

PART 3: MANAGEMENT AND ACCOUNTABILITY

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Corporate governance

In 2002-03 the Australian Office of Financial Management (AOFM) formalised well-established governance arrangements for the debt management function in the form of a Commonwealth Debt Management Charter. The Charter sets out the roles and accountabilities of the principal stakeholders in the conduct of Commonwealth debt management. These stakeholders are the Treasurer, the Secretary to the Treasury, the AOFM Advisory Board, the Department of the Treasury and the AOFM.

The Treasurer is the Minister responsible for Commonwealth debt management. Acting on advice from the Treasury and the AOFM, the Treasurer takes decisions on strategic debt management issues, approves debt management risk benchmarks and debt management risk policies, and considers any possible breaches of risk exposure limits brought to the attention of the Treasurer in accordance with policy requirements.

The Secretary to the Treasury is responsible for advising the Treasurer on debt policy and debt management issues more generally, drawing on the resources of both the AOFM and the Treasury. In discharging his accountability, the Secretary also draws on advice from the AOFM Advisory Board. The Board does not possess executive powers or decision-making authority in its own right.

The Treasury is responsible for advising the Treasurer on strategic debt policy issues and wider public policy issues as they relate to debt management.

The AOFM has accountability for design and execution of all aspects of debt management operational policy. The AOFM is responsible for managing the Commonwealth debt portfolio in line with approved policy and objectives and undertaking related risk reporting. Additionally, the AOFM conducts research, analysis and provides advice to the Treasurer, via the Secretary and the Advisory Board, on operational policy matters.

The Chief Executive Officer of the AOFM reports, and is accountable to the Treasurer, through the Secretary to the Treasury. The Chief Executive Officer is responsible for the operation and performance of the AOFM.

AOFM Advisory Board

The AOFM Advisory Board is established to provide general counsel and guidance to the Secretary to the Treasury on all aspects of operational debt policy matters and the performance of the AOFM generally.

Part 3: Management and accountability

The Board comprises a mix of public policy and specialist financial market skills. The Advisory Board members at 30 June 2003 were:

- Dr Ken Henry, Secretary to the Treasury (Chair);
- Richard Murray, Executive Director, Fiscal Group, Treasury;
- Phil Bowen, General Manager, Budget Group, Department of Finance and Administration;
- Blair Comley, Acting Chief Executive Officer, AOFM;
- Tony Cole, past Secretary to the Treasury and currently Executive Director at William M Mercer Pty Ltd;
- Greg Maughan, consultant and formerly a Director of Bankers Trust Australia Ltd; and
- Peter Warne, formerly Head of Financial Markets Group at Bankers Trust Australia Ltd.

The Board met on nine occasions in 2002-03.

Senior management committees

Audit Committee

Section 46 of the *Financial Management and Accountability Act 1997* requires that the Chief Executive Officer establish and maintain an Audit Committee. The AOFM Audit Committee is a forum for review of audit and related issues and operates to:

- assist the Chief Executive Officer in ensuring and confirming resolution of all internal and external audit issues;
- ensure the maintenance of efficient and effective audit functions and programs; and
- assist in carrying out the Chief Executive Officer's statutory responsibilities in relation to the audit, financial reporting and control framework of the AOFM.

As at 30 June 2003, the Audit Committee members were Peter McCray, Director Strategic and Reporting, AOFM (Chair), the AOFM Chief Finance Officer, the Deputy Chief Finance Officer, and the Senior Analyst, Compliance, AOFM. Both the Australian National Audit Office and

PricewaterhouseCoopers (the AOFM Internal Auditor) attend Audit Committee meetings in an observer capacity.

The structure of the AOFM Audit Committee was reviewed during 2002-03 for consistency with market best practice benchmarks. Following the review, the AOFM Audit Committee will be re-structured in 2003-04 to strengthen its independence from AOFM management.

