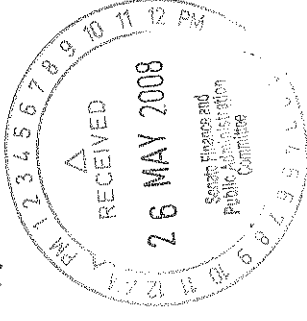


Department of the Prime Minister and Cabinet,
tabled document: department overview



PM&C Future Directions

Secretary's All Staff Forum
14 May 2008



Agenda

Setting the Scene - The Case for Taking Stock

The Diagnostic Audit

Proposed Structure from 1 July 2008

2008-09 Budget Outcomes

Our path to the future

- Transition principles
- Internal budgeting and planning cycle
- New opportunities – recruitment activity

Concluding Remarks

Questions



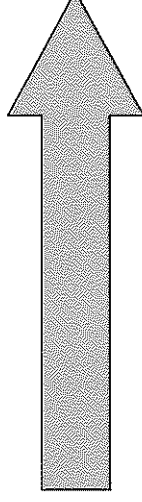
A new government with new priorities sets the scene for PM&C to reconsider its role

- The new government has new priorities, and new expectations of the APS, including PM&C
- The Prime Minister demands increased advice of a strategic nature which addresses Australia's challenges. However, he also wants us to continue to provide high quality advice and manage processes like the Budget and respond to other day to day pressures
- We have been struggling under a heavy workload brought on by the need to meet these new expectations
- We have done remarkably well and moved a long way, but a smart agency will reconsider its structures to make sure we can deliver to government and still make PM&C a great place to work

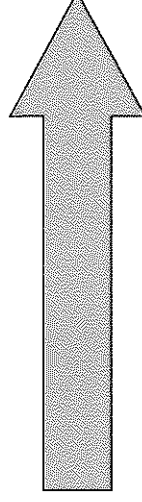
We want to be a model of APS excellence and at the centre of plotting the future course of the Australian story

A – Where Are We Now?

- We provide high quality advice to the Prime Minister in a timely manner, although this advice is often reactive in nature.
- We perform our coordination role well, particularly through the Cabinet process.
- We could better serve the Prime Minister in the area of strategic policy advice.
- Coordination of activity (particularly briefing) with PMO could be improved.
- We have a highly motivated and competent workforce, but one which is struggling under increased demand.



The Diagnostic
Audit and the
restructure is part
of the journey of
moving PM&C from
A to B



B – Where Do We Want To Be?

- We want our key stakeholders (the PM and portfolio ministers) to rate our advice on short term and forward looking issues as high.
- We want to be at the heart of advising on the key long term challenges and opportunities facing Australian society.
- We want to continue the high standard of service we provide in the coordination of government activity.
- We want our people to feel well supported and to achieve their development goals.
- We want a relationship with the PMO where briefing and correspondence is well coordinated and priorities communicated and understood.



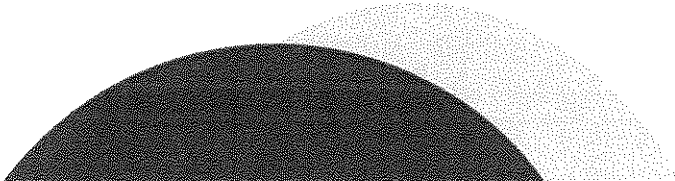
This aspiration is shared by the Prime Minister

'For the APS to deliver on the Government's long term reform agenda, we will need to invest in a greater strategic policy capability.'

'By this I mean a greater capacity to see emerging challenges and opportunities – and to see them not just from the perspective of government, but also from the perspective of all parts of the community'

Strategic policy development is especially important at the level of the Department of the Prime Minister and Cabinet, which should play a whole-of-government, forward-looking role in policy development, as well as carefully thinking through implementation issues, and taking corrective action when things are not working'

Prime Minister, Great Hall, Parliament House, 30 April 2008



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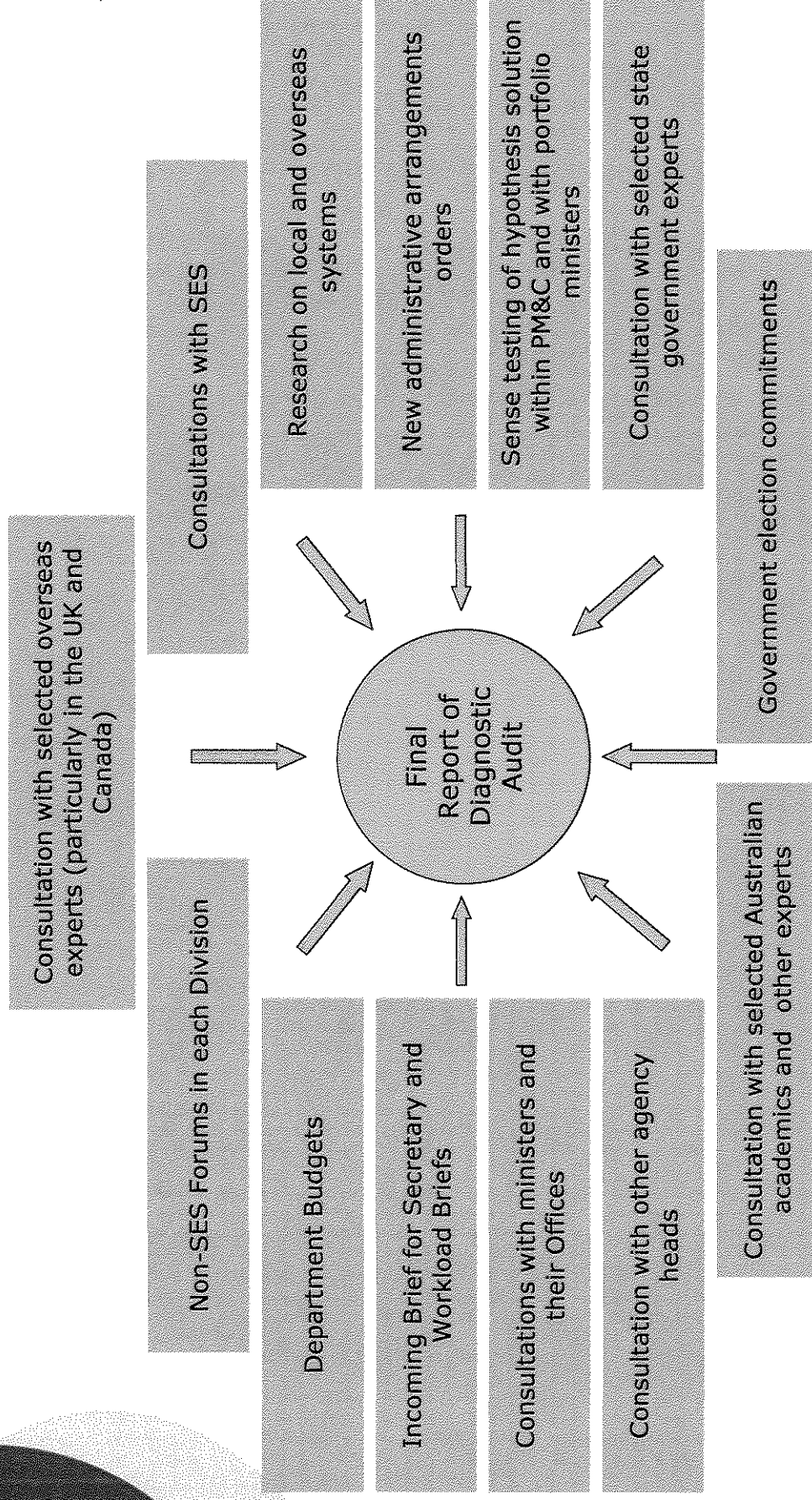
Questions



