PART **THREE**
MANAGEMENT AND ACCOUNTABILITY

CORPORATE GOVERNANCE

The Treasury's corporate governance practices uphold sound administrative and financial management and compliance 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

Capability Review and Capability Action Plan

In mid-2013, the Australian Public Service Commission sponsored a Capability Review of the Treasury, led by Dr Michael Vertigan. Such reviews adopt a high-level perspective of capability across all operations of the agency, capturing the organisation's potential to achieve outcomes, the effectiveness with which outcomes are achieved and the quality of outputs and results. The Review taskforce interviewed a large number of people within Treasury and across a number of our key stakeholder groups.

The Capability Review identified four broad areas providing opportunities for improvement. These were: finding better ways to manage and monitor Treasury's priorities and performance; thinking differently about prioritising our resources in order to work smarter, not harder; improving our collaboration and engagement with others; and getting better at leading and managing change while adapting and innovating our way of working.

In order to address these challenges the Treasury has implemented a Capability Action Plan. This consists of four work streams which correspond to the four focus areas for improvement. In 2014 to date, the delivery of key outcomes included the following: development of a new Resource and Prioritisation Model (RPM) approach; launching both an Innovation Framework and a Stakeholder Engagement Framework; and establishing the Australian Treasury Advisory Council (ATAC) to provide governance advice similar to that provided by a private sector governance board.

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 2014 were:

- Dr Martin Parkinson, Secretary;

- Dr David Gruen, Executive Director, Macroeconomic Group — Domestic;

- Mr Barry Sterland, Executive Director, Macroeconomic Group — International;

- Ms Jan Harris, Executive Director, Markets Group;

- Mr Nigel Ray, Executive Director, Fiscal Group;

- Mr Rob Heferen, Executive Director, Revenue Group;

- Ms Amanda Cattermole, Acting Executive Director, Policy Coordination and Governance; and

- Mr Peter Alexander, Acting General Manager, Corporate Strategy and Services Group.

The Executive Board is supported by the Corporate Strategy and Services Group.

Australian Treasury Advisory Council

In March 2014, the Australian Treasury Advisory Council was formed to drive further organisational change. This group of respected leaders comprises a governance and advisory board for the Secretary of the Treasury to help replicate the discipline provided by a private sector governance board. The inaugural members of the Council are:

- Ms Elizabeth Bryan — Chair of Caltex;

- Ms Tracey Horton — former Dean of University of Western Australia Business School and currently Non-Executive Director, Skilled Group and President of the WA Chamber of Commerce and Industry;

- Ms Belinda Hutchinson — Chancellor of Sydney University;

- Ms Akiko Jackson — management consultant in the financial services industry;

- Mr Gabriel Makhlouf — New Zealand Treasury Secretary;

- Mr Kevin McCann — Chair of Macquarie Group; and

- Dr Michael Vertigan — who has had a long and illustrious career in the public sector and academia.

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 comprises an independent external Chair, an external member and four internal members.

RISK MANAGEMENT

The Treasury pursues a comprehensive, coordinated and systematic approach to risk management.

- The Treasury's risk management framework aims to:
  - establish robust, 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 with managers formally considering 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
  - make sure that risk registers remain useful and practical tools for analysing risk.
- The Treasury's risk management framework is reviewed annually. The key changes made in the 2013-14 review were strengthening linkages between the consideration of risk and key departmental objectives. This was in order to inform decisions about proactively realigning the Treasury workforce, work practices, policies and culture to best manage risks related to key priorities.
- 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 Information Technology 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 partially or completely lost;

- a Business Continuity Plan for the Treasury's business, which provides a process for identifying priority IT systems to restore, along with alternative methods and processes so the Treasury can continue to function 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 programmes 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

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

The Treasury Fraud Risk Assessment forms the basis of the Fraud Control Plan, which has been developed with appropriate controls, prevention, detection and investigation, and reporting standards.

The Treasury has undertaken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of fraud against the department. The Treasury reports fraud information data annually to the Australian Institute of Criminology.

EXTERNAL SCRUTINY

AUDIT

The Audit Committee met six times during 2013-14. Its work included reviewing the Treasury's financial statements and a range of internal and external audit reports.

