

Management and accountability

Corporate governance

Corporate governance practices in Treasury are designed to ensure efficient, effective and ethical use of Treasury's resources, as well as compliance 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;
- the planning and monitoring of outputs; and
- the monitoring of the department's resource usage, 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.

Role and responsibilities

The Treasury Management Model sets out the role accountabilities of the five levels of the Treasury management structure. In summary, Treasury management levels and primary role accountabilities are:

- Secretary — accountable for the management and strategic leadership of the department;

- Executive Director — accountable for the management and strategic leadership of the group;
- General Manager — accountable for the management and strategic leadership of the division;
- Manager — accountable for the management and leadership of the unit; and
- Specialist and Analysts — accountable for the provision of specialist advice and leadership of teams.

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

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 strategic leadership and management of the department, including:

- organisational development — shaping the future of the department;
- 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.

Meetings of the Executive Board are generally held fortnightly, although the Board meets more frequently when circumstances require.

Executive Board members as at 30 June 2002

Dr Ken Henry

Secretary to the Treasury

Martin Parkinson

Executive Director
Economic Group

Greg Smith

Executive Director
Budget Group

Nigel Ray

Executive Director (A/g)
Markets Group

Ian Robinson

General Manager
Corporate Services Division

Committee met 11 times in 2001-02 with regular meetings of the Financial Statements Subcommittee conducted separately. Treasury's external and internal auditors participate as observers at Audit Committee and subcommittee meetings.

Audit committee members as at 30 June 2002

Martin Parkinson (Chair)

Paul Grimes (Deputy Chair)

Ian Robinson

Steve French

Rob Heferen

David Martine

Maryanne Mrakovcic

Graeme Moffatt

John Coleman

Graham Smith

Andrew Alexander

Peter Bell (Observer)

Trevor Burgess (Observer)

Michael White (Observer)

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.

The committee is chaired by an Executive Director and comprises at least one senior executive from each of Treasury's Groups, the General Manager, Corporate Services Division and the Chief Financial Officer. The Audit



External representation

In 2001-02, the following senior Treasury officers were members of various committees, boards and other bodies.

Ken Henry, Secretary to the Treasury: member, by legislation, of the Board of the Reserve Bank of Australia; alternate Governor of the International Monetary Fund for Australia; chair of the Australian Office of Financial Management Advisory Board; and, ex-officio member of the Board of Taxation.

Martin Parkinson, Executive Director, Economic Group: member of the Australian Office of Financial Management Advisory Board; Australian Statistics Advisory Council; School of Economics Advisory Board; University of Adelaide; and Australia's deputy to the International Monetary and Finance Committee and Asia-Pacific Economic Cooperation (APEC).

Gary Potts, Executive Director, Markets Group until December 2001: chair of the Regulatory Advisory Committee; chair of the Royal Australian Mint Advisory Board; member of the Financial Reporting Council; and Secretary to the Financial Sector Advisory Council.

John Jepsen, Acting Executive Director, Markets Group from December 2001 to April 2002: chair of the Regulatory Advisory Committee; chair of the Royal Australian Mint Advisory Board; member of the Financial Reporting Council; and Secretary to the Financial Sector Advisory Council.

Nigel Ray, Acting Executive Director, Markets Group from April 2002: chair of the Regulatory Advisory Committee; chair of the Royal Australian Mint Advisory Board; member of the Financial Reporting Council; and Secretary to the Financial Sector Advisory Council.

Les Hosking, Chief Executive Officer, Axiss Australia: member of Finance Sector Advisory Council, Chairman of Financial Sector Advisory Council Task Force for Australia as a Financial Centre; and member of the Regulation Advisory Committee.

Susan Antcliff, Actuary, Australian Government Actuary: member, Public Awareness Council Committee of the Institute of Actuaries of Australia.

Michael Burt, Actuary, Australian Government Actuary: member of Private Health Insurance Advisory Board.

Joseph Castellino, Analyst, Commonwealth-State Relations Division: member of the GST Administration Performance Agreement Working Group.

Stephen Chambers, General Manager, Business Development, Axiss Australia: member of the Securities Institute of Australia, International Advisory Committee.

Blair Comley, General Manager, Macroeconomic Policy Division: member of the Australian Bureau of Statistics Labour Statistics Advisory Group; and member of the Unemployment SPIRT¹ Advisory Committee, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.

Geoff Clark, Manager, State Finances and Reporting Unit, Commonwealth-State Relations Division: chair of the Heads of Treasuries' Working Party on a National Tax Equivalent Regime for Income Tax for State and Territory Government Business Enterprises.

¹ The Strategic Partnerships with Industry Research and Training (SPIRT) scheme is administered by the Australian Research Council.

John Coleman, Chief Financial Officer: member of the Chief Financial Officers' Forum, Department of Finance and Administration.

Laurene Edsor, Specialist Advisor, Commonwealth-State Relations: member of the Heads of Treasuries' Commonwealth, State and Territories Specific Purpose Payments Working Group.

Murray Edwards, Secretary to the Board of Taxation.

Steve French, General Manager, Financial Institutions Division: member of the Royal Australian Mint Advisory Board.

Paul Grimes, General Manager, Budget Policy Division: member of the Housing Working Group, the Steering Committee for the Review of Commonwealth-State Service Provisions.

