



## PART THREE

### MANAGEMENT AND ACCOUNTABILITY

Corporate governance	107
External scrutiny	113
Management of human resources	120
Purchasing	136
Consultants	137
Australian national audit office access clauses	141
Exempt contracts	142
Workplace diversity	143



## CORPORATE GOVERNANCE

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The Treasury's corporate governance practices comply with statutory and other external requirements, and aim to achieve sound administrative and financial management practice. 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;
- work with stakeholders to assess effectiveness;
- risk management, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

The Executive Board is the Treasury's primary decision-making body. 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 Treasury's management model sets out the role accountabilities of the five levels of management structure. The levels and accountabilities are:

- the Secretary is accountable for the Treasury's management and strategic leadership;
- executive directors are accountable for a group's management and strategic leadership;
- general managers are accountable for a division's management and strategic leadership;
- managers are accountable for a unit's management and leadership; and
- advisors and analysts are accountable for providing technical expertise and team leadership, and contributing to unit outputs.

## SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

### Executive Board

The Treasury's Executive Board comprises the Secretary, the Executive Directors and the Group General Manager of Corporate 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 2011 were:

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

The Executive Board is supported by the Secretary to the Board and the Organisational Strategy Unit.

## Audit Committee

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 Chief Executive 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.

The Audit Committee met six times during 2010-11. The membership for the meeting on 3 June 2011 included Mr Richard Murray (Chair), Mr Geoff Miller, Mr David Woods, Mr Steve French, Mr Roger Paul, Mr Tony McDonald and Mr Bruce Jones (the external representative). As at 30 June 2011, the membership of the Audit Committee was being adjusted to further enhance its independence and seniority, including the appointment of an independent Chair.

## Staffing committee

The staffing committee is chaired by the Group General Manager of Corporate Services Group and comprises a representative from each group, including the General Manager of Human Resources Division. The aim of the committee is to ensure the Treasury maintains and develops a sufficiently skilled and deployed workforce to deliver the Treasury's mission.

Activities include guiding and monitoring a workforce planning strategy to meet the Treasury's organisational needs, based on advice from the Executive Board on departmental priorities, managing the bulk recruitment and transfer rounds, and determining the need for specialist recruitment processes.

## Remuneration committees

Remuneration committees are established within the Executive, Corporate Services Group and the four policy groups in the Treasury to recommend to the Secretary the determination of salary rates available under individual arrangements for 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 Human Resources Division and all general managers within the group. One general manager from another group is included to promote consistency of outcomes between groups.

## SENIOR MANAGEMENT STRUCTURE

The Treasury's senior management structure is detailed in Figure 1 on page 15.

## 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 approach has five key components.

- The Treasury's risk management framework was reviewed in 2010-11 and the department has implemented recommendations to maintain best practice and further embed risk management in the Treasury's work processes and culture. The updated risk management framework is consistent with the Australian/New Zealand Standard for Risk Management and 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; and
  - ensure that significant risks facing the Treasury have been identified, understood, documented and are being actively managed.
- 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. The plan incorporates issues raised by the ANAO in its audit of the Treasury's financial statements, and where appropriate, recent ANAO reports on cross-agency matters, upcoming management issues, policy evaluations, previous internal audits and strategic risk management issues.
- 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 strategically IT investments. A range of plans deliver IT services, including:

- the IT Disaster Recovery Plan sets out the strategies and processes to restore services if the Treasury's central computing infrastructure is lost completely or partially;
- the Business Continuity Plan for the Treasury's IT application systems sets out alternative methods and processes, so the Treasury can continue to work while the environment is restored;
- the IT Security Policy addresses the requirements to protect information holdings and secure operation of the Treasury's IT resources;
- the Internet and Email Acceptable Use Policy sets out responsibilities for appropriate use of the internet, email facilities and services;

- the IT Change Control Guidelines (an internal management tool) assist 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, 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.

## ETHICAL STANDARDS AND ACCOUNTABILITY

The Treasury places a strong emphasis on activities which are designed to support an ethical culture. The Treasury Management Model underpins the accountability and governance frameworks and incorporates the department's mission and values. These values are consistent with, and enhance, the Australian Public Service (APS) values.

The Treasury Workplace Agreement contains a commitment from employees to be aware of, and observe the Treasury's and APS values. The Treasury Performance Management System, along with the APS Code of Conduct, provides mechanisms for ensuring individual values and behaviors align with these shared corporate values and behaviours.

The Treasury's Personal Accountability Framework encapsulates departmental policies and guidelines into a single framework covering all aspects of behaviour, conduct and values. The framework provides a guide on how these responsibilities should translate into working relationships and standards of ethical and personal behaviour. The Framework is available on the intranet and is promoted to all staff at training and induction programs.

During the induction process, new staff also receive information on the Australian Public Service Commission's (APSC) Ethics Advisory Service and 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. A two-day financial management workshop is delivered twice a year to assist staff 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 or individual section 24(1) determinations made by the Secretary.

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

An increase in ranking based on longer-term performance can lead to an increase in base salary (see Table 4 on page 132). Additional information on remuneration is set out in Note 12: Executive remuneration in the Financial Statements on pages 202 to 205.

## EXTERNAL SCRUTINY

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### AUDIT

The Audit Committee met six times in 2010-11. 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 three times. The sub-committee comprises members from the Treasury, the 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 2011-12 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 nine internal audits/reviews during 2010-11.

#### Goods and services tax processes

This review assessed the Treasury's controls and business processes in place to capture goods and services tax information and assist in the accurate preparation of business activity statements, in accordance with better practices principles issued by the ANAO. The Treasury has agreed to implement three recommendations to further improve its control environment.

#### Fringe benefits tax processes

This review assessed the Treasury's controls and business processes in place to capture fringe benefits tax (FBT) information and to assist in the preparation of FBT returns in accordance with FBT legislation. The Treasury has agreed to implement three recommendations to further improve its control environment.

#### Network user access management

This review is conducted annually to provide assurance that the Treasury's current network user access management processes are in line with organisational requirements and are appropriate to prevent unauthorised actions and/or access to data. The review found a significant improvement in processes and controls since the previous review, and raised one minor recommendation where controls could be further improved, which the Treasury has agreed to implement.

## Risk management

This review assessed the Treasury's risk management framework for consistency with the current Australian/New Zealand standard and made recommendations to maintain best practice and further embed risk management in the Treasury's work processes and culture. A new risk management framework has been approved by the Treasury Executive Board.