The Audit Committee's Financial Statements Subcommittee met five times during 2013-14, with three of the meetings being related to the 2012-13 financial statements and two meetings related to the 2013-14 financial statements. The subcommittee 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 subcommittee monitors production of the financial statements and helps resolve issues.

The Treasury currently engages KPMG to provide internal audit services. This involves development of internal audit programmes, conducting various internal audit reviews, and working with the audit committee to ensure internal audit recommendations are being implemented effectively.

INTERNAL AUDITS

The Treasury completed seven internal audits/reviews during 2013-14.

Loans for Future Vintage Carbon Units (LFVU) Program

This review assessed the FMA implications of issuing loans as part of the LFVU Program and engaging a third party to perform the assessment of applications, as well as ongoing management of the loan and reviewing the adequacy of the proposed Treasury governance arrangements for the initial set up and ongoing management of the LFVU Program. The report identified four recommendations that will assist the Treasury to strengthen its governance arrangements and management of the LFVU Program to satisfy the *Financial Management and Accountability Act 1997* (FMA Act) requirements.

Post Implementation Review of the Stand-up of the Clean Energy Finance Corporation (CEFC)

The Post Implementation Review assisted Treasury to develop its framework and approach to the establishment of entities. This review of Treasury's process will make the standing up any future projects, similar to the CEFC, more efficient. The report identified four recommendations to ensure the CEFC had adequate internal controls and governance processes in place to manage its operational and investment funds. These recommendations related to the time and effort required to complete administrative tasks, assisting the CEFC to understand Government obligations, internal relationship management and the wind-down process.

G20 Operations governance arrangements

This review assessed the operations stream of the G20 Finance Track, including discussions with key stakeholders and review of documentation relating to: the broad organisational and

governance frameworks, project management practices and plans, scenario planning and contingency planning. The report identified 10 recommendations, which included enhanced integration between the G20 policy and operations streams, details regarding the master schedule and separate Project Definition Documents, documentation of a clear risk escalation process as part of the Risk Management Plan, and development of policies and guidelines that promote the management of stress and fatigue risks.

Review of legal and legal support services

This review considered the efficiency with which the Parliamentary and Legal Services Unit manage requests for legal advice and whether the implementation of standard operating procedures is contributing to a reduction in unnecessary requests for legal advice. The report identified three recommendations related to the investigation of potential software and application solutions to implement a user-friendly central repository for legal advice, central maintenance of all records of legal advice received, and a campaign undertaken to promote compliance with the standard operating procedures.

Statutory appointments to advisory boards and committees

This review assessed the consistency of statutory appointment practices across Treasury and the potential for efficiency improvements. The report identified three recommendations related to establishing a reporting process for upcoming expiring appointments, improving documentation management practices and implementing a standardised appointments model to increase engagement throughout Treasury.

GST, long service leave (LSL) and remuneration tribunal payments

This review assessed the appropriateness of Treasury's section 83 risk assessment which addresses compliance with payment conditions, the control framework and internal processes in relation to usage of the Treasury's special appropriations and special accounts. The report identified one recommendation regarding a section 83 risk assessment template to implement additional controls. This is when assessing the risk of section 83 breaches in making long service leave payments, GST payments and payments under the Remuneration Tribunal for the remainder of the financial year.

Review of resource allocation, planning and performance management framework.

This review differed from other internal audit reports, in that it documented analysis from the internal auditor regarding:

- recommendation of better practice principles and/or frameworks to guide consideration of resourcing models that might be considered by the Treasury;

- provision of advice on alternate resourcing models relevant to the Treasury, how they have operated elsewhere (including New Zealand and UK), and how they could be implemented within the Treasury;

- consideration of the linkages to planning, budget allocation and performance evaluation;

- identification of the relative advantages and disadvantages of each model, including with reference to the experience of others, and the relative costs and changes required to implement each model in terms of the impact on people, processes, systems and administration;

- ways to identify and advise on alternate incentive structures to support the flexible allocation of resources;

- provision of advice on bottom-up resource allocation approaches linked to organisational planning; and

- identification of evaluation mechanisms for reviewing the effectiveness of the recommended resource allocation models.

AUSTRALIAN NATIONAL AUDIT OFFICE REPORTS

In 2013-14, the ANAO completed the following audit related to the Treasury's operations.