Jan Harris, General Manager, Consumer Affairs Division: member of the Standing Committee of Officials on Consumer Affairs; member of the Environment, Safety and Material Standards Sector Board; and member of the Commonwealth Food Regulation Officials Group.

Jan Harris, General Manager, Commonwealth-State Relations Division from June 2002: secretary to the Australian Loan Council; and chair of the Fiscal Reporting Committee.

Jim Hagan, General Manager, Foreign Investment Policy: executive member of the Foreign Investment Review Board; and Australia's National Contact Point for the Organisation for Economic Co-operation (OECD) and Development Guidelines for multinational enterprises.

Rob Heferen, General Manager, Business Entities and International Tax Division until December 2001: member of National Tax

Liaison Group and National Tax Liaison Group Subcommittees.

Rob Heferen, General Manager, Corporate Governance Division from January 2002, Law of Negligence Review Secretariat from June 2002: observer on the Companies and Securities Advisory Committee and its legal subcommittee.

John Hill, Manager and Simon Cobcroft, Analyst, Market Place Strategies and New Technologies Unit, Consumer Affairs Division: members of the Digital Broadcasting Australia Consumer Education Subgroup.

Veronique Ingram, General Manager, Corporate Governance Division until October 2001: chair of OECD Steering Group on Corporate Governance; chair of the APEC Task Force on Company Accounting and Financial Reporting; member of the OECD-World Bank Regional Roundtable on Corporate Governance; alternate member of the Financial Reporting Council; and observer on the Companies and Securities Advisory Committee and its legal subcommittee.

Veronique Ingram, Chief Advisor (International), Economic Group, from November 2001: chair of the OECD Steering Group on Corporate Governance; and co-chair of the APEC Finance Ministers' Core Group on Corporate Governance.

John Jepsen, General Manager, Structural Reform Division to December 2001: Treasury representative on the Council of Australian Governments Committee on Regulatory Reform.

Ray Jones, Manager, Intergovernmental Relations Unit, Commonwealth-State Relations Division: member of Heads of Treasuries' Working Group on Private Sector Involvement in Public Sector Infrastructure Provision.

Stewart Jones, Acting General Manager, Structural Reform Division from December

2001: Treasury representative on the Council of Australian Governments Committee on Regulatory Reform.

Stephen Joske, Manager, International Economic Cooperation Unit, International Economy Division: member the APEC Economic Committee and the APEC Investment and Experts Group.

Michael Kooymans, Manager, Accounting Policy and Information Economy Unit, Acting General Manager from 12 June 2002, Corporate Governance Division: secretary of the Financial Reporting Council.

Peter Martin, Acting Australian Government Actuary, until April 2002; Australian Government Actuary from April 2002: member of the International Accounting Standards Taskforce of the Institute of Actuaries of Australia; member of the Medical Indemnity Insurance Task Force of the Institute of Actuaries of Australia; and member of the Australian National University Accreditation Panel.

David Martine, General Manager, Business Entities and International Tax Division: member of the National Tax Liaison Group.

John Nagle, Manager, International Tax Unit, Business Entities and International Tax Division: representative at the Committee of Fiscal Affairs and Forum on Harmful Tax Practices, OECD; representative at the National Tax Liaison Group and National Tax Liaison Group Subcommittees.

Terry O'Brien, Specialist Adviser (International): Australia's deputy to the Group of 20.

Paul O'Mara, General Manager, Domestic Economy Division: member of the Australian Bureau of Statistics Economic Statistics User Group.

Bruce Paine, General Manager, Commonwealth-State Relations Division until May 2002: secretary to the Australian Loan Council; chair of the Fiscal Reporting Committee; and chair of the Heads of Treasuries' Working Party on a National Excise Concession Scheme for Low Alcohol Beer.

Les Pascoe, Specialist Adviser Accounting, Accounting Policy and Information Economy Unit, Corporate Governance Division until October 2001: Treasury representative on the Australian Accounting Standards Board's Consultative Group.

May Priddle, Manager, Information and Records Unit: member of the Federal Libraries Network; and member of the Australian Library Copyright Committee.

Dehne Taylor, Manager, Labour Market Unit, Macroeconomic Policy Division: member of the Australian Bureau of Statistics Labour Statistics Advisory Group.

Paul Tilley (Minister Counsellor Economic), Australian Delegation to the OECD: vice-chair OECD Economic Development Review Committee.

John Wunsch, Manager, Safety Policy Unit, Consumer Affairs Division: member of the Infant and Nursery Products Association of Australia; the Australian Gas Association Technical Committee; the Strategic Injury Prevention Partnership; and the Standards Australia Committees for Vehicle Stands and Ramps and Vehicle Jacks, Ladders and Exercise Cycles.

