

## **PART THREE**

# **MANAGEMENT AND ACCOUNTABILITY**



## CORPORATE GOVERNANCE

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The Treasury's corporate governance practices aim to ensure sound administrative and financial management and to comply with statutory and other external requirements. They are designed to ensure efficient, effective and ethical use of the Treasury's resources.

As part of its ongoing focus on effective governance, the Treasury periodically reviews its:

- accountability mechanisms;
- leadership, culture and communications;
- governance and committee structures;
- engagement with stakeholders to assess effectiveness;
- risk management framework, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

## STRATEGIC AND ORGANISATIONAL REVIEWS

### Strategic Review of the Treasury

The Strategic Review, announced by the Secretary in July 2011, aimed to ensure that the Treasury has the strategic capabilities to deliver on its mission over the next five years. The Strategic Review sought feedback from staff, ministers and their offices, as well as a range of public, private and community sector stakeholders on the Treasury's performance.

The Strategic Review identified four broad areas as offering opportunities for improvement. These were: Building key strengths to better support our ministers; Enhancing our engagement skills; Greater innovation and use of information technology tools; and Allocating resources and managing priorities. The Department is implementing the recommendations from the review.

### Progressing Women

The Women in the Treasury project formally commenced in 2011. Treasury staff participated in consultations to examine the opportunities and challenges faced by Treasury women.

The Progressing Women initiative was developed in response to the outcomes of the staff consultations and comprises a suite of strategies to widen and deepen the pool of future leaders in the Treasury by harnessing the talents of women at all levels. Further information on the Progressing Women initiative can be found on page 143.

## Revenue Group Operation and Organisation Review

This review assessed the capability of Revenue Group including the way it does its work, and advised on measures that could be made to improve its performance. The department is in the process of implementing a number of the recommendations.

## SENIOR MANAGEMENT COMMITTEES AND THEIR ROLE

### Executive Board

The Executive Board is the Treasury's primary decision-making body. The Treasury's Executive Board comprises the Secretary, the Executive Directors and the General Manager of Corporate Strategy and Services Group. The Executive Board is responsible for high-level policy issues relating to the Treasury's strategic leadership and management, including:

- organisational development — shaping the Treasury's future;
- policy development and coordination — involving major and/or new economic policy issues, generally with implications that involve more than one group;
- corporate governance — ensuring the efficient, effective and ethical use of resources; and
- planning and allocation of resources — meeting current and future work priorities.

The Executive Board members as at 30 June 2012 were:

- Dr Martin Parkinson, Secretary;
- Dr David Gruen, Executive Director, Macroeconomic Group — Domestic;
- Mr Mike Callaghan, Executive Director, Macroeconomic Group — International;
- Mr Jim Murphy, Executive Director, Markets Group;
- Mr Nigel Ray, Executive Director, Fiscal Group;
- Mr Rob Heferen, Executive Director, Revenue Group;
- Mr Barry Sterland, Executive Director, Policy Coordination and Governance; and
- Mr Steve French, General Manager, Corporate Strategy and Services Group.

The Executive Board is supported by the Secretary to the Board and the Strategic Projects and Governance Team within the Corporate Strategy and Services Group.

## Audit Committee

The Audit Committee assists the Executive Board by independently reviewing and considering the Department's operations, its risk management framework and the integrity of its financial accounts. The Audit Committee reviews audit issues by:

- supporting and enhancing the control framework;
- providing assurance on published financial information;
- monitoring, reviewing and reporting on compliance; and
- assisting the Secretary to comply with all legislative and other obligations.

The Treasury's Audit Committee follows the recommended best practice guidelines issued by the Australian National Audit Office (ANAO) and reviews internal and external audits relating to the Treasury. The ANAO also attends the Treasury's Audit Committee meetings as an observer, as do the Treasury's internal auditors.

The Audit Committee met seven times during 2011-12. As at 30 June 2012, the Audit Committee comprised an independent external Chair, an external representative and a number of internal members. External observers at Audit Committee meetings included representatives from the ANAO and KPMG.

## People Committee

In 2012, the Treasury refocused the Staffing Committee and renamed it the People Committee. The People Committee is a strategic reference and decision-making group with responsibility for ensuring that the Treasury maintains its capability to provide sound and timely advice to government through a high-performing and flexible workforce.

The People Committee provides advice and feedback to the Corporate Strategy and Services Group on a range of people strategies, including workforce planning, and has a decision-making role to facilitate staff mobility within the department and to ensure that the Treasury engages and promotes employees with high level capabilities and potential.

## Remuneration committees

Remuneration committees are established within the Executive, Corporate Strategy and Services Group and the four policy groups in the Treasury to recommend to the Secretary the determination of salary rates beyond that available through the Performance Management System for eligible APS6, EL1 and EL2 employees.

The Executive Board determines each remuneration committee's membership and the Executive Director of the relevant group chairs each remuneration committee. The committee comprises the Chair, the General Manager of People and Organisational Strategy Division and all general managers within the group. One general manager from another group acts as a cross-group representative to promote consistency of outcomes.

## Inclusive Workplace Committee

The Executive Board created a new decision-making body within Treasury in 2011-12. The Inclusive Workplace Committee (IWC) has responsibility for guiding and monitoring the development and implementation of the program of work for Progressing Women initiative, the Executive Board's response to the 2011 Women in the Treasury project. The IWC comprises all members of the Executive Board, five additional internal members and two external members, and meets quarterly.

## Information Management and Technology Committee

The Information Management and Technology Committee (IMTC) was established in late 2011 to provide a formal mechanism for business engagement and feedback into information management and technology strategic direction. The IMTC replaced the IT Projects Committee which provided advice on and governed the delivery of ICT-enabled projects.

The IMTC is chaired by the Group General Manager, Corporate Strategy and Services Group and comprises the Chief Information Officer, the Chief Finance Officer and a general manager or SES representative from each policy group.

## Security Committee of Treasury

The Security Committee of Treasury was established in July 2011 and provides independent assurance and assistance to the Secretary and the Executive Board in relation to the department's security risk, control and compliance framework and its external accountability responsibilities.

The committee comprises the Chair (Group General Manager, Corporate Strategy and Services Group) and the general managers of the Information Management and Technology Division, Financial and Facilities Management Division, and two SES representatives from the policy groups.

## Work Health and Safety Committee

The Work Health and Safety Committee established in accordance with the *Work Health and Safety Act 2011* and preceding *Occupational Health and Safety Act 1991*, facilitates cooperation between Treasury management and its workers. The committee meets regularly and comprises worker and management representatives. The committee provides a mechanism for workers and management to work together to develop and monitor health, safety and wellbeing programs and resolve any emerging issues.

## SENIOR MANAGEMENT STRUCTURE

The Treasury's senior management structure is detailed in Figure 1 on page 16.

## CORPORATE PLANNING AND REPORTING

The Treasury's corporate planning and reporting framework is an integrated system linked to the financial management, human resource and business management systems.

The Executive Board sets the broad strategic direction for the Treasury through its Strategic Framework. The Strategic Framework sets out the Treasury's mission, role, policy responsibilities, key priorities, risks, values and capabilities.

The Treasury meets its external reporting responsibilities through its portfolio budget statements and annual report.

## RISK MANAGEMENT

The Treasury pursues a comprehensive, coordinated and systematic approach to risk management. It supports managers to anticipate uncertain events, exploit opportunities and respond appropriately to potential weaknesses.