Audit Report Number 9: Determination and Collection of Financial Industry Levies

This audit assessed:

- Treasury's consultation practices, and APRA's support, in relation to the formulation of levies, and the extent to which they were appropriate and effective;

- APRA's policies, procedures and resources in place to effectively support the implementation of the financial levies legislation, consistent with the Australian Government Cost Recovery Guidelines; and

- APRA's processes for calculating and collecting levies, including minimising the risk of cross-subsidisation between industry sectors and entities.

The ANAO tabled the report (Audit Report No. 9 2013-14) in Parliament on 7 November 2013. The ANAO has made two recommendations to improve the administration of the APRA financial industry levies. The first recommendation is aimed at the Treasury and APRA improving consultation with stakeholders about the levy methodology and its application. The second recommendation involves the two agencies' further considering aspects of the levy methodology as part of their current review.

Other audit reports

Other ANAO reports relevant to the Treasury in 2013-14 were:

Report No. 4	Confidentiality in Government Contracts: Senate Order for Departmental and Agency Contracts (Calendar Year 2012 Compliance) (Tabled 26 September 2013)
Report No. 5	Administration of the Taxation of Personal Services Income (tabled 15 October 2013)
Report No. 8	The Australian Government Reconstruction Inspectorate's Conduct of Value for Money Reviews of Flood Reconstruction Projects in Queensland (tabled 6 November 2013)
Report No. 13	Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2013 (tabled 18 December 2013)

Report No. 21	Pilot Project to Audit Key Performance Indicators (tabled 27 February 2014)
Report No. 33	Indigenous Employment in Australian Government Agencies (tabled 29 May 2014)
Report No. 34	Implementation of ANAO Performance Audit Recommendations (tabled 29 May 2014)
Report No. 35	Managing Compliance of High Wealth Individuals (tabled 4 June 2014)
Report No. 44	Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2014 (tabled 19 June 2014)

Details of audit reports are available at www.anao.gov.au.

PARLIAMENTARY COMMITTEES

Treasury's annual report will be scrutinised by the Senate Economics Committee.

In 2013-14, officials from the Treasury appeared before the following parliamentary committees:

- 16 July 2013 — Senate Rural and Regional Affairs and Transport Reference Committee, Inquiry into Ownership Arrangements of Grain Handling.

- 20-21 November 2013 — Senate Economics Legislation Committee, Budget Supplementary Estimates.

- 26 November 2013 — Senate Environment and Communications Legislation Committee: Inquiry into the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills.

- 27 November 2013 — Senate Economics Legislation Committee Public Hearing, (Inquiry into the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013).

- 5 February 2014 — Senate Select Committee into the Abbott Government's Commission of Audit.

- 10 February 2014 — Public Hearing on our Tax Treaty with Switzerland and Tax Information Exchange Agreement with Uraguay.

- 21 February 2014 — Senate Economic Reference Committee, Inquiry into the Performance of the Australian Securities and Investments Commission.

- 21 February 2014 — Senate Foreign Affairs, Defence and Trade References Committee, Inquiry into Australia's Overseas Aid and Development Assistance Program.

- 21 February 2014 — Senate Standing Committee on Economics, Tax Laws Amendment (Research and Development) Bill 2013.

- 26-27 February 2014 — Senate Economics Legislation Committee, Additional Estimates.

- 17 March 2014 — Public Hearing on our Tax Information Exchange Agreements with Brunei and Guatemala.

- 21 March 2014 — Joint Select Committee on Northern Australia.

- 15 April 2014 — Senate Select Committee into the Abbott Government's Commission of Audit.

- 8 May 2014 — House Standing Committee on Agriculture and Industry.

- 22 May 2014 — Senate Economics Legislation Committee, Inquiry into Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014.

- 30 May 2014 — House of Representatives Standing Committee on Economics, Inquiry into Foreign Investment in Residential Real Estate.

- 4-6 June 2014 — Senate Economics Legislation Committee, Budget Estimates.

- 16 June 2014 – Public Hearing on our Treaty with the US to implement the US Foreign Account Tax Compliance Act.

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 2013-14.

Commonwealth Ombudsman

The Commonwealth Ombudsman did not issue any reports on the operations of the Treasury in 2013-14.

