This section of the report provides information about:
Corporate governance, external scrutiny, management of human resources, asset management, consultants, Australian National Audit Office clauses, exempt contracts, procurement initiatives to support small business, the work done by our corporate and legal teams to help us achieve our priorities.

Corporate governance and performance  56
Our people  65
Financial Management  72
CORPORATE GOVERNANCE

Compliance with section 10 of the Public Governance, Performance and Accountability Rule (PGPA Rule)

Our Fraud Control arrangements comply with section 10 of the PGPA Rule and the Commonwealth Fraud Control Policy. A fraud risk assessment is being carried out across the Department in recognition of machinery-of-government changes that saw us gain new functions during 2015–16. Our last department-wide fraud risk assessment was carried out in 2014–15. It found we had no significant gaps in our existing fraud controls.

Compliance with section 19 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and sections 17A(2)(d) and (e) of the PGPA Rule

There were no instances of significant non-compliance with finance law reported in 2015–16.

MANAGEMENT COMMITTEES

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team (ELT), comprising the Secretary, Deputy Secretaries, First Assistant Secretaries, General Counsel and Chief Economist, meets weekly and provides support to the Secretary in discharging her statutory roles as:

> principal policy advisor to the Minister for Communications, Minister for the Arts, and Minister for Regional Communications
> manager of government programs to achieve portfolio and whole-of-government outcomes
> leader within the Department and across the Australian Public Service
> an Accountable Authority under the Public Governance, Performance and Accountability Act 2013.

The ELT supports the Secretary through:

> providing collective advice on whole-of-department issues
> collaborating across internal boundaries on policy development, resource management and organisational capability development
> actively promoting and modelling the Department’s agreed culture and corporate values.
AUDIT COMMITTEE

The Audit Committee provides independent advice and assurance to the Secretary on the appropriateness of financial and performance reporting, the system of risk oversight and management, and internal controls.

The Audit Committee comprises external and internal members and has an independent Chair. As required under the relevant PGPA rule, the majority of the members of the audit committee are external.

The Audit Committee met six times in 2015–16.

INVESTMENT COMMITTEE

The Investment Committee provides strategic advice to the ELT on our significant financial investments, including implementation and management. It also considers proposals and provides guidance on investments from a medium to long-term point of view.

Membership for 2015–16 was:

> Chair
> Deputy Chair
> six members including two with specialist expertise
> two observers.

The Investment Committee met four times in 2015–16 and considered items out-of-session on two occasions.

HEALTH AND SAFETY COMMITTEE

The Health and Safety Committee is a key forum that supports our safety culture. It is an integral component of our Work Health and Safety (WHS) framework and has responsibility for achieving positive outcomes for the Department in the management of WHS issues. There were four Health and Safety Committee meetings during the 2015–16 period.

WORKPLACE CONSULTATIVE COMMITTEE

The Workplace Consultative Committee is the principal forum through which formal consultation and discussions on workplace relations matters take place between management and employees. There were five Workplace Consultative Committee meetings during 2015–16.

BUSINESS PLANNING FRAMEWORK

Our Business Planning Framework includes the identification, documentation and regular monitoring of risk and mitigation strategies.
RISK MANAGEMENT AND FRAUD CONTROL

We engage with risk in a positive and transparent way, promoting a culture that encourages rigorous risk assessment, informed risk taking and anticipation of risk in the pursuit of our objectives. We establish and maintain systems of risk oversight, management and internal controls in accordance with section 16 of the PGPA Act and the Commonwealth Risk Management Policy. Our risk oversight includes regular monitoring and reporting on the risk environment to both the Audit Committee and the Executive Leadership Team (ELT).

Our risk management framework includes our Risk Management Policy, Risk Management Instruction and Fraud Control Plan. It was reviewed and updated in 2015–16.

BUSINESS CONTINUITY PLANNING

We have a Business Continuity Plan that outlines policies, procedures and responsibilities to ensure that we can continue our key activities in the event of a business interruption. The plan is reviewed and updated regularly. It was updated in 2015–16 to incorporate the lessons learnt from a disaster recovery exercise.

INTERNAL AUDIT

During 2015–16, internal audit services were provided by KPMG, Ernst & Young and RSM Australia. These were traditional performance audits as well as a short ‘in-flight’ audit. The delivery of these audit services was overseen by our internal audit team and the Audit Committee.