Internal and external scrutiny

Risk management

Under the *Financial Management and Accountability Act 1997*, Treasury meets its specific risk management requirements through a single, integrated framework. Key components of the risk management framework are as follows:

- The **Fraud Control Plan** complies with Commonwealth Fraud Control Guidelines. Treasury revised and amended its plan during 2001-02 after extensive consultation with managers, staff and the Audit Committee. All staff have electronic access to the Fraud Control Plan.
- 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. The Chief Executive Instructions are being reviewed to reflect Commonwealth wide best practice standards as determined by the Australian National Audit Office (ANAO) and Department of Finance and Administration.
- The **Security Risk Review**. In 2001-02, Treasury engaged the Australian Security Intelligence Organisation (ASIO) to conduct a security risk review of Treasury's tenancy following the completion of the refurbishment of the building. In 2002-03, the Security Risk Review will be revised to incorporate changes in the national and international security environment following the events of September 11.
- The **Internal Audit Plan** identifies areas, services and functions for auditing and the timetable for a departmental-wide business risk assessment project. The plan incorporates issues raised by ANAO in its audit of Treasury's financial statements, recent ANAO reports on cross-agency subjects, upcoming management issues and previous internal audits.
- Treasury's **IT Disaster Recovery Plan** sets out the strategies and processes that would be used to restore services in the event of a complete or partial loss of Treasury's central computing infrastructure. The main objective of the Plan is to restore services within an appropriate timeframe. **Business Continuity Plans** have been developed for major Treasury applications and systems. These Plans set out alternate methods and processes to be used to allow work in Treasury to continue until the IT environment is restored.
- **Comcover insurable risk assessments** are conducted annually as part of the process for applying for Comcover Insurance renewal. Treasury participates in the Comcover Benchmarking Risk Management Program by completing a self-assessment questionnaire relating to Treasury's overall level of risk management development. 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.

Audit

Treasury's Audit Committee follows the recommended best practice guidelines issued by the ANAO. The ANAO also attends Treasury Audit Committee meetings as an observer. The Audit Committee reviews internal and external audits relating to Treasury and oversees follow-up action.



An Executive Director chairs the committee which met 11 times during 2001-02. Key issues included examining a review of a business risk assessment program for Treasury, reviewing the Audit Charter and Terms of Reference, reviewing Treasury's Fraud Control Plan, ongoing monitoring of the corporate governance processes in place for the HIH Claims Support scheme and developing new risk assessment processes.

Additionally, a subcommittee oversees the presentation of Treasury's financial statements. The Financial Statements Subcommittee meets as needed and has representatives from the ANAO, Treasury's Chief Financial Officer and relevant Treasury officers.

Treasury engaged Ernst & Young to develop the 2001-02 Internal Audit Plan. The Audit Committee assisted by Ernst and Young has a continuous improvement approach to audit services and regularly reviews Treasury's audit program and scrutinises recommendations arising from completed internal audits.

Internal audits

Treasury conducted six internal audits during 2001-02.

Payroll processing

The audit identified and tested controls associated with payroll processing, including new starters, pay variations and terminations. Controls within the payroll processing function operate effectively and Treasury's control environment is being improved.

Assets management

The review assessed Treasury's asset management policies and procedures against better practice guidelines. Treasury does not have any major concerns in relation to asset management although performance could be enhanced in some areas.

Procurement and contracting

The review assessed the efficiency and effectiveness of current Treasury arrangements to procure and contract for goods and services, and assessed the extent to which Treasury's contracting activities comply with Commonwealth, Treasury and ANAO requirements and guidelines. Comprehensive information is readily available to all staff involved in procurement and contracting. Treasury also conducts well-targeted training programs on procurement and contracting.

Funds management

The audit assessed the efficiency and effectiveness of the policies and procedures to manage Treasury's funds and operate its banking arrangements. The audit is ongoing.

Review of Government Online requirements

The audit identified and assessed the management strategies in place to ensure that Treasury meets its Government Online obligations and addresses opportunities to develop longer-term strategic goals and objectives. The audit is ongoing.

Other reviews

Four internal audits were ongoing at the end of 2000-01.

Business risk assessment

The audit provided a comprehensive business risk assessment with a focus on insurable risk, fraud risk and business continuity. When considering the draft report, the Audit Committee determined that the review provided a basis for further work to be undertaken on risk assessment and management in Treasury, including the revision of Treasury's Fraud Control Plan.

Performance Management System

The audit provided a comprehensive assessment of Treasury's Performance Management System which is directed at helping the

department meet its outputs and outcomes whilst developing staff professionally and personally. The review concluded that the system was applied consistently across groups and classifications. It also noted that the purpose of the Performance Management System had been largely achieved but some areas could be improved.

GST Assistance Office — direct assistance payments

The audit provided assurance on expenditure reported in Treasury's Financial Statements, adequacy of system controls and potential for error and fraud within the GST Assistance Office. A paper presented to Treasury's Audit Committee identified governance issues to be addressed when managing a major new project in Treasury.

IT Network administration and password control

The audit reviewed the adequacy and effectiveness of security and administration controls in the Treasury's internal IT network environment. Overall management of the IT network is adequate but security administration could be improved.

Reports by the ANAO

ANAO released the following reports relevant to Treasury during 2001-02.

Audit Report No 8: Disposal of infrastructure, plant and equipment

The audit assessed whether organisations disposed of infrastructure, plant and equipment assets in accordance with Government policy, relevant asset management principles and applicable internal controls. It identified better practices in managing asset disposal and recommended improvements in the controls and practices relating to the asset disposal process.

The ANAO concluded that organisations were disposing of their assets in accordance with

government policy; however, improvements could achieve more effective disposal outcomes. Treasury supported the eight recommendations.

