

Management and Accountability

Achieving a Just & Secure Society

Corporate governance

Corporate governance refers to the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, leadership, direction and control exercised in the organisation.

The Executive

The departmental Executive, comprising the Secretary, the Executive Adviser, the four General Managers and an Executive member sets strategic direction and maintains a general oversight of performance. The Executive considers and takes decisions on matters of corporate and governmental significance subject to any specific legal obligations imposed on the Secretary.

Audit Committee

The Attorney-General's Department Audit Committee is appointed by and is responsible to the Secretary for the provision of advice relating to:

- the departmental system of internal control
- management of financial risk
- review of financial reporting
- control of public money and assets
- regulatory compliance.

The Audit Committee is supported by the Audit and Evaluation Section, which, in respect of its operational role, is directly responsible to the Secretary.

Membership and operation

The Committee comprises a Chair who is external to the Department and three members, one of whom is external to the Department.

In addition there is a standing invitation to the Australian National Audit Office (ANAO) to observe Committee meetings. At the discretion of the Chair, the Department's Chief Financial Officer is invited to appear before the Committee and the Secretary may attend meetings as an observer.

Activities

The Committee convened on five occasions during the reporting period and the Secretary was present at three. The Committee's actions and deliberations included:

- consideration of the departmental fraud risk assessment;
- review of a risk-based assessment of future audit coverage;
- the review of audit reports where appropriate, including the identification of notable achievements;
- the provision of advice to the Secretary on follow-up action to be taken on matters raised in a report of the internal auditors or in any external report concerning the Department;
- consideration of internal audit coverage provided by Audit and Evaluation in annual and strategic work programs on a risk-assessment basis;
- provision of advice to the Secretary on the preparation and review of the departmental Financial Statements; and
- oversight of the coordination of audit programs conducted by Audit and Evaluation and the ANAO.

Integrated performance management

The Department takes an integrated approach to performance management which synthesises planning, accountability, reporting and evaluation activity. The model links individual performance with corporate goals and incorporates a regime of performance review from the level of individual staff members through to broad organisational elements.

The Department's budgeting, accountability and reporting mechanisms are aligned to the Government's accrual-based budgeting, outcomes and outputs framework.

The Executive and managers are supported by financial and human resource management systems and Ministerial and Parliamentary support systems.

Corporate Plan and operational plans

Under the integrated performance management model, the Corporate Plan sets the broad strategic direction for the Department. The Corporate Plan is underpinned by operational plans that detail activities and associated resourcing and performance information for each organisational element within the Department. All activities and tasks identified by operational plans are ranked according to priority. Each is related to an output within the outcomes and outputs framework. Area workplans are developed as appropriate, subordinate to the operational plans.

Links to individual performance

Individual performance agreements are linked to the operational plan or area workplan performance targets. Individual performance is reviewed biannually against the performance agreement as part of the Program for Performance Improvement integral to the Department's People Plan.

Performance review

Performance reviews are conducted biannually by the departmental Executive. These reviews focus on organisational performance against operational plan performance measures or, in relation to routine activities, departmental performance standards.

Performance information and reporting

The strategic direction is reflected in the Department's section of the Portfolio Budget Statements which follows the accrual-based budgeting outcomes and outputs framework. In addition to detailing appropriations, the Portfolio Budget Statements contain performance information for each item of administered expenditure and each output within the framework. The annual report outlines performance against measures contained in the Portfolio Budget Statements.

The departmental annual report complies with the *Requirements for Annual Reports* issued by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit.

Establishment and maintenance of appropriate ethical standards

The Department's Certified Agreement and Australian Workplace Agreements (AWAs) contain a commitment from employees to uphold the Australian Public Service (APS) Values and to comply with the Code of Conduct.

In addition, the Department has taken a number of steps to establish and maintain appropriate ethical standards and to incorporate transparency and accountability into its corporate governance.

The APS Values and Code of Conduct contained in the *Public Service Act 1999* and Public Service Commissioner Directions made under the Act apply to all employees of the Attorney-General's Department and articulate the operating ethos of the Australian Public Service and the standards of behaviour and conduct expected of employees of the Australian Public Service.

The Secretary has established formal procedures for determining breaches of the Code of Conduct as required by s.15(3) of the Act. Procedures, required by Public Service Regulation 2.4 to be established by the Agency Head, have also been developed for dealing with Whistleblower reports.

The Chief Executive Instructions, issued by the Secretary under the *Financial Management and Accountability Act 1997*, apply to all employees. The Instructions detail departmental arrangements for ensuring the proper use and management of public money, public property and other resources of the Commonwealth and the proper accountability for the use and management of these resources.

The Department has a comprehensive policy and procedures document *Managing AGD Employee Conduct and Whistleblower Reports*. The document sets out the legislative requirements and procedures to be followed for determining whether an employee has breached the Code of Conduct and provides detailed guidance and advice on managing the process. This document complements the Public Service and Merit Protection Commission (PSMPC) publication *Guidelines on Official Conduct of Australian Public Servants*.

All people who are to become employees of the Department are required to sign a statement to the effect that they have read and understand their responsibilities as set out in the APS Values and Code of Conduct and the *Crimes Act 1914*.

The APS Values, Code of Conduct, Chief Executive Instructions and other material relevant to ethical conduct are incorporated, as appropriate, into relevant departmental policies, guidelines and instructions.

The Department, in recognition of the fact that there is an increasing number of employees involved in contract management, or who are working alongside outsourced providers, has reviewed its policy concerning the acceptance of gifts and benefits to provide further guidance and instructions to employees in relation to this issue.

External scrutiny

The Department also works within a strong accountability framework. This includes parliamentary scrutiny through, particularly, various parliamentary committees, internal audit overseen by an independently chaired Audit Committee, external audit by the Australian National Audit Office, the *Administrative Decisions (Judicial Review) Act 1977*, the *Freedom of Information Act 1982*, the *Ombudsman Act 1976* and, in respect of actions taken concerning departmental employees, the Review of Actions provisions of the *Public Service Act 1999*.

