



Australian Government

The Treasury

THE TREASURY

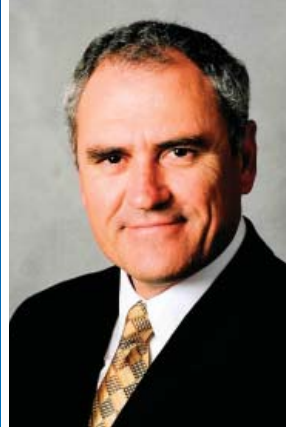
WHO WE ARE AND WHAT WE DO



THE TREASURY
WHO WE ARE AND WHAT WE DO

RTV

SECRETARY'S FOREWORD



I am pleased to present the inaugural publication of *The Treasury — Who We Are and What We Do*.

This document is our identity statement. It articulates what we are about — our reason for being. It sets out our mission, the capabilities we bring to our work, our values, role, and key policy responsibilities. It emphasises critical aspects of our work, such as the importance of applying a broad wellbeing framework to all our policy considerations and advice, the importance of sustaining a strong relationship with our ministers built on trust and the breadth of our ministers' responsibilities. It highlights the Treasury's important role as a central policy agency within the Australian Public Service.

I commend this guide to both Treasury staff and the broader community.

A handwritten signature in black ink, which appears to read 'Ken Henry'.

Ken Henry
Secretary to the Treasury
September 2007

WHO WE ARE

Australia's Department of the Treasury was established at Federation in 1901 with five bookkeepers looking after the nation's finances. Since then, the Treasury has evolved to become the government's premier adviser on economic policy and today the Treasury and its 850 people are at the forefront of Australian economic analysis and policy development.

Our mission underpins our value-adding role, determines our objectives and guides us in developing our capabilities and structures.

Treasury's mission:

- > reflects the Treasury portfolio ministers' responsibilities to achieve strong sustainable economic growth and improve the wellbeing of Australians;
- > reflects the Treasury portfolio ministers' interest in all government decisions and their effects, and provides the Treasury with a key central policy agency role. The Treasury brings a whole-of-economy perspective to developing and implementing public policy, and helping the government identify national policy priorities;
 - we seek to add value to government decision making by ensuring that Treasury ministers and Cabinet are well informed about the choices they confront;
 - the Treasury is engaged in a vast range of issues, from climate change to social policy, macroeconomic policy settings to microeconomic reform, tax policy and trade agreements. These issues impact directly on the lives of all Australians;
- > underscores the importance for the Treasury of strong relationships with its ministers, built on trust and robust economic advice.

TREASURY'S MISSION

Treasury's mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions.



A BROAD PERSPECTIVE ON PUBLIC POLICY ADVICE

Treasury people assess public policy issues against a broad wellbeing framework. Elements of the wellbeing framework are drawn from widely recognised economic principles and are aligned with the broad scope of policy responsibilities of Treasury ministers. The framework provides criteria to assess the effectiveness and impact of existing policy and new policy proposals.

Application of the wellbeing framework means that:

- > we bring a whole-of-economy approach to our advice and analysis;
- > we recognise that the wellbeing of Australians encompasses much more than is captured by traditional quantitative measures of economic activity; and
- > we both complement and challenge the advice other agencies provide to ministers on the effects of their policy proposals.

WELLBEING FRAMEWORK

In assessing public policy issues, we apply a broad wellbeing framework comprising five elements:

- > the opportunity and freedom that allows individuals to lead lives of real value to them;
- > the level of consumption possibilities available to the community over time. This includes both market and non-market goods and services, such as voluntary and community work, the quality of the physical environment, health and leisure;
- > the distribution of these consumption possibilities, including among different groups within society, across geographical regions and across generations;
- > the overall level and allocation of risk borne by individuals and, in aggregate, by the community; and
- > the level of complexity confronting Australians in making decisions about their lives.

tree

WHAT WE DO

Treasury's responsibilities encompass many policies and programmes integral to the functioning of the economy and wellbeing of Australians.

