

DEPARTMENT OF THE PRIME MINISTER AND CABINET AND PORTFOLIO AGENCIES

PM&C ROLE AND FUNCTION

1. The role of PM&C is to provide high quality policy and implementation advice and support to you as Prime Minister, the Cabinet and the Government.
2. PM&C is agile, flexible and committed to the Prime Minister and the Government. It drives strategic and coordinated policy solutions to Australia's national challenges and supports the implementation of the Government's priorities. Our unique understanding of the strategic issues and our relationships across portfolios allows us to provide timely and well-considered quality advice to you.
3. Priority areas for PM&C include:
 - a. supporting the Prime Minister as head of government
 - b. providing advice on major domestic, international, and national security policy, drawing on expertise from across government
 - c. using forward-looking thought and analysis to advise on emerging issues, strategic policy challenges and priorities
 - d. monitoring and providing advice on the implementation of key government initiatives, policies and programs
 - e. providing services to enable efficient, effective and coordinated management of the business of government
 - f. leading the APS in collaboration with the APSC.
4. We maintain a strong commitment to producing high-quality, forward-looking and innovative policy advice and supporting implementation of government policy. To achieve this, we take an evidence-based approach when formulating responses and policy advice to the Government.

ORGANISATIONAL STRUCTURE

5. PM&C consists of three Groups:
 - a. **Domestic Policy Group**

The Domestic Policy Group supports the development of economic, environmental, productivity and social policies. It coordinates COAG arrangements, provides advice and support for the Budget process and policy advice in relation to G20. The Group also ensures that forward-looking strategic policy is developed, while meeting the day-to-day needs of the Government.

b. National Security and International Policy Group

The National Security and International Policy Group provides advice on Australia's foreign policy, trade and treaty matters, defence, intelligence, non-proliferation, counter-terrorism, law enforcement, information sharing, cyber policy, border security and emergency management, and the coordination of the national security budget. The Group also provides leadership, direction and coordination to the National Security Community.

c. Governance Group

The Governance Group provides advice on legal policy, parliamentary and government matters, honours policy, and support services, including the operation of Cabinet. This Group oversees the implementation and ongoing delivery of key programs, policies and initiatives across Government and delivers PM&C's enabling and support functions. In addition, the Group is responsible for the operational arrangements for Australia's hosting of the G20 in 2014.

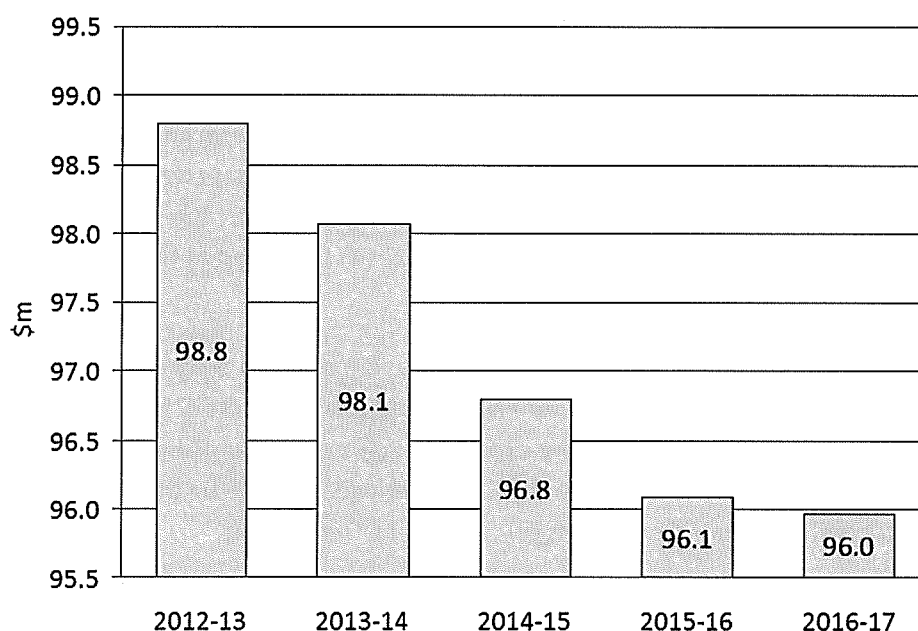
6. A current organisational chart is provided at Attachment A.
7. PM&C's structure will be impacted by machinery of government changes such as the transfer of Indigenous, deregulation and status of women responsibilities to PM&C.