MANAGEMENT OF HUMAN RESOURCES

The People and Organisational Strategy Division, within the Corporate Strategy and Services Group, has primary responsibility for the Treasury's people management. The Division assists the department to set and deliver on its strategic direction and to provide a work environment that enables our people to be productive. It provides advice and delivers on organisational strategies, change management, workforce planning, organisational development and wellbeing, performance management, recruitment, people strategies, governance and audit, learning and development and employee services and policies.

In 2013-14 the key outcomes were:

- facilitating behavioural, organisational and cultural change by progressing the implementation of the recommendations from the 2011 Strategic Review, the 2013 Capability Review and the Progressing Women initiative;

- continuing the implementation of the Graduate Development Programme review to enhance workforce capability and to strengthen talent management within the department;

- ongoing development of the workforce planning framework to drive the development of strategies to attract, retain and develop a targeted, skilled and diverse workforce within a context of reducing overall resources;

- undertaking a consultative process with internal business groups to determine a comprehensive risk profile for Work Health and Safety hazards 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 including mandatory performance management training for all staff; and

- producing regular workforce reports identifying trends and emerging issues along with improved data capture and workforce metrics analysis to assist with staff resource management across the Treasury.

WORKFORCE PLANNING

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. The Treasury regularly monitors and reviews these systems to ensure they are meeting the desired outcomes.

PERFORMANCE MANAGEMENT SYSTEM

The Treasury's Performance Management System uses two frameworks to assess staff: the Work Value Matrix to assess non-SES officers and the Senior Executive Leadership Capability Framework to assess SES officers. Two performance appraisal rounds for APS and EL staff were conducted in August 2013 and February 2014. One appraisal round was held for SES officers in September 2013. Each was conducted using a rigorous process, including a benchmarking system and oversight by review panels to ensure consistency and objectivity throughout the Department.

WORKPLACE RELATIONS

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

The Workplace Agreement operates in conjunction with Commonwealth legislation and Treasury policies, manuals and guidelines to define the terms and conditions of employment for staff.

On 14 May 2014 the Secretary announced the Treasury's intention to bargain with employees on a new enterprise agreement.

RECRUITMENT AND SECONDMENTS

The Treasury's recruitment activity in 2013-14 included a graduate recruitment campaign, and participation in the APSC indigenous cadetship and indigenous graduate programmes. The Treasury recruited 29 policy and corporate graduates from these processes. Three general recruitment campaigns were advertised with four staff commencing from these campaigns. One formal departmental transfer round was undertaken and 81 internal expressions of interest were managed centrally.

Treasury has actively encouraged secondment arrangements to establish mobility, networks and develop a broader skill base and perspective of the private sector and other parts of government.

As at 30 June 2014, there was a total of 40 secondments into Treasury. Of these, 27 were from the public sector and 13 from the private sector. In addition, 32 Treasury staff participated in secondments outside the department: 26 to public sector agencies, 6 to private sector organisations.

Treasury has reciprocal secondment arrangements with the New Zealand Treasury, the Australian Taxation Office, the Australian Competition and Consumer Commission and the Department of Foreign Affairs and Trade.

Treasury have staff seconded to BHP Billiton, the Australian Bankers Association and the Business Council of Australia. Treasury are looking to encourage more two way exchanges, and are investigating secondments to the four major banks.

LEARNING AND DEVELOPMENT

The Treasury has an ongoing commitment to provide career and professional development opportunities to increase the capability of individual staff and the overall capacity of the department.

During 2013-14, Treasury delivered a number of targeted and strategic development opportunities to increase workforce capability. Significant programmes offered during the year included:

- *Unrecognised Bias* workshops and coaching for SES, EL2 and EL1 staff, as part of the Progressing Women programme;

- *The Treasury Executive Leadership Programme* for experienced EL2 staff;

- *The Management Development Programme* for new and emerging managers;

- *Talking Performance* workshops for staff in both managerial and non-managerial roles;

- *Inclusive Workplace Committee Leadership Seminar Series* with guest speakers from a wide range of industry and public sector backgrounds; and

- *Introduction to Law*, for APS and EL staff in Treasury.

The Treasury continues to support staff development through the provision of scholarships and awards for postgraduate study.

