

03

Part 3



Management and Accountability

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Corporate governance

Corporate governance practices in Treasury are designed to ensure efficient, effective and ethical use of Treasury's resources, as well as comply with statutory and other external requirements aimed at achieving sound administrative and financial management practice.

Key aspects of Treasury's corporate governance practices include:

- clearly established role accountabilities, including clear delegations of authority and responsibilities;
- planning and monitoring of outputs; and
- monitoring of Treasury's resource use, based on budgeting, financial accounting, audit, fraud control, risk management and other reporting systems.

The Executive Board is the primary decision-making body. The Audit Committee is the other body that ensures accountability.

The Treasury Management Model sets out the role accountabilities of the five levels of the Treasury management structure. Treasury's management levels and primary role accountabilities are:

- Secretary — accountable for the department's management and strategic leadership;
- Executive Director — accountable for a group's management and strategic leadership;
- General Manager — accountable for a division's management and strategic leadership;
- Manager — accountable for a unit's management and leadership; and
- Specialist and Analyst — accountable for provision of specialist advice and team leadership.

In October 2002, the role accountabilities were reviewed following organisational and management changes. The review reaffirmed the five levels of management, but recommended adjustments to the role accountabilities at the Band 3, Band 2, Band 1 and EL2 levels to clarify roles and reporting lines.

Senior management committees and their roles

The Executive Board

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

- organisational development — shaping 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 allocating resources — meeting current and future work priorities.

The Executive Board members as at 30 June 2002 were: Dr Ken Henry, Secretary to the Treasury; Greg Smith, Executive Director, Revenue Group; Dr Martin Parkinson, Executive Director, Macroeconomic Group; Richard Murray, Executive Director, Fiscal Group; Jim Murphy, Executive Director, Markets Group; and Ian Robinson, General Manager, Corporate Services Division.

Audit Committee

The Audit Committee functions as a forum of review of audit issues by:

- supporting and enhancing the control framework;
- ensuring the objectivity and reliability of published financial information; and
- assisting the Secretary to comply with all legislative and other obligations.

Treasury's Audit Committee follows the recommended best practice guidelines issued by the Australian National Audit Office (ANAO). The ANAO also attends Treasury Audit Committee meetings as an observer. The Audit

Committee reviews internal and external audits relating to Treasury and the Mint.

The Audit Committee members are Dr Martin Parkinson (Chair), Steve French (Deputy Chair), Ian Robinson, Mike Rawstron, David Martine and Tony Ayres (external representative). The Audit Committee met six times during 2002-03.

Treasury reviewed the role, functions and structure of the Audit Committee in 2002-03. This review was conducted in the context of best practice in corporate governance and Treasury's operating environment. The review streamlined the committee with members selected on a competency, rather than representational, basis and included an external representative.

Remuneration committee

Remuneration committees are established within the four groups in Treasury and Corporate Services Division to recommend to the Secretary the allocation of additional pay points available under AWAs for APS 6, EL1 and EL2 employees.

Each remuneration committee's membership is determined by the Executive Board. Remuneration committees are chaired by the Executive Director of the relevant group. The committee comprises the Chair, the Principal Adviser, Corporate Strategy and all General Managers in the group. One General Manager from another group is included to promote consistency of ratings between groups.

In April 2003, the Executive Board commissioned a consultative review of remuneration committee processes and outcomes. The recommendations of the review addressed identified employee concerns and sought to improve processes. The Executive Board accepted most of the recommendations.

Senior management structure and external representation

Details of Treasury's management structure is set out in Figure 4, in Part 1.

In 2002-03, the senior Treasury officers were members of various external committees, boards and other bodies. Details of the senior management external representation are published with the 2002-03 Annual Report at www.treasury.gov.au.

Corporate planning and reporting

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

The Executive Board sets the broad strategic direction for the department. The corporate plan articulates this direction and provides context for policy group operational plans and Corporate Services Division. The corporate plan includes an identity statement based on Treasury's mission statement and people values, and sets out Treasury's outcomes and outputs, and identifies high level priorities for the following year.

Groups and divisions prepare operational plans at the beginning of the financial year. They identify key priorities, performance information, risks, relationships and financial information.

The Information Technology (IT) Infrastructure Statement of Direction is a three-year plan setting out Treasury's strategic directions in managing and accessing Treasury's information, knowledge and intellectual property. Underpinning the Statement of Direction is the Application Systems Forward Work Plan which identifies Treasury's systems development for the next year. The plan is linked to corporate and operational plans.

Treasury meets its external reporting responsibilities through the Portfolio Budget Statements and the Treasury Annual Report.

In June 2003, Corporate Services Division implemented a Balanced Scorecard Performance Reporting Framework so the division will be able to measure overall business performance against four perspectives of customer satisfaction, financial and operational efficiency and effectiveness and staff learning and growth. The division will report progress using the Balanced Scorecard System each August and January.

Risk management

Under the *Financial Management and Accountability Act 1997*, Treasury meets its specific risk management requirements through a single, integrated framework. The following are the key components of the risk management framework.

- The Fraud Control Plan complies with Australian Government Fraud Control Guidelines. The Fraud Control Plan put in place in 2001-02 was amended to include the tax law design function transferred from the Australian Taxation Office.
- The Chief Executive Instructions are the core of financial management in Treasury and put into effect the requirements of the *Financial Management and Accountability Act 1997*. In 2002, the Chief Executive Instructions were rewritten to reflect government-wide best practice standards as determined

by the Australian National Audit Office (ANAO) and Department of Finance and Administration.

- The Security Risk Review: In 2002-03, the Security Risk Review was revised to incorporate changes in the national and international security environment following international terrorist incidents.
- The Internal Audit Plan identifies services and functions for auditing. The plan incorporates issues raised by ANAO in its audit of Treasury's financial statements, recent ANAO reports on cross-agency matters, upcoming management issues, policy evaluations, previous internal audits and strategic risk management issues.
- Comcover insurable risk assessments are conducted annually as part of the process for applying for Comcover Insurance renewal. The program is based on the Risk Management standard AS/NZS 4360:1999 and measures Treasury's performance in implementing risk management processes and policies against the national benchmark.

Treasury has a number of strategies in place to ensure risks associated with the delivery of information technology services are identified and managed. Components of the information technology governance are listed below.

- The IT Disaster Recovery Plan sets out the strategies and processes to restore services if a complete or partial loss of Treasury's central computing infrastructure occurs. The plan aims to restore services within an appropriate timeframe.
- Business Continuity Plans for all Treasury's IT Application systems set out alternate methods and processes to be used so Treasury can continue to work until the IT environment is restored.
- The IT Security Policy addresses the requirements to protect information holdings and secure operation of Treasury IT resources. The policy is based on the protective security policies and standards in the Australian Protective Security Manual, the Draft Australian Communications Security Instruction — Electronic Security Instructions 33(A) and recommendations from the ANAO.
- The Internet and Email Acceptable Use Policy sets out individual user's responsibilities for the appropriate use of the Internet and email facilities and services. This policy refers to the Australian Public Service Values and Code of Conduct, the *Public Service Act 1999*, other relevant Australian Government legislation, and the Treasury IT Security Policy.

- Website Development Standards and Guidelines are based on ISO 9001 and ACSI 33 International Standards Organisation and Defence Signals Directorate guidelines. The standards ensure compliance with best practice in relation to website security.
- IT Change Control Guidelines are an internal IT management tool which assists with quality assurance control over proposed changes to the IT technical environment and facilities. This change control process involves reviewing proposed variations and clearing them before releasing changes in the production environment.
- IT Risk Management Strategy, developed in accordance Defence Signals Directorate guidelines identifies technical risks associated with Treasury's IT infrastructure and IT management practices.
- Applications Development and Project Standards, are internal standards based on the Structured System Development Methodology PRINCE 2 for system development. The standards provide a phased system development life cycle to ensure correct project governance is applied to systems development.

Staff awareness of risk management policies and procedures is raised through training programs and departmental staff notices. All policies and procedures are available to staff in hardcopy and on the Intranet.

Ethical standards and accountability

Treasury has its own agency values reflecting and supporting the way it functions. The Treasury people values are closely aligned with the Australian Public Service (APS) Values and are embedded in the Treasury Management Model and Performance Management System.

