



Australian Government

Department of the Prime Minister and Cabinet

Annual Report 2018–19



DEPARTMENT OF THE PRIME MINISTER AND CABINET

Annual Report

2018–19

About this report

This report outlines the operations and performance of the Department of the Prime Minister and Cabinet for the financial year ending 30 June 2019. It has been prepared in accordance with the provisions of section 46 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act), the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) and the Department of Finance Resource Management Guide Number 135. The compliance index in Part 6 lists the information required by the PGPA Act and PGPA Rule and the corresponding page number within this report. The annual report can be found on the Department's website www.pmc.gov.au

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ANNUAL REPORT TEAM

This report was developed by the annual report team with help from staff throughout the Department. The 2018–19 annual report team comprised Lyn Murphy, Chris Atkinson, Lyndon Gray, Thomas Jacomb, Timo Greenwood and Lyndal Fleming.

DESIGN AND TYPESETTING

Stripe Design

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TRANSLATION

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Australian Government
Department of the Prime Minister and Cabinet

SECRETARY
Dr Martin Parkinson AC PSM

The Hon Scott Morrison MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I am pleased to present the Annual Report of the Department of the Prime Minister and Cabinet for the year ended 30 June 2019.

The report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46, which requires that you table the report in Parliament. The report reflects the matters dealt with and legislation administered by the Department as at 30 June 2019.

The annual performance statement in Part 2 of this report is prepared in accordance with paragraph 39(1)(a) of the PGPA Act and accurately presents the Department's performance for the 2018–19 financial year in accordance with subsection 39(2) of the PGPA Act.

The report includes the Department's audited financial statements prepared in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (PGPA Rule).

I certify that I am satisfied that the Department has in place appropriate fraud control mechanisms that meet our needs and comply with the PGPA Act, PGPA Rule and associated framework applying in 2018–19.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Parkinson'.

Dr Martin Parkinson AC PSM
30 August 2019

Cc Senator the Hon Marise Payne, Minister for Women
The Hon Ken Wyatt MP, Minister for Indigenous Australians
The Hon Greg Hunt MP, Minister Assisting the Prime Minister for the Public Service and Cabinet
The Hon Ben Morton MP, Assistant Minister to the Prime Minister and Cabinet

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Part one



Overview 2018–19

Secretary's review

The Department of the Prime Minister and Cabinet (PM&C) had a year of significant achievement and transformation in 2018–19. The Department provided support in the transition to a new Prime Minister, addressed many complex policy issues, managed the caretaker period and, after the May election, supported the Prime Minister in establishing his new Ministry and implementing the new administrative arrangements.



Dr Martin Parkinson AC PSM, Secretary, Department of the Prime Minister and Cabinet

After the Prime Minister's announcement of the new National Indigenous Australians Agency (NIAA), the Department managed the establishment of the new agency in order for it to stand up on 1 July 2019. PM&C and NIAA will continue to collaborate closely to achieve better policy outcomes for Indigenous Australians and leverage efficiencies in our shared corporate functions.

This year we continued to deliver results for the people of Australia, while embedding our internal Transformation Agenda to become a more contemporary and responsive Australian Public Service (APS) department. All of this could only be achieved with the ongoing commitment and dedication of all PM&C staff, and I would like to thank them for their continuing efforts to improve our ability to support the Government and our fellow Australians.

The following overview highlights the Department's achievements in advancing the wellbeing of Australians through delivering high-quality support to the Prime Minister and Cabinet.

Overview of 2018–19

Meeting the needs of the Australian people

The Department tackled many complex policy reforms in 2018–19 and achieved significant results across a broad range of policy areas. Highlights included the Department's work assisting farmers and communities seriously affected by both drought and floods, delivering a report on reforming the nation's vocational education and training sector, and driving the Council of Australian Governments (COAG) process to achieve economic, educational and social policy outcomes.

PM&C contributed to policy reform and greater national policy co-ordination through the management of COAG. Successes this year included negotiating a new National Drought Agreement, which was signed at COAG in December 2018; developing and delivering a statement from COAG summit delegates to inform the Fourth Action Plan of the National Plan to Reduce Violence against Women and their Children 2010–2022; and improving the quality of regulation, and minimising its burden, through securing COAG's agreement for Regulation Impact Statements for all new policy proposals.

Through the COAG process, PM&C played a key role in supporting the signing of the National Schools Reform Agreement by all state and territory governments. Working closely with the Department of Education and the Treasury, PM&C was essential to ensuring negotiations were focused on more than just funding commitments, prioritising better outcomes for the most vulnerable and disadvantaged students.

In August 2018, PM&C established the Joint Agency Drought Taskforce to drive a national response to the ongoing drought impacting communities across Australia. This taskforce, led by Major General Stephen Day DSC AM, delivered practical support for those affected by clearing away bureaucratic obstacles and getting financial help to people quickly. This work is having a real and positive impact on Australians experiencing hardship.

In January and February 2019, Far North Queensland experienced extreme weather events that had a devastating effect on the health and livelihoods of many Australians. The Australian Government responded quickly and efficiently to meet their needs.

An unprecedented flood in North Queensland impacted on the cattle industry across an area larger than Victoria, with the loss of an estimated 600,000 head of cattle. In response, on 1 March 2019 the Prime Minister announced the establishment of the North Queensland Livestock Industry Recovery Agency (NQLIRA) to manage a whole-of-government response to assist the affected farmers and their communities. Under the leadership of the Hon Shane Stone AC QC, NQLIRA was established as a taskforce within PM&C until it became an Executive Agency, under the *Public Service Act 1999*, in the portfolio on 1 July 2019.



NQLIRA's CEO and Advisory Board Chair Shane L Stone AC QC (front right) and Advisory Board members Don Heatley, David Galvin and Greg Campbell meet with residents of Winton to talk about the impact of the monsoon trough and discuss longer-term recovery.

The guiding principle of NQLIRA's work is that the response must be locally led, locally understood and locally implemented. More than a third of the agency's time has been spent on community activities and hearing from people who have been affected so that it can understand what support is needed now, as well as how the Government can assist the region's long-term recovery.

Within weeks of the flood, 11 of the worst affected local government areas were each provided \$1 million to immediately assist their communities sustain economic activity. More than \$3.3 billion has been paid or committed to assist farmers, small businesses, not-for-profit organisations and local shires. NQLIRA continues to deliver Commonwealth assistance to the affected regions through a long-term recovery plan, which will continue for the next five years.

As public servants, we pride ourselves on making things better for our fellow citizens. The work of both the Joint Agency Drought Taskforce and NQLIRA is having tangible, positive, impacts for farmers and their communities.

The skills Australia needs to drive a stronger economy were the focus of the review into Australia's vocational education and training sector, supported by a taskforce within PM&C. The review was led by the Hon Steven Joyce, a former New Zealand Minister for Tertiary Education, Skills and Employment. Mr Joyce delivered the final report to the Government in March 2019. On 2 April 2019, the Government released its *Delivering Skills for Today and Tomorrow* package, which responds to recommendations of the review. Those responses are now being implemented by the relevant departments and agencies, while further actions are under active consideration.

On 11 April 2019, the Governor-General agreed to the Prime Minister's recommendation that an election be held on Saturday 18 May 2019. The Parliament was prorogued and the House of Representatives dissolved that same day. In accordance with longstanding convention, the Government assumed a 'caretaker role'. During the caretaker period, PM&C provided advice across government on the application of the 'caretaker conventions'. Government Division answered 459 inquiries from a range of stakeholders, including ministers' offices and from, or involving, every department in the APS.

PM&C's advice ensured that actions by the Government or the APS would neither bind a possible incoming government nor limit its freedom of action. Our guidance also safeguarded the continued apolitical nature of the APS.

The caretaker period ended when the outcome of the election was clear, on Sunday 19 May 2019.

Driving change to keep Australians safe

In March 2019, Australians were shocked by the terrorist attacks in Christchurch and the sharing of video and images of the attack online. PM&C supported the Prime Minister to initiate concrete action, both domestically and internationally, to stop social media platforms being used by terrorists and extremists. PM&C co-chaired, with the Department of Communications and the Arts, a taskforce to combat terrorist and violent extremist material online working with online platforms and internet service providers to recommend specific actions by industry and the Government. A PM&C team also displayed an exceptional level of coordination and collaboration, working across government and with different countries, on the Leaders' Statement on Preventing Exploitation of the Internet for Terrorism and Violent Extremism Conducive to Terrorism at the Tokyo G20 meeting in June 2019.

In October 2018, PM&C collaborated with the South Australian Government and the Department of Social Services to deliver the second COAG National Summit on Reducing Violence Against Women and their Children. This summit informed the development of the Fourth Action Plan under the National Plan to Reduce Violence Against Women and their Children 2010–2022.

This year, the National Office for Child Safety moved from the Department of Social Services to PM&C. This change was in line with recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, to reflect the importance of the work. The National Office for Child Safety leads the development and implementation of a number of initiatives recommended by the Royal Commission. It also builds upon existing initiatives such as the National Redress Scheme and the National Framework for Protecting Australia's Children 2009–2020.

Australia has faced rapidly evolving international security challenges in recent years. PM&C has driven, coordinated and/or contributed strongly to whole-of-government consideration of how best to deal with these, in support of the Prime Minister and the National Security Committee of Cabinet. We have led or helped shape important work to encourage the continued strong United States regional Indo-Pacific engagement, so essential for the region's prosperity and security; promote growth, build resilience and support sovereignty through the Pacific Step-Up; strengthen partnerships in North and Southeast Asia; and review aspects of Middle East policy.

To ensure Australia and its defence force are equipped to meet future security challenges, we have worked closely with the Department of Defence, central agencies and across government to ensure delivery of the Defence Integrated Investment Program and associated sovereign industrial capabilities. We have assisted whole-of-government efforts to progress the Naval Shipbuilding Plan, a complex national endeavour to create a long-term sustainable naval shipbuilding and sustainment industrial base to serve our strategic and national interests into the future.

With the Department of Home Affairs and the Australian Cyber Security Centre, PM&C helped develop more effective government measures to counter and deter foreign interference and cyber threats. We worked closely with the Department of Foreign Affairs and Trade and the Department of Home Affairs on the complex security, diplomatic and humanitarian challenges posed by foreign terrorist fighters and their families. As a member of the Electoral Integrity Assurance Taskforce, we also supported the Australian Electoral Commissioner deliver a safe and fair election.

Building relationships

PM&C supports the Prime Minister in his leader-level engagements to advance Australia's interests internationally, including through global and regional cooperation. We support the Prime Minister to shape Australia's international presence at key international summits, coordinate engagement with world leaders, and organise meetings with dignitaries visiting Australia. In 2018-19 this included hosting visits to Australia by the Presidents of India and Poland, and the Prime Minister of Japan; and supporting Australia's efforts at the G20 meeting in Osaka, Japan; APEC in Port Moresby, Papua New Guinea; and the East Asia Summit in Singapore.

We also played a major role in solidifying regional relationships by hosting a number of visits from regional Heads of Government, including the Prime Minister of Vanuatu; and supporting visits by the Prime Minister to New Zealand, Fiji, Singapore, Solomon Islands and Vanuatu. I also jointly hosted, with my counterpart from Papua New Guinea, the inaugural meeting of the Heads of Pacific Prime Ministers' Departments in Brisbane, building on the strong engagement between Pacific leaders by strengthening the relationships between their senior officials.

The Prime Minister moved to prioritise Australia's relationships with Pacific Island nations by announcing a new package of security, economic, diplomatic and people-to-people initiatives—the Pacific Step-Up. The Step-Up will take our engagement with the region to a new level.



Australian Prime Minister Scott Morrison during a visit to the National Archives and Library in Port Vila, Vanuatu, 16 January 2019 (AAP Image/Dan Himbrechts).

Adapting to meet the needs of Aboriginal and Torres Strait Islander peoples

A key priority for PM&C during 2018–19 was to work closely with Aboriginal and Torres Strait Islander people to accelerate economic and educational opportunities, improve health and wellbeing, and make communities safer.

We continued to work towards true co-design models in policy design and program delivery to be more flexible and responsive to local and regional needs.

In 2018–19, we supported consultation processes on Native Title reforms, so that Traditional Owners can unlock greater social and economic opportunities on their lands.

We introduced changes to the Community Development Program designed to reduce penalties and increase local decision-making to better support jobseekers in remote and regional parts of Australia.

We made advancements in the Indigenous justice area with the rollout of custody notification services into more jurisdictions and greater through-care services to help reduce the over-representation of Indigenous people in custody.

We have seen greater investment in Indigenous businesses through the Indigenous Entrepreneurs Fund and the Indigenous Procurement Policy, which is being extended to include a new 3 per cent value target over the next decade.

We began refocusing our work to ensure it prioritises outcomes and supports positive social and economic opportunities throughout the country. It will ensure we are ready, better able and strategically positioned to support Indigenous Australians.

In February, the Closing the Gap Report was tabled in Parliament. This report revealed that early childhood education and Year 12 attainment targets are on track, and that important progress has been made in health and education, but it also highlighted that more needs to be done. This final report marks a transition to the next phase of Closing the Gap. In December 2018, the COAG Joint Council on Closing the Gap marked a historic step by committing to a formal partnership with Aboriginal and Torres Strait Islander people to finalise the Closing the Gap Refresh and provide a forum for ongoing engagement throughout implementation of the new agenda.

On 1 July 2019, the Indigenous Affairs Group of the Department became an Executive Agency—the National Indigenous Australians Agency (NIAA)—within the PM&C portfolio. The Agency builds on the progress that has been made over the last six years. It keeps the Agency in the heart of Government, but provides more autonomy and, most importantly, more authority to ensure there is a coordinated approach across the Commonwealth to pursue the Government's agenda for Indigenous Australians. PM&C continues to work seamlessly with NIAA to support a successful transition and to ensure policy and service delivery advice to the Prime Minister continues to be informed by the interests and priorities of Aboriginal and Torres Strait Islander people.



Dr Martin Parkinson AC PSM speaking at a PM&C all staff address.

Adapting to change

PM&C has been at the forefront of change by supporting the Independent Review of the Australian Public Service, preparing and briefing the incoming Government after the federal election, and continuing to transform the way we work as a department.

In 2018–19, PM&C supported David Thodey and the APS Review Panel to undertake the most extensive review of the APS in more than 40 years. I strongly support the central theme of the panel's report, *Independent review of the APS: Priorities for change*, that all of us in the APS should go to work every day with the idea that we work for all Australians.

The panel will deliver its final report early in 2019–20 but its work has already made clear that the APS will need to operate differently to deliver government priorities and serve Australians now and in coming decades. We will need to boost our capability and take a new approach to the way we engage outside of the public service with individuals, business and the community more broadly. This will require hard work but it will ensure the APS remains an inspiring place to work that delivers for the Government and for the people of Australia.

PM&C also worked constructively during the year to continue to implement machinery of government changes with respect to the Department of Home Affairs and the standing up of the Office of National Intelligence, including embedding consultation and coordination arrangements to ensure all relevant equities were taken into account in providing robust advice to government.

Transformation Agenda

PM&C's Transformation Agenda is about ensuring we keep pace with the changing world so that we can continue to deliver high-quality outcomes for the Government and the Australian public.

We are now more technologically adept, particularly after the introduction of digital-first briefing processes for the Prime Minister and portfolio ministers. Staff have also reported that PM&C's flexible working arrangement 'Working Your Way' improves their digital confidence compared to a traditional office environment.

We are also becoming a more curious, knowledge-based organisation. With the establishment of the NIAA, the APS will work to make better use of the NIAA Regional Network's knowledge of the communities they serve and how programs really work on the ground. This year we have continued an extensive program of guest speakers and workplace seminars which have introduced staff to some great Australian and international thinkers beyond their traditional area of focus.

The next 12 months and beyond

As announced by the Prime Minister on 25 July 2019, I will be finishing as Secretary of the Department on 30 August 2019. It has been an enormous honour to lead PM&C over the last four years, and I have no doubt the Department will be in excellent hands with my successor Phil Gaetjens.

Phil will continue to take the Department forward, working closely with the Government as it begins a new term of government. To support the Government, PM&C has established a Priorities and Delivery Unit to work collaboratively across the APS and with key industry stakeholders to support delivery of the Government's top priorities.

PM&C will lead and role-model the priorities of change and findings from the Independent Review of the APS and continue to build upon our transformation to a modern, collaborative and responsive organisation that drives excellence across the public service.

PM&C is a very different department to the one I joined in early 2016. I am proud of the work we have done as a department to significantly increase our diversity and inclusion, tackle domestic and family violence—including through White Ribbon workplace accreditation and introducing family violence leave provisions—and lead reconciliation efforts with Indigenous Australians through our Stretch Reconciliation Action Plan. The Department's Transformation Agenda will continue to ensure PM&C has the skills and capability to best serve the Prime Minister, Cabinet and the Government more broadly now and in the years ahead.

None of this could have been achieved without the commitment of our staff and the support of my Executive team. I would like to record my appreciation for their efforts, encourage them to continue the journey, and look forward to PM&C achieving even greater success under Phil's leadership. Farewell and very best wishes to our ministerial team, led by the Prime Minister, the Hon. Scott Morrison MP, and to all of my PM&C department and portfolio colleagues.



Dr Martin Parkinson AC PSM
Secretary
Department of the Prime Minister and Cabinet

The Department

Our mission

The Department of the Prime Minister and Cabinet (PM&C) advances the wellbeing of Australians by delivering high-quality support to the Prime Minister and Cabinet.

We take a whole-of-nation approach, working closely with communities, stakeholders and across all areas of government and acknowledge the special place of the First Peoples of our nation. We lead the Australian Public Service (APS) in rigorous and collaborative policy development, implementation and program delivery.

Our purposes

In 2018–19, our work was guided by three key purposes:

1. Supporting the Prime Minister, as the head of the Australian Government, the Cabinet and portfolio ministers.
2. Providing advice on major domestic policy, national security and international matters.
3. Improving the lives of Indigenous Australians.

Our role is to

- provide high-quality advice and support to the Prime Minister, the Cabinet and our portfolio ministers to achieve a coordinated and innovative approach to the development and implementation of Government policies
- coordinate and develop policy across the Government in economic, domestic and international issues
- build partnerships with Aboriginal and Torres Strait Islander people to increase positive opportunities for economic development, health, wellbeing and cultural identity
- lead an APS that is best placed to serve the Australian people into the future.

We are supported by

- 2,178 staff in 105 office locations around the country
- our Regional Network, which works in partnership with Aboriginal and Torres Strait Islander people to develop locally driven solutions, community empowerment and place-based partnership models
- our Transformation Agenda, which is driving change from within and creating a PM&C that is a knowledge organisation, technologically adept, flexible and collaborative, and inclusive and diverse.

Our structure

PM&C has four operational groups, delivering strategic priorities through a range of policy and program activities.

Domestic Policy Group

The Domestic Policy Group advises the Prime Minister, the Cabinet and portfolio ministers on jobs and economic growth, the Budget, industry, infrastructure, agriculture, innovation, health, education and the environment. It coordinates whole-of-government regulatory reform and supports government priorities for gender equality and the empowerment of women. The group coordinates the Council of Australian Governments (COAG) arrangements and provides advice and support for the Budget process. The group coordinates whole-of-government public data policy, national policies and strategies to enhance the safety of children; and supports the G20 Sherpa, Dr David Gruen, in developing and prosecuting Australia's contributions to the G20.

National Security and International Policy Group

The National Security and International Policy Group provides advice on Australia's foreign policy, defence, trade and aid interests. This includes the Prime Minister's engagement with foreign counterparts and business leaders, international commemorative events, treaty matters, defence policy and operations, sovereign defence industrial capability, non-proliferation, counter-terrorism, law enforcement, intelligence policy, cyber policy, border security and crisis management. This group also coordinates the foreign affairs, trade and national security aspects of the Budget.

Governance Group

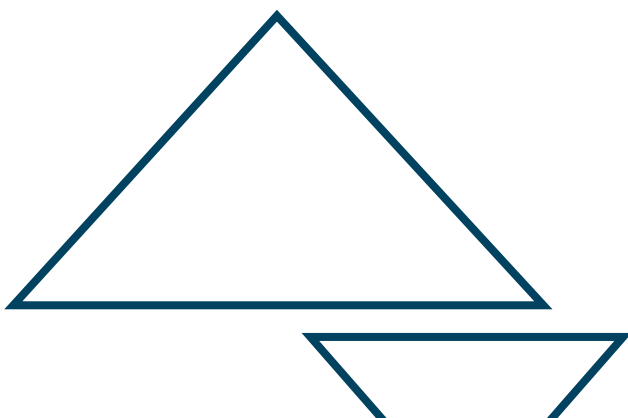
The Governance Group provides advice on legal policy, parliamentary and government matters and honours, symbols and territories policy. In addition, it provides support services to the Prime Minister, the Cabinet, Cabinet committees, PM&C's portfolio ministers and assistant ministers, and the Governor-General. The group delivers PM&C's enabling and support functions and oversees the implementation and ongoing delivery of government programs, policies and initiatives.

Indigenous Affairs Group

In 2018–19 the Indigenous Affairs Group was responsible for most Commonwealth Indigenous-specific policy and programs. The group worked with the Australian Government and state and territory governments, Aboriginal and Torres Strait Islander communities and organisations and peak bodies to achieve government priorities of getting adults into jobs, getting children into school and making communities safer. The group included the Regional Network, which partners with Aboriginal and Torres Strait Islander people and communities and other stakeholders to develop and implement tailored local solutions.

The Regional Network has 500 staff in over 70 locations across the country. These staff routinely visit over 400 communities.

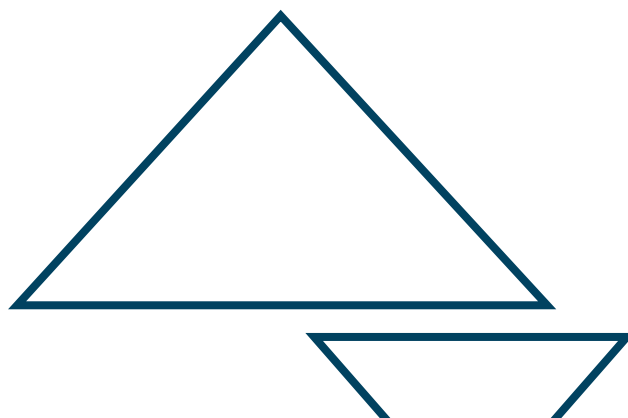
On 29 May 2019 the Prime Minister, the Hon Scott Morrison MP, announced the formation of the National Indigenous Australians Agency (NIAA) within the Prime Minister's portfolio. The functions of the Indigenous Affairs Group transferred to the NIAA as of 1 July 2019.



Our organisational structure as at 30 June 2019

Secretary			
Dr Martin Parkinson AC PSM			
Domestic Policy			
Group	APS Review Taskforce Mr David Williamson	Social Policy Ms Alison Larkins	Economic Dr David Gruen
	Industry and Jobs Mr Simon Duggan		
Division	APS Review Will Story*	Social Policy Dr Ros Baxter PSM	Economic Brenton Goldsworthy Jason McDonald
		Office for Women Catherine Hawkins	Policy Innovation & Projects Tanja Cvijanovic
		National Office for Child Safety Kathryn Mandla	Office of National Data Commissioner Deborah Anton
			Industry, Infrastructure & Environment Helen Wilson
			Drought Response Taskforce Major General Stephen Day DSC AM
			North Queensland Livestock Industry Recovery Agency Taskforce Nico Padovan

* Denotes acting arrangement



Governance Ms Stephanie Foster PSM	National Security Ms Caroline Millar	Indigenous Affairs Mr Ray Griggs AO CSC Professor Ian Anderson AO	
Cabinet Leonie McGregor	National Security Abigail Bradshaw	Programme Office Jennifer Collard	Recognition, Policy and Empowered Communities and Closing the Gap Jamie Fox
Corporate Paul Wood	International Justin Hayhurst	Housing, Land & Culture Ryan Bulman	Education, Community Safety & Health Blair Exell
Government John Reid		Community & Economic Development Deborah Lewis (Chloe Bird*)	Legal, Employment, Environment and Evaluation Troy Sloan
Ministerial Support Gerard Martin		PM&C Regional Network Anne-Marie Roberts Kevin Brahim	IAG Reform Unit Letitia Hope
Protocol and International Visits Mark Fraser AO CVO			
		Aboriginal Land Commissioner The Hon JR Mansfield AM QC	Office of the Registrar of Indigenous Corporations (ORIC) Selwyn Button
			Office of Township Leasing Pennie Weedon

Our Executive

As at 30 June 2019, PM&C's senior executive was as follows:

Secretary	Dr Martin Parkinson AC PSM
Associate Secretary, Indigenous Affairs	Mr Ray Griggs AO, CSC
Deputy Secretary, APS Review Taskforce	Mr David Williamson
Deputy Secretary, Economic	Dr David Gruen
Deputy Secretary, Governance	Ms Stephanie Foster PSM
Deputy Secretary, Indigenous Affairs	Professor Ian Anderson AO
Deputy Secretary, Industry and Jobs	Mr Simon Duggan
Deputy Secretary, National Security	Ms Caroline Millar
Deputy Secretary, Social Policy	Ms Alison Larkins



PM&C Executives Dr Martin Parkinson, Dr David Gruen, Ms Alison Larkins, Mr Simon Duggan, Ms Caroline Millar, Ms Tess Bishop and Ms Stephanie Foster at an all staff address.

The portfolio

As at 30 June 2019, the following entities were part of the portfolio.

DEPARTMENT OF STATE

- Department of the Prime Minister and Cabinet

OTHER NON-CORPORATE COMMONWEALTH ENTITIES

- Australian National Audit Office
- Australian Public Service Commission
- North Queensland Livestock Industry Recovery Agency
- Office of National Intelligence
- Office of the Official Secretary to the Governor-General
- Workplace Gender Equality Agency

CORPORATE COMMONWEALTH ENTITIES

- Australian Institute of Aboriginal and Torres Strait Islander Studies
- Indigenous Business Australia
- Indigenous Land and Sea Corporation
- Anindilyakwa Land Council
- Central Land Council
- Northern Land Council
- Tiwi Land Council
- Torres Strait Regional Authority
- Wreck Bay Aboriginal Community Council

COMMONWEALTH COMPANIES

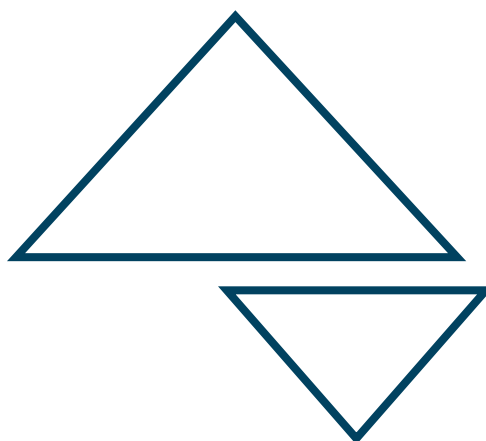
- Aboriginal Hostels Limited
- National Australia Day Council Limited
- Outback Stores Pty Ltd

STATUTORY BODIES

- Remuneration Tribunal

OFFICE HOLDERS

- Office of the Aboriginal Land Commissioner
- Executive Director of Township Leasing
- Office of the Registrar of Aboriginal and Torres Strait Island Corporations



Our ministers

As at 30 June 2019, PM&C's ministers and assistant ministers were:



The Hon Scott Morrison MP

Prime Minister and Minister for the Public Service



Senator the Hon Marise Payne
Minister for Women



The Hon Ken Wyatt AM MP
Minister for Indigenous Australians



The Hon Greg Hunt MP
*Minister Assisting the Prime Minister for the
Public Service and Cabinet*



The Hon Ben Morton MP
Assistant Minister to the Prime Minister and Cabinet

Budget outcomes and program structure

In achieving PM&C's purposes for 2018-19, we worked to deliver against the key priorities outlined in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements. Our Corporate Plan 2018-2022 articulated how these key priorities would be achieved and how achievement and success would be measured. Table 1.1 below shows the links between our purposes, outcomes and program framework.



Table 1.1: Corporate Plan 2018–2022 strategic priorities mapped to 2018–19 Portfolio Budget Statements objectives

Purpose 1	Outcome 1	Program 1.1
Supporting the Prime Minister as the head of the Australian Government, the Cabinet and portfolio ministers	Provide high-quality policy advice and support to the Prime Minister, the Cabinet, portfolio ministers and assistant ministers, including through the coordination of government activities, policy development and program delivery.	Prime Minister and Cabinet
Purpose 2 Providing advice on major domestic policy, national security and international matters		
Purpose 3	Outcome 2	Program 2.1
Improving the lives of Indigenous Australians	Improve results for Indigenous Australians, including in relation to school attendance, employment and community safety, through delivering services and programmes, and through measures that recognise the special place that Indigenous people hold in this nation.	Indigenous Advancement—Jobs, Land and Economy
		Program 2.2 Indigenous Advancement—Children and Schooling
		Program 2.3 Indigenous Advancement—Safety and Wellbeing
		Program 2.4 Indigenous Advancement—Culture and Capability
		Program 2.5 Indigenous Advancement—Remote Australia Strategies
		Program 2.6 Indigenous Advancement—Evaluation and Research
		Program 2.7 Program Support

Part two



Annual performance statement

Introductory statement

I, as the accountable authority of the Department of the Prime Minister and Cabinet (PM&C), present the 2018–19 annual performance statement of PM&C, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and *Public Governance, Performance and Accountability Rule 2014*. In my opinion, the annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.



Dr Martin Parkinson AC PSM
30 August 2019



Purposes

PM&C's Corporate Plan 2018–2022 sets out three purposes:

1 Supporting the Prime Minister as the head of the Australian Government, the Cabinet and portfolio ministers.

2 Providing advice on major domestic policy, national security and international matters.

3 Improving the lives of Indigenous Australians.

This performance statement reports on PM&C's performance against the performance measures in the Corporate Plan and the performance criteria and targets for outcomes 1 and 2 in the Portfolio Budget Statements 2018–19.

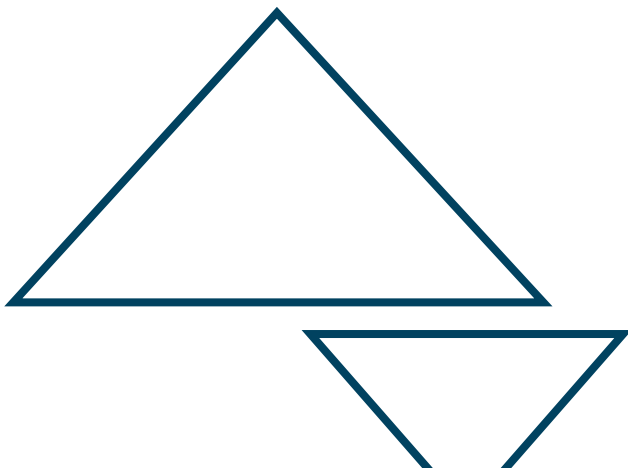
Summary of results

Table 2.1: Summary of PM&C's results against the 2018–19 performance criteria

No.	Performance criterion	Result ¹
1.1	We lead the APS to ensure the public service is best placed to serve the Australian people into the future.	Achieved
1.2	The Prime Minister, portfolio ministers, and the Cabinet are satisfied with the quality and timeliness of advice and support provided on major domestic economic, social, and innovation policy, national security and international matters.	Achieved
1.3	High level of satisfaction with the secretariat support services provided to the Cabinet Secretary.	Achieved
2.1	We work to improve essential services on which Australians rely.	Achieved
2.2	We work to stop violence against women and children and increase economic security for Australia's women.	Substantially Achieved
2.3	We provide national leadership on major domestic, international and national security policy and program delivery.	Achieved
2.4	Support timely, relevant and effective collaboration and coordination across government and external parties on major domestic economic, social and innovation policy, national security and international matters.	Achieved
3.1	We work with Aboriginal and Torres Strait Islander peoples to accelerate economic and education opportunities and make communities safe.	Substantially Achieved
3.2	Indigenous Advancement Strategy activities contribute towards increased Indigenous employment, business and economic development.	Achieved
3.3	Indigenous Advancement Strategy activities contribute towards increased Indigenous school attendance and improved educational outcomes.	Achieved

¹ The result is based on achievement against the target(s) for the performance criterion.

No.	Performance criterion	Result ¹
3.4	Indigenous Advancement Strategy activities contribute towards reduced levels of offending, violence and substance abuse.	Substantially Achieved
3.5	Indigenous Advancement Strategy activities contribute towards increased participation of Indigenous people in Australian society and improved capability of Indigenous organisations.	Achieved
3.6	Indigenous Advancement Strategy activities invest in local solutions based on community and government priorities.	Substantially Achieved
3.7	Increased understanding of whether Indigenous Advancement Strategy funding and policies are effective. Increased research and/or existing research made more usable.	Achieved
3.8	Efficient department support to the six Indigenous Advancement Strategy programs.	Achieved



Supporting the Prime Minister

(PURPOSE 1)

1

Supporting the Prime Minister as the head of the Australian Government, the Cabinet and portfolio ministers.

Activities

In 2018–19, PM&C supported the Prime Minister, as the head of the Australian Government, the Cabinet and portfolio ministers through the following activities outlined in the Corporate Plan 2018–2022:

- Providing high-quality expert advice to the Prime Minister on governance and legal policy matters
- Supporting the integrity and effectiveness of Government decision making by providing high-quality support to the Prime Minister, the Cabinet and the Governor-General
- Advancing Australia's interests through effective and well-executed programs for the Prime Minister's overseas engagements and for incoming visits by Heads of State and Heads of Government
- Advising the Government and informing the community about Australian honours and symbols, honouring dignitaries for their contribution to Australia with State Funerals and Memorial Services, and maintaining the Official Residences for future generations of Australians
- Providing communications support for the Prime Minister and for government programs so that Australians understand what is being delivered, how they benefit and how to access services.

Analysis

For PM&C, 2018–19 has been an opportunity to demonstrate the broad range of support and services that we provide to the Prime Minister, the Cabinet, portfolio ministers and the Governor-General. In addition to the usual work of the Department, this year featured a transition to a new Prime Minister and a federal election, as well as the establishment of short-term taskforces to support work on key issues.

The Department undertook the necessary task of supporting the transition through the federal election period. PM&C provided advice on the Caretaker Conventions (see the case study on page 36) and to the incoming Government on the establishment of the ministry and the 46th Parliament. The commitment and drive of staff across PM&C during this critical period ensured that high quality and timely advice was provided and that the institutions of government were well supported.

PM&C continued to support high-level decision-making in Government, by ensuring that Cabinet and Cabinet Committee processes operated to the satisfaction of the Prime Minister, portfolio ministers, the Cabinet and the Cabinet Secretary.

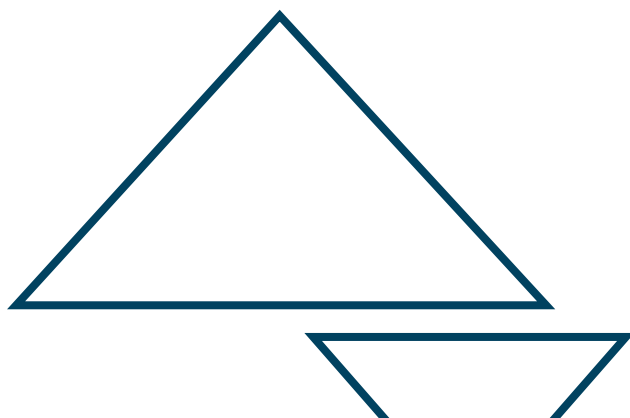
PM&C also supported the Government throughout the year through the provision of high-quality and timely advice on Commonwealth legal policy. PM&C led work on the establishment of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability and the Royal Commission into Aged Care Quality and Safety—two matters of significant importance to the Australian community.

In response to the ongoing demands of the international environment, the Department continued to build on its ability to successfully deliver complex international and domestic visits. It provided logistic and protocol support for the Prime Minister when he was representing Australia overseas, as well as for both the Prime Minister and the Governor-General in hosting foreign dignitaries as Guests of the Australian Government. This operational work complemented the policy advice and travel briefing provided to the Prime Minister by the Department (see Outcome 2), with the overall aim that Australia’s international relationships and cooperation continue to be strengthened.

The Department contributed to the recognition of a diverse range of Australians through its support for Australia’s honours system. This system of awards plays a vital role in the fabric of our society, recognising many Australians, both well-known and less so, for their past and ongoing service and for their contribution to the broader community.

PM&C also provided support to the Independent Review of the APS, chaired by Mr David Thodey AO. This provided an opportunity for PM&C to contribute towards the goal of a trusted APS, united in serving all Australians.

Performance measurement shows effective delivery against Purpose 1.