As at 30 June 2016, four audits were completed and one was still underway.

Recommendations were tracked and reported to the Audit Committee and Secretary.

EXTERNAL SCRUTINY

In 2015–16, we took part in the following Australian National Audit Office (ANAO) cross-portfolio audits:

> Implementing the Deregulation Agenda: Cutting Red Tape—published 4 May 2016

> Audits of the Financial Statements of Australian Government Entities for the period ending 30 June 2015—published 17 December 2015

We also took part in an ANAO performance audit of the award of funding under the Mobile Black Spot Program. The Department’s response to the audit is included at paragraph 19 and Appendix 1 of the ANAO’s report.³

During 2015–16, the Commonwealth Ombudsman received three approaches about our Department. Responses were finalised at the end of the reporting period. None of the queries were investigated.

CLIENT SERVICE CHARTER

Our Client Service Charter offers a contact point for clients to resolve complaints with us. No formal complaints were received during the reporting period.

FREEDOM OF INFORMATION (FOI)

We received 55 Freedom of Information (FOI) requests in 2015–16. While this is an increase from 2014–15 (when 31 requests were received), similar numbers of FOI requests have been received in earlier years. The increase is associated with the processing of additional FOIs associated with the Arts portfolio, as well as continued interest in the national broadband network rollout. Documents released through FOI are published in our FOI Disclosure Log, unless an exception applies under the Freedom of Information Act 1982 (FOI Act).

Entities subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

Visit our website to view our Information Publication Scheme Plan and FOI Disclosure Log.

PARLIAMENTARY COMMITTEE INQUIRIES

During 2015–16, we appeared before the Senate Standing Committee on Environment and Communications for Supplementary Budget Estimates, Additional Budget Estimates and Budget Estimates.

We also made appearances before, and submissions and responses to, parliamentary committee inquiries during the year.

³ Award of Funding under the Mobile Black Spot Programme published 1 September 2016.
Table 3.1 Appearances before, and submissions and responses to, parliamentary committee inquiries

<table>
<thead>
<tr>
<th>Committee</th>
<th>Inquiry</th>
</tr>
</thead>
</table>
| Senate Standing Committees on Environment and Communications—legislation committee | > Telecommunications Legislation Amendment (Access Regime and NBN Companies) Bill 2015  
> Broadcasting Legislation Amendment (Media Reform) Bill 2016  
> Performance, importance and role of Australia Post in Australian communities and its operations in relation to licensed post offices [supported the Government’s response to the Committee’s report] |
| Senate Standing Committees on Legal and Constitutional Affairs—legislation committee | > Copyright Amendment (Online Infringement) Bill 2015 |
| Parliamentary Joint Committee on Human Rights | > Radiocommunications (27 MHz Handphone Stations) Class Licence 2015  
> Omnibus Repeal Day (Spring 2014) Bill 2014  
> Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2014 |
| House of Representatives Standing Committee on Petitions | > Mobile phone reception in Sulphur Creek, Tasmania  
> Broadband services in Forster Keys  
> Regarding the relocation of the Craigieburn Post Office  
> Broadband services in Burnett Heads  
> Telecommunications in Burnett Heads  
> Preserving historic motor vehicles in Australia under the Protection of Moveable Cultural Heritage Act 1986 (no.1)  
> Preserving historic motor vehicles in Australia under the Protection of Moveable Cultural Heritage Act 1986 (no.2) |
| Senate Petitions | None |
### Committee

<table>
<thead>
<tr>
<th>Committee</th>
<th>Inquiry</th>
</tr>
</thead>
</table>
| Senate Standing Committee for the Scrutiny of Bills | > Omnibus Repeal Day (Spring 2015) Bill 2015  
> Communications Legislation Amendment (Deregulation and Other Measures) Bill 2015 |


| Senate Standing Committee on Regulations and Ordinances | > Radiocommunications Advisory Guidelines (Protection of Apparatus-licensed and Class-licensed Receivers - 2 GHz Band) 2015  
> Radiocommunications Licence Conditions (Outpost Licence) Determination 2015  
> Radiocommunications (Overseas Amateurs Visiting Australia) Class Licence 2015  
> Radiocommunications (Radio-controlled Models) Class Licence 2015 |