Audit Report No 10: Management of bank accounts by agencies

The audit determined whether agencies have implemented appropriate risk management strategies for the new banking arrangements which came into operation on 1 July 1999 and whether they are managing cash funds in accordance with appropriate legislation, the Commonwealth's agency banking guidance and generally accepted practices.

ANAO concluded, in general that the daily operation of bank accounts was satisfactory; however, adoption of risk assessments, development of appropriate performance measures and increased monitoring and review would enhance better practice. Treasury supported the seven recommendations.

Audit Report No 12: Selection, implementation and management of financial management information systems in Commonwealth agencies

This audit was started in 1999. The audit assured Parliament on the effectiveness of financial management information systems implementations by evaluating the effectiveness of selection and implementation management and evaluating whether the implemented system met agency needs.

Overall ANAO concluded that few agencies in the audit had selected a financial management information system appropriate to their size or complexity. The subsequent implementation resulted in functionality gaps and concerns about ongoing cost effectiveness. ANAO made nine recommendations as a framework agencies could use to optimise outcomes in the future. Treasury supported the recommendations.

Audit Report No 18: Performance information in Portfolio Budget Statements

The audit assessed the appropriateness of the performance information in a selection of Portfolio Budget Statements and annual reports and assessed agency arrangements to identify and collect this information.

ANAO concluded that overall performance information in the Portfolio Budget Statements should be improved to enable agencies to establish and demonstrate links between outcomes, outputs and performance indicators. Treasury supported the three recommendations.

Audit Report No 19: Payroll management

The audit:

- (i) determined whether organisations had established effective internal control frameworks for managing payroll operations;
- (ii) assessed whether payment of salaries and related expenditure was made in accordance with the relevant terms and conditions of employment; and
- (iii) identified better practices in payroll system management and operations.

ANAO considered agencies could improve their risk management and could apply risk frameworks developed at the strategic level to the process level. Treasury supported the nine recommendations.

Audit Report No 22: Personnel Security — Management of security clearances

This audit related to the 1996 audit of the security classification of information in Commonwealth organisations. This current audit determined if organisations were

managing security and vetting processes effectively and efficiently, and in accordance with Commonwealth policy and as outlined in the Public Service Manual (PSM) 2000. It also provided recommendations for improvement and disseminated any identified better practice.

ANAO suggested that all organisations with a personnel security requirement review their personnel security arrangements as a matter of priority and pay particular attention to its recommendations. Treasury supported the recommendations.

Audit Report No 25: Accounts receivable

This audit considered the processing, collection overall management of accounts receivable against applicable legislation, government policy and applicable internal controls; identified better practice; and made recommendations to improve controls and practices.

ANAO concluded that, in general, the processing of accounts receivable was in accordance with legislation and policy; however, some areas could be improved. Treasury supported the seven recommendations.

Audit Report No 27: Agency management of software licensing

This audit was to assure the five selected agencies and Parliament that effective controls were in place for software use, licence conditions and physical security.

ANAO concluded that the appropriate security arrangements were in place; most audited agencies had a sound control framework around licences and their use. However to take preventative action with regard to controls, agencies should do more comprehensive compliance monitoring. Treasury supported the two recommendations.

Audit Report No 28:
An analysis of the Chief Financial Officer (CFO) function in Commonwealth organisations

ANAO undertook a benchmarking study of the CFO function in Commonwealth organisations, surveying the roles and functions of CFOs from 15 Commonwealth organisations. The result identified that CFOs consider their role to be mainly focused on broader financial management of the organisation and indicated they are becoming better placed to address a range of contemporary financial management issues. The report highlighted key areas for opportunities for improvement. Treasury sees the study and subsequent report as a sound management tool for application across the Commonwealth and Treasury.

Audit Report No 34:
Management of travel — Use of taxis

ANAO undertook an Assurance and Control Assessment audit of six Commonwealth agencies to assure the Parliament and those organisations that the risks associated with the use of and payment for taxi services were managed effectively and that the organisations complied with legislative guidelines.

The overall framework for administering the use of and payment for taxi services is sound, although agencies need comprehensive CABCHARGE registers and more vigorous acquittal procedures. Treasury supported the two recommendations.

Audit Report No 41:
Transactional banking practices in selected agencies

The audit reviewed five selected agencies' implementation and ongoing management of contractual banking arrangements and tendering for the procurement of banking services, and identified practices that improve administrative arrangements.

Finance and Australian Customs Service implemented new banking arrangements and

market testing that other agencies could benefit from examining. Treasury supported the four recommendations.

Audit Report No 45:
Record keeping

The ANAO undertook an Assurance and Control Assessment audit of record keeping across four Commonwealth organisations to assess whether their record keeping policies, systems and processes were in accord with the *Archives Act 1983* and relevant Government policies, and to identify better practices and recommend improvements. Most of the audited organisations had commenced systematically analysing their record keeping and business information strategies but had not committed to full system development and implementation. Treasury supported the six recommendations.

Audit Report No 52:
Internal budgeting

The audit evaluated the efficiency and effectiveness of internal budget processes in view of their contribution to business planning, resource allocation decisions and management financial performance, and assessed approaches in the light of the accrual framework.

Most organisations had sound and well established processes, integrated with business planning processes but with shortcomings in the ongoing management of the internal budgets and financial management reporting to senior management. Treasury supported the five recommendations and identification of better practice.