Results

Criterion 1.1	We lead the APS to ensure the public service is best placed to serve the Australian people into the future.
Source	Corporate Plan 2018–2022
Target	<ul style="list-style-type: none"> • The Australian Government relies on our expertise and innovative advice. • Our advice is timely, of high quality and impactful. • The public service and key stakeholders capitalise on our whole-of-government perspective to best deliver priorities. • Our people demonstrate the qualities articulated under our four pillars of transformation: Knowledge organisation, Technologically adept, Flexible and collaborative, Inclusive and diverse.
Result	Achieved
<p>Parliamentary Document Management System data confirms that PM&C achieved a result of 94 per cent against a target of 85 per cent in terms of timeliness and advice. Independent surveys of external stakeholders and internal feedback of ministerial stakeholders confirm that PM&C achieved a result of 79 per cent against a target of 71 per cent satisfaction rating. Internal analysis through the following case studies support this achievement. PM&C was also responsible for successfully drafting 147 speeches and 318 messages for delivery by the Prime Minister and portfolio ministers.</p>	

CASE STUDY:

Official visits and events

In 2018–19 the Prime Minister undertook a number of important overseas visits to participate in multilateral forums and to further enhance Australia's bilateral relationships. PM&C successfully supported a total of 10 prime ministerial overseas visits to 12 nations over 34 days. The Prime Minister visited:

- Indonesia (30 August–1 September 2018)
- Singapore (East Asia Summit) (13–15 November 2018)
- Papua New Guinea (Asia-Pacific Economic Cooperation (APEC)) (17–19 November 2018)
- Argentina (G20) (29 November–3 December 2018)
- United Arab Emirates and Iraq (18–21 December 2018)

- Vanuatu and Fiji (16–18 January 2019)
- New Zealand (22 February 2019)
- New Zealand (Christchurch Memorial) (28–29 March 2019)
- Solomon Islands, United Kingdom (including the 75th D-Day commemorations, Portsmouth), and Singapore (2–7 June 2019)
- Japan (G20) (27–30 June 2019).

PM&C also successfully delivered the incoming Guests of Government program. The Department managed a number of visits to Australia by both Heads of State and Heads of Government, highlighted by a number of visits related to the APEC Leaders' Meeting in Papua New Guinea in November 2018.

This year's visits included:

- visits by Heads of State from India, Nauru and Poland
- visits by Heads of Government from Japan, Papua New Guinea and Solomon Islands and by the Vice President of the United States of America
- the visit by Their Royal Highnesses the Duke and Duchess of Sussex associated with the Invictus Games.

PM&C managed 175 airport facilitations for Heads of State and Heads of Government who were transiting or making private visits to Australia. The Department also managed a large number of private visits facilitated by the APEC Taskforce as part of the APEC Leaders' Meeting in Papua New Guinea.

PM&C successfully delivered another nine events in support of the Prime Minister, including:

- a Council of Australian Governments (COAG) meeting and related hospitality events in Adelaide
- hospitality for the 2019 test cricket teams from Australia and India, and the Prime Minister's XI cricket match
- receptions for Australia Day and for national finalists for the Australian of the Year Awards, and the Prime Minister's Christmas Reception.

PM&C also coordinated State Memorial Services for the Hon Robert (Bob) James Lee Hawke AC (Sydney, New South Wales) and the Hon Gordon Scholes AO (Highton, Victoria); and a State Funeral for the Hon Dr John Herron AO (Brisbane, Queensland).

CASE STUDY:

Recognition for the rescuers of the 'Wild Boars' soccer team

The Australians honours system celebrates citizens who make a difference, who achieve their best and serve others, and whose actions have set them apart. These Australians enrich our community across a broad range of professional, public and community service fields. PM&C works with Government House and the Governor-General to support the honours system and ensure timely and appropriate recognition of outstanding Australians.

In July 2018, PM&C provided support to enable swift recognition of those involved in the rescue of members of the Wild Boars soccer team from a cave in Chiang Rai, Thailand. The speed and focus of the recognition answered the public's call for special response to a truly exceptional circumstance.

On 23 June 2018, 12 members of the Wild Boars boys' soccer team, and their coach, became stranded in the Tham Luang cave system in Chiang Rai. The boys had been exploring the caves when sudden flooding blocked their exit. Nine days later, on 2 July, and after the activation of a major international rescue effort, the boys and their coach were located four kilometres from the cave entrance.

Between 8 and 10 July 2018, all 13 members of the team were rescued from the flooded cave system.

The rescue team included divers from the United States, UK, Belgium, Thailand, France, Canada, China, and Australia. Australian divers Dr Craig Challen SC OAM and Dr Richard Harris SC OAM were two of the six primary rescue divers who escorted the boys and their coach out of the cave system, supported by a team of 90 Thai and foreign divers, including seven Australian divers from the Australian Federal Police and Royal Australian Navy. The boys were extracted one at a time, with each operation lasting over three hours in exceptionally dangerous circumstances.

To reflect the overwhelming public mood in support of the actions of the brave Australians, it was determined that the Australian Bravery Council should meet quickly and out-of-session to consider this exceptional event and consider what, if any, awards the individuals should receive. PM&C supported this consideration (as well as being represented on the Council), to ensure that timely advice was provided to the Governor-General, with the Prime Minister's support. This included liaising with Government House and our officials in Thailand to ensure all relevant records were received and reviewed by the Bravery Council.

Days later, on 24 July 2018 the then Governor-General, General the Hon Sir Peter Cosgrove AK MC, and the then Prime Minister, the Hon Malcolm Turnbull co-hosted an investiture ceremony and reception to honour the nine Australians who entered the cave during the rescue.

Those Australians recognised were:

- Dr Richard Harris – awarded the Star of Courage and a Medal of the Order of Australia
- Dr Craig Challen – awarded the Star of Courage and a Medal of the Order of Australia
- Acting Station Sergeant Robert James, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- Leading Senior Constable Kelly Boers, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- Leading Senior Constable Benjamin Cox, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- First Constable Matthew Fitzgerald, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- Senior Constable Justin Bateman, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- Leading Senior Constable John Markcrow, Australian Federal Police Diver – awarded a Bravery Medal and a Medal of the Order of Australia
- Chief Petty Officer Matthew Eather, Clearance Diver, Royal Australian Navy – awarded a Bravery Medal and a Medal of the Order of Australia

CASE STUDY:

APS Policy Capability Project

The APS Policy Capability Project aims to help develop policy skills and capability in individuals, organisations and systems of government across the APS. This new cross-agency project will develop professional standards, practical frameworks and tools for delivering better policy. The project was established by the APS Reform Committee of the Secretaries Board in June 2018 and will run for 18 months.

The project, hosted within PM&C, is being delivered through a multidisciplinary team comprising of representatives from 15 agencies across the APS, selected for their complementary skills and experience. It is taking an open and collaborative cross-agency approach to problem solving, delivering regular outputs through a series of policy sprints. This enables the project to refine and improve its approach over time and support the implementation of broader reforms in the policy context.

The first phase of the project (September 2018 to February 2019) harnessed extensive analysis, interviews and workshoping across the APS to develop an *APS Policy Capability Roadmap*. The roadmap concluded that, to lift policy capability, the APS must focus on three key areas:

- a stronger authorising environment with greater role clarity
- collective ownership of improvement efforts
- common tools to support policy advisers' development.

In June 2019, PM&C launched the Policy Hub, a new online resource to assist in making the policy work of APS agencies and individuals more impactful. The new initiative functions as a one-stop shop for guidance, information and essential tools to promote greater innovation and outcomes-based approaches to contemporary policy challenges in Australia. The Policy Hub complements the objectives of the APS Policy Capability Project by raising awareness of good policy standards; sharing lessons learned and good practices; and fostering closer collaboration across, up and down the policy community within the APS.

Criterion 1.2 The Prime Minister, portfolio ministers, and the Cabinet are satisfied with the quality and timeliness of advice and support provided on major domestic economic, social, and innovation policy, national security and international matters.

Source Portfolio Budget Statements 2018–19 (page 31)

- Target
- Feedback from the Prime Minister, portfolio ministers, the Cabinet, ministerial officers and the executive shows a high level of satisfaction with the quality and timeliness of advice and support received.
 - 85% of responses to requests for briefs and ministerial correspondence are delivered within agreed timelines.

Result Achieved

Internally collected feedback from ministerial stakeholders supports a high level of satisfaction with the quality of advice and support that PM&C provides. Internal analysis presented in the following case studies supports that achievement. Internal data indicates that 90 per cent of briefs and 68 per cent of ministerial correspondence were delivered within agreed timeframes.

CASE STUDY:

Advising government on application of Caretaker Conventions during an election period

PM&C played the lead role in providing advice to the Prime Minister, other ministers, our Executive and the wider APS on ensuring government operations during an election period were conducted in accordance with the Caretaker Conventions.

On 11 April 2019 the former Governor-General, General the Hon Sir Peter Cosgrove AK MC (retired), agreed to the Prime Minister's recommendation that an election for the House of Representatives and a half Senate election be held on Saturday 18 May 2019. The 45th Parliament was prorogued and the House of Representatives dissolved that same day.

From then, the Government assumed a 'caretaker role' until the outcome of the election was clear. During the caretaker period, the business of government continues and ordinary matters of administration still need to be addressed. However, the conventions are that the Government avoids making major policy decisions that are likely to commit an incoming government, making significant appointments or entering into major contracts or undertakings.

As head of the APS, the Secretary of PM&C is looked to for direction during this time and delivers official statements on the operation and cessation of the caretaker period.

The Department's work in this area does not just start at election time. PM&C consulted stakeholders to review the *Guidance on Caretaker Conventions* document in late 2018. PM&C delivered presentations across the APS and worked with agencies to ensure their internal policies followed the Conventions, particularly when preparing responses to ministerial correspondence or handling Cabinet papers during the caretaker period, or undertaking any pre-election consultation with the Opposition. In total, PM&C answered 459 official inquiries on caretaker matters from a range of stakeholders, including from ministers' offices and from, or involving, every department in the APS.

CASE STUDY:

Supporting better decision-making across governments

The Australian Government and COAG are committed to improving the quality of regulation, including by minimising the burden of regulation on businesses, community organisations and individuals.

To achieve this, the Australian Government and COAG require all agencies to perform impact analysis of policy proposals. Regulation Impact Statements must be produced in line with high-level principles, requirements and processes set out by the Government and COAG.

PM&C administers the Regulation Impact Statement requirements. The Department works with agencies to help ensure that quality analysis, supported by evidence, is provided to decision-makers. PM&C also delivers impact analysis training and guidance to government agencies.

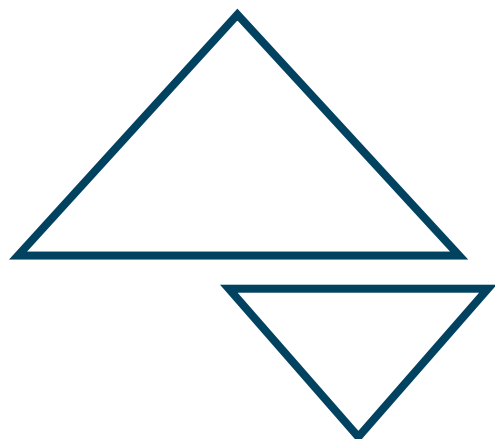
During 2018–19, PM&C fielded over 2,000 requests for assistance from agencies, separately assessed the likely impacts of over 1,300 potential policy proposals, and directly provided training to over 200 participants across 16 federal and state agencies to enhance their understanding of:

- the steps in preparing a Regulation Impact Statement to better inform final decision-makers
- the importance of proper problem definition and clear policy objectives
- ways of identifying options to solve the problem and how to analyse their likely impacts.

Training activities included full-day training events held at PM&C as well as numerous bespoke workshops conducted on demand at multiple APS departments and agencies, including the Department of Home Affairs, the Great Barrier Reef Marine Park Authority, the Department of Education, and the Australian Building Codes Board. Workshops were tailored to use scenarios and exercises neatly aligned with agency roles and day-to-day work.

PM&C conducts surveys to ensure that its training is of high quality and meets the needs of participants. In 2018–19, participants were highly supportive of the training provided. Ninety-five per cent of surveyed participants agreed that it furthered their understanding of policy-making processes and improved their confidence in undertaking impact analysis to help inform better decision-making.

Criterion 1.3	High level of satisfaction with the secretariat support services provided to the Cabinet Secretary.
Source	Portfolio Budget Statements 2018–19 (page 32)
Target	<ul style="list-style-type: none"> Feedback from the Cabinet Secretary demonstrates a high level of satisfaction with the timeliness and accuracy of the functions delivered.
Result	Achieved
<p>In 2018–19:</p> <ul style="list-style-type: none"> ninety-eight per cent of Cabinet and Committee minutes were lodged with the Cabinet Secretary within 24 hours of the Cabinet or Committee meeting, exceeding the target of 90 per cent ninety-eight per cent of items for consideration by the Federal Executive Council (EXCO) were submitted to Cabinet Division and circulated at least two business days prior to each meeting, exceeding the target of 90 per cent informal feedback from the Cabinet Secretary confirmed satisfaction with the timeliness and accuracy of the functions delivered PM&C supported 28 EXCO meetings and 532 EXCO documents were lodged and circulated. 	





Providing advice

(PURPOSE 2)

2

Providing advice on major domestic policy,
national security and international matters.

Activities

In 2018–19, PM&C provided effective advice on major domestic policy, national security and international matters through the following activities outlined in the Corporate Plan 2018–2022:

- Helping the Government achieve its medium-term fiscal strategy, including delivery of taxation and welfare reforms to drive improvements in economic and social outcomes for all Australians
- Collaborating across governments and the private sector to deliver a reliable, secure and affordable energy sector for households and businesses
- Working to ensure nationally consistent and consumer-focused services in major national systems such as education, health, aged care, welfare, disability and human services
- Assisting the Minister for Women and the Prime Minister to advance gender equality through policy and program advice to reduce violence against women and increase women's workforce participation and leadership representation
- Supporting our rural communities, families and farming sectors by taking swift action in response to the current drought
- Supporting the Government's planning and delivery of nationally significant infrastructure priorities, including the Western Sydney Airport, Inland Rail, the National Broadband Network and Snowy Hydro 2.0
- Designing and delivering improved policy and services underpinned by data, digital transformation and innovative approaches including behavioural insights, agile methods and experimental techniques
- Supporting the Prime Minister to lead and deliver foreign policy outcomes that advance the Government's Indo-Pacific agenda; reinforce Australia's alliance with the United States; and step up Australia's support for a more resilient Pacific region
- Assisting the Prime Minister, through targeted efforts, to remove unwanted barriers to trade and investment by expanding and strengthening our trade relationships and promoting the global trading system
- Working across governments, the private sector, academia and the community to maintain the integrity of Australia's democratic institutions and critical infrastructure, including by enhancing Australia's resilience to cyber threats and foreign interference

- Providing advice on how best to foster a harmonious multicultural society through strong border security and coordinated national efforts to counter crime and terrorism threats
- Supporting the establishment of a sovereign and sustainable Australian defence industrial base, in particular the naval shipbuilding program.

Analysis

During 2018–19, PM&C provided advice to the Government on a broad range of matters and issues, and collaborated effectively with a diverse group of domestic and international stakeholders. Anecdotal feedback from the Prime Minister's Office, portfolio ministers and the executive indicated satisfaction with the quality and timeliness of advice in both meeting the needs of the Government and improving the wellbeing and safety of those living in Australia. External stakeholders surveyed from Commonwealth agencies, state and territory agencies and private sector organisations indicated a high level of satisfaction with the quality and timeliness of collaboration and policy coordination provided. In addition, the majority (over 70 per cent) of external stakeholder survey respondents confirmed that PM&C provided a whole-of-government perspective and added value in helping to achieve outcomes.

The Joint Agency Drought Taskforce is an example of how PM&C quickly established and coordinated across government a critical program to help those in need in rural areas (see the case study on page 46). The Taskforce was praised by the Prime Minister for getting financial assistance to people quickly by clearing away bureaucratic obstacles successfully. Similarly, the North Queensland Livestock Industry Recovery Agency was commended for getting on the ground quickly and providing assistance following the unprecedented flood in North Queensland which decimated the cattle industry in northern Australia.

PM&C, through the Office for Women, works across government to deliver policies and programs to advance gender equality and improve the lives of Australian women. In November 2018, PM&C successfully delivered the Women's Economic Security Statement, which aims to improve the economic security of Australian women by delivering targeted measures (see the case study on page 49). The Statement was formed around three pillars essential to ensuring women's economic security—increased workforce participation, higher earning potential, and increased economic independence—and backed by a \$150 million net package of policies and significant reforms. PM&C, in collaboration with the Department of Social Services, coordinated the Commonwealth's \$328 million contribution to support the Fourth Action Plan of the National Plan to Reduce

Violence against Women and their Children 2010–2022. One of the package's proposals secured \$2 million for PM&C to undertake a project to combat financial abuse (see the case study on page 48).

Over 2018–19, PM&C continued to co-chair with the Department of Foreign Affairs and Trade the Deputy Secretary-led Interdepartmental Committee on Sustainable Development Goals, a cross-Government group that monitors Australia's progress towards the 2030 Agenda for Sustainable Development. PM&C also has responsibility for supporting the Australian Government to implement Goal 5 (Achieve gender equality and empower all women and girls). This work, led by the Office for Women, involves working with other departments to embed Goal 5 in both existing and emerging plans, policies, strategies and activities.

PM&C has supported policy development on key priorities, including the Government response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in early 2019. Additionally, PM&C collaborated across Commonwealth and state and territory agencies to secure support for and signing of the National Schools Reform Agreement (see the case study on page 44) and in delivering the Review of Settlement, Employment and Integration Outcomes for Refugees.

PM&C supported the Prime Minister with national security policy advice and a number of overseas travel briefings. For example, PM&C supported successful G20 and APEC meetings with world leaders (see the case studies on pages 51 and 52); and assisted in shaping the Prime Minister's leader-level international engagements in the Pacific with a focus on advancing the Government's Indo-Pacific agenda (see the case study on page 50). As described under Purpose 1 we also provided support to the Prime Minister for overseas visits to 12 nations and managed the Guests of Government program of visits to Australia by Heads of State and Heads of Government.

PM&C has continued to use innovative approaches to improve policy outcomes and services for the people of Australia. This is demonstrated by the coordination and delivery of the National Drought Map (see the case study on page 54), the Citizen Experience Survey and the work of the Behavioural Economics Team of the Australian Government (BETA).

BETA has also made strides in delivering on its mission to build behavioural insights capability across the Australian Public Service (APS). In 2018–19 BETA created an e-learning module that can train thousands of public servants with a single product, establishing a champions' network across the public service to champion behavioural insights within agencies and an online forum that allows members of the behavioural insights network to engage and learn from each other directly (see the case study on page 52).

Achievement of Purpose 2 is demonstrated by internal evaluation through case studies and supported by results from a survey of external stakeholders and feedback from ministerial stakeholders.

Results

Criterion 2.1	We work to improve essential services on which Australians rely.
Source	Corporate Plan 2018–2022
Target	<ul style="list-style-type: none"> The Australian Government relies on our expertise and innovative advice. The public service and key stakeholders capitalise on our whole of government perspective to best deliver priorities. Our advice is timely, of high quality and impactful.
Result	Achieved
<p>Achievement is supported by internal evaluation through case studies and feedback from external stakeholders through the stakeholder survey. Parliamentary Document Management System data confirms the timeliness of our advice achieved a result of 93 per cent against a target of 85 per cent. Below are case studies illustrating work undertaken in providing essential services on which Australians rely.</p>	

CASE STUDY:

National Schools Reform Agenda

A high quality school education will equip students to succeed in an increasingly complex world and instil in our children and young adults the values, knowledge and skills required to be active, informed citizens and prepared for the challenges of tomorrow. To improve outcomes across all schools, the Australian Government and all states and territories have signed the National School Reform Agreement (NSRA), which sets out the long-term national goals for school education in Australia.

The NSRA, which will operate from 2019 to 2023, includes national reforms as well as jurisdiction specific reforms and funding arrangements that are broadly consistent across the country. The NSRA was informed by the findings of the Review to Achieve Education Excellence in Australian Schools and will help ensure the record levels of Commonwealth school funding are invested in maximising outcomes for students and that students with greatest need will continue to receive the highest level of funding.

In 2018–19 PM&C played a key role in supporting the signing of the NSRA by all state and territory governments.

PM&C worked closely with the Department of Education and the Treasury to progress negotiations through the formal Council of Australian Governments (COAG) process, and later in out-of-session processes with each state or territory. PM&C's role was essential in ensuring negotiations were focused on more than just funding commitments. As a result of our involvement, bilateral negotiations have secured more significant reform commitments from states and territories, including those focused on lifting outcomes for the most vulnerable and disadvantaged student cohorts.

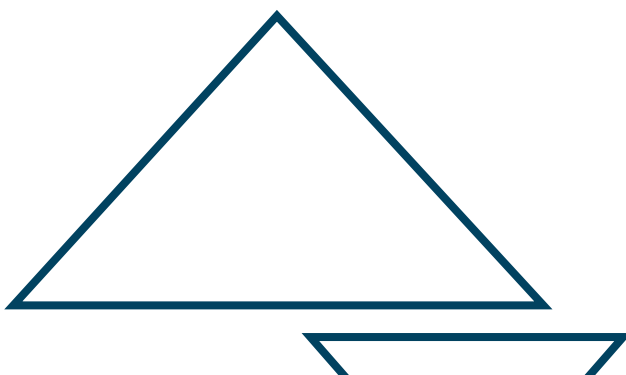
CASE STUDY:

Water infrastructure to improve the resilience of regional communities

In 2018–19 PM&C supported the Government's priority to provide regional communities, farmers and industries with more secure, reliable and cost-effective water supplies.

PM&C provided advice to the Prime Minister and the Cabinet focusing on the economic and environmental viability of projects, and promoting better use of the Commonwealth's investments to achieve long-term water reform. In developing this advice, PM&C used its networks to draw on expertise from across government and to ensure views 'on the ground' (including feedback provided through the Coordinator-General for Drought) were included.

This resulted in practical recommendations that were underpinned by consensus and a more consistent approach to the assessment of water projects. Commonwealth commitments to 10 feasibility studies and 11 capital projects were announced through the National Water Infrastructure Development Fund during 2018–19. PM&C's advice has assisted with cross-government decision-making on the Murray-Darling Basin Plan implementation, drought response measures and the establishment of the new North Queensland Water Infrastructure Authority.



CASE STUDY:

Joint Agency Drought Taskforce

On 24 August 2018, the Prime Minister declared that tackling the drought was his number one priority. He asked Major General Stephen Day DSC AM to establish and lead a Joint Agency Drought Taskforce in PM&C to drive a national response. A fully functioning multidisciplinary taskforce of around 25 staff was quickly formed. It was comprised of experts in agriculture, environment, health and social services; dedicated communications specialists, military planners and strategists; and central agency advisors with budget, coordination and Cabinet experience.

The taskforce used a hybrid of military planning and public service approaches to coordinate the Government's response, with direct reporting to the Prime Minister and key ministers to accelerate decision-making and cut through bureaucratic processes.

The taskforce's role was focused on better coordination and expediting assistance and support. Working across government, the taskforce:

- simplified the Farm Household Allowance application process
- delivered the National Drought Summit, bringing together for the first time the Prime Minister, state and territory premiers and chief ministers and over 80 delegates from industry, government, banks and not-for-profit organisations. The summit discussed ways to help farmers and regional communities facing drought and increase their resilience to drought in the future
- negotiated a new National Drought Agreement which was signed at COAG in December 2018
- established the National Drought Map (www.drought.map.gov.au) (see the case study on page 54)
- expedited and advised on government processes and decisions to roll out drought programs, including:
 - extending the Drought Communities Programme to provide economic stimulus and support to drought-affected communities
 - establishing the Drought Communities Support Initiative to provide support through major charities to struggling farmers, families and farm-related workers
 - establishment of the Future Drought Fund to provide an ongoing funding source for future drought preparedness and resilience projects and research.

- initiated more regular, consistent and accessible information across the Commonwealth on programs and advice, including the development of FarmHub (www.farmhub.org.au) with the Department of Agriculture and the National Farmers Federation
- drove better coordination on education, mental health and charity to better understand issues and target responses, including negotiating the development of a pilot project for a network of mental health trusted advocates in drought-affected areas
- worked with the Department of Infrastructure, Transport, Cities and Regional Development to develop an outreach program to drought-affected areas to help communities to access government services
- worked with key sporting codes to encourage activities to boost morale and cohesiveness in communities that were doing it tough
- provided comprehensive advice to the Prime Minister on a Commonwealth long-term strategy for drought preparedness and resilience, involving extensive consultations and roundtables across the country.

The Prime Minister is focused on delivery and implementation and has pointed to the taskforce as an example of how he likes to work. The taskforce successfully cleared away bureaucratic obstacles and quickly got direct financial help to people.



National Drought Coordinator Major General Stephen Day DSC AM during a regional tour of Annabel and Stephen Tully's property in Quilpie in south-west Queensland, 27 August 2018 (AAP image/Alex Ellinghausen).

Criterion 2.2	We work to stop violence against women and children and increase economic security for Australia's women.
Source	Corporate Plan 2018–2022
Target	<ul style="list-style-type: none"> • The Australian Government relies on our expertise and innovative advice. • The public service and key stakeholders capitalise on our whole of government perspective to best deliver priorities. • Our advice is timely, of high quality and impactful.
Result	Substantially Achieved
<p>Achievement is supported by internal evaluation through case studies and feedback from stakeholders. Parliamentary Document Management System data confirms the timeliness of our advice achieved a result of 78 per cent against a target of 85 per cent. The case study below illustrates the work being undertaken to stop violence against women and children.</p>	

CASE STUDY:

Delivering the Commonwealth's contribution to the Fourth Action Plan of the National Plan to Reduce Violence against Women and their Children 2010–2022

The National Plan to Reduce Violence against Women and their Children 2010–2022 (the National Plan) aims to connect the work being done by all Australian governments, community organisations and individuals to reduce domestic, family and sexual violence against women. It recognises that violence against women requires action across all levels of government, multiple portfolios and the private sector.

The national plan sets out a framework for action over 12 years and is implemented through four three-year action plans. Each action plan sets out the specific policies which will be pursued through the course of the National Plan.

The Fourth Action Plan is the final three-year plan. It will include agreed actions and priorities from the Commonwealth and each state and territory. PM&C is working in collaboration with the Department of Social Services to develop the Fourth Action Plan.

To develop the Fourth Action Plan, PM&C has undertaken several significant pieces of work:

- organised, along with the South Australian Government, a successful Reducing Violence Against Women and their Children Summit that brought together over 100 community leaders, key stakeholders, ministers and officials. Two meetings of Women's Safety Ministers were also held as part of the summit.
- developed and delivered to COAG a statement from summit delegates, which was written in collaboration with lead delegates from each jurisdiction. COAG agreed this statement would inform the development of the Fourth Action Plan.
- worked with the Department of Social Services to lead the development of a \$328 million funding package as the Commonwealth's contribution to the Fourth Action Plan. This package provides record funding for women's safety and involves initiatives across eight Commonwealth portfolios, including \$2 million for PM&C to undertake a project to combat financial abuse.

PM&C will continue to work with the Department of Social Services to finalise the Fourth Action Plan, in collaboration with the states and territories. The Fourth Action Plan will be considered by Women's Safety Ministers and First Ministers in the second half of 2019.

CASE STUDY:

Women's Economic Security Statement

On 20 November 2018 the then Minister for Women, the Hon Kelly O'Dwyer MP, delivered the inaugural Women's Economic Security Statement. The statement is intended to improve the economic security of Australian women by delivering targeted measures, building on recent major Government reforms and accelerating cultural change and business support for gender equality. The statement was formed around three pillars essential to ensuring women's economic security—increased workforce participation, higher earning potential, and increased economic independence.

The statement, backed by a \$150 million net package of policies and significant reforms, was driven and coordinated by the Office for Women, with measures across 12 portfolios and agencies. PM&C is continuing to progress the implementation of initiatives under the statement.

Criterion 2.3	We provide national leadership on major domestic, international and national security policy and program delivery.
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Source	Corporate Plan 2018–22
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Target	<ul style="list-style-type: none"> • The Australian Government relies on our expertise and innovative advice. • The public service and key stakeholders capitalise on our whole of government perspective to best deliver priorities. • Our advice is timely, of high quality and impactful.
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Result	Achieved
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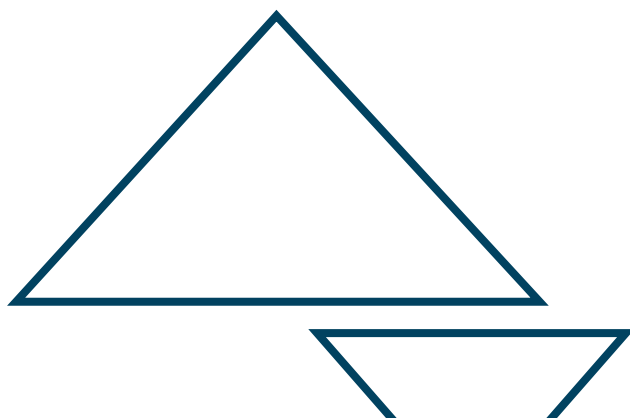
Achievement is supported by internal evaluation through case studies and feedback from external stakeholders through stakeholder survey. Parliamentary Document Management System data confirms the timeliness of our advice achieved a result of 93 per cent against a target of 85 per cent.

CASE STUDY:

Pacific Step-up

International Division is driving the Prime Minister's agenda to deliver the Pacific Step-up (Step-up)—a strategy to engage the Pacific with greater intensity and ambition, deliver more integrated and innovative policy and make further, substantial long-term investments in the region's development. The Prime Minister has been clear that supporting a Pacific that is prosperous, peaceful, independent and sovereign is front and centre of Australia's strategic outlook and foreign policy.

The Step-up focuses on three priorities: promoting greater economic cooperation and integration; tackling shared security challenges; and strengthening people-to-people links. Under this framework, International Division has supported major whole-of-government Step-up initiatives by providing considered and timely policy advice to the Prime Minister and his office to support his engagement on Pacific policy matters; working with agencies to drive implementation of initiatives; and providing high-quality policy and program support for the Prime Minister's international travel and engagement with foreign leaders.



International Division has worked with line agencies to deliver key initiatives under the Step-up, including the expansion of the Pacific Labour Scheme to improve skills across Pacific communities and provide workers to fill shortages in rural and regional Australia; the Australian Infrastructure Financing Facility for the Pacific (AIFFP), which is a \$2 billion initiative that will use grant funding and loans to support transformative infrastructure in Pacific Island countries and Timor-Leste; a joint initiative with the government of Papua New Guinea at Lombrum Naval Base; partnering with Fiji to develop Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp; and new programs on church partnerships, education and sports to strengthen community links.

PM&C has supported the Prime Minister by providing high-quality briefing, coordinating protocol and logistics, and working across government to deliver prominent announcements for the Prime Minister's substantive engagements with Pacific counterparts. Further information on these engagements are under Purpose 1 (see the case study on page 31).

CASE STUDY:

The 2018 G20 Leaders' Summit in Buenos Aires

The 2018 G20 Leaders' Summit was held in Buenos Aires, Argentina (from 30 November to 1 December). At the summit, the Prime Minister led discussions on the multilateral trading system. He was supported by Dr David Gruen, Australia's G20 Sherpa.

For the first time, the G20 leaders called for World Trade Organization (WTO) reform, which was a successful outcome for Australia:

"International trade and investment are important engines of growth, productivity, innovation, job creation and development. We recognize the contribution that the multilateral trading system has made to that end. The system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning. We will review progress at our next Summit."

PM&C was central to delivering the Prime Minister's agenda in the lead-up to the summit. In addition to negotiating with other G20 members, PM&C led consultation across the Australian Government, and engaged think tanks and academics to ensure successful policy outcomes and logistical coordination.

CASE STUDY:

Australia's support to Papua New Guinea to host the Asia-Pacific Economic Cooperation Summit 2018

In 2018 Papua New Guinea (PNG) hosted the APEC Summit. It was the first time that PNG hosted the event.

In 2016 PNG requested security assistance from Australia to support their hosting of the summit. Australia's agreed package of support included capacity building for relevant PNG agencies, including significant ongoing support to the Royal Papua New Guinea Constabulary, defence, immigration and customs which helped deliver a successful and safe event.

PM&C formed a cross-agency taskforce and played a crucial role in consolidating support from a number of areas including:

- high-end security capabilities during APEC Leaders' Week across maritime, aviation and counter-terrorism domains
- capacity building to PNG's security, border, intelligence, cybersecurity and transportation agencies
- policy development assistance.

The financial assistance provided to PNG has been sustained beyond APEC and includes \$14.4 million in cybersecurity support. Australia's support to PNG was an extension of our deep and enduring historical, political, defence and economic ties and our commitment to strengthening Australia's engagement with the Pacific.

CASE STUDY:

Behavioural insights capability program

In 2018–19, the Behavioural Economics Team of the Australian Government (BETA) within PM&C made significant strides in its aim to build behavioural insights capability in the APS. BETA takes a collaborative approach, working closely with other agencies to ensure that its work is relevant to the wide range of existing capabilities, experience and responsibilities across the APS.

In order to meet its objective of measuring and building APS behavioural insights capability:

- BETA developed an e-learning program, designed to teach participants the basics of behavioural insights and its application to Australian public policy. The program will extend BETA's reach well beyond its face-to-face training. 800 people have registered for the program.
- BETA has developed and maintained two strong APS behavioural insights networks: the Behavioural Insights Practitioners' Network and the Behavioural Insights Champions' Network. The practitioners' network brings together all APS behavioural teams in a peer-learning environment to address common challenges, share learning and identify opportunities. The champions' network comprises 61 influential and passionate staff representing 40 APS agencies. BETA is investing in this group to create a self-sustaining network with the skills and motivation to drive the uptake of behavioural insights within their agency.
- BETA created Behavioural Insights Connect, an online forum which encourages collaboration and peer learning among behavioural insights champions and practitioners across the APS.
- BETA launched a new online Behavioural Insights Learn Hub, an online digital space accessible to the public via the BETA website. It is a curated collection of behavioural insights guidance and training materials, drawing on BETA's products as well as those prepared by experts from all over the world.
- BETA has measured behavioural insights capability across the APS through Behavioural Insights Opportunity Scans. This new stream of work includes surveys, interviews and workshops to measure existing behavioural insights capability within an APS department. The results inform the development of targeted materials to support further skill development and policy improvement.

Criterion 2.4 Support timely, relevant and effective collaboration and coordination across government and external parties on major domestic economic, social, and innovation policy, national security and international matters.

Source Portfolio Budget Statements 2018–19 (page 31)

Target Feedback from Commonwealth agencies, state and territory agencies and private sector organisations demonstrates a high level of satisfaction with the quality and timeliness of collaboration and policy coordination provided.

Result Achieved

External stakeholder survey results indicated a high level² of satisfaction (73 per cent) across Purpose 2.

² The PM&C Corporate Plan 2018–22 defines a high level of stakeholder satisfaction as a satisfaction rating of 71 per cent.

CASE STUDY:

The National Drought Map

The Central Analytics Hub (CAH) is a unit within PM&C that leads analytics projects using Australian Government data. It is funded under the Data Integration Partnerships for Australia.

In September 2018, CAH provided technical support to the Joint Agency Drought Taskforce, which was working to drive a national response to drought.

CAH proposed using an instance of the National Map Terria Mapping Platform to consolidate spatial data related to drought. The map allows users to overlay data and compare different geographical regions. Examples include:

- people-centred information, including the uptake of government benefits
- services information, including the location of the mobile drought service centres
- climatic information, including rainfall and weather patterns over time.

The map has broken down cultural barriers to sharing data and innovation across government, between jurisdictions and with the public. The processes of bringing key players together fostered a culture of data sharing and moving to an 'open data first' mindset within Commonwealth, state and local government agencies. All agencies involved now have a better understanding of the needs of their data users, and think about ways to make data more accessible and usable. The map:

- contributes to a digitally enabled APS, with sophisticated systems
- contributes to regular release of, and transparency around, data, analysis and research
- gives 'citizen scientists' the opportunity to do their own analysis on drought conditions
- builds on a culture of innovation internal to the APS (promoting a form of interactive briefing) and also innovation for the Australian public to interact with data that directly relates to them.

CASE STUDY:

Best Practice Guide to Applying Data Sharing Principles for government agencies

The Office of the National Data Commissioner (ONDC) within PM&C developed a set of Data Sharing Principles, based on the internationally recognised Five Safes Framework, to assist agencies to safely and effectively share public sector data.

The Data Sharing Principles provide a tool that government agencies can use to complement existing legislative data protections. The principles will be enshrined as one of the key protections under the Data Sharing and Release Act.

ONDC, partnering with the Australian Bureau of Statistics, produced a best practice guide that explains how to apply each of the principles and assists agencies to consider a range of factors when deciding whether, and in what circumstances, data should be shared. The ONDC sought comments on the early drafts of the guide from across the APS, state and territory government agencies, and academics.

Challenges included working with various stakeholders who had different views about the content. For example, some stakeholders wanted very prescriptive guidance, while others thought high-level guidance would be sufficient. ONDC addressed these challenges through genuine consultation with a broad group of stakeholders. It refined and retested the materials until they were appropriate for various audiences.

The Best Practice Guide to Applying Data Sharing Principles was released in March 2019 and promoted through the National Data Advisory Council, the Data Champions Network, state and territory agencies and LinkedIn. It was well received by agencies and the media as a key step towards the future legislative package.

CASE STUDY:

Taskforce to Combat Terrorist and Extreme Violent Material Online

On 15 March 2019, a gunman carried out terrorist attacks on two mosques in Christchurch, New Zealand.