## Single points of failure in the Treasury network

This review assessed to what extent the Treasury is exposed to discontinuity of service due to a single point of failure and whether the current Information and Communications Technology Disaster Recovery Plan appropriately considers single points of failure risk. The Treasury has agreed to implement three recommendations to further reduce risks to the Treasury network.

## Business continuity arrangements

This review assessed whether recommendations in a 2007-08 review to improve the Treasury's business continuity arrangements had been implemented appropriately and whether any additional changes were required to accord with better practice principles for business continuity. The Treasury has agreed to implement the two business improvement recommendations made by the review.

## Commonwealth payments to states and territories

This review tested key controls over the arrangements for Commonwealth payments to the states and territories and provided a risk assessment of the federal financial framework estimates process. The review made two recommendations to further improve the control environment for the estimates process, which the Treasury has agreed to implement.

## Credit card arrangements

This review assessed the effectiveness of controls in place for the use and management of departmental credit cards to mitigate the risk of inappropriate and/or unauthorised expenditure. The review found that controls and procedures were appropriate to manage risks and made no recommendations for improvement.

## Compliance with Freedom of Information Publication Scheme

This review assessed the business processes developed by the Treasury to implement the Information Publication Scheme, which requires agencies to take a proactive approach in publishing information so that greater openness and transparency in government is established. The review found that the Treasury was sufficiently prepared to adopt the new disclosure requirements for the Information Publication Scheme from the official starting date of 1 May 2011.

## AUSTRALIAN NATIONAL AUDIT OFFICE REPORTS

In 2010-11, the ANAO did not conduct any performance audits that related to the Treasury's operations.

### Other audit reports

Other ANAO reports relevant to the Treasury in 2010-11 were:

- Report No. 7: *Senate Order for Departmental and Agency Contracts (Calendar Year 2009 Compliance)*
- Report No. 11: *Direct Source Procurement*
- Report No. 14: *Capitalisation of Software*
- Report No. 22: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2010*
- Report No. 20: *Administration of the Wine Equalisation Tax*
- Report No. 27: *Restoring the Balance in the Murray-Darling Basin*
- Report No. 31: *Administration of the Superannuation Lost Members Register*
- Report No. 33: *The Protection and Security of Electronic Information Held by Australian Government Agencies*
- Report No. 38: *Management of the Certificate of Compliance Process in FMA Act Agencies*
- Report No. 45: *Administration of the Luxury Car Tax*
- Report No. 49: *Fuel Tax Credits Scheme*
- Report No. 54: *Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2011*

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 2010-11, officials from the Treasury appeared before the following Parliamentary Committees.

- 21 October 2010 — Senate Economics Legislation Committee, Estimates (Supplementary Budget Estimates)
- 26 October 2010 — Senate Legal and Constitutional Affairs Legislation Committee, Corporations Amendment (Sons of Gwalia) Bill 2010
- 26 October 2010 — Senate Standing Committees on Legal and Constitutional Affairs, Corporations Amendment (Sons of Gwalia) Bill 2010
- 3 November 2010 — Senate Economics Legislation Committee, Corporations Amendment (No. 1) Bill 2010

- 22 November 2010 — Senate Select Committee on the Scrutiny of New Taxes, Inquiry into a National Mining Tax
- 13 December 2010 — Senate Economics References Committee, Competition within the Australian banking sector
- 15 December 2010 — Senate Economics Legislation Committee, Federal Financial Relations Amendment (National Health and Hospitals Network) Bill 2010
- 9 February 2011 — Senate Economics References Committee, Augmented tax assessments
- 24 February 2011 — Senate Economics Legislation Committee, Estimates (Additional Estimates)
- 4 March 2011 — Parliamentary Joint Committee on Corporations and Financial Services, Inquiry into Small and Medium Business Access to Finance
- 9 March 2011 — Senate Economics References Committee, Competition within the Australian banking sector
- 9 March 2011 — Senate Economics Legislation Committee, Tax Laws Amendment (2010 Measures No. 5) Bill 2010
- 10 March 2011 — Senate Economics References Committee, Impacts of supermarket price decisions on the dairy industry
- 11 March 2011 — Senate Economics Legislation Committee, Tax Laws Amendment (Temporary Flood and Cyclone Reconstruction Levy) Bill 2011
- 24 March 2011 — Senate Select Committee on the Scrutiny of New Taxes, Inquiry into a Carbon Tax
- 12 April 2011 — Senate Economics Legislation Committee, Foreign Acquisitions Amendment (Agricultural Land) Bill 2010
- 5 May 2011 — Senate Select Committee on Reform of the Australian Federation
- 13 May 2011 — Senate Economics References Committee, State government insurance and flood levy
- 1 and 2 June 2011 — Senate Economics Legislation Committee, Budget Estimates
- 9 June 2011 — Senate Select Committee on the Scrutiny of New Taxes, Inquiry into a Carbon Tax

## FRAUD PREVENTION AND CONTROL

No cases of fraud were reported to the Australian Federal Police in 2010-11.

The Treasury's Fraud Control Plan, reviewed in November 2010, accords with the Commonwealth Fraud Control Guidelines issued under regulation 19 of the Financial Management and Accountability Regulations 1997.

The Treasury has appropriate fraud control, prevention, detection, investigation and reporting standards in place, and collects and reports annual fraud control data.

## OMBUDSMAN COMMENTS, COURT DECISIONS AND ADMINISTRATIVE TRIBUNAL DECISIONS

### Ombudsman comments

There were no major issues raised by the Ombudsman during 2010-11.

### Courts and proceedings

#### **Competition and Consumer Act — Access to Services — Fortescue Metals Group Ltd**

On 13 June 2006, Fortescue Metals Group (FMG) applied to the Australian Competition Tribunal for a review of the former Treasurer's deemed decision under Part IIIA of the *Trade Practices Act 1974* (now the *Competition and Consumer Act 2010*) not to declare BHP Billiton as the operator of the Mt Newman rail line.

In November 2007 and January 2008, a subsidiary of FMG, the Pilbara Infrastructure Pty Ltd, lodged three further applications for railway services in the Pilbara region of Western Australia. These railway services included the Hamersley and Robe River lines operated by Rio Tinto, and the Goldsworthy line operated by BHP Billiton. In October 2008, the Treasurer declared each of the Hamersley, Goldsworthy and Robe River railway services for 20 years. BHP Billiton and Rio Tinto subsequently applied to the Australian Competition Tribunal for a review of those declaration decisions. A review of the Hamersley, Goldsworthy and Robe River railway services declaration decisions was conducted in conjunction with the review of the Mt Newman decision. The Australian Competition Tribunal handed down its decision on these matters on 30 June 2010.

