our portfolio budget statements and Corporate Plan. We account for our performance and use of resources through our Annual Report to parliament.

Business plans are developed annually to support achievement of the Corporate Plan. The business

Figure 4: Corporate governance framework



plans provide the basis for agreeing group priorities and allocating internal budgets. Performance and use of resources is accounted for through group managers' appraisals.

Corporate decision making and advisory structure

The Executive comprises the Public Service Commissioner, Deputy Public Service Commissioner, Aboriginal and Torres Strait Islander Employment Coordinator and Merit Protection Commissioner. The Executive provides strategic management of the Commission by establishing its directions and work programme, directing the agenda for the Commission Management Committee, agreeing business plans and budgets, and determining senior staffing matters. The Executive meets fortnightly throughout the year and is supported by the Group Manager, Corporate. The Commission Management Committee comprises the Executive, Group Managers and the Adviser to the Merit Protection Commissioner and is the Commission's main leadership and management advisory body. The committee is responsible for:

- signing off the corporate plan and corporate policies and leading the implementation of strategic priorities
- reviewing and monitoring performance against business plans and budgets ensuring they are consistent with overall corporate directions
- providing a forum for discussing APS policy issues.

Other formal internal advisory bodies are the Audit Committee, the Information Technology Advisory Committee, the Workplace Relations Committee, the Occupational Health and Safety Committee and the Security Committee. The work of these bodies is detailed under their specific interest areas in this part of the report.

People management

The Commission's Corporate Plan 2004–05 and the Certified Agreement 2003–06 make commitments to building the Commission's strategic capability through a planned approach to meeting our future workforce needs. The Commission's workforce initiatives, described below, are effectively providing a workforce to support our contemporary role.

Workforce planning

At 30 June 2005, the Commission employed 184 staff of which 168 were employed on an ongoing basis. These staff were divided between Canberra (74.5%) and regional offices in Sydney, Melbourne, Brisbane, Adelaide and Perth.

During 2004–05 there was a continuation of the modest additional staffing for the ILS and Indigenous Employment Strategy which was funded through access to the Commission's accumulated reserves. In addition, further staffing was provided for work on Indigenous employment through a transfer of funds from the Department of Immigration and Multicultural and Indigenous Affairs.

Table 27: Commission staff numbers at 30 June 2001 to 2005

	June 2001	June 2002	June 2003	June 2004	June 2005
Ongoing	122	135	159	165	168
Non-ongoing	36	26	27	25	16
Total	158	161	186	190	184

More detailed information about the nature of our workforce is set out in Appendix G. Overall trends include:

- A strong pattern of ongoing employment supplemented by a relatively stable level of non-ongoing employment to meet particular business needs. Over the last two years non-ongoing employees comprised between 8% and 9% of our workforce.
- A modest shift in the classification mix with decreased employment at executive levels (down from 45.8% in 2003–04 to 42.2% in 2004–05) while the proportion of APS 5–6 employees increased (from 50.5% in 2003–04 to 51% in 2004–05).
- The majority of people working in the Commission are women, comprising 66.3% of our workforce in 2004–05 compared to 68.4% in 2003–04.
- Part time employment continues to be dominated by women with only three men taking up this employment option in the last two years.
- The proportion of employees identifying as being of Aboriginal or Torres Strait Islander descent has increased slightly from 3.8% in 2003–04 to 4.3% in 2004–05.

- The proportion of employees who identify as having a disability has continued to increase from 5.4% in 2002–03 to 7.9% in 2003–04 to 9.2% in 2004–05.

Graduate recruitment

We did not undertake a graduate recruitment programme during 2004–05 as we gave priority to building a more structured approach to learning and development consistent with the commitments to build capability made through our certified agreement.

We have recommenced a graduate recruitment programme for 2005–06.

Corporate learning and development

During 2004–05 we consolidated our approach to establishing a corporate training calendar that links Commission, Group and individual capability to organisational performance improvements.

The calendar represents a significant investment by the Commission in the development of staff.

Participation and expenditure information in Table 28 provides a measure of this investment. In addition to the corporate training programme, Groups funded training and development opportunities that addressed individual development needs.