OUR POLICY OUTCOMES AND RELATED ACTIVITIES

SOUND MACROECONOMIC ENVIRONMENT

To promote a sound macroeconomic environment, Treasury:

- > monitors and assesses economic conditions and prospects, both in Australia and overseas;
- > provides advice on macroeconomic policy, including fiscal and monetary policy;
- > uses bilateral relationships and regional and global forums to advance Australia's interests and improve the international economic environment; and
- > assists other governments in Asia and the Pacific region to improve economic governance.

Related portfolio entities

- > Australian Bureau of Statistics
- > Australian Statistics Advisory Council
- > Reserve Bank of Australia

EFFECTIVE GOVERNMENT SPENDING ARRANGEMENTS

To assist in formulating, implementing and explaining government spending decisions, Treasury:

- > provides advice on overall fiscal strategy and budget policies, and coordinates production of the federal budget and other reports required under the Charter of Budget Honesty;
- > provides advice on Commonwealth-State financial policy, including implementing the Intergovernmental Agreement on Reform of Commonwealth-State Financial Relations;
- > advises on industry, environment, defence and national security policy development; and
- > advises on social and income support policy development, including health, the labour market, education, Indigenous welfare and immigration.

Related portfolio entities

- > Australian Office of Financial Management
- > Commonwealth Grants Commission (policy aspects)
- > Future Fund (investment mandate, board appointments, and transfers to Future Fund)

Treasury's work is centred on four portfolio outcomes — a sound macroeconomic environment, effective government spending arrangements, effective taxation and retirement income arrangements, and well-functioning markets.

The policy outcomes are aligned with Treasury's organisational structure. The Treasury has four policy groups — Macroeconomic, Fiscal, Revenue and Markets — and two support and operational areas — Corporate Services and Strategic Communications. Group roles and responsibilities are further articulated in operational plans. The Treasury works with a range of portfolio entities to achieve related outcomes.

EFFECTIVE TAXATION AND RETIREMENT INCOME ARRANGEMENTS

To contribute to effective taxation and retirement income arrangements, Treasury:

- > analyses the economic and social effects of fiscal policy proposals and develops policy options;
- > provides advice to portfolio ministers to assist in formulating, implementing and explaining government decisions on taxation and retirement income arrangements;
- > contributes to the development of laws which effectively implement government decisions; and
- > provides information on changes to revenue forecasts and projections.

Related portfolio entities

- > Australian Taxation Office
- > Board of Taxation
- > Inspector-General of Taxation
- > Tax Agents' Boards

ACHIEVING WELL-FUNCTIONING MARKETS

To provide advice on policies and reforms, Treasury:

- > pursues efficient development and implementation of foreign investment and trade policy to support well-functioning markets and Australia's national interest;
- > promotes a well-functioning and competitive financial system;
- > advocates sound corporate practices and financial reporting, and regulation of corporations and financial services;
- > strives for competitive, efficient, well-informed and safe markets; and
- > assists Australians to increase their financial knowledge and better understand the choices they can make in using and managing their money.

Related portfolio entities

- > Auditing and Assurance Standards Board
- > Australian Accounting Standards Board
- > Australian Competition and Consumer Commission
- > Australian Competition Tribunal
- > Australian Energy Regulator
- > Australian Government Actuary
- > Australian Prudential Regulation Authority
- > Australian Reinsurance Pool Corporation
- > Australian Securities and Investments Commission
- > Business Regulation Advisory Group
- > Commonwealth Consumer Affairs Advisory Council
- > Companies Auditors and Liquidators Disciplinary Board
- > Corporations and Markets Advisory Committee
- > Financial Literacy Foundation
- > Financial Reporting Council
- > Financial Reporting Panel
- > Financial Sector Advisory Council
- > Foreign Investment Review Board
- > HIH Assistance Review Panel
- > HIH Claims Support Limited
- > Life Insurance and Actuarial Standards Board
- > National Competition Council
- > Productivity Commission
- > Royal Australian Mint
- > Superannuation Complaints Tribunal
- > Takeovers Panel

WHO WE WORK WITH

Treasury's key clients are its ministers and the government. The Treasury recognises that maintaining strong relationships with its ministers, built on trust and the provision of effective advice, is critical to the successful achievement of our mission. It also recognises that productive and collaborative relationships with external stakeholders are fundamental to the way we achieve results and the quality of our advice to our clients.