The Treasury Certified Agreement and Australian Workplace Agreements contain a commitment from employees to uphold Treasury values and comply with the Code of Conduct.

Key departmental documents refer prominently to the current APS Values. Internal training programs, such as leadership programs, the APS 1-5 Treasury Certificate in Business Services and performance management workshops also reinforce the values and behaviours expected of staff both within the department and within the broader public sector.

Treasury has taken steps to establish and maintain ethical standards through developing policies such as the Fraud Control Plan, the Chief Executive

Instructions, Conflict of Interest Guidelines, Consultant Engagement and Management Guidelines and Appropriate Use of the Internet Email Policy.

All corporate governance policies and procedures are available to staff on the Intranet.

Senior Executive Service remuneration

All Treasury senior executive service officers have Australian Workplace Agreements in place.

Since September 2000, senior executive service employees have been appraised using the Australian Public Service Commission's Senior Executive Capability Framework. That involves making individual rankings against each of the five criteria of the framework, then arriving at an overall ranking for the employee, which reflects their performance relative to their peers.

An increase in relative ranking can lead to an increase in base salary. See Table 10 for details of Senior Executive Service (SES) salary scales. Additional information on remuneration and performance pay is set out in this section under SES remuneration and performance appraisal and in Note 15: Executive Remuneration in Part 4 of the Financial Statements.

Corporate governance — the Mint

The Mint's Advisory Board is responsible for ensuring good corporate governance, advising corporate strategy and providing guidance and oversight to the Mint's senior management team.

The Mint's Advisory Board members as at 30 June 2003 were: Jim Murphy, Executive Director, Markets Group, Treasury (Chair); Vivienne Thom, Controller, Royal Australian Mint; Michael Rawstron, General Manager, Corporations and Financial Services Division, Treasury; Michael Del Gigante, Chief Executive Officer, TransACT Communications; and Ross Macdiarmid, Chief Executive Officer, Canberra Tourism and Events Corporation.

The Mint's Senior Management Team comprises the Controller, the Directors of Marketing and Operations, and the Chief Financial Officer.

Risk management

The Mint's internal policies and procedures identify, plan for and manage the risks associated with the business of circulating and numismatic coin for Australia. These policies and procedures are consistent with the Treasury Chief

Executive Instructions. The Treasury Audit Committee reviews all the Mint's internal and external audits.

The Mint's Quality Management System was designed to capture its operations including occupational health and safety, security, environmental management, human resource and quality control. The Quality Management System ensures that the Mint's operations meet customer requirements and organisational goals, and comply with applicable regulatory requirements. An electronically based system of policies, procedures and records management ensures effective document control and easy accessibility for all intended users

The Mint's Quality Management System was upgraded to comply with the new International Standard ISO9001-2000. A comprehensive two-day audit by two auditors from SAI-Global resulted in awarding the Mint with the ISO9001-2000 Quality System certification. The Mint has maintained its quality system certification for the thirteenth successive year and is one of the few organisations certified to the new International Standard.

A comprehensive security plan based on a Security Risk Review carried out by the ANAO will ensure that the Mint meets the requirements of national security alert directives issued by the Protective Security Co-ordination Centre.

Internal and external scrutiny

Audit

The Audit Committee convened six times in 2002-03. Key issues included HIIH Claims Support scheme corporate governance processes, review of strategic risk management plans and development of new risk assessment processes.

The Audit Committee's Financial Statements subcommittee, which oversees the presentation of Treasury's financial statements, met five times in 2002-03. The ANAO has confirmed that Treasury's published 2001-02 Financial Statements agreed with those certified by the Secretary and the Auditor-General, and were free of errors.

Treasury engaged Deloitte Touche Tohmatsu to develop the 2002-03 Internal Audit Plan. The Audit Committee assisted by Deloitte Touche Tohmatsu has a continuous improvement approach to audit services and regularly reviews Treasury's audit program and scrutinises recommendations arising from completed internal audits as well as relevant ANAO reviews.

Internal audits

Treasury completed two internal audits during 2002-03.

Upgrade of Aurion to Version 9

Treasury uses Aurion as its human resource management information system. The audit examined specified aspects of the activities to migrate to Aurion Version 9 and advised on potential areas for improvement to further manage the risks associated with the migration. The review found that the transition to Version 9 was well managed.

Upgrade of SAP to Version 4.6C

Treasury uses SAP as its financial management information system. The review examined the specified aspects of activities to upgrade to SAP Version 4.6C and advised on potential areas for improvement to further manage the risks associated with the project. A number of issues were raised and resolved with the project team in preparation for the upgrade. This project is subject to ongoing audit with a second phase of review.

Reports by the ANAO

In October 2002, the ANAO completed an audit of Treasury's management of international financial commitments. Treasury manages Australia's relations with the International Monetary Fund (IMF) and various development banks,

including those belonging to the World Bank Group. The audit examined Treasury's management of these obligations. In view of the size of Australia's investments and obligations, the audit focussed on financial management issues.

In Audit Report No 10: Management of international financial commitments, the ANAO recommended Treasury examine the merits of including performance information in relation to the financial commitments it administers in its Portfolio Budget Statements. It also recommended Treasury implement a more comprehensive framework of policies and procedures for the administration of these commitments. Treasury supported the two recommendations.

Treasury's Audit Committee follows ANAO best practice guidelines by actively reviewing relevant matters raised in performance audit reports, and overseeing any follow-up action. The following reports were relevant to Treasury operations in 2002-03:

- Audit Report No 8: The Senate Order for department and agency contracts;
- Audit Report No 18: Management of trust monies;
- Audit Report No 22: Payment of accounts and goods and services tax administration by small Commonwealth organisations;
- Audit Report No 23: Physical security arrangements in Commonwealth agencies;
- Audit Report No 24: Energy efficiency in Commonwealth operations;
- Audit Report No 27: Management of the Commonwealth guarantees, warranties, indemnities and letters of comfort;
- Audit Report No 32: The Senate Order for departmental and agency contracts (Spring 2002 compliance);
- Audit Report No 45: Reporting of financial statements and audits reports in annual reports;
- Audit Report No 50: Managing people for business outcomes, year two;
- Audit Report No 53: Business continuity management follow-on audit;
- Audit Report No 54: Capitalisation of software; and
- Audit Report No 60: Closing the books.

Treasury supported the relevant recommendations. Details of the ANAO audit reports are available at www.anao.gov.au.

Internal and external scrutiny — the Mint

The Mint engaged Ernst and Young as internal auditors. Five internal audits were conducted during 2002-03; two of which are ongoing.

IT management and planning

This audit reviewed the control environment at the Mint governing the management and planning of the IT infrastructure and measured it against the COBIT IT governance control framework. Currently these processes are immature. This means there is evidence that the Mint has recognised that issues exist, but it has no standardised processes, formal training or communication of procedures for addressing these.

Review of tendering and contracting

This audit reviewed a selection of contracts to assess whether the Mint has procured goods/services and managed associated contracts in accordance with leading practice. This assessment was based on compliance with the *Commonwealth Procurement Guidelines and the ANAO Contract Management Better Practice Guideline 2001*. Procurement was not in accordance with leading practice. Since the review, significant improvements have been made in the procurement area.

Records management

The review identified records management and planning controls within the Mint, and provided recommendations to address any control deficiencies. The audit found that although business areas are making an effort to manage records that relate to their area of work, the Mint has no consistent corporate approach to recordkeeping.

Review of costing

This audit was to examine the costing approach the Mint currently employs and identify areas for improvements. To assist in identifying the true cost of products, the Mint should adopt a full standard costing system, using the functionality of the Manufacturing and Resource Planning System and regularly reviewing standards.

Issue of promotional product

The review assessed the adequacy of and compliance with policies, procedures and controls relating to the issue of product for promotional purposes. Controls for the issue of product operate effectively and accord with the policies and procedures.