The Department's service charter articulates the nature and level of services provided to its clients and provides a reference point against which those clients can comment on organisational performance.

Further information on external scrutiny activity appears at Appendix 3.

Risk management

In compliance with the Government's public sector reform initiatives, the Department commenced work on its risk management plan during the reporting period. Using the resources of Comcover, the Department's Executive identified key strategic risks in its varied business operations. These risks have been further examined at Division and Office level through a series of consultations leading to the identification of existing control mechanisms and the effectiveness of such controls. The plan, which will canvass agreed treatment strategies and the implementation of those strategies, is programmed for completion during the coming reporting period. Once in place, the plan will receive regular review and amendment to assure its continuing application to the Department's business operations.

Business continuity management

An integral element of the Department's risk management framework is business continuity management. Prior to the Year 2000 changeover, the Department invested considerable resources in establishing a business continuity plan to ensure the continuation of essential business functions in the event of a Year 2000 failure.

This plan has been adapted and is in the process of being further refined for those events which could result in a significant disruption to the Department's normal business

operations. The plan includes identified business critical functions, a plan for the operation of a contingency coordination centre in the event of a disaster or disruption, and contingency plans for the maintenance of key business services.

Service charters

The Attorney-General's Department Service Charter outlines the Department's commitment to providing quality service in its dealings with clients. The charter is supplemented by charters covering the activities of the International Family Law Section of the Family Law and Legal Assistance Division and the Trade Measures Review Secretariat.

The service charter also refers clients to information about how to make complaints or comment on performance. Although the Department's complaints handling policy covers all departmental areas, the Australian Protective Service has in place additional instructions which take into account its specific role and client dealings. The Department's service charter is available on the Attorney-General's Department Internet site www.ag.gov.au.

A report of service charter operations, which includes details of complaints and comments received and addressed by the Department, is at Appendix 4.

Corrections to material contained in previous annual report

During the production of this report, departmental areas were asked whether the previous annual report contained any significant statement on a matter of fact which has since proved to be wrong in a material respect. There has been nothing of this nature identified.

Performance management – accrual-based budgeting outcomes and outputs framework

The Department has continued to refine its performance framework for managing resources.

In the context of the framework, outcomes are the results, impacts or consequences of actions by the Commonwealth on the Australian community. Outputs are the goods and services produced by agencies on behalf of the Government, and include goods and services produced for other areas of government external to the agency.

Several changes have been made to the outcomes and outputs framework shown in the 2000–01 Portfolio Budget Statements. The following changes were notified in the 2000–01 Portfolio Additional Estimates Statements:

- the Insolvency and Trustee Service, Australia—previously shown as output 1.5—became a separate agency on 1 July 2000 and is removed from the structure. As a result the outputs that were previously numbered 1.6 and 1.7 are now numbered 1.5 and 1.6 respectively.
- output 2.5 has been added to the structure to accommodate CrimTrac which became an Executive Agency under the Public Service Act on 1 July 2000.

In addition, descriptions for outputs 1.3, 1.5 and 2.1 have been revised to better describe the service being provided or to reflect changes to the organisational structure:

Current Output Descriptions	Output Descriptions included in 2000–01 Portfolio Budget Statements
Output 1.3: Administration of payments for, and the delivery of, government programs including legal assistance and family law related services	Output 1.3: Administration of payments for, and the delivery of, government programs including legal assistance and family law related services and financial assistance to the states and territories under s.200 of the <i>Native Title Act 1993</i>
Output 1.5: Drafting of legislative and other instruments and publication of legislation and related materials	Output 1.6: Legislative drafting and publication (see the note above on renumbering of outputs)
Output 2.1: Maintenance and development of the federal system of criminal justice, development and implementation of law enforcement and national security frameworks and a counter-terrorism capability and the prevention of violence and crime within the Australian community	Output 2.1: Development and implementation of law enforcement and national security frameworks and a counter-terrorism capability and the prevention of violence and crime within the Australian community

The report is based on the following outcomes and outputs framework:

Outcome 1 – An equitable and accessible system of federal law and justice

- Output 1.1: Maintenance and development of the federal system of civil justice and the rights and responsibilities of individuals, families, business and the community
- Output 1.2: Support for the Attorney-General as First Law Officer and advice on constitutional policy
- Output 1.3: Administration of payments for, and delivery of, government programs including legal assistance and family law related services
- Output 1.4: Protection of Australia’s interests internationally and compliance with Australia’s international obligations
- Output 1.5: Drafting of legislative and other instruments and publication of legislation and related materials
- Output 1.6: Machinery of government obligations

The General Manager, Civil Justice and Legal Services has primary responsibility for outputs within Outcome 1 with the exception of Output 1.6 for which the General Manager, Corporate Services is responsible.

Outcome 2 – Coordinated security, crime prevention and law enforcement arrangements

- Output 2.1: Maintenance and development of the federal system of criminal justice, development and implementation of law enforcement and national security frameworks and a counter-terrorism capability, and the prevention of violence and crime within the Australian community
- Output 2.2: Development and promotion of protective security policy, advice and common standards and practices, and the coordination of protective security services
- Output 2.3: Provision of diplomatic and consular guarding services
- Output 2.4: Provision of protective security services
- Output 2.5: Facilitation of the delivery of high quality national policing information services

The General Manager, Criminal Justice and Security has responsibility for outputs falling under Outcome 2.

The General Manager, Information and Knowledge Services and the General Manager, Corporate Services support the other General Managers in producing all the Department's outputs.

Financial management

Section 57 of the *Financial Management and Accountability Act 1997* requires a copy of the audited financial statements and the Auditor-General's report to be included in each departmental annual report tabled in Parliament. The financial statements at page 217 have been prepared on an accrual basis in accordance with Australian Accounting Standards.

