

04

CORPORATE MANAGEMENT

CHAPTER 4

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Management structure

Chief Executive Officer

Under the *Australian Research Council Act 2001*, the Chief Executive Officer (CEO) of the ARC is appointed by the responsible minister on the advice of the Board. The CEO is responsible for the day-to-day management of the ARC necessary to put into effect the Board's goals, priorities, policies and strategies. Within that context, the CEO also has statutory responsibilities for managing and leading the ARC in accordance with the requirements of the *Financial Management and Accountability Act 1997* and the *Public Service Act 1999*.

Senior Executive Service staff

The CEO is assisted by a Deputy Chief Executive Officer and seven Executive Directors.

The Deputy Chief Executive Officer particularly supports the CEO in respect of activities undertaken in the Corporate Branch.

The Executive Director, Corporate Branch, is responsible for financial management activities, people management, information systems and administrative services.

The remaining six Executive Directors are responsible for the oversight of program administration in six interdisciplinary clusters. Each Executive Director is responsible for program administration in addition to disciplinary responsibilities (more details are provided in Table 4.1).

Table 4.1 | Responsibilities of Executive Directors, Disciplines and Programs Branch, as at 30 June 2003

Executive Director	Interdisciplinary cluster	Area of corporate responsibility
Professor Alan Johnson	Biological Sciences and Biotechnology	(Assist with) Discovery—Projects
Dr Stephen Walker	Engineering and Environmental Sciences	Linkage—Projects
Professor Sue Rowley	Humanities and Creative Arts	Discovery—Indigenous Researchers Development Early-career researchers Fellowships Linkage—International
Professor Ian Petersen	Mathematics, Information and Communication Sciences	(Assist with) Linkage—Projects Linkage—Infrastructure
Professor Lawrence Cram	Physics, Chemistry and Geoscience	ARC Centres and Research Networks Learned Academies Special Research Initiatives
Professor Doug McEachern	Social, Behavioural and Economic Sciences	Discovery—Projects Federation Fellowships

Senior management committees

Executive Group

In 2002–03, the CEO chaired weekly meetings of the ARC senior executive staff (termed the Executive Group). These meetings provided an opportunity for senior staff to discuss activities and to develop strategies to meet changing priorities.

Finance and Audit Committee

The Finance and Audit Committee is responsible for providing advice to the CEO on a number of internal management matters, including:

- matters of concern raised in reports by internal auditors or in any report of the Auditor-General concerning the agency
- the coordination of audit programs conducted by internal auditors and the programs conducted by the Auditor-General
- the preparation and review of the financial statements of the ARC.

The Australian National Audit Office has a standing invitation to provide a representative to attend each meeting of the committee as an observer.

In 2002–03, the committee was chaired by an external contractor and included an ARC Board member and two ARC staff members. Internal audit services were provided under contract by WalterTurnbull.

In 2002–03, the committee met five times.

Knowledge Management Committee

The Knowledge Management Committee provides advice and strategic direction in the management of the ARC's information needs and resources, including desktop and mid-range equipment, communication services, corporate systems, the website and other technology used in relation to public access to and dissemination of information.

The committee members are appointed by the CEO. The committee includes at least three Executive Directors, and is chaired by the Deputy Chief Executive Officer. In 2002–03, the committee met four times.

Accountability and ethical standards

Internal audit, fraud control and risk management

As a prescribed agency under the *Finance Management and Accountability Act 1997*, the ARC assumes a number of financial management responsibilities, including the requirements to establish a fraud control plan, establish and maintain an audit committee and prepare financial statements.

In 2001–02 the ARC undertook a business risk assessment. The risk assessment, which was conducted in accordance with the Australian Standard on Risk Management (AS/NZS 4360:1999), involved extensive consultations with staff conducted over a number of weeks. The assessment provided the basis for the development of the first *ARC Fraud Control Plan*, which was completed in June 2002. A review of the business risk assessment was commenced in June 2003, and was completed in August 2003. The updated business risk assessment forms the basis of the 2003–04 to 2005–06 strategic internal audit plan.

The Finance and Audit Committee – one of the ARC's governance committees, described above — provides advice to the CEO on a range of financial management issues. WalterTurnbull was engaged to conduct a number of internal audits, including a post-implementation review of the ARC's financial management system.

Internal Audit Reports

In 2002–03 the following issues were subject to audit by independent auditors:

- post-implementation review of Great Plains (ARC’s financial management information system)
- financial statement balances
- delegations and segregation of duties
- grant management review.