Reports by the ANAO

The following ANAO reports were relevant to the Mint's operations in 2002-03:

- Audit Report No 13: Benchmarking the internal audit function follow-on report;
- Audit Report No 22: Payment of accounts and goods and services tax administration by small Commonwealth organisations;
- Audit Report No 23: Physical security arrangements in Commonwealth agencies;
- Audit Report No 24: Energy efficiency in Commonwealth operations;
- Audit Report No 52: Absence management in the Australian Public Service;
- Audit Report No 54: Capitalisation of software; and
- Audit Report No 60: Closing the books.

The Mint supported the relevant recommendations. Details of the audit reports are available at www.anao.gov.au.

Fraud against Treasury

During 2001-02, Treasury was involved with an investigation by the Australian Federal Police. This investigation related to a suspected fraud in the GST Start-Up Assistance Office. A former contractor was charged with offences related to this fraud. The money alleged to have been defrauded has been recovered and the matter is currently before the courts.

The Reserve Bank, Canberra, advised Treasury that a cheque in the name of a company had been dishonoured. Internal inquiries resulted in the matter being referred to the Australian Federal Police which referred it to the New South Wales Police.

A GST direct assistance certificate valued at \$200 was requested by a tax services company in Victoria, on behalf of another business. Information indicated this business did not receive any goods or services relating to the certificate. The matter was referred to the Australian Federal Police and brought to the attention of the Fraud Prevention and Internal Assurance Branch of the Australian Taxation Office.

Comments by the Ombudsman, decisions by the courts and administrative tribunals

Ombudsman

There were no comments by the Ombudsman on matters within Treasury in 2002-03.

Courts and proceedings

During 2002-03, Australian Superannuation Nominees Limited (ASN) commenced proceedings against the Australian Prudential Regulatory Authority (APRA) and the Minister for Revenue and Assistant Treasurer in the Federal Court's New South Wales District Registry. The proceedings related to the decisions of APRA and the Minister to revoke the status of ASN as an approved trustee, and to remove ASN as trustee of 228 small APRA funds under the *Superannuation Industry (Supervision) Act 1993*. During 2002-03, the matter was settled. APRA set aside the decision to remove ASN as an approved trustee. The Minister and APRA agreed to meet the costs of ASN.

Proceedings commenced in the Supreme Court of Western Australia in the matter of *The Commonwealth of Australia v Temwood Holdings & Ors* continued in 2002-03. In these proceedings the Australian Government sought to be released from any undertaking in relation to the use of documents provided to the Australian Government that relate to the first respondent. Orders were made on 25 June 2003 releasing the Australian Government from the undertaking.

Criminal and civil proceedings were commenced in the Australian Capital Territory as a consequence of a suspected fraud in the GST Start-Up Assistance Office. The allegedly defrauded money has been recovered and the proceedings are continuing.

Administrative Appeals Tribunal

There were two matters relating to the Treasury in the Administrative Appeals Tribunal (AAT) during 2002-03.

An application was made to the AAT in 2002 for review of a decision by the department to partially withhold information in response to a request under the Freedom of Information Act. The Treasury agreed to provide access in full to the information prior to the matter coming on before the Tribunal.

An application was made to the AAT in 2002 for a review of a decision by the department to refuse to waive or remit charges relating to an Freedom of Information application. The application was withdrawn in January 2003.

Management of human resources

Treasury devotes considerable energy to examining and improving the integration and alignment of its people management systems with its business and management systems. Treasury's people management systems include the Treasury Management Model, the Performance Management System and the Career Development System. Treasury's people management systems were implemented in 1999 and since then, its review and refinement have continued. They are now well embedded in Treasury culture.

In 2002-03, working groups comprising senior managers and human resource staff reviewed and refined recruitment processes, and developed a professional training and development framework to ensure that Treasury has the capabilities needed to deliver its outputs. Capability frameworks underpinning the Performance Management and Career Development Systems provide the basis for Treasury recruitment, development and retention strategies, and align with the organisation's core business.

Staff surveys, exit interview data, focus groups and context setting meetings of senior executive and divisional staff before each appraisal round provide feedback on Treasury's people management systems. The feedback indicates staff have embraced a performance culture, and a high percentage of staff agree that the people management system, including the Performance Management System, improves the performance of Treasury staff.

Performance management

The Performance Management System is based on a biannual performance management cycle. Since September 2002, the Performance Management System has provided the performance appraisal outcomes to remuneration committees to determine the salary levels for APS6, EL1 and EL2 staff under Australian Workplace Agreements.

Before each appraisal round, the Secretary and senior executive service staff attend a context setting meeting. The meetings ensure a consistent approach to the appraisal process, set the broad context for appraisals and provide the opportunity to discuss relevant issues. The outcomes are disseminated to staff. Additional context setting meetings at the divisional and unit level enhance consistency and assist staff managing appraisals.

Ongoing training ensures employees are prepared for appraisals. This includes briefing sessions for new starters and new managers before each performance appraisal round and Giving and Receiving Feedback workshops for managers and staff to develop skills related to performance appraisals.

The Treasury Performance Management System promotes fairness through clearly defining expectations and building in system controls including:

- the application of capability frameworks that set the standards expected of staff at each classification level and define the assessment criteria for measuring performance;
- clearly defined role accountabilities for all levels of work;
- use of upward feedback to the manager-one-removed (that is, two levels more senior), so staff have an additional opportunity to comment on the appraisal process and their manager's performance as a manager;
- use of review panels comprising the manager-one-removed, the immediate manager and other relevant managers to facilitate fairness and consistency;
- use of structured under-performance provisions and strategies; and
- transparent appraisal outcomes for all staff.

A contributing factor to staff satisfaction with the Performance Management System is Treasury's commitment to continuously improve and enhance performance management processes. Treasury undertakes regular, comprehensive reviews of the objectives, processes and outcomes, and staff can provide feedback on all aspects of the appraisal process through the consultative processes, including meetings with the Workplace Relations Committee.

The system is reviewed regularly, to ensure that it keeps pace with developments in human resource management, and draws on staff experiences and feedback. Recent refinements to the system include redefined role accountabilities and better articulated organisational management principles.

Treasury Certified Agreement

The Treasury Certified Agreement 2002-04 was certified by the Australian Industrial Relations Committee on 10 September 2002; the Agreement is Treasury's third since 1998, and has a nominal expiry date of 3 September 2004.

The Agreement was the result of an intensive process of consultation and negotiation between Treasury management and employees, who were represented by the staff-elected Workplace Relations Committee. That process included several presentations to employees and surveys by management and the Workplace Relations Committee, followed by a formal offer by the Secretary. All eligible employees were asked to indicate their acceptance of the offer

through a postal ballot. Over 80 per cent of staff who responded accepted the offer.

The Certified Agreement included a 6 per cent pay increase in each of the two years for all non-SES employees over the life of the Agreement. Other features relate to increased options for leave and attendance, allowing staff more flexibility in planning their personal commitments. The Agreement also reinforces Treasury's commitment to staff through initiatives that foster staff and career development and a healthy work environment.

The Agreement also strengthened a number of management commitments relating to evaluation of performance. Prominent amongst those are corporate planning, resource allocation and hours of work.

Shortly after the Agreement was certified, Treasury introduced a program of Australian Workplace Agreements (AWAs) for employees classified at APS6, EL1 and EL2. The AWAs call on the terms of the Certified Agreement in determining conditions of service, and also allow access to a performance based pay model that has salary levels above those available under the Certified Agreement.

Workplace relations

The Treasury continues to consult extensively with employees on matters in the workplace. The Certified Agreement reinforces the commitment to involve employees in decision making. The primary conduit for consultation is the Workplace Relations Committee. The Certified Agreement provides for eight employees to be elected to the Workplace Relations Committee (two more than under the previous Agreement). The Community and Public Sector Union is invited to participate on the Workplace Relations Committee. The Workplace Relations Committee regularly meets with the Secretary to discuss a wide range of employment-related matters.

The Certified Agreement provides for direct consultation with employees as appropriate. As part of an enhancement of employees' rights of review and dispute resolution, the Certified Agreement provides for the appointment of Staff Advisers, whose role is to assist employees in any issues relating to such matters as performance appraisal, remuneration, AWAs or relations with managers.