The Tribunal decided to:

- affirm the former Treasurer's deemed decision not to declare the Mt Newman railway;
- vary the Treasurer's decision to declare the Robe River railway, reducing the period of declaration from 20 to 10 years;
- set aside the Treasurer's decision to declare the Hamersley railway; and
- affirm (unvaried) the Treasurer's decision to declare the Goldsworthy railway.

In August 2010, FMG applied to the Full Federal Court for review of the Tribunal's decisions in relation to the Hamersley and Robe River railways. Rio Tinto also applied for review of the Robe River decision. On 4 May 2011, the Full Federal Court dismissed FMG's appeals and allowed Rio Tinto's, on the basis that the previous decision-makers had adopted an incorrect interpretation of one of the statutory criteria for declaration. Both FMG and the National Competition Council have lodged applications for special leave to appeal the Full Federal Court's decision to the High Court. As of 30 June 2011, these applications had not been heard.

### **Corporations Act — Takeovers Panel Declaration of Unacceptable Circumstances under s657A and Orders under s657D — CMI Limited**

On 22 February 2011, the Takeovers Panel made a declaration of unacceptable circumstances in relation to affairs of CMI Limited and orders vesting shares, acquired in CMI Limited by Tinkerbell Enterprises Pty Ltd as trustee for the Leanne Catelan Trust (Tinkerbell), in the Commonwealth for sale. On 10 March 2011, a review panel affirmed the initial panel's decision.

On 5 April 2011, Tinkerbell applied to the Federal Court for review of the initial panel's decision pursuant to s5 and 16 of the *Administrative Decisions (Judicial Review) Act 1977* and section 39B(1A)(c) of the *Judiciary Act 1903*. On 31 May 2011, Tinkerbell amended its application to include a judicial review of the review panel's decision.

The hearing of the judicial review was held on 20 September 2011.

### **Income Tax Assessment Act 1997 — Deductions Against Income From Youth Allowance — Commissioner of Taxation v Anstis**

Symone Anstis claimed a deduction for \$920 of work-related self-education expenses which she incurred while receiving Youth Allowance as a university student. The ATO denied the deduction in keeping with the view expressed in its Income Tax Ruling TR 98/9, that education expenses are not deductible against various Commonwealth educational assistance schemes.

Ms Anstis appealed against the decision in the Administrative Appeals Tribunal, which upheld the decision of the ATO. Ms Anstis appealed again to the Federal Court. On 1 April 2009, Ryan J held in *Symone Anstis v Federal Commissioner of Taxation* that Ms Anstis was entitled to a tax deduction for her education expenses.

The Commissioner appealed, and on 4 November 2009, the Full Federal Court upheld the decision of Ryan J.

On 23 April 2010, the High Court granted the Commissioner special leave to appeal against the decision of the Full Federal Court. A hearing took place on 29 July 2010.

On 11 November 2010, the High Court unanimously dismissed the appeal by the Commissioner of Taxation. The Court held that Youth Allowance payments amounted to assessable income under the *Income Tax Assessment Act 1997*, as they fell within the concept of 'ordinary income'. As Ms Anstis' entitlement to Youth Allowance arose from her undertaking full-time study, the Court considered the expenses claimed were incurred in gaining or producing her assessable income. The Court also held that the expenses were not of a private or domestic nature and were deductible under section 81 of the *Income Tax Assessment Act 1997*.

In response to the High Court decision, the Australian Taxation Office automatically amended the tax assessments of taxpayers that received Youth Allowance between

2006-07 and 2009-10 by providing them with a \$550 deduction for each year they were eligible. The Government announced in the 2011-12 Budget that it would disallow deductions against all government assistance payments from 1 July 2011. Individuals that received Youth Allowance in the 2010-11 income year will be able to claim a deduction for self-education expenses if they have a record of their expenses.

### Administrative appeals tribunal decisions

There has not been any decision of the Administrative Appeals Tribunal relating to the Treasury in 2010-11.

## MANAGEMENT OF HUMAN RESOURCES

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The Human Resources Division delivers strategic and professional human resource management advice and services that enable the Treasury to continue to recruit, develop and manage its staff to deliver high performance and to provide a supportive work environment.

In 2010-11, the key outcomes were to:

- negotiate and implement a competitive and flexible workplace agreement;
- establish Treasury specific childcare facilities for Treasury staff;
- ensure workforce and wellbeing strategies facilitate working arrangements to support work/life balance;
- recruit and retain sufficient skilled and motivated staff to deliver efficient and effective services, products and advice;
- review graduate recruitment, development and retention strategies;
- support the reform initiatives that are critical to the *Blueprint for the Reform of Australian Government Administration* recommendations on leadership and talent management, workplace relations and human capital;
- provide staff with appropriate professional and career development;
- investigate flexible delivery of training options; and
- streamline the Performance Management System and associated administrative arrangements.

### 120 PEOPLE MANAGEMENT SYSTEMS

The Treasury updated its People Management Systems in July 2010 releasing a new Performance Management System Handbook. The new version implemented outcomes from the Treasury Organisational Review further outlining accountabilities and governance as well as increasing flexibility around the Performance Management System and Career Development System.

All recruitment, promotion, mobility, resource planning and development processes within the Treasury are aligned with the Treasury Management Model, the Performance Management and Career Development Systems.

### THE TREASURY MANAGEMENT MODEL

In 2010-11, the Executive Board considered the recommendations from the Treasury Organisational Review for improving the governance of the department and reaffirmed the role and function of the Executive Board. A diagram was added to the Treasury Management Model that defines the important dimensions of leadership and management

of the department, with an objective of providing clearer guidance to staff on the role of the Executive Board and the committees which support it.

The Treasury Management Model seeks to maximise the Treasury's effectiveness as a central policy agency by ensuring that the Treasury 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 which encourage open, two way communication at all levels, clearly defined accountabilities, fair and transparent processes and the facilitation of an appropriate 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 behaviors with shared corporate values and behaviors. 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 general 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.

During 2010-11, a number of processes aimed at supporting the underlying principles of fairness, transparency and consistency in the Performance Management System were conducted, including:

- SES Context Setting Meetings held to discuss key messages relevant to the upcoming appraisal cycle. Group and divisional context setting meetings followed to communicate these key messages.
- Workshops and information sessions for staff and managers delivered before each appraisal round to provide information on the appraisal process and assist staff to develop skills in giving and receiving feedback. Case study sessions were offered to managers and staff to facilitate a shared understanding of the Work Value Matrix and its application.