The new AOFM Audit Committee will be chaired by a private sector member of the AOFM Advisory Board and will also have an additional external member. The chair of the current committee will retain membership of the new Committee. A senior representative from the Department of Treasury will also join the Committee. Invited observers will include the AOFM Internal Auditor, the Australian National Audit Office, and the AOFM Chief Finance Officer.

The AOFM Chief Executive Officer is not a member of the Audit Committee, but may attend as an observer at his or her own discretion. The Chair of the AOFM Advisory Board will appoint the Chairman of the Audit Committee. The Chairman of the new Committee will report quarterly to the Advisory Board.

In addition to the formal responsibilities for Audit Committees set out in the Finance Minister's Orders, the Committee is to seek to improve the financial control framework and reporting of the AOFM by:

- acting as a forum for review of audit issues including the AOFM's accounting policies;
- focussing audit functions on risk management policies, control frameworks and compliance with appropriate standards;
- considering the recommendations of all internal and external audits and monitoring the implementation of those recommendations;
- providing advice on the selection of the internal auditor, for final decision by the AOFM Chief Executive Officer;
- approving and reviewing the Fraud Control Plan;
- monitoring developments in legislation, regulations, government policy and accounting standards for their impact on the accountabilities of key stakeholders; and
- reporting to the Chief Executive Officer and Advisory Board on findings in relation to the above.

Liability Management Committee

The Liability Management Committee has a primary responsibility for advising the Chief Executive Officer on operational debt policy and risk management issues. The Committee reviews policy and operational settings for consistency with approved policy and strategy objectives, and compliance with approved risk limits. Deal execution, market communication and associated operational practices are also reviewed and monitored.

The Chief Executive Officer of the AOFM chairs the meeting. Besides the Chief Executive Officer, the Committee comprises the Director, Strategic and Reporting, the Director, Risk Management, the Head of Treasury Services, and a number of other senior AOFM staff with functional responsibilities relevant to the Committee's purview. The Committee generally meets every two to three weeks, with meetings typically scheduled to precede Advisory Board meetings.

IT Steering Committee

This Committee oversees all current and planned IT projects and operations to ensure appropriate identification and control of strategic and business risks, as well as consistency with AOFM objectives. The Committee is responsible for reviewing and endorsing IT business cases and project plans, and monitors the overall progress in the context of budgets and timeframes.

Membership of the Committee is the Chief Executive Officer of the AOFM (Chair); the Director, Strategic and Reporting; the Director, Risk Management; the AOFM Chief Finance Officer, and the IT Systems Administrator. A representative from the internal auditor, PricewaterhouseCoopers, also attends as an observer. The Committee meets monthly.

Risk management

The AOFM maintains a comprehensive operational risk management framework, consistent with the requirements of the *Financial Management and Accountability Act 1997*. Key components of the risk framework are as follows.

- A Fraud Control Plan endorsed, as required, by the Fraud Evaluation Committee within the Criminal Justice Division of the Attorney-General's Department.
 - During 2002-03, the AOFM engaged KPMG to undertake a review of the existing Fraud Control Plan following a tender process. As at end 2002-03, a fraud risk self-assessment had been completed, and a revised control plan had been drafted.

- The AOFM anticipates implementing an updated Fraud Control Plan in the first quarter of 2003-04.
- The Chief Executive Instructions, which were reviewed and updated during 2002-03, establish an administrative framework for the delegation of the Chief Executive's statutory powers under the *Financial Management and Accountability Act 1997*.
- The Internet and Email Acceptable Use Policy provides a framework for the protection of the integrity and reputation of the AOFM and its staff, and for encouraging the use of the Internet as a cost-effective mechanism to support the AOFM's business.
 - The Policy references the Australian Public Service Values, the Australian Public Service Code of Conduct, the *Public Service Act 1999* and the Australian Financial Markets Association Code of Conduct.
- The IT Change Control Charter stipulates the processes to be followed when making changes to the IT environment, to ensure that systems remain stable and are quarantined from unnecessary disruption and outages.
- The IT Security Policy addresses the need to protect data holdings and the secure processing of information technology resources within the AOFM. The policy sets out the guiding principles to establish strategies to achieve the appropriate level of system and data availability, integrity and confidentiality.
 - This policy is based on the protective security policies, principles, standards and common procedures in the Commonwealth Protective Security Manual, the Australian Communications Security Instruction (ACSI33) and the International and Australian Standards for Information Security Management, (AS/NZS ISO/IEC 17799:2001 and AS/NZS 4444.2:2000).
- The Data Classification Guide details AOFM staff responsibilities in relation to data classification and data security. The manual provides a particular context for the discharge of these responsibilities in the AOFM environment.
 - The Commonwealth Protective Security Manual requires all government agencies classify their data and appropriately secure the data in accordance with its classification.