| House of Representatives Standing Committee on Infrastructure, Transport and Cities | > Inquiry into the role of Smart ICT in the design and planning of infrastructure |

| Senate Select Committee on the National Broadband Network | > In November 2013 the Senate established a Select Committee on the National Broadband Network (NBN) to inquire into and report on the Government’s reviews of the NBN and the governance of NBN Co Ltd, with interim reports as the committee sees fit and a final report on or before 10 June 2014.  
> On 14 May 2014, the Senate agreed to extend the date for the presentation of the final report to the last sitting day of the 44th Parliament.  
> Interim reports were tabled on 26 March 2014 and 19 March 2015.  
> The Select Committee concluded its inquiry when it tabled its report on 4 May 2016. |
Committee | Inquiry
--- | ---
House of Representatives Standing Committee on Communications and the Arts  | Inquiry into broadcasting, online content and live production to rural and regional Australia

LEGAL SERVICES

The Office of the General Counsel provided legal advice about portfolio issues and transactions, including:

- NBN legal issues
- Mobile Black Spot Program (rounds 1 and 2)
- media reform
- spectrum reform
- better practice regulation
- departmental procurement and grants contracts
- FOI requests.

During 2015–16, the Office of the General Counsel provided input on eight bills and 31 legislative instruments. Appendix 3 provides further details about legislation.

DIGITAL COMMUNICATIONS

We continued to build on the strong foundations put in place last financial year to position ourselves as a digital leader in the Australian Government. This included continuing to refine the communications.gov.au website and ‘Have Your Say’ policy consultation section; reviewing the information architecture and content of the arts.gov.au website; being the first government department to work closely with the Digital Transformation Office on the development of a Beta version of the whole of government GOV.AU site; and releasing our new intranet to staff in July 2015.

We continued to support the successful implementation of broader policy and program initiatives across the Department. We did this through the delivery of traditional media materials while also reviewing and launching our new social media strategy. This strategy identifies appropriate channels and types of content that will help us explain the policy and program work we deliver, while also building on our ability to engage with stakeholders and the community.
This strategy is being refined to ensure it also can meet the needs of audiences in the arts sector. We have seen an increase of 24 per cent in the number of followers on our @CommsAU Twitter account, and an increase of 73 per cent in our communications and arts LinkedIn account. The @artsculturegov Twitter account continues to be one of the most followed accounts in government, with more than 190,000 followers.

We also supported communication of government priorities with our ongoing support of ministerial offices, providing communication and media materials as appropriate.

Our Digital Communications branch developed our first Innovation Strategy. From July 2016, we will trial an online tool so our staff can more easily give their ideas about how we can better respond to organisational challenges.

In June 2016, we developed a successful encrypted digital solution combining MobileIron and Dossiere that is robust and easy to use for Ministerial papers.

We transitioned to new Infrastructure Managed Services with our outsourcing vendor ASG Group.

The Arts Division (including Artbank), Classification Branch and Copyright team were successfully transitioned over to our ICT services.

**ENVIRONMENTAL PERFORMANCE**

We have maintained our commitment to continuing and improving our environmental performance through a number of initiatives. These included:

- recycling printer toner cartridges through the ‘Cartridges 4 Planet Ark’ program
- continued organic waste recycling of biodegradable materials and food waste
- disposing used batteries (A size) from wireless IT equipment at recognised battery recycling depots.

These initiatives have let us minimise our environmental footprint. We also considered the environment in our procurement activities by making sure office equipment and whitegoods were replaced with energy efficient models.

**INFORMATION TECHNOLOGY**

In 2015–16, we continued to build on our investment in a desktop mobility solution, embedding a digitally-based flexible and collaborative workplace culture. This versatile IT solution was rolled out in 2014–15 and provides staff in all of our six offices with mobile access to all our systems supported by wireless networks. The solution, including direct access laptops, Microsoft’s Direct Access technology and Skype for Business, gives staff mobility and removes the need to carry vast reams of paper to meetings.
COMPLIANCE OF SECTION 24Y OF THE AUSTRALIAN BROADCASTING CORPORATION ACT 1983

We provided secretariat support to the independent Nomination Panel for ABC and SBS Board Appointments (the Panel) for two merit-based selection processes. The first process involved two non-executive Director positions on the ABC Board, which were filled in November 2015. The second process, which will be completed in 2016–17, involves the SBS Chairperson position and two non-executive Director positions on each of the ABC Board and the SBS Board.
STAFF ENGAGEMENT

We are continually building an organisational culture in which our values and behaviours make the Department a great place to work. Targeted activities aimed at building staff engagement and embedding culture are delivered through the Departmental Engagement Taskforce (the taskforce), the InFocus program and, more broadly, through key human resources initiatives and programs.