- All appraisals were subject to oversight by review panels. Review panels held at the divisional level examined the outcomes of appraisals to ensure consistency and reasonableness in the application of the framework across each division. Each group nominated a divisional review panel to host a cross-group representative to ensure objectivity and consistency in the applications of the Work Value Matrix and ratings.
- General Managers were reminded of the importance of seeking staff feedback on managers to inform their appraisals.

## 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 relevant 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 committees maintain robust processes in order to make these judgements. The predominant factor in determining the allocation of pay points will be demonstrated sustained performance.

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

Aggregate data on remuneration committee outcomes was 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.

Information on the Career Development System for both staff and managers-one-removed is provided on the intranet and in the Performance Management System booklet to assist in preparing for career development discussions.

In 2010-11, the Career Development System was adapted to create greater flexibility for divisional support staff. These changes followed the 2011 Treasury Post-Implementation Review of Executive and Administrative Support Services and provided divisional support staff with the opportunity to seek career development advice from either their manager-one-removed or other relevant staff with an aim of fostering targeted career advice and support.

## TREASURY WORKPLACE AGREEMENT

Negotiations for a new Treasury Workplace Agreement commenced in March 2011 with a staff notice providing a Notice of Employee Representational Rights and information on processes for appointing bargaining representatives. Fourteen staff nominated as bargaining representatives, two of whom were Community and Public Sector Union workplace delegates. A union official also attended bargaining meetings.

The workplace agreement team met regularly with bargaining representatives and communicated and consulted with staff through information sessions, meetings, the workplace agreement intranet site, staff bulletins and staff notices.

Bargaining representatives agreed to the offer being presented to staff at information sessions in late April 2011 and following formal approval processes, the ballot was held on 15 June 2011. The *Treasury Workplace Agreement 2011-14* was supported by staff with 88 per cent of staff who voted, supporting the 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 APSC's model clauses to assist in the government's aim of achieving consistency between agencies.

## 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 Human Resources 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.

## RECRUITMENT AND SUCCESSION PLANNING

The Treasury's recruitment activity in 2010-11 included two major recruitment campaigns, selection processes for senior executives at the Band 1, 2 and 3 levels, a graduate campaign, an internship program, an indigenous cadetship program and 71 individual recruitment processes. A total of 208 employment opportunities were filled from advertised vacancies. The Treasury recruited 63 graduates in 2010-11.

Graduate recruitment forms a major part of the Treasury's recruitment and succession planning strategies. In 2010-11, Treasury staff attended 13 university career fairs. 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. The program was also advertised in Indigenous media.

During December 2010 and January 2011, the Treasury engaged 18 interns. The Treasury Internship Program targets such disciplines as 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 general and non-ongoing employment, and former staff to register as alumni for short-term employment and project work.

The Treasury developed an intranet solution for advertising and managing internal vacancies in June 2010. This functionality was successfully utilised throughout the year, with 30 internal vacancies advertised.

The recruitment service provider's panel was finalised in June 2010, and throughout the year has been utilised for scribing services, placement of non-ongoing staff and extends to executive search functions.

In May 2011, the APSC launched the online redeployment register, a new way to foster cooperation and collaboration between agencies in recruiting and redeploying change-affected APS employees. The Treasury utilises this functionality when notifying employment opportunities.

Information and guidelines for secondees to the Treasury were finalised in June 2011. Staff were seconded to the Treasury for various policy initiatives, such as the Implementation Taskforce for the Australian Charities and Not-for-profits Commission and the GST Distribution Review.

## LEARNING AND DEVELOPMENT

The Treasury's Professional Development Framework provides the basis for establishing learning and development strategies to develop staff in their current and future roles, and incorporates a broad range of elements including the APS values, whole-of-government initiatives, the labour market and skill shortages, 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 \$5.2 million in 2010-11, representing an average of five days of development per staff member. This figure represents 2.9 per cent of departmental operating costs and includes participant salary and ongoing costs, registration fees for internal and external training courses and external providers' development, delivery and evaluation costs.

## Learning and development strategies

The Treasury provided an extensive array of learning and development opportunities designed to develop and enhance individual and organisational capabilities. These ranged from in-house one or two day workshops, development programs, and mentoring and coaching programs to external opportunities such as studies assistance, postgraduate study awards, short-term research projects and participation in broader public sector development initiatives.

A range of professional development workshops were offered through the Treasury's learning and development calendar, 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 hypothetical's to develop policy advising capabilities of analysts and executive level staff. All workshops were tailored to the Treasury's current operating environment with detailed evaluations conducted to ensure programs were effective in delivering the desired outcomes and objectives.

The Treasury continues to support and provide input into the development of reform initiatives that are critical to the *Blueprint for the Reform of Australian Government Administration* agenda. During 2010-11, Treasury staff participated in programs that were established under strategic partnerships between the Government and the Australian National University such as the Australian National Institute for Public Policy. The Treasury maintains close relationships with the APSC on the development and direction for the establishment of a Strategic Centre for Leadership.

Several in-house postgraduate courses were managed by the Treasury during 2010-11. In March 2011, 26 participants, including 15 participants from other departments, commenced a two year Graduate Diploma in Economic Studies. The course is delivered by Monash University and is tailored specifically for public sector agencies, with a focus on public policy. The course is targeted at 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 continued to be delivered in-house by the Australian National University. The aim of these programs is to provide staff without existing tertiary qualifications in these fields an understanding of the fundamental principles of law and economics. Evaluations for both courses reflect high levels of satisfaction with the quality of teaching and impact of the courses on staff knowledge and understanding.

A key element of the Professional Development Framework is 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 within the Treasury context and provide the necessary skills to fulfil their leadership roles under the Treasury Management Model. In 2010-11, 17 staff participated in the program that consisted of 15 contact days. Final 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 fulfill their roles under the Treasury Management Model and assist in building their capacity for future advancement. Twenty four staff participated in the seven day program during 2010-11. All participants considered that the course had a positive impact on their skills development, with 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 where budget material is provided under embargo to registered media officers. A review of the Treasury Graduate Program commenced in April 2011 with broad consultation across the department. The review considered the effectiveness of graduate recruitment retention and development strategies and identified possible options for improvement. The outcomes of the review were considered by the Executive Board and recommendations will be implemented during 2011-12.