The Department, as an entity for financial reporting purposes, comprises the core Department, the Australian Protective Service and CrimTrac. Separate audited financial statements for 2000–01 were prepared by the Australian Protective Service and CrimTrac. Transactions between the core Department, the Australian Protective Service and CrimTrac are eliminated on consolidation.

Performance is reported separately for administered items and departmental outputs. Administered items are those items which are controlled by the Government and managed by the Department on behalf of the Government. These items include grants, subsidies, fees, fines and loans to other governments and related payments. Departmental outputs are the goods and services which the Department provides for, or on behalf of, the Government.

The purpose of separating administered items from departmental outputs is to enable assessment of the administrative efficiency of the Department in producing goods and services.

Analysis of financial performance

For the period ended 30 June 2001, the Department recorded a net operating surplus of \$14.375 million compared to a net operating surplus of \$1.713 million for the previous financial year. The budgeted net operating result was a surplus of \$7.671 million.

The net operating surplus was recorded after corporate tax (Australian Protective Service) but before the capital use charge, dividends, restructuring transfers and asset revaluation increments. The total net capital use charge and dividends paid or payable for 2000–01 was \$2.520 million. The total restructuring transfers and asset revaluation increments in 2000–01 was \$1.590 million. These items are shown separately in the equity schedule in note 15 to the Department's financial statements.

The impact on the change in total equity of the operating surplus less the capital use charge and dividends plus the restructuring transfers and asset revaluation increments was a net increase in equity of \$13.445 million to \$41.389 million.

Comparison of 2000–01 to 1999–2000

The differences in reported revenues and expenses and assets and liabilities for 2000–01 compared to 1999–2000 are primarily due to two factors: organisational change that occurred in the Department in 2000–01 and budget measures.

Organisational change

The major organisational changes that had an impact on the Department's financial statements for 2000–01 were the separation of the Insolvency and Trustee Service, Australia (ITSA) from the Department on 1 July 2000 and the establishment of CrimTrac as an Executive Agency on 1 July 2000.

The separation of ITSA resulted in a reduction in the Department's appropriation revenues of \$25.996 million in 2000–01 (the amount transferred to ITSA in 2000–01) compared to 1999–2000 and a commensurate reduction in expenses, particularly employee expenses, in 2000–01 compared to 1999–2000.

The inclusion of CrimTrac in the Department's financial statements for the first time resulted in an increase in revenue from the sale of goods and services of \$14.652 million, an increase in other revenue of \$8.341 million and an increase in expenses of \$10.691 million (after eliminations) in 2000–01 compared to 1999–2000.

Budget measures

The major budget measure that contributed to significant differences in appropriation revenues and expenses between the two financial years was the republic referendum campaign. In 1999–2000, \$20.0 million was appropriated to the Department for the national advertising campaigns for and against the republic referendum proposal. This amount was fully expended in the financial year. Other budget measures contributing to the differences in appropriation revenues and expenses between the two financial years included CrimTrac and the National Crime Prevention program.

Statement of financial performance

The net operating surplus of \$14.375 million (before capital use charge, dividends, restructuring transfers and asset revaluation increases) comprises a deficit of \$0.269 million for the core Department, a surplus of \$1.833 million for the Australian Protective Service (after eliminations) and a surplus of \$12.811 million for CrimTrac.

For the core Department, the operating deficit of \$0.269 million compares to an operating surplus of \$0.379 million in 1999–2000. The budgeted operating result for 2000–01 was a deficit of \$10.274 million. The lower than expected deficit was due to changes in the timing of expenses on programs and the achievement of a level of operational savings greater than was expected at the commencement of the financial year.

Administered

In 2000–01 administered net assets increased by \$16.324 million compared to \$0.642 million in 1999–2000. The increase in administered net assets in 2000–01 was due to the inclusion of dividend and competitive neutrality amounts payable by the Australian Protective Service and the Australian Government Solicitor as at 30 June 2001 in administered revenues.

Competitive tendering and contracting

The Department has market tested a range of financial, human resource and systems services. A request for expressions of interest was released in November 2000 and formal requests for tender were sought from four short-listed firms. Two offers were received and assessed against the in-house costs. Given the lack of substantial savings and the additional risks and uncertainties identified in both proposals, it was decided to retain the provision of financial, human resource, and systems services in-house.

Preparations for the competitive tendering of internal audit and banking services have commenced and the process is expected to be finalised by the end of 2001.

Consultancy services

Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is defined in the *Requirements for Annual Reports* as an entity, whether an individual, a partnership or a corporation, engaged to provide professional independent and expert advice or services. In this context the consultancy services would entail the application of expert professional skills to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist the agency in management decision making. Consultancy services do not include fees paid to solicitors or counsel for legal services. During 2000–01, the number of consultancy services contracts let by the Department was 49. The total expenditure on consultancy services during the year was \$2 338 225. This expenditure relates to continuing consultancies as well as new consultancy contracts let during the year and includes the Australian Protective Service.

Further information in relation to consultancy services, as specified in the *Requirements for Annual Reports* appears at Appendix 5. It includes a summary of the department's policy on the selection and engagement of consultants, and details of consultancy contracts let to the value of \$10 000 or more.

Advertising and market research

In addition to the requirement to disclose expenditure on consultancies, the Department is required to disclose payments to specific types of organisations under s.311A of the *Commonwealth Electoral Act 1918*. Details of payments to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations are provided at Appendix 6.

Discretionary grants

The *Requirements for Annual Reports* stipulate that annual reports contain a list of discretionary grant programs administered by the Department. Discretionary grants are payments where the Portfolio Minister or paying agency has discretion in determining whether a particular applicant receives funding, and may or may not impose conditions in return for the grant. The Department has one discretionary grant program, Grants to Australian Organisations. A list of grant recipients appears at Appendix 7.

Purchasing

The Department's Chief Executive Instructions reflect Commonwealth Procurement Core Policies and Principles. Staff are required to comply with them when undertaking purchasing activities. An Intranet site is also being developed, to ensure that staff involved in procurement activities have a reference point for acquainting themselves with their responsibilities in relation to Commonwealth Procurement policy.