At end 2002-03, the AOFM was close to finalising two further important elements of the operational risk framework:

- The Disaster Recovery Plan documents in detail, the activities that AOFM IT staff need to undertake to recover IT services in the event of a disaster occurring within the AOFM. The Disaster Recovery Plan relates to servers, system databases and key software applications.
- The Business Continuity Plan establishes the processes required to restore critical IT-reliant functions in the aftermath of a significant disruption or disaster. The Plan also addresses the relationship with and obligations of Treasury in such circumstances under the Service Level Agreement.

Senior executive service (SES) remuneration

One SES officer employed by the AOFM operated on a Treasury Australian Workplace Agreement. Further information on Treasury Australian Workplace Agreements can be found in Treasury's 2002-03 Annual Report.

The other SES officer employed by the AOFM operates on an AOFM Australian Workplace Agreement. AOFM Australian Workplace Agreements are discussed in further detail in the section dealing with the management of human resources in this chapter.

Executive remuneration is reported in Note 11 of Part 4: Financial Statements.

External scrutiny

Audit

The AOFM Audit Committee met on five occasions in 2002-03. The Committee adhered to a regular schedule of quarterly meetings through the year. There was also an ad hoc meeting of the Committee early in the year to sign off on the AOFM Financial Statements for 2001-02.

The Committee operates principally as a forum for oversight and review of the AOFM risk control environment and for ensuring compliance with legislative and related obligations. The Committee is also responsible for overseeing management follow-up and response to audit issues raised by the Australian National Audit Office and PricewaterhouseCoopers, the AOFM's Internal Auditor.

During the year the Committee also oversighted the review of the AOFM Fraud Control Plan, discussed the proposed External Audit Plan and Internal Audit program for 2003-04, and addressed a range of issues surrounding the preparation of the AOFM Financial Statements.

Internal audit

PricewaterhouseCoopers undertook a substantive program of internal audit activities through 2002-03, consistent with an audit plan established in 2002. In addition to regular audit review of internal operational controls and IT specific controls, PricewaterhouseCoopers completed five internal reviews in 2002-03, as follows:

Quantum implementation

A series of pre-implementation reviews over Phase One of the implementation of the AOFM's Quantum Treasury management system were undertaken. As the implementation progressed, four sequenced reviews provided a series of interim reports to management.

The reviews were directed at examining the project governance and management framework; controls surrounding Quantum and the IT network supporting Quantum; controls around entry and integrity of data and processes to the development of system interfaces. PricewaterhouseCoopers concluded that appropriate control had been exercised over Phase One of the Quantum implementation Project and this had been demonstrated by a successful transition to the Quantum system.

Outsourced payroll

The AOFM has outsourced its payroll arrangements. The primary objectives of the review were to assess the accuracy of the initial payroll data transferred from Treasury's records to the outsourced provider and to assess the accuracy and security of payroll data maintained by the provider.

Overall, the review concluded that data had been transferred accurately and indicated adequate data integrity and security controls surrounding the outsourced payroll function.

HR performance management

This review assessed the adequacy of the AOFM's human resource performance management policy, systems and processes. There was also an assessment of the alignment between the performance management framework and overall organisational objectives and strategy.

The audit concluded that the performance management systems are functioning adequately, with the processes supporting the organisation and its people. Issues surrounding the level of

detail in Individual Performance Plans were also raised and resolved through management and Advisory Board discussion.