Table 28: Participation rates in training and development activities, 2000-01 to 2004–05

Participation rates	2000–01	2001–02	2002–03	2003–04	2004–05
Total staff days	761	562	678	1176	570
Average days per staff member	4.8	3.5	3.7	6.1	3.1
Total estimated cost	\$140,000	\$145,000	\$247,000	\$617,484	\$279,560
Average cost per staff member	\$886	\$900	\$1330	\$3250	\$1519

There was a decline in participation in 2004–05 compared with the previous year because in 2003–04 we conducted workshops for all Executive and APS level staff to discuss the directions of the Commission's work programme. Whereas in 2004–05 we gave priority to capability development in financial management, strengthening understanding of the APS Values and Code of Conduct, and people management.

Other significant activities were also undertaken. For example, one staff member participated in the Australia and New Zealand School of Government Masters programme. As well, the Commission has continued its internal seminar programme called 'Corporate Made Easy' that provides staff with information on services and assistance available through the Corporate Group on such issues as procurement following introduction of the United States–Australia free trade agreement.

The Commission continues to support formal study through the Study Encouragement Scheme focusing on qualifications in the fields of public administration, human resource management, learning and development, public policy and governance. There has, however, been a decrease in use of this scheme from 14 in 2003–04 to 11 in 2004–05.

Staff survey

The Commission surveys its staff every two years to obtain feedback on the Commission's culture, working arrangements and internal policies, and to assess the extent to which staff understand and uphold the APS Values.

The most recent survey was conducted in October 2004, with results available to staff in November. The survey was based on a set of core questions that allowed comparison in trends and views over time and with the findings of the APS-wide State of the Service survey.

Over 80% of staff responded to the 2004 survey and strong results were reported in many areas, notably respondents provided positive ratings on:

- the Commission as a good place to work
- overall levels of satisfaction among staff
- the Commission Executive and senior managers
- a common sense of purpose among Commission staff
- support for and understanding of the APS Values within the Commission
- pride in working for the Commission
- satisfaction with flexible conditions of employment.

On many of these issues the 2004 survey results showed improvements over the 2002 findings.

The survey also identified some areas for improvement. Staff were critical of the Commission's pay system and the way in which it links with the performance management system. A new simple pay system is a priority for the Commission's next certified agreement and work was begun on this late in 2004–05.

There was also reporting of harassment and of work-related stress. In response, we have introduced further training on the APS Values and Code of Conduct for all staff; and we have started revising the Commission's Plan for a Harassment-Free Workplace, including conducting several harassment-prevention training sessions. As well, we provide regular workstation assessments, conduct occupational health and safety sessions and stress prevention training, and actively promote our employee assistance programme.

Our health awareness programme has also been expanded to focus on health and lifestyle with increased emphasis on work–life balance. Coverage of the health awareness programme is included later in this Chapter.

Agreement-making in the Commission

The Commission provides terms and conditions of employment under either its certified agreement or through Australian Workplace Agreements with individual employees. As at 30 June 2005, 142 non-SES employees were covered by the certified agreement while 40 employees have entered into Australian Workplace Agreements. The Commission has two statutory office holders whose conditions of employment are established by the Remuneration Tribunal.

The salary ranges for the Commission's classification levels are set out in Table 29.

Table 29: Salary ranges as at 30 June 2005

Classification	Min	Max
APS 1–2	\$30,617	\$38,852
APS 3–4	\$39,802	\$47,720
APS 5–6	\$49,198	\$60,600
EL 1	\$62,923	\$76,014
EL 2	\$77,598	\$97,500
SES1	\$103,000	\$123,600

The Band 3 salary range is not included in this table as the Commission has only two Band 3 employees.

Certified agreement

The Australian Industrial Relations Commission certified the Commission's third certified agreement *Building Our Capability: People and Performance* on 11 June 2003.

It is a comprehensive agreement made directly with staff under section 170LK of the *Workplace Relations Act 1996* and notionally expires in June 2006. It covers the employment arrangements and conditions for staff not covered by Australian Workplace Agreements, including 87 APS 1–6 employees and 55 executive level employees.

Non-salary elements of the agreement include a strengthened approach to capability development, workplace giving scheme, work–life balance provisions, health awareness programme and an access to employee assistance programme.

The agreement has a strong focus on productivity and includes a variable salary increase from 1 July 2005 based on the level of productivity gains achieved. An assessment of the benefits flowing from the Agreement undertaken during 2004–05 showed that significant productivity gains were being achieved and the maximum salary increase of 3.5% will be paid to staff.

Work commenced in the first quarter of 2005 on the Commission's next agreement and we plan to seek certification of the new agreement in June 2006.