Recruitment and succession planning

Graduate recruitment forms a major part of Treasury's recruitment and succession planning strategy. The Treasury's graduate recruitment strategy includes attending university career fairs and economic society information

sessions, disseminating *Graduate Careers in the Treasury* brochures to university careers centres and faculties, placing graduate recruitment information on university intranets, making presentations to final year students and advertising in all major national and state newspapers. A graduate careers section on Treasury's website provides information on graduate recruitment, including information on the role and expectations of Treasury graduates. Treasury continues to be an attractive employer of graduates and the retention rate is high, at around 65 per cent after five years. The graduate intake in 2002 was 45 graduates and in 2003 was 61 graduates.

Treasury advertises nationally for policy staff in twice yearly bulk-round recruitment processes. It regularly conducts internal transfer rounds and advertises specialist and non-policy job opportunities as required. The website provides information on employment opportunities and invites those interested in employment with Treasury to lodge an expression of interest.

In 2002-03, Treasury reviewed recruitment, including bulk-round selection processes and outcomes. The review confirmed improvements in standardising selection approaches and the value of using bulk rounds as a major source of attracting talent to Treasury. Review recommendations included using the flexibility of bulk-round selection process to target specialist skills, and to enhance links between recruitment and other management systems such as the Performance Management System and promotion referee scales, mentoring and career management.

A request for proposal was conducted for an e-recruitment system to offer online lodgement of applications and recruitment management facilities. The system, when implemented, will administer annual graduate campaigns, bi-annual bulk round recruitment, job specific recruitment exercises and Treasury's non-ongoing employment registers.

Training and development

The 2002-04 Certified Agreement reinforced Treasury's commitment to staff development including development of a professional training and development framework. The framework aims to develop and sustain the capabilities needed to fulfil Treasury's mission, and builds on the Australian Public Service Leadership Capability Framework, development needs identified in performance appraisals and career development discussions, and priorities identified in corporate planning processes.

One of the key initiatives in the framework is the introduction of tertiary level semester courses in Economics for Policy Analysts and Law for Policy Analysts to complement the tertiary studies of policy analysts within the department.

From an organisational perspective, Treasury's Performance Management and Career Development Systems continue to shape learning and development strategies by informing internally offered training and development programs. Treasury's Training Plan maps activities offered against the Work Value Matrix (performance management criteria) to ensure appropriate coverage across all criteria and staff levels. All learning activities are tailored to Treasury business needs and include development in the areas of leadership and management, Treasury-specific oral and written communication, information technology, performance management, policy advising and other technical skills, as well as induction for new staff.

With the Treasury restructure in July 2002 and the transfer of the tax law design function from the Australian Taxation Office, a key training focus has been orientation workshops and development activities in taxation and legislation.

The popular Treasury Seminar Series continued, with prominent guest speakers giving presentations on current economic issues and research.

Treasury also developed a comprehensive Executive Level Development Program for EL2s and EL1s to be delivered in 2003-04. This program is modular and spans six months. It provides a broad range of opportunities to build management and leadership skills in technical and non-technical areas, building on Treasury's Work Value Matrix and taking account of the Australian Public Service Commission's Senior Executive Leadership Capability Framework. The program consists of a core module on Leading and Managing and six other modules on project management, strategic thinking to operational planning, output and risk management, influencing skills, teamwork and coaching.

A program for APS 1-5 administrative staff, the Treasury Certificate in Business Services was introduced last year with around 80 staff completing the course. Formal reviews of the program were positive and participants benefited from enhanced skills and increased self-awareness and confidence.

Treasury's Graduate Development Program is structured to meet the needs of graduate policy analysts in their first year in the Treasury. The program assists graduates develop the skills and knowledge necessary to work effectively in the Treasury and more widely in the Australian Public Service. Through a combined approach of formal and on-the-job training, graduate policy analysts are provided with opportunities to demonstrate their ability, skills and knowledge against the criteria of the Treasury's Performance Management System.

Writing skills workshops are specifically tailored to Treasury business. In addition, Providing Oral Advice workshops enhance the skills of senior executives and EL2 employees. In-house workshops on presentation skills also are provided.

Information technology training programs delivered in-house included training on Microsoft, Web, TRIM, SAP and in-house developed systems. In 2002-03, the focus was on introductory training for new staff and training on core business systems.

In 2002-03, 255 new staff attended the Introduction to Treasury Computing course in their first week at Treasury. The training figures included the 2003 graduates and staff from the Australian Taxation Office following the transfer of the tax law design function to Treasury.

New training programs developed in 2002-03 included TRIM electronic records management and FMIS (SAP R/3). The progressive implementation of TRIM electronic records management commenced in May 2002 and to-date, 90 staff have received training on the new system. The training program assists in the transition from manual record-keeping to an electronic system. The SAP (R/3) upgrade was completed in March 2003 and 80 staff received training on the system.

Development needs identified at performance appraisal discussions indicate that more than 50 per cent of employees identify on-the-job development as a key method of learning, leading to coaching skills workshops for managers. Development of planning and team skills continues, with many areas conducting planning days.

Treasury revised its studies assistance policy in 2002-03. Staff can access study leave and, in some cases, receive financial assistance for tertiary study. The Studies Assistance Program was accessed widely, including by staff who transferred from the Australian Tax Office and who learn through the ATAX Program. New guidelines for postgraduate study provide study awards for up to four staff per year.

Six Treasury EL2s participated in the Career Development Assessment Centre managed by the Australian Public Service Commission. In addition, two Treasury employees will participate in the Australian and New Zealand School of Government programs in public policy, management and administration.

Treasury continues to offer exchanges to other Treasuries, including the New Zealand and Canadian Treasuries, to facilitate best practice public policy and the career development of Treasury staff.

Treasury's staff development costs totaled \$5.3 million (including participant salary and on costs) in 2002-03. This represents 5.1 per cent of departmental running costs.

Staffing information

The employment of ongoing staff increased in 2002-03, reflecting an increased graduate program and transfer of staff from the Australian Taxation Office. The number of non-ongoing staff decreased.

Table 8 represents the number of Treasury staff, by category and gender, as at 30 June 2003. Staff paid by other agencies are not included. All staff are employed under the *Public Service Act 1999*.

Table 8: Operative and paid inoperative staff by classification and gender (as at 30 June 2003)^(a)

Classification	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Male	Female	Male	Female	Male	Female	Male	Female	
APS1	0	2	0	0	0	0	0	0	2
APS2	4	5	0	1	0	2	0	2	14
APS3	43	52	0	2	1	1	1	2	102
APS4	10	34	0	4	3	5	0	0	56
APS5	51	59	0	3	2	1	0	0	116
APS6	71	53	1	4	0	3	0	0	132
EL1	95	47	0	9	1	3	1	0	156
EL2	94	29	4	12	7	3	0	0	149
SEB1	34	12	1	1	0	0	0	0	48
SEB2	9	1	0	1	0	0	0	0	11
SEB3	4	0	0	0	0	0	0	0	4
Secretary	1	0	0	0	0	0	0	0	1
Total	416	294	6	37	14	18	2	4	791

(a) Includes staff located outside Canberra.

Table 9: Staff located at overseas posts

Overseas Post	SES Band 1	EL2	Total
Beijing	1	-	1
Jakarta	-	1	1
London	-	1	1
Paris	1	-	1
Tokyo	1	-	1
Washington	1	-	1
Total	4	2	6

Note: Locally engaged staff have not been included in tables.

Senior Executive Service — remuneration and performance appraisal

All remuneration and conditions for Treasury senior executives are determined under Australian Workplace Agreements. A remuneration model provides for a number of pay levels within each Senior Executive Service level, accessible on the basis of performance.

Table 10: Salary scales — SES

Classification	3 September 2001		4 September 2002	
	Maximum \$	Minimum \$	Maximum \$	Minimum \$
SES Band 1	103,518	90,015	126,188	98,278
SES Band 2	133,330	115,940	162,529	126,583
SES Band 3	173,487	150,858	211,481	164,707

Since September 2000, senior executives have been appraised using the Australian Public Service Commission's Senior Executive 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.