The taskforce provides a forum for groups to collaborate and drive initiatives, enhancing our culture in a coordinated way. The groups and networks represented on the taskforce include the:

- Social Club
- Social Media Network
- Gender Equality Network
- Innovation Network
- Workplace Consultative Committee
- Executive Leadership Team
- Graduates.

The taskforce meets regularly to ensure individual network/group events are aligned with our broader cultural objectives.

The taskforce worked with the various networks across the Department on events throughout the year designed to support staff development and collaboration in a number of different areas.

The InFocus program is designed to encourage staff engagement and collaboration through events, workshops and masterclasses that contribute to culture and build capability and knowledge. This year’s themes included:

- Innovation: Dream, Dare, Do—a celebration of innovation as part of an APS-wide initiative
- Risky Business—exploring risk in the context of the work we do
- Consumer InFocus—shining the light on the consumer as central to government policy and delivery
- Building our future InFocus—looking at where we are heading as a department
- BCR InFocus—the ‘what, when, how and why’ of the Bureau of Communications Research.

CAPABILITY DEVELOPMENT AND PERFORMANCE IMPROVEMENT

In 2015–16, we led the way in capability development with the depth and scope of opportunities for staff and managers. We offered a vast array of courses ranging from practical, core writing skills courses to high-level policy development seminars.

A unique flagship program is Policy Essentials—delivered in partnership with the Crawford School of Public Policy at the Australian National University to develop the next cohort of policy professionals in the Department. This tailored program covers
many aspects of policy work, including economics, policy writing, stakeholder engagement, use of evidence, and data evaluation. Each workshop is delivered by a leading academic supported by our own internal experts. Feedback from participants has been overwhelmingly positive.

Leadership development is a key element of our talent and succession planning. The Leadership and Management Program (LAMP) focuses on enabling managers to build relevant knowledge and skill to be more confident and effective in exercising leadership in different ways as well as performing the operational aspects of their roles efficiently.

In addition to this internal program, several staff have participated in the APSC leadership programs: the APS EL2 Leadership in practice and EL2 Leadership expansion programs, which aim to strengthen the leadership capability of mid-level managers across the APS.

We also supported effective leadership by placing a priority on meaningful, honest and ongoing conversations focused on developing, rewarding and supporting staff at all levels. The revamped Performance Conversations Framework encourages a high performance culture and aligns departmental and individual objectives. These resources will continue to strengthen the capability and confidence of our staff to have conversations that drive improvement, lift engagement and increase performance across the workforce. There was also a strong focus on priority core skills such as parliamentary processes and legislation.

Taking into account the changing nature of work and the skills we need, we provide a blended learning approach. We have continued to enhance Learnhub, our comprehensive learning management system, which has 20 self-paced online training courses. These include e-learning modules on APS foundation programs such as security, fraud, Workplace Health and Safety (WHS), communication and recruitment.

We encourage higher education, providing study assistance through financial reimbursement and leave to staff who are completing relevant formal studies. We supported 20 staff in 2015–16.

WORKPLACE DIVERSITY

In June 2016, we launched our Diversity and Inclusion Strategy 2016–19. The strategy demonstrates our commitment to ensuring an inclusive and professional workplace that values and supports diversity and outlines our ambition to be an employer of choice. We are focused on attracting, recruiting, developing and retaining a diverse workforce, through inclusive leadership, culture and flexible work, and use of digital technologies.

Our strategy is underpinned by action plans to support seven diversity areas:

> Disability Access and Inclusion
> Indigenous Employment
> Carers
The Secretary represents the Department as the Disability Champion on the APS Disability Champions Network and the Secretaries Equality and Diversity Committee. The Secretary is also on the Diversity and Inclusion Committee.