The Treasury SES Executive Coaching Panel was increased in 2010-11 following a tender selection process. The panel is designed to provide Treasury SES staff with the opportunity to access confidential, targeted and expert guidance on specific issues or to assist in longer-term skills development. The Treasury seeks evaluative feedback from participants and liaises with coaches to oversight the program and to identify any systemic issues of importance to the department.

Two induction seminars were offered in October 2010 and March 2011, with a total of 87 new staff attending. The seminars incorporated a welcome from the Secretary, an overview of each of the departmental groups, and sessions on Occupational Health and Safety, the Social Committee, the Workplace Relations Committee and the Employee Assistance Program. 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 23 prominent guest speakers presenting perspectives on current economic and public policy issues. The Treasury's four policy groups also continued to offer seminars on specific policy issues.

## IT initiatives and training

In 2010-11, internal IT training attracted 1,889 participants. It covered the Microsoft Office suite of programs, as well as in-house systems, record-keeping, security, electronic filing using TRIM, publication projects, the financial management information system SAP, and the budgeting and reporting tool TM1. Training was also provided in the use of Blackberry and remote access tokens.

Customised training in Excel, VBA and Project catered to special needs and projects.

## 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 2010-11, these included postgraduate qualifications and research projects, as well as attendance at Career Development Assessment Centres, Australian and New Zealand School of Government (ANZSOG) programs, and various conferences, seminars and workshops of relevance to the Treasury. The ANZSOG Executive Fellows Program was completed by one senior executive officer and one officer commenced the ANZSOG program in Executive Masters in Public Administration.

One senior executive staff member participated in the National Security College SES Program while other staff attended Security College Workshops. The college is a specialist postgraduate school aimed at enhancing the functioning of the national security community, strengthening networks of cooperation between practitioners and non-government experts, contributing to the development of a new generation of strategic analysts and achieving effective outreach to business and the wider community.

During 2010-11, Treasury staff attended 601 external training courses, conferences or seminars of relevance to the department. Participants attending external training programs, conferences and seminars were asked to complete online evaluation forms which then informed attendance at future courses.

Studies assistance provided financial assistance and study leave for staff undertaking approved study relevant to the Treasury. An average of 109 staff accessed studies assistance each semester in 2010-11, with the study primarily undertaken in economics, law, commerce and public policy.

Two staff completed Short-Term Economic Research Projects at the Australian National University as part of an ongoing Memorandum of Understanding between the Treasury and the University. The projects offer 36 month research secondments to the Australian National University in which participants undertake research projects of direct relevance to the Treasury.

One year Treasury Scholarships in Economics were offered to two students enrolled in the Australian National University's Bachelor of Economics Program.

## 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 Human Resources Division provides regular reports to the Executive Board, the Workplace Relations Committee, the Health and Safety Committee and staff on 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 more favourable than the APS average in a number of key areas, including employee job satisfaction, immediate manager effectiveness, 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 that for the APS. Treasury staff enjoy their work, are motivated to do the best possible work and are more likely to receive a sense of being valued for their work.

### Work-life balance

An area for improvement is satisfaction with work-life balance. The Treasury results (68 per cent) were slightly lower than those recorded for the APS as a whole (73 per cent). This issue continues to be of ongoing concern to the Treasury and remains an important focus for the Executive Board. Key strategies to address this issue include providing flexible work arrangements, providing additional resources to priority work areas, and increasing mobility and flexibility to meet peak demands through departmental transfer rounds.

128

### Resilience program

To respond to work-life balance concerns, 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 resilience by enhancing people's 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 refresher resilience training course was provided to staff in the Budget Policy Division in February 2011, to assist them in the lead up to the budget cycle.

Feedback from staff was positive, particularly in the area of improved stress management capacity.

## 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 who are experiencing work-related or personal problems. The employee assistance service also collects generic data that provides guidance for departmental wellbeing strategies. To complement this service, the eapdirect™ website offers easy access to information on stress, depression, anxiety, work-life balance, career development and management techniques. The employee assistance provider also offers managerAssist®, an advisory service that helps managers deal with work issues and personal difficulties.

During 2010-11, the service provider has undertaken three seminars for staff covering issues relating to stress management and building better relationships. In 2010-11, 8.5 per cent of Treasury staff accessed the service. This rate is down slightly from 2009-10 where the access rate was 9.3 per cent. The APS agency average access rate for 2010-11 was similar at 8.5 per cent.

## Child Care Centre

In 2010-11, the Treasury built childcare facilities for Treasury staff, within the on-site Abacus Childcare and Education Centre managed by the Department of Finance and Administration. The Abacus Childcare and Education Centre is operated by Communities@Work, a community based not-for-profit organisation based in the ACT. The centre is accredited with a high quality rating through the Australian Government's National Childcare Accreditation Council. Services offered by the centre include excursions and events for families, in addition to child care.

The centre offers 143 child care places, in total, including the additional 64 full time places made available by the expansion and renovation of the facility. A total of 59 children from Treasury families were in care at the centre at 30 June 2011. The expansion of the facility increased the educator-to-child ratio from 1:5 to 1:4. As well as expanding the childcare capacity of the centre, extensive renovations also included an upgraded kitchen facility, staff toilets and an expansion of the outdoor play areas. The renovations were completed within the recently promulgated ACT Childcare Services Standards.

The renovated childcare facility was officially opened on 10 February 2011, by Dr Ken Henry AC the former Secretary of the Treasury and Mr David Tune, Secretary of the Department of Finance and Deregulation. In attendance were Mr Gary Rake, CEO, National Capital Authority, and representatives from the Treasury, the Department of Finance and Deregulation, Abacus Childcare and Education Centre, ACT Government Children's Policy and Regulation Unit, the project management firm Point Project Management and the builder, SMI. As part of the celebrations, children from the Treasury and the Department of Finance and Deregulation presented their own paintings of the two departmental buildings to the Departmental Secretaries.

## Health and wellbeing program

In 2010-11, the Health and Wellbeing Program was delivered throughout the year in recognition of the need to address wellbeing on an ongoing basis and provide staff with greater opportunity to access a broader range of activities and seminars.

A total of 18 activities were facilitated (including health assessments) with approximately 1,000 staff attending these sessions overall. Participation rates for activities were high, with 302 staff participating in individual health assessments, 100 staff participating in the financial planning seminar, 63 staff participating in the sleep basics seminar and 104 staff participating in the 10,000 steps challenge. A further 53 staff participated in the outdoor Treasury boot camp.