The Government was swift to condemn the attacks. On 26 March 2019, the Prime Minister chaired a summit in Brisbane to discuss Australian Government and industry responses to the online sharing of content related to the terrorist attack.

The main outcome of the summit was the formation of the Taskforce to Combat Terrorist and Extreme Violent Material Online, of which PM&C was a co-chair. The taskforce was comprised of Australian and New Zealand government officials and industry representatives from Facebook, Google, Twitter, Microsoft, Optus, Telstra, Amazon, TPG, Vodafone and Communications Alliance. Its objective was to provide advice to government on practical, tangible and effective measures to combat the uploading and dissemination of terrorist and extreme violent material online.

Within three months (in late June 2019) the taskforce delivered a report containing actions and recommendations across five streams: prevention; detection and removal; transparency; deterrence; and capacity building. The report was welcomed by industry and is part of the Government's overall commitment to ensuring the online safety of Australians. The report also underpinned the Government's international agenda to drive greater action by digital platforms to crack down on sharing terrorist content online.

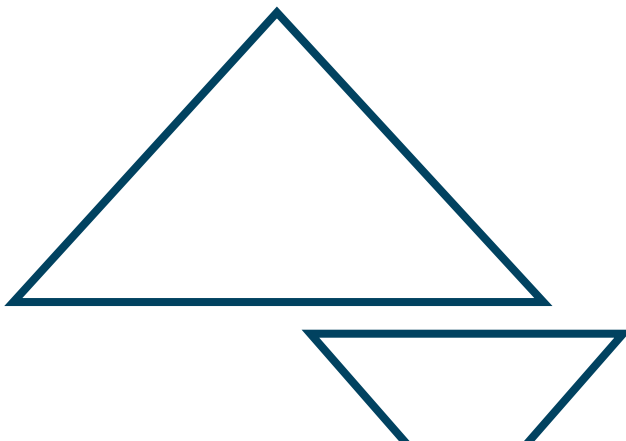
During this fast-paced process, PM&C supported the Prime Minister in his ambition to do everything the Government could, both domestically and with Australia's international partners, to stop social media platforms being weaponised by violent terrorists and extremists. In June 2019, world leaders at the G20 summit in Osaka issued a statement calling on online platforms to do more to counter live streaming and distribution of terrorist attacks and violent extremism conducive to terrorism. The Prime Minister was a driving force behind this G20 statement and PM&C was a vital link in ensuring the Prime Minister's ambitions for the G20 statement were well informed by what was being achieved domestically through the taskforce.

This work required an exceptional level of coordination and collaboration across three divisions of PM&C—the Industry, Infrastructure and Environment Division, the Economic Division and the National Security Division—and respective portfolio agencies. It took into account the myriad of social, economic and political issues impacted by social media platforms.



Brazil's President Jair Bolsonaro (L) and Australia's Prime Minister Scott Morrison (R) attend the G20 summit in Osaka, Japan, 29 June 2019 (AAP image/Lukas Coch).

Through its role as co-chair of the taskforce and its contribution to the secretariat team, PM&C championed a collaborative and dedicated approach to this critical work. Instituting a cross-agency co-chair arrangement with the Department of Communications and the Arts enabled joint leadership, and housing the secretariat (comprising PM&C, Department of Communications and the Arts, Department of Home Affairs and Attorney-General's Department officers) within the Department of Communications and the Arts enabled uninterrupted access to its knowledge and expertise in delivering on online safety matters. This model was successful and has been suggested for future taskforces.





Improving the lives of Indigenous Australians

(PURPOSE 3)

3

Improving the lives of
Indigenous Australians.

Activities

Working with Aboriginal and Torres Strait Islander communities and across government throughout 2018–19, PM&C improved the lives of Indigenous Australians through the following activities as outlined in the Corporate Plan 2018–2022:

- Maximising our partnerships with Aboriginal and Torres Strait Islanders to co-design and co-deliver fit-for-purpose arrangements through community empowerment and place-based partnership models, driving better public sector collaboration across all levels of government, and leveraging mainstream policies and programs for better outcomes for Aboriginal and Torres Strait Islander people, while supporting locally driven solutions through our Regional Network
- Accelerating economic opportunities for Aboriginal and Torres Strait Islanders by supporting the growing Aboriginal and Torres Strait Islander business sector, enabling more jobseekers to secure sustainable jobs and investing in better housing options for remote communities across the Northern Territory
- Driving lasting generational change through the Closing the Gap Refresh and doubling PM&C's commitment to Aboriginal and Torres Strait Islander children through harmonising policies and smarter, more targeted investment in early learning, health and positive cultural identity
- Promoting culture, innovation and strong leadership by unlocking the growth potential of native title reform, enhancing local governance and decision-making structures, and increasing the use of modern digital platforms to embrace the central role of language, culture and tradition among Aboriginal and Torres Strait Islanders
- Using evidence, research and evaluation to ensure investment is well targeted and adaptable, and to develop a rich, detailed and culturally appropriate understanding of the experiences of Aboriginal and Torres Strait Islanders.

Analysis

PM&C continued its work on Closing the Gap and made significant progress towards a model of cooperation and partnership with Indigenous communities. As part of this, PM&C partnered extensively with public and private sector entities across Australian jurisdictions that handle various aspects of service delivery. This is reflected in many of the following case studies.

In 2018–19, a new performance model was introduced which will ensure higher quality data is collected to support decision-making into the future. The introduction of this new model has caused delays in the reporting cycle. While determining the efficacy of Government programs remains a challenge, life outcomes for Aboriginal and Torres Strait Islander Australians are more easily measured. Successive Prime Ministers and Closing the Gap reports have acknowledged achievements and deficiencies in this important work.

PM&C has sought to address the deficiencies by working more collaboratively with Indigenous peoples across Australia at all levels: from local community businesses to national representative bodies. In December 2018, PM&C facilitated a commitment to a formal partnership between the Council of Australian Governments (COAG) and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations. The resulting Partnership Agreement on Closing the Gap was signed on 22 March 2019 and established a Joint Council on Closing the Gap, which met for the first time on 27 March 2019.

On 12 June 2019 the Prime Minister announced the transition of the Indigenous Affairs Group, then part of PM&C, to the National Indigenous Australians Agency (NIAA). PM&C ensured that this new agency began operations on 1 July 2019 as announced. As an independent agency reporting to the Minister for Indigenous Australians, the Hon Ken Wyatt AM MP, NIAA will raise the prominence of Indigenous issues across government and further the aim of greater self-determination for Aboriginal and Torres Strait Islander peoples.

External stakeholder feedback collected by an independent survey expert indicates a significant area for improvement is in providing a whole-of-government perspective on priorities for Indigenous Australians and the impact of our advice in this area. The establishment of the NIAA positions the portfolio to address these issues.

PM&C's advice on Indigenous affairs during 2018–19 was measured through a stakeholder survey and detailed interviews. Ministerial stakeholders were clearly happy with the outcomes of the Closing the Gap Refresh consultations, which started in August 2018, and discussions leading to the COAG meeting in December 2018. There were concerns about the quality of program evaluation, to which PM&C responded with a strategy involving a survey of the Department's evaluation capability to track progress towards a stronger evaluation culture across the Indigenous Affairs Group. There were also concerns that, with the focus on empowered communities and bespoke partnerships, the transfer of Indigenous Advancement Strategy (IAS) delivery to Indigenous organisations was not keeping pace. Issues with the grants process were identified as a possible cause of this, and PM&C has looked into making the grants process more robust and forward-looking.

Results

Criterion 3.1	We work with Aboriginal and Torres Strait Islander peoples to accelerate economic and education opportunities and make communities safe.
Source	Corporate Plan 2018–22
Target	<ul style="list-style-type: none"> • The Australian Government relies on our expertise and innovative advice. • Our advice is timely, of high quality and impactful. • The public service and key stakeholders capitalise on our whole-of-government perspective to best deliver priorities.
Result	Substantially Achieved
<p>Combining all aspects of PM&C's Indigenous affairs activities, our results demonstrate the Department's contribution towards Indigenous economic and educational opportunities, and community safety.</p> <p>Parliamentary Document Management System data confirms that PM&C achieved a result of 88 per cent against a target of 85 per cent for timeliness of advice.</p>	

CASE STUDY:

Building a performance framework for Closing the Gap

In December 2016 COAG committed to a refresh of the Closing the Gap agenda ahead of the 10th anniversary of the agreement and four of the seven targets expiring in 2018.

PM&C held Closing the Gap Refresh testing phase consultations in each jurisdiction in July and August 2018, engaging over 200 participants. This phase of consultation sought to return to stakeholders who had previously been engaged in the process or lodged submissions to the public consultation website. The consultation included members of the Redfern Alliance, national Indigenous peak bodies, national service providers, and other individuals and organisations. The outcomes of this phase of consultations were fed into discussions between governments in the lead-up to the COAG meeting in December 2018.

In December 2018, COAG released a statement on Closing the Gap and a set of draft targets. COAG agreed that the framework and targets were to be finalised through a genuine partnership with Aboriginal and Torres Strait Islander Australians, through their representatives, with arrangements for the partnership to be settled by the end of February 2019 and the framework and targets settled by mid-2019.

In March 2019, the Partnership Agreement on Closing the Gap—an agreement between COAG members and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations (Coalition of Peaks)—came into effect. As of June 2019 the agreement had been signed by the Commonwealth, the Coalition of Peaks, Victoria, Western Australia, South Australia, the Australian Capital Territory, the Northern Territory and the Australian Local Government Association.

The Commonwealth has entered into an agreement to provide \$4.6 million over three years to support the Coalition of Peaks to ensure an equal partnership with governments in designing and monitoring Closing the Gap.

The Joint Council on Closing the Gap, which is the operational arm of the partnership and includes ministerial representation from all governments, the Coalition of Peaks, and the President of the Australian Local Government Association, is expected to settle the Closing the Gap framework and targets by the end of 2019, for consideration by COAG at its next meeting.



Representatives of all peak Indigenous bodies, joined by the then Indigenous Affairs Minister Nigel Scullion (top right), at the first Joint Council Meeting in Brisbane, 27 March 2019 (AAP image/Dan Peled).

CASE STUDY:

Promoting culture, innovation and strong leadership

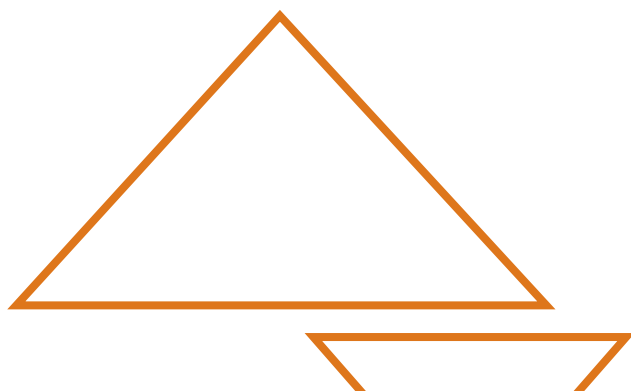
Native title reform

PM&C and the National Native Title Council facilitated regional forums to help Traditional Owners use their land to realise their social, cultural and economic aspirations. Two-day forums have been held in Port Hedland, Broome, Adelaide, Melbourne, Brisbane, Perth, Cairns and Alice Springs and have been well attended by Traditional Owners and native title holders. These enable Traditional Owners to share information about managing culture and connection to country, facilitating land dealings and efficient ways of meeting their corporate obligations and leadership.

Native title is recognised across 37 per cent of all land in Australia and is increasingly being recognised over sea country. Native title corporations represent groups with traditional rights to speak for country, and manage land and culture. As of 31 May 2019, there were more than 200 Prescribed Bodies Corporate nationwide, with another 100 expected to be incorporated over the next decade. Around a third are large or medium corporations that manage businesses, hold trusts or have responsibility for administering land settlements. The remaining 70 per cent are small but many are forming regional alliances and peak organisations across the country to increase their influence and achieve economies of scale.

Enhancing local governance and decision-making structures

PM&C recognises that each Indigenous community is unique, and we have been moving our policies and programs towards better supporting the development of regional and local 'place based' solutions. Under the IAS, in 2018–19 \$5.4 million was invested in backbone organisations in eight Empowered Communities regions, which provide critical support to Indigenous leaders in implementing local shared decision-making arrangements. A further \$2.75 million has been invested for sub-regional governance in the Cape York region, as part of the development of Pama Futures, which builds on Empowered Communities.



In 2018–19, \$9 million was invested in Indigenous capability and governance activities that enhance local governance and decision-making structures. These activities include capacity building for 10 Prescribed Bodies Corporate to take advantage of economic and social opportunities arising from their native title rights, establishing leadership and Elder committees, employing staff to facilitate community consultation and participation in decision-making, and undertaking community planning. In addition, \$4.5 million was invested in cultural leadership, capability training and organisational governance.

Celebrating language and culture through digital platforms

PM&C recognises the importance of maintaining and promoting Aboriginal and Torres Strait Islander languages, cultures and traditions, and the intrinsic value of culture to Indigenous identity. Under the IAS program 2.4, \$48 million has been allocated for investments in culture and capability. In 2018–19, as part of this funding, PM&C invested \$8.6 million to support Indigenous Australians to express, revitalise and maintain their culture. This includes funding for NAIDOC Week activities and celebrations, support for the Indigenous languages interpreting sector, and funding to support Indigenous Australians to reconnect with their culture as a way of improving and maintaining their wellbeing.

In addition, PM&C invests to facilitate access to digital platforms and infrastructure, and the digitalisation of cultural, social and linguistic information for the benefit of current and future generations.



The Koomurri Dance Troupe perform at the 2018 NAIDOC Awards.

Under the IAS, in 2018–19 almost \$23 million was invested in activities that use modern digital platforms to support the preservation of Indigenous languages and cultures. For example, work was done in 2018–19 to fund the Australian Literacy and Numeracy Foundation Living First Language Platform with an \$800,000 grant from the IAS to digitally preserve four Indigenous languages: Warramiri, Warumungu and Anindilyakwa in the Northern Territory; and Adnyamathanha in South Australia. This work will be implemented in 2019–20. PM&C also commissioned a new Indigenous digital literacy app, Your Online Journey, to assist Indigenous Australians living in remote Australia to be confident and safe online.

PM&C invested \$17.5 million of IAS funding in 2018–19 in Indigenous media and broadcasting, and supports 41 Indigenous media organisations. These media organisations support cultural expression and provide culturally appropriate content, often in language. PM&C is working with Indigenous media organisations to look at how government can best help them to use digital platforms.

PM&C also invests in digital infrastructure so that Indigenous Australians in remote communities can access information and communication technologies. Annual funding of around \$4 million ensures the maintenance and monitoring of up to 245 community payphones and 301 Wi-Fi phones in remote Indigenous communities.

Criterion 3.2 Indigenous Advancement Strategy activities contribute towards increased Indigenous employment, business and economic development.

Source Portfolio Budget Statements 2018–19 (page 40)

Target

- At least 70 per cent of funded activities within this program achieved the outcome Key performance indicators (KPIs) specified in funding agreements.
- Target of 3 per cent of Commonwealth Government contracts are awarded to Indigenous-owned business.

Result Achieved

78.83 per cent of funded Program 2.1 activities achieved their outcome KPI(s)³. Internal assessment by case study supports the contribution to Indigenous employment, business and economic development.

All portfolios exceeded their 2018–19 Indigenous Procurement Policy (IPP) target.

3 Results as at end of June 2019 based on IAS provider reporting for the period July to December 2018, and for completed reviews only (meaning they have been assessed and accepted by the Department). For Programme 2.1, the results are for activities managed in the Grants Processing System only, and do not include a number of significant programmes delivered under Programme 2.1 via ESS, such as CDP. Further, as the PBS criteria relates to the percentage of activities which achieved their 'outcome KPIs', the result accounts for multiple outcome KPI results for some activities.

CASE STUDY:

Reforms to the Community Development Program

The Community Development Program (CDP) is a remote employment and community development service. CDP supports jobseekers in remote Australia to build skills, address barriers and contribute to their communities through a range of flexible activities.

The Department's Regional Network works in partnership with providers to ensure jobseekers are taking part in activities that benefit the community. During 2018–19, the Department implemented reforms to the CDP. This involved working closely with the Department of Employment, Skills, Small and Family Business; the Department of Human Services; and third-party service providers.

The reforms commenced in March 2019 and respond to feedback from providers, communities, peak bodies and other stakeholders about the need to reduce penalties and increase flexibility, local discretion and community control. The reforms were also informed by the Australian National Audit Office report on the Design and Implementation of the CDP (31 October 2017); the Senate Finance and Public Administration References Committee inquiry report into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of the CDP (December 2017); and the evaluation of the first two years of the CDP (5 February 2019).

The reforms include:

- more flexible participation arrangements, which allow jobseekers to take part in CDP activities outside standard business hours
- reduction in participation hours from 50 hours per fortnight to 40 hours per fortnight
- a revised payment model which will no longer incentivise providers to take compliance action
- community advisory boards to support closer community involvement.

The Department is closely monitoring the uptake and delivery of the reforms through its Regional Network and service providers.

The Department also implemented improvements to the ongoing administration of the CDP throughout 2018–19. This included an enhanced Provider Performance Review, finalisation of a national provider selection process, managing the transition of new providers, and the continued rollout of the Time to Work Employment Service.

CASE STUDY:

Supporting Indigenous businesses

Since 1 July 2015, over 13,700 contracts, valued at over \$2.2 billion, have been awarded under the Indigenous Procurement Policy (IPP). All portfolios exceeded their 2018–19 IPP target. As of 1 July 2019, an additional target for the value of contracts to be awarded to Indigenous businesses will be introduced. This target will commence at 1 per cent and increase each year until it reaches 3 per cent in 2027–28.

Indigenous Business Australia has been provided with funding of \$17 million to facilitate and fund the engagement of a selected bank to deliver an Indigenous Entrepreneurs Capital Scheme pilot project. The scheme will be open to growing Indigenous businesses which have been in operation for two years or more and are just below bank ready. It will enable them to access a broader range of finance products than is currently possible; to build a banking relationship and a commercial credit history; and to transition to independent, mainstream banking over the medium term.



Successful small business owner Ian Harris, was successful in his bid and with a small loan from Many Rivers Microfinance.

The Indigenous Entrepreneurs Fund (IEF) was a three-year program, with funding for new applications ceasing on 30 June 2019. In the 12-month period to 30 June 2019, \$12.08 million was provided to Indigenous business to secure plant and equipment and create direct employment opportunities. Since the program's inception in July 2016, a total of \$37.49 million was provided to 111 Indigenous businesses.

A business incubation model, delivered in select CDP regions, is being piloted to work with local Aboriginal and Torres Strait Islander people to get small businesses started and support them as they stabilise. There are 12 Indigenous Remote Business Incubators as part of the 24-month pilot. This pilot represents \$6 million in funding to support economic development opportunities through self-employment in CDP regions.

The Commonwealth signed a funding agreement with Wirrpanda Corporation to deliver the Western Australia Indigenous Business and Employment Hub. Work is continuing on the design phase of the Hub Operating Model, which includes consultation with local stakeholders.

Since 1 July 2018, Many Rivers Microfinance Limited has been expanding access to microbusiness support services and microfinance in regional and remote locations. As at 30 June 2019, Many Rivers Microfinance was working with 265 Indigenous businesses and 11 Indigenous community organisations from 34 locations.

PM&C worked with Deloitte to ensure a high-quality evaluation of the IPP, with the evaluation expected to be finalised and published on the National Indigenous Australians Agency website in October 2019.

CASE STUDY:

National Partnership on Remote Housing Northern Territory

In Australia, the highest levels of housing overcrowding occur in remote parts of the Northern Territory. About 27,600 Aboriginal Territorian residents live in overcrowded houses, and 10,700 of those are considered homeless. Good progress had been made under the National Partnership Agreement on Remote Indigenous Housing (2008–18). However, the Remote Housing Review 2017 recommended that work continue to address overcrowding.

On 30 March 2019, the Commonwealth and Northern Territory governments entered into the National Partnership for Remote Housing Northern Territory (2018–23) (the National Partnership), through which the Commonwealth will deliver up to \$550 million in funding over five years to improve health and physical outcomes. This will be achieved by:

- reducing overcrowding by increasing the supply and standard of housing
- ensuring a role for the Land Councils in the governance of the National Partnership
- providing transparency about how money is spent
- ensuring that, to the maximum extent possible, works are delivered by local Aboriginal Territorians and businesses.

The Commonwealth's investment is being matched by the Northern Territory Government to create a joint \$1.1 billion government investment over five years. PM&C led the design and negotiation of the new National Partnership, adopting a partnership approach with the Northern Territory Government and with the four Northern Territory Land Councils to secure an agreement which will have a direct positive impact on Aboriginal Territorians.

Importantly, for the first time the Northern Territory Land Councils have a seat at the table—participating in decisions of broad policy and strategy for remote housing and monitoring of investment. This is carried out through the Joint Steering Committee that oversees investment under the National Partnership. The inclusion of Land Councils on the Joint Steering Committee provides a platform for Aboriginal Territorians to inform housing outcomes.

The National Partnership will help to reduce overcrowding in remote areas of the Northern Territory through the construction of 1,950 bedrooms—the equivalent of 650 three-bedroom houses—over five years. This is in addition to housing and refurbishments to be delivered under the Northern Territory Government's share of investment.

The National Partnership will also accelerate the economic opportunities for Aboriginal Territorians by requiring that, to the maximum extent possible, works are delivered locally and by Aboriginal businesses. The National Partnership sets an initial minimum of 40 per cent Aboriginal full-time employment, rising to 46 per cent by 2022–23, in the delivery of capital works and property and tenancy maintenance.

In a separate one-off project that complements the work being done under the National Partnership, PM&C led the acquisition and delivery of 12 permanent houses and 10 temporary accommodation units in Borroloola to meet immediate housing need. The project will reduce overcrowding and improve living conditions for residents. These will be the first new houses built in the community in over a decade. The project is being delivered with the assistance of the Australian Army, Northern Territory Government and Aboriginal businesses.

Criterion 3.3	Indigenous Advancement Strategy activities contribute towards increased Indigenous school attendance and improved educational outcomes.
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Source	Portfolio Budget Statements 2018–19 (page 41)
Target	At least 70 per cent of funded activities within the program achieved the primary outcome KPI specified in funding agreement.
Result	Achieved

71.83 per cent of funded Programme 2.2 activities achieved their primary outcome KPI⁴. Internal assessment by case study support the contribution of IAS activities to school attendance and outcomes.

CASE STUDY:

Indigenous Student Success Program

The Indigenous Student Success Program (ISSP) commenced on 1 January 2017 with the objective of lifting the number of Aboriginal and Torres Strait Islander students who succeed at university. It consolidated three former programs, and enables universities to offer scholarships, tutorial assistance and mentoring, personal support services and outreach programs in a culturally appropriate way that is tailored to suit the local needs of their students. The program was developed between 2015 and 2016 in conjunction with the higher education sector and the Department of Education and Training in response to recommendations of the Review of Higher Education Access and Outcomes for Aboriginal and Torres Strait Islander People (2012).

In 2018, PM&C conducted a post-implementation review involving the higher education sector and drawing on an administration health check conducted by KPMG. The review found ISSP administrative procedures were appropriate to support the program management. In August 2018, a consultation paper was circulated to providers, peak bodies and other relevant stakeholders, including student representative groups. PM&C engaged with stakeholders on five occasions and met with the National Aboriginal and Torres Strait Islander Higher Education Consortium. PM&C received 38 responses to the discussion paper from universities, peak bodies, student groups and individuals. Respondents to the review expressed support for the program and welcomed the new flexibilities.

4 Results as at end of June 2019 based on IAS provider reporting for the period July to December 2018, and for completed reviews only (meaning they have been assessed and accepted by the Department). As the PBS criteria relates to the percentage of activities which achieved their 'primary outcome KPI', PM&C selected the most 'robust' outcome KPI where there were multiple outcome KPIs reported against for an activity.

ISSP specifically leverages mainstream policies and programs: in order to be eligible for ISSP, the 40 universities who are part of the program must demonstrate access to funding other than ISSP grants. In 2017 providers reported that the \$67.5 million ISSP investment leveraged a further \$70.7 million in other funding.

Since the program commenced there has been a 7 per cent increase in the Equivalent Full-Time Student Load (increasing from 11,120 to 11,876), a 7 per cent increase in the Regional and Remote Equivalent Full-Time Student Load (increasing from 4,802 to 5,128) and a 9 per cent increase in completions (from 2,166 to 2,352).

Criterion 3.4 Indigenous Advancement Strategy activities contribute towards reduced levels of offending, violence and substance abuse.

Source	Portfolio Budget Statements 2018–19 (page 42)
Target	At least 70 per cent of funded activities within the program achieved the primary outcome KPI specified in funding agreements.
Result	Substantially Achieved

68.14 per cent of funded Programme 2.3 activities achieved their primary outcome KPI⁵. Internal assessment by case study support the contribution of IAS activities to reduced levels of offending, violence and substance abuse.

CASE STUDY:

Youth Through-care Model

Aboriginal and Torres Strait Islander young people are 25 times more likely to be held in detention than their peers, and 59 per cent of young people in detention are Aboriginal and Torres Strait Islander people. Young people with complex needs often leave detention without adequate support, leading to around 80 per cent of young people released from detention returning to youth justice supervision within 12 months.

⁵ Results as at end of June 2019 based on IAS provider reporting for the period July to December 2018, and for completed reviews only (meaning they have been assessed and accepted by the Department). As the PBS criteria relates to the percentage of activities which achieved their 'primary outcome KPI', PM&C selected the most 'robust' outcome KPI where there were multiple outcome KPIs reported against for an activity.

A key priority for the Government is to meet the needs of vulnerable Aboriginal and Torres Strait Islander young people and their families and address the risk factors that lead to offending behaviour. Central to this strategy is working collaboratively with communities, young offenders and their families, service providers and all levels of government to co-design and implement culturally appropriate and sustainable solutions. This means designing and delivering services in a partnership.

In 2017 the then Minister for Indigenous Affairs committed \$10.6 million over three years to 2019–20 for the co-design, trial and evaluation of a Youth Through-care Model so that Aboriginal and Torres Strait Islander young people leaving detention can return to their families and communities safely and without reoffending.

The first phase of this project has seen a period of co-design consultations to ensure the Youth Through-care Model captures the voices and experiences of the young people it aims to support; and the expertise of the service providers and of Indigenous experts in health, trauma, justice, and early childhood and youth development.

The Youth Through-care Model is underpinned by key principles that emerged through this co-design process: culturally supportive, client-centred, gender-appropriate and trauma-informed case management that empowers young people with a solid connection to culture, country and family. Part of this case management will be coordinating referrals and supporting pathways to other relevant, age-appropriate and culturally safe services.

PM&C partnered with three existing service providers in the Northern Territory, Queensland and Victoria, and worked closely with the respective state and territory justice agencies and young offenders. Other key stakeholders included Aboriginal Community Controlled Organisations, Elders, Indigenous communities and existing Indigenous governance bodies—for example, the Koori Caucus in Victoria.

The model was finalised, endorsed and agreed by key partners and stakeholders in April 2019. The project has now moved into the implementation phase and is conducting a two-year trial until 30 June 2021.

Appropriate feedback mechanisms have been built into this phase of the project, with Australian Institute of Aboriginal and Torres Strait Islander Studies ethical clearance ensuring a culturally competent approach. This includes, for example, re-engaging with the young people in detention who lent their voices to the project so they are informed about how their participation influenced the development of the model.

With the aim of identifying future improvements for the model, ongoing monitoring and evaluation strategies will also be undertaken, in consultation with key stakeholders, to ensure fidelity to the model and manage any modifications to ensure the model meets the needs of all stakeholders, particularly the young people who will be supported by the model.

Criterion 3.5	Indigenous Advancement Strategy activities contribute towards increased participation of Indigenous people in Australian society and improved capability of Indigenous organisations.
Source	Portfolio Budget Statements 2018–19 (page 43)
Target	At least 70 per cent of funded activities within this program achieved the primary outcome KPI specified in funding agreements.
Result	Achieved
83.33 per cent of funded activities achieved their primary outcome KPI ⁶ . Internal assessment by case study support the contribution of IAS activities to increased participation of Indigenous people and improved capability of Indigenous organisations.	

CASE STUDY:

Multi-agency partnerships in the Northern Territory

PM&C partnered with the Northern Territory Government in establishing and implementing multi-agency partnerships (MAPs) to support local Aboriginal corporations in achieving their social and economic aspirations. The development and implementation of MAPs can engage all levels of government in a partnership approach to support and align government and community priorities.

To develop a MAP, workshops are held to identify shared priorities, and a plan is then agreed between Northern Territory Government agencies, PM&C, the local Aboriginal corporation and in some cases, local government. MAP signatories meet regularly to collaborate on and progress MAP initiatives.

6 Results as at end of June 2019 based on IAS provider reporting for the period July to December 2018, and for completed reviews only (meaning they have been assessed and accepted by the Department). As the PBS criteria relates to the percentage of activities which achieved their 'primary outcome KPI', PM&C selected the most 'robust' outcome KPI where there were multiple outcome KPIs reported against for an activity.

The process of developing a MAP strengthens existing relationships, and the work of the MAP aligns community and government priorities to help communities realise economic and social benefits from local opportunities. Key priorities identified in a MAP may include opportunities from major infrastructure projects, targeted support for skills and training, and intensive governance and capability support.

The first MAP and implementation plan was signed with the Yugul Mangi Development Aboriginal Corporation in Ngukurr in May 2018. Two further MAPs were agreed during 2018–19:

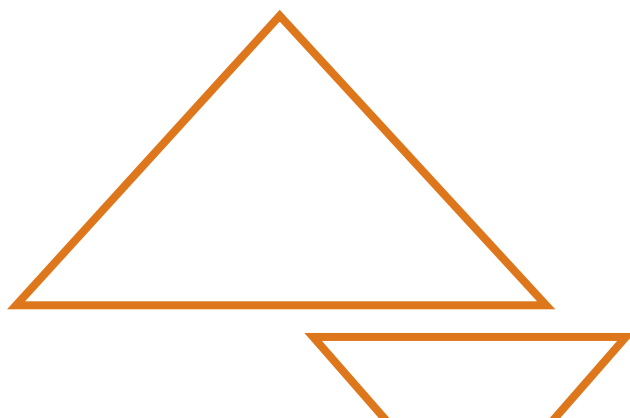
- Katherine—Jawoyn Association Aboriginal Corporation on 2 November 2018
- Kalkarindji—Gurindji Aboriginal Corporation on 19 November 2018.

In Ngukurr, Regional Network staff continue to work closely with the Yugul Mangi Development Aboriginal Corporation, identifying key economic opportunities, working to address barriers and to increase their ability to secure skilled employees.

In Katherine, Regional Network staff supported the Jawoyn Association Aboriginal Corporation to overcome barriers, build capacity and improve their opportunities to secure contract work at Royal Australian Air Force Base Tindal. Further work continues to support their capacity and realise local opportunities in tourism and culture, including the establishment of a festival to recognise the 30th anniversary of the joint management agreement of Nitmiluk National Park in September 2019.

In Kalkarindji, Regional Network staff are supporting the Gurindji Aboriginal Corporation to maximise training and employment opportunities for community members in local businesses including the store, the new accommodation facilities and with local construction opportunities.

The Regional Network is working to develop a MAP at Nauiyu with the Green River Aboriginal Corporation and has also commenced negotiations for a MAP at Yarralin with the Walangeri Ngumpinku Aboriginal Corporation and the Northern Territory Government.



CASE STUDY:

Empowered Communities

Co-design

The Empowered Communities (EC) initiative assists Indigenous communities and governments to work together to set priorities and improve services. Eight EC regions provide critical support to Indigenous leaders in implementing local shared decision-making arrangements.

As part of ongoing implementation of the Indigenous-designed EC initiative, PM&C has supported co-design processes around key priorities identified by communities in a number of EC regions, including education and employment priorities in Ngaanyatjarra Pitjantjatjara Yankunytjatjara Lands and East Kimberley. A number of co-design workshops have been led by EC leaders and backbone organisations, with representatives from PM&C, state governments, non-government organisations and community members. This approach requires government staff to move away from a more traditional project and funding management role to focus on enabling and expert advice. This has been challenging, with time required for all partners to learn how to work together in a different way.

PM&C also worked with EC leaders to co-design an EC Monitoring, Evaluation and Adaptation Framework. Challenges included developing resources that recognise and respect the diversity across EC regions. The framework is supporting continued implementation of an adaptive learning ('learn and adapt as you go') approach and laying the groundwork for an evaluation.

Joint decision-making and partnership tables

PM&C supported expansion of 'joint decision making' approaches—whereby EC leaders, with input from the community, review and provide recommendations on IAS funding. Five EC regions have now applied these approaches, assessing over 40 activities delivered by Indigenous and non-Indigenous providers. This has resulted in transition of some funding to Indigenous providers, better alignment of delivery with community priorities and feedback, and reallocation of some funding to more critical priorities.

PM&C also commenced discussions with the Department of Social Services (DSS) on how the joint decision-making approach could be extended to include mainstream discretionary DSS portfolio funding and programs that target both Indigenous and non-Indigenous people.

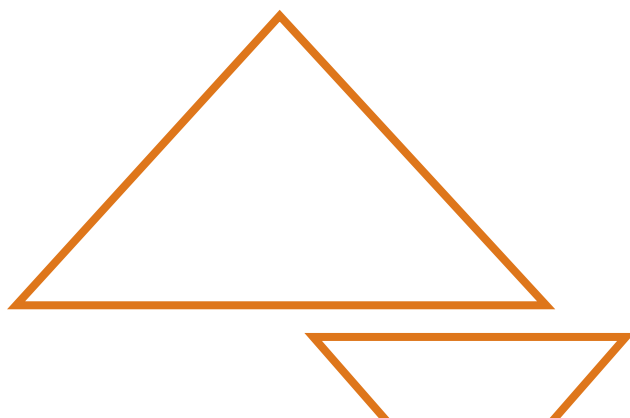
PM&C supported Inner Sydney EC leaders to undertake the first 'partnership table' process designed to agree a holistic response to a key community priority, 'Early Learning and Parental Engagement', which aimed to increase the number of Indigenous children aged 0-5 accessing child care and transitioning into primary school in the community. This resulted in brokering cross-government collaboration and mainstream funding to achieve community objectives.

Pama Futures

In the Cape York EC region, PM&C continued working with Indigenous leaders and communities to further develop a new approach—Pama Futures. Pama Futures builds on EC and articulates an empowerment, land and economic development agenda. A key element of its design—regional and sub-regional governance structures—has been finalised, with funding to develop and implement these arrangements agreed from February 2019. PM&C has also helped to secure mainstream funding for projects associated with Pama Futures, such as the Great Dreaming Track and the Opportunity Account. The Great Dreaming Track, once complete, will be a key tourism attraction covering nearly 2,000 kilometres up the east coast of Cape York Peninsula. The Opportunity Account is a technology-based platform that leverages behavioural drivers to encourage people to make positive choices and connect with opportunities.

PM&C has been working to translate the Government's commitment to shift to genuine partnership with Indigenous people into practical action. The Department seeks to work with leaders and communities in a way that is respectful of Indigenous leadership and supports communities to have a say in their own affairs, including by sharing relevant information and data. This means not imposing solutions but enabling locally driven action informed by evidence.

One challenge is regional-level data, which needs to be more accessible and meaningful to communities. More work is required to evolve government data systems so they can effectively support partnerships with communities at the local level.



Criterion 3.6	Indigenous Advancement Strategy activities invest in local solutions based on community and government priorities.
Source	Portfolio Budget Statements 2018–19 (page 44)
Target	At least 70 per cent of funded activities within this program achieved the primary outcome KPI specified in funding agreements.
Result	Substantially Achieved
66.67 per cent of funded activities achieved their primary outcome KPI ⁷ . Internal assessment by case study support the contribution of IAS activities to investment in local solutions.	

CASE STUDY:

Place-based practice in Yarrabah

The Far North Queensland office of the PM&C Regional Network has been applying place-based practice in partnership with the community of Yarrabah. The Regional Network has invested time in developing an in-depth knowledge and understanding of the place, the key stakeholders and the connections and relationships within the community.

PM&C has also supported the Yarrabah Leaders Forum (YLF) in its role as the leadership and local decision-making group for the community and ensured that the Department's engagement and investments are gauged to complement the community's priorities. PM&C works closely with the YLF, key leaders, and service providers in responding to community need, investments and implementation of services.

The collaborative working arrangements established through place-based practice created an opportunity for PM&C to work closely with the YLF to take forward a co-design approach to local implementation of the Remote School Attendance Strategy (RSAS), which is the Australian Government's community partnership approach to increasing the attendance rates of children at remote schools.

⁷ Results as at end of June 2019 based on IAS provider reporting for the period July to December 2018, and for completed reviews only (meaning they have been assessed and accepted by the Department). As the PBS criteria relates to the percentage of activities which achieved their 'primary outcome KPI', PM&C selected the most 'robust' outcome KPI where there were multiple outcome KPIs reported against for an activity.

A broad range of stakeholders were involved in the co-design of a preferred RSAS model for Yarrabah.

The co-design recommended the local Aboriginal Medical Service as the RSAS service provider in a tripartite governance arrangement with Yarrabah State School and the Yarrabah Aboriginal Shire Council.

