



Chapter 1

The Secretary's Overview



Ms Lisa Paul, Secretary of the Department of Education, Science and Training.

A BIG YEAR FOR DEST

During 2004-05, the Department of Education, Science and Training (DEST) has faced important and expanding responsibilities. Skills, learning and innovation are essential for Australia's economic and social prosperity. People across the public sector, industry and the community increasingly recognise that Australia's global competitiveness depends on Australians being skilled and innovative.

The work of the department is therefore seen as vital to Australia's future success and is very much at the centre of the Australian Government's policy agenda. This was highlighted in 2004-05, as DEST successfully implemented approximately 30 new initiatives and delivered on major machinery of government changes and reform in every policy area.

During 2004-05, I believe that DEST contributed to Australia's prosperity and made a real difference to people's lives. Our work helped achieve policy outcomes in education, science and training as good as, or better than, other countries. We were recognised as efficient and best practice in many corporate and policy areas. Most importantly, we continued to realise our vision of *a better future for all Australians through learning, science and innovation*.

I'm proud to say that we maintained and strengthened our strong reputation for professionalism and for getting results in 2004-05, including within Government and with our two Ministers and Parliamentary Secretary. DEST also has a good reputation with the people we deal with outside DEST and our 2004-05 stakeholder survey revealed record satisfaction levels.

I believe the culture of an effective organisation is just as important as its structure and governance. To be a top performing organisation we must genuinely care for each other. DEST's 2004-05 staff survey proved the importance that DEST people place on our positive culture and on caring for each other. The survey struck a new high for staff engagement with DEST and our work. Our strong culture helps us with our workload and we continue to attract high calibre people when we recruit.

In summary, 2004-05 has been a big year for the Department of Education, Science and Training. Some highlights are set out below.

Machinery of government changes and implementing election commitments

In line with the Australian Government's election commitments concerning skill shortages, a new Minister, the Hon Mr Gary Hardgrave MP, was appointed as Minister for Vocational and Technical Education and the Hon Mr Pat Farmer MP was appointed to the portfolio as a new Parliamentary Secretary to support our existing Minister for Education, Science and Training, the Hon Dr Brendan Nelson MP.

Machinery of government changes, following the election in October, affected the department. In October the department gave a fond farewell to my predecessor, Dr Jeff Harmer, who made a great contribution to this department. He left a strong legacy in terms of performance in our programme administration and policy advising functions as well as high productivity and outstanding morale.

As part of the machinery of government changes, the Prime Minister announced that the Australian National Training Authority (ANTA) would cease to operate and its functions brought into DEST. The absorption of ANTA into the portfolio was a challenge involving an intense amount of work over an eight month period. This work included a significant consultation process, legislation and the transfer of detailed knowledge and functions held by ANTA into the department. People's commitment was truly commendable to ensure this major change to the administration of the vocational and technical education system ran smoothly for our clients. I consider that the changes were planned and handled so well that this case study could be an exemplar of excellence in organisational change. It is a tribute to DEST and ANTA people.

The Prime Minister also announced that responsibility for the payment of youth and student allowances (formerly with the Department of Family and Community Services) would be transferred to the department. This is a significant suite of programmes worth over \$2 billion annually. These new functions will help integrate income support for students on education and training programmes.

Helping solve Australia's skill needs

A range of new Australian Government initiatives will ensure that the vocational and technical education system will be more responsive to the ever changing needs of industry and address skill needs.

Significant changes being implemented by the department include:

- a new National Training Framework based on three foundations: a national governance and accountability framework, a national skills framework, and business and industry leadership at all levels of training
- a new multilateral Commonwealth-State Agreement for Skilling Australia's Workforce and supporting bilateral agreements with each state and territory

- implementation of a number of key 2004-05 vocational and technical education new initiatives worth over \$882 million, over four years, which all focus on skill shortages. For example there are an additional 5000 places a year in the *New Apprenticeships Access Programme*. The department also prepared for the implementation of a number of new initiatives for New Apprenticeships. These have been largely designed to encourage greater participation in New Apprenticeships, particularly in the traditional trades and include:
 - the Commonwealth Trade Learning Scholarships
 - an extension of Living Away From Home Allowance to third year New Apprentices
 - employer incentives which acknowledge those employers who have contributed at least 25 per cent of an individual's New Apprenticeships training
 - Tools for Your Trade
- a new initiative to establish 24 Australian Technical Colleges to promote pride and excellence in teaching and acquisition of trade skills at the secondary level. The Australian Government will provide \$289.1 million over three years to fund the Australian Technical Colleges. The colleges will be based in regions identified as having skills needs, higher rates of youth population and that are supported by a strong industry base.