Until September 2002, senior executives were eligible for performance pay based on their appraisal rankings. Performance bonuses could be up to

15 per cent of base pay. The total amount of performance pay made to senior executives in 2002-03 was:

SES Band 1	\$149,671
SES Band 2	\$ 54,559
SES Band 3	\$ 31,309
Total	\$235,539

Performance pay in Treasury ceased on 4 September 2002. The salary rates shown in Table 10 take account of the fact that performance pay is no longer available.

At the same time, senior executive access to a private plated vehicle started to be discontinued and provisions made for a payment in lieu. Continuing leases for private plated vehicles will be retained until they expire.

Other benefits for senior executives include airline lounge membership, mobile phones and, in some cases, home office facilities. Where applicable, parking charges are paid for by the Treasury, although presently, parking in the vicinity of the Treasury Building is free.

Remuneration — employees other than SES

The Treasury Certified Agreement 2002-04 determines salary rates for all non-SES employees. See Table 11.

Table 11: Certified Agreement salary scales — non-SES

Classification	3 September 2001		4 September 2002	
	Maximum \$	Minimum \$	Maximum \$	Minimum \$
APS1	29,203	26,790	30,956	28,398
APS2	33,220	31,077	35,214	32,942
APS3	37,506	35,363	39,757	37,485
APS4	41,792	39,649	44,300	42,028
APS5	47,687	44,740	50,549	47,425
APS6	53,581	50,643	56,796	53,672
EL1	66,440	59,823	70,427	63,413
EL2	81,443	73,941	86,330	78,378

From September 2002, Treasury adopted a policy of offering Australian Workplace Agreements to all employees classified as APS6, EL1 and EL2. Under these agreements, staff have access to salary levels above those available under the certified agreement.

Salary levels under the Certified Agreement are determined on the basis of performance appraisal under Treasury's Performance Appraisal System. Salary levels under workplace agreements are determined by the Secretary on the basis of recommendations from Remuneration Committees and take account of demonstrated performance as indicated by the Performance Management System, as well as relevant skills and responsibilities of the employees.

A small number of non-SES employees were eligible to receive performance pay until, in keeping with the policy for senior executives, performance pay was discontinued from September 2002.

EL2 transfers from the Australian Taxation Office who undertook the tax legislative design function were eligible for a residual amount of performance pay, which had been a condition of employment at the Australian Taxation Office.

The total amount paid to non-SES employees in 2002-03 relating to performance pay was \$54,288.

Senior management changes

Senior management movements in 2002-03 within Treasury and the Mint are shown in Tables 12 and 13.

Table 12: SES commencements

Reason for commencement	SES Band 3	SES Band 2	SES Band 1	Total
Internal promotion	1	0	9	10
Transfer from other agencies	-	-	3	3
Machinery of Government Change	-	1	9	10
Promotion from other agencies	1	1	1	3
Return from leave	-	1	1	2
Total	2	3	23	28

Table 13: SES cessations

Reason for movement	SES Band 3	SES Band 2	SES Band 1	Total
Resignation	-	-	1	1
Retirement	-	1	-	1
Long term leave	-	-	1	1
External transfer	-	-	2	2
Temporary transfer	-	-	1	1
Total	0	1	5	6

Management of human resources — the Mint

The Mint's workload and organisational arrangements were steady throughout the year. A decrease in circulating production was offset to some extent by a healthy numismatic program.

Performance Management System

Recent changes to the Mint's Performance Management System followed from an audit review in 2002. Supervisor guidelines now bring together all the relevant information required for monitoring performance. Measures also ensure consistency of ratings across work areas, addressing concerns about fairness of the system. The system also provides employees at APS1 level greater scope to increase their skills to advance.

Royal Australian Mint Certified Agreement and APS Values

The third Royal Australian Mint Agency Agreement was in place throughout 2002-03. This agreement delivered a 3 per cent pay increase in March 2003, funded by specific productivity initiatives. Crucial to this was the Productivity Improvement Committee which facilitated and coordinated a continuous productivity improvement program.

The certified agreement commits all parties to the agreement, and encourages other parties to commit to the Mint's values which are consistent with APS values. The values are also embedded in the performance management system.

Table 14: The Mint Certified Agreement salary scales — non-SES

Classification	Maximum	From 27/3/2003
	\$	Minimum \$
Cadet		
APS1	31,901	28,862
APS2	36,221	33,172
APS3	40,749	36,221
APS4	45,022	41,408
APS5	49,953	45,022
APS6	59,188	51,469
EL1	73,740	63,960
EL2	87,890	73,740

Workplace relations

The Mint has a range of formal and informal consultative arrangements including the Mint Consultative Forum which meets regularly. It is chaired by the Controller and comprises management representatives, elected employee representatives and representatives of the Community and Public Sector Union and the Australian Manufacturing Workers Union.

The certified agreement commits to discussing workplace issues in a spirit of cooperation and trust, and to ensuring employees receive information on workplace issues that affect them including business progress and the impacts of new programs. The agreement also allows employees to contribute their views on these issues.

Recruitment and succession planning

The Mint has a stable workforce with low turnover of staff. Recruitment activity 2002-03 was limited to six new, ongoing staff.

The corporate development and training committee was tasked with identifying organisational skill gaps and formulating strategies to ensure the Mint has the organisational capacity it requires for the future.

Training

The Mint's Training and Development Program provides training to improve the skills, knowledge and attitudes of employees, to increase their competence and performance.

All employees, whether ongoing or non-ongoing, receive induction training within one week of commencement to ensure that they are familiar with the values, organisation, policies, occupational health and safety, functions and priorities of the Mint.

The Australian Institute of Management developed and delivered a training course for middle managers to further develop the skill base of supervisory staff.

Occupational health and safety training continues to be an important focus and development included representative training; Senior Level 2 First-aid; advanced resuscitation; confined space entry; fork-lift operation; and warehousing, distribution and chemical awareness training.

Training was also provided in staff selection, information technology, environmental management and strategic marketing.

The total cost of training for the Mint for 2002-03 was \$75,897 excluding salary costs.

Staffing information

After a number of years of reductions in staffing levels, the average Mint's staffing level remained almost constant at 98 for 2002-03 compared to 99 for 2001-02. Overall labour costs were reduced as the number of casual personnel reduced from 26 at 30 June 2002 to 16 at 30 June 2003. Table 15 shows the number of Mint staff, by category and gender, as at 30 June 2003. All staff are employed under the Public Service Act 1999.

Details of the Mint's Senior Executive Service remuneration and performance pay is included in the Treasury performance pay table in the Senior Executive Service remuneration and performance appraisal section of the report.

Table 15: The Mint operative and paid inoperative staff by classification and gender (as at 30 June 2003)

Classification	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Male	Female	Male	Female	Male	Female	Male	Female	
Apprentice	4	0	0	0	0	0	0	0	4
APS1	0	2	0	0	0	0	0	0	2
APS2	13	14	0	0	0	0	0	0	27
APS3	17	4	0	0	1	0	0	0	22
APS4	7	5	0	0	0	0	0	0	12
APS5	4	0	0	0	0	0	0	0	4
APS6	14	1	0	0	0	0	0	0	15
EL1	8	1	0	0	0	0	0	0	9
EL2	2	1	0	0	0	0	0	0	3
SEB1	0	0	0	0	0	0	0	0	0
SEB2	0	1	0	0	0	0	0	0	1
SEB3	0	0	0	0	0	0	0	0	0
Total	69	29	0	0	1	0	0	0	99

Purchasing and assets management

Purchasing

Treasury and the Mint have developed internal policies and procedures for purchasing goods and services. These are consistent with the Treasury Chief Executive Instructions and the Commonwealth Procurement Guidelines. Responsibility for procurement is devolved to line managers.

To maintain procurement expertise and procedural compliance with the guidelines, all internal procurement documentation, including the Commonwealth Procurement Guidelines and Australian National Audit Office better practice reports are readily available. The guidelines also are summarised on Treasury's Intranet.

The intranet site is updated regularly to incorporate contemporary procurement practice such as the better practice principles outlined in ANAO reports, *Engagement of Consultants, Senate Order of June 2002 (February 2003)*, and *The Use of Confidentiality Provisions in Commonwealth Contracts*. In addition, Treasury-specific training courses are conducted in-house for procurement officers.