The Audit Team was set an ambitious program...

- The team was led by former Commonwealth Ombudsman, Ron McLeod, and included former head of the Cabinet Division, Peter Hamburger, and current PM&C officer, Russell Egan
- PM&C asked the team to examine the department's structure in light of:
 - New government priorities and administrative changes
 - The need to ensure we are delivering high quality and focused policy advice to the government of a forward looking, strategic, nature
 - The need to ensure that the functions of PM&C are appropriate for a central agency like this one
- In doing so, the team was asked to study overseas experience
- Timeline – One month – from late March to late April

...and the inputs into the final product were many and varied



There were 5 key findings

1. **PM&C should strengthen its capacity to provide longer term strategic advice** by establishing a Strategic Policy Unit and enhancing the capacity of the existing policy divisions to participate in strategic policy development.
2. **The structure should be aligned under four broad groups:** Domestic Policy; National Security & International Policy; Governance; and Strategic Policy & Implementation.
3. Other internal realignments can achieve **a closer nexus between our structure and government priorities** and administrative arrangements orders.
4. **The department should improve and better coordinate its support services** to ministers by centralising responsibility for these matters in a dedicated Unit and in the short term review department systems & processes.
5. There are **no current functions which should be transferred** to other agencies in the short term.

All of the key findings are accepted and will be implemented as outlined in this presentation

The audit team's preferred option for inserting a strategic capacity was an integrated one

Option One – Devolved Approach	Option Two – Centralised Approach	Option Three – Integrated Approach
Strategic policy resources for existing divisions only	Strategic policy resources for central Unit only	Strategic policy to be done in existing divisions and a new Unit established to form a knowledge centre on strategic policy, run projects and coordinate the strategic policy program
<i>Ruled Out – Significant projects distracted by the day to day</i>	<i>Ruled Out – Need a strategic approach to every day policy development</i>	<i>Recommended – Strategic policy development should occur in all divisions, but a capacity to focus on particular priorities in a dedicated way should be built</i>



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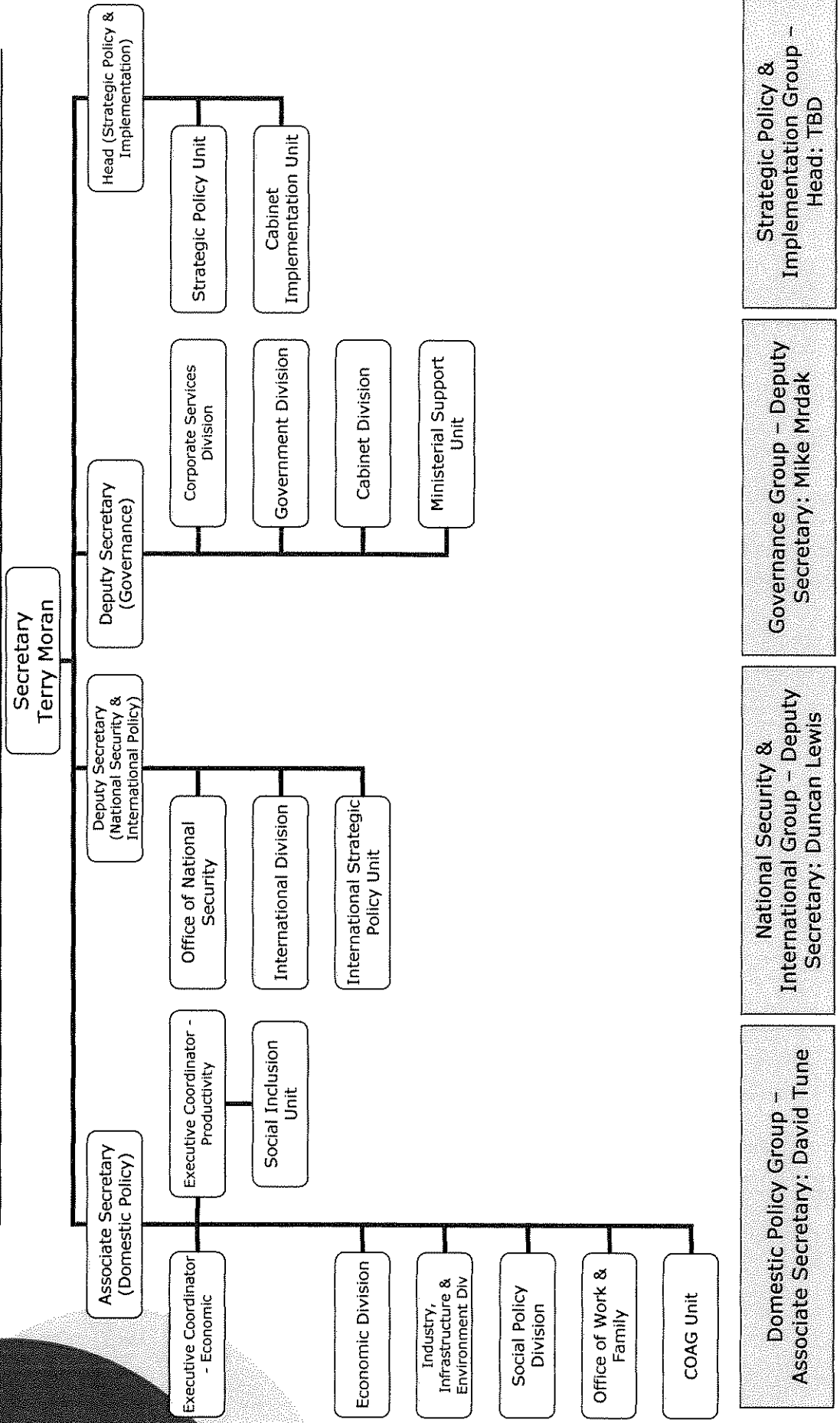
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The Top Structure shows that the organisation will have four Groups