IT external connections

This review assessed the security and control environment surrounding IT external connections to the AOFM. It also served as a 'health check' on the logical and physical security of the AOFM's firewall.

The firewall configuration was considered adequate and consistent with the security needs of the AOFM. PricewaterhouseCoopers noted, however, a lack of detailed documentation of the configuration for the build of the firewall and the configuration of the external connections. The AOFM accepted this recommendation and documentation is being developed.

Contract management

The objectives of this review were to assess the policy framework for contract management and assess the management of contracts within the AOFM against Australian National Audit Office best practice.

PricewaterhouseCoopers noted that the AOFM contract management environment was devolved to individual management of contracts. Given the size of the agency and that there are relatively few contracts, the review concluded that this approach was sound. However, a lack of a formal governance framework for conducting controlled contract management was noted.

The AOFM has sought to strengthen the control environment by engaging KPMG to perform a scoping study to supply the AOFM with comprehensive guidelines relating to contract management. At end 2002-03, the scoping study had been completed and guidelines were under development.

Australian National Audit Office reports

The Australian National Audit Office released the following reports relevant to the AOFM in 2002-03.

Audit Report No 43:

The Sale of Sydney (Kingsford Smith) Airport

One of several objectives of this Performance Audit was to review the application of the sale proceeds to reducing Commonwealth debt. The Australian National Audit Office concluded that

the sale proceeds had been applied by the AOFM in a manner consistent with Government policy.

Audit Report No 45:

Reporting of financial statements and audit reports in annual reports

This Business Support Process Audit reviewed whether financial statements and audit reports published in Commonwealth agencies' annual reports for 2001-02 agreed in all respects with the versions earlier certified by the Auditor-General.

The review identified a discrepancy between the financial statements published in the AOFM Annual Report 2001-02 and the version of the statements certified by the Australian National Audit Office signing officer. The change arose as a result of a change in reporting convention by the AOFM between certification and publication. The Australian National Audit Office Audit Manager for the AOFM was notified of this change prior to publication of the Annual Report and was provided with a range of supporting materials to validate the new figuring. However, the Australian National Audit Office signing officer did not formally agree the change prior to publication.

Although the effect of the change was to increase the level of disclosure, and the Australian National Audit Office signing officer retrospectively agreed to the change, the audit report notes that '...it would have been desirable for the change to have been explained in the relevant note to the financial statements'. The AOFM accepts this and has undertaken to strengthen processes in this regard going forward.

Judicial decisions

In 2002-03, no matters relating to the AOFM were the subject of judicial proceedings, tribunal hearing or consideration by the Ombudsman.

Management of human resources

Australian Workplace Agreements

All AOFM staff are employed under Australian Workplace Agreements. The employment terms and conditions are consistent across all staff, with remuneration outcomes based on performance, position and level within the AOFM.

The Australian Workplace Agreements framework is supported by fully documented suite of AOFM employment policies and procedures. The AOFM Australian Workplace Agreements specifically reference the Australian Public Service Values in the context of setting out expected performance and behaviour.

Remuneration

Staff remuneration is reviewed on an annual basis, with adjustments effective as at 1 July (Table 1). Remuneration adjustments are based on a combination of movements in a relevant market index (determined independently by Mercer Human Resource Consulting) and individual staff performance.

Table 1: AOFM Australian Workplace Agreement salary ranges

Classification	1 July 2002	
	Minimum \$	Maximum \$
APS 3 - APS 4	35,000	43,307
APS5 - EL1	49,802	92,729
EL2	111,406	209,156
SES Band 1	162,705	239,452

The only non-salary benefits provided to AOFM executives are airline lounge membership and use of mobile phones. There is no performance pay or performance-linked bonuses paid to AOFM staff.

Staffing information

Table 2 details the number of staff working in the AOFM, by category and gender. All staff are employed under the *Public Service Act 1999* and are based in Canberra.