RSAS commenced in Term 4, 2018 and the new arrangements show early signs of positively contributing to more community emphasis on the value of education and attending school, increased Indigenous employment via the RSAS team, and greater community control and decision-making in the implementation of RSAS in Yarrabah.

Criterion 3.7 Increased understanding of whether Indigenous Advancement Strategy funding and policies are effective. Increased research and/or existing research made more usable.

Source Portfolio Budget Statements 2018–19 (page 45)

- Target
- Publication of the Annual Evaluation Work Plan taking into account size, reach and 'policy risk' of the program or activity and the strategic need of the evaluation.
 - Establishment of an Indigenous Evaluation Committee in 2018 to strengthen the quality, credibility and independence of evaluation activity.
 - Establishment of an Indigenous Research Exchange in 2018, to facilitate the improved use of research in policy development and implementation.

Result Achieved

The targets listed have been met. The 2018–19 work plan was published on 6 December 2018, and the 2017–18 work plan was published on 28 February 2018. The Indigenous Evaluation Committee was established in June 2018, and first met on 6 July 2018. The Indigenous Research Exchange was established on 20 June 2018 and is subject to design and implementation by the Australian Institute of Aboriginal and Torres Strait Islander Studies. The first meeting of the Exchange Board took place on 26 February 2019.

CASE STUDY:

Increasing the evidence base and supporting an evidence-based culture

The Department has taken steps to improve evaluation capability. Central to this has been improving capacity to commission evaluations and use evaluation findings. Examples of projects undertaken to improve capability within the Department and strengthen links with outside organisations included:

- consultation with employers, employment service providers and the Department of Employment, Skills, Small and Family Business to develop evaluation strategies for the Indigenous-specific Employment Programs and for the Time To Work Employment Service
- a data linkage project examining the 'First Five Years: what makes a difference?' as part of the Data Integration Partnership for Australia (DIPA)—a whole-of-government collaboration. Commencing in late 2018–19, the project will include research to better understand the impact of housing stability and overcrowding in early childhood and starting school developmentally on track
- a separate DIPA project, led by the Department of the Environment and Energy, to consider how available data sources can be interrogated to better understand broader benefits of Indigenous Ranger and Indigenous Protected Area projects beyond environmental outcomes, commenced in late 2018–19
- working with the Australian Institute of Health and Welfare to roll out an online platform for the Aboriginal and Torres Strait Islander Health Performance Framework report. This user-friendly platform will enable more timely access to data and research to inform evidence-based policy to improve health outcomes for Indigenous Australians.

The Department's efforts to improve evaluation capability were noted in the 2018–19 ANAO performance audit report on evaluating Aboriginal and Torres Strait Islander programs. The audit report found the design of the IAS Evaluation Framework was informed by recognised principles of program evaluation, relevant literature, previous evaluation activity and stakeholder feedback. The ANAO noted that governance arrangements to support a more evidence based culture were still being embedded. Further development of evaluation capability will take into account the need for staff to be skilled in commissioning evaluation and utilising an evidence base.

Criterion 3.8	Efficient department support to the six Indigenous Advancement Strategy programs.
Source	Portfolio Budget Statements 2018–19 (page 46)
Target	At least 70 per cent of relevant key performance measures in the PM&C Corporate Plan are met or are on track.
Result	Achieved

With the support of PM&C, the IAS programs have achieved or substantially achieved their performance targets. This gives effect to the Government's commitment to reducing red tape and duplication and ensuring that resources are invested on the ground where they are most needed through the principle of empowering communities.

CASE STUDY:

Analysis of current Indigenous Advancement Strategy performance data

In 2018–19, IAS performance reporting was based on self-assessment by provider organisations. Most organisations completed new online performance reports, which included reporting against redesigned IAS performance measures, with a small proportion still reporting against legacy KPIs.

The KPIs for the IAS have been redesigned over the past 18 months to improve our ability to measure and monitor the performance of IAS activities.

The redesigned IAS performance measures include a combination of traditional service quality or outcome KPIs, as well as a number of data items, or simple counts of activity. Among other measures, all IAS grant projects report against two mandatory KPIs, relating to the employment of Indigenous Australians, and core service provision.

Indigenous employment

IAS providers report the numbers and proportion of employment of Aboriginal and Torres Strait Islander people in the delivery of the funded project.

A total of 1,570 IAS performance reports for the period 1 July to 31 December 2018 were submitted by providers, and assessed by agency agreement managers as being satisfactory. Over this period providers reported that they had employed 15,872 people as part of the delivery of their IAS project. Of these:

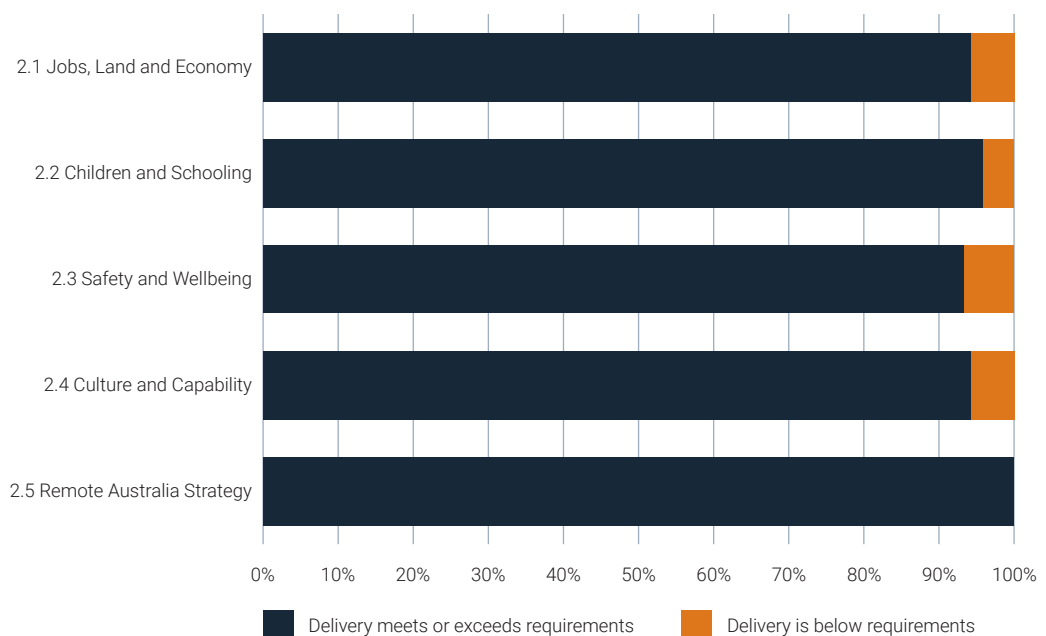
- 10,507 (66.2 per cent) were Aboriginal or Torres Strait Islander people
- 5,365 (33.8 per cent) were non-Indigenous.

Core service provision

Agreement Managers, mostly based in the PM&C Regional Network, review the information that service providers submit in their performance reports. They verify reported progress of IAS projects, drawing on their on-the-ground knowledge about the implementation of grant projects and the local region.

Graph 2.1 shows the proportion of IAS projects for the period 1 July to 31 December 2018 that were assessed by Agency Agreement Managers as having core service delivery which met or exceeded requirements; or were deemed to fall below requirements.

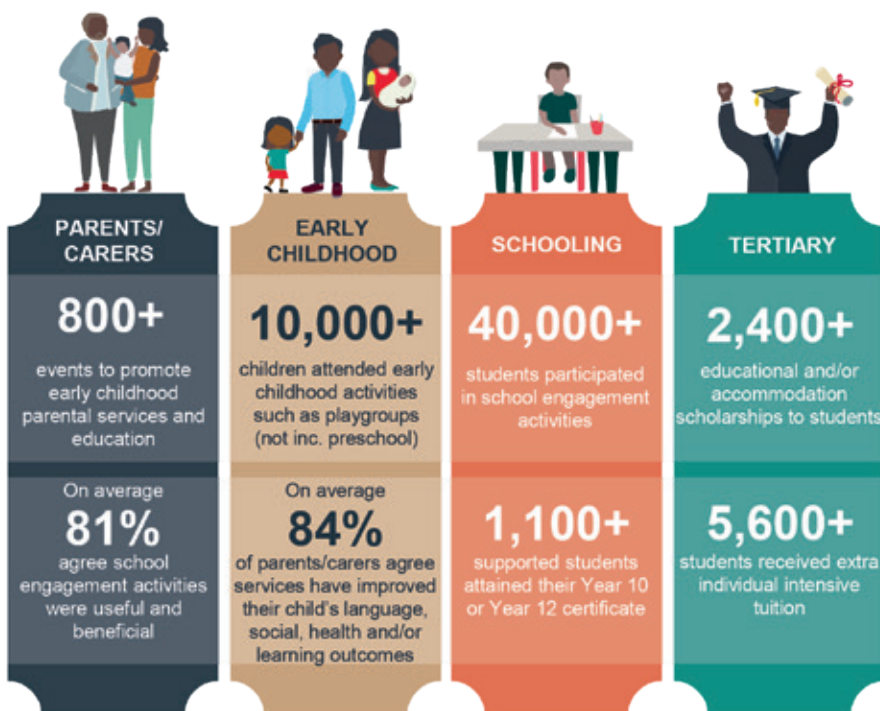
Graph 2.1: Assessment of IAS core service delivery, July to December 2018



Examples of other IAS performance measures

The following infographic provides some examples of what providers have told us that IAS funding is helping them to achieve. The infographic draws upon data from the redesigned IAS performance measures, as well as Indigenous Students Success Program data.

Examples of what our providers have told us they are achieving under the IAS Children and Schooling and Indigenous Students Success Programs*



* As reported by funded providers and reviewed by NIAA. IAS data is for the reporting period from July to December 2018. The data is drawn only from activities for which the newly redesigned IAS performance measures have been applied and excludes data from other reporting mechanisms. ISSP data is for the 2018 calendar year. IAS and ISSP is 'supplementary' assistance and represents a small fraction of total Commonwealth Indigenous expenditure.

CASE STUDY:

Implementation and monitoring programs for successful delivery of IAS activities

In 2018–19, PM&C supported the Department of the Environment and Energy in assessing applications received through the new Indigenous Protected Areas Program grant round. The two departments progressed a memorandum of understanding concerning the administration of new Indigenous Protected Areas projects. PM&C advanced a number of funding agreements, including project extensions beyond 30 June 2019 (ceasing activities), new Community Led Grants and Capacity Building for Indigenous Rangers Strategy projects.

Funding of \$12 million was approved through the \$30 million Capacity Building for Indigenous Rangers Strategy. This funding will support Indigenous Rangers to transition to senior leadership roles, and provide training and development for Indigenous Ranger and Indigenous Protected Area organisations to expand their involvement in fee-for-service activities.

In March 2019, as part of the Capacity Building for the Indigenous Rangers Strategy, 21 Indigenous Rangers in Queensland graduated with their Certificate IV in Government Investigations (Regulatory Compliance).

PM&C leads three Indigenous-specific employment programs, which are measured through monthly employment commencement and 26-week employment outcomes monitoring. As at 2 June 2019, 25,444 employment commencements have been filled since 2014. The breakdown is as follows:

- Tailored Assistance Employment Grants (TAEG)—9,515 (including school-based traineeships and cadetships)
- Vocational Training and Employment Centres (VTEC)—10,263
- Employment Parity Initiative (EPI)—5,666.

PM&C successfully contracted two additional EPI partners—Fortescue Metals Group (FMG) and Wesfarmers. Under FMG's contract, PM&C implemented a new EPI stream focusing on improving career advancement for Indigenous employees, including the introduction of milestone payments at 52 and 104 weeks in employment.

PM&C successfully managed the transition of non-Indigenous VTEC providers to Indigenous organisations (or organisations that undertake a joint venture with an Indigenous organisation). This included 12-month contract extensions for these VTECs. PM&C commenced a number of program improvement projects that will improve the quality of applications for TAEG, such as amending the application kit to provide better upfront information to potential applicants and improving the guidance for decision-makers on the TAEG unit cost framework. These projects are designed to streamline and improve the assessment process. Six new providers have also been added to the TAEG portfolio.

PM&C has upgraded the Indigenous Employment Programs System to the Employment Services System (ESS) Web Indigenous IT System with the Department of Employment, Skills, Small and Family Business. The new system was launched on 1 July 2019. Comprehensive training and guidance for ESS users (including PM&C staff and providers) was provided. The new system will enable faster processing of claims and payments for staff and indigenous employment providers who currently use ESS.



Djelk Sea Rangers are custodians of their land and sea.



Part three



Management and accountability

Corporate governance

PM&C promotes a culture that encourages and supports accountability, integrity, trust, honesty and respect. Underlying our culture is the PM&C corporate governance framework, which includes:

- a governance committee structure (see Table 3.1)
- business planning
- audit and assurance activities
- risk management
- fraud prevention and fraud control
- Secretary's Instructions
- business continuity
- performance agreements.

This corporate governance framework assists us in achieving our objectives.

Committees

PM&C has a number of committees that support the Secretary. These are outlined in Table 3.1.

Table 3.1: Departmental committees and their membership and purposes

Committee	Purpose
Executive Board	Provides senior leadership and strategic direction over the delivery of government and other departmental priorities. It makes key decisions and reviews risks with a primary focus on strategic planning in policy and operational matters, performance monitoring, culture and resource allocation.
Audit Committee	Provides independent advice and assistance to the Secretary and the Executive Board on PM&C's risk, control and compliance framework and its external accountability responsibilities.
Operations Committee	Provides assurance to the Secretary and Executive Board regarding PM&C's performance and compliance with internal and external requirements.
People Committee	Provides whole-of-department direction and input into organisational development, cultural and human resources matters. The committee supports the Chief People Officer and Chief Operating Officer to provide advice and make recommendations to the Secretary and the Executive Board on key human resources issues.
Inclusion and Diversity Committee	Drives and promotes inclusion and diversity initiatives and change within PM&C. The committee also provides strategic advice on PM&C's inclusion and diversity strategy and objectives, as well as their alignment to business goals.

Risk management

PM&C operates in a complex and dynamic environment. We manage risk to maximise opportunity and innovation while protecting the interests of PM&C and its principal stakeholders.

The Secretary and the Executive Board have oversight of the management of risk exposures in PM&C. The risk management framework assesses and manages risk at the strategic level in response to the purposes and priorities of the Corporate Plan and, at the enterprise level, operational risks that might affect the achievement of PM&C's objectives. The Chief Risk Officer champions a positive risk culture through regular communication and participation in decision-making as a member of the Executive Board and the Operations Committee.

PM&C has continued to improve our management of risk by strengthening the security framework and work health and safety management system; and improving fraud awareness. To ensure a robust system, the Audit Committee and the Operations Committee monitor risks and the effectiveness of controls.

Climate risk

Across the world, governments, authorities, businesses and communities are considering what it means to live in a world with a changing climate. For PM&C, this includes the physical risks to our assets and operations from increasingly variable and extreme weather. It also means our advice to Government needs to take account of the impacts a changing climate could have on the planning and implementation of the government's policies and programs.

PM&C has taken steps to consider its exposure to climate risk and the related enterprise and policy implications, consistent with our broader risk management and governance obligations, to ensure we continue to provide the best possible advice to Government and support effective service delivery to the Australian public.

During 2018–19, with support from the Department of the Environment and Energy, PM&C conducted a preliminary scan to identify its exposure to the effects of a changing climate. This scoping exercise promoted an increased awareness of climate risk and provided insight on potential areas of exposure, with a particular focus on the service delivery and policy development functions of the Indigenous Affairs Group.

PM&C also supports the Department of the Environment and Energy and the Department of Home Affairs to promote awareness of climate risk as it relates to governance, accountability and decision-making across the Australian Public Service.

Complaints management

PM&C manages complaints impartially and transparently through our complaints and feedback system. Complaints and feedback are usually received through the online portal on the PM&C website, the complaints email address (complaints@help.pmc.gov.au) and the complaints hotline (02 6271 5688).

During 2018–19, 93 complaints were received, compared with 50 complaints in 2017–18. This increase comes as a result of improved capture of data, including through complaints received in PM&C's Regional Network.

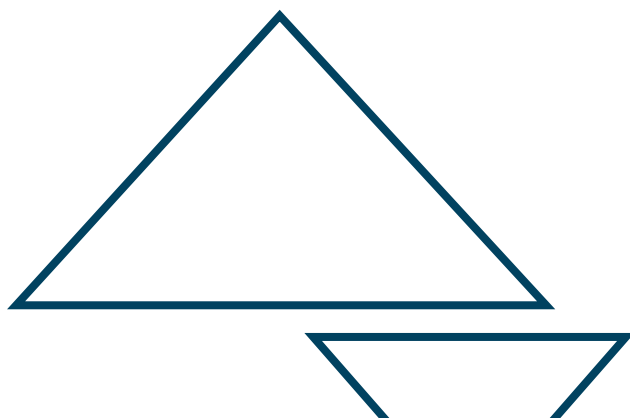
Following the commencement of the *Government Procurement (Judicial Review) Act 2018* in April 2019, PM&C also developed a guideline for dealing with procurement complaints. This guideline sets out the requirements for handling complaints we receive that concern an alleged actual or proposed breach of the Commonwealth Procurement Rules relating to covered procurements.

Fraud prevention and control

PM&C's Fraud and Corruption Control Plan articulates how we prevent, detect, investigate and report on fraud and links to our risk management framework. PM&C takes a zero-tolerance approach to internal and external fraud and corruption. We encourage a culture characterised by the highest standards of integrity.

Our fraud awareness strategy includes induction training for new staff, followed by refresher training every two years. The training is delivered in a number of ways, including online e-learning and face-to-face. Training can be tailored to meet the needs of individual branches or divisions and is available on a needs basis.

Suspected fraud (both internal and external) can be reported to fraud@pmc.gov.au or our Fraud and Advice Hotline (02 6152 3598). All allegations, including those involving departmental funds, are assessed and, if required, investigated. The fraud risks and lessons learned, identified throughout the investigation process, are recorded and communicated to the relevant program area, the Regional Network and the Audit Committee.



External scrutiny

External audit

During 2018–19 the Australian National Audit Office reported on two PM&C portfolio-specific performance audits:

- *Management of the Regional Network* (tabled 28 September 2018)
- *Evaluating Aboriginal and Torres Strait Islander Programs* (tabled 18 June 2019).

PM&C was involved in three multi-portfolio performance audits:

- *Implementation of the Annual Performance Statements Requirements 2017–18* (tabled 17 December 2018)
- *Closing the Gap* (tabled 20 February 2019)
- *Coordination Arrangements of Australian Government Entities Operating in Torres Strait* (tabled 29 May 2019).

Judicial decisions and other external scrutiny

PM&C has not been subject to any judicial decisions or decisions of administrative tribunals or the Information Commissioner in 2018–19 that have had, or may have, a significant effect on PM&C's operations.

PM&C is subject to the *Freedom of Information Act 1982* (FOI Act) and complies with the requirements of the Information Publication Scheme (IPS) to publish a range of information on its website. PM&C has prepared an IPS agency plan and published it on the PM&C website in accordance with subsection 8(1) of the FOI Act.

Our people

PM&C has a strong commitment to individual and organisational excellence. We work closely with communities and stakeholders and across all areas of government to provide rigorous and collaborative policy development, implementation and program delivery.

Staff are supported to continue to build a diverse, collaborative, technologically savvy and agile workforce. Our diversity and inclusion agenda is unlocking the full potential of our people. At the same time, our flexible, activity-based work arrangements and widespread adoption of a live briefing system are supporting new ways of working.

Employment performance

At 30 June 2019, PM&C had 2,178 employees, including inactive staff⁸. This is a small decrease from 2,188 employees at 30 June 2018.

PM&C has a diverse and inclusive workforce. Two-thirds of our workforce are women (67 per cent), 61 per cent of staff are under 45 years old and 14 per cent identify as Aboriginal and/or Torres Strait Islander.

PM&C has staff working across Australia, with 24 per cent of staff located outside Canberra in other capital cities and regional and remote areas. Further information is provided in the tables below.

⁸ An employee is 'inactive' where they are on long-term (paid or unpaid) leave or on temporary transfer to another agency for a period of 12 weeks or more.

Table 3.2: All Ongoing Employees Current Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	31	–	31	41	10	51	–	–	–	82
Qld	28	1	29	50	7	57	–	–	–	86
SA	14	–	14	26	9	35	–	–	–	49
Tas	3	–	3	2	1	3	–	–	–	6
Vic	6	–	6	17	2	19	–	–	–	25
WA	22	1	23	48	8	56	–	–	–	79
ACT	483	25	508	839	218	1,057	–	–	–	1,565
NT	57	1	58	96	13	109	–	–	–	167
Overseas	–	–	–	–	–	–	–	–	–	–
Total	644	28	672	1,119	268	1,387	–	–	–	2,059

Table 3.3: All Non-ongoing Employees Current Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	–	–	–	3	–	3	–	–	–	3
Qld	3	–	3	3	–	3	–	–	–	6
SA	1	–	1	4	–	4	–	–	–	5
Tas	1	–	1	–	–	–	–	–	–	1
Vic	1	–	1	1	–	1	–	–	–	2
WA	2	–	2	6	1	7	–	–	–	9
ACT	33	4	37	36	12	48	–	–	–	85
NT	1	–	1	7	–	7	–	–	–	8
Overseas	–	–	–	–	–	–	–	–	–	–
Total	42	4	46	60	13	73	–	–	–	119

Table 3.4: All Ongoing Employees Previous Report Period (2017–18)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	39	1	40	44	11	55	–	–	–	95
Qld	33	2	35	58	5	63	–	–	–	98
SA	12	–	12	30	8	38	–	–	–	50
Tas	2	–	2	3	1	4	–	–	–	6
Vic	9	–	9	13	4	17	–	–	–	26
WA	24	1	25	46	11	57	–	–	–	82
ACT	477	23	500	810	218	1,028	–	–	–	1,528
NT	64	4	68	115	20	135	–	–	–	203
Overseas	–	–	–	–	–	–	–	–	–	–
Total	660	31	691	1,119	278	1,397	–	–	–	2,088

Table 3.5: All Non-ongoing Employees Previous Report Period (2017–18)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	–	1	1	2	1	3	–	–	–	4
Qld	2	–	2	2	–	2	–	–	–	4
SA	–	–	–	1	1	2	–	–	–	2
Tas	–	–	–	–	–	–	–	–	–	–
Vic	1	–	1	–	–	–	–	–	–	1
WA	–	–	–	4	1	5	–	–	–	5
ACT	23	6	29	30	11	41	–	–	–	70
NT	5	–	5	8	1	9	–	–	–	14
Overseas	–	–	–	–	–	–	–	–	–	–
Total	31	7	38	47	15	62	–	–	–	100

Table 3.6: Australian Public Service Act Ongoing Employees Current Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	8	–	8	3	–	3	–	–	–	11
SES 2	12	1	13	14	–	14	–	–	–	27
SES 1	35	1	36	36	10	46	–	–	–	82
EL 2	102	3	105	146	20	166	–	–	–	271
EL 1	214	18	232	332	110	442	–	–	–	674
APS 6	163	4	167	287	74	361	–	–	–	528
APS 5	54	–	54	149	29	178	–	–	–	232
APS 4	40	–	40	115	24	139	–	–	–	179
APS 3	15	–	15	34	1	35	–	–	–	50
APS 2	–	–	–	2	–	2	–	–	–	2
APS 1	–	1	1	1	–	1	–	–	–	2
Other	1	–	1	–	–	–	–	–	–	1
Total	644	28	672	1,119	268	1,387	–	–	–	2,059

Table 3.7: Australian Public Service Act Non-ongoing Employees Current Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	–	–	–	1	–	1	–	–	–	1
SES 2	1	–	1	1	–	1	–	–	–	2
SES 1	–	–	–	2	1	3	–	–	–	3
EL 2	3	–	3	5	2	7	–	–	–	10
EL 1	7	–	7	8	3	11	–	–	–	18
APS 6	11	1	12	18	3	21	–	–	–	33
APS 5	8	1	9	9	2	11	–	–	–	20
APS 4	11	–	11	15	2	17	–	–	–	28
APS 3	1	–	1	–	–	–	–	–	–	1
APS 2	–	2	2	1	–	1	–	–	–	3
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total	42	4	46	60	13	73	–	–	–	119

Table 3.8: Australian Public Service Act Ongoing Employees Previous Report Period (2017–18)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	6	–	6	2	–	2	–	–	–	8
SES 2	5	1	6	16	–	16	–	–	–	22
SES 1	38	1	39	34	8	42	–	–	–	81
EL 2	110	5	115	148	29	177	–	–	–	292
EL 1	212	17	229	326	107	433	–	–	–	662
APS 6	151	4	155	294	69	363	–	–	–	518
APS 5	64	–	64	136	36	172	–	–	–	236
APS 4	50	2	52	122	25	147	–	–	–	199
APS 3	18	–	18	36	3	39	–	–	–	57
APS 2	5	–	5	4	1	5	–	–	–	10
APS 1	–	1	1	1	–	1	–	–	–	2
Other	1	–	1	–	–	–	–	–	–	1
Total	660	31	691	1,119	278	1,397	–	–	–	2,088

Table 3.9: Australian Public Service Act Non-ongoing Employees Previous Report Period (2017–18)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	1	–	1	–	–	–	–	–	–	1
SES 2	1	–	1	–	–	–	–	–	–	1
SES 1	1	1	2	1	–	1	–	–	–	3
EL 2	–	–	–	1	2	3	–	–	–	3
EL 1	4	1	5	6	3	9	–	–	–	14
APS 6	10	–	10	12	2	14	–	–	–	24
APS 5	7	–	7	6	3	9	–	–	–	16
APS 4	7	1	8	17	4	21	–	–	–	29
APS 3	–	1	1	3	1	4	–	–	–	5
APS 2	–	3	3	1	–	1	–	–	–	4
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total	31	7	38	47	15	62	–	–	–	100

Table 3.10: Australian Public Service Act Employees by Full-time and Part-time Status Current Report Period (2018–19)

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-ongoing	
SES 3	11	–	11	1	–	1	12
SES 2	26	1	27	2	–	2	29
SES 1	71	11	82	2	1	3	85
EL 2	248	23	271	8	2	10	281
EL 1	546	128	674	15	3	18	692
APS 6	450	78	528	29	4	33	561
APS 5	203	29	232	17	3	20	252
APS 4	155	24	179	26	2	28	207
APS 3	49	1	50	1	–	1	51
APS 2	2	–	2	1	2	3	5
APS 1	1	1	2	–	–	–	2
Other	1	–	1	–	–	–	1
Total	1,763	296	2,059	102	17	119	2,178

Table 3.11: Australian Public Service Act Employees by Full-time and Part-time Status Previous Report Period (2017–18)

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-ongoing	
SES 3	8	–	8	1	–	1	9
SES 2	21	1	22	1	–	1	23
SES 1	72	9	81	2	1	3	84
EL 2	258	34	292	1	2	3	295
EL 1	538	124	662	10	4	14	676
APS 6	445	73	518	22	2	24	542
APS 5	200	36	236	13	3	16	252
APS 4	172	27	199	24	5	29	228
APS 3	54	3	57	3	2	5	62
APS 2	9	1	10	1	3	4	14
APS 1	1	1	2	–	–	–	2
Other	1	–	1	–	–	–	1
Total	1,779	309	2,088	78	22	100	2,188

Table 3.12: Australian Public Service Act Employment Type by Location Current Report Period (2018–19)

	Ongoing	Non-ongoing	Total
NSW	82	3	85
Qld	86	6	92
SA	49	5	54
Tas	6	1	7
Vic	25	2	27
WA	79	9	88
ACT	1,565	85	1,650
NT	167	8	175
Overseas	–	–	–
Total	2,059	119	2,178

Table 3.13: Australian Public Service Act Employment Type by Location Previous Report Period (2017–18)

	Ongoing	Non-ongoing	Total
NSW	95	4	99
Qld	98	4	102
SA	50	2	52
Tas	6	–	6
Vic	26	1	27
WA	82	5	87
ACT	1,528	70	1,598
NT	203	14	217
Overseas	–	–	–
Total	2,088	100	2,188

Table 3.14: Australian Public Service Act Indigenous Employment Current Report Period (2018–19)

	Total
Ongoing	292
Non-ongoing	15
Total	307

Table 3.15: Australian Public Service Act Indigenous Employment Previous Report Period (2017–18)

	Total
Ongoing	318
Non-ongoing	17
Total	335

Table 3.16: Details of the Accountable Authority During the Reporting Period (2018–19)

Name	Position	Period as Accountable Authority
Dr Martin Parkinson	Secretary	01/07/2018 to 30/06/2019

Inclusion and diversity

PM&C has a holistic Inclusion and Diversity Strategy that aims to foster a culture reflective of the diversity of the Australian community. PM&C's commitment to inclusion and diversity reflects the importance we place on our people and on creating a workplace culture in which every staff member is valued and respected for their contribution.

PM&C's Inclusion and Diversity Strategy is designed to:

- communicate the rationale for becoming a more inclusive and diverse workplace
- set clear expectations of leadership behaviours to promote inclusion and diversity
- establish clear actions to be taken over the next two years to build on our progress.

The strategy is monitored by the PM&C Inclusion and Diversity Committee. Chaired by the Secretary, the Committee promotes inclusion and diversity initiatives within PM&C. It includes members from the Executive Board, Diversity Champions, executive-level representatives from diverse backgrounds and two external representatives.

Within PM&C, diversity and inclusion initiatives are led by a Deputy Secretary Diversity Champion, supported by six SES champions and staff networks, for the following diversity groups:

- Gender—Women's Network
- Indigenous—Aboriginal and Torres Strait Islander Employee Network
- Disability—Disability Employee Network
- Lesbian, Gay, Bisexual, Transgender, Intersex and Queer—LGBTIQ+ Network
- Culturally and Linguistically Diverse—CALD Network
- Reconciliation Action Plan—Reconciliation Action Plan Working Group.

The champions and staff networks support and celebrate difference and foster ideas for valuing diversity and optimising inclusion.

Secretaries Equality and Diversity Council

PM&C convenes the Secretaries Equality and Diversity Council, a quarterly meeting of all Australian Public Service (APS) departmental secretaries and two external members. Their aim is to create a more diverse and inclusive APS. The Secretaries Equality and Diversity Council has led work on:

- APS-wide equality and diversity strategies, including the Gender Equality Strategy, the Commonwealth Aboriginal and Torres Strait Islander Employment Strategy and the Disability Employment Strategy
- APS workplace responses to domestic and family violence
- removing barriers to employment and progression for people with disability, people from CALD backgrounds, people who identify as part of the LGBTI community, and Aboriginal and Torres Strait Islander peoples
- transformative cultural change, through a project focused on understanding the drivers and strategies for promoting inclusive work practices across the APS.

CASE STUDY:

Supporting PM&C's LGBTIQ+ workforce

In 2019, at the annual Australian LGBTI Inclusion Awards, PM&C was recognised for its work and achievements in LGBTIQ+ inclusion. The Department was recognised as a Gold Employer for LGBTI inclusion and also received the Achievement Award for Most Improved Employer after achieving a 344 per cent increase in our Australian Workplace Equality Index (AWEI) score from the previous years.

The AWEI is an evidence-based benchmarking instrument that is used to assess workplaces on their LGBTIQ+ inclusion initiatives.

In 2018, the Department received an AWEI score of 39 (out of 200) for LGBTIQ+ inclusion. This result drove PM&C to undertake a substantial body of work at all levels to improve the inclusivity of LGBTIQ+ staff at PM&C.

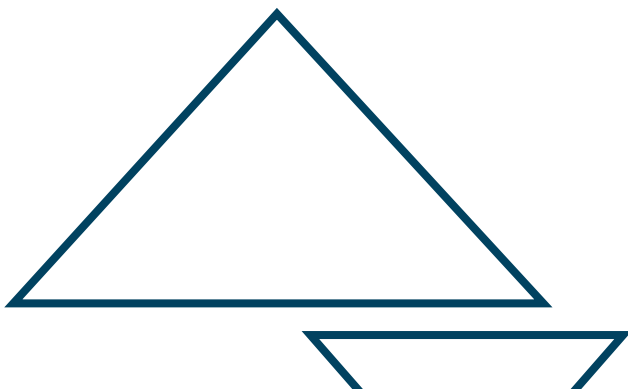
PM&C's People Branch and LGBTIQ+ Employee Network collaborated to develop and launch the Gender Affirmation and Transitioning Policy, which provides guidance for managers and colleagues and for staff members undergoing the process to affirm their gender.

The LGBTIQ Employee Network coordinated a joint submission to the Independent Review of the APS from LGBTIQ+ networks across the APS and other PM&C employee networks to ensure the LGBTIQ+ voice is represented in policy advice on how the APS will operate in the future.

The network also worked with the Australian Public Service Commission to revise the APS Census for an improved LGBTIQ+ perspective throughout. In 2019, for the first time, the APS Census includes questions on being 'out at work'. This is an important metric to measure inclusion and wellbeing of staff in the APS.

This was followed up with strong messaging from leaders across PM&C to embed the understanding that all employees are respected and valued for their capabilities and experience, regardless of sexual orientation or gender identity.

PM&C's 2019 AWEI score of 173 (out of 200), Gold Employer status and Achievement Award for Most Improved Employer place us in the higher ranks of inclusive employers in Australia. These results position PM&C as a workplace of inclusion and respect in the public eye. They show the success of our collective approach to improving inclusion and diversity—one where the process was owned and driven by staff at all levels. The result was the product of a clear commitment from senior leaders to champion LGBTIQ+ inclusion at PM&C, a proactive and vibrant LGBTIQ+ Employee Network, and dedicated enabling support from corporate services.



Aboriginal and Torres Strait Islander peoples

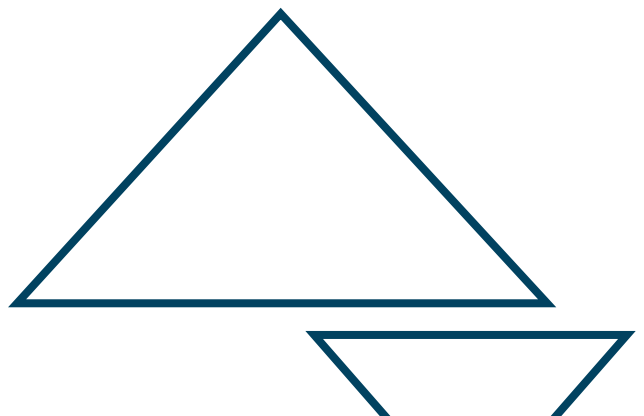
Reconciliation

On 4 March 2019, PM&C launched its 'Stretch' Reconciliation Action Plan (RAP) 2018–2020. The RAP outlines the next steps for PM&C to continue embedding reconciliation as part of the fabric of our organisation and to lead the APS through our central role with responsibility for the Australian Government's Indigenous affairs functions.

PM&C commemorated National Reconciliation Week 2019 with a number of events across the country. In keeping with the theme of 'Grounded in Truth: Walk Together With Courage', PM&C hosted a discussion among senior Indigenous and non-Indigenous leaders within PM&C and its portfolio bodies, reflecting on this year's theme: 'Family History and Truth Telling'. Almost 100 staff in Canberra participated in the annual Sorry Day Bridge Walk. We also showcased Aboriginal and Torres Strait Islander special guest speakers such as Gail Mabo, Leanne Caton and Michael Long. These events saw staff come together to explore how each of us can contribute to achieving reconciliation in Australia and reflect on the contributions of Aboriginal and Torres Strait Islander peoples and cultures to our shared history.

Indigenous talent attraction and development

During 2018–19, PM&C maintained the commitment to retaining and growing our Aboriginal and Torres Strait Islander workforce. There has been a continued focus on fostering PM&C's Indigenous leadership pipeline through the delivery of the PM&C Graduate Program, and participation in the Sir Roland Wilson Pat Turner Scholarship and Atlantic Fellows for Social Equity Program. The Indigenous Leadership Program is in development, which will support the recruitment and career progression of Indigenous APS6/EL1 staff. This program is expected to launch in early 2020.



National Aborigines and Islanders Day Observance Committee (NAIDOC)

PM&C acknowledges the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. As part of this, our NAIDOC Week 2018 events celebrated Aboriginal and Torres Strait Islander peoples and communities. NAIDOC Week 2018 internal events included panel discussions on business and entrepreneurship and the importance of the leadership of Aboriginal and Torres Strait Islander women; and a block party hosted by the Aboriginal and Torres Strait Islander Employee Network. PM&C also hosted NAIDOC Week Awards, at which we recognised five PM&C employees and two PM&C teams who demonstrated outstanding performance in the provision of policies, programs and services that impact positively on Aboriginal and Torres Strait Islander peoples and communities.

Celebrating International Women's Day

To celebrate International Women's Day, PM&C's Women's Network hosted Magistrate Louise Taylor, the eighth permanent Magistrate of the ACT Magistrates Court and the ACT's first Aboriginal judicial officer. The fourth and final event of PM&C's Coaching and Performance Speaker Series shone a spotlight on Australian and APS women under the theme 'More Powerful Together'.

Secretary Martin Parkinson joined Frances Adamson, Secretary of the Department of Foreign Affairs and Trade, and UN Women Samoa's Mele Mauaivaio on an International Women's Day panel hosted by the UN Women National Committee Australia.