External scrutiny

Commonwealth Ombudsman

During 2002–03, the Ombudsman received no complaints about the operations of the ARC.

Australian Industrial Relations Commission

The ARC’s first certified agreement was certified, with effect on 16 June 2003, under section 170LJ of the *Workplace Relations Act 1996*.

Australian National Audit Office

No reports relating specifically to the ARC were tabled during the year.

Freedom of information

In 2002–03, the ARC received no requests for access to ARC documents under the *Freedom of Information Act 1982*. Further information, as required by the *Freedom of Information Act 1982*, is provided in Appendix 7.

Ethical Standards

Privacy Statement

The ARC adheres to the Information Privacy Principles. The ARC application forms advise individuals of the purpose for collecting information in order to make recommendations to the Minister on the allocation of financial assistance under the *Australian Research Council Act 2001*, and for post-award reporting. Applicants are further advised that the information collected may be passed to assessors for the purposes of obtaining peer review assessment of the application, and passed to other relevant Commonwealth agencies for the purpose of checking eligibility.

The ARC requires its consultants and contractors to comply with the Information Privacy Principles and comply with policy guidelines laid down by the Commonwealth or issued by the Federal Privacy Commissioner relating to handling of personal information.

ARC members

ARC members (including Board and committee members) may experience actual or potential conflicts of interest between their activities on behalf of the Board or the ARC and those arising from their personal or professional responsibilities. The ARC has established formal guidelines for the handling of matters involving actual or potential conflicts of interest, which it requires all Board and committee members to meet.

ARC staff

The *Public Service Act 1999* provides the framework for the ARC in promoting ethical standards in the agency’s policies and interactions with stakeholders.

All employees offered employment by the ARC are presented with the Australian Public Service Code of Conduct and the Australian Public Service Values. Before their appointments are finalised, they are required to read, and acknowledge that they understand and embrace, the code and the values.

Biannual performance reviews provide a formal opportunity for supervisors to address any concerns.

ARC-funded research

ARC-funded research is subject to principles outlined in the Joint National Health and Medical Research Council (NHMRC)/Australian Vice-Chancellors' Committee (AVCC) *Statement and Guidelines on Research Practice* (published in 1997), the NHMRC's *National Statement on Ethical Conduct in Research Involving Humans* and the NHMRC's codes on animal research. The requirements are clearly stated in ARC funding rules and funding contracts.

Applicants for ARC funding must also agree to comply with the intellectual property regulations of the administering organisation and with the *National Principles of Intellectual Property Management for Publicly Funded Research*. The national principles, which were released in September 2001, provide researchers, research managers and their institutions with information about best practices for identifying, protecting and managing intellectual property, in order to maximise the national benefits and returns from public investment in research.

As a means of auditing compliance with ethical requirements for grants applications, the ARC now requires each institution undergoing a formal institutional visit to provide an outline of ethical clearance compliance processes together with a sample of recent successful ARC applications with their respective clearances. During recent formal visits the ARC found that institutions were complying with ethical requirements.

People and resource management

Responsibility for resources

During 2002–03, the ARC completed the transition of a number of its corporate services from the Department of Education, Science and Training (DEST). The services now managed by the ARC include personnel, payroll and recruitment services, workplace relations, occupational health and safety, financial services, internal audit services and security services.

Information technology and systems support, records management, mail services, legal services and parliamentary services continued to be provided by DEST in 2002–03.

Purchasing

Prior to September 2002, the ARC in effect adhered to the DEST Chief Executive Instructions and policies and procedures for procurement. In September 2002 the ARC commenced operation under its own ARC-tailored Chief Executive Instructions.

The ARC Chief Executive Instructions comply with the Commonwealth Procurement Guidelines and use the key principles of value for money; industry development; supporting other Commonwealth policies; open and effective competition; ethics and fair dealing; and accountability and reporting.

The ARC actively uses the Whole-of-Government supplier pre-qualification arrangements. The Endorsed Supplier Arrangement is mandatory in any request for tender for information technology and major office machines.

The ARC procurement process is transparent and unsuccessful bidders are offered written or oral briefings. To further transparency in the procurement process all ARC contracts for engaging consultants or contractors for service are recorded electronically and reported publicly in the *Purchasing and Disposal Gazette*. Details of consultancies and service contracts are provided in Appendix 10.

People

The staff of the ARC are engaged under the *Public Service Act 1999*. At 30 June 2003, there were 60 staff. The average staffing level for 2002–03 was 56.1. More detailed staffing statistics are provided at Appendix 8.