- Four Treasury staff undertook PhD research at the Australian National University through the Sir Roland Wilson Foundation PhD Scholarship during 2013-14;

- The Treasury Post Graduate Study Award during 2013-14 assisted staff to undertake study at: the Australian National University, Columbia University, the University of Michigan, and the Harvard Kennedy School.

- Studies assistance was provided for staff undertaking study during semester two 2013 and semester one 2014.

- The most common fields of study in 2013-14 included Economics, Law, Public Policy, and Accounting/Finance.

- The most common institutions for study in 2013-14 were: the Australian National University, the University of Canberra, University of New South Wales, Charles Sturt University, the Canberra Institute of Technology and University of Sydney.

WELLBEING

The Treasury measures and monitors staff wellbeing through the State of the Service results, exit survey reports and human resource data. 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 Treasury promotes a workplace culture that values, supports and improves the health and wellbeing of employees. Several health and wellbeing activities were arranged during 2013-14 including influenza vaccinations and workstation assessments. Resilience coaching was also made available to staff.

The Treasury's Rehabilitation Management System has been audited and is in the process of being finalised. The audit found that the system was largely compliant.

The Treasury provides staff and their immediate family members with access to an employee assistance program (EAP). 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.

- 46 staff reporting new issues accessed the Treasury's EAP in 2013-14;

- Of these, 78 per cent related to personal issues and 22 per cent related to work issues; and

- The majority of the users were aged between 30 and 39.

STAFFING INFORMATION

Fifty-two staff transferred into the Treasury in December 2013 as part of the Machinery of Government changes, while 29 graduates joined the department in February 2014. Seventy seven voluntary redundancies were accepted by employees in 2013-14.

Reflecting these movements, ongoing and non-ongoing employee numbers (excluding unpaid inoperative employees) by headcount in the Treasury as at 30 June 2014 was 951.

Part-time work rates have fallen slightly over the past year, with 12.3 per cent of Treasury's operative workforce working part time at the end of 2013-14, compared with 13.5 per cent at the end of 2012-13.

As at 30 June 2014, 19.8 per cent of female employees and 4.7 per cent of male employees worked part time.

Table 2: Operative staff by classification and gender as at 30 June 2014 — based on actual headcount

| | Ongoing | | | | Non-ongoing | | | | |
| | Full-time | | Part-time | | Full-time | | Part-time | | |
Classification	Male	Female	Male	Female	Male	Female	Male	Female	Total
Cadet						1			1
APS1					1				1
APS2									
APS3	19	22		2		2			45
APS4	13	21		8	1	3		1	47
APS5	53	69	4	14					140
APS6	113	103	4	14					234
EL1	100	79	2	29		3			213
EL2	88	56	9	22	2	1		1	179
SES Band 1	38	16	2	3	1	1			61
SES Band 2	12	7	1	1	1				22
SES Band 3	5	2							7
Secretary	1								1
Total	**442**	**375**	**22**	**93**	**6**	**11**		**2**	**951**

Note: Inoperative staff (paid and unpaid) and staff paid by other agencies are not included.

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Table 3: As at 30 June 2014 — Proportion of female representation at senior levels

SES % female representation	33.3%
'CEO' minus one % female representation	28.6%
'CEO' minus two % female representation	26.2%
'CEO' minus three % female representation	41.5%

The three layers of management below the Secretary are articulated as CEO minus one, CEO minus two and CEO minus three. This level of transparency is consistent with the ASX Corporate Governance Principle regarding gender reporting. Headcount includes staff acting as the SES classifications.

Eight staff were deployed at overseas posts (Table 4).

Table 4: Staff located at overseas posts

Overseas post	SES Band 2	SES Band 1	EL2	Total
Beijing	–	1	1	2
India	–	1	-	1
Jakarta	–	1	–	1
London	–	1	–	1
Paris	–	1	–	1
Tokyo	–	1	–	1
Washington	–	1	–	1
Total	**–**	**8**	**–**	**8**

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 5: Salary scales — SES

	September 2012		September 2013	
	Minimum	Maximum	Minimum	Maximum
Classification	$	$	$	$
SES Band 1	185,129	215,161	189,757	220,540
SES Band 2	226,900	265,576	232,573	272,215
SES Band 3	294,048	344,375	301,399	352,984

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 6). The Treasury does not offer performance bonuses.