During the year, Ernst & Young conducted an internal audit on the Mint's tendering and contracting arrangements. The report noted that although the decision making was usually correct, there was often insufficient documentation to substantiate obtaining value for money. The report also found that the Mint may not be able to enforce some contracts because of poor specifications. The Mint accepted these recommendations and is implementing improvements.

Assets management

Treasury manages both current and non-current assets in accordance with guidelines set out in the Department's Chief Executive Instructions and Australian Accounting Standards.

Treasury non-current assets are subject to an annual stocktake to ensure the accuracy of asset records. Revaluations undertaken up to 30 June 2002 were performed on a deprival basis; all revaluations from this date are conducted using the fair value method of valuation. This change in accounting policy is required by the Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets.

The Mint manages four types of fixed asset classes; plant and equipment, intangibles, master tooling and the National Coin Collection. The total value of these assets is \$8.634 million. The Mint manages these assets in accordance with the guidelines set out in the Chief Executive Instructions. Plant and equipment and intangibles were subject to a stocktake this financial year to ensure the accuracy of the asset records.

A valuation of the National Coin Collection this financial year was performed by Edlins and master tooling was valued by International Valuation Consultants. Plant and equipment was valued in 2001-02 by the Australian Valuation Office using the deprival method of valuation.

Consultancies

Consistent with the Chief Executive Instructions and the Commonwealth Procurement Guidelines, Treasury and the Mint engage consultants and contractors on the basis of:

- value for money;
- open and effective competition;
- ethics and fair dealing;
- accountability and reporting;
- national competitiveness and industry development;
- support for other Australian Government policies.

Consultants typically are engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; and provide independent advice, information or creative solutions to assist Treasury and the Mint manage their decision-making. In 2002-03 the most frequent reasons for engagement of consultancy services were:

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

The selection methods used for consultancies are categorised in column five of Table 17.

During 2002-03, Treasury and the Mint engaged 121 consultancies in total valued at \$7,525,527. There were 87 consultancies over \$10,000 valued at \$7,376,379 and 34 consultancies under \$10,000 valued at \$149,148.

Table 16: Total number and value of consultancies in 2002-03 by output group(a)

Output Group		Consultancies number	Cost \$
1.1	Macroeconomic	4	207,146
2.1	Fiscal	1	2,475
2.2	Revenue	12	361,578
3.1	Markets	29	4,156,620
	Corporate Services Division	45	2,016,923
	Royal Australian Mint	30	780,785
Total		121	7,525,527

(a) Table 16 shows the total value of consultancies for 2002-03. This table does not correspond with Table 17 which shows the total value of consultancies over \$10,000.

Table 17: List of consultancies over \$10,000 in 2002-03 by output group

Consultant	Project	Cost \$	Reason	Procurement Method
Output Group 1.1 (Macroeconomic)				
Australian National University	Provide research assistance on electronic finance in the APEC region	50,000	(c), (d)	Direct engagement
Brouwer, Dr Gordon	Provide specialist economic advice on East Asia	40,000	(e)	Select
Dungey, Dr Mardi	Provide econometrics training for Domestic Economy Division	40,146	(e)	Select
SMS Management and Technology	Provide information management requirements analysis for Macroeconomic Group	77,000	(c), (e)	Select
Total Output Group 1.1		207,146		
Output Group 2.1 (Revenue)				
Brodie, John	Provide assistance in the preparation of the Board of Taxation's Report on the Review of International Taxation Arrangements (variation)	59,528	(c)	Select
Butt, Peter	Undertake a plain English/consistency of style review of the Board of Taxation's Report on the Review of International Taxation Arrangements	17,900	(e)	Select
Shaddick & Spence Chartered Accountants	Provide assistance to the Board of Taxation in analysing option 3.4 of the Treasury Consultation Paper on the Review of International Taxation Arrangements	13,750	(e)	Select
The Allen Consulting Group Pty Ltd	Assist in preparing Chapter 1 of the Board of Taxation's Report on the Review of International Taxation Arrangements	87,040	(e)	Select
Taxing Times Australia	Provide advice and training on revenue issues for the Revenue Group	13,702	(e)	Direct engagement

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Output Group 2.1 (Revenue)(continued)				
Vann, Richard	Provide an assessment for the board of taxation of the Treasury consultation Paper on the Review of International Taxation Arrangements	47,648	(c), (e)	Direct engagement
Wood, Richard	Provide material and advice on taxing financial arrangements and associated issues	33,220	(e)	Select
Wood, Richard	Provide material and advice on taxing financial arrangements and associated issues	32,169	(e)	Select
Wood, Richard	Provide material and advice on taxing financial arrangements and associated issues	28,776	(e)	Select
Workplace Research Associates Pty Ltd	Undertake training needs analysis	22,095	(e)	Select
Total Output Group 2.1		355,828		
Output Group 3.1 (Markets)				
Abbott Tout Solicitors	Provide legal advice in relation to the HIH Royal Commission	1,218,924	(a),(b),(c), (e)	Select
Advance Consulting	Update overview of Venture Capital Industry	30,000	(e)	Direct engagement
Announce TV	Provide web casting services	11,359	(e)	Select
Aspect Financial Pty Ltd	Supply feed of raw financial data-annual subscription	13,200	(a), (b), (e)	Direct engagement
Austrade	Provide services for the Education Mission to China	57,040	(e)	Direct engagement
Australian National University	Review future financial arrangements in East Asia	165,000	(e)	Direct engagement
Clayton Utz	Provide drafting assistance on regulations under the Financial Service Reform Act	115,659	(a)	Select

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Output Group 3.1 (Markets) (continued)				
Clayton Utz	Provide services for HIH Support	145,604	(a)	Direct engagement
Clayton Utz	Provide legal advice on regulations under the Terrorism Insurance Bill 2002 and use of contracts by Australian Reinsurance Pool Corporation	93,692	(e)	Direct engagement
Curriculum Corporation	Develop a research report for Consumer Education in schools	47,290	(c), (e)	Select
CV Mail	Design and develop the Finance Scholars.com education portal	196,900	(e)	Select
Deloitte Touche Tohmatsu	Complete a strategic and actuarial review of the HIH Support Scheme	390,000	(b), (e)	Direct engagement
Glassfish Design	Provide graphic design services for Axiss publications, web content and presentations	30,000	(e)	Select
Grey Interactive	Maintain the Product Recalls Australia website	27,539	(a), (b), (e)	Direct engagement
Griffin Interlink Pty Ltd	Communicate effectively information regarding the Terrorism Insurance Scheme to stakeholders	10,000	(e)	Direct engagement
Hosking, Leslie	Act as CEO of Axiss	300,000	(e)	Direct engagement
Intermarket Communications	Provide public relations and marketing services in the USA (formally Trimedia)	241,486	(e)	Select
KPMG Australia	Complete risk assessment of the Australian Government's Medical Indemnity Insurance initiatives	103,015	(e)	Direct engagement

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Output Group 3.1 (Markets) (continued)				
KPMG Australia	Review seigniorage and Reserve Bank of Australia's coin forecasting and ordering arrangements	15,785	(e)	Direct engagement
PricewaterhouseCoopers Actuarial Pty Ltd	Complete actuarial assessment of report on review of Law of Negligence	110,000	(e)	Direct engagement
Scott, Stephen William	Provide strategic information technology advice and support	135,000	(e)	Direct engagement
Scott, Stephen William	Provide strategic information technology advice and support to Axiss	147,632	(e)	Select
The Partners of Prentice Parbery Barilla Chartered Accountants	Provide professional advice and assistance on issues in relation to UMP/ AMIL	26,992	(e)	Direct engagement
Tillinghast-Towers Perrin	Provide actuarial advice on medical indemnity insurance issues	226,928	(e)	Direct engagement
True North Consulting	Redevelop consumers online website	89,775	(e)	Select
TSA Consulting Group	Develop Consumer PING Software agent	22,627	(b)	Select
University of New South Wales	Provide services in relation to the APEC Future Leaders Think Tank	55,000	(e)	Direct engagement
Whittaker, Donna	Act as Liaison Officer for Axiss in New York	90,173	(e)	Direct engagement
Walter and Turnbull	Provide services for the management review of the HLIC Old Book by GE Mortgage Insurance Services	40,000	(c), (e)	Select
Total Output Group 3.1		4,156,620		