Forty Australian Workplace Agreements are in place covering 10 senior executives, 27 executive level employees and three APS 1–6 employees. This represents 21.7% of the Commission's workforce. The majority of the Commission's current Australian Workplace Agreements nominally expire in June 2006.

Non-salary elements of Australian Workplace Agreements include car parking for senior staff, home access to information technology, airline lounge memberships, business class air travel and executive lease vehicles.

Managing performance

A significant feature of the Commission's certified agreement is the performance appraisal scheme that directly links annual assessment of people's performance with their remuneration. The scheme operates as part of the Commission's overall approach to performance management and integrates corporate, group and individual performance planning and

management. The scheme also provides a basis for planning individual development and for managing poor performance.

The Commission's scheme provides for:

- annual productivity increases in base pay
- the possibility of salary advancement
- the possibility of modest bonuses for high-performing staff.

In 2004–05, the Commission paid \$137,625 in performance bonuses to 73 employees. Details of payments made to staff are included in Table 30. These payments relate to performance during 2003–04 as the Commission's appraisal cycle operates on a financial year basis with performance-linked increases in remuneration being made in July each year, based on an assessment of performance in the preceding year.

Table 30: Performance pay for 2004–05

Classification	Number of staff	Number receiving	Total payment	Average payment	Range
APS 1–2	4	2	\$2100	\$1050	\$900–\$1200
APS 3–4	39	8	\$9000	\$1125	\$600–\$1200
APS 5–6	49	21	\$28,800	\$1371	\$800–\$2400
EL 1	58	21	\$35,700	\$1700	\$1200–\$3000
EL 2	28	17	\$40,125	\$2360	\$1875–\$4500
SES	7	3	\$21,000	\$7000	\$3000–\$12,000

These amounts represent payments for the performance cycle 2003–04 and were paid in July 2004

Australia Day awards

One of the features of our Australia Day celebrations is presentation of Australia Day medallions. The medallions are awarded to non-SES members of the Commission who have worked in the Commission for longer than 12 months and made an exceptional contribution to the performance, culture or identity of the Commission. Contributions in many areas and regions of the Commission were recognised in 2005. Four awards, comprising three individual awards and one team award, were presented in January 2005 to:

- Christine Black, for exceptional business acumen and demonstrated quality in all her work

- Jenny Seymour, for her tireless work in organising fundraising events and contributing to a collegiate culture
- Debbie Bailey, for embedding the Public Sector Development programmes in New South Wales and effectively doubling the number of Learning and Development programmes offered by the Sydney office
- The 2004 State of the Service Report team—Marie McAuliffe, Mark Henry, Ngaire Hosking, Sue Johnson, Linda Kendell, Natalie Collins, Heather Frisken, Paul Casimir and Fiona Hewson, in recognition of the consistent high quality of the report and the research that underpins it.

Occupational health and safety

As in past years, the Commission continued to promote activities to enhance the health and wellbeing of its employees. In 2004–05 we conducted an annual health awareness programme, ran regular health and lifestyle sessions, provided all staff with occupational health and safety training opportunities and continued to provide a programme of regular workstation assessments.

The Health Week programme ran from 18–22 October 2004 and included:

- information sessions, such as psychological health awareness, breast cancer awareness, skin and sun care practices and a library display including health-related books and pamphlets
- clinical assessments, such as lifestyle screenings, bone density screenings and respiratory function tests
- activities and exercise, such as back and neck management, introduction to healthy exercise, a tennis competition and healthy lunch.

The Health Week programme was very popular with staff, many of whom participated in multiple events. Attracting 523 attendances at organised health week activities represents a significant increase over 2003–04 participation rates.

We also conducted a series of health and lifestyle sessions to continue developing staff awareness of health issues, and lifestyle and work balance through the year and provided staff and their families with access to a confidential employee assistance programme.

Work-life balance

During 2004–05 the Commission participated in the 8th annual Work-Life Balance Benchmarking



Participants in health week

Study. The study, conducted by private firm Managing Work-Life Balance and publishers CCH Australia, surveys both public and private organisations and assesses executive support, organisational policies and procedures, and barriers to achieving work-life balance in organisations.

In the 2004–05 survey the Commission ranked 17th out of the 376 participating organisations, and 1st out of the seven Australian Government participants. The Commission last participated in the study in 2003–04 where it achieved 11th place out of 310 participants and ranked 2nd of the Australian Government participants.