Stores and stationery items are purchased centrally, enabling the Department to realise savings based on economies of scale through the bulk purchase of day-to-day stores and stationery items. There are also departmental-wide contracts in place for the provision of travel services, the supply of copy and laser printer paper, building maintenance and the collection of recyclable waste material, which enable cost benefits and efficiency gains to be realised.

Assets management

The Department's major assets are accommodation fit-out, computer equipment and software, and library materials. Asset stocktakes were undertaken twice during the financial year to maintain the accuracy of asset records. Assets are revalued on a three year cycle.

Human resource management

Staff profile

The Department employed 1219.4 staff (full-time equivalent basis) at 30 June 2001. This includes staff employed with the Australian Protective Service. Tables showing a detailed breakdown of these numbers by location, broadbanded classification and gender, are presented at Appendix 8. The tables also show staffing details at 30 June 2000 for comparison. These figures show that overall staffing levels in the core Department had reduced during the year. For the Australian Protective Service, the noticeable drop in staffing levels over the year for the Australian Capital Territory and New South Wales, and the increases for Victoria and the Northern Territory, can be attributed to a post Olympic games transition and changed guarding responsibilities.

Workforce planning, staff retention and turnover

During the year, further progress was made in implementing the capabilities framework for the core Department. The generic capabilities that are described within the capabilities framework are now integrated into the Department's various human resource management systems and underpin workforce planning and the selection, appraisal and development of departmental employees.

The capabilities are used in all recruitment and selection exercises and form the basis for developing performance agreements. The detailed descriptions, for each generic capability, at each level, assist managers and employees in performance appraisal discussions. These capabilities drive the Department's corporate *People Development Strategy*. In particular, the position-specific capabilities are used by managers and employees in discussions about personal development needs.

An evaluation of the capabilities was conducted after they had been in use for six months. As a result, minor refinements have been made to ensure applicants for positions can identify more readily with the capabilities.

The Department considered its Workforce 2001 strategy and identified the following priority areas for attention in the next reporting period:

- workforce modelling, monitoring and reporting
- reward
- culture
- recruitment and selection
- talent management and succession.

The Australian Protective Service Management has approved a proposal to review the workforce planning and staff retention of the Service. This review will be conducted in the first half of 2002. Turnover activity in the Australian Protective Service for the financial year 2000–01 can be summarised as follows:

- engagement of ongoing staff – 69
- promotion – 24
- non-ongoing contracts – 27
- resignation of ongoing staff – 47

- resignation at end of contract – 20
- dismissals/terminations – 4
- move to other department – 10
- retirement/voluntary redundancy – 25.

Staff recognition

The Department publicly acknowledges the valuable contribution of its staff through several means, including the awarding of Australia Day achievement medallions and certificates. There are also awards granted in the broad public arena, such as Public Service Medals, or others specific to the Department or elements of the Department, such as the Australian Protective Service. Other noteworthy achievements are also recognised. The recipients of awards during 2000–01 are listed at Appendix 9.

Workplace diversity

The central principle of workplace diversity is the creation of workplaces free from discrimination, harassment and bullying, and where all employees act in accordance with the APS Code of Conduct and demonstrate their commitment to the APS Values. The Attorney-General's Department has an obligation to integrate workplace diversity principles into all of its systems, processes and work practices.

The Attorney-General's Department's Workplace Diversity Program for 1998 to 2000 (calendar years) has been reviewed and a new program for the period 2001 to 2003 developed. The results of an analysis of the Department's performance against the performance indicators in its 1998–2000 Program appear in detail at Appendix 10. The Department's Workplace Diversity Program 2001–2003 was officially launched to staff on 24 May 2001. The Australian Protective Service operated under the Attorney-General's Department Workplace diversity program during the 2000–01 financial year.

Workplace Diversity Program 2001 to 2003

The strategies in the Department's Workplace Diversity Program 2001–2003 have been specifically designed to address the areas of low performance identified through staff surveys in the review of the 1998–2000 Program. The Department's diversity efforts for 2001–2003 will focus on the following key areas:

- building awareness and understanding of workplace diversity issues;
- improving consultation and communication within groups and divisions;
- improving our approach to performance management and individual development;
- improving the Department's recruitment and selection processes; and
- enabling employees to balance their work and personal lives.

People management will be a key component for the *People Development Strategy* for 2001–02, with particular emphasis on:

- managing performance
- communicating with employees
- managing workloads.

Principal Executive Officer structure

During the year, the Department was notified of transitional arrangements for the movement of various non-judicial full-time holders of portfolio statutory offices to a new remuneration framework, the Principal Executive Officer (PEO) structure.

The PEO structure introduces a total remuneration environment under which personalised arrangements or discretionary remuneration such as performance pay can be negotiated between office-holders and a designated 'employing body', within relatively broad parameters determined by the Remuneration Tribunal.

The Department has assessed the position of all potentially affected full-time portfolio public offices and has made recommendations to the Attorney-General and Minister for Justice and Customs regarding which of these offices are suitable for translation to the PEO structure and who the 'employing body' should be in respect of offices recommended for movement to the structure.

The Department has also developed a comprehensive set of portfolio guidelines for the operation of the PEO structure within the portfolio.

It is anticipated that those offices recommended for translation to the PEO structure will move in the latter half of 2001. The relevant office holders will subsequently have their remuneration arrangements administered in accordance with the PEO portfolio guidelines from the date of translation to the PEO structure.

Occupational health and safety

The Department is committed to promoting and maintaining a high standard of health, safety and wellbeing of all staff through:

- prevention of work-related injury and illness;
- provision of access to information, training and professional support and advice on occupational health and safety issues; and
- advice to managers and staff on their responsibilities for promoting a safe and healthy work environment which is free from hazards.

Further information on the Department's occupational health and safety performance, in particular details required pursuant to the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, can be found in Appendix 11. The Australian Protective Service operates on the same basis as the Attorney-General's Department and adheres to the relevant standards within the Act.