Main features of the top structure

Strategic Policy Group

- * Will provide focus to strategic policy and ensure forward looking policy is prioritised in the face of the day to day demands of government
- * Will work with the rest of the department on strategic policy projects and provide opportunities for staff to go across for individual projects
- * Will be a knowledge hub for the whole department on excellence in strategic policy development

Domestic Policy Group

- * Brings together our economic, productivity and social policy agendas
- * Aims to improve coherence in Domestic Policy development and improving opportunities for cross-cutting policy development.
- * Supported by high level Executive Coordinators who will work across the Group on strategic projects and other tasks, especially where they cut across traditional divisional boundaries

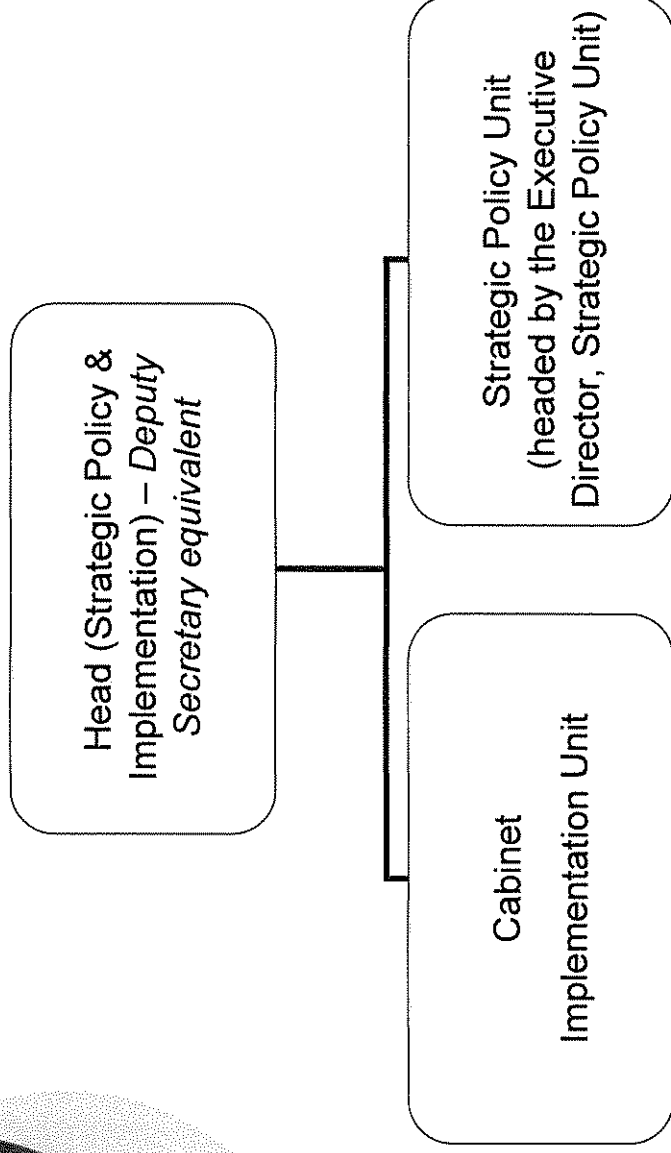
National Security & International Policy Group

- * Addition of dedicated International Strategic Policy Unit
- * Recognises the synergies between national security and international policy development

Governance Group

- * Enhanced organisational focus on Governance.
- * The focus of the Group is both on boosting PM&C governance & corporate support and also PM&C's leadership role in the APS – ie APS Governance