Workplace diversity

The Commission's Workplace Diversity Programme continues to contribute to ensuring the Commission fosters an environment that positively values diversity of backgrounds and ideas and achieves the creativity and performance that flows from diverse contributions. During 2004–05 we conducted workshops to promote the APS Values that included a focus on diversity in the workplace.

The Commission's certified agreement continues to provide staff with flexible forms of employment and increased access to personal leave. Over 11.4% of Commission staff work part-time and about 13.5%

of staff have made use of the purchased leave arrangements to increase their leave entitlements. Purchased leave is particularly popular as a means of caring for children during school holidays.

We have started our graduate recruitment campaign for 2006 and have included in the programme an employment opportunity for an Aboriginal or Torres Strait Islander graduate.

The Commission's representation of women, Aboriginal or Torres Strait Islanders, people born overseas, people born overseas with English not their first language and people identifying as having a disability are set out in Table 31.

Table 31: Representation of EEO groups as a percentage 2000–01 to 2004–05

Year	2001–02	2002–03	2003–04	2004–05
Women	67.7	68.3	68.4	66.3
Aboriginal/Torres Strait Islander Descent	3.7	3.8	3.2	4.3
People with disabilities	3.1	5.4	7.9	9.2
Born overseas	16.1	15.1	16.3	20.7
Born overseas and English not first language	5.0	7.5	5.3	7.6

Further information on the Commission's staffing numbers and EEO statistics are included in Appendix G.

NAIDOC week

The Commission and the Department of Agriculture, Fisheries and Forestry (DAFF) jointly hosted an event to celebrate NAIDOC week on 6 July 2004.



Pat Turner, Lynelle Briggs, Matilda House and Bernie Wonder (from DAFF) participating in the NAIDOC celebrations.

The celebration at the Edmund Barton Building included a presentation by Indigenous Artist of the Year 2003, Duncan Smith, and Commission Indigenous staff who shared their life experiences. During the opening ceremony Duncan Smith played the didgeridoo while Ngunnawal elder, Matilda House, gave a 'welcome to country' speech.

International day of people with a disability

On 6 December 2004 we jointly hosted a 'celebration of ability' function with the Department of Agriculture, Fisheries and Forestry.

The celebration featured a speaker from Assistance Dogs Australia who explained how assistance dogs are trained, and demonstrated the support the assistance dogs can provide. Guest speakers also included a photography and electronic imaginary artist, Mrs Jenni Heckendorf, and her husband David, a government lawyer. Both Jenni and David are affected by cerebral palsy.

The event was well attended and received with enthusiasm by the audience.

Prevention of harassment

The Commission's *Plan for a Harassment-Free Workplace* helps minimise harassment that may arise in the workplace. The plan establishes procedures for addressing harassment in the workplace and sets out the rights and responsibilities of staff and managers. The plan also describes the role of harassment contact officers and provides key information, including listing the current harassment contact officers.

We undertook harassment awareness and prevention training during the year, and discussion of workplace harassment is integral to the induction sessions for new staff.

Personnel services

The Commission receives its routine personnel services under contract from Rel Corp Management Services, jointly with several agencies in the Department of the Prime Minister and Cabinet portfolio. These services include processing of payroll and leave entitlements and occupational health and safety services.

We undertook a brief survey of staff on the quality of the services Rel Corp provides during the year. Staff indicated they were satisfied with the service Rel Corp provides.

The current contract with Rel Corp has been extended to February 2006 and a tender process for provision of these services will be conducted during the second half of 2005.

Workplace Relations Committee

The Commission's certified agreement continues to provide for a Workplace Relations Committee. The committee consists of three management-nominated representatives, three employee-elected representatives and three union nominees.

The committee is the primary forum for developing our certified agreements and for monitoring the implementation of agreements. The Committee met four times during 2004–05. The committee is also a useful forum for obtaining the views of staff on issues relating to managing the Commission. The committee complements regular group meetings that provide a more frequent forum through which staff may express their views on issues relevant to their work and receive feedback from the Commission's management forums.

Financial management

2004–05 Budget

The Commission's operating revenues for 2004–05 totalled \$32.599 million. Revenues from government accounted for 52.7%, sales of goods and services accounted for 47.2% and disposal of assets accounted for the remaining 0.1% (see Table 32).