Certified Agreement and Australian Workplace Agreements

Senior Executive Service employees

All Senior Executive Service employees of the Department have their remuneration and other conditions of employment established by Australian Workplace Agreements (AWAs) made under the *Workplace Relations Act 1996*. All AWAs are developed within the framework of, and are consistent with, the Department's *SES Remuneration Policy*.

For each SES classification there is a salary band. Progress through the salary band and performance pay are linked to performance appraisal outcomes under the Department's Program for Performance Improvement.

Elements of the SES remuneration package, in addition to salary and possible performance pay, as outlined in the Department's *SES Remuneration Policy*, include:

- superannuation coverage under the *Superannuation Act 1990* or the *Superannuation Act 1976*;
- access to a Commonwealth-leased privately plated vehicle, or an allowance in lieu of a vehicle, in accordance with the *Attorney-General's Department Executive Vehicle Scheme Guidelines*;
- free vehicle parking space at the workplace; and
- access to flexible remuneration packaging on a salary sacrifice basis.

Non-SES employees

Non-SES employees of the Department, except employees of the Australian Protective Service, are generally covered by the *Attorney-General's Department Agreement 2000* (AGD Agreement 2000), a certified agreement made under s.170LK of the *Workplace Relations Act 1996*.

The AGD Agreement 2000 was certified on 6 December 2000 and replaced the *AGD Performance, Cooperation and Change Agreement 1998*. The new agreement differs from its predecessor in that the agreement is stand-alone, providing all of the pay and conditions entitlements of employees. Salary barriers contained in the Executive Level 1 and 2 classification levels have now been lifted. These barriers were based solely on qualifications and their removal allows the basis for remuneration to be shifted to the broader aspects of work value and contribution. Fortnightly ordinary hours have been increased from 73.5 hours to 75 hours. There is a closure of the Department's offices over the Christmas–New Year period, providing employees with an extended break over this period.

Common performance agreement and appraisal cycles will commence from 1 July 2001. The gearing of the appraisal cycles of employees around the Department's financial/business cycle will facilitate a closer relation between the work performance/outputs of employees and the Department's business objectives. The intention is for the content of individual performance agreements to flow from broader plans, including business and corporate, to ensure that the work performed by employees contributes more effectively to the achievement of business objectives.

Developments regarding agreement making and impact of making agreements

Agreement making has allowed the Department to identify and implement the conditions and working environment which best assists in meeting business objectives including:

- a common cycle of performance-linked salary progression;
- the use of the flexibilities available under the APS Classification Structure to facilitate broad-banding arrangements;
- simplified administrative systems for leave, part-time work and home-based work; and
- flexible working arrangements designed to provide a balanced working environment.

In particular there has been a strong shift towards performance, productivity and efficiency. The AGD Agreement 2000 contains a number of initiatives designed to increase productivity and recognises the need to attract, retain and develop highly skilled employees.

Consultation during the development of the AGD Agreement 2000 allowed the Department to learn more about the issues that staff considered to be important. A number of matters requiring ongoing commitment are highlighted in the agreement and have resulted in the implementation of initiatives designed to improve the working environment for employees.

Examples of these initiatives include a review of workloads and flextime management, the introduction of a voluntary mobility scheme and a review of the Department's rewards and recognition program.

Workload review

A review of workloads and flextime management, currently being conducted, is designed to help the Department meet its obligation to develop a working environment where employees are able to balance their work and personal responsibilities.

The approach, based on a methodology developed in consultation with the departmental Workplace Relations Committee (WRC), uses data collected from a redesigned flex sheet. Analysis of the data will allow the Department to examine instances of excessive working hours and, where necessary, make recommendations about resources, work practices and arrangements to correct these situations.

Rewards and recognition

The Certified Agreement acknowledges the value in recognising and rewarding outstanding efforts and contributions of employees. Existing non-salary reward and recognition arrangements have been reviewed in consultation with the WRC, to improve the Department's formal options to reward and recognise its people. Revised guidelines have been developed which set out a program of formal awards and highlight the importance of informal feedback.

Mobility

The AGD Certified Agreement recognises the value of providing employees with the opportunity to work in different areas of the Department to contribute to their career development. As a result, guidelines to facilitate employee mobility have been developed in consultation with the WRC.

The Employee Movement Scheme, which will be implemented in 2001-02, forms the basis of the mobility program. This voluntary scheme targets employees who have been in their current jobs for four years or more. All moves are on a voluntary basis.

The Employee Movement Scheme is complemented by a number of other components designed to provide development options. These include cross divisional teams, internal moves and the Employee Intrachange Scheme. The Intrachange Scheme provides opportunities for employees to do a short term placement (generally around four months) in another area of the Department.

Coverage and features of the Certified Agreement and Australian Workplace Agreements

The AGD Certified Agreement covers 554 employees. The 43 Senior Executive Service officers are covered by AWAs, as are nine non-SES staff. The salary ranges for departmental employees are reflected in the following table. The salary range covers staff employed under a certified agreement or AWA.

Classification	Salary rates from 1 Oct 2000 – 30 Jun 2001	Classification	Salary rates from 1 Oct 2000 – 30 Jun 2001
APS Level 1	\$26 392 \$29 169	Legal Officer	\$34 020 \$52 470
APS Level 2 and Graduate APS	\$29 868 \$33 121	Senior Legal Officer	\$58 556 \$71 248
APS Level 3	\$34 020 \$36 717	Principal Legal Officer	\$67 536 \$81 149
APS Level 4	\$37 917 \$41 168	Cadet APS (practical training)	\$26 392 \$29 169
APS Level 5	\$42 291 \$44 844	Cadet APS (full-time study)	\$14 398
APS Level 6	\$45 677 \$52 470	Senior Executive Service Band 1	\$87 881 \$93 446
Executive Level 1	\$58 556 \$71 248	Senior Executive Service Band 2	\$107 936 \$115 181
Executive Level 2	\$67 536 \$81 149	Senior Executive Service Band 3	\$128 411 \$137 021

Non-salary benefits provided by the Department to employees

The SES remuneration package includes the use of a fully maintained privately plated vehicle (or monetary allowance in lieu); parking facilities at the workplace and accompanied overseas travel (subject to eligibility guidelines).