Audit Report No 53:
GST administration by Commonwealth organisations

This audit was to determine whether organisations had implemented adequate control frameworks and processes to mitigate the risks associated with GST obligations and transactions.

The ANAO made eight recommendations for all Commonwealth organisations to consider. For those recommendations not already in place Treasury is implementing the suggested processes.

Treasury pricing review

During 2001-02, Treasury conducted an Output Pricing Review of its operations, in conjunction with the Department of Finance and Administration. The Output Pricing Review found that Treasury was operating efficiently and effectively and that it was significantly underpriced in several areas. The Government deferred consideration of the Treasury Output Pricing Review until the 2003-04 Budget, when agencies may opt into Reviews under the revised arrangements that will then apply.

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 has been charged with offences related to this fraud. The matter is currently before the courts.

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

Ombudsman

There were no comments by the Ombudsman on matters within the department in 2001-02.

Courts and proceedings

During 2000-01, proceedings commenced in the Federal Court's Western Australia District Registry between *Broadway Fiduciary Pty Ltd and Ors v Australian Prudential Regulation Authority and Minister for Financial Services and Regulation*. The proceedings related to a decision made by the Australian Prudential

Regulation Authority (APRA) to remove Broadway Fiduciary Pty Ltd as the trustee of the Australian Independent Superannuation Fund under the *Superannuation Industry (Supervision) Act 1993*. During 2001-02, the matter was settled. Broadway Fiduciary Pty Ltd and Ors withdrew from the proceedings, agreeing to meet a proportion of APRA's costs.

Proceedings commenced in the Supreme Court of Western Australia in the matter of *The Commonwealth of Australia v Temwood Holdings & Ors* continued in 2001-02. In these proceedings the Commonwealth is seeking to be released from any undertaking in relation to the use of documents provided to the Commonwealth that relate to the first defendant.

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 2001-02.

An application was made to the AAT in 2001 for an extension of time to apply for review of a decision of the department under the *Freedom of Information Act 1982* (the FOI Act) in the matter of ASEAN Australian Assets Pty Ltd (Applicant) and the Treasury (Respondent). The application was dismissed on the grounds that the Tribunal did not have jurisdiction to grant the extension.

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 FOI Act. The application was dismissed on the grounds that the Tribunal did not have jurisdiction in the matter. The department offered to extend the time for the applicant to apply for an internal review.

Management of human resources

Treasury's Performance Management System and Career Development System are the key components of Treasury's people management systems. These systems provide the framework for human resource strategies by identifying work level standards, encouraging both formal and informal opportunities to appraise performance, identifying and managing longer-term skill development and contributing to career planning and staff retention. In the long term, this framework should be a major factor in Treasury's ability to attract and retain people with suitable skills to perform core functions.

Performance management

The Performance Management System provides a biannual performance management cycle. The system includes context setting processes, capability frameworks, ongoing task assignment, performance feedback and coaching, role development between appraisals and provisions to manage under-performance.

The Secretary and all the Senior Executive Service attend a context setting meeting prior to each appraisal round. The meetings ensure a consistent approach to the appraisal process, set the broad context for appraisals and provide the opportunity to discuss relevant issues, for example, outcomes of Performance Management System reviews and recommendations. The outcomes of the meeting are disseminated throughout the department. Additional context setting meetings at the divisional and unit level enhance consistency and assist staff managing appraisals at the operational level.

Ongoing training ensures staff members are prepared for appraisals. This includes briefing sessions for new starters prior to each performance appraisal round and Giving and

Receiving Feedback workshops for managers and staff to develop skills related to performance appraisals and general interpersonal communication.

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

- the application of capability frameworks that set out the standards expected of staff at each classification level and define the assessment criteria against which performance will be measured;
- 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 employees 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 that require approval and monitoring by the manager-one-removed; 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 the performance management processes. Treasury undertakes regular, comprehensive reviews of the objectives,



processes and outcomes, and employees participate in reviews and provide feedback on all aspects of the appraisal process through the consultative processes, including meetings with the Workplace Relations Committee.

Following Ernst & Young's 2001 audit of the non-SES Performance Management System, Treasury conducted an internal review and identified several key issues for further discussion. These included:

- consistency of application;
- suitability of the work value matrix;
- alternative approaches to appraising Executive Level 2 employees;
- improved processes and documentation for obtaining upward feedback;
- identification of more targeted staff development initiatives; and
- the frequency of appraisal cycles.

A range of enhancements and clarification of processes was agreed by the Senior Executive Service (SES) Context Setting Meeting in June 2002 for implementation in the August 2002 appraisal round.

Treasury was represented on the Management Advisory Committee Working Group on Performance Management in the Australian Public Service and provided case studies in both the Report of the Committee and the 2001 State of the Service Report. Outcomes of the review fed into Treasury's internal review processes.

APS Values

The Treasury Certified Agreement 1999-2002 includes a segment reinforcing APS Values that existed before the passage of the *Public Service*

Act 1999. While the Certified Agreement does not incorporate the amended and additional values contained in that Act, key Treasury documents such as departmental operational plans, the Treasury Induction Package and the Performance Management System refer prominently to the current APS Values. In addition, Treasury publishes the APS Values on the intranet.