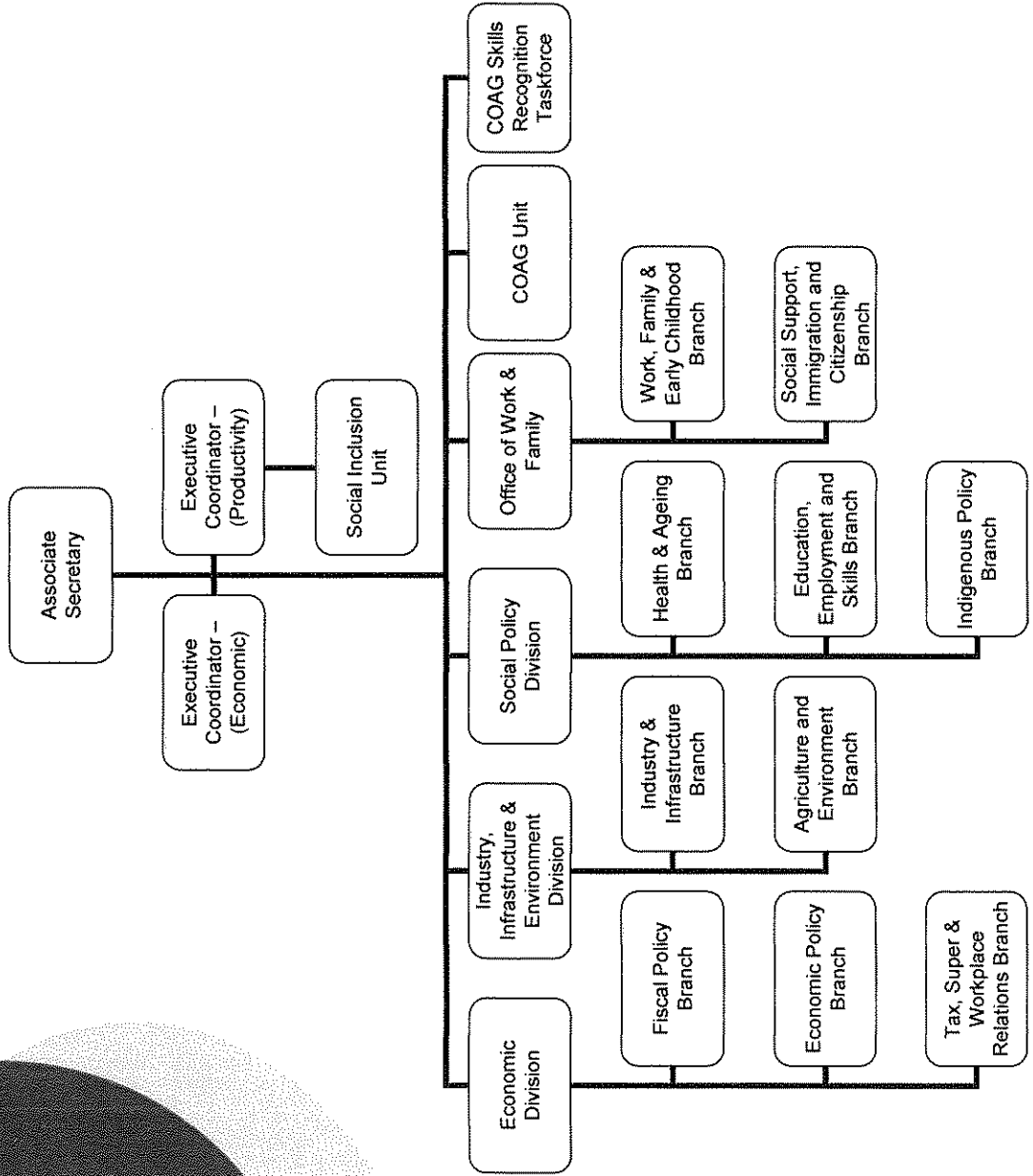
Strategic Policy & Implementation Group



- Flexibly structured Unit. Will include teams devoted to:
 - Special Strategic Policy Projects
 - Strategic Delivery Projects
 - Dissemination of knowledge on strategic policy development

- Points to Note
1. New Strategic Policy Unit with approximately 20 core staff, but 30-40 people at any given time to run projects
 2. Cabinet Implementation Unit unchanged, but clustered with SPU to focus SPU on implementation and drive strategic analysis of the way we monitor implementation and service delivery

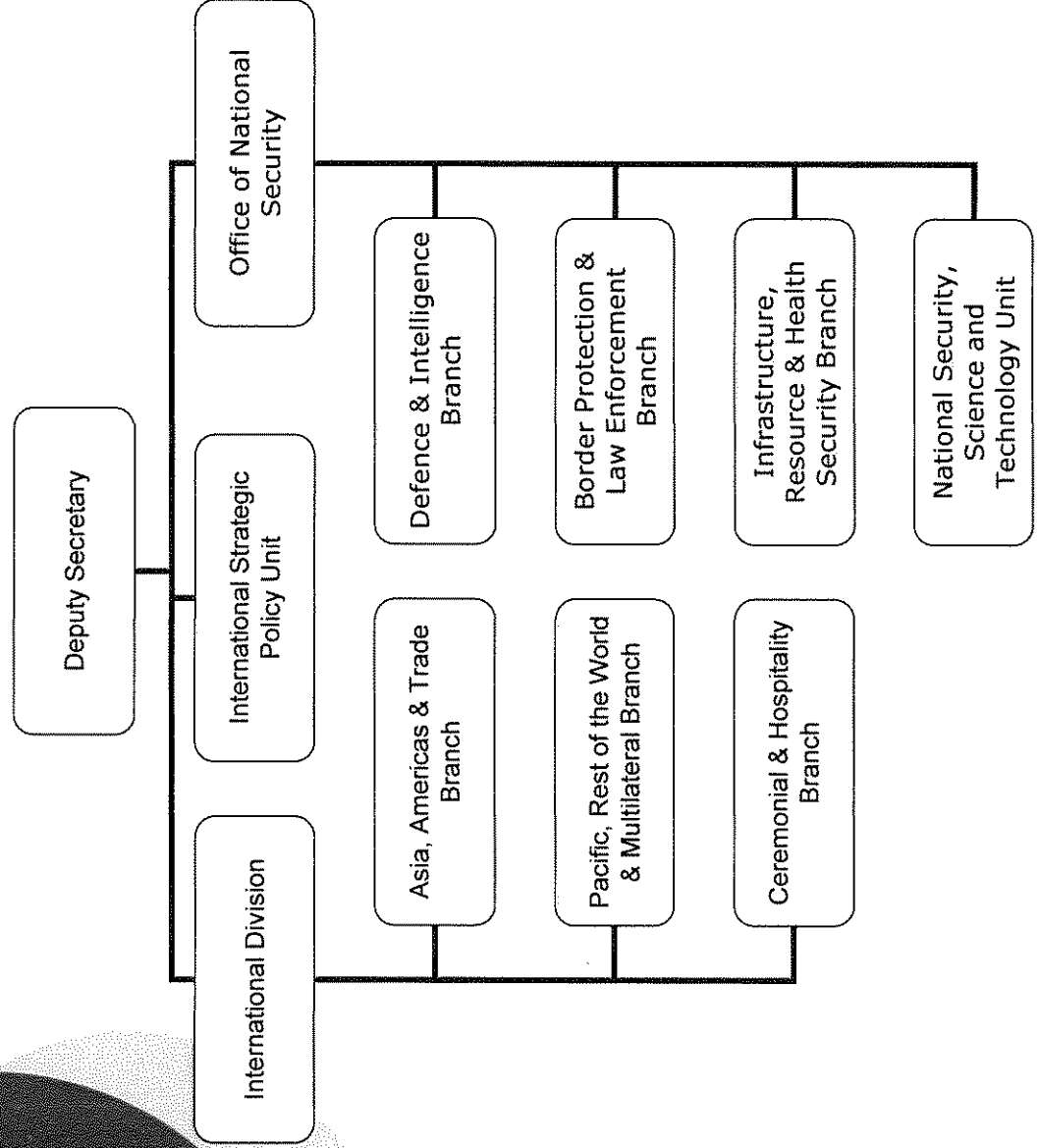
Domestic Policy Group



Points to Note

- **Executive Coordinators** – Senior FAS level to manage major nominated issues and be drivers of forward looking, strategic policy development
- **Economic Division** – Structure unchanged
- **Industry, Infrastructure & Environment Division** – Unchanged with the following exceptions:
 1. Industry & Infrastructure branches combined
 2. COAG Secretariat, COAG Reform and COAG Delivery constituted as a new unit
 3. Sport Policy to Health & Ageing Branch
- **COAG Unit** – Newly established team – Unit to form central COAG Secretariat and provide enhanced role in COAG Reform and Delivery.
- **Social Policy Division** – Key changes:
 1. SIU to report to Executive Coordinator, Productivity
 2. Social Support, Immigration and Citizenship Branch to report through the Office of Work & Family
 3. Sport Policy to Health & Ageing Branch
 4. Pandemic & National Health Security Branch to ONS
- **Office of Work & Family** – Key changes:
 1. Existing branches combined
 2. Social Support, Immigration & Citizenship Branch added