OTHER MATTERS TO NOTE

PM&C budget and staffing information

8. In 2013-14 PM&C will have a core departmental operating appropriation of \$98.6 million (representing approximately 0.3 per cent of Whole of Government expenditure). The 2013-14 operating appropriation is a total reduction of \$1.3 million from 2012-13 due to \$0.7 million in targeted savings and reduced funding from a lapsing measure (\$0.6 million).

Figure 1: PM&C Core Appropriation since 2013–13



9. Figure 1 shows PM&C's decline in funding over recent years and into the future. To date, the Department has actively managed pressures by cutting domestic and international travel expenditure and replacing some of the travel with the use of telepresence facilities where possible, reducing the use of consultants and contractors and restructuring PM&C to streamline operations and reduce SES numbers.
10. From 2014-15 the Department will face increased pressure on its operating budget, including:
 - a. annual increases in employee costs, leasing and multiyear contract costs (approximately \$3.3 million assuming 2.5 per cent annual employee pay increase)
 - b. the increase in the public service efficiency dividend announced in the August 2013 Economic Outlook statement to 2 ¼ per cent for three years effective from 1 July 2014 (which will translate to a reduction in appropriation of approximately \$1 million in 2014-15 for PM&C)
 - c. savings due to more efficient management structures being required by Government across the APS (reduction of Executive Level and Senior Executive Level staff).
11. PM&C may also be required to reduce staffing to meet a share of the commitment to reduce the number of staff in the public service by 12,000 over the next two years. Further staffing reductions will arise from the further 0.25 per cent efficiency dividend and the termination of the Community Engagement programme.
12. PM&C's budget is different from most other Departments in that we do not have any significant programme expenditure to draw on to find operating costs. Our expenditure is almost all on people costs and fixed costs such as leasing with our funding strongly correlated to the functions which we deliver.

13. Our budget for 2013–14 is set and we will be able to operate within it. In order for PM&C to remain financially sustainable beyond that into the Forward Estimates, further management decisions will need to be taken to ensure deliverables align with available resources. This budget is insufficient to invest in new infrastructure to support large scale growth within the agency. Supplementary funding would be required to ensure the long-term liquidity of the Department is not affected by any substantial MoG change. We have a departmental Capital Budget of \$3.1 million in 2013–14 which provides basic funding to support the purchase and replacement of Departmental assets. We will address our 2014–15 Budget in the coming months.
14. The Department also has a small capital budget to support administered programs. In 2013–14 a budget of \$0.3 million is available for PM&C to purchase inventory for Official Establishments (property capital and operating expenses such as the refurbishment of The Lodge are incurred by Finance). The Administered Capital Budget will also be utilised to fit out an office for the current Governor-General Ms Bryce upon her retirement.

Funding to support Australia hosting of the Group of 20 (G20)

15. For the 2013–14 financial year, PM&C will also receive \$86.9 million in departmental operating appropriation and \$3.0 million of capital in the form of an equity injection to facilitate the delivery of G20. The majority of this funding is for outlays on suppliers, particularly security, event management, accommodation, information technology and venues.

Staffing

16. Similarly to PM&C's funding, our staffing levels have declined in recent years and will continue to do so into the future. As at 31 July 2013, the Department had a total of 568 employees (down from 602 employees as at 31 July 2012) engaged in ongoing functions including direct support to the functions of the Prime Minister, domestic and international policy functions, support to Government and Cabinet, National Security and COAG. With the pressures identified above, with the exception of the further efficiency dividend announced on 5 September, our staffing level will reduce to around 510 employees (15 per cent of current workforce) by 2016–2017.
17. PM&C is currently implementing a range of specific activities such as preparing for the G20 Summit in 2014. One hundred and thirteen people are currently working on these initiatives, with a portion engaged on a non-ongoing basis to provide PM&C with greater flexibility in managing our workforce to respond to new and/or changing priorities.
18. PM&C also engages staff for the COAG Reform Council and to support the former Governors-General. The Department currently employs 26 people that assist COAG to drive its reform agenda and six people to support former Governors-General.
19. A small number of secondees, currently 25 people sourced from across the APS, work within the Department to support ongoing functions and/or Taskforces. This includes a specific leadership development programme whereby a small number of EL2 staff work for 12 months in PM&C to broaden their knowledge and leadership capabilities.

Enterprise Agreement

20. The PM&C Enterprise Agreement (EA) 2011-14 nominally expires on 30 June 2014. The Department will commence negotiations shortly for the next EA and will brief you on this process in due course (see Vol.3, *APS Enterprise Bargaining*, p.45).