The department continued to work with industry to help solve skills needs through the National Skills Shortages Strategy.

In addition to focusing on vocational and technical education, during the year the department made significant progress in the development of an integrated national career and transition system. The new Australian Network of Industry Careers Advisers is a major initiative assisting young people to make a successful transition from school to an enduring career. This major commitment of \$143.2 million will mean that for the first time, Australia will have a national service for all young people aged 13 to 19 years to support their successful move from school, to further education or work.

Making schools parent and student centred

The Australian Government's *Australian Schools Agenda* is firmly centred on the needs of parents and their children and the educational requirements of the next generation of Australians.

During 2004-05, the department progressed the *Australian Schools Agenda* and its priorities for schooling through the development of the *Schools Assistance (Learning Together – Achievement Through Choice and Opportunity) Act 2004*, and associated funding agreements for 2005-2008, which are linked to a set of funding conditions aimed at improving the educational outcomes for all Australian students. These conditions include requirements for school authorities to: implement better reporting to parents, including plain language student reports; report to parents their child's achievement against national literacy and numeracy benchmarks; and publish a range of more meaningful information on school performance.

The \$1 billion *Investing in Our Schools Programme* also provides grants for capital works and related infrastructure funding directly to school communities, giving more power and autonomy for school parent communities to determine the priorities for their schools.

To underpin the Australian Government's plan for higher standards and values in schools, the department worked on a range of measures including: national consistency in schooling; the foundation skills of literacy and numeracy; and raising the quality, professionalism and status of teachers. These important priorities were pursued through innovative programmes such as the Tutorial Voucher scheme, which offered parents \$700 towards individual tutorial assistance for a child not meeting the 2003 literacy benchmark. The department also took on several important reviews into literacy and national consistency. In 2004, the interim National Institute for Quality Teaching and School Leadership was established.

Reforming Indigenous education

The Australian Government has reformed the delivery of education to young Indigenous people by strategies targeted to:

- redirect funding to initiatives that have been demonstrated to work
- put greater weighting of funding towards Indigenous students of greatest disadvantage – those in remote areas
- improve mainstream service provision for Indigenous students, particularly those in metropolitan areas.

The *Indigenous Education (Targeted Assistance) Amendment Act 2004* reflects these strategies and provides for a strengthened performance monitoring framework.

The new Parent School Partnerships Initiative requires schools and communities to demonstrate that funding proposals have been developed in partnership with parents and that the projects focus on strategic approaches to improve the educational outcomes of Indigenous school students.

The department was active in supporting the whole of government changes in relation to Indigenous affairs, including working with the new Office of Indigenous Policy Coordination. Building on the lessons learned in the Council of Australian Governments' (COAG) trials, governments are working in partnership with communities through regional Indigenous Coordination Centres (ICCs). From 1 July 2004, DEST staff steadily co-located or moved into the new ICCs. I am grateful to our state and district office staff for embracing this new arrangement.

The department is privileged to lead involvement in the COAG Indigenous initiative in the Murdi Paaki region of New South Wales, on behalf of the Australian Government. There are positive and tangible results for Murdi Paaki's 16 Indigenous communities. A number of new regional and local Shared Responsibility Agreements were signed with communities and the NSW state government to improve services to Indigenous people.

Consolidating and extending reforms in the higher education sector

The department continued to implement the reforms announced in *Our Universities: Backing Australia's Future*. The package provides an integrated policy framework based on principles of sustainability, quality, equity and diversity. The programmes administered by the department give universities access to the funding they need to deliver world-class higher education.