All staff, including the SES, have membership of a comprehensive superannuation scheme as part of their remuneration entitlements and access to flexible salary packaging.

Australian Protective Service – Certified Agreement and Australian Workplace Agreements

The Australian Protective Service has separate agreement making arrangements to the core Attorney-General's Department. All administrative and managerial staff in the National Headquarters are covered by AWAs. In addition all operational station managers are covered by AWAs, as are in excess of 100 operational staff.

The first station level agreement for the Sydney Diplomatic Protection Unit (SDPU) remains in place. Two further station agreements made under s.170LK of the Act were made in respect of the Australian Defence Satellite Communications Station, Geraldton and the National Central Monitoring Station on 16 August and 5 October respectively.

During the 12-month period the Australian Industrial Relations Commission (AIRC) terminated the bargaining period following an application by the Community and Public Sector Union (CPSU) in May 2000 in accordance with s.170MW (1) of the Workplace Relations Act. As a result a Full Bench of the AIRC, following further unsuccessful conciliations, commenced hearings for an Award under s.170MX (3) to be arbitrated. In the first half of 2001 the CPSU and the Australian Protective Service with the assistance of the Department of Employment, Workplace Relations and Small Business, appeared before the Full Bench and provided detailed written submissions. Appearances and submissions were concluded by the end of August 2001. An award under s.170MX (3) is expected to be brought down in late 2001.

Performance pay

Performance pay relates only to the core Department – it is not applicable to the Australian Protective Service. Seventeen SES Band 1 officers and 12 SES Band 2 and 3 officers received performance pay. The amount of performance pay paid in 2000–01 covered two periods: 1 May 1999 – 30 April 2000 and 1 May 2000 – 30 June 2000.

Description	1 May 1999 – 30 April 2000	1 May 2000 – 30 June 2000
Aggregated payment by Classification		
SES Band 1	\$117 875	\$20 648
SES Band 2/3	\$115 532	\$20 345
Average bonus payment by Classification		
SES Band 1	\$6934	\$1215
SES Band 2/3	\$9628	\$1695
Range of payments by Classification		
SES Band 1	\$2656 – \$10 058	\$800 – \$1681
SES Band 2/3	\$5290 – \$13 169	\$884 – \$2201
Average bonus payment paid to employees	\$8049	\$1414

No decisions on performance pay have been taken for the period ending 30 June 2001.

Training and development

Key training and development activities

A range of training and development activities was offered to all staff during 2000–01. The program of activities was endorsed by the Executive and aligned to the achievement of organisational outcomes. The corporately funded training and development activities supplemented those arranged and financed at divisional level. There have been 973 attendances at 16 separate types of corporately managed activities throughout the financial year.

These activities were grouped into eight areas:

- about the Department
- contracting
- customer service
- graduates
- management development
- policy and project management
- enhancing performance
- Australian Public Service generic.

Programs and activities, apart from those under Australian Public Service generic, were developed and arranged within the Department and were conducted, in the main, by external consultants.

Outcomes of training and development

A broad range of programs, designed to enhance organisational performance, was provided to employees at all levels. The learning outcomes required from each program were clearly defined and were assisted by the use of adult learning principles. The programs provided the opportunity to develop new skills and to enhance or refresh existing skills. Cooperation across the Department was also enhanced by people having the opportunity to discuss matters of interest and concern across a range of functional areas.

Leadership and management development activities formed part of the programs offered. A number of employees attended the Career Development Assessment Centre. The Centre identifies the strengths and development needs of high potential Executive Level 2 employees against the Senior Executive Leadership Capability Framework (SELCF) and identifies strategies to address those needs. In addition the Department conducted programs in people management that also incorporated the SELCF as well as departmental and APS Values.

The largest single focus for development during the year was training in relation to the Program for Performance Improvement. Over 370 people attended the training provided as preparation for the introduction of the revised performance management scheme.

Other programs were aimed at enhancing the ability to meet the needs of the Attorney-General and the Minister for Justice and Customs. These included programs on policy formulation skills, ministerial correspondence, project management and contract management. Induction programs and information sessions were conducted on a regular basis and provided information and an opportunity to explore significant issues or events that were part of the Department's work.

The Department recruited five graduates from a range of disciplines, who began the Graduate Program in February 2001, with a one-week induction course. During the 12 month development year the graduates are placed in three job rotations and participate in a range of relevant development activities. Specific programs were provided to the graduates' supervisors and mentors to assist them in undertaking their respective roles.

A broad range of programs relevant to the operation of the Department and to assist personal development was offered to employees, including seminars and workshops run by

the House of Representatives and Senate. Programs aimed at meeting the needs of employees in the APS 1–4 range were well utilised. Five women attended the Springboard program, aimed at exploring personal and career development.

Evaluation of effectiveness of training and development activities

The Department is committed both to evaluating the effectiveness of training and development activities, at the conclusion of the activity and in the longer term, determining the impact and benefits achieved. Evaluation reports on each development activity conducted were provided to the Director, Employee Relations within two weeks of completion of the activity. These indicated a high level of satisfaction with the content and presentation of the programs, and more importantly indicated that what had been learned would be used in the workplace. The level of interest in development programs remains high.

Where a change in emphasis was needed or a closer orientation to the needs of the Department indicated, these matters have been discussed with the contractor and changes made.

A process for measuring the impact of the development activities undertaken is being developed, based on monitoring through changes in the responses to client and staff surveys. Feedback from graduates indicated their appreciation of the Graduate Program. The rotation system provided them with an opportunity to get a good overview of the Department and the mentors were considered helpful. There has been a 47 per cent increase in the number of graduate applications received for the 2002 intake.