Portfolio resourcing as published in the 2013-14 Portfolio Budget Statements

21. The PM&C Portfolio is comprised of nine agencies. The budgeted appropriation and average staffing levels (ASL) for agencies in the Portfolio are detailed in Table 6.
22. The Office of the Independent National Security Legislation Monitor is also part of the PM&C Portfolio. This role is appointed by the Governor-General as a part-time statutory appointment under the *Independent National Security Legislation Monitor Act 2010* and support services are provided by PM&C. The role is responsible for reviewing the operation, effectiveness and implications of Australia's counter-terrorism and national security legislation on an ongoing basis.



Table 6: Budgeted appropriation and average staffing levels for agencies in the Portfolio

	Average Staffing Level		Bill 1 Departmental Appropriation	
	PBS 2013-14	% of portfolio	PBS 2013-14	% of portfolio
PM&C Function				
Australian National Audit Office - provides auditing services to the Parliament and public sector entities.	348	19.6%	75,266	21.2%
Australian Public Service Commission – increases awareness and adoption of best practice public administration by the public service through leadership, promotion, advice and professional development.	254	14.3%	22,675	6.4%
National Australia Day Council- coordinates Australia Day celebrations across the nation and the Australian of the Year Awards. * Funded through a grant from PM&C Administered Appropriation	11	0.6%	-	0.0%*
National Mental Health Commission - independently reports and advises on mental health and prevention of suicide in Australia.	13	0.7%	3,012	0.8%
Office of National Assessments - assesses and analyses international political, strategic and economic developments for the Prime Minister and senior Ministers in the NSC.	148	8.3%	33,164	9.3%
Office of the Commonwealth Ombudsman - handles complaints, conducts investigations, performs audits and inspections, encourages good administration and carries out specialist oversight tasks.	136	7.6%	18,630	5.2%
Office of the Inspector-General of Intelligence & Security - assists Ministers in the oversight and review of the legality and propriety of the activities of the Australian Intelligence Community agencies. Ensures that these activities are consistent with human rights and assists the Government in assuring Parliament and the public that intelligence and security matters relating to Commonwealth agencies are open to scrutiny.	12	0.7%	2,248	0.6%
Office of the Official Secretary to the Governor-General - supports the Governor-General exercise the executive power of the Commonwealth, uphold and execute its laws and Constitution and perform a broad range of constitutional, statutory, ceremonial and community responsibilities.	86	4.8%	11,545	3.3%
PM&C	771	43.4%	188,642	53.1%
Total Portfolio	1779	100.0%	355,182	100.0%

Attachment A: PM&C structure as at 6 September 2013

Secretary			
Dr Ian Watt AO			
Associate Secretary (Domestic Policy)		Associate Secretary (National Security Adviser)	
Dr Gordon de Brouwer PSM		Dr Margot McCarthy	
Deputy Secretary (Economic and Strategic)	Deputy Secretary (Social Policy)	Deputy Secretary (Governance)	Deputy National Security Adviser
Dr Heather Smith	Ms Rebecca Cross	Ms Renée Leon PSM	Mr Allan McKinnon
Executive Coordinator Strategic Policy	Executive Coordinator Domestic Policy		
Dr Rachel Bacon	Mr Andrew Hockley		
Industry, Infrastructure and Environment Division	Office of Work and Family	G20 Operations	International Division
FAS Ms Marie Taylor	FAS Ms Ngaire Hoskings	FAS Ms Bernadette Welch PSM	FAS Ms Lynette Wood
Strategy and Delivery Division	Social Policy Division	Corporate Services Division	Defence, Intelligence and Information Sharing Division
FAS Mr Dominic English	FAS Ms Helen McDevitt	FAS Ms Michelle Crosby	FAS Mr Richard Sadleir
Economic Division		Government Division	Cyber Policy and Homeland Security Division
FAS Mr David Hazlehurst		FAS Ms Philippa Lynch	FAS Ms Sachi Wimmer
		Cabinet Division	
		FAS Ms Pip Spence PSM	
		Ministerial Support Division	
		FAS Mr Jamie Fox	
		Cabinet Implementation Unit	
		AS Ms Bridget Brill	

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DEPARTMENTAL SECRETARIES

CURRENT SECRETARIES

1. There are currently 19 departmental secretaries. As noted in Table 7, four secretary appointments are due to expire in 2014 (Mr Mrdak in June, Ms Halton in July and Mr Wilkins and Mr Tune in August).