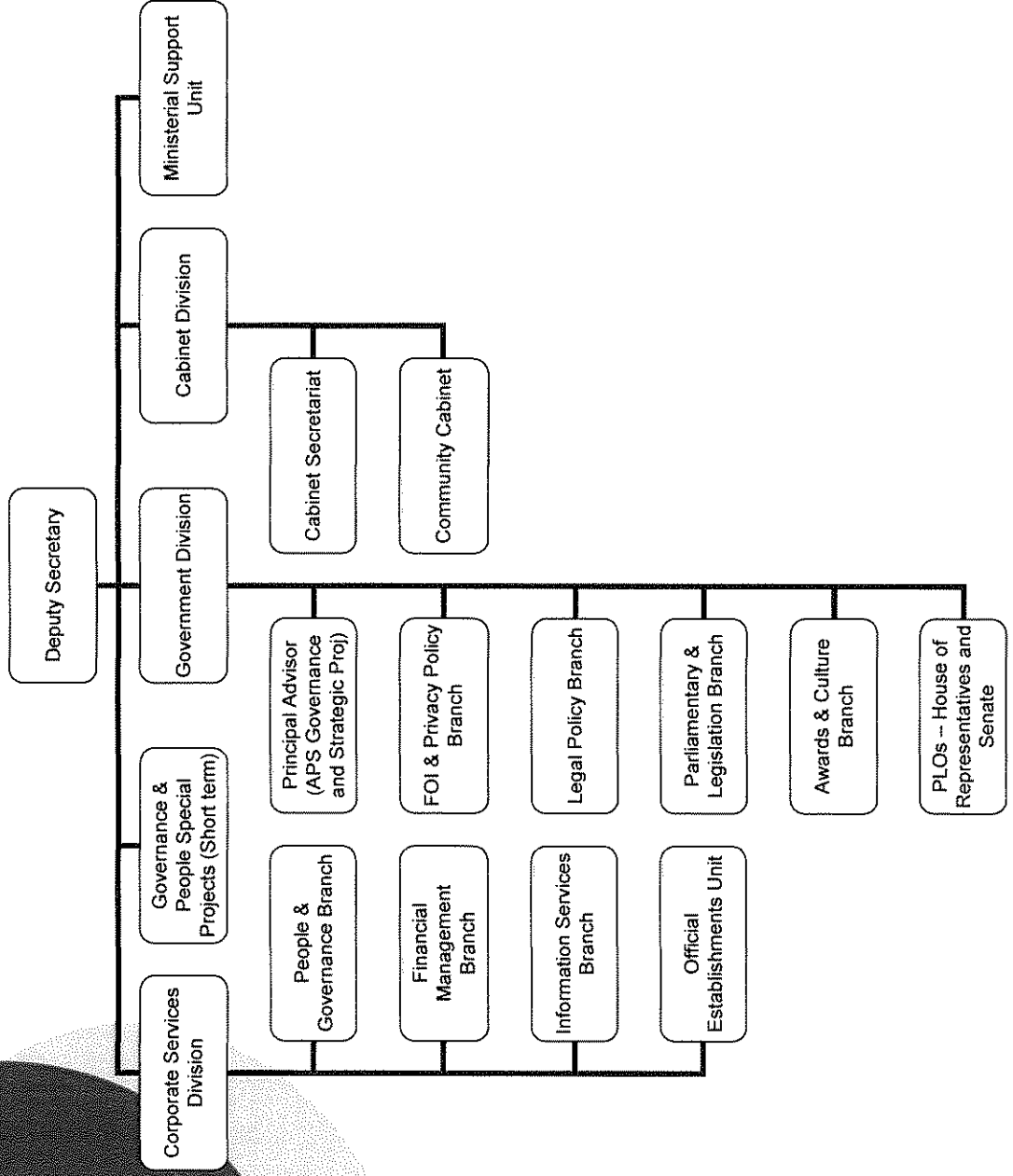
National Security & International Policy Group



Points to Note

- *International Division* – Division is unchanged
- *International Strategic Policy Unit* – New Unit to provide dedicated strategic advice on International policy issues
- *Office of National Security* – The Pandemic and Health Security Branch will join the Infrastructure and Resources Security Branch.
- *Homeland and Border Security Review* – The Homeland and Border Security Review is due to report by 30 June 2008. Depending on the outcomes of the Review, further changes may be necessary.

Governance Group



Points to Note

- **Ministerial Support Unit – New Unit** encompassing MCU and Briefing aspects of Parliamentary & Government Branch
- **Corporate Services Division – Renamed PRCD** with the following modifications:
 1. MCU to transfer to Ministerial Support Unit.
 2. Planned reduction in library services suspended.
 3. Official Establishments Section established as a separate Unit.
- **Cabinet Division – Cabinet Implementation Unit** transferred to Strategic Policy & Implementation Group
- Short term special projects team formed to boost internal governance – including transition and business planning activities.
- **Government Division – Existing Division** with the following modifications:
 1. Principal Advisor appointed at SES level to provide advice on public governance and APS reform and directions.
 2. Briefings Section to transfer to new Ministerial Support Unit
 3. Parliamentary & Government minor name change.