Table 2: Operative and paid inoperative staff by classification and gender as at 30 June 2003

Classification	Ongoing				Non-ongoing				Total
	Full time		Part time		Full time		Part time		
	Male	Female	Male	Female	Male	Female	Male	Female	
APS1	0	0	0	0	0	0	0	0	0
APS2	0	0	0	0	0	0	0	0	0
APS3	0	0	0	0	0	1	0	0	1
APS4	1	1	0	0	0	0	0	0	2
APS5	5	2	0	0	0	0	0	0	7
APS6	1	0	0	0	1	0	0	1	3
EL1	6	4	0	0	0	0	0	0	10
EL2	5	0	0	1	1	0	0	0	7
SESB1	2	0	0	0	0	0	0	0	2
SESB2	0	0	0	0	0	0	0	0	0
SESB3	0	0	0	0	0	0	0	0	0
Total	20	7	0	1	2	1	0	1	32

(a) Details for permanent staff refer to substantive classifications and do not recognise staff acting at higher classifications.

(b) Paid inoperative staff are absent on approved leave for more than twelve weeks.

Changes to senior management

The Chief Executive Officer of the AOFM resigned in April 2003 to take up a private sector employment offer. The Secretary to the Treasury subsequently appointed an acting Chief Executive Officer, who will remain in place until a permanent replacement Officer is engaged.

Recruitment and staff turnover

Five ongoing staff were recruited during 2002-03 — one EL2, two APS5s and two APS4s. There were a total of nine terminations in 2002-03. Of these, seven were ongoing staff (including one retirement) and two non-ongoing.

- Turnover for ongoing staff, based on average staffing levels, was 23.8 per cent.

Workplace diversity

The AOFM's Workplace Diversity Program aims to encourage and use the contributions of people of different backgrounds, experiences and perspectives. The AOFM aims to attract, develop and support employee participation across all levels of the organisation, recognising and gaining from the diversity of its workforce (Table 3).

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The AOFM offers flexible work arrangements so staff can work from home while caring for dependents or, as part of the Service Level agreement with Treasury, access a carer's room.

The AOFM embraces the Treasury's Disability Action Plan, which is linked to the Commonwealth's disability strategy. The AOFM also has access to Treasury's expertise in disability management as part of the Service Level Agreement.

The AOFM's harassment complaint contact officer is fully trained to provide advice and assist staff members. The Service Level Agreement also provides staff access to contact officers in Treasury.

The AOFM resolved one Code of Conduct breach under the *Public Service Act 1999* in 2002-03. The original grievance was lodged in 2001-02.

Table 3: Operative and paid inoperative staff by EEO target group as at 30 June 2003

Classification	Female	Born Overseas	ESL	AATSI	Disability
Cadets	0	0	0	0	0
APS3	1	0	0	0	0
APS4	1	0	0	0	0
APS5	2	4	3	0	0
APS6	1	1	1	0	0
EL1	4	1	0	0	0
EL2	1	2	0	0	0
SESB1	0	1	0	0	0
SESB2	0	0	0	0	0
SESB3	0	0	0	0	0
Total	10	9	4	0	0

Managing performance

A review of the AOFM performance management system, including the pay model, was undertaken during the year as a precursor to the 2002-03 Performance Appraisal round. The major changes stemming from the review include introduction of a common set of behavioural attributes that all staff are assessed against, and a revision of the pay model to give a clear and transparent mapping between performance appraisal review outcomes and pay adjustments. The performance management review reinforced a 50/50 weighting between behaviours and outputs as a basis for individual performance assessment.

To ensure consistency across appraisal outcomes, all managers conducting performance appraisals attended a context setting forum before appraisals were conducted with staff. To conclude the process, a review panel was convened to reinforce a consistent approach to appraisal outcomes.

Training and development

A further strengthening of the current emphasis on career development and training within the AOFM has been identified as a priority for 2003-04.

The AOFM's performance management system provides for staff to identify and plan for training and development opportunities. While a significant proportion of development occurs through knowledge transfer initiated by on-the-job training, staff also draw on external courses, conferences, workshops and seminars, run internally and externally, for development opportunities.