Australian Protective Service – training and development

The Australian Protective Service encourages all administrative staff to participate in relevant training and development courses. Administrative staff attended approximately 160 days of staff training during the financial year. Attendance is planned in accordance with identified development requirements and organisational needs.

All operational members of the Service are required to requalify in the use of a baton and handcuffs every 12 months and requalify with a revolver every six months. Some members will also qualify in the use of shotguns. Approximately 1300 requalification shoots occurred in the last financial year and 650 baton and handcuffs requalifications were conducted.

Two recruit courses were conducted in line with operational recruitment requirements. A total of 52 recruits were trained. They have now been placed at various stations in Australia.

Productivity

Several initiatives were implemented and activities undertaken during the reporting period directed at improving productivity. These include work practice changes, reviews and continuous improvement activities, as well as enhancements to management information systems.

Program for Performance Improvement

The Program for Performance Improvement (PPI) applies to all employees and was introduced in March 1999, as part of the Department's first certified agreement. SES employees make a commitment to participate in the PPI through a standard clause in their AWAs. The PPI superseded the Performance Management Program for SES, Senior Officers and Legal Officers.

A review of the PPI was conducted and a number of changes to the program introduced via the Department's second certified agreement in December 2000. These included:

- an increased emphasis on support for career goals and the identification of training and development opportunities. This was partly in response to around 50 per cent of employees being at the top of their salary range;
- changes to the performance rating descriptors. Originally a 4-point scale of 'superior', 'fully effective', 'marginal' and 'unsatisfactory' was used. The 4-point scale has been retained, but the scale is now: 'exceeds most performance targets', 'meets all key performance targets', 'meets most performance targets' and 'does not meet performance targets'. This was in response to concerns identified in the review about the rating of 'marginal', which was considered closer to a 'satisfactory' level of performance;
- the inclusion in managers' performance agreements of their responsibility to develop and maintain employee performance agreements, and to provide employees with performance and development feedback;
- strengthening the reporting and monitoring aspects of the program to promote more consistency in their application across the Department;
- the incorporation of the Department's generic capabilities into the PPI documentation, originally using a set of performance assessment criteria called the 'model standards'. Subsequently, the Department developed a set of generic capability definitions, based on the *Senior Executive Leadership Capability Framework*, and these have now been incorporated into the PPI; and
- the adoption of a standardised framework for PPI assessment cycles across the Department (rather than using employee increment dates, as was formerly the case).

Evaluation of the effectiveness of the Program for Performance Improvement

The PPI commenced operation with the following objectives:

- to provide a clear understanding of roles and responsibilities;
- to encourage regular feedback on performance;
- to provide a base for rewarding performance with pay advancement where applicable;
- to support job and career goals with development plans; and
- to improve working relationships.

An external review of the PPI was conducted to establish whether:

- the program was on track to meet its objectives, and if there was scope for process improvements; and
- it was integrated into the Department's planning processes and therefore contributing to the achievement of departmental objectives.

Key lessons emerged from the review:

- to be effective, a performance management scheme must be an integral part of an organisation's corporate planning and management processes;
- if it is to be successful, the system must be embraced by staff, and if this is to happen it must be understood, in terms both of process and of the benefits that flow to individuals and the organisation as a result of effective performance management. To this end, well-targeted training and logically formulated procedures are vital;
- in an organisation where a significant percentage of employees are at the top of their salary range, a strong focus is particularly important on the positive aspects of the system in improving communication between employees and management and assisting individuals to further their longer-term career goals.

Overall, it was concluded that the PPI was on track to meet its objectives, and was largely integrated into the Department's planning process, primarily through the use of divisional planning objectives as a basis for employee performance agreements. However, those general findings were qualified by the need to address several key issues and to make some improvements to the processes. These issues were addressed and improvements implemented through the second round certified agreement, which followed extensive consultations with the Workplace Relations Committee, comprising employee, management and union representatives.

The revised PPI has a stronger emphasis on reporting and monitoring, and future reviews of the program's effectiveness will be assisted by these more rigorous reporting requirements.

Review of corporate services functions

A review was conducted of a number of the Department's corporate services with the aim of improving the efficiency and effectiveness of devolved corporate services and preparing the Department for market testing of corporate services in line with Government policy.

An important early stage in the review was to prepare a business process map and costings of corporate functions currently performed in decentralised administrative units.

The key findings from the review were:

- there was considerable inconsistency in the processes performed across the decentralised units. These inconsistencies highlighted inefficiencies in processing and were detrimental to the Department's corporate image, particularly in areas such as recruitment;
- the potential to gain efficiencies through economies of scale was apparent, but could not be achieved under the present arrangements;
- the devolved and differing arrangements also meant that functions such as recruitment lacked any strategic focus;

- in some decentralised units some functions were being performed at a classification level not consistent with the Department's work level standards;
- relief arrangements were difficult;
- the size and devolved nature of the decentralised units also made it difficult for staff in these units to maintain the necessary expertise in areas of changing legislation and policy, such as GST and e-commerce;
- the functions likely to benefit most from centralisation were recruitment and accounts processing;
- there was minimal communication and cohesion between the decentralised units. Any communication or information sharing was either informal (and selective) or initiated externally;
- the functions performed by units were not always of the nature of corporate services, and in many cases would normally be expected to be performed by line managers.

As mentioned earlier in the context of competitive tendering and contracting, the Department has market tested a range of financial, human resource and systems services. A request for expressions of interest was released in November 2000 and formal requests for tender were sought from four short-listed firms. Two offers were received and assessed against the in-house costs. Given the lack of substantial savings and a number of other issues identified in both proposals, it was decided to retain the provision of financial, human resource, and systems services in-house.

In consequence, the Department is now proceeding in the new financial year to centralise recruitment, accounts and purchasing activities.

Preparations for the competitive tendering of internal audit and banking services have commenced and the process is expected to be finalised by the end of 2001.