- The Treasury's risk management framework was reviewed in 2011-12. The updated risk management framework aims to:
  - establish robust, yet pragmatic, risk management practices that support business needs and provide the methodology and tools to enable effective management of risk across the Treasury;
  - develop a consistent Treasury-wide understanding of risk management;
  - foster an environment where all staff assume responsibility for managing risk and where managers formally consider risks as part of the decision making process;
  - ensure that significant risks facing the Treasury have been identified, understood, documented and are being actively managed;
  - ensure that risks are assessed in a balanced way, with upside risks (opportunities) considered alongside downside risks; and
  - ensure that risk registers remain useful and practical tools with which to analyse risk.
- The Fraud Control Plan complies with Australian Government Fraud Control Guidelines.
- The Chief Executive Instructions put into effect the *Financial Management and Accountability Act 1997* requirements, setting out responsibilities and procedures which provide an overarching framework for transparent and accountable financial management. They also contain topics relating specifically to risk management and internal accountability.
- The Internal Audit Plan identifies services and functions for auditing, and is approved by the Audit Committee and the Executive Board.

- Risk management and insurable risks are aligned through Comcover and Comcare.

The Treasury uses a range of strategies to identify and manage risks associated with the delivery of IT services. New IT-enabled business solutions are assessed against key IT principles to manage IT investments strategically. The framework for delivering IT services includes:

- an IT Disaster Recovery Plan which sets out the strategies and processes to restore services if the Treasury's central computing infrastructure is lost completely or partially;
- a Business Continuity Plan for the Treasury's business which provides a process for identifying priority IT systems to restore, as well as alternative methods and processes so the Treasury can continue to work while the environment is restored;
- an IT Security Policy which addresses the requirements to protect information holdings and secure operation of the Treasury's IT resources;
- an Internet and Email Acceptable Use Policy which sets out responsibilities for appropriate use of the internet, email facilities and services;
- a Social Media Policy that helps enable external and internal engagement while ensuring protocols are in place for appropriate use of social media and to protect Treasury's reputation;
- IT Change Control Guidelines (an internal management tool) which assists with quality assurance control over proposed changes to the technical environment and facilities; and
- Project Standards, internal standards based on the structured project management methodology, PRINCE2, which ensure correct project governance is applied to IT-enabled business projects.

Training programs and staff notices raise staff awareness of risk management policies and procedures. All policies and procedures are available to staff on the intranet.

## FRAUD PREVENTION AND CONTROL

No cases of fraud were reported to the Australian Federal Police in 2011-12.

The Treasury's Fraud Control Plan, reviewed in June 2012, accords with the Commonwealth Fraud Control Guidelines and the Australian National Audit Office Better Practice Guide on Fraud Control in Australian Government Entities.

The Treasury:

- has prepared fraud risk assessments and fraud control plans;
- has appropriate fraud control, prevention, detection, investigation and reporting standards and data collection procedures and processes in place, and reports annual fraud data information to the Australian Institute of Criminology; and
- has taken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of fraud against the department.



## ETHICAL STANDARDS AND ACCOUNTABILITY

The Treasury aims to promote a workplace which is accountable and utilises Commonwealth resources in an ethical and efficient way.

- The Treasury Management Model underpins the accountability and governance frameworks and incorporates the department's mission and values.
- The Treasury Performance Management System, along with the APS Code of Conduct, provides mechanisms for ensuring individual values and behaviours align with these shared corporate values and behaviours.
- The Treasury Workplace Agreement contains a commitment from employees to be aware of, and observe, the Treasury's and APS values.

During the induction process, new staff receive information on the Australian Public Service Commission's (APSC) Ethics Advisory Service. New starters are also encouraged to undertake an APS and Treasury accountabilities workshop, which provides participants with an understanding of the APS values and code of conduct, Treasury accountabilities and values, and corporate governance frameworks.

Under the Commonwealth Fraud Control Guidelines, the Treasury must conduct ethics and fraud awareness training. This is offered regularly to all staff, and reflects the department's commitment to maintaining an ethical culture, and promoting fraud awareness. The ethics and fraud awareness training provides attendees with an understanding of ethics, ethical challenges, resolution of ethical problems and prevention of fraud in the Commonwealth.

The Chief Executive Instructions establish the Treasury's internal policies and rules which apply the principles and requirements of the Financial Management and Accountability (FMA) Act, FMA Regulations and FMA Orders. They provide the basis for the management and effective, efficient, and ethical use of Commonwealth money, property and other resources. The Treasury reviews and updates the instructions regularly.

The Chief Executive Instructions also provide a user-friendly approach to financial management processes and guide staff so they can comply with legislation and ethical standards. Information on financial management delegations is communicated to new staff during their induction, and additional training and regular financial management forums are conducted for divisional support officers. Financial management workshops are offered to staff to assist them in understanding the APS Financial Management Framework.

All corporate governance policies and procedures are available on the intranet.

## SENIOR EXECUTIVE SERVICE REMUNERATION

Terms and conditions for all of the Treasury's Senior Executive Service staff are contained in either Australian Workplace Agreements (AWAs) or individual section 24(1) determinations made by the Secretary.

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Senior Executive Service staff are appraised using the APSC Senior Executive Leadership Capability Framework. This involves making individual rankings against the framework's five criteria, then arriving at an overall relative ranking for the person.

An increase in ranking based on longer-term performance can lead to an increase in base salary (see Table 4 on page 136). Additional information on remuneration is set out in Note 12: Senior Executive Remuneration in the financial statements on page 203-207.

## EXTERNAL SCRUTINY

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### AUDIT

The Audit Committee met seven times during 2011-12. Its work included reviewing the Treasury's financial statements and a range of internal and external audit reports.

The Audit Committee's Financial Statements Sub-committee met nine times during 2011-12, with three of the meetings being related to the 2010-11 financial statements and six meetings related to the 2011-12 financial statements. The sub-committee comprises members from the Treasury, the Australian National Audit Office (ANAO), the Treasury's internal audit service provider and an external representative of the Treasury Audit Committee. The sub-committee monitors production of the financial statements and helps resolve issues.

The Treasury engaged KPMG to develop the 2012-13 internal audit program. KPMG works with the Audit Committee to continuously improve audit services by regularly reviewing the audit program and scrutinising internal audit recommendations, as well as relevant ANAO reviews.

### INTERNAL AUDITS

The Treasury completed eleven internal audits/reviews during 2011-12.

#### End User Computing

This review assessed the Treasury's End User Model (EUM) of control. It assessed a select number of EUMs to determine the adequacy of control mechanisms around their development of maintenance; and followed up on the recommendations from the 2008 End User Computing Internal Audit. Internal Audit and Treasury agreed on actions for two recommendations to strengthen control mechanisms around the development, maintenance and support of EUMs.

#### Stakeholder Engagement

This review considered the Treasury's stakeholder engagement practices with the aim of identifying better practices and possible process improvements. Three initiatives/policies were assessed, with Internal Audit considering the approach adopted by the Treasury in identifying and managing external stakeholders in policy development projects. The Treasury agreed on actions for all four of the recommendations to improve management of stakeholder relationships.

## Review of Prioritisation of ICT Enabled Projects

This review provided feedback and observations on ways to enhance the prioritisation process for ICT enabled projects within the Treasury. The review assessed Treasury's current prioritisation processes and, while noting existing good practice, identified opportunities for improvement. Treasury agreed to both recommendations on strengthening prioritisation processes.

## Review of the Procurement Process

This review assessed the Treasury's procurement processes and systems. The report included the objectives and scope of the customer service focus of the Procurement and Contracts Team. The review listed reportable findings and the actions to resolve findings on four items.

## Review of Expenditure on Consultancies

This review assessed the Treasury's capacity to accurately capture, record and report on its expenditure on consultancies. Reporting requirements are found in a number of pieces of legislation and Commonwealth guidelines. The review assessed whether Treasury has adequate business processes in place to meet the legislative requirements, including the identification of a consultant and the reporting of expenditures on consultancy. The Treasury agreed to all three recommendations, including making improvements to documentation processes and roles and responsibilities.