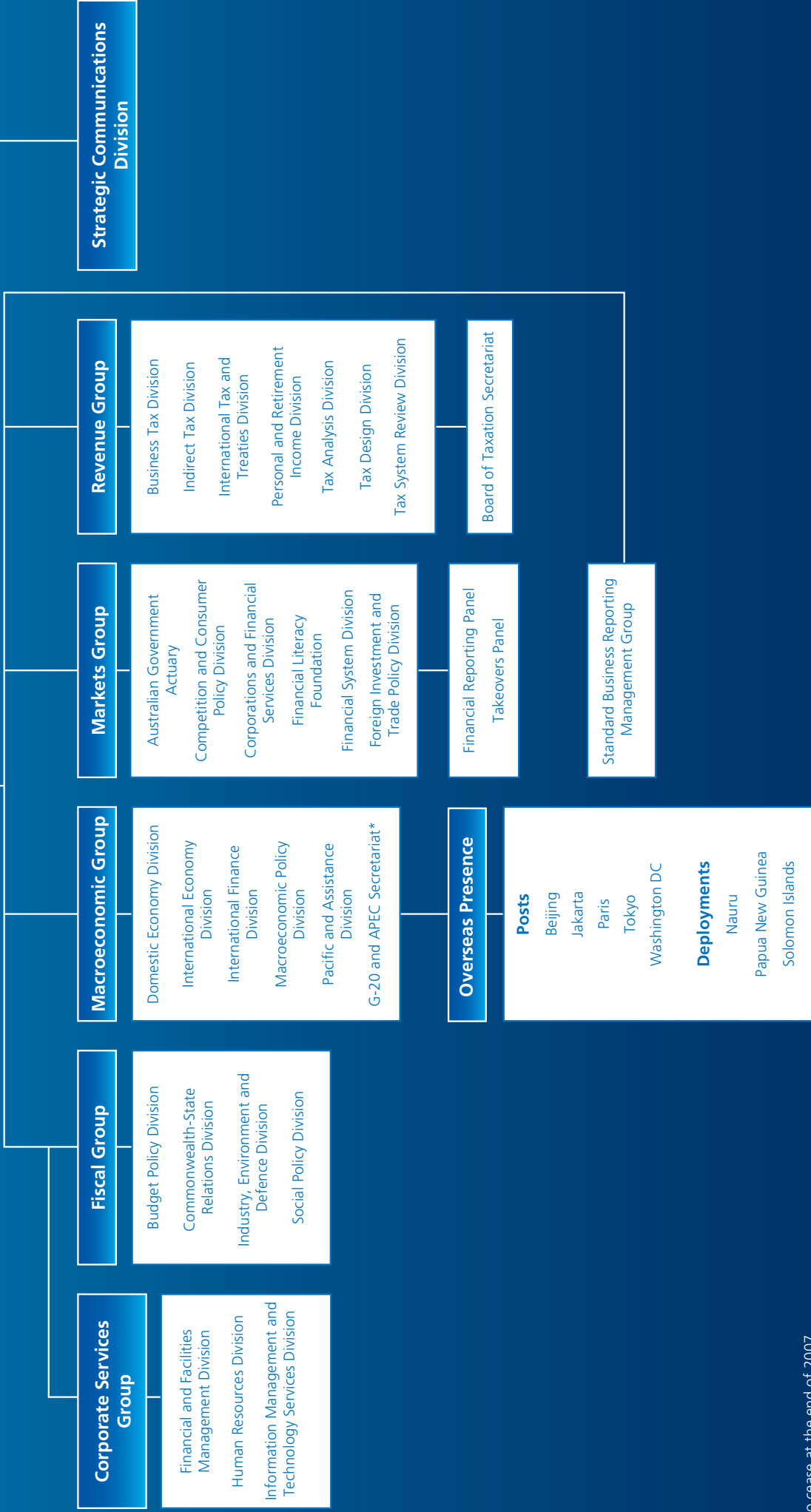
The Treasury works closely with a variety of agencies, including other government departments, relevant portfolio agencies and entities, professional organisations, industry and academics.