Agency-wide training has been conducted during 2002-03 in the areas of Workplace Diversity and Giving and Receiving Feedback to support the AOFM's values and cultural development.

Occupational health and safety

The AOFM has a legislative commitment under the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and the *Safety, Rehabilitation and Compensation Act 1988*.

Occupational health and safety services are provided to the AOFM under a Service Level Agreement with the Treasury.

Treasury's Occupational Health and Safety Committee meets quarterly and deals with occupational health and safety issues and policies, staff wellbeing, health and safety performance reporting, accommodation issues and accident and incident reports. The committee also considers reports from the Employee Assistance Program provider, Davidson Trahaire.

Through the Service Level Agreement with Treasury, AOFM staff and their families have access to the counselling on work-related and personal matters provided by Davidson Trahaire. Quarterly reports allow Treasury to monitor the use of the Employee Assistance Program and identify workplace issues that need addressing. During 2002-03, no issues were identified for action by the AOFM.

AOFM staff were able to access a number of ongoing health activities provided by Treasury throughout 2002-03, which include posture and flexibility, yoga, Tai Chi, pilates and aerobics classes. Flu vaccinations were also available to staff in 2002-03.

To prevent injuries in the workplace and to enhance the safety of staff members, workplace assessments are conducted regularly. No accidents or incidents were reported in 2002-03.

Consultants

The AOFM contracts services according to policies and procedures contained in the AOFM's Chief Executive Instructions. These policies and procedures are based on the Commonwealth Procurement Guidelines issued by the Department of Finance and Administration.

The reasons the AOFM used consultants were to access specialist skills or knowledge not available in-house, or on occasions where specialist in-house resources were not available in the time allowed.

The AOFM contracted nine consultancies valued at \$10,000 or more during 2002-03, at a total cost of \$763,073.

Table 4: Consultancies over \$10,000 in 2002-03

Consultant	Project	Cost \$	Reason	Procurement method (a)
Acumen	Agency IT Policy development	26,343	(b)	Direct engagement
INFACT Consulting Pty Ltd	Scoping study for disaster recovery	18,236	(b)	Direct engagement
KPMG	Development of fraud control plan and contract management guidelines	0(d)	(b)	Direct engagement
Mercer Cullen Egan Dell	Advice regarding remuneration framework	13,926	(b)	Select tender
PricewaterhouseCoopers	Cash management IT system scoping study	35,750	(b)	Select tender
PricewaterhouseCoopers	Internal audit services	137,469	(b)	Select tender
PricewaterhouseCoopers	Treasury system implementation project assurance	74,942	(b)	Select tender
SMS Management	Development of disaster recovery plan and business continuity plan	49,892	(b)	Direct engagement
Ernst & Young	Assistance in implementing a Treasury system	406,515	(b), (c)	Open tender

(a) Direct engagement includes the engagement of: a consultant selected from a pre-qualified panel arrangement; a recognised and pre-eminent expert; a consultant who had previously undertaken closely related work; or a consultant known to have the requisite skills where the value of the project did not justify the expense or delay associated with seeking tenders.

(b) Specialist skills or knowledge not available in-house.

(c) Specialist in-house resources unavailable in time allowed.

(d) The contract with KPMG was entered into in 2002-03, however, no payments were made in 2002-03.

Competitive tendering and contracting

No competitive tendering and contracting work was undertaken during 2002-03. Under the current Service Level Agreement, Treasury provides a range of corporate services to the AOFM. The Service Level Agreement includes a range of performance measures and standards, and is subject to regular review.

During 2002-03 the AOFM removed security vetting services from the Service Level Agreement with the Treasury and contracted to Australian Security Vetting Service.

Purchasing

The AOFM's Chief Executive Instructions outline the AOFM's policy and procedures on purchasing goods and services that are consistent with the Commonwealth Procurement Guidelines.