In June 2001, a staff survey was conducted to measure how well Treasury had incorporated the APS Values and APS Code of Conduct. Of the staff who responded, more than 70 per cent indicated they understood the values and Code of Conduct and their application.

Treasury Values, which are embedded in the department's Performance Management System, closely align with the APS Values. The Treasury Staff Opinion Survey conducted in December 2001, indicated high levels of satisfaction with these values.

Treasury Certified Agreement

The Treasury Certified Agreement 1999-2002 forms the framework for remuneration and conditions of service for employees other than those in the Senior Executive Service and those on Australian Workplace Agreements.

In January 2002, Treasury commenced work on a replacement agreement that would commence as close as possible to the nominal expiry date of the current Agreement — 3 September 2002. A Certified Agreement Team sought views from all employees and drafted the new agreement. The Workplace Relations Committee then negotiated with management on behalf of employees.

The primary focus of the draft agreement was to increase pay rates. In addition, negotiations covered a number of suggestions to further simplify a number of features relating to leave.

The draft agreement also strengthened a number of commitments relating to the evaluation of performance. Prominent amongst those are:

- corporate planning;
- resource allocation; and
- hours of work.

The Secretary made an initial offer of a new Agreement to employees on 29 May 2002. Then followed a further series of negotiations with the Workplace Relations Committee, leading up to a final offer in late July. The Certified Agreement Team made a series of presentations to employees so they could understand the features of the draft agreement and how they were determined.

At the time of the initial offer, the Secretary also announced that he would introduce a program of Australian Workplace Agreements (AWAs) to allow greater flexibility in remuneration than would be achievable through the Certified Agreement. Complementing the AWAs will be a remuneration model that will be based on individual performance but will also allow some flexibility for the Secretary to address particular issues relating to attracting, rewarding and retaining staff.

Workplace relations

Treasury continues to consult extensively with employees on workplace matters. The key consultative body is the Workplace Relations Committee. The Workplace Relations Committee played a key role in the internal review of the Performance Management System and participated in the steering committee on the market testing of corporate services.

The terms of the Certified Agreement allow for direct consultation with employees as

appropriate, in accordance with government policy. The main medium for consultation is the Treasury intranet site, which allows access to a wide range of Staff Notices, guidelines and policies.

The principal focus of staff consultation in the first half of 2002 was in relation to the draft Certified Agreement.

The new agreement, which commenced in September 2002, increases the size of the Workplace Relations Committee from six to eight members. In addition, the Community and Public Sector Union (CPSU) is invited to participate on the Workplace Relations Committee.

To enhance the rights of review and dispute resolution of employees, the new agreement will also provide for the appointment of Staff Advisers. Staff Advisers will assist employees in any matters that might be the subject of a dispute.

Recruitment and succession planning

Graduate recruitment forms a major part of Treasury's overall recruitment and succession planning strategies. The recruitment strategy includes investing resources in university career fairs, participating in Economic Society information sessions, disseminating Graduate Careers in Treasury brochures to university careers advisors and targeting university faculties. A Graduate Careers section on Treasury's website details the Graduate Development Program and Treasury's Graduate Recruitment processes. There has been a steady increase in graduate intake numbers from 37 in 2000 to 45 in 2002.

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 Treasury website invites those interested in employment with the department to lodge expressions of interest.

Treasury will review its bulk-round selection processes and outcomes in the second half of 2002, targeting improvements in its capacity to attract staff, and evaluating the links with people management systems and corporate planning processes. It is currently doing the initial scoping on an E-Recruitment system and improving its Human Resource Management System (Aurion) to provide demographic and qualitative data about Treasury's workforce, a necessary tool for workforce planning.

Training and development

Treasury's Performance Management System and Career Development System regularly provide data to identify staff training and development needs. This data is used to identify key modules for the training program and to align development opportunities with business needs. Training activities are mapped against the performance management criteria to ensure wide coverage across all criteria and staff levels. Key training included leadership, coaching, oral and written communication, information technology training, performance management, policy advising and technical skills, as well as induction for new staff.

During 2001-02, the Treasury Seminar Series was reintroduced to provide staff with access to presentations on current economic research and issues by prominent guest speakers.

This year, Treasury introduced a targeted development program for APS 1-4 employees in administrative roles. The non-accredited program, the Treasury Certificate in Business Services, consists of six tailored modules fostering development in administrative and personal career areas. Participants benefit

from enhanced skills as well as increased self-awareness and confidence.

Information technology training programs delivered in-house to Treasury staff include training for a wide range of Microsoft, Web, TRIM, SAP and in-house developed systems. In 2001-02, the focus of training moved from the standard off the shelf applications to Treasury-specific training. Tailored training programs for key departmental projects such as the Budget and IMF/World Bank briefing provided participants with the skills to produce high quality documentation.

In their first week of employment, new employees attend an introductory course on Treasury computing. An electronic records management system now forms part of Treasury's knowledge and information management strategy. A training and support program assists employees with the transition from the manual record system to the electronic one.

Writing skills workshops specifically targeted Treasury requirements. Two workshops on Writing for Publications helped those involved with preparing Budget documents. In addition, *Providing Oral Advice* workshops met the requirements of Senior Executive and EL2 employees. The workshops included the following topics: briefing ministers; participating in inter-departmental committees; and, appearing before parliamentary committees. Treasury employees also attended Presentation Skills workshops.