## Review of ICT Security Vulnerabilities and Protective Security Policy Framework

This review considered the Treasury's Information Communications Technology security policy and controls and the Protective Security Policy Framework (PSPF). The review assessed the Treasury's assurance framework and involved a high-level assessment of the Treasury's readiness to comply with the PSPF mandatory requirements. The Treasury agreed to all recommendations.

## Compilation of Administered Financial Reports

This review assessed the Treasury's processes and controls concerning the compilation of administered financial statements, focusing on those items where the Treasury is reliant on third parties. The Treasury and Internal Audit agreed on actions in relation to four findings to improve scrutiny of third party information being provided and to improve on certification processes involved in the provision of this information.

## Energy Security Council and Clean Energy Finance Corporation

This review provided advice on the Treasury's project management and planning in relation to these initiatives.

## Management of Overseas Deployees

This review provided advice on the management procedures in place for Treasury staff deployed in overseas countries, from a planning, in-country management, and reporting perspective.

## Assessment of Payments against Section 83 of the Constitution

This review examined the processes and documentation adopted by the Treasury to assess compliance with Section 83 of the Constitution for the Treasury's special appropriations and special accounts.

## SAP-Aurion Integration Options

This review outlined the options available to the Treasury in relation to the potential integration of the human resources and finance systems.

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In 2011-12, the ANAO conducted two audits that related to the Treasury's operations.

### Audit Report Number 47, Small Business Superannuation Clearing House

In 2011-12, the ANAO undertook a performance audit to assess the effectiveness of the implementation and administration of the Government's Small Business Superannuation Clearing House (SBSCH). The audit examined the involvement of Treasury, the Department of Human Services and the Australian Taxation Office in the program design, implementation and subsequent operation of the SBSCH.

Between October 2011 and June 2012 Treasury assisted the ANAO in its fieldwork and through the provision of comments on issues papers and on the draft report. The ANAO tabled the report (Audit Report No. 47 2011-12) in Parliament on Friday 22 June 2012. The ANAO found that the SBSCH provides a free superannuation clearing house service that is well administered and well regarded by the businesses that use it and the superannuation funds that receive contributions through it, meeting the primary objective of the program. The Treasury agreed to the two recommendations made by the report.

## Audit Report Number 53, Records Management in the Australian Public Service

This review assessed the extent to which agencies create, manage and dispose of records in accordance with key business, legal and policy requirements. The agencies included in the audit were the Australian Customs and Border Protection Service (Customs), the Department of Immigration and Citizenship, and the Treasury.

Three high-level criteria were used to assess the performance of the agencies' records management arrangements and practices. The criteria examined whether selected agencies had formally analysed their records management needs; developed and implemented frameworks and systems that adequately supported records management; and applied sound records management practices.

The audit also considered the Archives' response to Recommendation No. 1 from ANAO Audit Report No. 6 2006-07 *Recordkeeping including the Management of Electronic Records*, including whether they had clarified Australian Government records management requirements for agencies.

The ANAO tabled the report (Audit Report No. 53 2011-12) in Parliament on 27 June 2012. The ANAO found that Australian Government agencies needed to focus effort on compliance with records management requirements across records management and business systems with a particular focus on the digitisation agenda. The audit recognised that the Treasury performed record management at a satisfactory level. The Treasury agreed to the three recommendations made by the report.

### Other audit reports

Other ANAO reports relevant to the Treasury in 2011-12 were:

Report No. 2	Confidentiality in Government Contracts: Senate Order for Departmental and Agency Contracts (Calendar Year 2010 Compliance)
Report No. 4	Indigenous Employment in Government Service Delivery
Report No. 5	Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework
Report No. 7	Records Management in the Australian Public Service
Report No. 17	Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2011
Report No. 18	Information and Communications Technology Security: Management of Portable Storage Devices
Report No. 24	Administration of Government Advertising Arrangements: March 2010 to August 2011
Report No. 51	Interim Phase of the Audits of the Financial Statement of Major General Government Sector Agencies for the year ending 30 June 2012

The Audit Committee follows ANAO better practice guidelines by actively reviewing relevant matters raised in audit reports, and overseeing follow-up action. Details of audit reports are available at [www.anao.gov.au](http://www.anao.gov.au).

## PARLIAMENTARY COMMITTEES

In 2011-12, officials from the Treasury appeared before the following parliamentary committees:

- 1 August 2011 — Senate Economics References Committee, Finance for the not-for-profit sector.
- 18 August 2011 — House of Representatives Standing Committee on Economics, Inquiry into the Food Standards Amendment (Truth in Labelling — Palm Oil) Bill 2011.
- 12 September 2011 — House of Representatives Standing Committee on Economics, Inquiry into the Corporations (Fees) Amendment Bill 2011.
- 23 September 2011 — Parliamentary Joint Committee on Corporations and Financial Services, Collapse of Trio Capital.
- 19 and 20 October 2011 — Senate Economics Legislation Committee, Budget Supplementary Estimates.
- 24 October 2011 — Parliamentary Joint Committee on Corporations and Financial Services, Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011.
- 27 October 2011 — House of Representatives Standing Committee on Economics, Inquiry into the Tax Laws Amendment (2011 Measures No. 8) Bill 2011 and the Pay As You Go Withholding Non-Compliance Tax Bill 2011.
- 8 and 9 November 2011 — House of Representatives Standing Committee on Economics, Inquiry into the Mineral Resource Rent Tax Bills 2011.
- 16 November 2011 — Senate Rural Affairs and Transport References Committee, Inquiry into Foreign Investment Review Board National Interest Test.
- 16 November 2011 — Senate Standing Committee on Rural and Regional Affairs and Transport, Inquiry into Examination of the Foreign Investment Review Board National Interest Test.
- 13 December 2011 — Senate Select Committee on Australia's Food Processing Sector.
- 16 December 2011 — House of Representatives Standing Committee on Economics, Tax Laws Amendment (2011 Measures No. 9) Bill 2011.
- 24 January 2012 — Parliamentary Joint Committee on Corporations and Financial Services, Corporations Amendment (Future of Financial Advice) Bill 2011, Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011.
- 8 February 2012 — House of Representatives Standing Committee on Economics, Insurance Contracts Amendment Bill 2011.

- 15, 16 and 17 February 2012 — Senate Economics Legislation Committee, Additional Estimates.
- 17 February 2012 — Senate Standing Committee on Rural and Regional Affairs and Transport, Inquiry into Examination of the Foreign Investment Review Board National Interest Test.
- 21 and 22 February 2012 — Senate Economics Legislation Committee, Minerals Resource Rent Tax Bill 2011.
- 23 February 2012 — Senate Economic Legislation Committee, Corporations Amendment (Future of Financial Advice) Bill 2011, Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011.
- 2 March 2012 — Parliamentary Joint Committee on Corporations and Financial Services, Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011, Superannuation Legislation Amendment (Trustee Obligations and Prudential Standards) Bill 2012.
- 16 March 2012 — House of Representatives Standing Committee on Economics, Tax and Superannuation Laws Amendment (2012 Measures No. 1) Bill 2012.
- 15 May 2012 — Senate Select Committee on Australia's Food Processing Sector.
- 28 May 2012 — House of Representatives Standing Committee on Economics, Clean Energy Finance Corporation Bill 2012.
- 29, 30 and 31 May 2012 — Senate Economics Legislation Committee, Budget Estimates.
- 4 June 2012 — Parliamentary Joint Committee on Corporations and Financial Services, Superannuation Supervisory Levy Imposition Amendment Bill 2012, Superannuation Legislation Amendment (Stronger Super) Bill 2012.
- 4 June 2012 — House of Representatives Standing Committee on Economics, Tax Laws Amendment (2012 Measures No. 2) Bill 2012, Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012, Pay As You Go Withholding Non-compliance Tax Bill 2012, Passenger Movement Charge Amendment Bill 2012.
- 18 June 2012 — Joint Standing Committee on Treaties, Multilateral Convention on Mutual Administrative Assistance on Tax Matters.