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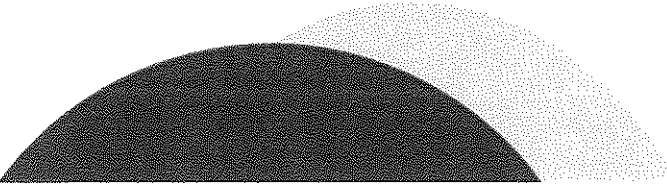
2008-09 Budget Outcomes

Our path to the future

- Transition principles
- Internal budgeting and planning cycle
- New opportunities – recruitment activity

Concluding Remarks

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There are a number of factors which we will need to factor into our budget this year

- The Government's efficiency dividend
- The Certified Agreement salary increase in October must be absorbed
- Lapsing programs which do not have funding for 2008-09
- Changing government and department priorities which affect the balance of funding across the department – picked up through the Business Planning process

All of these factors, along with the budget outcomes, will affect final resource allocation and will be taken into account in the budgeting and planning cycle discussed in the next section

Summary of Budget Outcomes affecting PM&C

PM&C 2008-09 Budget Measures

Expense Measures

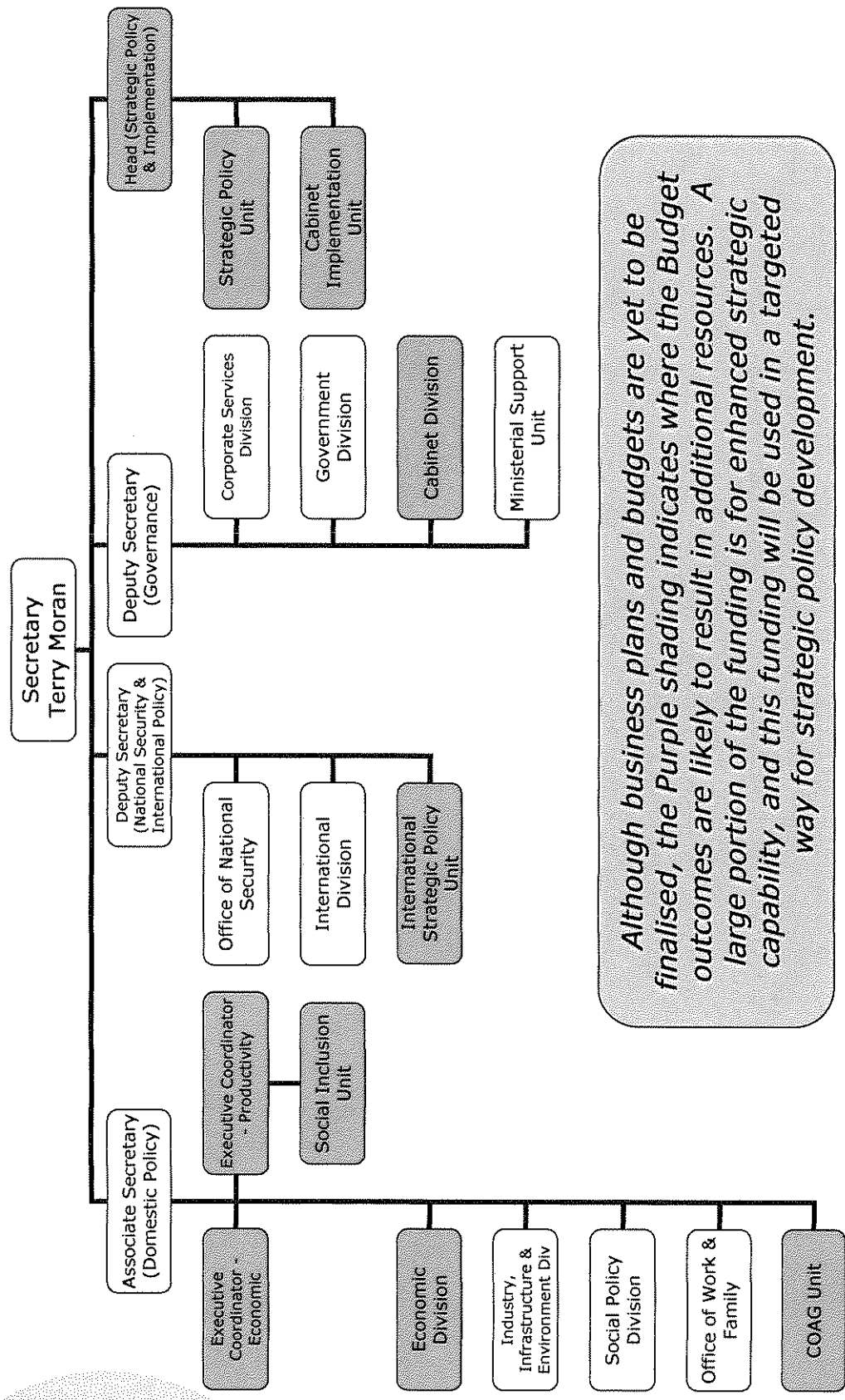
	2008-09 (\$'000)	2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)	4 Year Total (\$'000)
Administrative Support - COAG Secretariat Support	\$ 3,080	\$ 3,106	\$ 1,645	\$ 1,646	\$ 9,477
Social Inclusion Unit	\$ 1,644	\$ 1,344	\$ 1,644	\$ 1,344	\$ 5,976
Cabinet Committee Secretariat Support	\$ 810	\$ 817	\$ 823	\$ 831	\$ 3,281
Enhanced Strategic Capacity for PM&C	\$ 8,886	\$ 9,673	\$ 9,834	\$ 9,628	\$ 38,021
Total	\$ 14,420	\$ 14,940	\$ 13,946	\$ 13,449	\$ 56,755

Capital Measures

	2008-09 (\$'000)	2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)	4 Year Total (\$'000)
Australia 2020 Summit	\$ 2,604	\$ -	\$ -	\$ -	\$ 2,604
Enhanced Strategic Capacity for PM&C	\$ 1,039	\$ -	\$ -	\$ -	\$ 1,039
Cabinet Committee Secretariat Support	\$ 60	\$ -	\$ -	\$ -	\$ 60
Total	\$ 3,703	\$ -	\$ -	\$ -	\$ 3,703

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Overview of likely placement of additional resources



Although business plans and budgets are yet to be finalised, the Purple shading indicates where the Budget outcomes are likely to result in additional resources. A large portion of the funding is for enhanced strategic capability, and this funding will be used in a targeted way for strategic policy development.