Table 32: Revenue sources, 2000–01 to 2004–05

Revenue Source	2001–02	2002–03	2003–04	2004–05
Government	60%	55.6%	57.2%	52.7%
Sale of goods and services	38.4%	43.8%	42.7%	47.2%
Other (e.g. disposal of assets, and interest)	1.6%	0.6%	0.1%	0.1%

Investment in programme development

The Commission was granted approval, through the 2003–04 Additional Estimates, to access its accumulated reserves to fund developmental work on an integrated approach to leadership development in the APS and on increasing Indigenous employment in the APS (see Table 33).

Table 33: Reserve funding for leadership development and Indigenous employment

	2003–04	2004–05	2005–06
Leadership development	\$0.898m	\$0.761m	\$0.516m
Indigenous employment	\$0.221m	\$0.246m	\$0.063m
Total additional funds	\$1.119m	\$1.007m	\$0.579m

Transfer of funds

The Commission received funding of \$0.599 million from the Department of Immigration Multicultural and Indigenous Affairs for its role in supporting the whole-of-government approach to providing services for Aboriginal and Torres Strait Islander people.

Non-appropriation revenue

Revenue from the sale of goods and services in 2004–05 is largely earned from leadership, learning and development activities (67.8%), employment-related services (12.0%), Public Service Gazette subscriptions (7.0%), funding to support capability development in the Asia–Pacific region (6.5%), promoting better practice (5.8%), and other services (0.9%).

Revenue from leadership, learning and development activities and employment-related services amounted to \$12.289 million in 2004–05 and made up 37.7% of the Commission's total revenue from all sources. This revenue is earned in an open market where agencies have choice about where they source their services and the level of services they acquire. This

potentially volatile context means the Commission must devote considerable effort to estimating revenue, expenditure and cash flows and to monitoring its financial performance during the year.

We have become increasingly dependent on non-appropriation revenue in recent years as can be observed in Figure 5.

Table 34: Total planned budget for 2004–05

Base appropriation funding	\$15.589 m
Investment in programme development	\$1.007 m
Transfer from Department of Immigration and Multicultural and Indigenous Affairs	\$0.599 m
International assistance	\$1.005 m
Other non-appropriation funding	\$14.399 m
Total	\$32.599 m

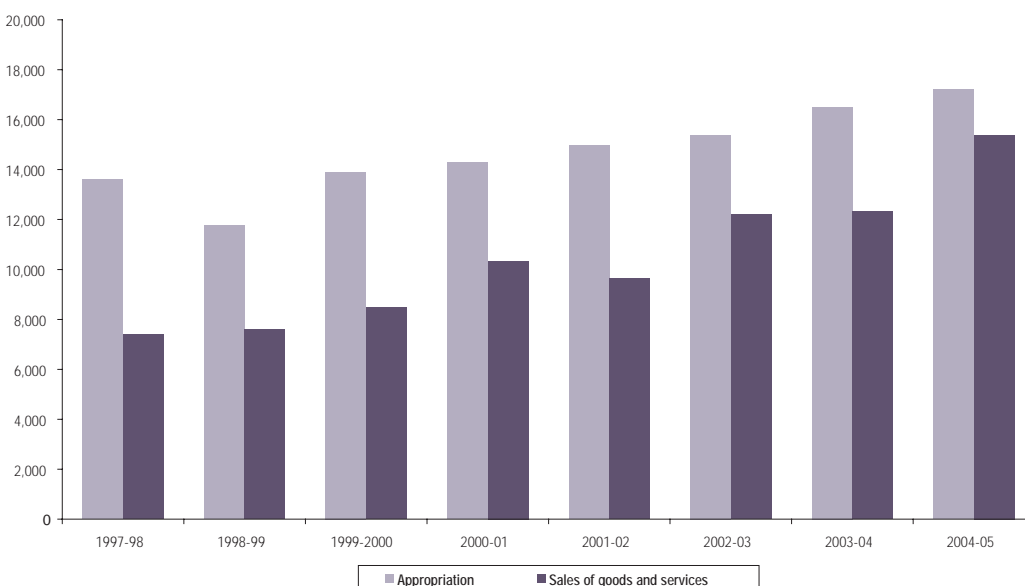
Operating outcome 2004–05

The Commission's operating outcome for 2004–05 was a surplus of \$0.783 million. The surplus resulted primarily from significant growth in elements of Output 2 against forecast performance, and contrasts with the operating outcome for 2003–04 which was a loss of \$1.229 million.

The turnaround in performance is due to:

- revision of the design of some learning and development programmes that had been reaching the end of their lifecycle
- a more conservative approach to budgeting, including estimates of non-appropriation revenue

Figure 5: Commission revenue



- tighter monitoring and management of budget performance during the year.