## OMBUDSMAN COMMENTS, COURT DECISIONS AND ADMINISTRATIVE TRIBUNAL DECISIONS

### Judicial and Administrative Appeals Tribunal Decisions

There were no judicial or Administrative Appeals Tribunal decisions that had, or may have, a significant impact on the operations of the Treasury in 2011-12.



## Commonwealth Ombudsman

The Commonwealth Ombudsman did not issue any reports on the operations of the Treasury in 2011-12.

## MANAGEMENT OF HUMAN RESOURCES

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In early 2012, as a result of the Strategic Review, the Corporate Services Group and the Human Resources Division were combined with the Organisational Strategy Unit to form the People and Organisational Strategy Division within the Corporate Strategy and Services Group. These changes underline the importance of delivering all corporate and governance functions in a way that supports the Treasury's broader organisational strategy. The Corporate Strategy and Services Group also has significant responsibility for the coordination and implementation of recommendations from the Strategic Review and Progressing Women. The People and Organisational Strategy Division provides strategic and professional human resource management advice, and services that supports the Treasury to deliver on its mission.

In 2011-12, the key outcomes were:

- facilitating behavioural, organisational and cultural change by progressing the implementation of the recommendations from the 2011 Strategic Review and the Progressing Women initiative;
- implementing the outcomes from the Graduate Development Program review to enhance workforce capability and to strengthen talent management within the department;
- introduction of a workforce planning framework to drive the development of strategies to attract, retain and develop a targeted, skilled and diverse workforce;
- undertaking a consultative process with internal business groups, to determine a comprehensive risk profile for Work Health and Safety hazards and their associated risks following the implementation of the *Work Health and Safety Act 2011*;
- refreshing the department's Performance Management System to ensure it continues to support and drive individual and organisational performance;
- a review of recruitment and staff allocation processes to optimise responsiveness to changing business and workforce planning demands; and
- as part of a broad resource management strategy, the department offered a number of voluntary redundancies and incentives to retire to better situate the department to achieve future budgets.

## PEOPLE MANAGEMENT SYSTEMS

All recruitment, promotion, mobility, resource planning and development processes within the Treasury are aligned with the Treasury Management Model, and the Performance Management and Career Development Systems. Treasury regularly monitors and reviews these systems to ensure they are meeting the desired outcomes.

## THE TREASURY MANAGEMENT MODEL

The Treasury Management Model seeks to maximise the Treasury's effectiveness by ensuring that the department has the right people in the right jobs doing the right work. The Treasury Management Model underpins accountability and governance frameworks and incorporates the Treasury's mission and values, the approach to organising the department to achieve desired objectives, the key people systems and the development of management capability.

The Treasury Management Model includes people management principles that encourage open, two-way communication at all levels, clearly defined accountabilities, fair and transparent processes and the facilitation of work and private life balance.

## PERFORMANCE MANAGEMENT SYSTEM

The Treasury's Performance Management System underpins the department's capacity to achieve its mission by strengthening individual capabilities and aligning individual values and behaviours with shared corporate values and behaviours. Performance management in the Treasury provides a means for improving individual and organisational performance, as well as supporting individual skills development and career planning.

Performance is measured through a defined capability framework called the Work Value Matrix, which outlines the set of behavioural standards expected across specified criteria at each classification level. Performance for non-SES staff is assessed against seven criteria outlined in the Work Value Matrix. Performance for SES officers is assessed against the five criteria outlined in the Senior Executive Leadership Capability Framework. These frameworks provide the basis for appraisals, and also underpin recruitment processes, the Professional Development Framework and the Career Development System.

Ratings against each capability contribute to an overall performance appraisal rating, which determines the base rate of pay for staff employed under the Treasury Workplace Agreement. The underlying principles of fairness, transparency and consistency in the Performance Management System are supported in a number of ways.

- SES context-setting meetings discuss key messages relevant to the upcoming appraisal cycle. Group and divisional context-setting meetings follow to communicate these key messages.
- Workshops and information sessions for staff and managers delivered before each appraisal round provide information on the appraisal process and assist staff to develop skills in giving and receiving feedback.

All appraisals are subject to oversight by review panels. Review panels are held at the divisional level to examine the outcomes of appraisals to ensure consistency in the application of the framework across each division. Cross-group representatives ensure objectivity and consistency in the application of the Work Value Matrix and ratings across the department.

Feedback is sought on managers by the manager-one-removed to inform their appraisals.

Treasury's Performance Management System was refreshed in 2011-12 to support recommendations from the Strategic Review and Progressing Women initiative. In particular, the objective of the refresh was to ensure the Performance Management System drives and supports individual and organisational performance to enable Treasury to deliver on its mission; strengthen staff understanding of the Performance Management System; and ensure consistent application of the Performance Management System. Outcomes of the Refresh, including rolling out mandatory performance training for all staff, will be implemented throughout 2012-13.

## REMUNERATION COMMITTEES

Remuneration committees are established in each Group to make recommendations to the Secretary in relation to the allocation of pay points for APS6, EL1 and EL2 staff.

Each remuneration committee considers a range of factors in arriving at balanced judgements about the relative value of skills and outputs of staff in their Group and to the Treasury as a whole. The predominant factor in determining the allocation of pay points is demonstrated sustained performance.

Cross-group representatives and the General Manager of People and Organisational Strategy Division attended group remuneration committees to facilitate consistency of remuneration committee recommendations across groups. People and Organisational Strategy Division provided the Executive Board with departmental and group data and analysis to inform departmental outcomes.

Aggregate data on remuneration committee outcomes is provided on the Treasury intranet.

## CAREER DEVELOPMENT SYSTEM

The Career Development System is a key element of the Treasury's people management system and seeks to foster a shared individual and organisational responsibility for career development. The system applies to all staff, including temporary employees and secondees with at least six months continuous service, and provides staff with the opportunity to consider and clarify career aspirations and receive career development guidance from their manager-one-removed.

## TREASURY WORKPLACE AGREEMENT

The *Treasury Workplace Agreement 2011-14* came into operation from 1 July 2011 and nominally expires on 30 June 2014.

The new agreement provides for increased pay rates of 4 per cent from 1 July 2011, 2.5 per cent from 1 July 2012 and 2.5 per cent from 1 July 2013. The agreement incorporates

many of the Australian Public Service Commission's model clauses to assist in the Government's aim of achieving consistency between agencies.

In recognition of the benefit to Treasury of employees undertaking initiatives of their own to achieve a healthy lifestyle, the agreement provides eligible non-SES staff with the option of applying for a single lifestyle contribution payment of \$600 in 2012, 2013 and 2014. As at 30 June 2012, 920 staff had accessed the lifestyle contribution.

As part of a broader resource management strategy to reduce staff numbers over time, the Treasury conducted a voluntary redundancy and incentive to retire process in 2011-12. This process was undertaken with reference to relevant legislation and to the management of excess employees process outlined in the *Treasury Workplace Agreement 2011-14*.

## WORKPLACE RELATIONS

The Treasury consults extensively with staff on workplace matters, and the Workplace Agreement reinforces staff involvement in decision making. Consultation primarily occurs through the Workplace Relations Committee, elected by Treasury staff and comprising eight members. The committee meets regularly with People and Organisational Strategy Division staff to discuss employment terms and conditions, and meetings with the Secretary encourage dialogue on issues of importance to staff. Terms of Reference for the Workplace Relations Committee reflect a principles-based approach to workplace relations.

The Treasury Workplace Agreement and individual arrangements provide access to procedures to resolve disputes and directly consult with staff as appropriate.