Performance appraisal data indicates that more than 50 per cent of employees identify on-the-job training as a key method of development. Accordingly, training options include developing coaching skills for managers. Individual coaching is available from the Human Resource Unit, external consultants and through Treasury's Employee Assistance

Program. Development of team skills continues with many areas conducting planning days and team building exercises.

Treasury's studies assistance policy provides for leave provisions and, in some cases, financial assistance for employees to access tertiary study. Employees continue to use external courses, conferences, workshops and seminars for suitable development opportunities.

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

Six Treasury EL2s participated in the Career Development Assessment Centre managed by the Australian Public Service Commission.

SES employees attend a number of external development activities including Australian Public Service Commission programs and planning for a Treasury SES Leadership Development Program is underway.

Treasury's training costs totalled \$1,045,125 in 2001-02. This included information technology training, internally delivered training and externally attended development opportunities. (This figure excludes salary costs associated with attending training.)

Both Treasury employees and external consultants provide training. Training consultancies are reported in Table 12.

Staffing information

The employment of ongoing staff increased in 2001-02, reflecting an increased graduate recruitment program and intakes from departmental wide bulk selection exercises. The number of non-ongoing staff decreased slightly.

Tables 5 represents the number of Treasury staff, by category and gender, as at 30 June 2002. Staff paid by other agencies are not included. All staff are employed under the *Public Service Act 1999*.

Changes in staffing at overseas posts

There were no staffing changes at overseas posts during 2001-02. See Table 6 for details of staff located at overseas posts.

Senior Executive Service — remuneration and performance appraisal

All SES remuneration and conditions are determined by Australian Workplace Agreements (AWAs). The AWAs are supplemented by a remuneration model, which allows for progression through a number of salary points and payment of performance bonuses. See Table 7 for details of SES salary scales.

Since September 2000, SES employees have been appraised using the Australian Public Service Commission's Senior Executive Leadership Capability Framework. In Treasury, this process has two steps; initially, SES staff are assessed as performing satisfactorily or unsatisfactorily against each appraisal criterion and overall; then they receive an individual quintile ranking for each criterion and an overall quintile ranking, reflecting their performance relative to their peers.

As a result of appraisal, base salary loadings and bonuses of up to 15 per cent of base salary are determined, in accordance with the SES pay model and, as appropriate, the terms of individual AWAs.



The total amount of performance pay made to SES in 2001-02 was:

SES Band 1	\$237,407
SES Band 2	\$74,489
SES Band 3	\$84,972
Total	\$396,868

Note 15 in Part 4: Financial statements shows more information on Executive Remuneration over the financial year. In 2000-01, for the first time, performance pay reported in Note 15 Executive Remuneration represents amounts that were accrued in that period, not the actual amounts paid.

All SES employees have access to private plated vehicles (or, by choice, a payment in lieu) and where applicable, parking paid for by the Treasury. Other benefits include airline lounge membership, mobile phones and in some cases, home office facilities.

Remuneration — employees other than SES

Under the Treasury Certified Agreement 1999-2002 non-SES salary outcomes are determined on the basis of performance appraisal under the Performance Management System. See Table 8 for the Certified Agreements salary scales for non-SES.

A small number of non-SES employees are covered by AWAs for the purposes of remuneration and conditions of service, reflecting the need to attract and retain employees with particular skills or qualifications. Although conditions of service are usually identical to those contained in the Certified Agreement, the AWAs allow remuneration outside the pay model which applies to all other non-SES staff.

Some non-SES AWA holders also earn performance pay of up to 15 per cent of salary, based on assessments made under the

Performance Management System. In 2001-02, six EL2 staff received performance pay totalling \$47,439. Non-SES staff also have access to loadings where performance has been appraised to be of a level higher than their substantive classification.

Mobile phones and home office facilities are provided to some non-SES employees where justified.

Senior management changes

Senior management movements within Treasury are outlined below.

Departures from Treasury were:

- Gary Potts retired on 14 February 2002;
- Mathew Ryan resigned on 22 April 2002; and
- Rodney Shogren resigned on 24 April 2002.
- Anthony Hinton was granted long-term leave to take up a position with the Productivity Commission on 26 March 2002.

Senior staff commencements were:

- Richard Murray returned from temporary transfer from the Department of the Prime Minister and Cabinet on 27 August 2001; and
- Anthony Hinton returned from the OECD, Paris in August 2001.

No internal promotions occurred during 2001-02.

See Tables 9 and 10 for details of SES commencements and movements in 2001-02.

Table 5: Operative and paid inoperative staff by classification and gender (as at 30 June 2002)(a)

Classification	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Male	Female	Male	Female	Male	Female	Male	Female	
Cadet	0	1	0	0	1	0	0	0	2
APS1	0	2	0	0	0	1	0	0	3
APS2	1	2	0	0	2	3	0	1	9
APS3	30	47	0	2	2	9	0	5	95
APS4	12	32	0	2	2	2	2	1	53
APS5	36	35	0	3	4	5	0	0	83
APS6	63	35	0	4	0	2	0	0	104
EL1	74	42	1	3	1	2	1	0	124
EL2	73	19	1	7	7	3	1	0	111
SEB1	19	7	0	0	0	0	0	0	26
SEB2	9	1	0	0	0	0	0	0	10
SEB3	2	0	0	0	0	0	0	0	2
Secretary	1	0	0	0	0	0	0	0	1
Total	320	223	2	21	19	27	4	7	623

(a) Includes staff located outside Canberra.