Table 6: Workplace agreement salary scales — non-SES

| | July 2012 | | July 2013 | |
| | Minimum | Maximum | Minimum | Maximum |
Classification	$	$	$	$
APS1	42,094	45,712	43,147	46,855
APS2	48,521	51,733	49,734	53,026
APS3	54,945	58,155	56,318	59,608
APS4	61,367	64,578	62,902	66,193
APS5	68,997	73,414	70,722	75,250
APS6	77,831	94,294	79,777	96,651
EL1	101,522	116,457	104,060	119,369
EL2	124,006	142,316	127,106	145,874

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 2013-14 (Table 7).

Table 7: SES substantive movements

Reason	SES Band 3	SES Band 2	SES Band 1	Total
Engagement				
Transfer from another department		2	4	6
External promotion				
Internal promotion	1			1
Resignation	1			1
Retirement		1	7	8
Transfer to another department			2	2
Promoted to another department				
Total	2	3	13	18

ASSETS MANAGEMENT

The Treasury has 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 1.15 to 1.19 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.

PURCHASING

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 Rules (CPRs). The Treasury applies the CPRs to all its activities through the Chief Executive Instructions and supporting operational guidelines.

The Treasury's purchasing processes focus on the core principle of value for money. This is achieved through:

- encouraging competitive and nondiscriminatory processes;

- using Commonwealth resources in an efficient, effective, economical and ethical manner that is consistent with the policies of the Commonwealth;

- making decisions in an accountable and transparent manner;

- considering the risks; and

- conducting a process commensurate with the scale and scope of the procurement.

Responsibility for procurement is delegated to individual groups with support from a central team of procurement specialists. The Treasury provides a central point of contact for staff seeking purchasing advice, and by providing ongoing support and training on 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 Team to ensure due process is followed.

The Treasury publishes all contracts awarded with a value of $10,000 or more on the AusTender website at www.tenders.gov.au. An annual procurement plan lists significant procurements the department expects to undertake during the following year.

CONSULTANTS

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 an identified 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.

Before 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 Rules (CPRs) 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. Commonwealth tenders are published on the Australian Government AusTender website.

- Prequalified tender — publishing an approach to market inviting submissions from all potential suppliers on:
    - a shortlist of potential suppliers that responded to an initial open approach to market on AusTender;
    - a list of potential suppliers selected from a multi-use list established through an open approach to market; or
    - a list of all potential suppliers that have been granted a specific licence or that comply with a legal requirement, where the licence or compliance with the legal requirement is essential to the conduct of the procurement.

- Limited tender — 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 required.

- 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 requested from suppliers that have prequalified 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 predetermined length of time, usually at a prearranged price.

- Multi-Use List — a list of prequalified potential suppliers of nominated goods and/or services, who have satisfied the conditions for inclusion. A multi-use list is a procurement tool available under the Commonwealth Procurement Rules and is intended for use in more than one procurement process.

During 2013-14, 70 new consultancy contracts were entered into involving total actual expenditure of $1,659,941.46. In addition, 11 ongoing consultancy contracts were active during the 2013-14 year, involving total actual expenditure of $42,757. 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.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The Treasury is required to provide details of any contract let during 2013-14 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, the purpose and value of the contract, and the 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

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 exempted contract and its value or standing offer must be reported to the extent that doing so does not disclose the exempt matters.

The Treasury had one contract exempt from publication on AusTender. The contract was exempt under clause 2.6 of the Commonwealth Procurement Rules.

DISABILITY REPORTING

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 Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010-2020, which sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014, and can be found at www.dss.gov.au.

WORKPLACE DIVERSITY

The Treasury is committed to providing an organisational culture that embraces and actively promotes diversity. Several important initiatives were introduced in 2013-14.

The Treasury launched the Progressing Women Initiative in December 2011 after staff consultations 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 the outcomes of the Progressing Women Initiative:

- the Inclusive Workplace Committee (IWC) met quarterly to review progress and to set milestones and priorities to drive the initiatives;
- each group committed to broadening the accountability for the progress of women by examining its own operating environment, its challenges and approach to the progress of women and presenting this back to the IWC;
- SES, EL2 and EL1 staff attended unrecognised bias awareness training to increase their understanding of institutional and individual biases and reported an increase in recognising cultural and gender bias and using more inclusive language;
- the Treasury implemented an "if not, why not?" approach to the flexible work policy; and
- a formal mentoring programme continued to provide guidance and support to high-performing EL1, EL2 and SES participants.