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## RECRUITMENT AND SUCCESSION PLANNING

The Treasury's recruitment activity in 2011-12 included two major recruitment campaigns, selection processes for senior executives at the Band 1 level, a graduate campaign, an internship program, and an indigenous cadetship program. A total of 66 recruitment processes were advertised in 2011-12 and a total of 177 employment opportunities were filled from advertised vacancies. The Treasury recruited 53 policy and corporate graduates in 2011-12.

Graduate recruitment continues to form a major part of the Treasury's recruitment and succession planning strategies. In 2011-12, Treasury staff attended eight university career fairs and two online virtual careers fairs. These gave potential graduates the opportunity to find out about the Treasury from anywhere in Australia. Brochures entitled '*Your future. Australia's future*' were distributed to university careers centres and faculties. In addition, advertisements were placed in university career guides, online graduate publications and university career web pages. During 2011-12, the Treasury introduced a Corporate Graduate Program, specifically targeting graduates with degrees in human resources, psychology, accounting, financial management, information technology, communications, marketing and web/graphic design. Treasury engaged five corporate graduates from this program.

During December 2011 and January 2012, the Treasury engaged 19 interns. The Treasury Internship Program targets disciplines including economics, commerce, law, finance and accounting and involves a 6 to 12 week paid placement which exposes students to public policy.

Job seekers can access selection documentation and lodge applications via the Treasury's internet careers portal. The portal also allows candidates to register for non-ongoing employment, and former staff to register as alumni for short-term employment and project work.

The Treasury continues to utilise the recruitment service provider's panel for scribing services, placement of non-ongoing staff and executive search functions.

Information and guidelines for secondees to the Treasury were revised in June 2012. Staff were seconded to the Treasury for various policy initiatives, such as the review of GST Distribution Taskforce and in specialist taxation areas. Secondees from the Treasury continue to work on a variety of initiatives across a number of agencies both within the APS and private sectors.

## LEARNING AND DEVELOPMENT

The Treasury implements a number of learning and development strategies to develop staff in their current and future roles. Strategies incorporate a broad range of elements including the APS values, whole-of-government initiatives, departmental functions, priorities and organisational capabilities, and the Treasury's people management systems.

The Treasury's total investment in off-the-job professional development totalled over \$1.8 million in 2011-12, representing an average of three days of development per staff member. This figure represents registration fees for internal and external training courses, financial studies assistance, external providers' development, delivery and evaluation costs, and overheads relating to off-the-job professional development, such as venue hire.

### Learning and development strategies

The Treasury provides extensive learning and development opportunities designed to develop and enhance individual and organisational capabilities. These include in-house one or two-day workshops, leadership and development programs, as well as external opportunities such as studies assistance, postgraduate study awards and participation in broader public sector development initiatives.

A range of professional development workshops were offered through the Treasury's learning and development calendar throughout 2011-12, including APS and Treasury accountabilities, writing and grammar skills, managing workloads, presentation skills, negotiation skills, representational skills, problem solving and providing oral advice. Two-day policy advising workshops delivered by senior internal and external presenters used case studies and

hypotheticals to develop policy advising capabilities of analysts and executive level staff. All workshops were tailored to the Treasury's current operating environment and evaluated to ensure programs are effective in delivering the desired outcomes and objectives.

The Treasury continues to support and provide input to the development and implementation of reform initiatives that are critical to the Blueprint for the Reform of Australian Government Administration agenda. During 2011-12, Treasury staff participated in programs that were established under strategic partnerships between the Commonwealth Government and the Australian National University, such as courses offered by the Australian National Institute for Public Policy and the National Security College. The Treasury also participated in the inaugural Sir Roland Wilson Foundation Scholarship scheme. The Treasury maintains close relationships with the APSC on the development and direction for the establishment of the Strategic Centre for Leadership including participation in the pilot SESB2 Talent Development Program and the Jawun Secondment Program.

Several in-house postgraduate courses were managed by the Treasury during 2011-12. The two-year Graduate Diploma in Economic Studies, which commenced in March 2011, continued with 25 participants, including 14 participants from other agencies. The course is delivered by Monash University and is tailored to public sector agencies, with a focus on public policy. The course is designed for staff qualified in disciplines other than economics and facilitates an understanding of economic frameworks and public policy issues.

Semester-long Introduction to Law, and Introduction to Economics courses are delivered in-house by the Australian National University. The aim of these programs is to provide an understanding of the fundamental principles of law and economics to staff without tertiary qualifications in these fields. Evaluations for Introduction to Law reflect high levels of satisfaction with the quality of teaching and impact of the courses on staff knowledge and understanding.

The Treasury offers a number of programs to support leadership and management development. The Executive Leadership Program, targeted at experienced EL2 staff, aims to enhance the leadership and strategic thinking skills of executive level staff and provide the necessary skills to fulfil their leadership roles under the Treasury Management Model. In 2011, 18 staff participated in the program over 13 contact days. Evaluation reports inform recommendations on the development of future programs.

The Management Development Program is designed to provide new and emerging managers with the practical tools and skills to equip them to fulfil their roles under the Treasury Management Model and assist in building their capability for future advancement. Twenty four staff participated in the seven day program during 2011. Ninety-five per cent of participants considered that the course had a positive impact on their skills development, all indicating that the program met or exceeded their expectations.

The 12-month Graduate Development Program continued to combine on-the-job training with formal in-house courses, such as advanced writing, APS and Treasury Accountabilities, presentation and negotiation skills, and economics for graduates without economics

qualifications. The program also included external courses, such as Introduction to the Senate and participation in key events such as the budget lock-up. The review of the graduate program that focused on graduate recruitment, retention and development strategies was completed. A number of improvements have been implemented from this review including improved feedback mechanisms, a graduate manager's toolkit and the introduction of work rotations to provide graduates with broader exposure to the department. These enhancements will be evaluated with an ongoing focus on improving the program to meet the workforce planning needs of the department.

Treasury SES staff are offered access to an SES Executive Coaching Panel which is designed to provide staff with the opportunity to access confidential, targeted and expert guidance on specific issues or to assist in longer-term skills development. The Treasury liaises with coaches to oversee the program and to identify any systemic issues of importance to the department.

Induction seminars for new staff were offered in October 2011 and March 2012. Additional support for new staff was also provided through the New Starters Support Program and briefing sessions on other services offered by the Treasury.

The Treasury Seminar Series continued with 26 prominent external guest speakers presenting perspectives on current economic and public policy issues. The Treasury's policy groups also continued to offer seminars on specific policy issues.

The first seminar in the Treasury Leadership Series was delivered in June 2012. The seminars are designed to provide staff with valuable perspectives and insights on leadership from high profile leaders in the public and private sectors.

One of the first strategies to be initiated as part of the Progressing Women initiative was the procurement of pilot awareness training on unrecognised bias for members of the Inclusive Workplace Committee. The aim of this program was to assist participants to identify and understand underlying and unrecognised biases on the part of men and women that may impact on judgements of management, leadership styles and the allocation of work for women in the Treasury. Phase one of the training was completed during May and June 2012 with a broader program (phase 2) expected to be rolled out to all SES and EL2 officers between September and November 2012.

## IT initiatives and training

In 2011-12, internal IT training attracted 1,592 participants. It covered the Microsoft Office suite of programs such as the Office 2010 upgrade, in-house systems, record-keeping awareness, security awareness, electronic filing using TRIM, publication projects and the budgeting and reporting tool TM1. Training was also provided to staff in the use of Blackberry and remote access tokens.

Customised training in Excel and VBA catered to special needs and VOIP training was provided to assist staff with the rollout of the new telephone system.