The modest operating surplus achieved in 2004–05 returns performance to the pattern of modest operating surpluses achieved prior to the 2003–04 operating loss.

Table 35: End of year position 2001–02 to 2004–05

	2001–02	2002–03	2003–04	2004–05
Surplus	\$0.989m	\$0.074m		\$0.783m
Deficit			\$1.229m	

The 2004–05 operating surplus partly restores funds depleted through the 2003–04 operating loss which contribute to covering employee liabilities and provide for future investment in development of our work programme.

The Commission has sufficient accumulated reserve funds to meet its liabilities.

Budget outlook

In developing the 2005–06 budget we have continued to adopt a conservative approach with the aim of achieving a balanced outcome in the 2005–06 budget year and forward estimates.

We are continuing to strengthen our budget and business planning and management practices as our funding will continue to be tight and our reliance on potentially volatile revenue from the sale of goods and services accounts for nearly half our budget.

Appropriation funding will decline slightly from 2005–06 onwards as investment funding approved at the 2003–04 Additional Estimates for the Indigenous Employment Strategy and the Integrated Leadership System declines. This decrease in appropriations will be offset by increased training revenue and a continuing slight decline in staffing levels, so a balanced operating position will be achieved.

Finally, commencing in 2005–06 we have simplified our output group structure to:

- APS policy and employment services
- development programmes
- better practice and evaluation.

The new output group structure provides better delineation between outputs and adds clarity to budget planning and management.

Consultancy services and procurement

The Commission's policy on selecting and engaging consultants is based on the relevant *Commonwealth Procurement Guidelines* and *Chief Executive Instructions*. It is Commission policy to restrict the use of consultants to circumstances when the required specialist skills are not available within the Commission, or independent assessment is considered desirable and the task is short-term and discrete.

In general, the Commission's requirements for consultancy services can be identified against a number of broad categories that include employment-related services; business analysis and review; design, development and delivery of leadership, learning, development and capability building related programmes and provision of related advice.

The method of selecting consultants is based on principles consistent with the procurement methodology used for obtaining other goods and services and is underpinned by the *Commonwealth Procurement Guidelines*. Factors taken into account in determining the method of selecting consultants include the extent of competition available in the market place, the complexity and estimated cost of the proposed consultancy, the available timeframe, and the cost of approaching the market and evaluating offers. The Commission has in place a deed of standing offer for provision of learning and development and related consulting services.

Consultancy services

During 2004–05, eight new consultancy contracts were entered into involving total actual expenditure of \$0.254 million. In addition, two ongoing consultancy contracts were active during 2004–05, involving total actual expenditure of \$0.231 million. This compares with total actual expenditure in 2003–04 of \$0.901 million.

Table 36: Use of consultants

	Number of new consultancy contracts let	Number of ongoing consultancy contracts that were active	Total Actual expenditure on all new contracts \$'000	Total Actual expenditure on ongoing consultancy contracts that were active \$'000	Consultancy expenditure Grand Total \$'000
2003–04	n/a	n/a	n/a	n/a	901
2004–05	8	2	254	231	485

The introduction of the Department of Finance and Administration *Guidance on Identifying Consultancies for Annual Reporting Purposes* in July 2004 led to a reduction in the number of consultancies and expenditure reported by the Commission. Consultancies relating to the delivery learning and development services, which were reported in earlier years, are now excluded by the reporting guidelines. The majority of the Commission's contracting covers the delivery of learning and development services.

A list of all consultancy contracts with a value of \$10,000 or more (inclusive of GST) is published on the Commission website at www.apsc.gov.au/about/consultants0405.htm.

Competitive tendering and contracting

During the year, the Commission did not undertake competitive tendering and contracting activities as defined by the annual report guidelines.

The Commission did not exempt any contracts from the Purchasing and Disposal Gazette.

Purchasing

The Commission undertakes its purchasing consistent with the requirements of the *Commonwealth Procurement Guidelines* issued by the Department of Finance and Administration. The majority of the Commission's procurement is from small to medium sized Australian and New Zealand entities. The Commission is also part of the Group 8 information technology outsourcing arrangements that are contracted with Volante, a small to medium sized Australian firm. This contract is discussed under Information Management.