Our Diversity and Inclusion Committee will have an initial focus on gender equality in line with the Balancing the Future: Australian Public Service Gender Equality Strategy 2016–19 and disability access and inclusion outlined in As One: Making it Happen, the APS Disability Employment Strategy.

We are well equipped to deliver on our action plans with the support of our digital technologies. In September 2015, we presented to the ICT Accessibility Community of Practice on our workforce mobility project. The presentation outlined how we facilitated collaboration across our Department. It examined how we have created an environment in which staff have access to leading-edge technology and the flexibility and agility to seamlessly interact with anyone, anywhere, at any time.

We also participated in the Inter-Agency Accessibility Support Unit (IASU) pilot. The IASU provided practical support pathways for people with disability who require the use of assistive technology software in the workplace. It also provided advisory and support services for human resources personnel who are responsible for procuring and assigning assistive technology as reasonable adjustments.

We participated in a range of APS networks such as the APS Disability Champions Network, the APS Disability Employment Working Group and the APS Indigenous Employment HR Forum. We also participated in the whole of government APS Indigenous Graduate Program, although were unsuccessful in engaging a Graduate in 2016.

As at 30 June 2016, we have 19 ongoing and two non-ongoing employees who identified as Indigenous (3.66 per cent of our employees). In 2014–15 we had only three ongoing employees who identified as Indigenous (0.7 per cent of employees).

We have continued to focus on Indigenous employment and implementing the Commonwealth Aboriginal and Torres Strait Islander Employment Strategy. The Department is required to achieve a minimum target of 2.5 per cent representation of Indigenous employees by 2018.

We will continue our focus on diversity in 2016–17 by adopting and promoting initiatives including the Panel Pledge and through our involvement in networks such as the Indigenous Employment HR Forum and the Disability Employment Working Group.
REWARD AND RECOGNITION

Our reward and recognition program #thankyou supports a strong culture of informal recognition, where exemplary values and behaviours are meaningfully acknowledged in real time. Our staff have indicated that they value recognition, often in the form of a simple ‘thank you’ for a job well done. Other forms of informal recognition include use of the '#thankyou' for online acknowledgment through our social intranet, sharing stories through an internal newsletter, morning teas to celebrate significant outcomes, an internal video library where staff can upload a thank you to their colleagues and staff, and LinkedIn endorsements for relevant skills.

#thankyou approaches formal reward as a tool to recognise the highest of achievements and the most exemplary demonstrations of our departmental culture. There are two formal components: the annual Australia Day Achievement Awards, held in January, and the Secretary's Award, held in July.

The inaugural Secretary's Award was awarded in July 2015. The Secretary’s Award recognises exemplary behaviours and significant contributions that support the development of our desired departmental culture. Staff across all levels and divisions submitted a total of 30 nominations for individuals and teams. The Award went to Cyndee Davis, an Executive Level 1 officer from the Digital Productivity Division, for her significant and ongoing involvement with the Social Club, Workplace Consultative Committee and Innovation Month.

There were 20 nominations received for the 2016 Australia Day Awards, with two individuals and seven teams recognised for their outstanding achievements.

WORKFORCE PLANNING

Following the 2014 organisational restructure and the machinery-of-government changes in 2015, our workforce planning strategy has focused on engaging, sourcing and recruiting employees to ensure that we attract only the most talented candidates.

We have worked with our selection panels to broaden their approach to sourcing and securing talent and have also encouraged our staff to use their networks to reach candidates. By educating our managers on best practice we are ensuring that our recruitment practices are contemporary, efficient and effective and are conducted by skilled panels.

We continue to build and communicate our employee value proposition that will differentiate us in the labour market and position us as an employer of choice in the APS. We work in an exciting and fast-paced sector with engaging content, our work touches every household and business in Australia and we are supported by a leading edge IT Mobility solution and flexible work arrangements.

Another focus continues to be our entry-level programs, which are critical to maintaining an internal pipeline of innovative and skilled employees who can be developed to become future leaders.
SECONDMENT PROGRAM

Our secondment program continued to be a valuable mechanism for building our capability and enhancing organisational relationships and connections. Secondments lasted from three weeks to one year: 12 of our employees took secondments to external organisations in 2015–16 and seven employees joined us from other agencies.