## External learning and development opportunities

In addition to providing internal learning and development opportunities, the Treasury encourages staff to participate in a range of external learning and development activities. In 2011-12, these included postgraduate qualifications and research projects, as well as attendance at Career Development Assessment Centres, Australia and New Zealand School of Government (ANZSOG) programs, and various conferences, seminars and workshops of relevance to the Treasury. One officer continued the ANZSOG program in Executive Masters in Public Administration in 2011-12.

The National Security College is a joint venture between the Commonwealth Government and the Australian National University. The College aims to enhance the functioning of the national security community and strengthen networks and policy capability within the APS by building partnerships with academia, research institutions, and the community and private sectors. Six Treasury staff participated in the courses offered by the National Security College in 2011-12.

During 2011-12, Treasury staff attended 208 external training courses, conferences or seminars of relevance to the department.

Studies Assistance provided financial assistance and study leave for staff undertaking approved study relevant to the Treasury. A total of 157 staff were approved for Studies Assistance in 2011-12, for study primarily undertaken in economics, law, commerce and public policy.

A one-year Treasury Scholarship in Economics was offered to one student enrolled in the Australian National University's Bachelor of Economics Program.

In partnership with the Commonwealth Government and the Sir Roland Wilson Foundation, five inaugural scholarships were awarded to staff in the Australian Public Service. The scholarships are designed to nurture future senior leaders in the APS and strengthen ties between academia and the Australian Public Service. Two of the five scholarships were awarded to Treasury staff. These staff members commenced their PhD studies at the Australian National University in February 2012.

## WELLBEING

The Treasury measures and monitors staff wellbeing indicators through staff opinion surveys, exit survey reports and human resource data. Performance is also assessed against the Staff Wellbeing Framework to monitor agency health and identify potential risks to organisational capability. Performance is also benchmarked against the broader APS and similar private sector organisations. The People and Organisational Strategy Division provides regular reports to the Executive Board, the People Committee, the Workplace Relations Committee, the Inclusive Workplace Committee, the Work Health and Safety Committee and staff that includes the results and strategies developed to improve performance.

## State of the Service results

The agency-specific employee survey results for the Treasury were strong with satisfaction levels continuing to be more favourable than the APS average in a number of key areas, including employee job satisfaction, immediate manager effectiveness, the quality of senior leadership, valuing of staff contribution, satisfaction with learning and development opportunities and respect within work groups.

The Treasury's results for employee engagement were higher than those for the APS. Treasury staff enjoy their work, are motivated to do the best possible work, and are more likely than the broader APS to receive a sense of being valued for their work.

An area for improvement was satisfaction with work-life balance. The Treasury results (62 per cent) were slightly lower than those recorded for the APS as a whole (67 per cent). This issue continues to be of ongoing concern to the Treasury and remains an important focus for the Executive Board.

The Executive Director, Policy Coordination and Governance and Chief Risk Officer undertook a series of meetings with Groups to discuss the adequacy of overall management of stress and fatigue risks. These consultations focused on promoting best practice strategies that were employed by different areas of the department.

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## Staff opinion survey

Treasury conducted its own biennial staff opinion survey in October 2011. The survey indicated satisfaction ratings of 80 per cent and above in pride in working for the Treasury, willingness to put in effort to achieve results, respectful and supportive environment provided by managers, and in motivation to do the best job they can.

## Resilience program

The Treasury seeks to identify anticipated peak work periods and offers divisions the opportunity to take part in a customised Emotional Resilience Program.

The program aims to increase individual and team resilience by enhancing the ability to cope with dynamic and complex work situations. The program also provides useful strategies for managing sustained pressure and deadlines, communication, resilience and team-building.

A resilience training course was provided to staff in the Macroeconomic Group in June 2012 as a proactive response to dealing with frequent tight deadlines and associated stress management. Attendance was high with 120 staff participating in the training sessions. The course encouraged staff to manage their own health and safety in dealing with stress and fatigue.

## Employee assistance program

The Treasury provides staff and their immediate family members with access to an employee assistance program. The program provides a free professional and confidential counselling service to assist staff experiencing work-related or personal problems. The employee assistance service collects generic data that provides guidance for departmental wellbeing strategies. To complement this service, the employee assistance service also offers an online wellbeing resource which provides interactive and user-friendly information and guidance on work and personal issues. Managers and executives may seek advice and support on managerial issues through a dedicated and confidential program.

The service provider conducted two staff seminars during 2011-12, one outlining the benefits of seeking counselling to assist in managing personal and professional concerns and the other on positive parenting. In 2011-12, due to contract and procurement arrangements, the Treasury utilised two separate employee assistance programs. The provider for the period July to November 2011 reported usage rates of 4.3 per cent. The second provider recorded usage rates of 1.8 per cent for the remainder of the financial year. The average APS access rate for 2011-12 was slightly higher than the Treasury usage rate, averaging 6.04 per cent.

## Child care centre

In 2010-11 the Treasury built onsite childcare facilities for Treasury staff in the Abacus Childcare and Education Centre which is managed by the Department of Finance and Deregulation.

The centre offers 143 child care places with a total of 65 children from Treasury families in care at the centre at 30 June 2012. The centre recently expanded the outdoor play area and provides regular events for families, as well as excursions within the Parliamentary Triangle for children in care at the centre.

## Health and wellbeing program

In 2011-12 a health and wellbeing program was delivered in recognition of the need to address wellbeing on a regular basis and provide staff with greater opportunities to access health-related activities and seminars.

The Treasury facilitated seven health and wellbeing activities during 2011-12 including 283 staff health assessments, 422 Influenza vaccinations, and health and wellbeing information seminars. A mindfulness seminar was organised with the Honourable Jeff Kennett speaking on the Beyond Blue National Depression Initiative. Approximately 300 staff participated in the health and wellbeing seminars. Staff were also offered the opportunity to participate in health and fitness training during lunch times.

## Lifestyle payment and corporate gym memberships

To assist employees in undertaking initiatives towards maintaining a healthy lifestyle, an annual lifestyle payment of \$500 was available in 2011 and increased to \$600 in 2012. The lifestyle payment is available for activities such as gym memberships, sporting apparel and relaxation programs. The Treasury also has a corporate gym membership with Treasury employees able to access reduced memberships from five participating gyms. From 1 July to 31 December 2011, 18 lifestyle payments of \$500 were made to Treasury employees and from 1 January 2012 to 30 June 2012, 920 lifestyle payments of \$600 were made to Treasury employees.

## STAFFING INFORMATION

Ongoing and non-ongoing employee numbers in the Treasury decreased from 1,053 in 2010-11 to 988 in 2011-12 (Table 2).

Voluntary redundancies were offered, and 62 employees accepted an offer. As a consequence of the voluntary redundancy process and natural attrition, there was a decrease in staff numbers across all levels, except at the APS4 level, where this figure rose from 58 to 59. The most significant decrease was at the APS3 level, where staffing numbers reduced by 18. The number of EL1 and EL2 employees decreased by 6 and 14 respectively.

Part-time employees reduced slightly from 11.68 per cent in 2010-11 to 11.03 per cent in 2011-12. Part-time females at the EL1 level increased from 23 in 2010-11 to 30 in 2011-12. Part-time APS6 level females reduced from 17 to 11.

**Table 2: Operative and paid inoperative staff by classification and gender as at 30 June 2012**

Classification	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Male	Female	Male	Female	Male	Female	Male	Female	
Cadet		1			3				4
APS1		1			1				2
APS2	1			1					2
APS3	32	46		1					79
APS4	23	24		11	1				59
APS5	74	74	1	7					156
APS6	115	92	5	11	3				226
EL1	97	72	2	30		2	1	2	206
EL2	93	44	8	24	4	1			174
SES Band 1	40	10	1	3	1	1			56
SES Band 2	10	6		1					17
SES Band 3	6								6
Secretary	1								1
<b>Total</b>	<b>492</b>	<b>370</b>	<b>17</b>	<b>89</b>	<b>13</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>988</b>

Note: Staff paid by other agencies are not included.