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In December 2011, the Treasury committed to a target of 35 per cent female representation in the SES by 2016. As at 30 June 2014, 33.3 per cent of the SES were female. This is an increase of 8.9 percentage points over the 30 June 2013 figure of 24.4 per cent. This includes staff acting at the SES classifications.

In 2013-14, the Treasury continued its formal commitment to Gender Reporting. This framework is a Male Champions of Change initiative involving senior corporate and government leaders and organisations, and provides greater transparency in reporting the advancement of women into senior leadership positions. The Treasury reports on the progress of women for three layers of management. To provide consistency of reporting across sectors, gender reporting articulates the senior management relationship by reference to the 'CEO'. The Treasury reports on the three layers of management below the Secretary, articulated as CEO minus one; CEO minus two; and CEO minus three.

In March 2014, the Treasury committed to an 'if not, why not?' approach to mainstreaming flexible working arrangements, whereby staff may change their working arrangements unless

there is a clear business reason why that would not be suitable. Allowing flexibility with respect to where staff members work, when they work and how their roles are structured provides all staff with opportunities to make a greater contribution.

As at 30 June 2014, 12.3 per cent of Treasury staff worked part time. Sixty per cent 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 commitments.

As at 30 June 2014, the Treasury was finalising its revised departmental Diversity Strategy which encapsulates the Progressing Women Initiative, the Agency Multicultural Plan and updates of both the Reconciliation Action Plan and Disability Action Plan.

As at 30 June 2014, five staff identified as being Indigenous (0.5 per cent of the workforce). This compares with four staff members who identified as Indigenous in 2012-13. The Treasury has continued to support Indigenous employment (including the graduate and cadetship programmes) in 2013-14 through the Indigenous Pathways program managed by the APSC.

The Treasury employed two indigenous cadets in 2013-14 through the APSC's Indigenous Cadetship Program. The cadets are studying business, commerce, graphic design and multimedia.

The Treasury ensures that all office accommodation fit-out construction works undertaken in the tenancy comply with the *Australian Standard 1428.1 — 2001 Design for Access and Mobility* and the Building Codes of Australia 2013.

At 30 June 2014 (see Table 8 below), departmental staff comprised:
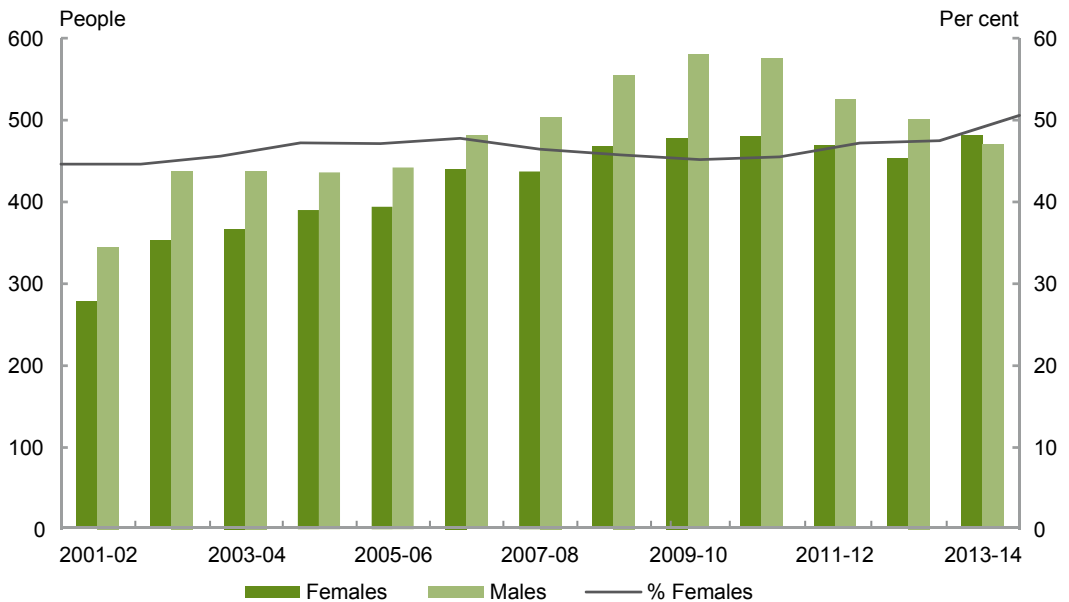
- 50.6 per cent women;
- 49.4 per cent men;
- 22.6 per cent of staff identified as being born overseas;
- 0.5 per cent who identified as Indigenous;
- 10.5 per cent who identified as having English as a second language; and
- 1.5 per cent who identified as having a disability.