Flexible work

To further embed and support the transformation journey towards an inclusive and diverse workplace, PM&C supports a number of policies and programs to support flexible work:

- PM&C's Staying in Touch Policy gives staff who are on long-term leave the opportunity to remain in touch with us
- All roles are supported by an 'If Not, Why Not' flexible work strategy, which enables all employees to access mutually beneficial flexible working arrangements
- We have implemented the Working Your Way policy, which seeks to stimulate innovation, collaboration and thought via more flexible, activity-based work environments.

Workplace response to domestic and family violence policy

In 2018–19, PM&C continued to support the Australian Government's National Plan to Reduce Violence against Women and their Children 2010–2022 by providing workplace responses to staff affected by domestic and family violence.

PM&C is committed to addressing domestic and family violence as a workplace issue. The first departmental Domestic and Family Violence Policy was launched in 2016. In 2019, PM&C is reviewing the current policy based on feedback from staff, emerging research and developments in best-practice approaches, and supporting this with the delivery of face-to-face domestic and family violence training.

Recruitment

PM&C is committed to recruiting staff through a range of entry pathways. In 2018–19 we ran seven specialist recruitment programs:

- the PM&C Graduate Program
- the Indigenous Australian Government Development Program
- the Indigenous Apprenticeship Program
- the Australian Indigenous Graduate Pathway
- the NextStep Traineeship Program
- the GradAccess Graduate Program
- the Australian Government ICT Graduate Program.

Employment arrangements

The terms and conditions of employment for non-SES employees are covered by the PM&C Enterprise Agreement 2017–2020. Individual flexibility arrangements are also made with non-SES employees where this meets the genuine needs of PM&C and the employee. The terms and conditions of employment for substantive SES employees are provided by individual section 24(1)

determinations made under the *Public Service Act 1999*. A number of section 24(1) determinations for non-SES employees are also in force. Data on employment arrangements for all departmental staff is provided at Table 3.17.

Table 3.17: Australian Public Service Act Employment Arrangements Current Report Period (2018–19)*

	SES	Non-SES	Total
Enterprise Agreement	–	1,976	1,976
Section 24(1) determination	126	20	146
Individual flexibility arrangement	–	55	55
Total¹	126	2,051	2,177

¹ These figures include both ongoing and non-ongoing employees but do not include the Secretary.

PM&C currently maintains multiple pay scales as a consequence of the 2013 machinery of government changes. Minimum and maximum salary rates by classification across these pay scales as at 30 June 2019 are listed in Table 3.18. PM&C is transitioning to a single salary structure and pay scale by 1 August 2020. Performance pay was not paid to any PM&C employee in 2018–19.

Table 3.18: Australian Public Service Act Employment Salary Ranges by Classification Level (Minimum/Maximum) Current Report Period (2018–19)*

	Minimum salary	Maximum salary
SES 3	\$352,084	\$397,857
SES 2	\$263,971	\$292,721
SES 1	\$199,824	\$232,806
EL 2	\$118,384	\$148,907
EL 1	\$99,619	\$122,513
APS 6	\$78,652	\$94,000
APS 5	\$71,354	\$80,851
APS 4	\$64,057	\$73,253
APS 3	\$57,151	\$65,586
APS 2	\$50,179	\$60,084
APS 1	\$44,339	\$52,490
Other	–	–
Total	\$44,339	\$397,857

* Secretary excluded—the Secretary's remuneration is determined by the Remuneration Tribunal.

Executive remuneration

Remuneration for Senior Executive Service (SES) employees is governed by the Australian Public Service Commission's Executive Remuneration Management Policy and PM&C's SES Performance Framework. The Framework integrates PM&C's leadership qualities and Transformation Agenda, performance behaviours and expectations, recognition of and investment in developing 'high-potential' senior leaders, and a clear and transparent approach to remuneration.

PM&C's SES pay point structure provides accountability and transparency around SES remuneration. Movement within the pay points is not automatic and reflects sustained and/or exceptional performance. Pay point movements are determined annually by the Executive Board for SES Band 1s and SES Band 2s, and by the Secretary for SES Band 3s. In 2018, PM&C changed its practice of providing SES employees with a fortnightly Executive Vehicle Allowance (EVA). EVA is now rolled into base salary, meaning the allowances now paid to the SES are minimal and specific to individual circumstances. PM&C does not pay performance bonuses.

Remuneration for the Secretary and statutory office holders is determined by the Remuneration Tribunal. Remuneration for other highly paid staff within PM&C is governed by Part 6 of the Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports.

Executive remuneration is reported below in compliance with the recently amended *Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2018* (PGPA Rule). The remuneration disclosed in these tables is determined on an accrual basis in line with financial statements and differs from actual remuneration, which is prepared on a cash basis. Because of this, the Secretary's remuneration here differs from that amount disclosed under the Remuneration Tribunal Determination.

During the reporting period to 30 June 2019, PM&C had 16 executives who met the definition of key management personnel (KMP). Their names, length of term as KMP and remuneration details are in Tables 3.19 and 3.21. In addition, aggregated remuneration information for 172 senior executives and one other highly paid staff member is shown in Tables 3.22 and 3.23. Where possible, the remuneration of secondees into PM&C in Senior Executive roles is captured in the tables.

Table 3.19: Key management personnel (KMP) details for the reporting period

Name	Position	Term as KMP
ANDERSON, Ian	Deputy Secretary	Full year
BAXTER, Roslyn	A/g Deputy Secretary	13 weeks (cumulative period of acting)
DUGGAN, Simon	Deputy Secretary	32 weeks (cumulative period of acting and promotion 17 January 2019)
FOSTER, Stephanie	Deputy Secretary	Full year
GRIGGS, Raymond	Associate Secretary	Commenced 2 October 2018
GRUEN, David	Deputy Secretary	Full year
HATFIELD DODDS, Lin	Deputy Secretary	31 weeks (on secondment from 4 February 2019)
LARKINS, Alison	Deputy Secretary	Commenced 8 April 2019
MCKINNON, Allan	Deputy Secretary	15 weeks (on temporary transfer from 14 October 2018)
MILLAR, Caroline	Deputy Secretary	Commenced 26 September 2018
PARKINSON, Martin	Secretary	Full year
STERLAND, Barry	Deputy Secretary	22 weeks (on secondment from 3 December 2018)
TONGUE, Andrew	Deputy Secretary	Full year (long-term leave from 3 September 2018)
TRESSLER, Charlotte	Chief Financial Officer / Chief Operating Officer	Separated 31 May 2019
WILLIAMSON, David	Deputy Secretary	Full year
WOOD, Paul	Chief Financial Officer / Chief Operating Officer	Commenced 20 May 2019

Table 3.20: Key management personnel (KMP) summary remuneration for the reporting period (\$)

Base salary	4,170,242
Bonuses	–
Other benefits and allowances	14,148
Total short-term benefits	4,184,390
Superannuation contribution	615,566
Total post-employment benefits	615,566
Long service leave	210,676
Total other long-term benefits	210,676
Termination benefits	–
Total remuneration	5,010,632

Table 3.21: Key management personnel (KMP) detailed remuneration for the reporting period (\$)

Name	Short-term benefits		Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
	Base salary	Bonuses and allowances		Long service leave	Other long-term benefits		
ANDERSON, Ian	341,644	936	49,634	5,884			398,098
BAXTER, Roslyn	81,626	234	12,283				94,143
DUGGAN, Simon	206,349	529	32,690	12,458			252,027
FOSTER, Stephanie	484,194	936	62,953	45,530			593,613
GRIGGS, Raymond	300,888	1,371	47,041	7,844			357,145
GRUEN, David	382,175	936	66,352	26,580			476,043
HATFIELD DODDS, Lin	182,712	540	33,094	4,348			220,693
LARKINS, Alison	89,280		12,845	783			102,908
MCKINNON, Allan	86,827	245	14,120	2,263			103,454
MILLAR, Caroline	261,063	706	43,351	6,907			312,027
PARKINSON, Martin	747,433	5,228	33,283	16,966			802,910
STERLAND, Barry	144,803	396	26,535	11,873			183,607
TONGUE, Andrew	181,225	936	69,543	35,870			287,573
TRESSLER, Charlotte	251,988	871	36,233	4,932			294,024
WILLIAMSON, David	394,553	284	71,132	28,162			494,131
WOOD, Paul	33,484		4,476	276			38,236
Total	4,170,242	14,148	615,566	210,676			5,010,632

Note: Due to rounding, totals may differ to the sum of individual items

Table 3.22: Senior Executive remuneration for the reporting period (\$)

Band	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$0 – \$220,000	92	90,769	1,143	13,587	3,727	2,110	111,336		
\$220,000 – \$245,000	17	193,616	1,682	30,212	9,252		234,762		
\$245,000 – \$270,000	26	204,971	1,335	31,937	17,898		256,140		
\$270,000 – \$295,000	15	216,345	4,273	36,822	23,398		280,837		
\$295,000 – \$320,000	10	231,659	3,383	41,510	27,813		304,366		
\$320,000 – \$345,000	8	259,028	2,755	42,035	26,724		330,542		
\$345,000 – \$370,000	4	277,680	2,973	48,123	30,380		359,156		
Total	172	149,513	1,746	23,780	11,220	1,129	187,388		

Table 3.23: Other highly paid staff remuneration for the reporting period (\$)

Band	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$220,000 – \$245,000	1	180,919		35,426	4,546		220,891		
Total	1	180,919		35,426	4,546	-	220,891		

Performance pay and other benefits

Employees may access a range of salary sacrifice benefits, including additional superannuation and leased motor vehicles.

PM&C did not offer performance pay to staff in 2018–19.

Performance Management Framework

This year PM&C increased its focus on initiatives to support the performance management framework. Key initiatives included targeted training and strengthened resources and practical information, along with the provision of specific coaching, advice and support for managers to empower timely resolution of performance concerns.

PM&C is also developing a comprehensive toolkit on performance management for managers. The new toolkit will promote a positive performance culture, further support early intervention and provide guidance to managers to assist them to positively apply PM&C's framework. It will provide managers with a series of practical guides, templates and checklists. The toolkit was released during July 2019.

Learning and development

In 2018–19, PM&C delivered an expanded learning and development program to drive transformation for PM&C and to equip our staff with the skills they need for the future. This program has included face-to-face learning sessions and guest speakers across a range of subjects such as wellbeing, economics, writing, performance, communication, leadership, policy and digital literacy. Employees can also access learning on demand through Learnhub, Lynda.com, studies assistance and coaching services.

PM&C is committed to building practical management expertise. The delivery of the Practical Management Workshop Series commenced with short, sharp sessions for middle managers on coaching for high performance, facilitating challenging conversations, managing workload and practising inclusive leadership.

To recognise leadership potential, employees have the opportunity to apply for unique development programs, study awards and scholarships. In 2018–19 we took a considered approach to aligning these opportunities to organisational priorities and potential to positively represent our organisation. We are proud to support our employees in the JAWUN APS Secondment Program, Atlantic Fellows for Social Equity Program, the Sir Roland Wilson PhD Scholarship and the Pat Turner Scholarship.

Work health and safety

PM&C is committed to promoting the health, safety and wellbeing of our workforce, providing a safe working environment and eliminating or minimising work health and safety risks.

The Secretary signed our Workplace Health and Safety Commitment statement on 15 October 2018. The statement reaffirms the executive's commitment to working with staff to build a safe and healthy workplace that values inclusion and sustains a healthy, capable workforce.

Strengthening our work health and safety (WHS) management systems remains a key focus for us. A number of initiatives were undertaken throughout 2018–19 to support this. For example, in consultation with staff, we:

- implemented a new WHS case management system for incident and hazard reporting, management escalation and risk assessment, and tracking corrective actions
- conducted PM&C's first Health, Safety and Wellbeing Survey to capture feedback and views on health and safety and to identify priority focus areas for 2019
- consulted on revised and new WHS policies and procedures
- developed a WHS dashboard that provides oversight of safety performance and the opportunity for proactive safety management
- rolled out mandatory WHS staff training
- integrated WHS awareness training into the new starter induction program and delivered officer education for new SES members through face-to-face delivery of due diligence training
- delivered campaigns to increase staff awareness of and participation in workplace safety and various wellbeing initiatives, including National Safe Work Month and Mental Health Awareness Week

- launched Mental Health Guru, an online staff training program which aims to increase mental health knowledge, decrease stigma and promote help-seeking behaviour for anxiety and depression
- established a community site on ShareHub to improve communication with health and safety representatives and workers through our workgroups.

On 13 September 2018, Comcare issued PM&C with an improvement notice to address psychosocial risks identified during previous inspections. PM&C responded in line with mandatory requirements on 12 October 2018. All directions were complied with.

A total of four incidents were mandatorily notified to Comcare in 2018–19. These included one incident of a serious injury or illness and three dangerous incidents.

Environmental performance

PM&C has a responsibility to the Australian Government and the wider community to minimise the impact of our operations on the environment.

In 2018–19 we continued to mitigate the effects of our impact on the environment by:

- including environmental impacts in our purchasing policies where appropriate
- complying with all relevant Commonwealth, state and territory environmental legislation, regulations, policies and initiatives
- using technology such as telepresence and desktop videoconferencing to facilitate meetings with interstate colleagues where appropriate
- encouraging and supporting staff to use environmentally friendly modes of transport
- embedding a flexible, activity-based working environment in Charles Perkins House, 16 Bowes Place, Woden; and continuing the implementation of the same flexible, activity-based approach to working at 1 National Circuit, Barton, resulting in the consolidation of the Canberra office accommodation from three to two properties
- co-locating with other agencies in regional locations as leases expire or when opportunities arise.

During 2018–19, we minimised our impacts on the environment in the areas of energy efficiency, waste and water use by:

- maintaining a National Australian Built Environment Rating System (NABERS) rating of five stars for whole building energy and four stars for water at the Andrew Fisher Building, 1 National Circuit, Barton
- maintaining a five-star base building NABERS rating for building energy at Charles Perkins House, 16 Bowes Place, Woden
- maintaining a four-star base building NABERS rating for building energy at Jacana House, 39 Wood St, Darwin
- monitoring energy usage at our properties across Australia to identify potential savings
- regularly monitoring levels of waste recycling
- moving to a 'paper-light office' by supporting the use of electronic document management and collaboration as well as digital and mobile technology solutions for many staff (iPads and laptops)
- using a 70,000 litre rainwater tank to flush toilets and water the gardens at Andrew Fisher Building, 1 National Circuit, Barton
- encouraging recycling by providing recycling bins as well as waste bins, with suitable waste composted by a recycling provider
- using drought tolerant plants in gardens at Andrew Fisher Building, 1 National Circuit, Barton
- participating in Earth Hour
- maintaining an Environmental Management System based on the Australian Standard AS/NZS ISO 14001
- defaulting office printers to black-and-white and two-sided printing
- using energy saver mode for most office equipment when not in use across Canberra office locations
- purchasing up to 10 per cent of the energy for tenant power from green power sources for Canberra offices.

Financial management

PM&C's 2018–19 financial statements are presented on pages 133–207 of this report. The Auditor-General issued an unmodified audit opinion of these statements, noting that PM&C has appropriate and effective financial controls.

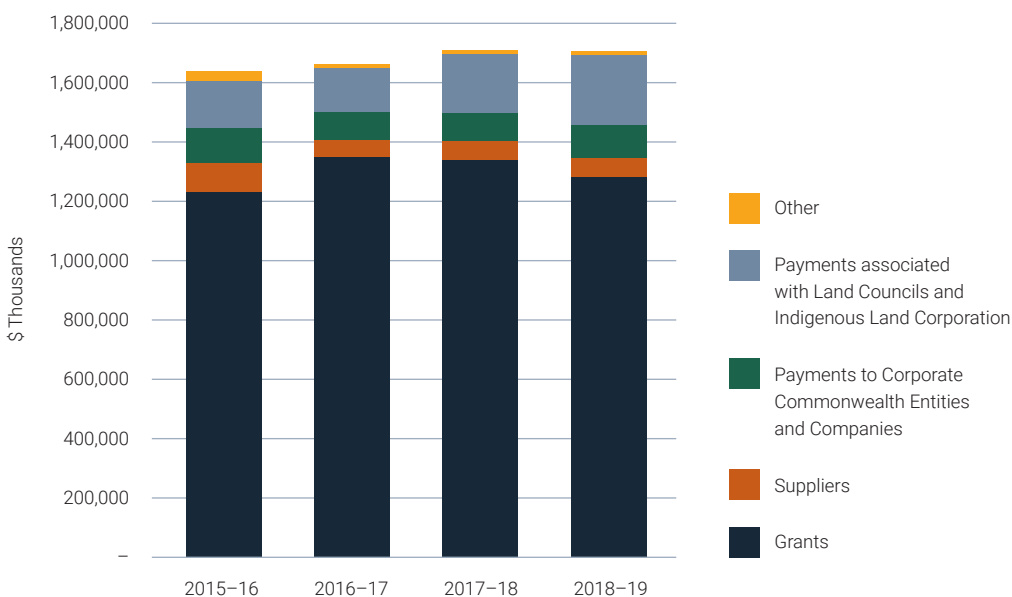
Activities administered on behalf of Government

In 2018–19, PM&C administered seven programs on behalf of government. Administered expenses totalled \$1,705.6 million and comprised primarily grant payments (\$1,281.9 million, 75.2 per cent of the total).

Administered expenditure included:

- \$1,576.0 million for Indigenous Affairs programs, of which \$208.3 million was payments in relation to ABA and \$53.3 million to the Indigenous Land and Sea Corporation
- \$111.1 million for payments to Corporate Commonwealth entities and companies
- \$18.5 million for Outcome 1 of which \$4.8 million was payments for Office for Women programs.

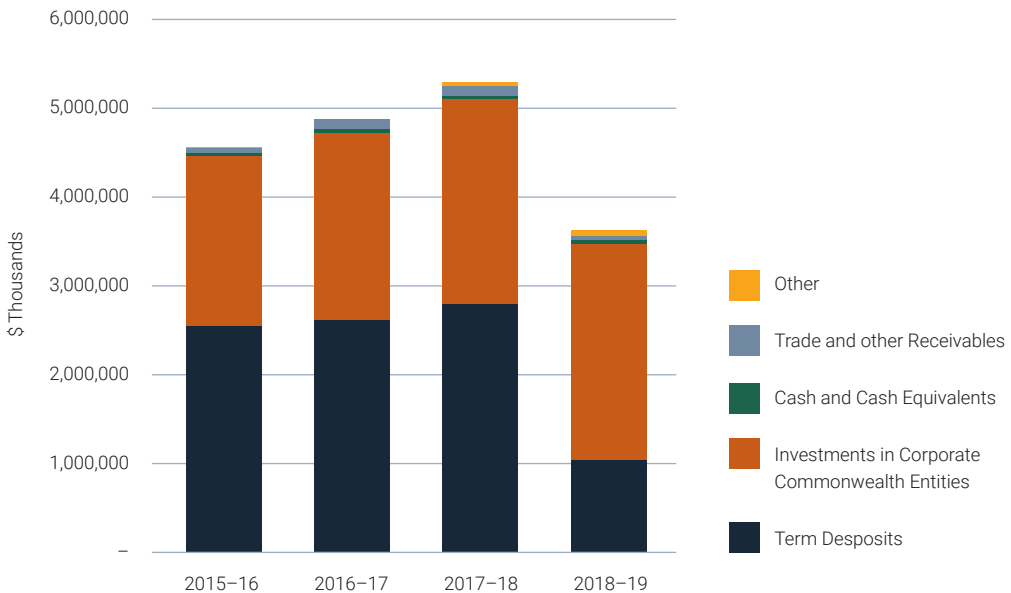
Graph 3.1: Breakdown of administered expenses



Administered revenue totalled \$75.2 million, and comprised primarily interest earned on the investment of funds held by the ABA and the Aboriginal and Torres Strait Islander Land Account (ATSILA) special accounts (\$57.4 million, 76.3 per cent of the total).

As at 30 June 2019, PM&C’s administered assets totalled \$3,619.7 million. Administered assets have decreased from prior years primarily due to the transfer of ATSIILA to the Aboriginal and Torres Strait Islander Land and Sea Future Fund, to be managed in the Finance Portfolio.

Graph 3.2: Breakdown of administered assets



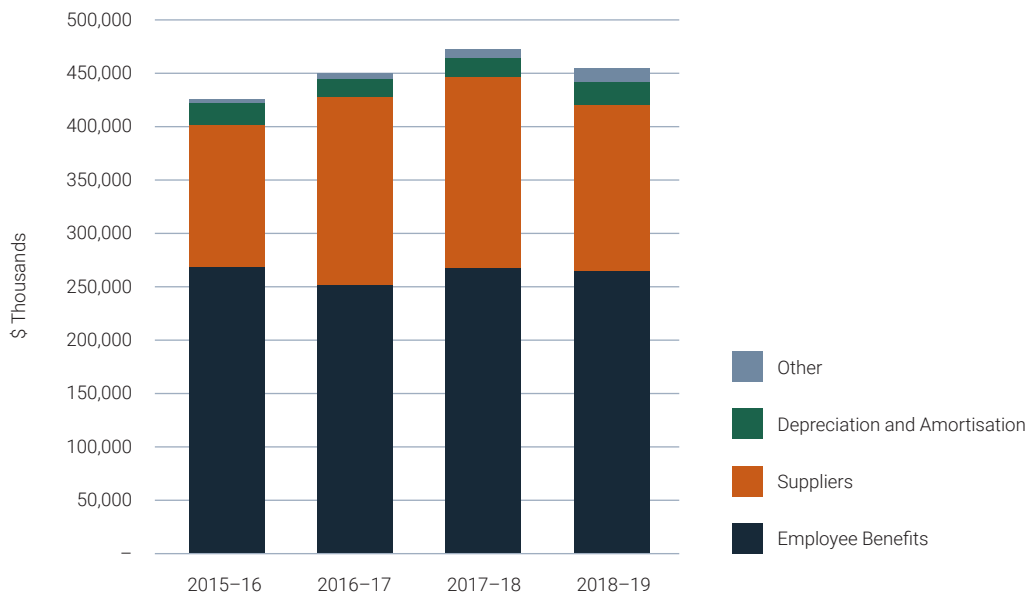
As at 30 June 2019, PM&C’s administered liabilities totalled \$54.8 million. This figure includes supplier and grant accruals and provision for future non-cash benefits to be provided to former Governors-General.

Departmental activities

PM&C reported an operating deficit of \$26.9 million. After adjusting for unfunded depreciation and amortisation expenses and non-cash asset write-downs and impairments, PM&C recorded an operating surplus of \$0.3 million.

In 2018–19 departmental expenses totalled \$455.5 million.

Graph 3.3: Breakdown of expenses



Departmental income totalled \$23.7 million and comprised sale of goods / rendering of services, resources received free of charge and asset gains. Departmental expenses have decreased from 2017–18 primarily due to ceasing taskforces and a reduction in contractor expenses.

As at 30 June 2019, PM&C had a positive net asset position of \$112.9 million. Assets totalled \$261.9 million. PM&C's liabilities totalled \$149.0 million as at 30 June 2019, including employee provisions, supplier accruals and lease liabilities. PM&C's assets and liabilities are broadly in line with the prior year and budgeted position.

Graph 3.4: Breakdown of assets

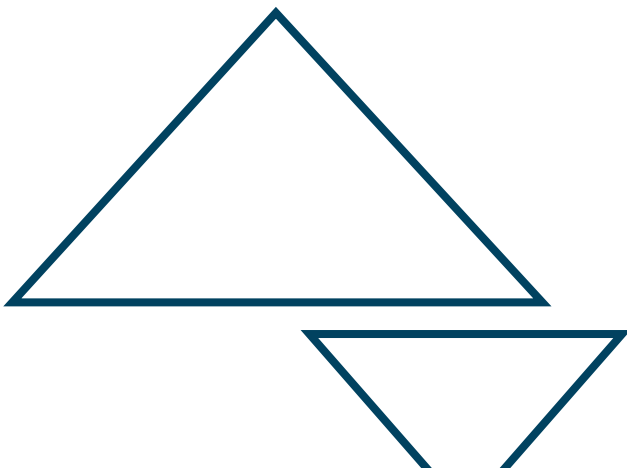
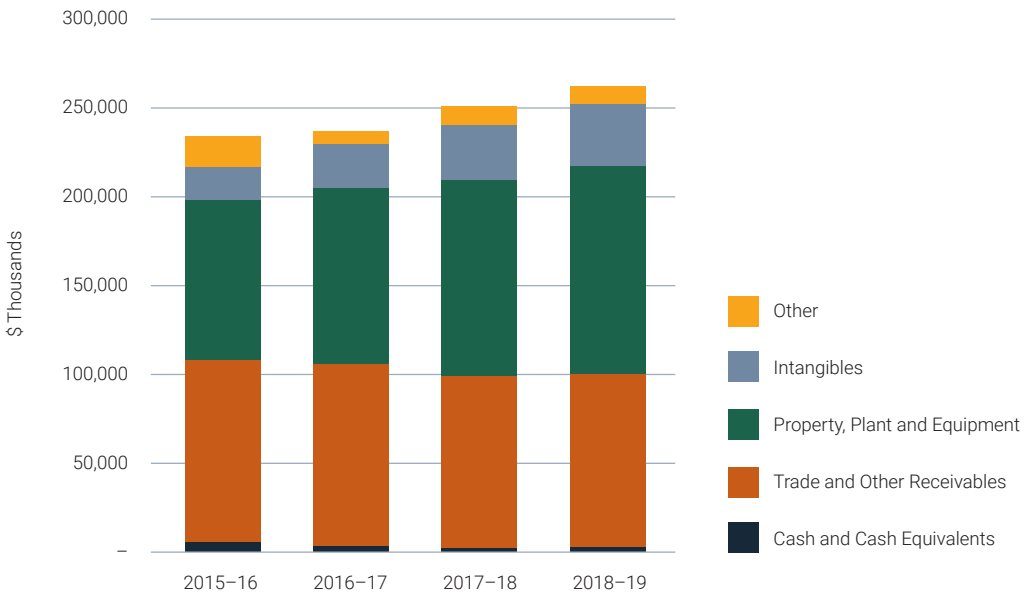


Table 3.24: Resourcing statement

	Actual available appropriation for 2018–19	Payments made 2018–19	Remaining balance 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Departmental appropriation ^{1,2}	537,753	442,747	95,006
Total	537,753	442,747	95,006
Administered expenses³			
Prior year administered appropriation	–	–	
Outcome 1: Prime Minister and Cabinet	16,183	15,523	
Outcome 2: Indigenous	1,244,461	1,223,040	
Payments to corporate Commonwealth entities and companies ⁴	111,105	111,105	
Total	1,371,749	1,349,668	
Total ordinary annual services	A 1,909,502	1,792,415	
Other services⁵			
Administered expenses			
Specific payments to states, ACT, NT and local government			
Prior year administered appropriation			
Outcome 1: Prime Minister and Cabinet			
Outcome 2: Indigenous	6,536	6,536	
Total	6,536	6,536	

	Actual available appropriation for 2018–19	Payments made 2018–19	Remaining balance 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Departmental non-operating			
Equity injections ⁶	14,854	7,791	7,063
Total	14,854	7,791	7,063
Administered non-operating			
Administered assets and liabilities			
Payments to corporate Commonwealth entities and companies non-operating	24,913	24,913	
Total	24,913	24,913	
Total other services	B	46,303	39,240
Total available annual appropriations and payments	A+B	1,955,805	1,831,655
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Aboriginal Land Rights (Northern Territory) Act 1976</i>		430,627	
<i>Higher Education Support Act 2003</i>		69,135	
Special appropriations limited by amount			
<i>Public Governance, Performance and Accountability Act 2013</i>			
Total special appropriations	C	499,762	

	Actual available appropriation for 2018–19	Payments made 2018–19	Remaining balance 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Special accounts⁷			
Opening balance	23,496		
Appropriation receipts	458,108		
Non-appropriation receipts to special accounts	2,628,945		
Payments made		3,072,771	
Total special accounts	D 3,110,549	3,072,771	37,778

Total resourcing and payments			
A+B+C+D	5,066,354	5,404,188	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or corporate Commonwealth entities and companies through annual appropriations	(594,126)	(594,126)	
Total net resourcing and payments for PM&C	4,472,228	4,801,062	

- 1 *Appropriation Act (No. 1) 2018–19*, including prior year departmental appropriation and section 74 retained revenue receipts, less permanent quarantines of \$1.190 million and section 75 transfers of \$1.237 million. For further details refer to Note 5.1 to the financial statements.
- 2 Includes an amount of \$12.146 million in 2018–19 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.
- 3 Includes an amount of \$1.276 million in 2018–19 for the administered capital budget; and \$2.513 million of section 51 quarantines. For accounting purposes, this amount has been designated as 'contributions by owners'.
- 4 Corporate Commonwealth entities are corporate Commonwealth entities and Commonwealth companies as defined under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- 5 *Appropriation Act (No. 2) 2018–19*.
- 6 *Appropriation Act (No. 2) 2018–19* equity injections and prior year equity injections.
- 7 Does not include special public money held in accounts like Services for Other Entities and Trust Moneys special accounts (SOETM).

Native plants are used to create bush products by female Yirralka Rangers
(Image: Kaet Lovell)



Table 3.25: Expenses by outcome

Expenses for Outcome 1

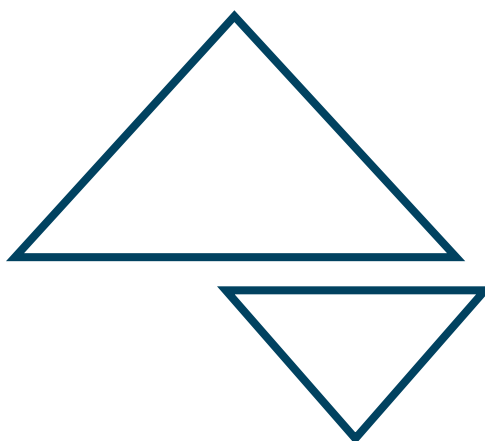
Outcome 1: Provide high-quality policy advice and support to the Prime Minister, the Cabinet, portfolio ministers and parliamentary secretaries, including through the coordination of government activities, policy development, and program delivery.

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Program 1.1: Prime Minister and Cabinet			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Acts Nos 1, 3 and 5)	16,898	14,282	2,616
Special appropriations	–	–	–
Expenses not requiring appropriation in the Budget year ²	2,728	4,227	(1,499)
<i>Departmental expenses</i>			
Departmental appropriation ¹	152,267	150,974	1,293
Expenses not requiring appropriation in the Budget year ²	10,349	11,072	(723)
Total for Program 1.1	182,242	180,555	1,687
Outcome 1 Totals by appropriation type			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1)	16,898	14,282	2,616
Special appropriations	–	–	–
Expenses not requiring appropriation in the Budget year ²	2,728	4,227	(1,499)
<i>Departmental expenses</i>			
Departmental appropriation ¹	152,267	150,974	1,293
Expenses not requiring appropriation in the Budget year ²	10,349	11,072	(723)
Total expenses for Outcome 1	182,242	180,555	(1,687)

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
	2018–19 Budget	2018–19 Actuals	
Average staffing level (number)	609	642	(33)

* Full year budget, including any subsequent adjustment made.

- 1 Departmental appropriation combines ordinary annual services (Appropriation Acts Nos 1 and 3) and Retained Revenue Receipts under section 74 of the PGPA Act.
- 2 Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses, impairment of receivables, make-good expense, audit fees and services provided free of charge.



Expenses for Outcome 2

Outcome 2: Improve results for Indigenous Australians including in relation to school attendance, employment and community safety, through delivering services and programs, and through measures that recognise the special place that Indigenous people hold in this nation.

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Program 2.1: Jobs, Land and Economy			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ³	658,894	620,190	38,704
Special appropriations	441,021	430,627	10,394
Special accounts	284,939	258,859	26,080
Payments to corporate entities	18,511	18,511	–
Less expenses made from appropriations credited to special accounts	(440,000)	(429,608)	(10,392)
Expenses not requiring appropriation in the Budget year ²	–	1,535	(1,535)
Total for Program 2.1	963,365	900,114	63,251
Program 2.2: Children and Schooling			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ³	219,000	248,805	(29,805)
Other services (Appropriation Act No. 2)	6,536	6,536	–
Special appropriations	69,136	69,135	1
Expenses not requiring appropriation in the Budget year ²	–	404	(404)
Total for Program 2.2	294,672	324,880	(30,208)

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Program 2.3: Safety and Wellbeing			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ²	245,311	260,101	(14,790)
Special accounts	–	118	(118)
Payments to corporate entities	36,323	36,323	–
Expenses not requiring appropriation in the Budget year ²	–	30	(30)
Total for Program 2.3	281,634	296,572	(14,938)
Program 2.4: Culture and Capability			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ²	48,396	48,165	231
Payments to corporate entities	20,388	20,388	–
Expenses not requiring appropriation in the Budget year	–	126	(126)
Total for Program 2.4	68,784	68,679	105
Program 2.5: Remote Australia Strategies			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ³	66,975	62,306	4,669
Special accounts	22,000	15,709	6,291
Payments to corporate entities	35,883	35,883	–
Less expenses made from appropriations credited to special accounts	–	(28,500)	28,500
Expenses not requiring appropriation in the Budget year ²	–	(3)	3
Total for Program 2.5	124,858	85,395	39,463

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Program 2.6: Evaluation and Research			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1) ³	12,487	11,421	1,066
Expenses not requiring appropriation in the Budget year ²	–	–	–
Total for Program 2.5	12,487	11,421	1,066
Program 2.7: Program Support			
<i>Departmental expenses</i>			
Departmental appropriation ¹	273,341	271,296	2,045
Expenses not requiring appropriation in the Budget year ³	11,103	22,181	(11,078)
Total for Program 2.6	284,444	293,477	(9,033)
Outcome 2 Totals by appropriation type			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1)	1,251,063	1,250,988	75
Other services (Appropriation Act No. 2)	6,536	6,536	–
Special appropriations	510,157	499,762	10,395
Special accounts	306,939	274,686	32,254
Payments to corporate entities	111,105	111,105	–
Expenses not requiring appropriation in the Budget year ²	–	2,092	(2,092)
Less expenses made from appropriations credited to special accounts	(440,000)	(458,108)	18,108
<i>Departmental expenses</i>			
Departmental appropriation ¹	273,341	271,296	2,045
Expenses not requiring appropriation in the Budget year ²	11,103	22,181	(11,078)
Total expenses for Outcome 2	2,030,244	1,980,538	49,706

	Budget* 2018–19	Actual Expenses 2018–19	Variation 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
	2018–19 Budget	2018–19 Actuals	
Average staffing level (number)	1,448	1,248	200

* Full year budget, including any subsequent adjustment made.

- 1 Departmental appropriation combines ordinary annual services (Appropriation Acts No. 1 and 3) and retained revenue receipts under section 74 of the PGPA Act.
- 2 Expenses not requiring appropriation in the Budget year is made up of depreciation and amortisation expenses, impairment of receivables, valuation of employee provisions, make good expense, audit fees and other non-cash expense items.
- 3 The variances in administered Outcome 2 programs in 'Ordinary annual services' relates to the transfer of funding between programs. These transfers were approved by the Minister for Indigenous Affairs and the Minister for Finance (where required).

Procurement

In 2018–19, PM&C undertook procurement and purchasing activities in accordance with the principles set out in the Commonwealth Procurement Rules (CPRs).

The CPRs are applied to PM&C's procurement activities through the Secretary's Instructions (now Accountable Authority Instructions) and Financial Rules and are supported by the provision of centralised advice on all procurement matters. This ensures that PM&C undertakes competitive, non-discriminatory procurement processes; uses resources efficiently, effectively, economically and ethically; and makes decisions in an accountable manner.

In 2018–19, PM&C awarded over 98 new contracts to Indigenous businesses. This represents around 11 per cent of the total 881 PM&C contracts with a value over \$10,000 awarded in 2018–19. The total estimated contract value of contracts that PM&C awarded to Indigenous businesses in 2018–19 was \$21.95 million, or around an estimated 17 per cent of total contract value. PM&C has refreshed its Indigenous Procurement Strategy in line with the 2019–20 PM&C Reconciliation Action Plan.

PM&C's standard contract templates include provisions allowing the Auditor-General to have access to the relevant contractor's premises. Contracts of \$100,000 or greater (inclusive of GST) that were let during 2018–19 provided for the Auditor-General to have access to the relevant contractor's premises where appropriate.

There were no contracts in 2018–19 in excess of \$10,000 (inclusive of GST) that were exempt from being reported on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Information on procurements expected to be undertaken in 2019–20 through an open approach to market is published in PM&C's annual procurement plan, available on the AusTender website (www.tenders.gov.au).

Consultants

PM&C engages consultants for specialist expertise or when independent research, review or assessment is required. Decisions to engage consultants during 2018–19 were made in accordance with the PGPA Act and related regulations, including the CPRs and relevant internal policies.

During 2018–19, 57 new consultancy contracts were entered into involving total actual expenditure of \$5.74 million. In addition, 35 ongoing consultancy contracts were active during the period involving total actual expenditure of \$4.68 million. Details of trends in consultancies are shown in Table 3.26. This annual report contains information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

Table 3.26: Trends in consultancies

Consultancies	2018–19	2017–18	2016–17
Number of existing consultancies	35	24	13
Number of new consultancies	57	101	91
Total consultancies	92	125	104
Total expenditure	\$10.42m	\$7.05m	\$3.29m

Small and medium enterprises

PM&C recognises 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.