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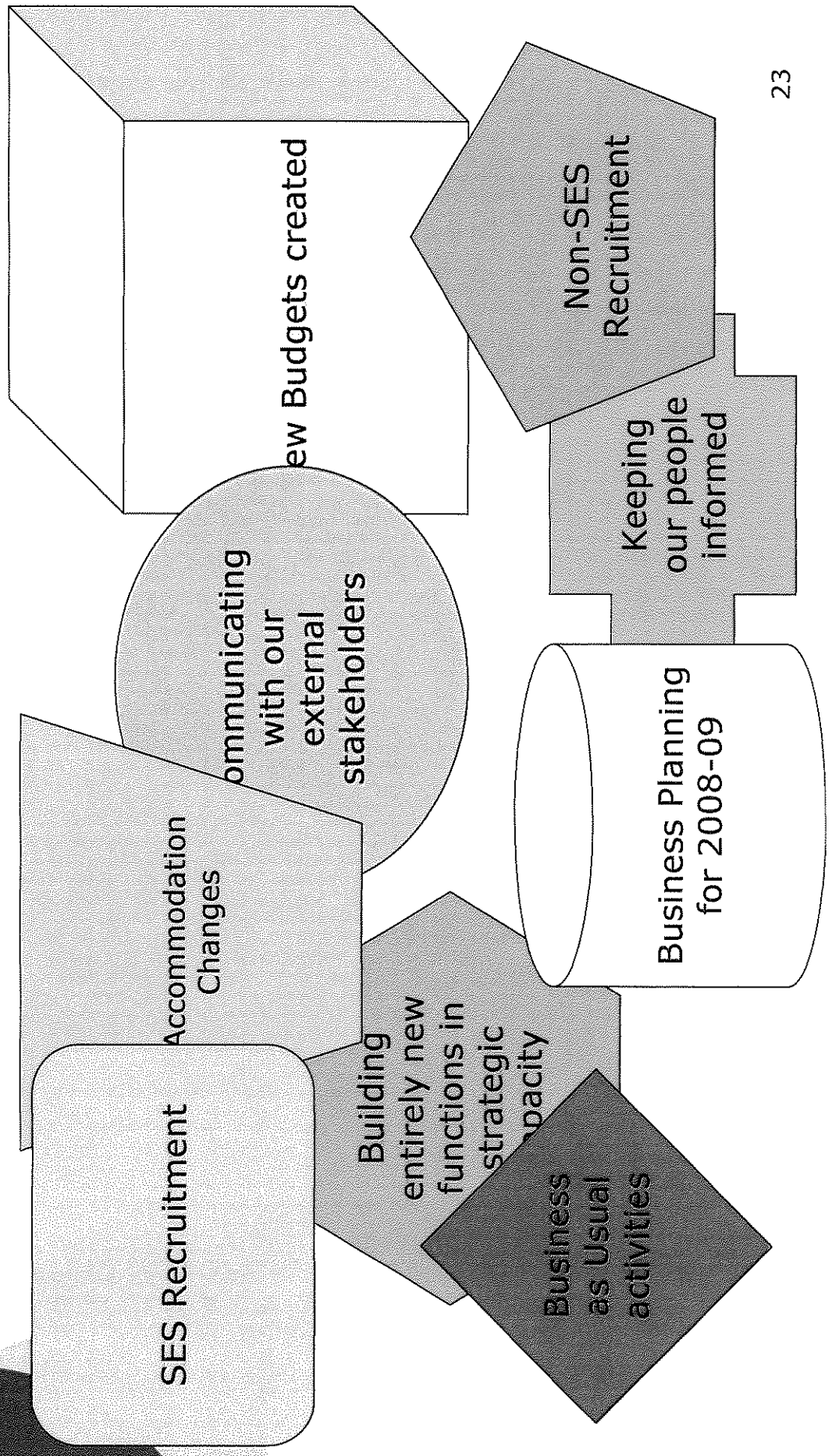
Our path to the future

- ◆ Transition principles
- ◆ Internal budgeting and planning cycle
- ◆ New opportunities – recruitment activity

Concluding Remarks

Questions

There is a lot which needs to be done to transition to a new structure...

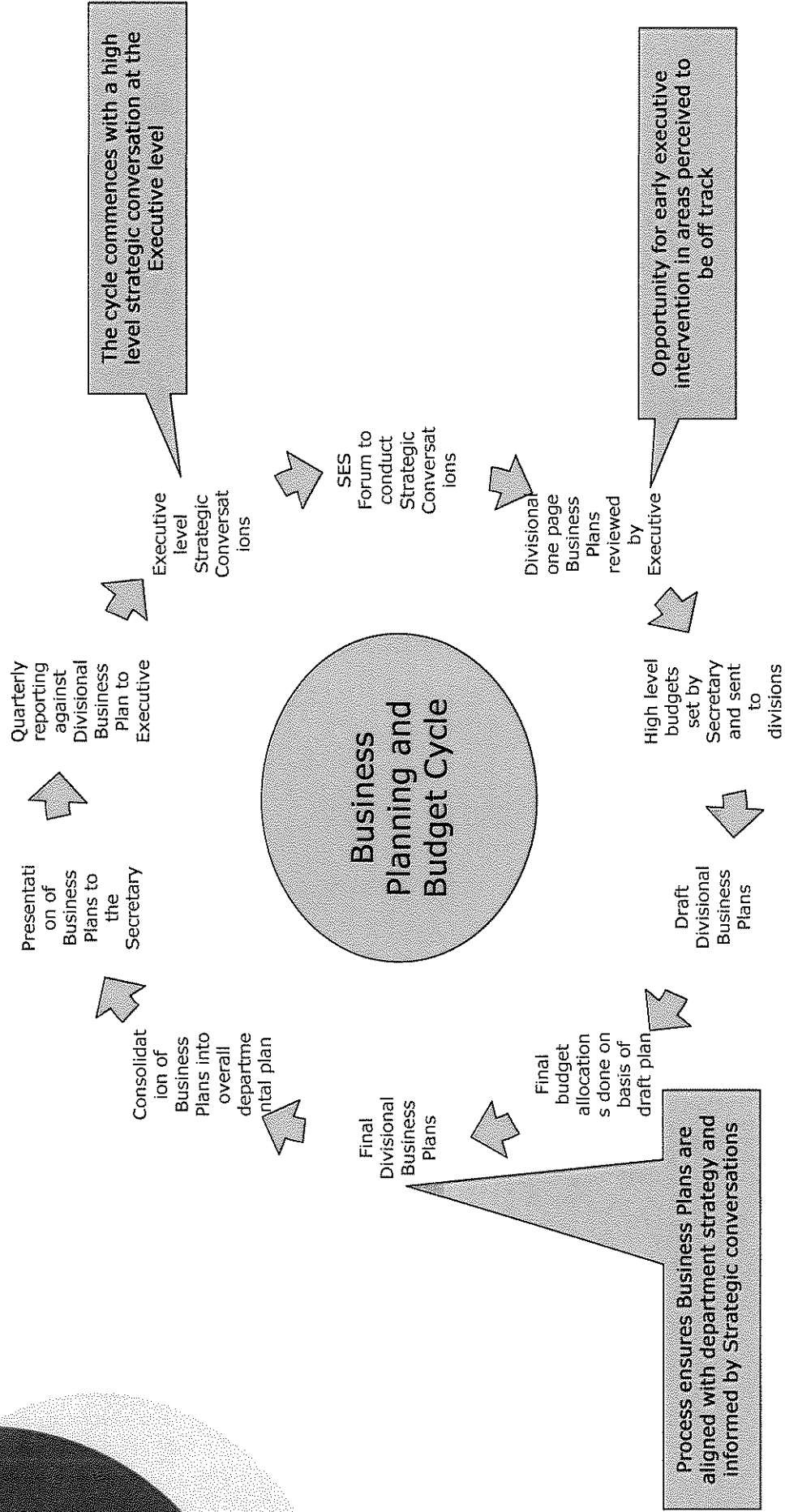


...but adopting clear overarching principles for the transition will ensure we stay on track