A key policy issue considered during the year centred around the future diversity of Australian universities and the best regulatory framework to underpin their operations. Other key issues progressed include:

- the higher education workplace relations requirements that need to be met, as well as the National Governance protocols, to be eligible for increased Commonwealth Grant Scheme funding
- voluntary student unionism which is based on two key principles – freedom of association and freedom of choice
- establishment of the Teaching and Learning Performance Fund which will provide around \$250 million, over three years, commencing in 2006, to reward those universities that best demonstrate excellence in teaching and learning for domestic undergraduates
- development of a draft of the National Strategic Principles for Higher Education to inform the Australian Government on decisions and investment in higher education provision.

Implementation of *Backing Australia's Ability—Building our Future through Science and Innovation*

The department continued its role as lead agency in overseeing and coordinating the implementation of the *Backing Australia's Ability – Building our Future through Science and Innovation* package. The department has coordinated quarterly reports on implementation progress from the announcement of the package in May 2004 through to June 2005. All portfolios have reported that implementation of their measures has been smooth to date.

Reforming Australia's research system

Research and development, science and innovation are key portfolio priorities. To build a world class research system based on excellence is an ambitious goal. The department plays a key role through its responsibilities for initiatives under *Backing Australia's Ability* and *Backing Australia's Ability – Building Our Future through Science and Innovation*, the National Research Priorities and other strategies.

This year the department:

- progressed development of the Research Quality and Accessibility Frameworks aimed at encouraging excellence in research outputs
- developed a process for investment of funding under the National Collaborative Research Infrastructure Strategy
- progressed reporting under the National Research Priorities.

Fostering excellence in science

Australia's Chief Scientist, Dr Robin Batterham, guided a range of work in 2004-05 and we were saddened when he retired as Chief Scientist in May, after six years of service in this vital role.

2004-05 saw many highlights in DEST's engagement with science. There has been a significant focus on biotechnology, biodiversity, nanotechnology and other emerging fields, including the Prime Minister's Science, Engineering and Innovation Council. There was a focus on international science collaboration, particularly through direct engagement by Dr Nelson in signing important government to government agreements with several key scientific partners, including the United States of America, China, and Indonesia. Potentially suitable sites for a radioactive waste repository were identified and announced during 2004-05.

Questacon had a record year with a substantial increase in visitors to the Centre in Canberra and with exhibitions and programmes throughout Australia and internationally growing substantially. The overall total number of visitors to the Centre, travelling exhibitions and shows went up from 1 328 921 to 1 419 968. Website visits went up to 1 426 672 – an increase of almost 40 per cent from the previous year.

Sustaining international markets and quality

International education contributes significantly to our national income, promotes innovation, develops people-to-people links and enhances our competitiveness.

The long term sustainability of Australia's education and training export industry is underpinned by the quality of the education provided to overseas students, both on and off shore, and by extending Australian education and training activities internationally.

During the year the department progressed relationships with key international partners, including: the United States of America; China; Indonesia; South America; the European Union; and Japan.

The department increased its representation in regions of emerging significance within the changing international education market, engaging and communicating with overseas education and training systems. Two new Counsellor positions were established in Brussels and Santiago, and a new Director position in Singapore.

Overseas students predominantly enrol in higher education courses. During the year the department continued to progress initiatives to enhance the internationalisation of the

vocational and technical education sector, which has significant capacity to grow, and pleasingly has a growing international reputation.

Income support for people on education and training programmes

The department has a strong role in the *Welfare to Work* Budget initiative. The Australian Government is keen to ensure education and training pathways are included in the package to assist people to make successful transitions into the workforce. The *Welfare to Work* package provides an additional \$157.8 million, over three years, from 2006-07 through this portfolio: \$42.6 million for vocational and technical education; \$8.2 million for the *Language Literacy and Numeracy Programme*; and \$312 000 each year from 2006-07 to support parents with career planning advice. The funding also covers student income support payments for those *Welfare to Work* customers who participate in full-time education and training.

Open for Business

I believe that open communication and collaboration should define the way we operate, both within DEST and with our external stakeholders.

The department has a charter for our relationship with stakeholders called 'Open for Business'. It reflects our belief that working with others is essential to doing our business effectively.

The Open for Business charter requires the department to seek feedback from stakeholders about the quality of their relationship with the department. In early 2005, we conducted a follow-up survey to the benchmark study of 2002, and the results were impressive. There was a dramatic increase in the number of stakeholders seeking out the department for networking or general discussion - 76 per cent in the latest survey, compared to just five per cent in 2002. The quality of relationships has remained high. Eighty-five per cent reported high satisfaction with their relationship with DEST, an increase of two per cent on the 2002 survey - a challenging benchmark upon which to improve. On the whole, stakeholders believe that information from DEST is readily available, reliable and useful. The department's responsiveness to requests for information is well appreciated.