PM&C supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SMEs) and small enterprise participation statistics are available on the Department of Finance website (www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts). PM&C's procurement practices support SMEs by adopting whole-of government solutions to simplify interactions with SMEs. This includes using the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000.

Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, PM&C is required to disclose payments of \$13,000 or more (inclusive of GST) for advertising and market research.

PM&C did not conduct advertising campaigns during 2018–19.

Table 3.27 Advertising and market research expenditure per vendor, 2018–19

Firm	Service provided	2018–19 payments made in \$ (not incl. GST)	2018–19 payments made in \$ (incl. GST)
Mediabrand Australia Pty Ltd Universal McCann	Recruitment services.	85,681	94,249
	State funeral newspaper notices for the Hon Bob Hawke AC, the Hon Dr John Herron AO and the Hon Gordon Scholes AO.	23,771	26,148
Australian Public Service Commission	Recruitment services.	39,090	42,999
Newgate Communications Pty Ltd	Community Sentiment Research Project, including analysis of public opinion on government data sharing and release of legislation.	290,130	319,143
Orima Research Pty Ltd	State of the Service Survey.	66,873	75,560
The Social Research Centre Pty Ltd	Citizen Survey: Research to reach a wider audience group through the use of mixed approaches (phone, internet) to ask about service delivery experience.	54,581	60,039
University of Canberra	Citizen Survey: Research to gain a richer understanding of service delivery in different geographical locations.	206,620	227,281

Asset management

PM&C manages its assets in accordance with the Secretary's Instructions, relevant accounting standards and Department of Finance requirements.

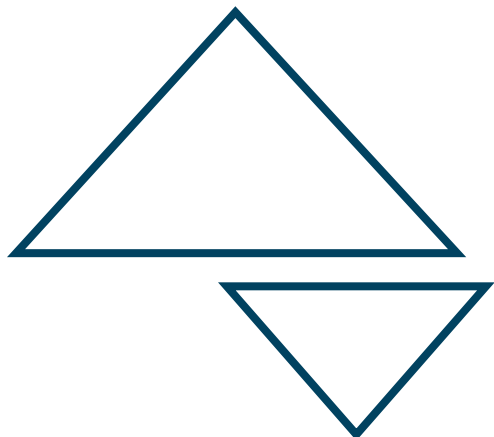
In 2018–19, PM&C administered significant strategic assets, in the form of investments, on behalf of the Australian Government for two special accounts: the Aboriginals Benefit Account (ABA) and the Aboriginal and Torres Strait Islander Land Account (ATSILA). Both the ABA and ATSIILA investment strategies are focused on cash-flow requirements, preservation of the fund and management of risks. Moneys that are surplus to immediate requirements are invested under section 58 of the PGPA Act. For further detail, refer to the ABA annual report in the appendices.

Non-compliance with finance law

No significant instances of non-compliance requiring a report to the responsible Minister in accordance with the PGPA Act have been recorded in the Department for 2018–19.

Grant programs

Information on grants awarded by PM&C during the period 1 July 2018 to 30 June 2019 is available on the Department's website at www.pmc.gov.au.



Part four



Financial statements

**Department of the
Prime Minister and Cabinet**



INDEPENDENT AUDITOR'S REPORT

To the Prime Minister

Opinion

In my opinion, the financial statements of the Department of the Prime Minister and Cabinet ('the Entity') for the year ended 30 June 2019:

- (a) comply with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity, as at 30 June 2019, and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code), to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Key audit matter	How the audit addressed the matter
<p>Occurrence of Grants expenses</p> <p><i>Refer to Note 2.1C Grants</i></p> <p>Up to 30 June 2019, the Entity administered Indigenous grants across five programs. I focused on the validity of grants expenses given the significant value of transactions involved, their diverse nature and the fact that these grants are delivered across geographically dispersed locations under non-uniform operational and control environments.</p> <p>For the year ended 30 June 2019, the Department of the Prime Minister and Cabinet reported Administered grants expenses of \$1.28 billion.</p>	<p>To audit the occurrence of grants expenses, I performed the following audit procedures:</p> <ul style="list-style-type: none"> evaluated the design and operating effectiveness of the control framework, including information technology controls, supporting grants management. This included mechanisms for the recording, disbursement and monitoring of grant expenses; and examined, on a sample basis, grant approvals and assessments of grantee performance to substantiate grant expenses and compliance with relevant legislation and/or grant agreements.

Secretary's Responsibility for the Financial Statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with the Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;

- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Clea Lewis
Executive Director

Delegate of the Auditor-General

Canberra

30 August 2019

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of the Prime Minister and Cabinet will be able to pay its debts as and when they fall due.



Dr Martin Parkinson AC PSM
Secretary
30 August 2019



Paul Wood
Chief Financial Officer
30 August 2019

DEPARTMENT OF THE PRIME MINISTER AND CABINET STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	264,619	267,962	275,757
Suppliers	1.1B	156,308	178,927	141,578
Grants		7,208	1,224	402
Depreciation and amortisation	3.2	21,804	18,408	18,763
Finance costs		7	10	13
Impairment loss allowance on financial instruments		151	16	-
Write-down and impairment of other assets		5,376	6,705	-
Losses from asset sales	1.1C	42	117	-
Total expenses		455,515	473,369	436,513
Own-source income				
Own-source revenue				
Rendering of services	1.2A	19,078	16,726	14,333
Resources received free of charge	1.2B	4,554	9,566	-
Total own-source revenue		23,632	26,292	14,333
Gains				
Other gains	1.2C	99	5,633	2,627
Total gains		99	5,633	2,627
Total own-source income		23,731	31,925	16,960
Net cost of services		431,784	441,444	419,553
Revenue from Government - departmental appropriations		404,857	417,447	400,790
Deficit		(26,927)	(23,997)	(18,763)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		2,818	(823)	-
Total comprehensive loss		(24,109)	(24,820)	(18,763)

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		2,160	1,910	2,976
Trade and other receivables	3.1	96,994	96,643	102,910
Accrued revenue - recovery of departmental costs		1,876	4,056	3,793
Total financial assets		101,030	102,609	109,679
Non-financial assets				
Property, plant and equipment	3.2	117,584	110,739	127,231
Intangibles	3.2	34,713	30,372	28,000
Prepayments		7,650	4,573	5,039
Total non-financial assets		159,947	145,684	160,270
Assets held for sale - land and buildings		1,012	1,825	250
Total assets		261,989	250,118	270,199
LIABILITIES				
Payables				
Trade creditors and accruals		19,035	22,709	25,082
Grants - non-profit organisations		-	232	303
Other payables	3.3	43,135	36,299	39,535
Total payables		62,170	59,240	64,920
Provisions				
Employee provisions	6.1A	86,197	78,629	78,448
Make good provisions	3.4	642	645	1,102
Total provisions		86,839	79,274	79,550
Total liabilities		149,009	138,514	144,470
Net assets		112,980	111,604	125,729
EQUITY				
Contributed equity		221,226	195,741	213,269
Accumulated deficit		(116,824)	(89,897)	(94,123)
Reserves		8,578	5,760	6,583
Total equity		112,980	111,604	125,729

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	195,741	173,209	192,014
Adjustment for changes in accounting policies	(584)	-	-
Adjusted opening balance	195,157	173,209	192,014
Transactions with owners			
Distributions to owners			
Returns of capital:			
Restructuring ¹	-	127	-
Other	-	-	818
Contributions by owners			
Appropriation (equity injection)	8,273	11,694	8,273
Departmental Capital Budget (DCB)	17,796	10,711	12,164
Total transactions with owners	26,069	22,532	21,255
Closing balance as at 30 June	221,226	195,741	213,269
ACCUMULATED DEFICIT			
Opening balance			
Balance carried forward from previous period	(89,897)	(65,900)	(75,025)
Adjusted opening balance	(89,897)	(65,900)	(75,025)
Comprehensive income			
Deficit for the period	(26,927)	(23,997)	(18,763)
Total comprehensive income	(26,927)	(23,997)	(18,763)
Transactions with owners			
Distributions to owners			
Returns of capital:			
Distribution of equity	-	-	2,536
Other	-	-	(2,871)
Total transactions with owners	-	-	(335)
Closing balance as at 30 June	(116,824)	(89,897)	(94,123)

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original budget \$'000
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	5,760	6,583	6,583
Adjusted opening balance	5,760	6,583	6,583
Comprehensive income			
Other comprehensive income	2,818	(823)	-
Total comprehensive income	2,818	(823)	-
Closing balance as at 30 June	8,578	5,760	6,583
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	111,604	113,892	123,572
Adjustment for changes in accounting policies	(584)		
Adjusted opening balance	111,020	113,892	123,572
Comprehensive income			
Other comprehensive income	2,818	(823)	-
Deficit for the period	(26,927)	(23,997)	(18,763)
Total comprehensive income	(24,109)	(24,820)	(18,763)
Transactions with owners			
Distributions to owners			
Returns of capital:			
Distribution of equity	-	-	2,536
Restructuring ¹	-	127	-
Other	-	-	(2,053)
Contributions by owners			
Appropriation (equity injection)	8,273	11,694	8,273
Departmental Capital Budget (DCB)	17,796	10,711	12,164
Total transactions with owners	26,069	22,532	20,920
Closing balance as at 30 June	112,980	111,604	125,729

¹ Refer Note 8.2 Restructuring.

Accounting Policy

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and DCBs are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to/from Owners

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET
CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019	2018	Original budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services	26,964	25,324	14,333
GST received	20,546	18,892	-
Appropriations	421,197	460,342	420,832
Total cash received	468,707	504,558	435,165
Cash used			
Employees	260,047	255,114	275,508
Suppliers	167,901	200,752	142,214
Grants	7,440	1,295	2,458
Retained receipts transferred to Official Public Account	27,889	26,047	16,833
Total cash used	463,277	483,208	437,013
Net cash from / (used by) operating activities	5,430	21,350	(1,848)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	1,238	1,019	2,500
Total cash received	1,238	1,019	2,500
Cash used			
Purchase of property, plant and equipment	23,196	31,548	20,437
Purchase of intangibles	12,803	10,809	-
Other investing	10	31	-
Total cash used	36,009	42,388	20,437
Net cash used by investing activities	(34,771)	(41,369)	(17,937)
FINANCING ACTIVITIES			
Cash received			
Contributed equity			
Equity injections	7,791	9,665	19,785
Departmental capital budget	21,800	9,288	-
Total cash received	29,591	18,953	19,785
Net cash from financing activities	29,591	18,953	19,785
Net increase in cash held	250	(1,066)	-
Cash and cash equivalents at the beginning of the reporting period	1,910	2,976	2,976
Cash and cash equivalents at the end of the reporting period	2,160	1,910	2,976

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 BUDGET COMMENTARY**
 for the period ended 30 June 2019

Departmental Budget Variance Commentary:	
The below table provides commentary for significant variances between PM&C's original budget estimates, as published in the 2018-19 Portfolio Budget Statements, and the actual expenditure and net asset position for the year.	
Explanation of major variances	Affected line items (and statement)
Grants: The Data Integration Partnership for Australia Grant and the Future Female Entrepreneurs Program Grant were not included in the 2018-19 original budget.	Grants - Statement of Comprehensive Income
Additional taskforces: the ongoing use of taskforces contributed to supplier expenses and own-source revenue (due to seconded employees from other government entities) being higher than budget.	Supplier expense - Statement of Comprehensive Income Resources received free of charge - Statement of Comprehensive Income Payments to suppliers - Cash Flow Statement
Departmental Capital Budget: Prior year funding was rolled over from 2017-18 to 2018-19 which was agreed by Department of Finance (Finance) but not formally re-appropriated. The funding was not quarantined and PM&C used the funding for approved projects.	Purchase of Property, Plant and Equipment and Intangibles - Cash Flow Statement

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2.1A	1,515	1,198	918
Suppliers	2.1B	62,011	60,648	52,084
Subsidies - Petrol Sniffing Prevention Strategy		149	300	1,688
Grants	2.1C	1,281,851	1,340,924	1,312,337
Depreciation	4.2	349	318	349
Finance costs		3,878	348	324
Impairment loss allowance on financial instruments		2,091	2,814	-
Write-down and impairment of other assets		-	13	-
Payments associated with Land Councils	2.1D	181,711	147,325	127,803
Payments to Corporate Commonwealth entities and companies	2.1E	111,105	94,929	111,105
Payments to Indigenous Land and Sea Corporation ¹		53,290	52,296	53,626
Mining withholding tax		7,618	6,532	-
Total expenses		1,705,568	1,707,645	1,660,234
Income				
Revenue				
Non-taxation revenue				
Interest	2.2A	60,702	76,888	82,023
Other revenue	2.2B	14,463	13,264	13,632
Total non-taxation revenue		75,165	90,152	95,655
Total revenue		75,165	90,152	95,655
Gains				
Other gains		3,237	948	-
Total gains		3,237	948	-
Total income		78,402	91,100	95,655
Net cost of services		1,627,166	1,616,545	1,564,579
Deficit		(1,627,166)	(1,616,545)	(1,564,579)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves		93,053	131,755	-
Items subject to subsequent reclassification to net cost of services				
Actuarial loss - former Governors-General entitlements	6.1C	(3,257)	(354)	-
Total other comprehensive income/(loss)		89,796	131,401	-
Total comprehensive loss		(1,537,370)	(1,485,144)	(1,564,579)

¹ Payment made from the Aboriginal and Torres Strait Islander Land Account (Special Account). The original budget amount was published in the 2018-19 Portfolio Budget Statement as 'Other Expenses'.

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	39,062	23,576	34,699
Trade and other receivables	4.1B	56,452	102,507	105,680
Term deposits		1,042,500	2,798,741	3,115,008
Investments in Corporate Commonwealth entities	4.1C	2,427,299	2,309,766	2,005,762
Total financial assets		3,565,313	5,234,590	5,261,149
Non-financial assets				
Property, plant and equipment	4.2	50,650	50,342	51,618
Prepayments		3,719	3,147	1,827
Total non-financial assets		54,369	53,489	53,445
Total assets administered on behalf of Government		3,619,682	5,288,079	5,314,594
LIABILITIES				
Payables				
Trade creditors and accruals		8,549	3,967	6,497
Grants	4.3A	23,964	48,197	40,791
Other payables	4.3B	2,883	1,435	782
Total payables		35,396	53,599	48,070
Provisions				
Employee provisions	6.1B	433	293	260
Non-cash benefits - former Governors-General	6.1C	18,909	13,251	14,425
Other provisions		105	105	-
Total provisions		19,447	13,649	14,685
Total liabilities administered on behalf of Government		54,843	67,248	62,755
Net assets		3,564,839	5,220,831	5,251,839

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET ADMINISTERED BUDGET COMMENTARY

as at 30 June 2019

Administered Budget Variance Commentary:

The below table provides commentary for significant variances between PM&C's original budget estimates for administered functions, as published in the 2018-19 Portfolio Budget Statements, and the actual expenditure and net asset position for the year.

Explanation of major variances	Affected line items (and statement)
<p>Royalty equivalent income: statutory payments to royalty associations were higher than the original budget due to additional mining royalty equivalent income received by the Aboriginals Benefit Account. 30% of royalty equivalent income received is distributed to relevant Land Councils.</p>	<p>Payments associated with Land Councils - Administered Schedule of Comprehensive Income</p>
<p>Corporate Commonwealth Entities: increases to the net asset positions of the Indigenous Land and Sea Corporation and the Indigenous Business Australia is the main reason for investments in Corporate Commonwealth entities being higher than budget.</p>	<p>Investments in Corporate Commonwealth entities – Statement of Financial Position Changes in asset revaluation reserves – Other comprehensive income</p>
<p>Aboriginal and Torres Strait Islander Land Account (ATSILA): the balance of the ATSILA special account was transferred from PM&C to the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF) on 1 February 2019, to be managed in the Finance Portfolio. The new Indigenous Land and Sea Corporation Funding Special Account was also established to continue payments to the Indigenous Land and Sea Corporation.</p>	<p>Interest income – Administered Schedule of Comprehensive Income, Term Deposits – Administered Schedule of Assets and Liabilities and Restructuring – Administered Reconciliation Schedule</p>

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2019

	2,019	2018
	\$'000	\$'000
Opening assets less liabilities as at 1 July	5,220,831	4,813,353
Adjustment for changes in accounting policies	(3,141)	-
Net cost of services		
Income	78,402	91,100
Expenses		
Payments to entities other than Corporate Commonwealth entities and companies	(1,541,173)	(1,560,420)
Payments to Indigenous Land and Sea Corporation	(53,290)	(52,296)
Payments to Corporate Commonwealth entities and companies	(111,105)	(94,929)
Other comprehensive income		
Revaluations transferred to reserves	93,053	131,755
Actuarial (loss) through equity	(3,257)	(354)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriation for administered expenses (non-corporate Commonwealth entities and companies)	1,404,210	1,415,282
Annual appropriation for payment to Corporate Commonwealth entities and companies	111,105	94,929
Special appropriations (non-Corporate Commonwealth entities and companies)	533,839	406,731
Special account	1,433	1,617
Transfers to Official Public Account	(181,376)	(137,955)
Transfers to Official Public Account Special accounts	(1,433)	(1,617)
Transfer of investment funds to Government ¹	(2,007,609)	-
Equity injection to Corporate Commonwealth entities and companies	24,913	23,850
Restructuring ²	-	89,785
Other ³	(563)	-
Closing assets less liabilities as at 30 June	3,564,839	5,220,831

¹The Aboriginal and Torres Strait Islander Land Account transferred to the Finance Portfolio on 1 February 2019.

²Refer Note 8.2 Restructuring.

³Adjustment to opening balance for reversal of accrued interest.

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by PM&C for use by the Government rather than for PM&C is administered revenue. Collections are transferred to the Official Public Account (OPA), maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by PM&C on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF THE PRIME MINISTER AND CABINET ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
GST received		105,868	120,323
Other		2,599	2,065
Total cash received		108,467	122,388
Cash used			
Employees		1,372	1,156
Suppliers		59,771	62,822
Subsidy payments		149	300
Grant payments		1,405,755	1,440,193
Payments to Corporate Commonwealth entities and companies		111,105	94,929
Payments associated with Land Councils		181,711	147,325
Payments to Indigenous Land and Sea Corporation		53,290	52,296
Other		3,200	6,528
Total cash used		1,816,353	1,805,549
Net cash used by operating activities		(1,707,886)	(1,683,161)
INVESTING ACTIVITIES			
Cash received			
Proceeds from realisation of investments		2,571,374	2,696,110
Interest on investments and loans		54,148	72,928
Repayment of loans		29,660	5,381
Total cash received		2,655,182	2,774,419
Cash used			
Purchase of property, plant and equipment		224	-
Payments to Corporate Commonwealth entities and companies		24,913	23,850
Purchase of investments		2,433,243	2,882,741
Total cash used		2,458,380	2,906,591
Net cash used by investing activities		196,802	(132,172)
Net decrease in cash held		(1,511,084)	(1,815,333)
Cash and cash equivalents at the beginning of the reporting period		23,576	36,072
Cash from Official Public Account			
Appropriations		2,074,067	1,940,792
Special Accounts		1,433	1,617
Total cash from the Official Public Account		2,075,500	1,942,409
Cash to Official Public Account			
Appropriations		(181,376)	(137,955)
Special Accounts		(1,433)	(1,617)
Return of investment fund to Government		(366,122)	-
Total cash to the Official Public Account		(548,931)	(139,572)
Cash and cash equivalents at the end of the reporting period	4.1A	39,062	23,576

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

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DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

Overview

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability (PGPA) Act*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except where certain assets and liabilities are recorded at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars, and are rounded to the nearest thousand dollars unless otherwise specified.

The Department of the Prime Minister and Cabinet (PM&C) is a not-for-profit entity for the purposes of preparing the financial statements.

Except where stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Taxation

PM&C is exempt from all forms of taxation except Fringe Benefits Tax (FBT), the Goods and Services Tax (GST) and Mining Withholding Tax (WHT).

New Australian accounting standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

AASB 9 Financial Instruments is applicable to the current reporting period and the financial impact is recorded in the financial statements for the period ended 30 June 2019.

Compliance with statutory conditions for payments from the consolidated revenue fund

During 2018-19 PM&C reviewed its exposure to the risk of not complying with statutory conditions on payments from appropriations, namely section 83 of the Constitution.

The review identified the following technical breach:

- The Aboriginals Benefit Account (ABA) special account – testing of transactions revealed that three payments made from the ABA under section 64(3) of the *Aboriginal Land Rights (Northern Territory) Act 1976* (the ALRA), contravened section 83 of the Constitution totalling \$1.660 million. The payments were a technical contravention, despite the payments having been made in accordance with the requirements of section 64(3) of the ALRA. No overpayments have been recovered through reduction of subsequent payments, therefore the remaining \$1.660 million will be offset against future payments. Overpayments from previous years of \$0.507 million were partially recovered during the year and the remaining \$0.034 million will be offset against future payments.

Payments are required to be made out of the ABA based on royalties received by the Northern Territory and Australian Governments. The contraventions occur when the royalties upon which the payments were based had been estimated at a value greater than the eventual actual value. Legislation has been prepared, and is awaiting presentation to Parliament, to reduce the risks of non-compliance associated with these payments to an acceptably low level.

PM&C will continue to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. Where possible, amendments to legislation will continue to be progressed.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

Events after the reporting period

On 26 May 2019, the Prime Minister announced that the Indigenous Affairs Group (IAG), part of PM&C as at 30 June, is to become an Executive Agency in its own right and will be named the National Indigenous Australians Agency (NIAA) from the 1 July 2019. The new agency will be responsible for the following: to lead and coordinate Commonwealth policy development, program design and implementation and service delivery for Aboriginal and Torres Strait Islander people; and to provide advice to the Prime Minister and the Minister for Indigenous Australians on whole-of-government priorities for Aboriginal and Torres Strait Islander people.

On 5 July 2019, the Prime Minister requested the Minister for Finance to amend the *Public Governance, Performance and Accountability Rule 2016* (PGPA OPH Rule) to reflect the transfer of responsibility for Old Parliament House from the Communications and the Arts portfolio to the Prime Minister and Cabinet portfolio. This request was agreed to by the Minister for Finance on 14 August 2019.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

1. Departmental Financial Performance

This section analyses the financial performance of the Department of the Prime Minister and Cabinet for the period ended 30 June 2019.

1.1. Expenses

	2019	2018
	\$'000	\$'000
Note 1.1A: Employee benefits		
Wages and salaries	189,372	191,968
Superannuation		
Defined contribution plans	18,919	18,016
Defined benefit plans	17,006	18,515
Leave and other entitlements	33,551	30,252
Separation and redundancies	2,705	5,576
Other	3,066	3,635
Total employee benefits	264,619	267,962
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants, legal, contractors and secondees	51,817	53,304
Equipment, repairs and maintenance	6,583	10,929
General expenses ¹	12,863	14,268
Venue hire	443	2,774
Office accommodation, facility management and security	5,826	5,879
Information, communication and technology	30,976	40,615
Travel	11,020	14,250
Total goods and services supplied or rendered	119,528	142,019
Goods supplied	7,975	13,422
Services rendered	111,553	128,597
Total goods and services supplied or rendered	119,528	142,019
Other suppliers		
Operating lease rentals	34,259	34,074
Workers compensation expenses	2,521	2,834
Total other supplier expenses	36,780	36,908
Total suppliers	156,308	178,927
Leasing commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	24,195	25,755
Between 1 to 5 years	94,224	92,166
More than 5 years	199,819	221,175
Total operating lease commitments	318,238	339,096

Note: Commitments are GST inclusive where relevant.

Operating lease commitments - leases for office accommodation

Office accommodation lease payments are subject to periodic increases in accordance with the rent review provisions in the lease agreements.

Operating leases comprise 89 leases for office accommodation (2018: 80).

¹ Includes \$0.005 million audit fees to the ANAO for the financial statements audit of the Aboriginal and Torres Strait Islander Land Account (ATSILA) (2018: \$0.029 million), which is not a resource received free of charge.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

Accounting Policy

Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease.

Lease payments are allocated between the principal component and the interest expense.

PM&C currently has five (2018: five) agreements for the leasing of premises which have provisions requiring the premises to be restored to their original condition at the conclusion of the lease. PM&C has recognised a make good provision to reflect the present value of this obligation.

	2019	2018
	\$'000	\$'000
Note 1.1C: Losses from asset sales		
Property, plant and equipment		
Proceeds from sale	1,238	1,019
Carrying value of asset sold	(1,270)	(1,105)
Selling expense	(10)	(31)
Total losses from asset sales	42	117

Accounting Policy

Gains or losses from disposal of assets are recognised when control of the asset has passed to the buyer.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

1.2. Own-Source Revenue and Gains

	2019 \$'000	2018 \$'000
Own-source revenue		
<u>Note 1.2A: Sale of goods and rendering of services</u>		
Rendering of services	<u>19,078</u>	<u>16,726</u>
Total sale of goods and rendering of services	<u>19,078</u>	<u>16,726</u>

Accounting Policy

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured.
- The probable economic benefits associated with the transaction will flow to PM&C.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1.2B: Resources received free of charge

Seconded staff	4,077	9,092
Other	<u>477</u>	<u>474</u>
Total resources received free of charge	<u>4,554</u>	<u>9,566</u>

Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 1.2C: Other gains

Gain on early termination of lease	80	4,944
Reversal of previous asset write-down	9	76
Reversal of make good provision	<u>10</u>	<u>613</u>
Total other gains	<u>99</u>	<u>5,633</u>

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the Department of the Prime Minister and Cabinet does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1. Administered – Expenses

	2019	2018
	\$'000	\$'000
Note 2.1A: Employee benefits		
Wages and salaries	1,083	851
Superannuation		
Defined contribution plans	140	93
Defined benefit plans	52	40
Leave and other entitlements	240	152
Separation and redundancies	-	62
Total employee benefits	1,515	1,198
Note 2.1B: Suppliers		
Goods and services supplied or rendered		
Outsourced providers, contractors and consultants	47,622	47,934
Equipment, repairs and maintenance	721	830
General expenses	7,455	7,707
Travel	2,194	3,004
Information, communication and technology	4,006	1,159
Total goods and services supplied or rendered	61,998	60,634
Goods supplied	1,172	626
Services rendered	60,826	60,008
Total goods and services supplied or rendered	61,998	60,634
Other suppliers		
Operating lease rentals	-	3
Workers compensation expenses	13	11
Total other supplier expenses	13	14
Total suppliers	62,011	60,648
Leasing commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	229	380
Between 1 to 5 years	530	576
More than 5 years	1,383	1,415
Total operating lease commitments	2,142	2,371

Note: Commitments are GST inclusive where relevant.

Operating leases comprise 12 leases, three for office accommodation for the former Governors-General, one relating to the Indigenous Education (Northern Territory Facilities) program and eight relating to the Children and Schooling program. Lease payments are subject to periodic increase in accordance with the rent review provisions of the lease.

Accounting Policy

Leases

PM&C administers four (2018: four) agreements for the leasing of premises which have provisions requiring the premises to be restored to their original condition at the conclusion of the lease. A make good provision has been raised to reflect the present value of this obligation.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000
Note 2.1C: Grants		
Public sector		
Australian Government entities	87,203	100,676
Local Governments	78,052	87,893
State and Territory Governments	65,781	70,156
Private sector		
Non-profit organisations	859,651	883,412
Commercial entities	191,164	198,787
Total grants	1,281,851	1,340,924
Program 2.1 - Jobs, Land and Economy	626,083	646,114
Program 2.2 - Children and Schooling	314,124	330,840
Program 2.3 - Safety and Wellbeing	246,665	258,133
Program 2.4 - Culture and Capability	46,438	47,756
Program 2.5 - Remote Australia Strategy	29,933	43,332
Program 1.1 - Prime Minister and Cabinet	18,608	14,749
Total grants	1,281,851	1,340,924

Accounting Policy

PM&C administers a number of grants and subsidy schemes on behalf of the Government. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed; or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made.

Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

Note 2.1D: Payments associated with Land Councils

Payments associated with Land Councils administration	59,008	49,843
Land Councils distributions	122,703	97,482
Total payments associated with Land Councils	181,711	147,325

Note 2.1E: Payments to Corporate Commonwealth entities and companies

Aboriginal Hostels Limited	36,323	36,563
Australian Institute of Aboriginal and Torres Strait Islander Studies	20,388	3,249
Indigenous Business Australia	9,762	10,133
Indigenous Land and Sea Corporation	8,749	8,928
Torres Strait Regional Authority	35,883	36,056
Total payments to Corporate Commonwealth entities and companies	111,105	94,929

Accounting Policy

Payments to Corporate Commonwealth entities and companies from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of PM&C. The appropriation to PM&C is disclosed in section 5 Funding.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

2.2. Administered – Income

	2019	2018
	\$'000	\$'000
Note 2.2A: Interest		
Interest on investments	57,377	72,412
Interest on loans	1,153	1,513
Unwinding of discount on concessional loans	2,172	2,963
Total interest	60,702	76,888
Note 2.2B: Other revenue		
Return of grant funding	12,118	11,372
Lease rental income	2,251	1,848
Other	94	44
Total other revenue	14,463	13,264

Accounting Policy

All administered revenues relate to ordinary activities performed by PM&C on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity. PM&C oversees distribution or expenditure of the funds as directed.

Interest revenue is recognised using the effective interest method.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3. Departmental Financial Position

This section analyses the Department of the Prime Minister and Cabinet's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People section.

3.1. Financial Assets

	2019	2018
	\$'000	\$'000
Note 3.1: Trade and other receivables		
Goods and services receivables		
Goods and services	5,752	11,729
Total goods and services receivables	<u>5,752</u>	<u>11,729</u>
Appropriations receivables		
Existing programs	86,599	81,571
Total appropriations receivable	<u>86,599</u>	<u>81,571</u>
Other receivables		
Statutory receivables	2,471	3,449
Other	3,000	-
Total other receivables	<u>5,471</u>	<u>3,449</u>
Total trade and other receivables (gross)	<u>97,822</u>	<u>96,749</u>
Less impairment loss allowance		
Goods and services	(828)	(106)
Total impairment loss allowance	<u>(828)</u>	<u>(106)</u>
Total trade and other receivables (net)	<u>96,994</u>	<u>96,643</u>

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2019

3.2. Non-Financial Assets

Note 3.2: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Land ¹ \$'000	Buildings ¹ \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2018							
Gross book value	-	-	-	-	32,283	4,292	36,575
Fair value	10,616	43,111	54,577	18,848	-	-	127,152
Work in progress	-	103	4,002	2,483	7,247	99	13,934
Accumulated depreciation/amortisation and impairment	-	(3,458)	(12,455)	(7,088)	(10,303)	(3,246)	(36,550)
Total as at 1 July 2018	10,616	39,756	46,124	14,243	29,227	1,145	141,111
Additions							
Purchase	-	1,236	13,703	8,257	11,323	1,479	35,998
Revaluations and impairments recognised in other comprehensive income	-	(445)	3,789	(526)	-	-	2,818
Reclassifications	(280)	(106)	(64)	-	-	-	(450)
Depreciation and amortisation	-	(2,286)	(7,678)	(4,578)	(6,667)	(595)	(21,804)
Write-down and impairments recognised in net cost of services (expense)	-	(1,144)	(1,712)	(1,321)	(1,166)	(33)	(5,376)
Total as at 30 June 2019	10,336	37,011	54,162	16,075	32,717	1,996	152,297
Total as at 30 June 2019 represented by							
Gross book value	-	-	-	-	29,140	3,191	32,331
Fair value	10,336	42,132	55,177	23,761	-	-	131,406
Work in progress	-	495	15,543	2,553	17,645	1,578	37,814
Accumulated depreciation, amortisation and impairment	-	(5,616)	(16,558)	(10,239)	(14,068)	(2,773)	(49,254)
Total as at 30 June 2019	10,336	37,011	54,162	16,075	32,717	1,996	152,297

¹ PM&C has a property portfolio divestment strategy that will result in properties throughout Australia being sold within the next 12 months.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Contractual commitments for the acquisition of IT equipment and other capital works of \$0.295 million are payable within one year. (2018: \$6.529 million).

DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

Accounting Policy

Asset recognition threshold

Purchases of property, plant and equipment and intangibles are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than IT assets where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by PM&C where there exists an obligation to restore the asset to its original condition. These costs are included in the value of PM&C's property, plant and equipment with a corresponding provision for the 'make good' recognised.

Property, plant and equipment are subsequently measured at fair value.

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price and depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price and depreciated replacement cost

PM&C procured valuation services from independent valuation experts and relied on the valuations made by these experts. The experts provided written assurance that the models developed to value assets are in compliance with accounting standards. PM&C tests the procedures of the valuation model as an internal management review at least once every 12 months. PM&C has a rolling revaluation plan in place which ensures all assets are formally revalued at least once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the cost (Depreciated Replacement Cost or DRC) approach. Professional judgement has been applied in calculating the consumed economic benefit/asset obsolescence relevant to the asset under construction.

All property, plant and equipment assets are valued on a recurring basis except for assets held for sale.

Upon revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets held for sale

Assets held for sale are measured at the lesser of their carrying amount and fair value less cost to sell and are valued at a non-recurring basis. PM&C is currently marketing five residential properties (staff housing) that are no longer essential for operational requirements. 2019: \$1.01 million (2018: \$1.825 million).

Intangibles

PM&C's intangibles comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment

All assets were assessed for impairment during 2019.

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

Accounting Policy (continued)

Depreciation/Amortisation

Depreciable assets are written-off to their estimated residual values over their estimated useful lives to PM&C using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of asset are based on the following total useful lives for the current and prior reporting periods:

Buildings excluding leasehold improvements	3 to 50 years (2018: 3 to 50 years)
Leasehold improvements	Lease term (2018: Lease term)
Plant and equipment	1 to 25 years (2018: 1 to 25 years)
Intangibles	1 to 5 years (2018: 1 to 5 years)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3.3. Payables

	2019	2018
	\$'000	\$'000
Note 3.3: Other payables		
Salaries, wages and superannuation	1,721	1,704
Separation and redundancies payable	292	3,314
Unearned income	1,854	2,435
Lease liability	14,156	10,666
Lease incentive	22,767	15,154
Other	2,345	3,026
Total other payables	43,135	36,299

3.4. Make Good Provisions

	Make good provision	Total
	\$'000	\$'000
As at 1 July 2018	645	645
Finance cost	7	7
Gain on reversal of provision	(10)	(10)
Total as at 30 June 2019	642	642

Significant accounting judgements and estimates

Provision for the restoration of leased premises (make good) is based on future obligations relating to the underlying assets and is supported by independent qualified valuers' opinions.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to generate financial performance and the operating liabilities incurred as a result which the Department of the Prime Minister and Cabinet does not control, but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered – Financial Assets

	2019	2018
	\$'000	\$'000
Note 4.1A: Cash and cash equivalents		
Cash on hand or on deposit	1,282	79
Aboriginals Benefit Account - Special Account	9,154	11,212
Aboriginal and Torres Strait Islander Land Account - Special Account	-	1
Cash held in the Official Public Account - Special Account	28,626	12,284
Total cash and cash equivalents	39,062	23,576
Note 4.1B: Trade and other receivables		
Goods and services receivables		
Goods and services receivable	16	17
Total goods and services receivables	16	17
Advances and loans		
Loans to Australian Government entities	23,624	48,549
Total advances and loans	23,624	48,549
Other receivables		
Statutory receivables	15,522	14,707
Interest receivable	14,685	34,243
Grants receivable	23,182	21,516
Other	911	322
Total other receivables	54,300	70,788
Total trade and other receivables (gross)	77,940	119,354
Less impairment loss allowance		
Other receivables	(21,488)	(16,847)
Total impairment loss allowance	(21,488)	(16,847)
Total trade and other receivables (net)	56,452	102,507

Accounting Policy

Loans

Concessional loans are initially recognised at their fair value. If the rate of interest charged is lower than the government bond rate (for government/public sector loans) or the counterparty's borrowing rate (for non-government loans), the difference between the amortised cost and the fair value of the loan is treated as an expense.

Loans to Australian Government entities are made for the period up to 4 years based on current interest rates. Interest is variable and is paid quarterly.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
Note 4.1C: Investments in Corporate Commonwealth entities and companies		
Equity interest in		
Aboriginal Hostels Limited	149,272	149,556
Anindilyakwa Land Council	15,468	15,945
Australian Institute of Aboriginal and Torres Strait Islander Studies	41,087	37,919
Central Land Council	42,168	41,665
Indigenous Land and Sea Corporation	479,132	452,005
Indigenous Business Australia	1,499,150	1,415,737
National Australia Day Council Limited	797	790
Northern Land Council	11,516	11,346
Outback Stores Pty Ltd	41,983	41,617
Tiwi Land Council	4,704	2,796
Torres Strait Regional Authority	85,084	83,600
Wreck Bay Aboriginal Community Council	56,938	56,790
Total investments in Corporate Commonwealth entities and companies	2,427,299	2,309,766

All investments in Corporate Commonwealth entities and companies are expected to be recovered in more than 12 months.