Our key portfolio entities are identified on the preceding pages.

The Treasury is also active in multilateral, regional and bilateral engagement, including with New Zealand, the OECD, the G-20 and APEC. The Treasury has posts in Beijing, Jakarta, Paris, Tokyo and Washington DC, as well as deployments in Nauru, Papua New Guinea and Solomon Islands.

TREASURY'S ORGANISATIONAL STRUCTURE

Secretary and Executive Board



*to cease at the end of 2007

TREASURY VALUES

Treasury people are skilled professionals, valued for the quality of their advice, their analytical and strategic thinking, and their drive and integrity. They are results-oriented and strive to achieve long-term benefits for all Australians.

Treasury people uphold the important values and behaviours that shape Treasury culture. These values influence all aspects of the way we work.

To deliver on our mission, we need high-performing people.

High performance is fostered by:

- > investing in recruitment;
- > investing in professional development, including programmes to boost leadership skills and behavioural capabilities, and increasing knowledge and technical understanding of subject areas such as economics, law, and accounting;
- > negotiating competitive and effective workplace agreements and identifying and responding to issues raised; and
- > promoting wellbeing in the workplace, including work-life balance, quality of life initiatives and specific health measures.

TREASURY PEOPLE:

- > strive for excellence;
- > value teamwork, consultation and sharing of ideas;
- > value diversity among our people;
- > treat everyone with respect;
- > exhibit honesty in all our dealings; and
- > treat colleagues with fairness.

TREASURY PEOPLE MANAGEMENT PRINCIPLES:

- > stipulate open, two-way communication at all levels;
- > clearly define accountabilities;
- > use work performance as the basis for remuneration which is determined by fair and transparent processes; and
- > facilitate staff in achieving an appropriate work and private life balance.



TREASURY'S ORGANISATIONAL CAPABILITIES

To deliver high-quality policy advice, we need to maintain strong organisational capabilities.

Treasury's capabilities comprise its people, its technical expertise, its internal structures, its ways of operating and its support systems. How these capabilities are used and further developed determines our performance. To maximise our potential, we nurture and strengthen our core organisational capabilities and consistently seek better ways to do our business.

**SUSTAINING AND DEVELOPING
OUR ORGANISATIONAL
CAPABILITIES**

Deep understanding

We promote a deep understanding of our mission, the economic and policy environment, and the views of our stakeholders, through:

- > building on our economic, legal, accounting, quantitative and other technical expertise; and
- > promoting a whole-of-economy approach.

Influence and reputation

We build trust with our ministers, other organisations and stakeholders and influence the policy agenda through:

- > adopting innovative and authoritative thinking, based on high-quality research and analysis, and development and use of frameworks and tools which represent best international practice;
- > contributing to public debate, providing compelling policy advice and being a reliable and authoritative source of advice on fiscal and economic numbers; and
- > establishing relationships with stakeholders based on two-way communication and mutual respect.

Collaboration

We encourage collaboration to develop effective policy through:

- > building effective relationships with internal and external stakeholders and engaging in forums that support and drive creativity and innovation; and
- > appropriately sharing knowledge and information throughout Treasury.

Improvement and adaptability

We encourage flexibility, adaptability and innovation to improve both content and process through:

- > testing and challenging current approaches, accepting a diversity of views and finding new, lateral and savvy approaches to solving problems, looking at both short- and long-term perspectives.

Proactivity and vision

We promote anticipation of policy, implementation and organisational issues through:

- > scanning the environment for opportunities and risks and applying a strategic and long-term view to policy development, implementation and organisational issues; and
- > factoring risks into planning processes.

Efficiency and productivity

We manage costs, allocate resources and enable efficiencies through:

- > continuously improving the quality of outputs and streamlining systems, with better knowledge management, more flexible use of expertise, skills enhanced through regular evaluations in a learning environment, and simpler processes; and
- > investing in data, systems and technology to sustain and improve the capacity for quantitative and qualitative analysis.



// www.treasury.gov.au

© Commonwealth of Australia 2007

ISBN: 0 642 74412 2

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>.