FLEXIBLE WORK

Our Flexible Work Arrangements Policy sets out the principles to increase workforce agility and flexibility. It provides employees with the opportunity to enhance work-life balance. Employees are also supported to work flexibly by leading edge information and communication technologies such as laptop computers and access to Skype for Business.

WORK HEALTH AND SAFETY

Work health and safety of staff is always a priority for us. During April 2016, there was an extra focus on wellbeing through Healthy Living Month. This was aimed at encouraging staff to participate in activities that promote a healthy body and mind. During the month there was a range of workshops, seminars and online resources on offer.

During Healthy Living Month, the interactive Health Hub was also launched, providing an online platform for staff to share ideas on maintaining a healthy lifestyle. Health Hub hosts a range of resources such as podcasts, case studies, phone apps and tips that can be integrated into everyday life around nutrition and fitness.

We received no Provisional Improvement Notices and had no notifiable incidents during 2015–16.

DISABILITY REPORTING

We are a member of the Australian Network on Disability (AND). In 2015–16, we raised our membership level to gold. We participated in, and hosted, round-table discussions, we accessed support and advice for managing staff with disability, and we tapped into expertise to ensure our processes are inclusive. This year we sponsored the sell-out AND Annual National Conference, Enabling Change Creating Impact.

Several employees were engaged through the Stepping into program which provides experience for the employee in the workplace and builds disability confidence and skills managing people with disability in the workplace. We hosted two interns in the summer 2015–16 program, and another five positions have been offered for the winter 2016 program.
Since 1994, Australian Government departments and agencies have reported on their performance as policy advisor, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

TERMS AND CONDITIONS OF EMPLOYMENT

ENTERPRISE AGREEMENT

Our Enterprise Agreement came into effect on 7 August 2015 and nominally expires on 7 August 2018. The agreement covers all non-SES staff employed under the Public Service Act 1999 and allows for an increase of 4.5 per cent over the three-year agreement.

On 1 April 2016, the Secretary exercised her powers under section 24(1) of the Public Service Act 1999, raising the original pay increase to six per cent over three years.

As at 30 June 2016, the Agreement covered 592 staff.

SENIOR EXECUTIVE SERVICE (SES) REMUNERATION

The terms and conditions of employment for SES staff are contained in individual determinations made under sub-section 24(1) of the Public Service Act 1999. These instruments set the remuneration and employment conditions for SES staff and provide for non-salary inclusions relating to leave arrangements and entitlements, superannuation, salary sacrifice, travel and either a motor vehicle under the Executive Vehicle Scheme (or payment of an allowance in lieu of a motor vehicle).

See Appendix 4 for statistics on employment instrument coverage and SES remuneration.
InFocus is a key cultural initiative that supports on-the-job learning by delving deeply into a theme that inspires and motivates us.

Every two months, we invite key industry leaders and our own subject matter experts to present thought-provoking ideas, share knowledge and stimulate discussion. Events can include keynote presentations, interactive demonstrations, panel discussions, hypotheticals, fireside chats and practical workshops.

During this past year, we explored topics as wide ranging as the challenges of esafety for children, behavioural economics, seeking the courage to innovate and making risk management exciting, along with demonstrations of technologies such as augmented reality, 3D printing and drones.

Presenters have included:

> The Hon Malcolm Turnbull, MP, Prime Minister of Australia (then Minister for Communications)
> Paul Shetler, Chief Executive Officer, Digital Transformation Office
> Duc Do, Head of Emerging Technology and Platforms, Australia Post
> Kate Hughes, Chief Risk Officer, Telstra
> Teresa Corbin, Chief Executive Officer, Australian Communications Consumer Action Network
> Alastair McGibbon (the then Children’s eSafety Commissioner)
> Rod Sims, Chairman, Australian Competition and Consumer Commission
> Hal Varian, Chief Economist, Google
> Michael Milton, Paralympian and motivational speaker.

Now in its second year, InFocus is led by the senior executive. We see it as a fundamental part of our cultural identity.
FINANCIAL MANAGEMENT

THIS SECTION SHOULD BE READ IN CONJUNCTION WITH OUR AUDITED FINANCIAL STATEMENTS FOR 2015–16, WHICH APPEAR IN THE FINANCIAL STATEMENTS SECTION OF THE REPORT.