## Lifestyle payment and corporate gym memberships

To assist employees in undertaking initiatives towards maintaining a healthy lifestyle, an annual lifestyle payment of \$500 was made available for activities such as gym memberships, sporting apparel and relaxation programs. The Treasury has corporate gym memberships with eight participating gyms, providing Treasury employees with a reduced membership fee. In 2010-11, 939 lifestyle payments were made.

## STAFFING INFORMATION

Ongoing and non-ongoing employee numbers in the Treasury decreased from 1,063 in 2009-10 to 1,053 in 2010-11 (refer to Table 2 below). The number of EL1 and EL2 employees decreased by 12 and 20 respectively during the year, while APS4 employees decreased by 12. Between 2009-10 and 2010-11 the number of APS6 employees increased by 31 and the number of part-time female staff increased from 90 to 95. Full-time male staff decreased from 535 to 528.

**Table 2: Operative and paid inoperative staff by classification and gender as at 30 June 2011**

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	–	2	–	–	–	–	–	–	2
APS2	1	–	–	2	–	–	–	–	3
APS3	45	44	–	3	3	1	1	–	97
APS4	15	26	–	15	1	1	–	–	58
APS5	86	68	1	8	2	1	–	–	166
APS6	108	96	6	17	3	1	–	–	231
EL1	104	74	5	23	2	1	1	2	212
EL2	101	47	9	23	6	–	1	1	188
SES Band 1	49	9	1	3	2	1	–	–	65
SES Band 2	12	7	–	1	–	–	–	–	20
SES Band 3	6	–	–	–	–	–	–	–	6
Secretary	1	–	–	–	–	–	–	–	1
<b>Total</b>	<b>528</b>	<b>374</b>	<b>22</b>	<b>95</b>	<b>22</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>1,053</b>

Note: Staff paid by other agencies are not included.

**Table 3: Staff located at overseas posts as at 30 June 2011**

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 executives 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 (refer to Table 4 below). The Treasury does not offer performance pay.

**Table 4: Salary scales — SES**

Classification	September 2009		September 2010	
	Minimum \$	Maximum \$	Minimum \$	Maximum \$
SES Band 1	168,609	195,960	173,667	201,839
SES Band 2	206,652	241,878	212,852	249,134
SES Band 3	267,808	313,645	275,842	323,054

Senior executives are appraised using the APS SES 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 2009-11* determines salary rates for all non-SES staff (refer to Table 5 below). The Treasury does not offer performance pay.

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

Classification	November 2009		July 2010	
	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$
APS1	38,790	42,124	39,488	42,882
APS2	44,712	47,671	45,517	48,530
APS3	50,632	53,590	51,543	54,554
APS4	56,550	59,509	57,568	60,580
APS5	63,581	67,651	64,725	68,869
APS6	71,721	86,892	73,012	88,456
EL1	93,552	107,316	95,236	109,247
EL2	114,271	131,145	116,328	133,505

Under the *Treasury's Workplace Agreement 2009-11*, 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 2010-11 (refer to Table 6 below).

**Table 6: SES commencements and cessations**

Reason	SES Band 3	SES Band 2	SES Band 1	Total
Engagement	1	1	5	7
External promotion	–	–	–	–
Internal promotion	–	5	5	10
Resignation	–	–	–	–
Retirement	–	1	–	1
Transfer to another department	1	1	3	5
Promoted to another department	–	1	–	1
Total	2	9	13	24

During 2010-11, seven SES commenced in the Treasury.

There were ten internal promotions, half of these were EL2s promoted to the SES Band 1 level, while the other half were SES Band 1 level promoted to the SES Band 2 level.

Of the seven cessations over the period, five SES transferred to other departments, one SES was promoted to another department and one SES retired. Mr Neil Hyden retired after 45 years in the Australian Public Service, the majority of this time was spent in the Treasury.

In 2010-11, the Government appointed Dr Martin Parkinson as the new Secretary to the Treasury following the departure of the former Secretary, Dr Ken Henry AC. Dr Henry spent almost 27 years at the Treasury, including 10 years as the Treasury Secretary.

## ASSETS MANAGEMENT

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The Treasury has developed an asset management framework to manage the Treasury's assets. The framework includes:

- an asset register that records details of all assets held by the Treasury. Assets on the Treasury's asset 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 asset policies and asset management guidelines for the day-to-day care and custody of assets. The asset management 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 on pages 176 to 179; 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 procurement framework reflects the core principle governing Australian Government procurement — value for money. Procurement of all goods and services, including consultancies, 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 procurement policies and processes help ensure the Treasury undertakes competitive, non-discriminatory procurement processes; uses resources efficiently, effectively, ethically and economically; and makes decisions 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 the decentralised approach to procurement by providing information and training about procurement policies and procedures to all staff, and maintaining a single point of contact for staff to seek advice on the guidelines, Chief Executive Instructions and tendering processes. The Treasury has also developed standard tendering and contracting documentation to ensure procurement practices are consistent across the department.

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 publishes information about significant procurements the department expects to undertake during the following year in an annual procurement plan, available on the AusTender website at [www.tenders.gov.au](http://www.tenders.gov.au).

## CONSULTANTS

Consultants are engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; provide independent advice; and provide information or creative solutions to assist the Treasury in its decision-making. The most common reasons to engage consultants are:

- unavailability of specialist inhouse resources in the time-frame allowed;
- the need for an independent study or review; and
- specialist skills and knowledge not available in-house.

Providers of consultancy services are selected through open tender, select tender, direct sourcing or panels. These processes are detailed in the note to Table 7 on page 140.

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).

During 2010-11, 77 new consultancy contracts were entered into involving total actual expenditure of \$4,197,680. In addition, 37 ongoing consultancy contracts were active during 2010-11, involving total actual expenditure of \$2,949,672. These amounts include GST.

Several consultancy contracts let in 2010-11 were valued at \$10,000 or more (refer to Table 7 below).