During 2004–05 the Commission undertook a range of procurement and contracting activities. These included contracts for:

- internal audit services from Ernst and Young
- real estate and property management services from CB Richard Ellis
- technical assistance to Asia–Pacific countries in support of improved public service performance from an international public management panel.

Information management

The Information Technology Advisory Committee guides and manages the Commission's information services and oversees development and implementation of the Commission's information technology strategy.

IT outsourcing

The Commission has received its IT services under a group contract with Volante (formerly Ipex), an Australian small to medium sized enterprise, since June 2000. Other members of the group, known as Group 8, are the Department of Agriculture, Fisheries and Forestry, the Department of Environment and Heritage, the Australian Broadcasting Authority, the Australian Communications Authority, the Aboriginal and Torres Strait Islander Service and the Civil Aviation Safety Authority.

As a small agency, the Commission has obtained significant benefit from being a member of a group that includes some large agencies with deep IT capability.

The total value of the Group 8 contract is approximately \$48 million per annum of which the Commission's share is \$1.4 million (2.9%).

The Group 8 contract was for an initial period of five years, concluding in June 2005, and included options to extend the contract for two periods of two years each. In June 2004 the Group extended the contract for a period of four years to June 2009. There is no scope to further extend the contract beyond these options and it will be necessary to undertake a tender process prior to 2009.

The contract extension included enhancements to the provisions of the contract with Volante to strengthen service delivery in applications development and to improve the management of services.

These changes also ensured that no detriment resulted from the abolition of the Aboriginal and Torres Strait Islander Service (and its consequent disengagement from Group 8) and the planned merger from 1 July 2005 of the Australian Broadcasting and Communications Authorities to form a single entity (the Australian Communications and Media Authority).

Online service delivery

The Commission undertakes a significant proportion of its transactions online, all publications are available electronically, and public servants can nominate for Commission learning and development courses online and pay course fees electronically direct to the Commission's bank. These services are resulting in productivity gains for agencies and the Commission through streamlining of payment administration.

Internet and intranet

The Internet has become one of the most significant dissemination channels for information the Commission produces. The Commission's web site www.apsc.gov.au has continued to improve in quality and usability. It has a sound navigational and graphical structure and the Commission seeks to improve accessibility for all users. The Commission has focused on publishing its major documents in a high quality electronic format as soon as practicable after release.

The Commission's intranet has been set up as a corporate portal run by a database system. It is used to share significant documents and information across the Commission and has the capability to run interactive applications. It is being used to allow work teams to collaborate and share information more effectively. We have developed software tools to manage workflow in the merit protection function of the Commission and to collect information on the Commission's contracts.

Library

The library continues to play an important role in supporting policy development and research activities within the Commission. The fortnightly bulletin *Library News* continues to be distributed throughout Australia and identifies current reports, papers, books, articles and Internet sites on topics such as public administration, leadership, management and human resource management.

Ministerial liaison

The number of briefs the Commission prepared in 2004–05 was similar to the previous year, however, there was a significant decline in the number of Commission responses prepared to ministerial correspondence, falling from 43 letters in 2003–04 to 28 in 2004–05 (see Table 37). Obviously the volume of correspondence is dependent on the amount of correspondence the Minister receives.

Table 37: Preparation of ministerial briefs and correspondence

	2003–04	2004–05
Briefs	81	89
Correspondence	43	28

The Minister assesses the quality of the Commission's briefs using a five-point scale from one (poor) to five (outstanding). During 2004–05 all briefs received a rating of four or five, apart from a small number of briefs that were inadvertently not rated.

Ethical standards and management accountability

The Commission actively promotes ethical standards among its staff through promoting the APS Values and Code of Conduct and through its corporate plan, certified agreement, Australian Workplace Agreements, individual performance agreements and its internal training programme.



Lynne Tacy,
Deputy Public Service
Commissioner and Chair
of the Audit, Workplace
Relations and IT Advisory
Committees

Audit Committee

In accordance with the Financial Management and Accountability Act 1997, the Public Service Commissioner has established an Audit Committee, chaired by the Deputy Public Service Commissioner and including two senior staff as its members. The Committee meets at least three times a year.

Representatives of the Australian National Audit Office attend committee meetings as observers and the Commission's internal auditors, Ernst and Young, and Chief Finance Officer attend meetings to report on particular matters.

Internal Audit programme

The 2004–05 audit plan was developed following a planning session attended by members of the Internal Audit Committee, Chief Finance Officer, two Group Managers and a representative from the Australian National Audit Office. The Commission's provider of internal audit and related services, Ernst and Young, facilitated the planning session and has provided advice to the Commission's Audit Committee, particularly in relation to planning a longer-term audit strategy, and conducted a programme of internal financial and performance audits.