Creating links and collaborative relationships with new institutions and organisations, and building stronger relationships across the sectors, underpins our Open for Business agenda. During 2004-05, the following key bodies were established:

- the Business Higher Education Collaboration Council - to better link universities with Australian business
- the Carrick Institute - for learning and teaching in higher education
- the National Institute for Quality Teaching and School Leadership - to bring together teachers and school leaders to help increase the status and quality of the profession.

A frequent comment from our stakeholders has been about the large number of consultations and discussion papers produced by the department as part of our policy development activities.

Key examples include:

- Extensive consultation occurred, across the country, with stakeholders including industry and government representatives, training providers, client groups and employee associations following the release of the discussion paper *Skilling Australia – New Directions for Vocational Education and Training*.
- In the higher education sector there were two key discussion papers: *Building Greater Diversity*; and *Building Better Foundations for Higher Education in Australia: A Discussion about Re-Aligning Commonwealth-State Responsibilities*.
- From our International area we released a discussion paper about off-shore quality, *A National Quality Strategy for Australian Trans-national Education and Training*
- In the science and innovation sector, significant public consultation and the release of papers such as the *Research Quality Framework: Assessing the Quality and Impact of Research in Australia Advanced Approaches Paper*.

Stakeholder needs were paramount throughout development of the new corporate website, launched in late April. The design of the new website is significantly richer and more complex than the old one, to better meet the growing information needs of our numerous stakeholders, with approximately 70 000 visitors weekly.

DEST takes pride in the relationships with our stakeholders and we aim to continue to set a high standard in working in a collaborative, whole of government manner.

Enabling our business

The department could not be as effective in the important areas of work outlined above without a great effort from our enabling areas. The Corporate Strategy, Procurement Assurance and Legal, Information Services, Strategic Analysis and Evaluation, and Audit and Investigations areas are all committed to supporting all areas of the department – their enormous contribution underpins our important policy work.

There were many new initiatives and innovations pursued in 2004-05, all of which help support the work of all people in DEST. I consider our enabling areas to be outstanding and our performance in these areas is regularly recognised through external benchmarking and awards.

Caring for our people

Leadership at all levels across the department is vitally important to me. It is essential for leaders to care genuinely for their people and be able to articulate the strategic direction for their areas.

With major reform in all areas of our business, DEST people are working very hard. At times like this it is critical that we keep valuing our people and our collegiality. It is essential that we work well across teams and Groups, and with other departments and stakeholders.

Understanding how our people feel about our department is vital. Our staff survey results for 2004-05 were extremely pleasing. The department remains in the top 25 per cent

of organisations benchmarked for 'employee engagement'¹ and we have created new benchmark highs for 'local leadership'² and 'working together'³. Commitment to the APS Values and having a favourable work environment were identified as key DEST strengths, while well-being, which includes people treating each other with respect, was also important. The management of underperformance was the key area to be addressed.

Departmental policies acknowledge the importance of work, life, and family balance issues. The department has continued to strongly support the activities of its social club, ClubDEST. A significant proportion of ClubDEST funds raised are used to sponsor four *Learning for Life* Smith Family scholarships.

The department has a strong culture of caring for others – this was evidenced when one of our colleagues had most of her possessions lost in a fire and within days the people in DEST had pitched in well over \$1 000 to help.

We are proud that 10 per cent of DEST people are Indigenous—45 per cent in our state and district network. During the year we appointed a new Indigenous leader who reports to me in this role and supports our Indigenous staff.

Our corporate areas and all our State Managers provided leadership for a major review of our state and district office network, the first in six years, which was started in March.

Recognition of those who received awards

Our aspiration to be 'the best of the best' is being achieved in many areas. It is important to celebrate people's successes and we do this in DEST.

In the Australia Day Honours List announced in January, Dr Evan Arthur was awarded a Public Service Medal in recognition of his outstanding contribution to the development of the Australian Research and Education Network. Dr Arthur led this highly innovative project, bringing together numerous and varied stakeholders across the higher education and research sectors and state and territory governments.