**Table 7: List of new consultancies over \$10,000 in 2010-11**

Consultant name	Description	Contract price \$	Selection process <sup>(1)</sup>	Justification <sup>(2)</sup>
Australian Government Solicitor	Legal services for the Takeovers Panel	\$50,000	Select tender	A
Australian Government Solicitor	Legal services relating to cost recovery for litigation process	\$12,000	Open tender	A
Australian Government Solicitor	Tied legal advice on bail-in mechanism in Australia	\$15,000	Direct sourcing	A
Australian Government Solicitor	Provide legal advice in relation to Roy Morgan Pty Ltd v Commissioner of Taxation	\$28,600	Panel	A
Australian Government Solicitor	Provide constitutional advice on public health insurance rebate charges	\$14,394	Direct sourcing	A
Australian Government Solicitor	Tied legal advice — not-for-profit reform	\$19,802	Direct sourcing	A

Table 7: List of new consultancies over \$10,000 in 2010-11 (continued)

Consultant name	Description	Contract price \$	Selection process <sup>(1)</sup>	Justification <sup>(2)</sup>
Australian Government Solicitor	Provide legal and probity advice for Centre for International and Financial Regulation	\$17,307	Open tender	A
Bernard William Fraser	Conduct an account portability feasibility study	\$77,000	Direct sourcing	A
Blake Dawson	Provide legal advice and training relating to intellectual property	\$36,633	Open tender	B
Blake Dawson	Draft letters of assurance for the Banking Reform Community Awareness and Education Campaign	\$20,000	Open tender	B
Clayton Utz	Legal services relating to the HIH Claims Support Scheme	\$40,000	Direct sourcing	A
Clayton Utz	Provide legal advice on property law relating to mining and petroleum products	\$22,000	Panel	A
CSIRO Discovery	Provide modelling of the transportation sector	\$59,950	Direct sourcing	A
Deloitte Touche Tohmatsu	Provide advice on Investor Manager Regime	\$12,669	Panel	A
DLA Piper Fox	Legal advice on the <i>Trade Practices Amendment Act 2009</i> (Cartels Act)	\$20,000	Open tender	B
DLA Piper Fox	Provide legal advice on the closure of the HIH Claims Support Scheme and HIH Claims Support Ltd	\$23,100	Panel	B
Ernst and Young	Provide accounting advice on Sino Strategic International Ltd	\$15,300	Select tender	A
Ernst and Young	Provide accounting advice on BBX Property Investment Fund Ltd	\$15,300	Select tender	A
General Advisory Pty Ltd	Natural disaster insurance review for damage or loss associated with flood and other disasters	\$52,000	Direct sourcing	B
GFK Blue Moon Quantitative Research	Evaluative market research for the Banking Reform Community Awareness and Education Campaign	\$299,750	Select tender	A
GFK Blue Moon Research and Planning	Provide market research services for the Education Tax Refund Communication Campaign	\$660,000	Select tender	A

**Table 7: List of new consultancies over \$10,000 in 2010-11 (continued)**

<b>Consultant name</b>	<b>Description</b>	<b>Contract price \$</b>	<b>Selection process<sup>(1)</sup></b>	<b>Justification<sup>(2)</sup></b>
Greenwoods and Freehills Pty Ltd	Provide advice on tax consolidation rights	\$75,900	Panel	A
Hall and Partners Open Mind Pty Ltd	Evaluative market research for the Banking Reform Community Awareness and Education Campaign	\$369,578	Select tender	C
Hall and Partners Open Mind Pty Ltd	Conduct product research for Standard Business Reporting	\$109,615	Panel	A
Ian Robinson	Manage the 2012 Graduate intake and intern process	\$30,000	Direct sourcing	A
Infront Systems	Provide consultancy services relating to replacement of the PABX	\$79,500	Select tender	B
IPP Consulting Pty Ltd	Provide security risk review of portfolio agencies	\$38,390	Open tender	C
KPMG – Canberra	Provide internal audit services	\$359,578	Panel	A
KPMG – Canberra	Provide internal audit services for the HIH Claims Support Scheme	\$55,252	Panel	A
Monash University	Provide computable general equilibrium modeling	\$79,000	Direct sourcing	A
Ogilvy and Mather (Sydney) Pty Ltd	Banking Reform Community Awareness and Education Campaign — specialist services for culturally and linguistically diverse communication	\$248,963	Select tender	A
PricewaterhouseCoopers	Consultancy services for research and reports for Australian Financial Centre Taskforce	\$76,000	Select tender	A
PricewaterhouseCoopers	Provide assistance to post-implementation review of the Tax Design Review Panel	\$20,000	Direct sourcing	A
PricewaterhouseCoopers	Provide advice relating to the transfer of public health funding responsibilities to the Commonwealth	\$737,172	Open tender	A
PricewaterhouseCoopers	Tax design advisory services for the review of Australia's transfer pricing rules and treaty prices	\$30,000	Open tender	A

Consultant name	Description	Contract price \$	Selection process <sup>(1)</sup>	Justification <sup>(2)</sup>
Richard Vann	Assist the Board of Taxation in its review of the tax treatment of Collective Investment Vehicles	\$70,000	Direct sourcing	A
ROAM Consulting Pty Ltd	Analysis of electricity generation sector	\$308,352	Select tender	A
Shane Carroll and Associates	Provide accountabilities workshops	\$60,000	Select tender	A
Sinclair Knight Merz Pty Ltd	Provide consultancy services relating to the analysis of the electricity generation sector	\$162,907	Select tender	B
Sweeney Research Pty Ltd	Provide a National Consumer Survey for the Standing Committee of Officials on Consumer Affairs	\$327,888	Select tender	B
Vinten Browning	Provide creative agency services to support the Education Tax Refund Communication Campaign	\$996,815	Select tender	A
Vinten Browning	Creative agency services for the Banking Reform Community Awareness and Education Campaign	\$2,828,000	Select tender	A
Wise Technology Management	Collaboration and information sharing project – implementation of sharepoint 2010	\$50,000	Direct sourcing	A

Note: All amounts include GST.

(1) Explanation of selection process terms:

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 multiuse 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 due to 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 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.

(2) Justification for decision to use consultancy:

A — skills currently unavailable within agency;

B — need for specialised or professional skills; and

C — need for independent research or assessment.

## AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

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The Treasury is required to provide details of any contract let during 2010-11 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

The Treasury is committed to providing an organisational culture that embraces and actively promotes diversity. The Workplace Diversity Program demonstrates the Treasury's commitment to providing a work environment that recognises the value of staff with different backgrounds, perspectives and experiences to contribute to a vibrant organisation equipped to achieve the Treasury's objectives.

The Treasury's diversity profile is moderately stable (refer to Table 8 below). At 30 June 2011, departmental staff included:

- 45 per cent women;
- 26 per cent born overseas;
- 12 per cent with English as a second language; and
- 2 per cent who identify as having a disability.