Assets management

The AOFM's assets are predominantly computers, plant and equipment and leasehold improvements owned by the AOFM. The AOFM manages these assets via the policies set out in the Chief Executive Instructions.

Advertising and market research

In 2002-03 the AOFM incurred no expenditure on advertising and market research.

Discretionary grants

No discretionary grant programs are administered by the AOFM.

Freedom of information

The AOFM was established on 1 July 1999 as a ‘prescribed’ agency under the *Financial Management and Accountability Act 1997*. It is responsible for all operational aspects of Commonwealth debt management.

The Treasury is responsible for handling freedom of information matters in respect of the AOFM and the statement under section 8 of the *Freedom of Information Act 1982* appears in the Treasury Annual Report. In reading this material, all references to ‘Department’ encompass the AOFM. Matters that relate specifically to the AOFM are contained in the following discussion.

Treasury — Statement

Section 8 of the *Freedom of Information Act 1982* requires Treasury to publish detailed information about:

- how it is organised and what decision making powers it has;
- what arrangements it makes for public involvement in its work;
- what types of documents it holds; and
- how the public can obtain access to these documents.

The following information addresses these requirements in relation to the AOFM’s role within the Treasurer’s portfolio. The full Treasury statement is in the Treasury Annual Report.

Organisation of the AOFM

The AOFM’s debt management operations encompass the execution of instruments including Treasury Bonds, Treasury Notes and associated derivatives. AOFM activities also encompass risk management and compliance activities, financial reporting and portfolio administration. (See Part 1 for other information on the AOFM’s structure, functions and decision-making powers.)

AOFM delegations

The Treasurer has delegated certain powers to AOFM officials under Acts of Parliament and agreements. These delegations stand in force until renewed, and are listed below.

- The Treasurer has authorised the Chief Executive Officer, AOFM to exercise certain powers under the *Commonwealth Inscribed Stock Act 1911*.
- The Treasurer has delegated certain power under the *Commonwealth Inscribed Stock Regulations* to the Chief Executive Officer, AOFM.
- The Treasurer has delegated certain power under the *Loans Securities Act 1919* to the Chief Executive Officer, AOFM and to holders of various positions within the AOFM.
- The Treasurer holds certain delegated powers under the Constitution and the *Financial Management and Accountability Act 1997* in relation to agency management. These powers have been delegated to the Chief Executive Officer, AOFM. In addition, the Minister for Finance and Administration has delegated certain powers under the Act and its Regulations to the Chief Executive Officer, AOFM.
- The Treasurer has delegated his power of investment under the *Financial Management and Accountability Act 1997* to the Chief Executive Officer, AOFM.

Arrangements for outside participation

People or organisations outside the Australian Government administration may participate in forming policy or administering enactments and schemes for which the AOFM is responsible by writing to Treasury portfolio ministers, the Secretary to the Treasury, or directly to the AOFM.

Categories of documents held by the AOFM

The AOFM holds the following categories of documents. The AOFM places an indexed list of its policy file titles on the AOFM web site (www.aofm.gov.au) every six months.

Representations to Treasury portfolio ministers

The AOFM holds representations made to Treasury ministers on matters relating to borrowing money on the public credit of the Commonwealth.

Working files

The AOFM holds files dealing with policy and administration in the area of borrowing money on the public credit of the Commonwealth. The documents on these files include correspondence, analysis and policy advice by AOFM officers, comments on cabinet submissions and drafts of these and other documents.

Documents on internal departmental administration

AOFM documents relating to staff and departmental organisation and operation include personal records, organisation and staffing records, financial and expenditure records, and internal operations such as office procedures and instructions.

Documents open to public access

The AOFM has only one published document, its annual report. This document is available on the AOFM's web site (www.aofm.gov.au).

Facilities for access to documents

If a member of the public requests a document and the AOFM approves access, the AOFM will provide copies of documents after the applicant pays any charges.

Alternatively, applicants may arrange to inspect documents at the AOFM, Treasury Building, Langton Crescent, Parkes, ACT, between 9.00 am and 5.00 pm, Monday to Friday (except public and public service holidays).