Ernst and Young completed five audits in 2004–05. They were:

- review of exploitation of web-based opportunities
- review of aspects of project management
- review of Fringe Benefits Tax processes
- review of Financial Management and Accountability Act delegations compliance
- review of International Financial Reporting Standards implementation.

The audit reports, which the committee considered, did not identify any significant or systemic issues. The Commission is implementing the recommendations relating to these reviews.

We expect three audits that were started in the last quarter of 2004–05 to be completed during the first quarter of 2005–06. They are:

- review of the Commission's corporate governance arrangements
- review of the Commission online course registration system and links to the financial management system

- follow-up review of implementation of recommendations from earlier compliance audits.

Reports by the Auditor-General

The Commission was involved in two Australian National Audit Office cross-agency audits in 2004–05.

They were:

- the Auditor-General Audit Report No. 13 2004–05, Business Support Process Audit, Superannuation Payments for Independent Contractors working for the Australian Government
- the Auditor-General Audit Report No. 10 2004–05 Business Support Process Audit, The Senate Order for Departmental and Agency Contracts (Calendar Year 2003 Compliance).

The Commission's Audit Committee accepted the Australian National Audit Office's recommendations. And they are being implemented.

Certification of fraud control measures

The Commission's *Fraud Control Plan 2003–05* complies with the *Commonwealth Fraud Guidelines* issued in May 2002. The plan details fraud prevention strategies and an associated implementation action plan. We currently have in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the Commission's specific needs and comply with the guidelines. No incidents of fraud were identified within the Commission in 2004–05.

The Audit Committee, chaired by the Deputy Public Service Commissioner, oversees implementation of the fraud control plan. The plan is brought to the attention of new staff as part of the Commission's induction process and is available electronically to all staff. We provide ongoing fraud awareness seminars to all staff.

Security

We continue to review the status of our security processes for meeting the physical and protective security obligations as set out in the *Protective Security Manual* and the Commission's security plan.

Our security committee meets at least four times per year. The outcomes of these meetings, together with responses to internal audits and/or reviews and consideration of the Commission's position on relevant Australian National Audit Office audits, are presented to the Audit Committee.

We provide security awareness briefings for staff that focus on internal security practices and procedures.

Business continuity

We refined our Business Continuity Plan during 2004–05. The plan provides practical guidance to ensure continuity of essential services by the Commission and to minimise the impact on clients of any disruption to services following a disaster.

The plan builds on a risk assessment Ernst and Young undertook for the Commission.

Legal advice and scrutiny

During the year, internal legal advice was supplemented by advice obtained from external legal sources, including the Australian Government Solicitor. The Commission's internal legal adviser is the contact point for freedom of information and privacy matters (see Appendix C).

Details of work undertaken by parliamentary committees that are relevant to the role of the Commission are discussed in part 2 (refer to page 17).

Ecologically sustainable development and environmental performance

The Commission does not administer any legislation or have any appropriations directly related to these issues; accordingly, the Commission's involvement relates to practices that can improve energy management and environmental practices within the Commission.

We have in place an Environmental Management System (EMS) for central office in Canberra. The system helps Commission staff in their efforts to improve performance against environmental and energy management objectives and targets.

The Commission has in place:

- practices ensuring that, where operationally viable, energy efficient equipment is purchased and that energy efficient practices with regard to such equipment is implemented
- paper and cardboard recycling arrangements
- purchasing of remanufactured toners for 80% of its printers
- recycling of 80% of its printer toners

- a basic education programme that promotes energy efficient and environmentally friendly practices.

During 2004–05 the Commission introduced:

- use of recycled paper (60% recycled content) for the majority of its daily printing and copying needs on a national basis
- recycling of plastics, glass, aluminium and steel in the Canberra office.

We continue to review our options for introducing practices that will help improve upon the Commission's environmental and energy management performance and current practices.

Accommodation

All Commission offices are leased tenancies in privately owned office accommodation. A list of addresses is in Part 1.

Social club

The Commission's social club, based in Canberra, had another active year during 2004–05. In addition to regular gatherings, the social club organised a number of events including the annual Christmas lunch and an Australia Day lunch, at which the Commissioner presented Australia Day medallions to staff who had made significant contributions to the Commission's work and culture during the year.