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Corporate Services				
Acumen Alliance	Provide financial analysis and modelling services	19,217	(b)	Select
Acumen Alliance	Provide services to develop the consumer online website	12,095	(b), (c)	Direct engagement
Acumen Business Solutions	Provide project management and support services for SAP R/3	52,924	(e)	Select
AlphaWest Pty Ltd	Provide services for the TRIM Records Management System upgrade	104,000	(e)	Direct engagement
Aurion Corporation	Provide support services and deliver training on the Performance Appraisal modules	27,054	(e)	Direct engagement
Australian Valuation Office	Complete stocktake and valuation of Treasury leasehold and library collection for 2001-02	30,250	(e)	Direct engagement
Carlton Consulting	Conduct presentation skills workshop	13,860	(e)	Select
Cycopic Pty Ltd	Develop and deliver information technology training services	10,000	(e)	Select
Datavoice	Provide facilities management and telephonist services	153,115	(d)	Select
Davidson Trahaire	Deliver the Employee Assistance Program	26,477	(e)	Select
DeakinKM Pty Ltd	Develop and deliver user documentation and training on SAP Version 4.6C	90,858	(e)	Select
DeakinKM Pty Ltd	Develop and deliver user documentation on TRIM electronic records training	10,000	(c), (e)	Select

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Corporate Services (continued)				
DeakinKM Pty Ltd	Develop template and e-learning modules using Knowledge Presenter	10,208	(a), (e)	Direct engagement
Decadec Pty Ltd	Provide technical support services for SAP financial management software	10,000	(e)	Direct engagement
Deloitte Touche Tohmatsu	Provide Internal Audit services	200,000	(e)	Select
Deloitte Touche Tohmatsu Consulting	Provide support for SAP Version 3.1H	91,662	(e)	Select
Excelerated Consulting Pty Ltd	Maintain Treasury's budgeting and reporting system, iTM1	39,677	(e)	Direct engagement
Mastec Asia-Pacific	Provide specialised technical services for the Treasury Intranet/Internet	120,253	(a)	Direct engagement
Outram Associates	Develop and deliver advanced writing courses	16,830	(e)	Direct engagement
Rengain Pty Ltd	Provide database administration and support for SAP, TRIM and Aurion	66,000	(a), (b)	Other
Results Consulting	Provide a professional development program for APS 1-4	22,000	(e)	Select
SMS Management and Technology	Complete a requirement analysis for Security Breaches and Security Clearances databases	14,300	(a), (b)	Select
SMS Management and Technology	Prepare Business Continuity Plans for departmental applications	16,500	(a), (b), (c)	Select
SMS Management and Technology	Prepare the IT Disaster Recovery Plan	90,000	(b), (c), (e)	Select
Southern Cross Computing	Provide specialist technical assistance on the SAP Version 4.6C upgrade	102,569	(e)	Select

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Corporate Services (continued)				
The Empower Group	Review role of the Executive Board and management accountabilities for EL2 and SES staff	162,000	(a), (b), (c), (d) (e)	Select
Mr Tony Ayers AC	Act as external representative on Treasury's Audit Committee	24,000	(c)	Select
University of Canberra	Deliver accounting for non-accountants training	11,830	(e)	Direct engagement
Upton Martin Consulting	Deliver performance management training	15,913	(e)	Direct engagement
Upton Martin Consulting	Deliver EL development program	42,872	(d), (e)	Select
Walter and Turnbull	Provide specialised technical financial services	116,886	(a),(e)	Select
Walter and Turnbull	Provide quality assurance analysis for financial statements	140,979	(a),(e)	Select
Walter and Turnbull	Provide interim chief financial officer	77,000	(c), (e)	Select
Total Corporate Services		1,941,329		
Royal Australian Mint				
Ants Pants Graphic Design Pty Ltd	Provide specialist graphic services on 2004 products	23,395	(a), (c)	Direct engagement
Australian Government Solicitor	Provide legal advice on coin related issues	66,448	(c), (e)	Direct engagement
Attorney General's Department	Provide currency determinations	14,561		Direct engagement
CSIRO Manufacturing Science	Provide research and development on new hologram coin technology	60,650	(a), (c), (e)	Direct engagement

continued

Table 17: List of consultancies over \$10,000 in 2002-03 by output group (continued)

Consultant	Project	Cost \$	Reason	Procurement Method
Royal Australian Mint (continued)				
Ernst & Young	Provide internal audit	124,732	(e)	Direct engagement
Ecolab Pty Ltd	Complete testing of air conditioning units	15,173	(e)	Select
GEAC Australia Pty Ltd	Maintain the Mint's FMIS System	171,124	(a)	Select
Infront Systems Pty Ltd	Provide specialist IT support	88,308	(e)	Direct engagement
Mindseye Photographics	Provide specialist photography work	58,294	(e)	Direct engagement
National Safety Council Australia	Provide five star safety audit	19,363	(c)	Direct engagement
Virtuoso Media	Provide specialised technical service for the Mint Internet	40,795	(b), (e)	Direct engagement
Zoo Communications Pty Ltd	Provide specialist promotion services and advice	32,613	(e)	Direct engagement
Total Royal Australian Mint		715,456		
Total consultancies over \$10,000		7,376,379		

(a) Need for rapid access to latest technology and expertise in its application.

(b) Specialist in-house resources unavailable in time allowed.

(c) Need for an independent study or review.

(d) Need for a change agent or facilitator.

(e) Specialist skills or knowledge not available in-house.

Notes

i Direct engagement includes the engagement of: a consultant selected from a pre-qualified panel arrangement; a recognised and pre-eminent expert; a consultant who had previously undertaken closely related work for the department; or a consultant known to have the requisite skills where the value of the project did not justify the expense or delay associated with seeking tenders.

ii Select tenders are invited from a short list of competent suppliers. This category is applied where there is a known limited market for the services required, and when value for money would not be achieved through a full open tender process.

iii If a Consultancy is let for Advertising and Market Research that Consultancy will be reported in both the 'Consultancy' and 'Advertising and Market Research' categories.

Workplace diversity

Treasury endeavours to foster a working environment that attracts, develops, values and retains people from varying cultural backgrounds as well as those with differing talents, experiences and perspectives and backgrounds. The Treasury values, one of which is 'value diversity among our people', underpin Treasury's people systems. As part of the Performance Management System, all staff members are appraised twice a year against Treasury values and the behaviours expected of all staff.

Staff members have access to home based work. Two people have formally accessed this provision and both are likely to continue to work from home for part of each week over an extended period. Flexible working hours, part-time work and job sharing policies are also in place and provide employees with strategies to balance their work life with their private life. In 2002-03, 49 employees worked part time, including six non-ongoing employees compared with 34 employees who worked part time, including 11 non-ongoing employees in 2001-02.

Treasury's Carer's Room provides facilities for staff members needing to care for a family member while managing work responsibilities. This facility has been well used, especially by staff members caring for children in emergency situations and for managing breast feeding arrangements.

Treasury staff members as co-tenants of the Treasury Building have priority access to the Abacus Early Childhood Centre, an on-site childcare centre managed on behalf of the Department of Finance and Administration. There are currently 20 children of Treasury staff attending the centre.

Several people continue to maintain their role as Workplace Harassment Contact Officers and their training has been updated. Information on their role and availability to discuss issues is on the Intranet.

Treasury continues to participate in the National Indigenous Cadetship Program. Two cadets completed their university degrees in 2002 and commenced full-time work in Treasury in 2003. They joined the Graduate Development Program as part of their induction. After interviews with five applicants, three students were offered cadetships to commence in 2003 but all declined. Treasury's revised Studies Assistance Guidelines continue to include special provisions for Indigenous staff. A Treasury representative participated in a workshop managed by the Australian Public Service Commission as part of the Commission's review of Aboriginal and Torres Strait Islander employment in the Australian Public Service.

Treasury's Workplace Diversity Program was reviewed during 2002-03 and the 2003-07 program will be launched early in 2003-04.