Statutory requirements relating to secretaries

Appointment

2. Under the *Public Service Act 1999* (PS Act) the Governor-General, on your recommendation, is responsible for appointing Secretaries for fixed terms of five years, unless the relevant Secretary requests a shorter period. Reappointments, also made by the Governor-General on your recommendation, can be, and often are, for a shorter period.
3. The PS Act requires that, before making a recommendation to the Governor-General, you must receive a report from the Secretary of PM&C, prepared in consultation with the APS Commissioner and the relevant agency Minister. Should there be disagreement between the Secretary of PM&C and the APS Commissioner, the substance of the disagreement must be explained. For the position of Secretary of PM&C, you must have received a report about the vacancy from the APS Commissioner.

Terms and conditions

4. Secretaries' remuneration and other conditions are now determined by the Remuneration Tribunal, under the *Remuneration Tribunal Act 1973*. Secretaries are currently remunerated on a fixed total remuneration basis. The Remuneration Tribunal made a determination in March 2012 which set out a staged approach to addressing secretaries' remuneration, through a series of predetermined increases at six-monthly intervals until 1 July 2014. The Tribunal has subsequently reviewed remuneration for a range of full time office holders, including secretaries, and determined a further 2.4 per cent increase from 1 July 2013. The Tribunal has indicated its intention to undertake a further review in December.
5. The Tribunal directly determines the remuneration of the Secretaries of PM&C and the Treasury and determines a classification structure and pay points for the remuneration of all other secretaries. The Secretary of PM&C, in consultation with the President of the Tribunal and the APS Commissioner, allocates the various offices of Secretary to pay points within the classification structure. Currently, secretaries are remunerated on pay points between \$632,840 pa and \$760,840 pa.

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Table 7: Secretaries of Departments as at 1 August 2013

Department	Secretary	Current appointment start	Current appointment expires	Period in this office to date	First appointment as secretary
Agriculture, Fisheries and Forestry	Mr Andrew Metcalfe AO	29/01/2013	28/01/2018	7 months	18/7/2005 (Immigration and Citizenship)
Attorney-General's	Mr Roger Wilkins AO	01/09/2013	31/08/2014	5 years	Current Appointment
Broadband, Communications and the Digital Economy	Mr Andrew (Drew) Clarke	11/03/2013	10/03/2018	5 months	17/4/2010 (DRET)
Defence	Mr Dennis Richardson AO	18/10/2012	17/03/2017	10 months	15/12/2009 (Foreign Affairs and Trade)
Education, Employment and Workplace Relations	Ms Lisa Paul PSM	03/12/2012	02/12/2017	8 years 11 months	26/10/2004
Families, Housing, Community Services and Indigenous Affairs	Mr Finn Pratt PSM	16/04/2011	15/04/2015	2 years 4 months	12/9/2009 (Human Services)
Finance and Deregulation	Mr David Tune PSM	31/08/2009	30/08/2014	4 years	Current appointment
Foreign Affairs and Trade	Mr Peter Varghese AO	03/12/2012	02/12/2017	11 months	Current appointment
Health and Ageing	Ms Jane Halton PSM	26/10/2013	01/07/2014	11 years 8 months	18/1/2002
Human Services	Ms Kathryn Campbell CSC	16/04/2011	15/04/2016	2 years 4 months	Current appointment
Immigration and Citizenship	Mr Martin Bowles PSM	(Acting 03/2012) 29/01/2013 (Appointed)	28/01/2018	9 months	Current appointment
Infrastructure and Transport	Mr Mike Mirdak	29/6/2009	28/6/2014	4 years 2 months	Current appointment
Industry, Innovation, Climate Change, Science, Research and Tertiary Education	Dr Don Russell	20/06/2011	19/06/2016	2 years 2 months	Current appointment

Department	Secretary	Current appointment start	Current appointment expires	Period in this office to date	First appointment as secretary
Prime Minister and Cabinet	Dr Ian Watt AO	05/09/2011	04/09/2016	2 years	27/4/2001 (Communications, Information Technology and the Arts)
Regional Australia, Local Government, Arts and Sport	Ms Glenys Beauchamp PSM	(Acting 09/2010) 21/12/2010 (Appointed)	20/12/2015	2 years 8 months	Current appointment
Resources, Energy and Tourism	Mr Blair Comley PSM	11/03/2013	10/03/2018	5 months	27/4/2011 (Climate Change and Energy Efficiency)
Treasury	Dr Martin Parkinson PSM	27/04/2011	26/04/2016	2 years 4 months	3/12/2007 (Climate Change)
Sustainability, Environment, Water, Population and Communities	Dr Paul Grimes	(Acting 09/2010) 20/06/2011 (Appointed)	19/06/2016	2 years 11 months	Current appointment
Veterans' Affairs	Mr Simon Lewis PSM	(Acting 05/2013) 11/07/2013 (Appointed)	10/07/2018	3 months	Current appointment