**Table 3: Staff located at overseas posts**

Overseas post	SES Band 2	SES Band 1	EL2	Total
Beijing	–	1	–	1
India	–	1	–	1
Jakarta	–	1	–	1
London	–	1	–	1
Paris	–	1	–	1
Tokyo	1	–	–	1
Washington	–	1	–	1
<b>Total</b>	<b>1</b>	<b>6</b>	<b>–</b>	<b>7</b>

Note: Locally engaged staff are not included.

## Senior Executive Service remuneration

Remuneration and conditions for the Treasury's Senior Executive Service (SES) are determined under AWAs and section 24(1) determinations, supported by a remuneration model that determines pay levels within each SES level, based on performance (Table 4). The Treasury does not offer performance pay.

**Table 4: Salary scales — SES**

Classification	September 2010		September 2011	
	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$
SES Band 1	173,667	201,839	180,614	209,913
SES Band 2	212,852	249,134	221,366	259,099
SES Band 3	275,842	323,054	286,876	335,976

Senior Executive Service staff are appraised using the APSC Senior Executive Leadership Capability Framework to assess performance and rank each employee relative to their peers. An increase in relative ranking can lead to an increase in base salary.

### Remuneration — non-SES employees

The *Treasury Workplace Agreement 2011-14* determines salary rates for all non-SES staff (Table 5). The Treasury does not offer performance bonuses.

**Table 5: Workplace agreement salary scales — non-SES**

Classification	July 2010		July 2011	
	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$
APS1	39,488	42,882	41,068	44,597
APS2	45,517	48,530	47,338	50,471
APS3	51,543	55,554	53,605	56,736
APS4	57,568	60,580	59,871	63,003
APS5	64,725	68,869	67,314	71,624
APS6	73,012	88,456	75,932	91,994
EL1	95,236	109,247	99,045	113,617
EL2	116,328	133,505	120,981	138,845

Under the *Treasury Workplace Agreement 2011-14*, access to some pay points for APS6, EL1 and EL2 staff can only be determined by the remuneration committee process and are based on sustained performance under the Treasury's Performance Management System.

## Senior management changes

Several senior management movements occurred in 2011-12 (Table 6).

**Table 6: SES commencements and cessations**

Reason	SES Band 3	SES Band 2	SES Band 1	Total
Engagement	1		4	5
External promotion		1		1
Internal promotion				
Resignation			1	1
Retirement	1		5	6
Transfer to another department		1	1	2
Promoted to another department				
<b>Total</b>	<b>2</b>	<b>2</b>	<b>11</b>	<b>15</b>

During 2011-12 six SES commenced in the Treasury, including Mr Barry Sterland who joined the Executive Board from the Department of Prime Minister and Cabinet. Mr Sterland replaced Mr Richard Murray who retired after 41 years in the Australian Public Service; the majority of this time was spent in the Treasury.

Mr Matt King was promoted to an SES band 2 from the Department of Prime Minister and Cabinet as Treasury's Chief Financial Officer.

There were five retirements at the SES band 1 level, four of whom retired under Section 37 of the *Public Service Act 1999*.

There were no internal promotions at the SES level during 2011-12.

## ASSETS MANAGEMENT

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The Treasury has developed an asset management framework. The framework includes:

- an asset register that records details of all assets held by the Treasury. Assets on the Treasury's register are subject to an annual stocktake to keep records accurate and up-to-date;
- an asset management guide that sets out the Treasury's policies and asset management guidelines for the day-to-day care and custody of assets. The guide is incorporated into the Treasury's Chief Executive Instructions. Further details on the Treasury's asset policies are in notes 1.14 to 1.18 of the Treasury's Financial Statements; and
- a capital management plan that sets out the Treasury's longer term asset requirements and funding sources for ongoing asset replacement and investment. The Treasury's capital budget process is integrated with strategic planning and occurs prior to the beginning of each financial year, in conjunction with the Treasury's annual operating budget process. In determining the capital budget, the Treasury considers the level of funding available for asset purchases, immediate and longer term asset replacement requirements and organisational opportunities that an investment in new assets can address.



## PURCHASING

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The Treasury's purchasing activities are undertaken in accordance with government policy and best practice. Procurement of all goods and services is consistent with the requirements of the Commonwealth Procurement Guidelines. The Treasury applies the guidelines to all its activities through the Chief Executive Instructions and supporting operational guidelines.

The Treasury's purchasing processes focuses on the core principle of value for money. We achieve this through:

- undertaking competitive, non-discriminatory procurement processes;
- the efficient, effective, ethical and economical use of resources;
- by ensuring decisions are made in an accountable and transparent manner.

Responsibility for procurement is devolved to individual policy groups with support from a central team of procurement specialists. The Treasury supports devolved procurement by providing a central single point of contact for staff seeking purchasing advice, and by providing ongoing support and training about procurement policies and procedures to staff. The Treasury's procurement framework makes appropriate financial delegates responsible for procurement. Currently, all proposed procurements valued at \$10,000 or more are reviewed by the Treasury's Procurement and Contracts Team to ensure due process is followed.

The Treasury did not let any contracts during 2011-12 of \$100,000 or more which did not provide for the Auditor-General to have access to the contractor's premises and did not have any contracts that were exempted from being published on AusTender.

The Treasury publishes, on the AusTender website at [www.tenders.gov.au](http://www.tenders.gov.au), all contracts awarded with a value of \$10,000 or more, and, in an annual procurement plan, information about significant procurements the department expects to undertake during the following year.

## CONSULTANTS

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The Treasury engages consultants where specialist skills are required that are not available in-house or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or innovative solutions to assist in the Treasury's decision making.

Prior to engaging consultants, the Treasury takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the FMA Act and related regulations including the Commonwealth Procurement Guidelines (CPGs) and relevant internal policies.

Providers of consultancy services are selected through the following methods:

- Open tender — a procurement procedure which publishes a request for tender, inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are generally sought from the Australian Government AusTender website.
- Select tender — a procurement procedure which allows the procuring agency to select potential suppliers and invite them to submit tenders (including through multi use lists). This process may only be used in certain defined circumstances.
- Direct sourcing — a form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or special ability to supply the goods and/or services sought.
- Panel — an arrangement whereby a number of suppliers, initially selected through an open tender process, may each supply property or services to an agency as specified in the panel arrangements. Quotes are sought from suppliers that have pre-qualified on the agency panels to supply to the Government. This category includes standing offers and supplier panels where the supply of goods and services may be provided for a pre-determined length of time, usually at a pre-arranged price.

During 2011-12, 101 new consultancy contracts were entered into involving total actual expenditure of \$5,196,273. In addition, 44 on-going consultancy contracts were active during the 2011-12 year, involving total actual expenditure of \$3,202,791. These amounts include GST.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website [www.tenders.gov.au](http://www.tenders.gov.au).

## AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

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The Treasury is required to provide details of any contract let during 2011-12 of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor's premises. The Treasury must include the name of the contractor, purpose and value of the contract, and reason for not including standard access clauses in the contract.

The Treasury did not have any contracts over \$100,000 that did not provide for the Auditor-General to have access to the contractor's premises.

## EXEMPT CONTRACTS

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The Treasury is required to advise if any contract in excess of \$10,000 (inclusive of GST) or a standing offer has been exempted by the Chief Executive from being published on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*. The fact that the contract has been exempted and the value of the contract or standing offer must be reported to the extent that doing so does not in itself disclose the exempt matters.

The Treasury did not have any contracts that were exempted from being published on AusTender.

## WORKPLACE DIVERSITY

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The Treasury is committed to providing an organisational culture that embraces and actively promotes diversity. Several important initiatives were introduced in 2011-12.