Principles for the Transition to the New Structure

1. PM&C will strengthen its ability to provide strategic, forward looking, policy advice, both in policy divisions and by the establishment of a new Strategic Policy Unit
2. PM&C's ability to support the Prime Minister, Cabinet and portfolio ministers will not be diminished, and will, where possible, be enhanced
3. Staff will be kept informed about issue affecting the structure of the organisation through the transition
4. Wherever possible, staff will be provided with the opportunity to learn and develop new skills, particularly in strategic policy development
5. There will be new opportunities under the new structure and no redundancy packages will be offered
6. PM&C will maintain its commitment to the APS Values and Code of Conduct at all times

The budgeting and planning cycle will solidify the new structure



There will be many new opportunities created by the restructure

Expected SES Opportunities	Expected Non-SES Opportunities
<ul style="list-style-type: none"> • Head, Strategic Policy & Implementation (Dep Sec) • Project Directors – AS, Strategic Policy Unit • FAS – Ministerial Support Unit • Executive Coordinator (Economic) – FAS • Executive Coordinator (Productivity) – FAS • AS – International Strategic Policy Unit • Principal Advisor (APS Governance & Special Projects) (Gov Div) 	<ul style="list-style-type: none"> • Although opportunities may arise across the organisation, areas where we know there are likely to be opportunities are: <ul style="list-style-type: none"> • Strategic Policy Unit • Cabinet Implementation Unit • International Strategic Policy Unit • Economic Division • Social Inclusion Unit • Cabinet Division • COAG Unit • The final number and classification of particular positions will be settled through the budget and planning cycle

Recruitment activities will begin immediately. There will be a call for Expressions of Interest issued this afternoon for APS 5, APS6, EL1 and EL2 officers interested in the non-SES opportunities identified above. SES and non-SES opportunities will be advertised over the coming weeks.



Next Steps in transition

1. SES Forum
2. Recruitment Activity – Expressions of Interest and external recruitment
3. Budgeting and Business Planning
4. Accommodation Changes
5. Launch of new structure on 1 July 2008



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Concluding Remarks

- This is an exciting time for PM&C
- We have an opportunity to position ourselves at the centre of long term policy development – and this will be achieved by both strengthening our existing structure and creating an area with particular expertise
- The changes combined will mean we are better able to support Ministers
- This presentation will be made available on the Intranet today to read at your leisure



PM&C Future Directions

Questions and Answers Session

Appendix A – SES Placements (1)

Executive	
Position	Occupant
Secretary	Terry Moran
Associate Secretary (Domestic Policy)	David Tune
Deputy Secretary (National Security & International)	Duncan Lewis
Deputy Secretary (Governance)	Mike Mrdak
Head (Strategic Policy & Implementation)	
Executive Coordinator (Economic)	
Executive Coordinator (Productivity)	

People & Governance Special Projects	
Position	Occupant
Assistant Secretary (Short Term)	Russell Egan (Acting)

Economic Division	
Position	Occupant
First Assistant Secretary	Paul Tilley
Fiscal Policy Branch	Luise McCulloch
Economic Policy Branch	Justin Douglas
Tax, Super & Workplace Relations	Patrick Sedgley

Industry, Infrastructure & Environment	
Position	Occupant
First Assistant Secretary	Rhondda Dickson
Industry & Infrastructure	
Agriculture & Environment	Nicola Gordon-Smith

COAG Unit	
Position	Occupant
Assistant Secretary	Stephen Clively

Appendix A – SES Placements (2)

Social Policy Division	
Position	Occupant
First Assistant Secretary	Serena Wilson
Health and Ageing Branch	Yael Cass
Education, Employment & Skills Branch	Dominic English
Indigenous Policy Branch	Shane Hoffman

Office of Work & Family	
Position	Occupant
First Assistant Secretary	Liza Carroll
Work, Family & Early Childhood Branch	Ngairé Hosking
Social Support, Immigration & Citizenship Branch	Nick Hartland

Social Inclusion Unit	
Position	Occupant
Assistant Secretary	Michelle Patterson

Office of National Security	
Position	Occupant
First Assistant Secretary	Angus Campbell
Border Protection & Law Enforcement	Richard Windeyer
National Security, Science & Technology Unit	Richard Davis
Defence & Intelligence Branch	John Geering (Acting)
Infrastructure, Resources & Health Security	Rob Floyd

International Division	
Position	Occupant
First Assistant Secretary	Hugh Borrowman
Asia, Americas & Trade	Miles Armitage
Pacific, Rest of the World & Multilateral	Nicholas Coppel
Ceremonial & Hospitality	Frank Leveret

International Strategic Policy Unit	
Position	Occupant
Assistant Secretary	

Appendix A – SES Placements (3)

Corporate Services Division	
Position	Occupant
First Assistant Secretary	Anne Hazell
People & Governance Branch	Andrew Harper (Acting)
Financial Management Branch	Kym Partington
Information Services Branch	Sue Ball
Official Establishments Unit	Pip Dawson (Acting)

Government Division	
Position	Occupant
First Assistant Secretary	Barbara Belcher
Principal Advisor (APS Governance & Special Proj)	
Parliamentary & Legislation	David Macgill
Legal Policy	Alex Anderson
FOI & Privacy Policy	Joan Sheedy
Awards & Culture	Peter Rush
PLO x 2	Tony Levy & Ayesha Perry

Cabinet Division	
Position	Occupant
First Assistant Secretary	Wendy Southern
Cabinet Secretariat	Myra Croke
Community Cabinet	Jacqui McRae

Strategic Policy Unit	
Position	Occupant
Executive Director	Simon Miller (short term)
Project Director (# TBD)	

Ministerial Support Unit	
Position	Occupant
Head	

Cabinet Implementation Unit	
Position	Occupant
Assistant Secretary	Kim Terrell