Table 8: Operative and paid inoperative staff by Equal Employment Opportunity target group (as at 30 June 2014)

Classification	Female	Born Overseas	English as second Language	Indigenous	Disability
Cadet	-	-	-	1	-
APS1	1	-	-	-	-
APS2	-	-	-	-	-
APS3	26	10	6	1	1
APS4	33	9	7	-	2
APS5	83	28	16	1	1
APS6	117	54	35	-	3
EL1	111	46	21	2	-
EL2	80	44	12	-	5
SES1	20	18	2	-	1
SES2	8	2	1	-	1
SES3	2	4	-	-	-
Total	**481**	**215**	**100**	**5**	**14**

As at 30 June 2014, 50.6 per cent of the Treasury's workforce were women. This is an increase over the 30 June 2013 figure of 47.6 per cent and the first time that more than half of Treasury's workforce were women (see Chart 1 over page).

Chart 1: Treasury staff by gender 2001-2014

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 childcare 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.

The Treasury has continued to provide access to adaptive technologies and other practical support for staff with a disability. This included voice-activated software, the provision of sit-stand workstations and workstation height adjusters to enable effective working arrangements, and the regular provision of an interpreter through the Deaf Society of NSW. In providing the interpreter services, the Treasury connected with the JobAccess Employment Assistance Fund to gain support for staff at the Treasury with a disability. Tailored reasonable adjustment arrangements were undertaken to ensure safe and effective working arrangements for individual staff. These and other activities to assist employees with a disability are provided for under the Treasury's *Disability Action Plan 2009-2012*.

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Table 9: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2014)

	Total number of Board positions 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 Charities and Not-for-profits Commission	1	1	-	-
Australian Charities and Not-for-profits Advisory Board	12	6	-	-
Australian Competition and Consumer Commission	10	4	3	-
Australian Competition Tribunal	9	1	-	-
Australian Energy Regulator	3	1	3	1
Australian Government Financial Literacy Board	13	3	-	-
Australian Prudential Regulation Authority	3	1	2	1
Australian Reinsurance Pool Corporation	5	4	1	1
Australian Securities and Investments Commission	5	1	-	-
Australian Statistics Advisory Council	23	2	-	-
Australian Taxation Office	4	-	2	-
Board of Taxation	10	2	3	1
Clean Energy Finance Corporation	7	2	-	-
Commonwealth Consumer Affairs Advisory Council	9	4	-	-
Commonwealth Grants Commission	5	2	2	-
Companies Auditors and Liquidators Disciplinary Board	11	3	8	1
Corporations and Markets Advisory Committee	4	2	-	-
Energy Security Council	8	1	-	-
Financial Reporting Council	17	4	7	3
Financial Sector Advisory Council	15	2	3	-
Foreign Investment Review Board	5	1	1	-
Inspector-General of Taxation	1	-	1	-
Legal Committee of Corporations and Markets Advisory Committee	2	-	-	-
National Competition Council	4	2	1	1
National Housing Supply Council	9	4	5	2

Table 9: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2014) (continued)

	Total number of Board positions as at 30 June	Number of women	Number of appointments made during the year	Number of appointments of women
Payments System Board	8	2	3	1
Productivity Commission	11	5	4	2
Reserve Bank of Australia	9	3	1	-
Superannuation Complaints Tribunal	26	11	-	-
Takeovers Panel	37	13	6	2
Tax Practitioners Board	8	4	-	-
Total	**296**	**92**	**56**	**16**

*Ex-officio appointments are included.