Output Pricing Review 2000–01

During the financial year the Department undertook the second stage of the Output Pricing Review which commenced in 1999–2000. The 2000–01 Review found that against the direct process costs in the new Department of Finance and Administration *Benchmarking Diagnostics*, the Attorney-General's Department was at or better than the median for policy advice, program management and the overall finance function, and above the median for ministerial servicing, contracting and procurement, human resources and information management services. Comparisons with the Australian Government Solicitor and several other organisations indicated that the cost of services provided by the Department was reasonable compared with other providers.

The Review reported that the Department's base funding is relatively small (\$65 million ongoing base, of which \$42 million relates to employee expenses). It also noted that the Department had commenced a major market testing program for a number of its corporate services. The Department decided to further develop its performance management information, encompassing both financial and non-financial indicators, and to make additional efficiency savings of \$950 000 per annum from 2001–02.

Continuous improvement

The Department renewed its commitment to continuous improvement in the *Attorney-General's Department Agreement 2000* and Australian Workplace Agreements, with the parties to the agreements committing to seeking productivity gains through a process of continuous improvement, particularly by:

- adopting continuous improvement as a mainstream part of the Department's everyday management and work;
- assisting all employees to work smarter and enhance their efficiency;
- creating a culture that encourages employees to support continuous improvement;
- combining the efforts and resources of everyone in the Department to achieve continuous improvement;
- continually improving and enhancing the Department's customer service.

Information technology outsourcing

The Department was a member of the Group 10 IT outsourcing project. This Group comprised agencies with a legal theme. Following the tabling of the *Review of Whole-of-Government Information Technology Outsourcing Initiative*, the 'Humphry Report', the Department has implemented a strategy to progressively implement IT outsourcing at an agency level. The first request for tender will be issued during the third quarter of 2001.

Management information systems

Enhancements to the Department's financial information system (SAP) were implemented in 2000–01 to enable all suppliers to be paid electronically and given advice on those payments in electronic form.

With the formation of the new Information and Knowledge Services Group within the Department, a review was undertaken of the Department's use of technology and of the effectiveness of its existing information and knowledge management processes.

This review led in part to the development of an information management technology strategy highlighting the need for new technology to support information management and processing, and the upgrade and replacement of various existing systems.

The new technology infrastructure will replace the Department's records management system and associated ministerial support system, and provide the following key functions:

- electronic documents management;
- widely available comprehensive information search and retrieval;
- integrated support for collaboration and workflow;
- web content management;
- applications development support; and
- web-enabled access to all the Department's functions.

A preferred supplier has been selected for the new technology and will be conducting a project during the course of 2001–02 to implement the new systems in the workplace. In parallel with this project, the Department will also implement a range of new business systems aimed at improving the effectiveness and efficiency of its operations.

Australian Protective Service – Certified Agreements and Australian Workplace Agreements

The three certified agreements in place have the following main features:

- 40 hour week no rostered days off;
- reduced overtime rates;
- changes to the conditions of triggering emergency duty;
- introduction of a revised classification structure; and
- introduction of a performance management scheme that provides *inter alia* for advancement based on performance.

The Australian Protective Service has all ongoing employees employed in SES, administrative and managerial functions (including station managers) subject to AWAs.

The AWAs have the following main features:

- management classifications (EL1 and above) are required to work a minimum of 40 hours per week;
- operational management including station managers no longer accrue rostered days off;
- all employees in these classifications have completed a performance agreement; and
- hours of work for administrative employees vary between 36.75, 38 and 40 dependent on agreements between supervisors and subordinates.

Commonwealth Disability Strategy

The Commonwealth Disability Strategy was introduced in 1994 as a planning framework to assist Commonwealth organisations to meet their obligations under the *Disability Discrimination Act 1992*.

The Strategy recognises that the Commonwealth has an impact on the lives of people with disabilities through its many programs, services and facilities. The Strategy is about enabling full participation of people with disabilities.

Under the Strategy, agencies are obliged to remove barriers which prevent people with disabilities from having access to these policies, programs and services. This means ensuring that people with disabilities have the same access to buildings, services, information, employment, education, sport and recreational activities as everyone else in the community.

The Commonwealth Disability Strategy was recently reviewed by the Department of Family and Community Services and as a result, has been refined to ensure that it continues to meet the needs of people with disabilities.

A performance reporting framework for the revised Strategy was also developed. The framework has been built around five key roles of government i.e. policy adviser, regulator, purchaser, provider and employer. Departments are now required to include in their annual reports an assessment of their performance in implementing the Commonwealth Disability Strategy framework. The Attorney-General's Department reports on its role as policy adviser and employer and that report appears at Appendix 12.

Ecologically sustainable development and environmental performance

The Department's outcomes are directed to enhancement of the system of federal law and justice, security, crime prevention and law enforcement. As such they are not directly related to ecologically sustainable development objectives within the terms of s.516A(6)(b) of the *Environment Protection and Biodiversity Conservation Act 1999* (the Act).

The Attorney General's Department's activities in relation to the effect on the environment are confined to the efficient use of natural resources and waste management. In this regard the department is committed to looking at initiatives that will complement existing strategies.

The Attorney General's Department has in place a range of practical strategies, pursuant to paragraph 516A (6)(d) of the Act, designed to address environmental management issues such as educating staff in ways to reduce energy consumption, recycling paper and toner cartridges, turning equipment off after hours, down-rating fluorescent tubes and purchasing energy efficient equipment. Action is also taken to encourage building owners to improve the environmental efficiency of buildings occupied by the Department.

In future refurbishment work, consideration will be given to the installation of smart lighting systems, improving air conditioning and other energy-saving initiatives such as the more efficient use of space, to reduce running costs and energy consumption. Power factor correction equipment recently installed in Arts House, Barton, is also expected to reduce energy consumption.

Energy audits are conducted on all buildings occupied by the Department in line with paragraph 516A (6)(e) of the Act, and where inefficiencies are identified, action is taken to address the problems as soon as practicable.