FINANCIAL OVERVIEW

Following the changes to the Administrative Arrangement Orders (AAOs) of 21 September 2015, the Department assumed responsibility for cultural affairs, classification, and copyright functions. In addition from 1 July 2015 the Telecommunications Service Agreements and Grants function was assumed from the Telecommunications Universal Service Management Agency.

DEPARTMENTAL FINANCES

The Department’s net cost of services for 2015–16 was $104.8 million, with revenue from government of $99.9 million, resulting in an operating deficit of $4.9 million. The surplus excluding depreciation was $0.3 million.

The additional functions transferred from the AAOs were the primary driver for the increases to total expenses of $11.2 million, total income of $11.6 million and net assets of $41.1 million in 2015–16.

ADMINISTERED FINANCES

The additional functions transferred from the AAOs and the administration of the Telecommunications Universal Service Obligation, were the primary drivers for the increase to total expenses of $536.3 million and total income of $5.6 million.

The increase to financial assets of $14.0 billion was primarily driven by Commonwealth authorities and companies transferred into the Portfolio as part of the AAOs, and an increase in the Commonwealth’s investment in NBN Co.

Administered non-financial assets increased by $49.0 million primarily due to the transfer of the Administered National Institute of Dramatic Arts Building as a part of the AAOs.

Administered liabilities increased by $341.8 million and again relates to additional functions transferred from the AAOs.

ASSETS MANAGEMENT

Our capital plan reflects the Government’s priorities and business needs and complies with the financial management framework. We monitor asset acquisitions and disposals against this plan, and we carry out a risk based annual stocktake for non-artwork targeting key asset classes or events to update and verify the accuracy of our asset records and review their condition and utility. A separate stocktake of all artworks held on premises by Artbank is completed annually, and leased artwork held by customers is subject to regular spot checks throughout the year.
Table 3.2 Summary of departmental financial performance and position

<table>
<thead>
<tr>
<th></th>
<th>2014–15 $m</th>
<th>2015–16 $m</th>
<th>Change last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee and supplier expenses</td>
<td>91.6</td>
<td>101.2</td>
<td>10.5% ▲</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5.9</td>
<td>5.2</td>
<td>(11.9%) ▼</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.8</td>
<td>3.1</td>
<td>287.5% ▲</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>98.3</td>
<td>109.5</td>
<td>11.4% ▲</td>
</tr>
<tr>
<td>Revenue from Government</td>
<td>91.4</td>
<td>99.9</td>
<td>9.3% ▲</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1.2</td>
<td>4.2</td>
<td>250.0% ▲</td>
</tr>
<tr>
<td>Gains</td>
<td>0.4</td>
<td>0.5</td>
<td>25.0% ▲</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>93.0</td>
<td>104.6</td>
<td>12.5% ▲</td>
</tr>
<tr>
<td>Net cost of services</td>
<td>96.7</td>
<td>104.8</td>
<td>8.4% ▲</td>
</tr>
<tr>
<td>Operating Result (Loss)</td>
<td>(5.3)</td>
<td>(4.9)</td>
<td>(7.5%) ▼</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>21.0</td>
<td>27.4</td>
<td>30.5% ▲</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td>15.2</td>
<td>54.6</td>
<td>259.2% ▲</td>
</tr>
<tr>
<td>Liabilities</td>
<td>33.6</td>
<td>38.3</td>
<td>14.0% ▲</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>2.6</td>
<td>43.7</td>
<td>1580.8% ▲</td>
</tr>
</tbody>
</table>
Table 3.3 Summary of administered financial performance and position