In January a number of our people were recipients of the Australia Day Achievement Medallion in recognition of their outstanding service and excellent contribution to the department and through their work to the Australian community. They were: Mr Noel Simpson; Mr Murray Judd; Ms Liz Taylor; and Dr Sheel Nuna (who is one of the 70 locally engaged staff employed in the department's international network).

Questacon and partners Shell Australia and The Australian National University won the prestigious Australian Financial Review Magazine 2004 Corporate Partnership Award for Outstanding Long-term Partnership in the Shell Questacon Science Circus. A Questacon volunteer, Ms Gail Kerr, was named ACT Volunteer of the Year in the category of Education and Science and Technology.

¹ Employee engagement measures staff satisfaction, motivation, commitment to work, and advocacy.

² 'Local leadership' measures whether supervisors are available, approachable, listen and respond and follow through for their staff.

³ 'Working together' measures whether people have adequate information to do their job, are involved in teamwork, have their and other work areas respond to each others' needs, work well with other departments, and have open and effective communications and consultations across DEST.

The National Archives congratulated our records management team for the superb job they did with the launch of the DEST records policy. A letter from the Archives Director-General applauded the department for setting the standard among the APS in the area of records management.

Performance—staffing, audit and financial

Increased responsibilities for the department resulted in additional staff. In fact our numbers continue to grow. At 30 June 2005 we had 1 657 staff working in National Office locations in Canberra, 343 working in metropolitan and regional offices across Australia, 214 people working in Questacon, and 92 people in our international network across the world.

There are risks arising from having such a significant increase in our workload, therefore a sensible response to our work programme was required - particularly in recognition of the department absorbing the responsibilities previously exercised through the Australian National Training Authority. Early in 2005 we created an additional Deputy Secretary position, two new Groups and several Branches, resulting in a more even distribution of business across the department.

The department was one of only six major agencies in the Australian Public Service that had no significant findings in the Australian National Audit Office's interim 2004-05 financial statement audit processes. The department's Statement of Financial Performance reports an operating deficit for 2004-05 of \$1.0 million (in 2003-04 a \$2.7 million operating deficit was reported). This is a pleasing result against total departmental expenses of \$372.1 million in the context of the significant implementation agenda that the department was part of in 2004-05. The department's expenses for 2004-05 were \$97.2 million higher than 2003-04. This was due to the increased employee and supplier expenses required to deliver on the additional responsibilities from Administrative Arrangement Order changes of 26 October 2004 and from the implementation of new initiatives.

Expenses administered on behalf of the government increased by nine per cent from \$14.9 billion in 2003-04 to \$16.4 billion in 2004-05. The most significant component of this were grants of \$13.9 billion, mostly related to grants for schools, higher education and vocational education. The largest area of growth was in personal benefits reflecting the machinery of government changes of 26 October 2004 and the inclusion of income support for students in the department's responsibilities. Personal benefits were \$1.6 billion in 2004-05 compared to \$352 million in 2003-04.

The department is in a strong financial position to meet the challenges ahead. I am pleased with the department's results in relation to the audit and financial areas. This is due to the planning and accountability processes that the department has in place and is supported by the diligence and commitment of managers and staff.

The Australian National Audit Office (ANAO) completed a comprehensive performance audit in June 2005 - *Internationalisation of Australian Education and Training* (Audit Report No. 48 2004-2005). The audit process provided significant assistance to International Education Group in identifying opportunities for improving administration, which were largely addressed during the course of the audit. The report made four recommendations addressing

the performance measurement framework, risk analysis and the better administration of the *Education Services for Overseas Students (Registration Charges) Act 1997*.

Conclusion

In this department we value our people, leadership and professionalism – we recognise the important link between good leadership, high morale and high productivity. These things make DEST a great place to work as well as a very effective Australian Government department.

We have incredibly exciting work before us delivering the Australian Government's agenda. I am thrilled to work with such dedicated people in the department to deliver and meet these challenges. DEST people are among the most committed and supportive that I have worked with. Maintaining our corporate culture and values, and the Open for Business philosophy remain high on our agenda.

I am sure that you will get a glimpse of this and the vitality of the department when reading our Annual Report. On behalf of all my colleagues, I commend the 2004-05 Annual Report to you.