Investment in Corporate Commonwealth Entities

The Australian Government holds a 100% equity interest in the following administered investments:

Aboriginal Hostels Limited

Provides temporary accommodation to Aboriginal and Torres Strait Islander people through a national network of hostels.

Australian Institute of Aboriginal and Torres Strait Islander Studies

The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is a research, collections and publishing organisation that promotes knowledge and understanding of Aboriginal and Torres Strait Islander cultures, traditions, languages and stories, past and present.

Land Councils

The Land Councils include:

- Anindilyakwa Land Council
- Central Land Council
- Northern Land Council
- Tiwi Land Council; and
- Wreck Bay Aboriginal Community Council

The Land Councils represent the Aboriginal people living in the area of the Land Council in the management of Aboriginal land in the area, and in relation to legislation concerning that land. The Land Councils also consult and protect the interests of traditional owners and take measures to assist in the protection of sacred sites in the area of the Land Council. Wreck Bay Aboriginal Community Council holds title to land and provides services to the Aboriginal community of Jervis Bay.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Investment in Commonwealth Entities (continued)

Indigenous Land and Sea Corporation

The Indigenous Land and Sea Corporation provides economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an Indigenous land and fresh water and salt water base.

Indigenous Business Australia

Indigenous Business Australia assists and enhances Aboriginal and Torres Strait Islander self-management and economic self-sufficiency, and aims to advance the commercial and economic interests of Aboriginal and Torres Strait Islander people by accumulating and using a substantial capital asset for their benefit.

National Australia Day Council Limited

Promotes national pride, active citizenship and the observance and celebration of Australia Day; administration of the Australian of the Year awards, which includes awards for the Young Australian of the Year, the Senior Australian of the Year and Australia's Local Hero; distribution of grants to State and Territory Australia Day Councils; and provision of recommendations and advice to the Australian Government on all matters relating to year-round national pride activities.

Outback Stores Pty Ltd

Outback Stores Pty Ltd improves access to affordable, healthy food for Indigenous communities, particularly in remote areas, through providing food supply and store management and support services.

Torres Strait Regional Authority

The Torres Strait Regional Authority formulates, implements and monitors the effectiveness of programs for Aboriginal and Torres Strait Islander people living in the Torres Strait and Northern Peninsula Area.

Accounting Policy

Administered investments

Administered investments in subsidiaries are not consolidated because their consolidation is relevant only at the whole-of-government level.

Administered investments are classified as fair value through other comprehensive income and are measured at their fair value as at 30 June 2019. Fair value has been taken to be the Australian Government's proportional interest in the net assets as advised by the entities as at the end of the reporting period recorded in the latest management accounts or unaudited financial statements provided.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
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for the period ended 30 June 2019

4.2. Administered – Non-Financial Assets

Note 4.2: Reconciliation of the opening and closing balances of property, plant and equipment

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
As at 1 July 2018					
Fair value	44,000	5,811	97	1,095	51,003
Accumulated depreciation and impairment	-	(126)	(72)	(463)	(661)
Total as at 1 July 2018	44,000	5,685	25	632	50,342
Additions					
Purchases	-	-	76	148	224
Revaluations recognised in other comprehensive income	-	433	-	-	433
Depreciation expense	-	(218)	(25)	(106)	(349)
Total as at 30 June 2019	44,000	5,900	76	674	50,650
Total as at 30 June 2019 represented by					
Fair value	44,000	5,900	97	758	50,755
Work in progress	-	-	76	148	224
Accumulated depreciation and impairment	-	-	(97)	(232)	(329)
Total as at 30 June 2019	44,000	5,900	76	674	50,650

Accounting Policy

Revaluation

All buildings, leasehold improvements, plant and equipment assets were formally valued during the year by independent qualified valuers and were assessed for impairment.

Depreciation

Depreciation rates applying to each class of depreciable asset are based on the following useful lives for the current and prior reporting periods:

Buildings excluding leasehold improvements	22 to 30 years (2018: 22 to 30 years)
Leasehold improvements	Lease term (2018: Lease term)
Plant and equipment	5 to 114 years (2018: 5 to 114 years)

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
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for the period ended 30 June 2019

4.3. Administered – Payables

	2019	2018
	\$'000	\$'000
Note 4.3A: Grants		
Public sector		
Australian Government entities (related parties)	21	17,064
Local Governments	220	22
State and Territory Governments	13	21,327
Private sector		
Commercial entities	236	860
Non-profit organisations	23,474	8,924
Total grants	23,964	48,197
All grant payables are expected to be settled in no more than 12 months.		
Note 4.3B: Other payables		
Office of Township Leasing payables	1,809	1,094
Other	1,074	341
Total other payables	2,883	1,435
All other payables are expected to be settled in no more than 12 months.		

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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5. Funding

This section identifies the Department of the Prime Minister and Cabinet funding structure.

5.1. Appropriations

Note 5.1A: Departmental annual and unspent appropriations ('recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Ordinary annual services		
Annual Appropriation		
Operating	407,376	451,886
Capital budget	17,514	14,506
Section 74 receipts	27,889	26,047
Section 75 transfers	(1,237)	(11,072)
Total available appropriation	451,542	481,367
Appropriation applied (current and prior years)	(442,747)	(470,695)
Variance	8,795	10,672
Opening unspent appropriation balance	103,374	143,464
Repeal of <i>Appropriation Acts 2013-14, 2014-15</i>	-	(50,762)
Repeal of <i>Appropriation Act (No. 1) 2015-16</i>	(1,190)	-
Closing unspent appropriation balance	110,979	103,374
Balance comprises appropriations as follows¹:		
<i>Appropriation Act (No. 1) 2015-16</i>	-	1,190
<i>Appropriation Act (No. 1) 2016-17</i>	11,320	13,128
<i>Appropriation Act (No. 1) 2017-18 cash held by the department</i>	-	1,910
<i>Appropriation Act (No. 1) 2017-18 - Capital Budget (DCB) - Non Operating</i>	3,795	8,279
<i>Appropriation Act (No. 1) 2017-18</i>	10,168	78,867
<i>Appropriation Act (No. 1) 2018-19</i>	76,770	-
<i>Appropriation Act (No. 1) 2018-19 - Capital Budget (DCB) - Non Operating</i>	180	-
<i>Appropriation Act (No. 1) 2018-19 cash held by the department</i>	2,160	-
<i>Appropriation Act (No. 3) 2018-19</i>	6,586	-
Total unspent appropriation - ordinary annual services	110,979	103,374
Other services		
Annual Appropriation		
Equity injections	8,273	11,694
Total available appropriation	8,273	11,694
Appropriation applied (current and prior years)	(7,791)	(9,665)
Variance	482	2,029
Opening unspent appropriation balance	6,581	4,609
Repeal of <i>Appropriation Act 1 (No.2) 2014-15</i>	-	(57)
Closing unspent appropriation balance	7,063	6,581
Balance comprises appropriations as follows :		
<i>Appropriation Act (No. 2) 2017-18 - Non Operating - Equity Injection</i>	-	6,581
<i>Appropriation Act (No. 2) 2018-19 - Non Operating - Equity Injection</i>	7,063	-
Total unspent appropriation - other services	7,063	6,581
Total unspent appropriation	118,042	109,955

¹ The unspent annual appropriation is shown inclusive of Section 51 permanent quarantines against *Appropriation Act (No. 1) 2016-17* of \$11.320 million, *Appropriation Act (No. 1) 2017-18 – Capital Budget – Non Operating* of \$3.795 million and *Appropriation Act (No. 1) 2017-18* of \$10.168 million.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

Note 5.1B: Administered annual and unspent appropriations ('recoverable GST exclusive')		
	2019	2018
	\$'000	\$'000
Ordinary annual services		
Annual Appropriation		
Operating	1,270,474	1,320,644
Capital budget	1,276	253
Payments to corporate Commonwealth entities/companies	111,105	94,929
Section 74 receipts	4,103	5,213
Section 75 transfers	126	(19,037)
Total available appropriation	1,387,084	1,402,002
Appropriation applied (current and prior years)	(1,402,289)	(1,395,502)
Variance	(15,205)	6,500
Opening unspent appropriation balance	102,254	122,651
Repeal of <i>Annual Appropriation Acts 2015-16</i>	(9,154)	-
Repeal of <i>Annual Appropriation Acts 2012-13, 2013-14 and 2014-15</i>	-	(26,897)
Closing unspent appropriation balance	77,895	102,254
Balance comprises appropriations as follows:¹		
<i>Appropriation Act (No. 3) 2015-16</i>	-	8,902
<i>Appropriation Act (No. 1) 2015-16 - Capital Budget (DCB) - Non Operating</i>	-	252
<i>Appropriation Act (No. 1) 2016-17</i>	39,058	39,058
<i>Appropriation Act (No. 1) 2016-17 - Capital Budget (DCB) - Non Operating</i>	146	146
<i>Supply Act (No. 1) 2016-17 - Capital Budget (DCB) - Non Operating</i>	12	12
<i>Appropriation Act (No. 1) 2017-18</i>	1,010	53,631
<i>Appropriation Act (No. 1) 2017-18 - Capital Budget (DCB) - Non Operating</i>	253	253
<i>Appropriation Act (No. 1) 2018-19</i>	34,654	-
<i>Appropriation Act (No. 1) 2018-19 - Capital Budget (DCB) - Non Operating</i>	863	-
<i>Appropriation Act (No. 3) 2018-19</i>	1,709	-
<i>Appropriation Act (No. 1) 2018-19 - Capital Budget (DCB) - Non Operating</i>	190	-
Total unspent appropriation - ordinary annual services	77,895	102,254
Other services		
Annual Appropriation		
States, ACT, NT and Local government	6,536	7,762
Payments to corporate Commonwealth entities/companies	24,913	23,850
Total available appropriation	31,449	31,612
Appropriation applied (current and prior years)	(31,449)	(31,612)
Variance	-	-
Opening unspent appropriation balance	-	23,838
Repeal of <i>Annual Appropriation Acts 2013-14 and 2014-15</i>	-	(23,838)
Closing unspent appropriation balance	-	-
Total unspent appropriation	77,895	102,254

DEPARTMENT OF THE PRIME MINISTER AND CABINET
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 for the period ended 30 June 2019

Note 5.1C: Special appropriations ('recoverable GST exclusive')		
Authority	Appropriation applied	
	2019	2018
	\$'000	\$'000
<i>Aboriginal Land Rights (Northern Territory) Act 1976</i>	430,627	338,702
<i>Public Governance, Performance and Accountability Act 2013 s.77</i>	-	50
<i>Higher Education Support Act 2003</i>	69,135	67,979
Total	499,762	406,731

There were no transactions during 2018 and 2019 for special appropriations *Indigenous Education (Targeted Assistance) Act 2000*, s.13 and *Native Title Act 1993*, s.54(2).

¹ The administered unspent annual appropriation is shown inclusive of Section 51 permanent quarantines against *Appropriation Act (No. 1) 2016-17* of \$39.058 million, *Appropriation Act (No. 1) Capital Budget (DCB) 2016-17* of \$0.146 million, *Supply Appropriation Act (No. 1) Capital Budget (DCB) 2016-17* of \$0.012 million, *Appropriation Act (No. 1) 2017-18* of \$1.010 million, *Appropriation Act (No. 1) Capital Budget (DCB) 2017-18* of \$0.253 million and *Appropriation Act (No. 1) 2018-19* of \$2.513 million.

Accounting Policy

Revenue from Government - Departmental

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue from Government when PM&C gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

5.2. Special Accounts

	Services for Other Entities and Trust Moneys ¹	Aboriginals and Torres Strait Islander Corporations Unclaimed Money Account ²	Indigenous Remote Services Delivery Special Account ³	Aboriginals Benefit Account ⁴	Aboriginals and Torres Strait Islander Land Account ⁵
	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	1,418	981	787	11,212	24,334
Increases					
Administered					
Appropriation credited to special account	-	-	-	429,608	337,701
Investments realised	-	-	28,500	853,746	691,500
Interest receipts	-	-	-	20,348	17,901
Other receipts	817	196	1,363	2,394	2,222
Total increase	817	196	29,863	1,306,096	1,049,324
Available for payments	2,235	981	39,748	1,317,308	1,073,658
Decreases					
Administered					
Transfers to OPA	-	-	-	-	(366,122)
PGPA Act section 58 investments	-	-	-	(1,102,500)	(877,746)
Payments made	(371)	(2)	(13,966)	(205,654)	(184,700)
Total administered decreases	(371)	(2)	(13,966)	(1,308,154)	(1,062,446)
Total decreases	(371)	(2)	(13,966)	(1,308,154)	(1,062,446)
Total balance carried to the next period	1,864	979	25,782	9,154	11,212
Balance represented by:					
Cash held in entity bank accounts	-	-	-	9,154	11,212
Cash held in the Official Public Account	1,864	979	25,782	-	-
Total balance carried to the next period	1,864	979	25,782	9,154	11,212

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2019

¹*Appropriation: Public Governance, Performance and Accountability Act 2013; section 78*

Establishing Instrument: PGPA Act Determination (DPM&C SOETM Special Account 2018).

Purpose: This account was created to disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth.

This account is non-interest bearing.

²*Appropriation: Public Governance, Performance and Accountability Act 2013; section 80*

Establishing Instrument: Corporations (Aboriginal and Torres Strait Islander) Act 2006; section 551-20

Purpose: To administer unclaimed moneys received by the Registrar of Aboriginal and Torres Strait Islander Corporations.

This account is non-interest bearing.

³*Appropriation: Public Governance, Performance and Accountability Act 2013; section 78*

Establishing Instrument: Determination 2010/06

Purpose: To support the implementation of the Remote Service Delivery National Partnership Agreement. It will provide the Australian Government with the capacity to address high priority projects in a timely way and support projects identified through the local implementation planning process.

This account is non-interest bearing.

⁴*Appropriation: Public Governance, Performance and Accountability Act 2013; section 80*

Establishing Instrument: Aboriginal Land Rights (Northern Territory) Act 1976; sections 62, 63, 64 and 65

Purpose: For the receipt and disbursement of the equivalent of mining royalty moneys derived from mining operations on Aboriginal land in the Northern Territory.

This account is interest bearing.

⁵*Appropriation: Public Governance, Performance and Accountability Act 2013; section 80*

Establishing Instrument: Section 192W of the Aboriginal and Torres Strait Islander Act 2005

Purpose: To provide a secure stream of income to the Indigenous Land and Sea Corporation in perpetuity to provide economic, environmental, social and cultural benefits for Aboriginal people and Torres Strait Islanders by assisting in the acquisition and management of an Indigenous land base. This account was transferred to the Finance Portfolio in February 2019.

This account is interest bearing.

Indigenous Land and Sea Corporation Funding Special Account

The Indigenous Land and Sea Corporation Funding Special Account is a special account under section 80 of the PGPA Act.

Establishing Instrument: Section 12 of the Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018 (ATSILSFF Act).

The new Indigenous Land and Sea Corporation Funding Special Account was established on 1 February 2019 to continue payments to the Indigenous Land and Sea Corporation. There were no transactions credited or debited to the special account during 2019.

Aboriginal Advancement Account

The Aboriginal Advancement Account was established under section 80 of the PGPA Act.

The purpose of the account is for furthering the social and economic advancement of Aboriginal people living in Victoria. There were no transactions credited or debited to the special account during 2018 and 2019.

DEPARTMENT OF THE PRIME MINISTER AND CABINET
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 for the period ended 30 June 2019

6. People
 This section describes a range of employment and post-employment benefits provided to our people.
6.1. Employee Provisions

	2019	2018
	\$'000	\$'000
Note 6.1A: Employee provisions		
Annual leave	25,953	26,445
Long service leave	<u>60,244</u>	<u>52,184</u>
Total employee provisions	<u>86,197</u>	<u>78,629</u>

Accounting policy and significant accounting judgements

Employee benefits

Liabilities for 'short-term employee benefits' and termination benefits due within 12 months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of PM&C is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including PM&C's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary during 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

A liability is made for separation and redundancy benefit payments. PM&C recognises a liability for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

PM&C's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or another fund of their choice.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

PM&C makes employer contributions to the employees' superannuation scheme. For Commonwealth defined benefits schemes, these rates are determined by an actuary to be sufficient to meet the current cost to the Government. PM&C accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
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for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
Note 6.1B: Administered employee provisions		
Annual leave	174	113
Long service leave	259	180
Total employee provisions	433	293

Accounting Policy

The expense and liabilities for services rendered by staff employed in the Prime Minister's Official Establishments and in support of former Governors-General are recognised as administered items. Accounting policies are consistent with those applied to departmental items.

Note 6.1C: Non-cash benefits - former Governors-General benefits

Non-cash benefits - former Governors-General	18,909	13,251
Total non-cash benefits - former Governors-General benefits	18,909	13,251

Changes in the value of the defined benefit obligations are as follows:

Net liability at 1 July	13,251	13,918
Current service cost	3,547	-
Finance costs	331	348
Actuarial losses	3,257	354
Benefits paid	(1,477)	(1,369)
Net liability at 30 June	18,909	13,251

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Discount rate at 30 June	1.25%	2.50%
Future salary increases	3.50%	3.50%
Inflation rate	2.50%	2.50%
Rate of expenditure slow down with age	3.00%	3.00%

Accounting Policy

Former Governors-General benefits

PM&C has responsibility for the administration of non-cash benefits provided to former Governors-General. These entitlements are regarded as post-employment benefits and represent the provision of office facilities, administrative support and transport.

The liability for these benefits is calculated annually as the present value of future benefit obligations. Actuarial gains or losses are recognised in equity in the year in which they occur. Interest on the liability is recognised in the surplus/(deficit).

Significant accounting judgements and estimates

The provision for non-cash former Governors-General entitlements relate to post-employment benefits such as office facilities, administrative support and transport. The future liability for these benefits is based on the actuarial assessment determined by the Australian Government Actuary.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

6.2. Key Management Personnel Remuneration

	2019	2018
	\$'000	\$'000
Short-term employee benefits	4,184	3,979
Post-employment benefits	616	582
Other long-term employee benefits	211	406
Total key management personnel remuneration expenses	5,011	4,967

The total number of key management personnel included in the above table is 16 (2018: 17). Included in that number is eight staff who worked for the full-year and eight staff who worked a part-year (2018: six and 11). Key management personnel on acting arrangements are included where the length of the arrangement is longer than two months.

¹ Excludes remuneration and other benefits of the PM&C Portfolio Ministers as these are set by the Remuneration Tribunal and are not paid by PM&C.

6.3. Related Party Disclosures

PM&C is an Australian Government controlled entity. Related parties to PM&C are Key Management Personnel including the Portfolio Ministers, and other Australian Government entities.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens for example payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period (including comparative year) by PM&C, it has been determined that there are no related party transactions to be separately disclosed.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. Managing Uncertainties

This section analyses how the Department of the Prime Minister and Cabinet manages financial risks within its operating environment.

7.1. Contingent Assets and Liabilities

Note 7.1A: Contingent assets and liabilities

Unquantifiable contingent liabilities - claims for damages and costs

Claims have been made against the Australian Government by former residents of the Retta Dixon Home in the Northern Territory. These claims are currently being assessed.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

Note 7.1B: Administered contingent assets and liabilities

PM&C is not aware of any material administered quantifiable or unquantifiable contingent assets or liabilities as at 30 June 2019.

7.2. Financial Instruments

	2019	2018
	\$'000	\$'000
Note 7.2A: Categories of financial instruments		
Financial assets under AASB 139		
Loans and receivables		
Cash and cash equivalents	-	1,910
Goods and services receivables (net)	-	11,623
Accrued revenue	-	4,056
Total loans and receivables	-	<u>17,589</u>
Total financial assets	-	<u>17,589</u>
Financial assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	2,160	-
Goods and services receivables (net)	4,924	-
Accrued revenue	1,876	-
Total financial assets at amortised cost	<u>8,960</u>	-
Total financial assets	<u>8,960</u>	-
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	19,035	22,709
Grants	-	232
Total financial liabilities measured at amortised cost	<u>19,035</u>	<u>22,941</u>
Total financial liabilities	<u>19,035</u>	<u>22,941</u>

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for the period ended 30 June 2019

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July	
				2018	2018
Cash and cash equivalents		Loans and receivable	Amortised Cost	1,910	1,910
Goods and services receivables (net)	3.1A	Loans and receivable	Amortised Cost	11,623	11,039
Accrued revenue		Loans and receivable	Amortised Cost	4,056	4,056
Total financial assets				17,589	17,005

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 1 July 2018		Re-measurement	AASB 9 carrying amount at 1 July 2018	
	\$'000	\$'000		\$'000	\$'000
Financial assets at amortised cost					
Loans and receivable		1,910	-		1,910
Cash and cash equivalents		11,623	(584)		11,039
Goods and services receivables (net)		4,056	-		4,056
Total financial assets		17,589	(584)		17,005

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
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for the period ended 30 June 2019

Note 7.2B: Net gains or losses on financial assets	2019	2018
Financial assets at amortised cost	\$'000	\$'000
Impairment	(151)	(16)
Reversal of impairment	9	76
Net gains/ (losses) on financial assets at amortised cost	(142)	60
Net gain/ (loss) on financial assets	(142)	60

Accounting Policy

PM&C first adopted AASB 9 *Financial Instruments* on 1 July 2018. Upon initial application, financial assets previously recognised as loans and receivables under AASB 139 *Financial Instruments* were reclassified to financial assets measured at amortised cost. Adjustments to the carrying amounts upon initial application were recognised as adjustments for changes in accounting policies within the opening balance for retained earnings in the statement of changes in equity.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses. Using the general approach, the loss allowance is based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased. The simplified approach for trade and contract receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

Financial liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Financial liabilities are recognised and derecognised upon 'trade date'.

Settlement of supplier payables is usually made within 30 days.

Significant accounting judgements and estimates

The relevant government bond rate has been used to discount non-current liabilities.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

7.3. Administered – Financial Instruments

	2019 \$'000	2018 \$'000
Note 7.3A: Categories of financial instruments		
Financial assets under AASB 139		
Held-to-maturity investments		
Bank term deposits	-	2,798,741
Total held-to-maturity investments	-	2,798,741
Loans and receivables		
Cash and cash equivalents	-	23,576
Loans to Australian Government entities	-	48,549
Goods and services receivable	-	17
Interest receivable	-	34,243
Grants receivable (net)	-	4,669
Total loans and receivables	-	111,054
Available for sale financial assets		
Administered investments	-	2,309,766
Total available for sale financial assets	-	2,309,766
Financial assets under AASB 9		
Financial assets at amortised cost		
Bank term deposits	1,042,500	-
Cash and cash equivalents	39,062	-
Loans to Australian Government entities	23,624	-
Goods and services receivable	16	-
Interest receivable	14,685	-
Grants receivable (net)	1,694	-
Total financial assets at amortised cost	1,121,581	-
Financial assets at fair value through other comprehensive income		
Investments in Corporate Commonwealth entities	2,427,299	-
Total financial assets at fair value through other comprehensive income	2,427,299	-
Total financial assets	3,548,880	5,219,561
	2019 \$'000	2018 \$'000
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	8,549	3,967
Grants	23,964	48,197
Other payables	1,809	1,094
Total financial liabilities measured at amortised cost	34,322	53,258
Total financial liabilities	34,322	53,258

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the period ended 30 June 2019**

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Bank term deposits	Held-to-maturity investments	At amortised cost	2,798,741	2,798,741
Cash and cash equivalents	Loans and receivables	At amortised cost	23,576	23,576
Loans to Australian Government entities	Loans and receivables	At amortised cost	48,549	48,549
Goods and services receivable	Loans and receivables	At amortised cost	17	17
Interest receivable	Loans and receivables	At amortised cost	34,243	34,243
Grants receivable (net)	Loans and receivables	At amortised cost	4,669	1,528
Investments in Corporate Commonwealth entities	Available for sale financial assets	FVOCI	2,309,766	2,309,766
Total financial assets			5,219,561	5,216,420

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2019

<u>Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9</u>			
Financial assets class	AASB 139 carrying amount at 1 July 2018 \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost			
Held to maturity			
Bank term deposits	2,798,741	-	2,798,741
Loans and receivables			
Cash and cash equivalents	23,576	-	23,576
Loans to Australian Government entities	48,549	-	48,549
Goods and services receivable	17	-	17
Interest receivable	34,243	-	34,243
Grants receivable (net)	4,669	(3,141)	1,528
Total financial assets at amortised cost	2,909,795	(3,141)	2,906,654
Financial assets at fair value through other comprehensive income			
Available-for-sale financial assets			
Investments in Corporate Commonwealth entities	2,309,766	-	2,309,766
Total fair value through other comprehensive income	2,309,766	-	2,309,766

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

	2019	2018
	\$000	\$000
<u>Note 7.3B: Net gains or losses on financial instruments</u>		
Financial assets at amortised cost		
Interest revenue	60,702	76,888
Reversal of impairment	669	948
Impairment	(2,091)	(2,814)
Other gains	2,568	-
Net gains/(losses) on financial assets at amortised cost	61,848	75,022

Accounting Policy

Financial assets

Upon initial application of AASB 9 *Financial Instruments*, financial assets previously recognised as loans and receivables under AASB 139 *Financial Instruments* were reclassified to financial assets measured at amortised cost. Adjustments to the carrying amounts upon initial application were recognised as adjustments for changes in accounting policies within the opening balance of assets and liabilities in the administered reconciliation schedule.

Term Deposits

Investment activities are conducted in accordance with the requirements of section 58 of the PGPA Act. Investments are typically low risk and take the form of term deposits. The duration of the term deposits are usually for a term of three to 12 months.

The investment objective of PM&C is to comply with legislative obligations under the PGPA Act and the ALRA. Investment practices are also governed by the investment policy of PM&C, which requires the management of the portfolio to respond to positive investment opportunities in the market so as to achieve the best possible returns for the account within the legislative framework.

The investment portfolio and bank accounts are managed to ensure sufficient funds are available for payments as required.

The asset allocation of the portfolio as at 30 June 2019 is 100% (2018: 100%) term deposits with Australian banks.

Administered Investments

Administered investments are classified as fair value through other comprehensive income (FVOCI) and are measured at their fair value as at 30 June 2019. Fair value has been taken to be the Australian Government's proportional interest in the net assets as advised by the entities as at the end of the reporting period recorded in the latest management accounts or unaudited financial statements provided.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

8. Other Information

8.1. Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
Note 8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	108,593	105,542
More than 12 months	<u>153,396</u>	<u>144,576</u>
Total assets	<u>261,989</u>	<u>250,118</u>
Liabilities expected to be settled in:		
No more than 12 months	53,943	57,944
More than 12 months	<u>95,066</u>	<u>80,570</u>
Total liabilities	<u>149,009</u>	<u>138,514</u>

Note 8.1B: Administered Aggregate Assets and Liabilities

Assets expected to be recovered in:		
No more than 12 months	1,121,520	2,396,416
More than 12 months	<u>2,498,162</u>	<u>2,891,663</u>
Total assets	<u>3,619,682</u>	<u>5,288,079</u>
Liabilities expected to be settle in:		
No more than 12 months	35,585	55,436
More than 12 months	<u>19,258</u>	<u>11,812</u>
Total liabilities	<u>54,843</u>	<u>67,248</u>

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the period ended 30 June 2019

8.2. Restructuring

Restructuring 2019

	National Cyber Security Adviser ³ Australian Signals Directorate \$'000	Independent National Security Legislation Monitor ⁴ Attorney- General's Department \$'000
FUNCTION RELINQUISHED		
Assets relinquished		
Appropriation receivable	72	227
Total assets relinquished	72	227
Liabilities relinquished		
Employee provisions	72	227
Total liabilities relinquished	72	227
Net assets relinquished	-	-

	National Office of Child Safety (NOCS) Department of Social Services ¹ \$'000	Indigenous Children and Schooling Department of Education ² \$'000
FUNCTION ASSUMED		
Assets recognised		
Appropriation receivable	-	67
Total assets recognised	-	67
Liabilities recognised		
Employee provisions	-	67
Total liabilities recognised	-	67
Net assets assumed	-	-
Expenses		
Recognised by the receiving entity	126	293
Recognised by the losing entity	4	-
Total expenses	130	293

¹ Responsibility for the NOCS was transferred to PM&C following a decision of the Prime Minister effective 24 January 2019.

² Responsibility for Indigenous Children and Schooling Program was transferred to PM&C following a decision of the Prime Minister on 3 April 2018.

³ Responsibility for the National Cyber Security Advisor was relinquished to the Australian Signals Directorate in 2017-18 following the Administrative Arrangements Order of 10 May 2018. Funding transfers for this function were finalised in 2018-19 as presented above.

⁴ Responsibility for the Independent National Security Legislation Monitor was relinquished to the Attorney-General's Department in 2017-18 following the Administrative Arrangements Order of 10 May 2018. Funding transfers for this function were finalised in 2018-19 as presented above.

DEPARTMENT OF THE PRIME MINISTER AND CABINET NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

Restructuring 2018

	AIATSIS ¹ Education \$'000	Official Establishments ²	
		Finance \$'000	Finance \$'000
FUNCTION ASSUMED			
Assets recognised			
Investment in Corporate Commonwealth entities	39,974	-	-
Appropriation receivable	-	28	-
Property, plant and equipment	-	-	49,811
Total assets recognised	39,974	28	49,811
Liabilities recognised			
Employee provisions	-	28	-
Total liabilities recognised	-	28	-
Net assets assumed	39,974	-	49,811
Expenses			
Recognised by the receiving entity	-	-	126
Recognised by the losing entity	-	50	219
Total expenses	-	50	345

¹ The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) was transferred into the PM&C Portfolio following the Administrative Arrangements Order of 19 April 2018. As a result, an investment in AIATSIS was transferred from the Department of Education and Training (Education).

² Official Establishments, ownership and property management of the Prime Minister's official residences was assumed from the Department of Finance (Finance) during the year following the Administrative Arrangements Order of 30 November 2017.

DEPARTMENT OF THE PRIME MINISTER AND CABINET
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

	National policy on cities ¹		Cyber policy and counter terrorism coordination ²		Intelligence policy ³		Reducing the burden of Government regulation ⁴		Spatial data function ⁵
	DIRDC	\$'000	DoHA	\$'000	ONI	\$'000	DJSB	\$'000	DIIS
FUNCTION RELINQUISHED									
Assets relinquished									
Appropriation receivable		1,192		1,261		430		148	161
Total assets relinquished		1,192		1,261		430		148	161
Liabilities recognised									
Employee provisions		1,192		1,345		459		162	161
Total liabilities recognised		1,192		1,345		459		162	161
Net assets relinquished		-		(84)		(29)		(14)	-

¹ Responsibility for National policy on cities and population was relinquished to the Department of Infrastructure, Regional Development and Cities (DIRDC) following the Administrative Arrangements Order of 20 December 2017.

² Responsibility for Cyber policy and Counter terrorism co-ordination was relinquished to the Department of Home Affairs (DoHA) following the Administrative Arrangements Order of 20 December 2017.

³ Responsibility for Intelligence Policy was relinquished to the Office of National Intelligence (ONI) following a decision of the Prime Minister, effective 21 August 2017.

⁴ Reducing the burden of Government regulation was relinquished to the Department of Jobs and Small Business (DJSB) following the Administrative Arrangements Order of 20 December 2017.

⁵ Responsibility for the spatial data function was transferred to the Department of Industry, Innovation and Science (DIIS) following a decision of the Prime Minister, effective January 2018.

Other functions relinquished

Responsibility for the APS Data Skills and Capability Framework and data platforms was relinquished to the Digital Transformation Agency following a decision of the Prime Minister, effective 31 October 2017. No assets or liabilities were transferred.

Responsibility for the Independent National Security Legislation Monitor was relinquished to the Attorney General's Department following the Administrative Arrangements Order of 10 May 2018. Funding transfers for this function had not been finalised as at 30 June 2018.

Responsibility for the Cyber Security Advisor was relinquished to the Australian Signals Directorate following the Administrative Arrangements Order of 10 May 2018. Funding transfers for this function had not been finalised as at 30 June 2018.

Aboriginals Benefit Account



INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Affairs

Opinion

In my opinion, the financial statements of the Aboriginals Benefit Account ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Secretary's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Department of the Prime Minister and Cabinet is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act.

Under section 64B(4) of the *Aboriginal Land Rights (Northern Territory) Act 1976*, sections 42 and 43 (other than subsection 43(4)) of the *Public Governance, Performance and Accountability Act 2013* (which deal with annual financial statements for Commonwealth entities and audits of those statements), and rules made for the purposes of those sections, apply in relation to the Aboriginals Benefit Account as if the Account were a Commonwealth entity and the Secretary were the accountable authority of that Commonwealth entity.

The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

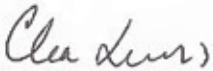
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Clea Lewis
Executive Director
Delegate of the Auditor-General
Canberra
30 August 2019

ABORIGINALS BENEFIT ACCOUNT STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

The accompanying financial statements of the Aboriginals Benefit Account (ABA) for the year ended 30 June 2019 have been prepared in accordance with section 64B of the *Aboriginal Land Rights (Northern Territory) Act 1976*, which requires the financial statements to be prepared in accordance with section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Minister for Finance has granted ABA an exemption under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that ABA has no appropriation transactions and balances other than through its special account.

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the PGPA Act, and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the ABA will be able to pay its debts as and when they fall due.



Dr Martin Parkinson AC PSM
Secretary

30 August 2019



Paul Wood
Chief Financial Officer

30 August 2019

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
NET COST OF SERVICES			
Expenses			
Payments to advisory committee members		104	102
Suppliers - services rendered		80	40
Grants	1.1A	10,292	20,240
Payments for township leases	1.1B	5,547	5,899
Payments to Land Councils for administrative purposes	1.1C	61,466	51,920
Distribution to Land Councils	1.1D	127,814	101,544
Impairment loss allowance on financial instruments		280	578
Other expenses	1.1E	2,725	3,298
Total expenses		208,308	183,621
Own-Source Income			
Own-source revenue			
Interest	1.2A	25,661	19,496
Lease rental income	1.2B	2,251	1,847
Resources received free of charge	1.2C	2,725	3,298
Return of grant funding		267	621
Total own-source revenue		30,904	25,262
Gains			
Gain on realisation of investment	1.2D	-	-
Other gains		5	3
Total gains		5	3
Total own-source income		30,909	25,265
Net cost of services		177,399	158,356
Revenue from Government	1.2E	426,051	338,474
Surplus		248,652	180,118
Total comprehensive income		248,652	180,118

The above statement should be read in conjunction with the accompanying notes.

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	3.1	9,154	11,212
Trade and other receivables	2.1	15,659	10,440
Investments - term deposits		<u>1,042,500</u>	<u>793,746</u>
Total financial assets		<u>1,067,313</u>	<u>815,398</u>
Non-Financial Assets			
Other non-financial assets	2.2	<u>3,678</u>	<u>3,102</u>
Total non-financial assets		<u>3,678</u>	<u>3,102</u>
Total assets		<u>1,070,991</u>	<u>818,500</u>
LIABILITIES			
Payables			
Office of township leasing administrative liabilities		742	1,095
Grants - non-profit organisations		-	295
Other payables	2.3	<u>7,915</u>	<u>2,909</u>
Total payables		<u>8,657</u>	<u>4,299</u>
Total liabilities		<u>8,657</u>	<u>4,299</u>
Net assets		<u>1,062,334</u>	<u>814,201</u>
EQUITY			
Retained surplus		<u>1,062,334</u>	<u>814,201</u>
Total equity		<u>1,062,334</u>	<u>814,201</u>

The above statement should be read in conjunction with the accompanying notes.

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
TOTAL EQUITY - RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		814,201	634,083
Other adjustments		(563)	-
Adjustment for changes in accounting policies		44	-
Adjusted opening balance		813,682	634,083
Comprehensive income			
Surplus for the period		248,652	180,118
Total comprehensive income		248,652	180,118
Closing balance as at 30 June		1,062,334	814,201

The above statement should be read in conjunction with the accompanying notes.

ABORIGINALS BENEFIT ACCOUNT CASH FLOW STATEMENT

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		429,608	337,701
Net GST received		858	2,647
Lease rental receipts		<u>2,394</u>	<u>2,222</u>
Total cash received		<u>432,860</u>	<u>342,570</u>
Cash used			
Committee members		104	102
Suppliers		36	40
Grants		11,497	28,908
Payments for township leases		4,524	4,947
Payments to Land Councils for administrative purposes		61,466	51,920
Distributions to Land Councils		<u>128,885</u>	<u>101,430</u>
Total cash used		<u>206,512</u>	<u>187,347</u>
Net cash from operating activities		<u>226,348</u>	<u>155,223</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from realisation of investments		853,746	691,500
Interest on investments		<u>20,348</u>	<u>17,901</u>
Total cash received		<u>874,094</u>	<u>709,401</u>
Cash used			
Investments		<u>1,102,500</u>	<u>877,746</u>
Total cash used		<u>1,102,500</u>	<u>877,746</u>
Net cash used by investing activities		<u>(228,406)</u>	<u>(168,345)</u>
Net decrease in cash held		<u>(2,058)</u>	<u>(13,122)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>11,212</u>	<u>24,334</u>
Cash and cash equivalents at the end of the reporting period	3.1	<u>9,154</u>	<u>11,212</u>

The above statement should be read in conjunction with the accompanying notes.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

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ABORIGINALS BENEFIT ACCOUNT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2019

Overview

Basis of preparation of the financial statements

The Aboriginals Benefit Account's (ABA) activities are classified as administered activities carried out by the Department of the Prime Minister and Cabinet (PM&C) on behalf of the Australian Government and are reported in PM&C's administered financial statements for the period 1 July 2018 to 30 June 2019. In addition to being consolidated into PM&C's financial statements, the ABA prepares separate audited financial statements as required by the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA).