**Table 8: Operative and paid inoperative staff by EEO target group (as at 30 June 2011)**

Classification	Female	Born overseas	English as a second language	Aboriginal and Torres Strait Islander	Disability
Cadet	1	–	–	3	–
APS1	2	1	–	–	–
APS2	2	–	–	–	1
APS3	48	26	17	–	2
APS4	42	16	11	–	2
APS5	77	42	26	–	4
APS6	114	52	26	1	3
EL1	100	70	30	2	3
EL2	71	46	13	–	4
SES Band 1	13	15	2	–	4
SES Band 2	8	2	1	–	–
SES Band 3	–	2	–	–	–
<b>Total</b>	<b>478</b>	<b>272</b>	<b>126</b>	<b>6</b>	<b>23</b>

The Treasury has an Indigenous Employment Strategy, which is current until 2012. Six staff identify as being Indigenous (0.6 per cent of the workforce). This compares with four staff members identifying in 2009-10. The Treasury's Reconciliation Action Plan Report is due to be updated later this year. Progress made against the reconciliation plan was reported in early 2011. Part of this progress included lectures by several high profile Indigenous speakers. The department continues to participate in Indigenous graduate and cadet selection processes, coordinated by the APSC, and have four Indigenous cadets.

During the year, the Treasury held celebratory events to recognise and support diversity in the workplace. Reconciliation Week and the National Aborigines and Islanders Day Observance Committee (NAIDOC) Week were observed. The Treasury has a current Disability Action Plan which is operational until 2012, when it will be subject to review. Staff were invited to participate in celebratory events in recognition of International Women's Day. Ms Leah Armstrong, Chief Executive Officer of Reconciliation Australia, provided a dynamic and informative address delighting the large audience of both women and men.

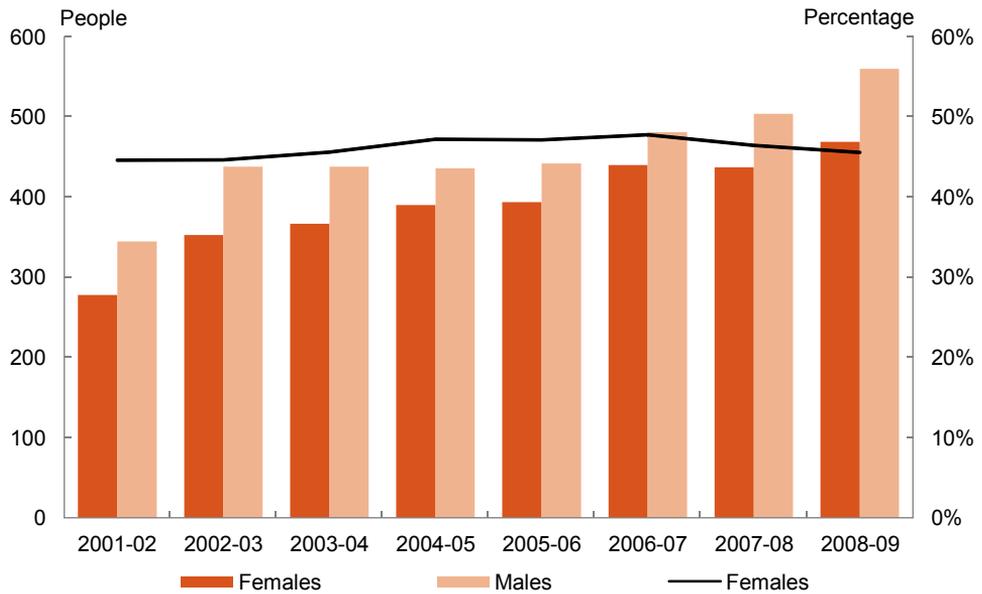
To support workforce diversity, the Treasury offers flexible working arrangements and a family-friendly work environment. The Treasury is accredited as a breastfeeding friendly workplace and a carers room is provided to assist staff with parental or other caring responsibilities. The Treasury continues to offer two 30-minute daily breaks for nursing mothers working full-time, as well as one 30-minute break to nursing mothers working less than 20 hours per week. Current information available on the intranet includes child care, school holiday care and resources for carers. The department continues to provide staff with access to an external service provider to assist with information on care requirements, including childcare.

At 30 June 2011, 12 per cent of Treasury staff worked part-time. Half of these are executive level staff or higher. In addition to part-time work, Treasury staff can access job-share arrangements and may apply for home-based work.

The Treasury's Mature Age Employment Strategy is regularly reviewed to ensure it meets the needs of a diverse workforce. The strategy is designed to support mature age workers to actively participate in the workforce and facilitate the transition to retirement.

The Treasury has eight Workplace Harassment Contact Officers to assist employees who may require support. State of the Service Employee Survey results continued to confirm that the Treasury records low levels of bullying and harassment compared with the APS average.

Chart 1: Treasury staff levels



Women remain marginally under-represented in the overall Treasury workforce. The percentage of women increased from 44.6 per cent at 30 June 2002 to 47.8 per cent at 30 June 2007. By 30 June 2011, this percentage had declined to 45.4 per cent, approximately the same percentage at 30 June 2003.

**Table 9: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2011)**

	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	10	2	1	–
Australian Competition Tribunal	12	1	1	–
Australian Energy Regulator	3	1	2	1
Australian Government Financial Literacy Board	12	3	–	–
Australian Prudential Regulation Authority	3	–	1	–
Australian Reinsurance Pool Corporation	7	3	2	1
Australian Securities and Investments Commission	5	1	1	–
Australian Statistics Advisory Council	15	6	4	1
Board of Taxation	10	3	4	2
Commonwealth Consumer Affairs Advisory Council	8	4	8	4
Commonwealth Grants Commission	3	–	1	–
Companies Auditors and Liquidators Disciplinary Board	12	–	7	–
Corporations and Market Advisory Committee	11	5	8	3
Financial Reporting Council	18	4	6	2
Financial Reporting Panel	9	1	9	1
Financial Sector Advisory Council	13	2	4	2
Foreign Investment Review Board	4	1	1	1
HIH Claims Support Limited	4	–	–	–
InspectorGeneral of Taxation	1	–	–	–
Legal Committee of Corporations and Market Advisory Committee	9	5	2	1
National Competition Council	4	1	–	–
Payments System Board	7	1	1	–
Productivity Commission	14	7	6	2
Reserve Bank of Australia	9	2	2	1
Superannuation Advisory Committee	13	4	5	–
Superannuation Complaints Tribunal	20	10	–	–
Takeovers Panel	54	15	19	7
Tax Practitioners Board	11	2	1	1
<b>Total</b>	<b>303</b>	<b>85</b>	<b>96</b>	<b>30</b>