Table 18: Operative and paid inoperative staff by EEO target group

Classification	Female	Born Overseas	ESL	AATSI	Disability
APS1	2	0	0	0	0
APS2	10	0	0	0	0
APS3	57	23	11	2	0
APS4	43	7	5	0	1
APS5	63	26	10	1	3
APS6	60	28	12	0	3
EL1	59	24	7	1	4
EL2	44	25	12	0	3
SESB1	13	7	2	0	1
SESB2	2	1	0	0	0
SESB3	0	0	0	0	0
Total	353	141	59	4	15

Note: For categories other than gender, identification is on a voluntary basis.

Disability Action Plan

Treasury's Disability Action Plan was initially developed in consultation with staff, lodged with the Human Rights and Equal Employment Commission and made accessible to the general public through www.hreoc.gov.au. The plan has since been reviewed in line with the Australian Government Disability Strategy and the Australian Government *Disability Discrimination Act 1992* to eliminate as far as possible, discrimination on the grounds of disability.

Treasury has developed links with Employers Making a Difference, an organisation that facilitates employment for people with disabilities. Suitable vacant positions that are being advertised externally are advertised on the Employers Making a Difference website to encourage applicants with relevant skills to consider Treasury as an employer. A senior staff member provided coaching to a student with a disability through our partnership with Employers Making a Difference.

The assistance tailored to the needs of employees with special needs includes coaching, counselling and translators for hearing impaired staff.

The following charts show gender trends within Treasury over the past four financial years.

Chart 1: Number of new entrant graduates

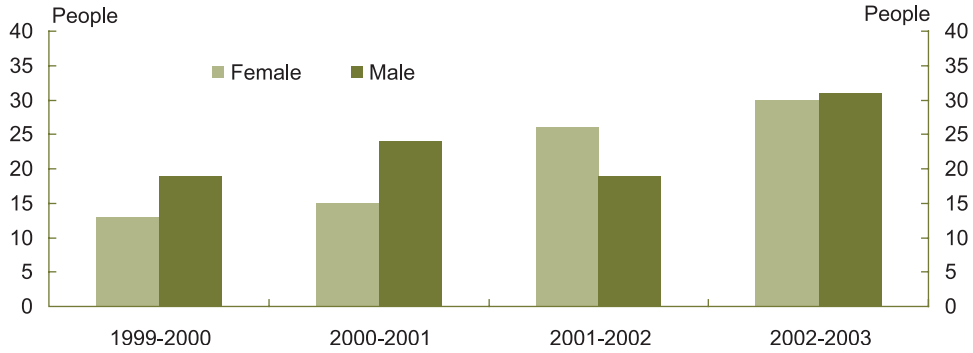


Chart 2: Number of SES staff members

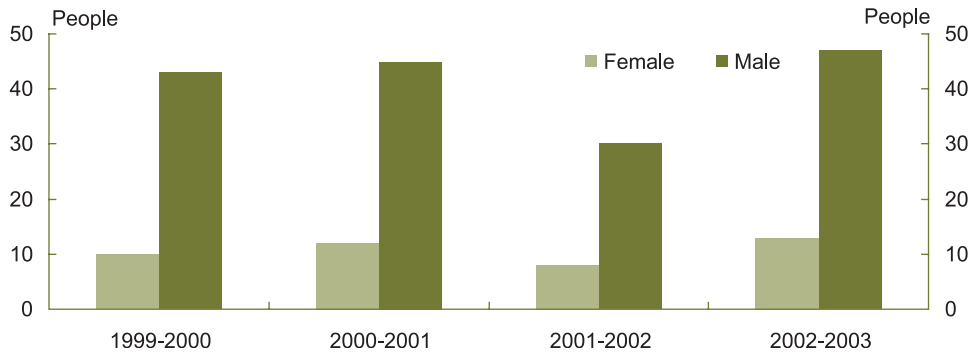


Chart 3: Treasury staff levels

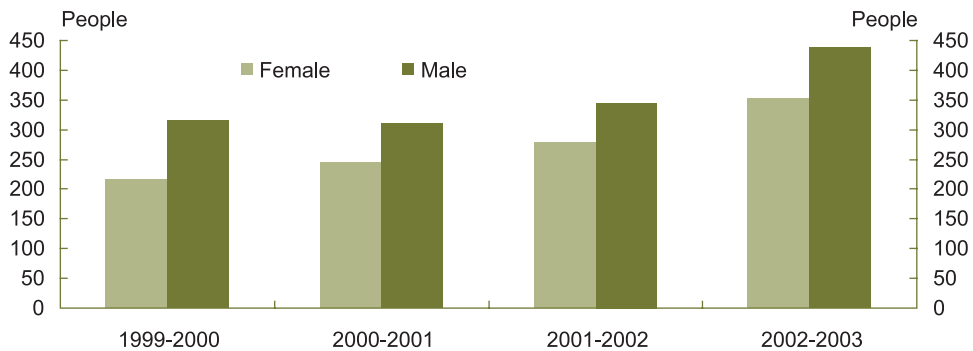


Table 19: EEO in appointments to boards (or equivalent) of statutory and non-statutory bodies (as at 30 June 2003)^(a)

	Total Positions filled as at 30 June	Number from EEO Target Groups	Number of appointments made during the year	Number of appointments from EEO target groups
Australian Accounting Standards Board	8	3	4	1
Australian Competition and Consumer Commission	19	3	7	2
Australian Competition Tribunal	10	2	7	1
Australian Prudential Regulation Authority ^(b)	9	2	3	0
Australian Securities and Investments Commission	3	1	1	0
Australian Statistics Advisory Council	19	6	1	1
AXISS Australia	11	5	0	0
Board of Taxation	9	2	6	1
Business Regulation Advisory Group	9	5	8	4
Commonwealth Consumer Advisory Council	9	5	0	0
Companies Auditors & Liquidators Disciplinary Board	6	0	2	0
Corporations and Markets Advisory Committee	14	7	8	4
E-Commerce Expert Group	11	2	0	0
Financial Reporting Council	16	3	14	3
Financial Sector Advisory Council	8	1	10	1
Foreign Investment Review Board	3	1	0	0
HIH Assistance Review Panel	3	2	0	0
Legal Committee of the Corporations and Markets Advisory Committee	13	6	3	1
Life Insurance & Actuarial Standards Board	7	0	0	0
National Competition Council	5	1	0	0
Payments System Board	7	1	0	0
Productivity Commission	13	3	6	1
Reserve Bank of Australia Board	9	1	4	1
Superannuation Complaints Tribunal	18	10	15	9
Takeovers Panel	42	19	4	0
Tax Agents' Boards	18	2	3	1
Total	299	93	106	31

(a) In this table, the only EEO target group notified was women.

(b) In June 2003, the APRA Act was amended to change APRA's governance arrangements with effect from 1 July 2003. Accordingly, on 1 July 2003 three full time members replaced the nine member board of APRA. The appointment of the new members was announced on 27 June 2003. During the 2002-03 financial year no new appointments were made to the previous board.

Workplace diversity — the Mint

The Mint respects and values the contributions of all employees in a workforce that is, and always has been, culturally diverse.

A key challenge for the Mint was to meet business demands with no growth in staffing levels. The Mint met those challenges through workplace planning, job rotation and provision of opportunities so all employees could learn new skills for advancement on an equal opportunity basis. Helping employees to meet work and family commitments outside the workplace was a challenge, especially for those with ageing parents, but this was achieved through measures already in place in the Agency Agreement.

One apprentice was recruited as part of Mint's commitment to train young trade people.

Table 20: The Mint operative and paid inoperative staff by EEO target group

Classification	Female	Born Overseas	ESL	AATSI	Disability
Apprentice	0	1	0	0	0
APS1	2	2	2	0	0
APS2	14	25	24	0	1
APS3	4	7	6	0	1
APS4	5	8	3	0	0
APS5	0	3	3	0	0
APS6	1	4	3	0	0
EL1	1	6	4	0	0
EL2	1	2	1	0	0
SESB1	0	0	0	0	0
SESB2	1	1	0	0	0
SESB3	0	0	0	0	0
Total	29	59	46	0	2