The Minister for Finance has granted ABA an exemption under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that ABA has no appropriation transactions and balances other than through its special account.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

The Australian Accounting Standards Board (AASB) released a new accounting standard AASB 9 to replace AASB 139. The ABA has adopted this new accounting standard to recognise Financial Assets at amortised cost.

Taxation

The ABA is exempt from all forms of taxation except Mining Withholding Tax (MWT), Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

MWT is payable in respect of payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA. In accordance with the *Taxation Laws Amendment Act (No. 3) 1994*, the rate of MWT payable in respect of the payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA, is 4% (2018: 4%).

GST is payable on purchases made by the ABA under subsection 64(4) and 64(6) of the ALRA. These amounts are recoverable from the Australian Taxation Office (ATO).

ABORIGINALS BENEFIT ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

Compliance with statutory conditions for payments from the consolidated revenue fund

The Government monitors and assesses risks and decides on any appropriate action to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

During 2018-19 PM&C reviewed the ABA's exposure to the risk of not complying with statutory conditions on payments from appropriations, namely section 83 of the Constitution. The risk profile and internal controls to manage this risk continue to remain appropriate.

Total ABA cash expenditure for 2018-19 was \$206.512 million. Three payments totalling \$1.660 million made in 2018-19 from the ABA under section 64(3) of the ALRA contravened section 83 of the Constitution due to difficulties in precisely estimating mining royalties.

Payments are required to be made out of the ABA based on royalties received by the Northern Territory or Australian Governments. The contraventions occurred when the royalties upon which the payments were based had been estimated at a value greater than the eventual actual value. Legislation has been prepared, and is awaiting presentation to Parliament, to reduce the risks of non-compliance associated with these payments to an acceptably low level.

The payments were a technical contravention of section 83, despite the payments having been made in accordance with the requirements of section 64(3) of the ALRA. No overpayments have been recovered through reduction of subsequent payments, therefore the \$1.660 million will be offset against future payments. The majority of the overpayments from previous years of \$0.507 million were recovered during the year with the remaining \$0.034 million to be offset against future payments.

Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities.

Events after the reporting period

On 26 May 2019, the Prime Minister announced that the Indigenous Affairs Group (IAG), part of PM&C as at 30 June, is to become an Executive Agency in its own right and will be named the National Indigenous Australians Agency (NIAA) from the 1 July 2019. At this date the ABA will move from PM&C to NIAA. The new agency will provide more autonomy and authority to ensure there is a coordinated approach across the Commonwealth to pursue the Government's agenda for Indigenous Australians.

Related party disclosures

Related parties to the ABA are Key Management Personnel including the Minister for Indigenous Affairs, and other Australian Government entities. The Ministers remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ABA. Given consideration to relationships with related entities, and transactions entered into during the reporting period by ABA, there are no related party transactions to be separately disclosed.

ABORIGINALS BENEFIT ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

1. Financial Performance

This section analyses the financial performance of the Aboriginals Benefit Account for the year ended 30 June 2019.

1.1. Expenses

	2019	2018
	\$'000	\$'000
Note 1.1A: Grants		
Private sector		
Non-profit organisations	10,157	19,720
Stores Infrastructure Project	88	127
Mining Withholding Tax	47	393
Total grants	10,292	20,240

Accounting Policy

The ABA makes payments to or for the benefit of Aboriginals living in the Northern Territory under subsection 64(4) of the ALRA. MWT is payable on grant payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA.

MWT is not payable on grant payments made from other income.

Note 1.1B: Payments for township leases

Office of township leasing administrative expenses	2,787	2,787
Community entity administrative expenses	284	328
Township revenue returned	1,813	1,397
Amortisation of township introductory payments	663	1,387
Total payments for township leases	5,547	5,899

Office of the Executive Director Township Leasing

The Office of Township Leasing (OTL) is headed by the Executive Director of Township Leasing, a statutory appointment under the ALRA. The Executive Director of Township Leasing is responsible for managing, on behalf of the Australian Government, any township leases entered into with Indigenous communities in the Northern Territory as specified under section 19A of the ALRA. The OTL manages the head lease over the specified township and negotiates any sub-leasing to commercial entities, government agencies, community organisations and others.

Community Entity Township Leasing

Under section 3AAA of the ALRA the Minister is able to approve any organisation as a Commonwealth entity to hold a township lease. Government policy allows for a community entity representative of traditional owners and community members to be approved to hold and administer a section 19A township lease. Community entities may be provided with funding from the ABA at the direction of the Minister for the purpose of acquiring and administering a township lease under section 64(4A) of the ALRA.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
<u>Note 1.1C: Payments to Land Councils for administrative purposes</u>		
Subsection 64(1) payments:		
Northern Land Council	30,686	23,793
Mining Withholding Tax	1,279	991
<i>Sub-total Northern Land Council</i>	31,965	24,784
Central Land Council	19,688	18,376
Mining Withholding Tax	820	766
<i>Sub-total Central Land Council</i>	20,508	19,142
Tiwi Land Council	4,521	3,469
Mining Withholding Tax	188	145
<i>Sub-total Tiwi Land Council</i>	4,709	3,614
Anindilyakwa Land Council	4,113	4,205
Mining Withholding Tax	171	175
<i>Sub-total Anindilyakwa Land Council</i>	4,284	4,380
Total payments associated with land councils administration	61,466	51,920

Accounting Policy

Land Councils obtain funding on a workload basis in accordance with subsection 64(1) of the ALRA. Estimates for funding are submitted to the Minister for Indigenous Affairs for approval and are distributed to Land Councils on a quarterly basis during the year.

Note 1.1D: Distribution to Land Councils

Subsection 64(3) payments:

Northern Land Council	17,865	17,329
Mining Withholding Tax	744	722
<i>Sub-total Northern Land Council</i>	18,609	18,051
Central Land Council	18,342	15,037
Mining Withholding Tax	764	627
<i>Sub-total Central Land Council</i>	19,106	15,664
Anindilyakwa Land Council	86,495	65,116
Mining Withholding Tax	3,604	2,713
<i>Sub-total Anindilyakwa Land Council</i>	90,099	67,829
Total land councils distributions	127,814	101,544

Accounting Policy

In accordance with subsection 64(3) and 35(2) of the ALRA, 30% of the royalty equivalents, received in respect of mining on Aboriginal land, are paid to the Land Councils for distribution to Aboriginal associations, communities or groups, for the benefit of those Aboriginal people who are affected by mining operations.

ABORIGINALS BENEFIT ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
Note 1.1E: Other expenses		
Salaries and operating expenses ¹	2,725	3,298
Total other expenses	2,725	3,298

¹ Expenses associated with the administration of the ABA were received from PM&C as resources received free of charge including remuneration of auditors.

1.2. Own-Source Revenue and Gains

OWN-SOURCE REVENUE

Note 1.2A: Interest

Term deposits	25,478	19,284
Interest bearing bank account	183	212
Total interest	25,661	19,496

Accounting Policy

Interest revenue is recognised using the effective interest method.

Note 1.2B: Lease rental income

Revenue lease receipt - Wurrumiyanga	902	797
Revenue lease receipt - Groote	841	723
Revenue lease receipt - Milikapiti	260	255
Revenue lease receipt - Wurankuwu	19	16
Revenue lease receipt - Pirlangimpi	176	56
Revenue lease receipt - Mutitjulu	13	-
Other	40	-
Total lease rental income	2,251	1,847

Accounting Policy

The ABA receives lease rental income for Township Head Leases in the Northern Territory. Lease rental income is recognised when received by the ABA (refer to Note 1.1B Payments for township leases).

Note 1.2C: Resources received free of charge

Salaries	2,660	3,234
Remuneration of auditors - financial statements audit	65	64
Total resources received free of charge	2,725	3,298

Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

The ABA reports a number of resources received free of charge in relation to PM&C expenses associated with management of the ABA account, oversight of ABA grants and the ABA Advisory Committee secretariat.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

GAINS	2019	2018
	\$'000	\$'000

Note 1.2D: Gain on realisation of investment

Investments		
Proceeds from sale	853,746	691,500
Carrying value of assets sold	(853,746)	(691,500)
Total gain from sale of assets	-	-

REVENUE FROM GOVERNMENT

Note 1.2E: Revenue from Government

Appropriations		
Special appropriations	426,051	338,474
Total revenue from Government	426,051	338,474

Accounting Policy

Amounts appropriated are recognised as revenue. Revenue from Government is not typically recognised by administered entities, however, the determination provided by the Minister for Finance in relation to the ABA requires disclosure of such amounts as revenue.

Royalties in respect of uranium and non-uranium mining on Aboriginal land are paid to the Australian Government, the Department of Industry, Innovation & Science and the Northern Territory Treasury (Royalty Branch), respectively. Following advice from these entities, drawdowns are made from the Official Public Account (OPA) to enable royalty equivalents to be credited to the ABA, in accordance with section 63 of the ALRA.

These receipts are credited to the ABA shortly after receipt of advice from the respective entity, which usually occurs in the week following payment of the royalties by mining companies to the entity.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

2. Financial Position

This section analyses the Aboriginals Benefit Account's assets used to conduct its operations and the operating liabilities incurred as a result.

2.1. Financial Assets

	2019	2018
	\$'000	\$'000
Note 2.1: Trade and other receivables		
Other receivables		
Interest	14,685	9,935
GST receivable from the ATO	61	209
Other	2,062	1,220
Total other receivables	16,808	11,364
Less impairment loss allowance		
Other receivables	(1,149)	(924)
Total impairment loss allowance	(1,149)	(924)
Total trade and other receivables (net)	15,659	10,440

2.2. Non-Financial Assets

Note 2.2: Other non-financial assets

Prepayments – subsection 64(3)	1,766	528
Prepayments – subsection 64(4A)	1,912	2,574
Total other non-financial assets	3,678	3,102

No indicators of impairment were found for other non-financial assets.

2.3. Payables

Note 2.3: Other payables

Royalty equivalent overpayment	5,885	1,760
Township leasing payable	1,808	1,094
Other	222	55
Total other payables	7,915	2,909

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

3. Funding

This section identifies the Aboriginals Benefit Account funding structure.

3.1. Special Accounts

Note 3.1A: Special accounts ('recoverable GST exclusive')

	Aboriginals Benefit Account ¹	
	2019 \$'000	2018 \$'000
Balance brought forward from previous period	11,212	24,334
Increases		
Appropriation credited to special account	429,608	337,701
Investments realised	853,746	691,500
Other receipts	22,742	20,123
Total increases	1,306,096	1,049,324
Available for payments	1,317,308	1,073,658
Decreases		
Payments made	(205,654)	(184,700)
PGPA Act section 58 investments	(1,102,500)	(877,746)
Total decreases	(1,308,154)	(1,062,446)
Total balance carried to the next period	9,154	11,212
Balance represented by:		
Cash held in entity bank account	9,154	11,212
Total balance carried to the next period	9,154	11,212

¹Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *Aboriginal Land Rights (Northern Territory) Act 1976*, sections 62, 63, 64 and 65.

Purpose: For the receipt and disbursement of the equivalent of mining royalty monies derived from mining operations on Aboriginal land in the Northern Territory.

ABORIGINALS BENEFIT ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

4. Managing Uncertainties

This section analyses how the Aboriginals Benefit Account manages financial risks within its operating environment.

4.1. Contingent Assets and Liabilities

PM&C, on behalf of ABA, is not aware of any material quantifiable or unquantifiable contingent assets or liabilities as at the signing date that would require disclosure in the financial statements.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

4.2. Financial Instruments

	2019	2018
	\$'000	\$'000
Note 4.2A: Categories of financial instruments		
Financial assets under AASB 139		
Held-to-maturity investments:		
Term deposits		793,746
Total held-to-maturity investments		<u>793,746</u>
Loans and receivables		
Cash and cash equivalents		11,212
Interest receivable		9,935
Other receivables (net)		296
Total loans and receivables		<u>21,443</u>
Total financial assets		<u>815,189</u>
Financial assets under AASB 9		
Financial assets at amortised cost		
Term deposits	1,042,500	
Cash and cash equivalents	9,154	
Interest receivable	14,685	
Other receivables (net)	913	
Total financial assets at amortised cost	<u>1,067,252</u>	
Total financial assets	<u>1,067,252</u>	
Financial liabilities		
Financial liabilities measured at amortised cost:		
Office of township leasing administrative liabilities	742	1,095
Grants payables – non-profit organisations	-	295
Other payables	1,808	1,094
Total financial liabilities measured at amortised cost	<u>2,550</u>	<u>2,484</u>
Total financial liabilities	<u>2,550</u>	<u>2,484</u>

Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility. Settlement of supplier and other payables is usually made within 30 days.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

Accounting Policy

Financial Assets

The ABA first adopted *AASB 9 Financial Instruments* on 1 July 2018. Upon initial application, financial assets previously recognised as loans and receivables and investments held to maturity under *AASB 139 Financial Instruments* were reclassified to financial assets measured at amortised cost. Adjustments to the carrying amounts upon initial application were recognised as adjustments for changes in accounting policies within the opening balance for retained earnings in the statement of changes in equity.

Investments

Investment activities are conducted in accordance with the requirements of section 58 of the PGPA Act. Investments are typically low risk and take the form of term deposits. The duration of the term deposits are usually for a term of three to 12 months.

The investment objective of PM&C as administrators for ABA is to ensure that ABA complies with legislative obligations under the PGPA Act and the ALRA; and that ABA maintains and preserves its capital base.

The investment portfolio and bank accounts are managed to ensure sufficient funds are available for payments as required.

Investment practices are also governed by the investment policy of PM&C, which requires the management of the portfolio to respond to positive investment opportunities in the market so as to achieve the best possible returns for the account within the legislative framework.

The asset allocation of the portfolio as at 30 June 2019 is 100% (2018: 100%) with Australian banks.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit and loss.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses. Using the general approach, the loss allowance is based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased. The simplified approach for trade and contract receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

Financial Liabilities

Other Financial Liabilities (at amortised cost)

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent goods or services have been received (and irrespective of having been invoiced).

**ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the period ended 30 June 2019

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Term deposits		Held-to-maturity investments	Amortised Cost	793,746	793,746
Cash and cash equivalents		Loans and receivables	Amortised Cost	11,212	11,212
Interest receivable	2.1A	Loans and receivables	Amortised Cost	9,935	9,935
Other receivables (net)	2.1A	Loans and receivables	Amortised Cost	296	340
Total financial assets				815,189	815,233

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost			
Held-to-maturity investments			
Term deposits	793,746	-	793,746
Loans and receivable			
Cash and cash equivalents	11,212	-	11,212
Interest receivable	9,935	-	9,935
Other receivables (net)	296	44	340
Total financial assets	815,189	44	815,233

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
<u>Note 4.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	25,661	19,496
Other gain	5	3
Impairment	(280)	(578)
Net gain on financial assets at amortised cost	<u>25,386</u>	<u>18,921</u>
Net gain on financial assets	<u>25,386</u>	<u>18,921</u>

The above net gain is from financial assets that are not recognised at fair value through profit and loss.

Accounting Policy

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2019

5. Other Information

5.1. Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Note 5.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	1,068,360	815,343
More than 12 months	<u>2,631</u>	<u>3,157</u>
Total assets	<u>1,070,991</u>	<u>818,500</u>
Liabilities expected to be settled in:		
No more than 12 months	7,753	3,752
More than 12 months	<u>904</u>	<u>547</u>
Total liabilities	<u>8,657</u>	<u>4,299</u>

Part five



Appendices

Appendix A: Aboriginals Benefit Account Annual Report 2018–19

Aboriginals Benefit Account overview

The Aboriginals Benefit Account (ABA) is legislated under the *Aboriginal Land Rights (Northern Territory) Act 1976* (Land Rights Act). It is a special account for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The ABA receives and distributes moneys generated from mining on Aboriginal land in the Northern Territory. Payments into the ABA are based on royalty equivalents that are determined by the estimated value of the statutory royalty payments.

The Minister for Indigenous Affairs allocates funds from the ABA to the four Northern Territory Land Councils (Northern Land Council, Central Land Council, Anindilyakwa Land Council and Tiwi Land Council) for administrative purposes.

The Minister also approves grants for the benefit of Aboriginal people living in the Northern Territory, taking into consideration advice provided by the ABA Advisory Committee. The Committee is established under subsection 65(1) of the Land Rights Act to advise the Minister on beneficial payments under subsection 64(4). In 2018–19 the Committee consisted of 14 members elected by the four Land Councils and Donna Ah Chee, whose three-year term ended on 30 June 2019. The Committee provided advice in relation to beneficial payments on 172 applications.

At 30 June 2019, the net assets of the ABA were \$1062.3 million (excluding future commitments). This represents a 30.4 per cent increase from \$814.2 million at 30 June 2018. The variation largely reflects positive market conditions such as commodity prices, exchange rates and world demand.

Funds from the ABA are distributed to Royalty Associations in areas affected by mining. In addition, the Land Rights Act provides for lease administration costs of approved Commonwealth entities and other leases administered by the Executive Director of Township Leasing.

The Department of the Prime Minister and Cabinet is responsible for advising the Minister on the overall policy and financial management of the ABA. The Department also provides secretariat support to the Committee and manages the ABA subsection 64(4) grants.

The Department administers the ABA in accordance with the requirements of the Land Rights Act and the PGPA Act.

The Department is responsible for ensuring the ABA complies with the Land Rights Act and relevant financial legislation. Section 64B of the Land Rights Act requires the Department to keep accounts and prepare financial statements in respect of the ABA, as determined by the Minister for Finance. Section 64B also requires the Auditor-General to report on the financial statements to the relevant Minister.

Aboriginals Benefit Account performance 2018–19

Mining royalty equivalent receipts of \$426 million were credited to the ABA in 2018–19. This represents a 25.8 per cent increase on the level of 2017–18 receipts. The significant increase in royalty receipts largely reflects positive market conditions such as commodity prices, exchange rates and world demand. Tables 5.1 and 5.2 summarise the ABA income and expenditure.

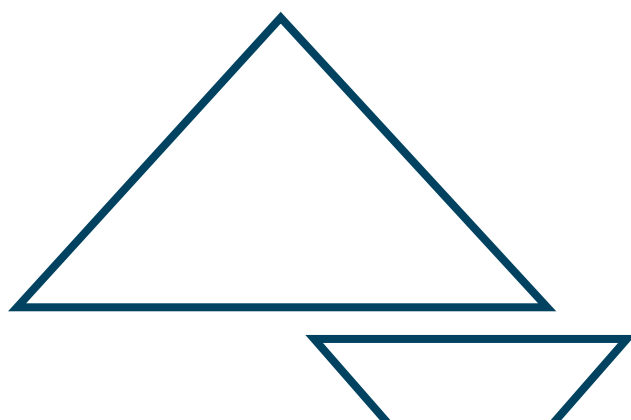


Table 5.1: Summary of Aboriginals Benefit Account income, 2017–18 and 2018–19

	2017–18 \$'000	2018–19 \$'000
Royalty equivalents	338,474	426,051
Interest	19,496	25,661
Resources received free of charge	3,298	2,725
Lease rental income	1,847	2,251
Other income	621	272
Total ABA income	363,736	456,960

Table 5.2: Summary of Aboriginals Benefit Account expenditure (inclusive of mining withholding tax) 2017–18 and 2018–19

	2017–18 \$'000	2018–19 \$'000
Payments to Land Councils for administrative purposes— Land Rights Act, subsection 64(1)	51,920	61,466
Payments to Land Councils for distribution to Royalty Associations— Land Rights Act, subsection 64(3)	101,544	127,814
Grant payments to or for the benefit of Aboriginal people in the Northern Territory—Land Rights Act, subsection 64(4)	20,240	10,292
Payments in relation to township leases and subleases— Land Rights Act, subsection 64(4A)	5,899	5,547
Administration (suppliers and employees including resources received free of charge)—Land Rights Act, subsection 64(6)	4,018	3,189
Total expenditure	183,621	208,308

Credits into the Aboriginals Benefit Account

The ABA is credited with moneys that are equivalent to the royalties received by the Commonwealth or the Northern Territory for mining on Aboriginal land in the Northern Territory (royalty equivalent receipts).

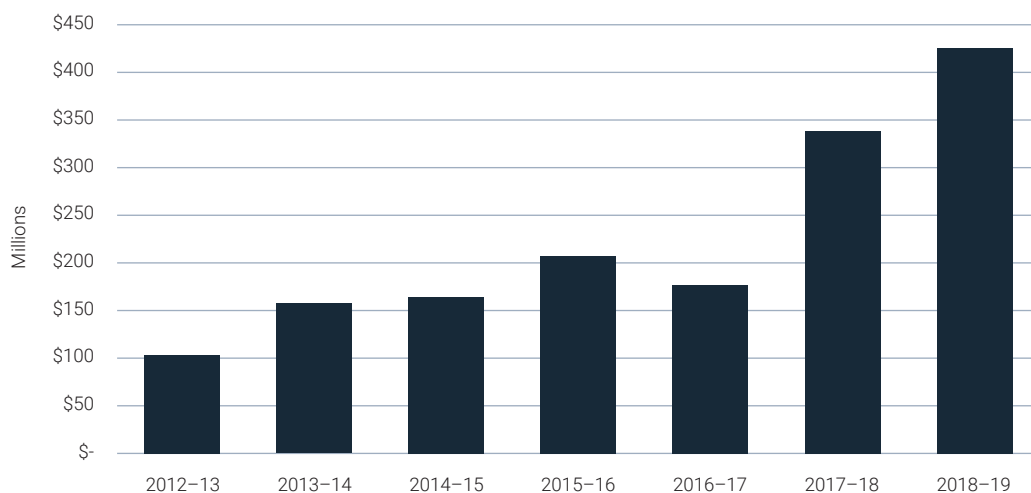
Interest received from the investment of ABA funds is credited directly into the ABA's bank account. Table 5.1 details interest earned for the year, as well as royalty equivalent income, resources received free of charge and lease rental income.

The Department provides staff support free of charge to manage the ABA. These costs are included as revenue in Table 5.1 and expenses in Table 5.2.

ABA royalty equivalent income is volatile, as it is subject to profits recorded by individual mines that are influenced by global commodity markets and other factors.

Graph 5.1 shows royalty equivalent receipts transferred to the ABA since 2012–13.

Graph 5.1 Royalty equivalent receipts transferred to the ABA since 2012–13



Debits out of the Aboriginals Benefit Account

A summary of total ABA expenditure in 2017–18 and 2018–19 is provided at Table 5.2.

Payments to Land Councils for administrative expenses

Table 5.3: ABA moneys paid in 2017–18 and 2018–19 to the four Northern Territory Land Councils (net of mining withholding tax)

Land Councils	2017–18 \$'000	2018–19 \$'000
Northern Land Council	23,793	30,686
Central Land Council	18,376	19,688
Tiwi Land Council	3,469	4,521
Anindilyakwa Land Council	4,205	4,113
Total	49,843	59,008

Note: Further details can be found in Part 4, financial statements.

Office of township leasing and ABA administrative payments

Administration costs of township leases and other leases administered by the Executive Director Township Leasing are captured under subsection 64(4A) of the Land Rights Act. Costs associated with the administration of the ABA are captured under subsections 64(6) of the Land Rights Act. Table 5.5 provides a breakdown of township leasing administration expenses for 2017–18 and 2018–19, including services provided free of charge.

Payments to Royalty Associations

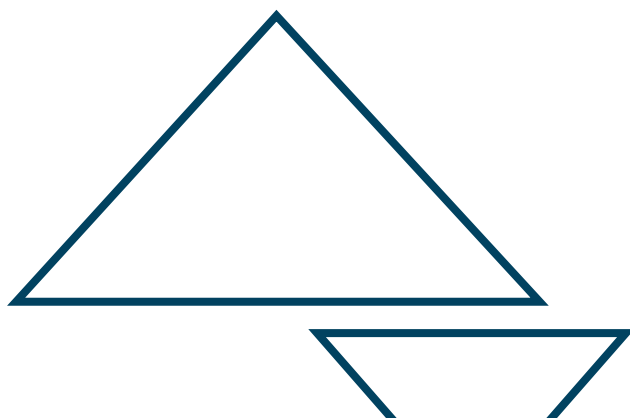
Under the Land Rights Act, 30 per cent of the royalty equivalent moneys must be paid to each land council in the area in which a mining operation is situated. These moneys are distributed to Aboriginal organisations (Royalty Associations) in those areas affected by mining operations. Table 5.4 lists payments made in 2017–18 and 2018–19 to Land Councils for distribution to Royalty Associations (net of mining withholding tax). Further detail can be found in Part 4.

Beneficial payments

Under subsection 64(4) of the Land Rights Act, payments totalling \$10.1 million were provided for the benefit of Aboriginal and Torres Strait Islander people living in the Northern Territory during 2018–19. This compared to \$20.2 million provided in 2017–18 (inclusive of mining withholding tax).

ABA beneficial grant funding in 2018–19 went to projects supporting employment, training and cultural activities in the Northern Territory. For example:

- Anindilyakwa Services Aboriginal Corporation was provided with \$153,188 to develop a covered outdoor area and storage container at the Bush Medijina site at Angurugu on Groote Eylandt. The area will provide a space to host cultural and capability-building initiatives for Warningakalina Women. It will also be an area to work with employment program participants and hold community meetings.
- Jilamara Arts and Crafts Association in Milikapiti on the Tiwi Islands was provided with \$67,303 to purchase a vehicle to enable excursions to country to collect materials and undertake cultural activities. The new vehicle will also support the continuation of cultural programs provided to local schoolchildren by art centre elders, and be used to transport visitors and tourists from the airport to the art centre and to visit surrounding sites.



The Department manages the ABA Homelands Project, which is a one-off investment of \$40 million to improve infrastructure in homelands/outstations across the Northern Territory. The project is funded from subsection 64(4) of the Land Rights Act. It commenced in early 2018 and all funding is expected to be allocated by the end of 2020. The four Northern Territory Land Councils have selected homelands for the project and are assisting residents to develop proposals for works. As at 30 June 2019, proposals from 62 homelands have been recommended by the ABA Advisory Committee and approved by the Minister. It is anticipated that proposals will be received from approximately another 140 homelands. The Department is working with local Indigenous provider organisations on the delivery of successful proposals.

Mining withholding tax

Under the *Income Tax Assessment Act 1936*, payments made from royalty equivalents credited to the ABA are subject to mining withholding tax at a rate specified in the *Income Tax (Mining Withholding Tax) Act 1979*. In accordance with the *Taxation Laws Amendment Act (No. 3) 1994*, the current rate of tax applied to payments of mining withholding tax is 4 per cent.

From 1 July 2003, the Australian Taxation Office determined the ABA to be a large pay-as-you-go (PAYG) withholder. Mining withholding tax liabilities on payments made are paid on or before due dates in accordance with the Taxation Office PAYG withholding requirements. The total mining withholding tax for 2018–19 was \$7.6 million, compared with \$6.5 million in 2017–18.

Table 5.4: Payments to Land Councils for distribution to Royalty Associations

Land Council	2017–18 \$'000	2018–19 \$'000
Northern Land Council	17,329	17,865
Central Land Council	15,037	18,342
Anindilyakwa Land Council	65,116	86,495
Tiwi Land Council	0	0
Total	97,482	122,702

Table 5.5: Departmental administration and expenditure (exclusive of GST)

Administration expenditure	2017–18 \$'000	2018–19 \$'000
Departmental administration expenditure		
Resources provided free of charge	3,298	2,725
Subsection 64(6) payments		
Committee members sitting fees/superannuation	102	104
Travel and other administrative costs	40	80
Subsection 64(4A) payments		
Office of township leasing administrative expenses	2,787	2,787
Payments for township leases	1,387	663
Township rent returned to owners under Head Lease agreement	1,397	1,813
Community entity administrative expenses	328	284
Total administrative costs of the ABA	9,339	8,456

Management of the Aboriginals Benefit Account and its investment portfolio

The ABA investment strategy is focused on cash-flow requirements, preservation of the fund and management of risk. Moneys that are surplus to immediate requirements are invested under section 58 of the PGPA Act. To minimise the risk of loss, section 58 restricts the investment of public money to a limited number of specific low-risk investments such as government bonds, state and territory bonds, term deposits and negotiable cash deposits with a bank.

At 30 June 2019 the ABA held \$1,042.5 million in term deposits with Australian banks. This compares with \$793.7 million at 30 June 2018.

Appendix B: Registrar of Indigenous Corporations Report 2018–19

The Registrar of Indigenous Corporations is an independent statutory office holder who registers and regulates Aboriginal and Torres Strait Islander corporations under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act). The Registrar is supported to do this work by the Office of the Registrar of Indigenous Corporations (ORIC).

As at 30 June 2019 the Registrar's functions were delivered by 40 full-time equivalent staff. Of these, 58 per cent identified as Aboriginal or Torres Strait Islander.

Table 5.6: Funding and expenditure figures for ORIC, 2018–19

Type of funding	Total 2018–19 budget (\$m)	Total 2018–19 expenditure (\$m)	2018–19 variance surplus/(deficit) (\$m)
Departmental	\$8.196	\$7.573	\$0.623
Administered	\$0.955	\$0.955	N/A

Performance

As at 30 June 2019 there were 3,198 Aboriginal and Torres Strait Islander corporations registered under the CATSI Act, including 202 registered native title bodies corporate.

During the year, ORIC registered 193 new corporations, including 15 transfers of incorporation from other legislation. ORIC finalised deregistration for 44 corporations.

Corporations lodged 5,916 forms and documents with ORIC requiring changes to the Register of Aboriginal and Torres Strait Islander Corporations. This figure included 2,397 corporation reports; 1,103 changes to directors, contact persons and secretaries; 928 members lists; 220 contact details; and 232 rule books. Corporations requested 523 exemptions—ORIC granted 446 and rejected 76. There were 111,677 website sessions in which individuals made searches of the public register for information about individual corporations.

ORIC delivered corporate governance training to 827 participants from 261 corporations. There were 96 workshops in total (one Certificate IV, seven Introduction to Corporate Governance workshops, 12 two-day governance workshops, 76 corporation-specific workshops). Ninety-nine per cent of participants reported they increased their understanding of corporate governance.

People from corporations and other interested people made 9,613 calls to ORIC's call centre. There were 4,134 inquiries finalised (3,074 received by phone, 1,028 in writing, 32 in person).

As at 30 June 2019, 81.1 per cent of corporations were compliant with their 2017–18 reporting obligations under the CATSI Act. During the year, ORIC received 588 complaints involving corporations and finalised 557, and received 16 dispute matters and finalised 15.

ORIC started the financial year with 35 examinations in progress and has started a further 53. As at 30 June 2019, 66 examinations had been finalised. Of these, 38 corporations were operating well and issued a management letter; 22 were required to improve standards outlined in a compliance notice; four had serious issues and were asked to show cause why a special administrator should not be appointed; one went into liquidation; and one was provided a report on their solvency.

In the period there were three Registrar-initiated general meetings called.

During 2018–19, ORIC assessed six referrals about potential breaches of the CATSI Act. One matter was referred to the Queensland Police Service for investigation and two were assessed as requiring no further action. ORIC concluded four investigations, referring one brief of evidence (comprising 25 minor regulatory prosecutions) to the Commonwealth Director of Public Prosecutions and no briefs for civil action.

ORIC finalised three criminal prosecution matters and has another three in progress (this includes two matters which each comprise multiple minor regulatory prosecutions). ORIC also finalised five civil action matters in court and has one civil action matter in progress.

The CATSI Act provides the Registrar with a unique form of regulatory assistance to support corporations with serious governance or financial problems. Four special administrations were in progress at the outset of the year, and seven were started during 2018–19. Four were completed. All four were handed back to members' control. The average duration of special administrations was nine months.



Part six



Glossary and indexes

Compliance index

Below is the table set out in Schedule 2 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). Section 17AJ(d) requires this table to be included in entities' annual reports as an aid to access.

PGPA Rule reference	Part of report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	iv–vii	Table of contents.	Mandatory
17AJ(b)	234–239	Alphabetical index.	Mandatory
17AJ(c)	232–233	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	221–231	List of requirements.	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	1–10	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	11	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	12–15	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	20–21	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	11	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	16	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	16	Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	98	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	17	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AE(2)	N/A	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	Report on the Performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	23–84	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	113–127	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	113–127	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.

PGPA Rule reference	Part of report	Description	Requirement
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	90	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	87–88	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	131	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy noncompliance.	If applicable, mandatory

PGPA Rule reference	Part of report	Description	Requirement
External Scrutiny			
17AG(3)	91	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	91	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	91	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
Management of Human Resources			
17AG(4)(a)	92	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	92–98	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location. 	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AG(4)(b)	92–98	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	104–105	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	104–105	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	104–105	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	110	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	110	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	110	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory

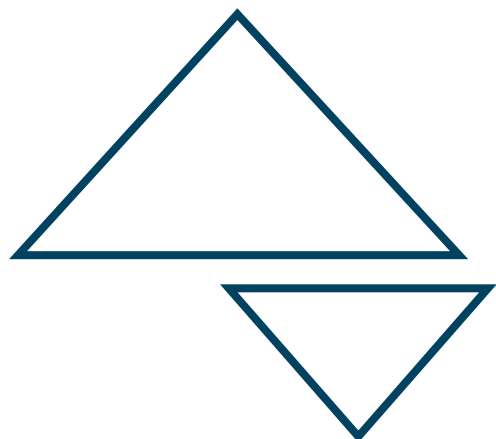
PGPA Rule reference	Part of report	Description	Requirement
17AG(4)(d)(iii)	110	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	110	Information on aggregate amount of performance payments.	If applicable, mandatory
Assets Management			
17AG(5)	130	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
Purchasing			
17AG(6)	127–128	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Consultants			
17AG(7)(a)	128	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AG(7)(b)	128	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory
17AG(7)(c)	128	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	128	A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	127–128	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory

PGPA Rule reference	Part of report	Description	Requirement
Exempt contracts			
17AG(9)	127–128	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
Small business			
17AG(10)(a)	129	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	129	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	129	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises 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.”	If applicable, mandatory

PGPA Rule reference	Part of report	Description	Requirement
Financial Statements			
17AD(e)	133–206	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	106–109	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f) Other Mandatory Information			
17AH(1)(a)(i)	N/A 129–130	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory
17AH(1)(a)(ii)	129–130	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	131	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AH(1)(c)	99	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	91	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Not applicable as at 30/08/19	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	111–113	Information required by other legislation	Mandatory



List of abbreviations

ABA	Aboriginals Benefit Account
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
ATSILA	Aboriginal and Torres Strait Islander Land Account
AWEI	Australian Workplace Equality Index
BETA	Behavioural Economics Team of the Australian Government
CDP	Community Development Program
COAG	Council of Australian Governments
CPRs	Commonwealth Procurement Rules
EC	Empowered Communities
EL	Executive Level
ESS	Employee self-service
FOI	Freedom of information
G20	Group of Twenty
IAS	Indigenous Advancement Strategy
IEF	Indigenous Entrepreneurs Fund
IPP	Indigenous Procurement Policy
ISSP	Indigenous Student Success Program
KPI	Key performance indicator
LGBTIQ+	Lesbian, gay, bisexual, transgender/gender diverse, intersex and queer
MAP	Multi-agency partnerships
MP	Member of Parliament
NAIDOC	National Aborigines and Islanders Day Observance Committee
NIAA	National Indigenous Australians Agency
ONDC	Office of the National Data Commissioner
ORIC	Office of the Registrar of Indigenous Corporations
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
SES	Senior Executive Service
SMEs	Small and medium enterprises
WHS	Work health and safety

Glossary of terms

Administrative Arrangements Order	An order, issued by the Governor-General on advice from the Prime Minister, which indicates the principal matters dealt with by each Department of State and the legislation administered within each portfolio.
Agency	A Department of State, Department of Parliament or prescribed agency under the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act).
Budget	Sets out the fiscal and economic outlook for Australia for a financial year. It includes expenditure and revenue estimates for the current financial year, the Budget year and the three forward financial years.
Closing the Gap	A commitment by all Australian governments to improving the lives of Aboriginal and Torres Strait Islander people. A national integrated Closing the Gap strategy has been agreed through COAG.
Council of Australian Governments (COAG)	The peak intergovernmental forum in Australia, comprising the Prime Minister, state premiers, territory chief ministers and the President of the Australian Local Government Association.
Enterprise agreement	An agreement about the terms and conditions of employment, made under the <i>Fair Work Act 2009</i> .
Portfolio Additional Estimates Statements (PAES)	Statements of changes since the Budget to the proposed allocation of resources.
Portfolio Budget Statements (PBS)	Statements that explain where appropriated funds are to be spent for the portfolio.
Secretary's Instructions	Instructions and guidance provided for accountability requirements under the PGPA Act.

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