Freedom of information applicants and initial contact points

Corporate Services Division of the Treasury coordinates requests under the *Freedom of Information Act 1982*. Applicants seeking access under the Act to documents held by the AOFM should apply in writing to:

The Secretary
Department of the Treasury
Langton Crescent
PARKES ACT 2600
Attention: Freedom of Information Coordinator

An application fee of \$30 or a written request, pursuant to subsection 30A(1) of the Act, that the application fee be waived should accompany requests. Telephone inquiries should be directed to the Freedom of Information Coordinator, telephone (02) 6263 3015, between 9.00 am and 5.00 pm Monday to Friday (except public or public service holidays).

Officers of the senior executive service can grant or refuse requests for access to documents under section 23 of the *Freedom of Information Act 1982*. In accordance with section 54 of the Act, an applicant may, within 30 days of receiving notification of a decision under the Act, apply to the Chief Executive Officer of the AOFM, seeking an internal review of a decision to refuse a request. The prescribed fee of \$40 should accompany the application. An officer who has been

authorised under section 23 to make decisions on internal review will conduct an independent review.

Freedom of information activity

The AOFM received no requests for access to documents under the *Freedom of Information Act 1982* in 2002-03.

Ecologically sustainable development and environmental performance

The AOFM Service Level Agreement with the Treasury covers procurement and facilities management services. In the following, references to the Treasury include the AOFM.

Treasury participates in various government forums on environmental matters and actively pursues measures to minimise waste and conserve energy.

Treasury exchanges ideas and information on property, building and environmental management through its membership of property and building industry groups including the Australian Property Institute and the Facilities Management Association of Australia. Treasury adopts a range of best practice initiatives to meet or improve on targets relating to government policy on environmental issues.

Energy management

Treasury has reduced its overall energy consumption, in line with Australian Government energy consumption targets.

The building is controlled by a building management system that provides energy management and reporting facilities. Treasury's tenancy is metered separately, allowing monitoring, profiling and diagnosis of energy consumption.

Incoming electricity supplies have power analysers to provide an instant reading of kilowatt consumption, load, power factor correction, kVA and line voltage.

Timer switches control all general lighting in the building. Lights operate during normal working hours, although manually operated pass switches turn on lights in specific areas for up

to two hours after normal business hours. High performance light fittings are 35 per cent more efficient than standard fittings with low ballasts.

Environmental management system

Treasury's Environmental Management System was implemented in December 2002 and complies with International Standard ISO 14001. The system meets the Government's overall objective to reduce the impact of government operations on the environment and Treasury's Occupational Health and Safety requirements.

Paper and cardboard recycling

Treasury recycles paper and cardboard products. A local recycling firm collects desktop and workplace containers of paper and cardboard products. Classified waste paper is pulped and paper hand towels are recycled. Staff kitchen facilities use a recycle bin system that simplifies the separation of recyclable items that previously went to landfill. This reduces the amount of waste sent to landfill by over 30 per cent.

Treasury's target is to reduce its waste to landfill by 90 per cent.

Procurement practices

Treasury purchases goods and services in accordance with environmental procurement policy as set out in the Commonwealth Procurement Guidelines. This ensures that goods and services are:

- environmentally sound in manufacture;
- reusable or recyclable;
- designed and made for reliability and long life;
- environmental best practice in energy efficiency and/or energy consumption.

Paper made from 80 per cent recycled fibre is used in the reproduction areas and Treasury actively encourages all areas to purchase and use recycled paper and stationery products.

Treasury participates in the Cartridges 4 Planet Ark program. Treasury purchases toner cartridges that can be recycled; old cartridges are delivered to a recycling outlet. Cartridges that cannot be reused are broken down and recycled so they can be made into new products. This guarantees that cartridges do not end up at landfill.

Water usage

Treasury has installed tempered water supply thermostats on showers to reduce water usage. Dual flush buttons on toilets further reduces water usage in the AOFM.