Treasury launched the Progressing Women initiative after staff consultations in 2011 that identified challenges faced by Treasury women. Progressing Women comprises a suite of strategies to widen and deepen the pool of future leaders in the Treasury by harnessing the talents of women at all levels. The strategies are based on five themes:

- leadership, governance and accountability;
- workplace policies;
- training and networks;
- performance assessment and career development; and
- measuring success.

To achieve these themes, the Treasury has:

- formed the Inclusive Workplace Committee with internal and external representation;
- conducted training for the Inclusive Workplace Committee on unrecognised bias with a wider rollout scheduled for 2012-13;
- consulted on flexible work arrangements, including presentations by senior staff who have worked in part time and other flexible working arrangements while in senior positions; and
- commenced the design and development of a mentoring scheme.

In early 2012, the Treasury nominated a participant in the Jawun Indigenous Corporate Partnerships Program 2012. This secondment will take place in 2012-13.

The Treasury employed four Indigenous Cadets in 2011-12 through the APSC's Indigenous Cadetship Program. They are studying business, commerce and law.

At 30 June 2012, 11 per cent of Treasury staff worked part-time. Nearly half of these staff were executive level employees or SES. Both male and female employees have used part-time work to enable them to balance work and family requirements. In addition to part-time work, the Treasury maintained access for staff to access job-share arrangements and home-based work through its 2011-14 Workplace Agreement. These flexibilities help the Treasury to contribute to the retention of staff with valuable skills and knowledge.

At 30 June 2012 (see Table 7 below), departmental staff comprised:

- 47 per cent women;
- 24.6 per cent born overseas;

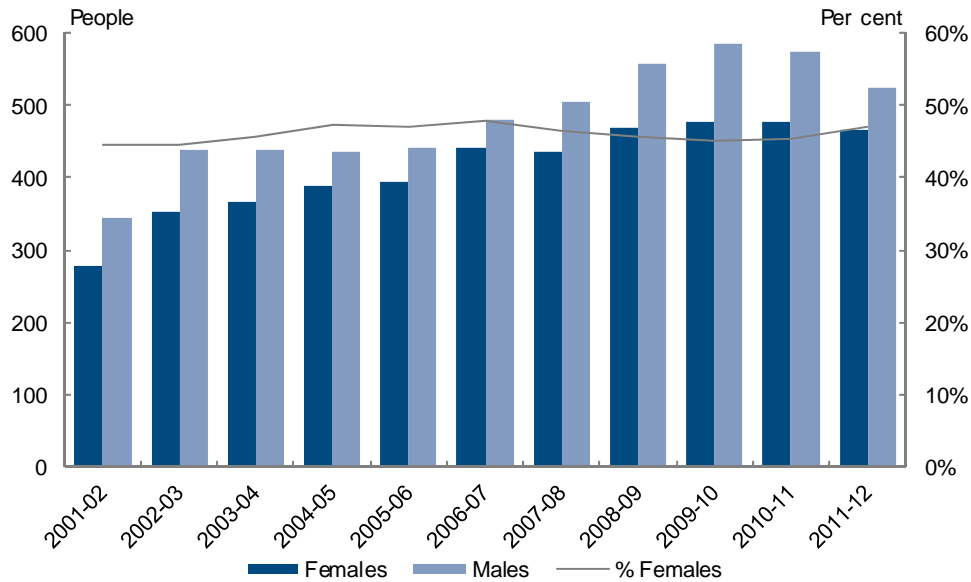
- 0.7 per cent who identified as Indigenous;
- 12.3 per cent with English as a second language; and
- 1.7 per cent who identified as having a disability.

**Table 7: Operative and paid inoperative staff by Equal Employment Opportunity target group (as at 30 June 2012)**

Classification	Female	Born Overseas	English as second Language	Indigenous	Disability
CADET				4	
APS1	1				1
APS2	1				1
APS3	47	19	8		
APS4	35	12	8		2
APS5	81	36	30		1
APS6	103	52	31	1	4
EL1	106	63	31	2	1
EL2	69	42	11		4
SES1	14	15	2		3
SES2	7	2	1		
SES3		3			
<b>Grand Total</b>	<b>464</b>	<b>244</b>	<b>122</b>	<b>7</b>	<b>17</b>

As at 30 June 2012, 47 per cent of the Treasury's workforce were women. This is an increase over the 30 June 2011 figure of 45.4 per cent and only slightly lower than the 30 June 2007 peak of 47.8 per cent (see Chart 1 below).

Chart 1: Treasury staff by gender 2001 – 2012



As at 30 June 2012, seven staff identified as being Indigenous (0.7 per cent of the workforce). This compares with six staff members identifying as Indigenous in 2010-11. The Treasury has continued to support Indigenous employment in 2011-12 through the Indigenous Pathways program managed by the APSC. The Treasury employed four Indigenous Cadets in 2011-12.

In the *Treasury Workplace Agreement 2011-14*, the department maintained its commitment to a range of family-friendly working arrangements, such as access to information about child care and school holiday care through the intranet and an external service provider, access to a carer's room, and accreditation as a breastfeeding-friendly workplace.

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the APSC's State of the Service Report and the APS statistical bulletin. These reports are available on the Australian Public Service Commission website at [www.apsc.gov.au](http://www.apsc.gov.au).

The Treasury has continued to provide access to adaptive technologies and other practical support for staff with a disability. This included the voice-activated software made available for two staff, regular provision of an interpreter through the Deaf Society of NSW for an employee with a hearing impairment, and arrangements for four sit-stand work stations to enable effective working arrangements. In addition, the Treasury employed a trainee under its Disability Work Experience Program. These and other activities to assist employees with a disability are provided for under the Treasury's Disability Action Plan.

**Table 8: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2012)**

	Total positions filled as at 30 June	Number of women	Number of appointments made during the year	Number of appointments of women
Auditing and Assurance Standards Board	1	1	–	–
Australian Accounting Standards Board	1	–	–	–
Australian Competition and Consumer Commission	11	4	2	1
Australian Competition Tribunal	13	1	4	–
Australian Energy Regulator	3	1	–	–
Australian Government Financial Literacy Board	13	3	1	–
Australian Prudential Regulation Authority	3	–	–	–
Australian Reinsurance Pool Corporation	6	3	–	–
Australian Securities and Investments Commission	5	1	3	–
Australian Statistics Advisory Council	22	5	7	2
Australian Taxation Office	4	1	–	–
Board of Taxation	10	3	2	1
Commonwealth Consumer Affairs Advisory Council	9	4	6	2
Commonwealth Grants Commission	6	2	4	2
Companies Auditors and Liquidators Disciplinary Board	10	–	–	–
Corporations and Markets Advisory Committee	12	5	–	–
Energy Security Council	8	1	8	1
Financial Reporting Council	17	5	3	1
Financial Reporting Panel	8	1	8	1
Financial Sector Advisory Council	12	2	9	1
Foreign Investment Review Board	3	1	1	–
HIH Claims Support Limited	4	–	–	–
Inspector-General of Taxation	1	–	–	–
Legal Committee of Corporations and Markets Advisory Committee	10	5	3	1
National Competition Council	4	1	1	–
National Housing Supply Council	12	6	4	2
Payments System Board	7	1	1	–
Productivity Commission	11	5	1	–
Reserve Bank of Australia	9	3	3	1
Superannuation Advisory Committee	13	4	–	–
Superannuation Complaints Tribunal	26	11	24	10



**Table 8: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2012) (continued)**

	Total positions filled as at 30 June	Number of women	Number of appointments made during the year	Number of appointments of women
Takeovers Panel	52	16	14	4
Tax Practitioners Board	9	2	–	–
<b>Total</b>	<b>335</b>	<b>98</b>	<b>109</b>	<b>30</b>