Workforce planning, staff turnover and retention

A total of 21 employees separated from the ARC between 1 July 2002 and 30 June 2003. Of these, seven were non-ongoing employees who ceased engagement during the year and 14 were ongoing employees who transferred or were promoted to other Commonwealth agencies, retired, or resigned.

Training and development

The ARC identifies its training needs through a number of sources, including performance feedback, career development agreements, staff-initiated requests and corporate priorities. Key priority areas in 2002–03 were information technology and grant administration.

Workplace relations

Certified agreement

Through a determination made under subsection 24(1) of the *Public Service Act 1999*, ARC employees who had moved to the ARC upon its establishment, effective on 1 July 2001, and who were not covered by an Australian Workplace Agreement, had their terms and conditions of employment covered by the terms and conditions of the *Department of Education, Training and Youth Affairs Certified Agreement 2000* (DETYA Certified Agreement 2000).

In 2002–03 the ARC made an application to have its own agreement certified pursuant to section 170LJ of the *Workplace Relations Act 1996*. The agreement, which was certified by the Australian Industrial Relations Commission on 16 June 2003, is known as the *ARC Certified Agreement 2003*.

Australian Workplace Agreements

In October 2002 the ARC offered all employees the choice of being covered by either an Australian Workplace Agreement (AWA) or the DETYA Certified Agreement 2000. Prior to this offer, only Senior Executive Service (SES) and Executive Level 2 officers had the choice between agreement-making methods. At 30 June 2003 45 per cent of ARC staff had elected to be employed under an AWA.

Performance pay

A key feature of the AWAs offered to all employees is access to performance-based pay. The level of performance-based pay offered is between 1 and 15 per cent, and the payment made depends on the performance rating achieved.

During the year, some staff on AWAs received performance-based pay. The performance pay was based on the results of the 2001–02 annual assessment cycle. The aggregate bonus paid was \$118,366. Further disaggregation of this payment may allow the identification of individuals.

Non-salary benefits

Non-salary benefits available to ARC employees during 2002–03 included the following:

- participation in the Commonwealth or Public Sector Superannuation Scheme
- access to salary packaging arrangements
- performance-based pay (available to staff on AWAs only)
- flexible working conditions.

Salary ranges

The salary ranges of non-SES staff are provided in Appendix 8.

Remuneration of senior executives

The nature and amount of remuneration provided to SES staff members is determined under their individual AWAs. The notional salary ranges for SES staff at 30 June 2003 are provided in Table 4.2.

Remuneration is reviewed annually. The review considers the senior executive's personal capabilities, including skills, knowledge, experience and ability, as well as her or his achievement against goals set in the preceding performance appraisal cycle. Senior executives may become eligible for performance pay as part of the performance appraisal process.

A labour market bonus may be offered in exceptional cases. Considerations for offering the bonus take account of the prospects and costs of replacing a person at a particular time or the desirability of attracting an exceptional candidate.

Table 4.2 | Notional salary ranges for Senior Executive Service staff at 30 June 2003

Level	Salary range
Senior Executive Band 1	\$90,000–\$110,000
Senior Executive Band 2	\$110,000–\$130,000
Senior Executive Band 3	\$130,000–\$160,000

Strategic Consultative Committee

The Strategic Consultative Committee (SCC) was a formal mechanism to enable consultation and communication between employees and managers on matters of policy and procedure relating to the ARC. The SCC comprised two representatives from ARC management, three elected representatives of staff and one representative of the Community and Public Sector Union.

Under the *ARC Certified Agreement 2003*, the SCC has been replaced by the People Management and Development Committee. This committee has more expansive terms of reference to advise on people management and development issues. The committee is chaired by the Deputy Chief Executive Officer and includes up to two SES officers, and up to four other staff members nominated by staff. Staff nominations for this committee closed on 16 June 2003.

Workplace diversity

Under the *ARC Certified Agreement 2003*, employees are able to balance work and personal responsibilities through access to a range of flexible working conditions. The conditions include the opportunities to 'purchase' up to eight weeks additional leave, and to take maternity, paternity or adoption leave on full or half pay.

Occupational health and safety

The ARC's report on occupational health and safety matters (as required under section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*) is provided in Appendix 9.

Commonwealth Disability Strategy

The ARC is committed to both improving both the access to, and encouraging the participation in, the full range of our activities for people with disabilities. The ARC is located in a modern building that was designed to be readily accessible for people with limited mobility.