<table>
<thead>
<tr>
<th></th>
<th>2014–15</th>
<th>2015–16</th>
<th>Change last year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>111.8</td>
<td>168.7</td>
<td>50.9% ▲</td>
</tr>
<tr>
<td>Subsidies</td>
<td>-0.1</td>
<td>0.0</td>
<td>-100.0% ▼</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29.3</td>
<td>366.5</td>
<td>1150.9% ▲</td>
</tr>
<tr>
<td>Payments to CAC Bodies</td>
<td>1,349.2</td>
<td>1,491.3</td>
<td>10.5% ▲</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>1,490.2</td>
<td>2,026.5</td>
<td>36.0% ▲</td>
</tr>
<tr>
<td>Sales of goods and rendering of services</td>
<td>0.0</td>
<td>3.0</td>
<td>100.0% ▲</td>
</tr>
<tr>
<td>Interest</td>
<td>1.3</td>
<td>2.5</td>
<td>93.8% ▲</td>
</tr>
<tr>
<td>Dividends</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0% ▼</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2.0</td>
<td>4.4</td>
<td>120.0% ▲</td>
</tr>
<tr>
<td>Gains</td>
<td>1.0</td>
<td>0.0</td>
<td>-100.0% ▼</td>
</tr>
<tr>
<td>Total Income</td>
<td>4.3</td>
<td>9.9</td>
<td>130.1% ▲</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>12,111.3</td>
<td>26,112.3</td>
<td>115.6% ▲</td>
</tr>
<tr>
<td>Non-financial Assets</td>
<td>179.3</td>
<td>228.3</td>
<td>27.3% ▲</td>
</tr>
<tr>
<td>Liabilities</td>
<td>25.4</td>
<td>367.2</td>
<td>1345.7% ▲</td>
</tr>
<tr>
<td>Net assets</td>
<td>12,265.2</td>
<td>25,973.4</td>
<td>111.8% ▲</td>
</tr>
</tbody>
</table>
PROCUREMENT

Our procurement policies, processes and practices are consistent with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Procurement Rules. Appropriate controls are in place to make sure procurement is carried out in accordance with all legislative requirements and the Commonwealth Procurement Rules.

We publish procurement activities and annual procurement plans on AusTender. Information on expected procurement activities in 2016–17 is included in our latest annual procurement plan and is also available on AusTender.

CONSULTANTS

We engage consultants to provide specialised professional services when we do not have the capability or capacity to perform these in-house, or where we need independent research, review, assessment or advice. Consultants are typically engaged to investigate or diagnose a specific issue or problem, carry out reviews or evaluations, as well as provide independent advice, information or solutions to help us make decisions.

Before engaging consultants, we take into account the skills and resources needed for the task, the skills available internally and the cost-effectiveness of engaging external expertise. Our policy for selecting and engaging consultants in 2015–16 was in accordance with the PGPA Act and the Commonwealth Procurement Rules: it is based on the core principle of achieving value for money.

The main categories in which consultants were engaged are for the provision of:

- specialist legal services
- auditing and accounting services
- economic services
- recruitment services
- consulting services, including in relation to engineering, broadcasting and telecommunications.

During 2015–16, 41 new consultancy contracts were entered into involving total actual expenditure during 2015–16 of $0.760 million. In addition, 21 ongoing consultancy contracts were active during the 2015–16 year, involving total actual expenditure during 2015–16 of $4.692 million. Therefore, total consultancy expenditure during 2015–16 is $5.452 million.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS


We have met government policy requirements in terms of supporting Small and Medium Enterprises (SMEs) in the following ways:

> Our approach-to-market documents are clear and straightforward to help potential suppliers to produce a response that does not require extensive time and effort.

> Our financial management information system facilitates the payment of invoices on time and provides reports highlighting if invoices have not been paid within a certain period of time to allow remedy.

> We are phasing in the use of the Commonwealth Contracting Suite for low-risk procurements valued under $200,000 (GST inclusive).

> Where procurements are considered low risk and their value is below the procurement threshold of $80,000 (GST inclusive), a streamlined process is encouraged and the supplier is engaged using a purchase order in lieu of a more formal arrangement.

> For procurements valued under $10,000 (GST inclusive), we encourage the use of payment by credit card.
We recognise the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.

**AUDITOR-GENERAL’S ACCESS TO CONTRACTOR PREMISES**

During 2015–16, each competitively tendered contract of $100,000 or more (inclusive of GST) included a provision that allowed the Auditor-General access to the premises of the contractor.

**EXEMPT CONTRACTS**

During 2015–16, no contracts or standing offers were exempted by the Secretary from being published on AusTender on the basis they would disclose matters exempt under the Freedom of Information Act 1982.

**GRANTS**

We managed our grants programs in accordance with the Australian Government’s legislative framework, including the Commonwealth Grant Rules and Guidelines.

Information on grants awarded by the Department during 2015–16 is available on our website at [www.communications.gov.au/who-we-are/department/funding-reporting](http://www.communications.gov.au/who-we-are/department/funding-reporting).