Table 6: 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 are not included in the table.

Table 7: Salary scales — SES

Classification	3 September 2000		3 September 2001	
	Maximum	Minimum	Maximum	Minimum
	\$	\$	\$	\$
SES Band 1	101,488	88,250	103,518	90,015
SES Band 2	130,716	113,667	133,330	115,940
SES Band 3	170,085	147,900	173,487	150,858



Table 8: Certified Agreement salary scales — Non-SES

Classification	3 September 2000		3 September 2001	
	Maximum	Minimum	Maximum	Minimum
	\$	\$	\$	\$
Cadet				
APS1	28,630	26,265	29,203	26,790
APS2	32,569	30,467	33,220	31,077
APS3	36,771	34,670	37,506	35,363
APS4	40,973	38,872	41,792	39,649
APS5	46,752	43,863	47,687	44,740
APS6	52,530	49,641	53,581	50,634
EL1	65,137	58,650	66,440	59,823
EL2	79,846	72,491	81,443	73,941

Table 9: SES commencements

Reason for commencement	SES Band 3	SES Band 2	SES Band 1	Total
Engagement (ongoing)	-	-	-	-
Internal promotion	-	-	-	-
Movement from other agencies	-	1	-	1
Return from leave	-	1	-	1
Total	0	2	0	2

Table 10: SES cessations

Reason for movement	SES Band 3	SES Band 2	SES Band 1	Total
Resignation	-	1	1	2
Retirement	1	-	-	1
Long term leave	-	1	-	1
External transfer	-	-	-	-
Promotion to other agencies	-	-	-	-
Appointment as Secretary	-	-	-	-
Total	1	2	1	4

Purchasing

The Chief Executive Instructions outline Treasury's policy and procedures for the procuring of goods and services. Internal policy and procedure manuals also support the Chief Executive Instructions. These internal instructions are consistent with 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 ANAO better practice reports are readily available within the department. The guidelines are also summarised on Treasury's intranet site.

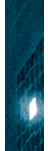
The intranet site is updated regularly to incorporate contemporary procurement practice such as the better practice principles outlined in ANAO audit reports; *Engagement of Consultants*, *Senate Order of June 2001 (February 2002)*, and *The Use of Confidentiality Provisions in Commonwealth Contracts*. In addition, Treasury-specific training courses are conducted in-house for departmental procurement officers.

During the year, Ernst & Young conducted an internal audit on Treasury's procurement and contracting functions to assess the efficiency and effectiveness of the procurement and contracting arrangements. The report noted that the contracting and procurement information available to staff was comprehensive and high quality.

Assets management

Treasury manages over 650 assets with a book value of over \$16 million. Treasury assets are predominantly furniture, fittings, software and plant. Treasury manages these assets in accordance with the guidelines set out in the Chief Executive Instructions. All assets are subject to an annual stocktake which updates and verifies the accuracy of asset records.

Treasury performed a valuation of buildings, infrastructure, plant and equipment on 30 June 2002. The valuation was performed by the Australian Valuation Office and was based on valuing assets using the deprival method of valuation.



Consultancies

Consultants

Consistent with the Chief Executive Instructions and the Commonwealth Procurement Guidelines, Treasury engages 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; and
- support for other Commonwealth policies.

Consultants are typically 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 the department in managing its decision-making. The most frequent reasons for Treasury’s utilisation of consultancy services were:

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

The selection methods used for consultancies are categorised in column five of Table 12.

During 2001-02 Treasury engaged 116 consultancies valued at \$6,519,852. Eighty-eight consultancies were above \$10,000 and valued at \$6,377,287. Twenty-eight consultancies were under \$10,000 and valued at \$142,565.

Table 11: Consultancies over \$10,000 in 2001-02 by output group

Output Group		Consultancies number	Cost \$
1.1	Economic	3	123,250
2.1	Budget	18	1,373,175
3.1	Markets	33	3,004,048
	Corporate Services	34	1,876,814
Total		88	6,377,287

Table 12 List of consultancies over \$10,000 in 2001-02 by output group

Consultant	Project	Cost ⁽ⁱ⁾ \$	Reason	Procurement Method ⁽ⁱⁱ⁾
Output Group 1.1 (Economic)				
Dungey, Mardi Helen	Improve economic analysis and provide assistance with macroeconomic modelling efforts	58,000	(e)	Select
Martin, V L and Lye, J	Provide services in relation to presentation of an econometrics training course	24,000	(e)	Direct engagement
McKibbin Software Group Pty Ltd	Provide specific Asia-Pacific G-Cubed Model software licence	41,250	(e)	Direct engagement
Total Output Group 1.1		123,250		
Output Group 2.1 (Budget)				
A J Baxter and Associates	Develop Option 3 to compare to the proposed TVM income tax system	11,000	(c),(e)	Direct engagement
AEA Technology	Provide advice to the Fuel Tax Inquiry into Air Pollution Costings	27,500	(a), (b), (e)	Direct engagement
Australian Taxation Studies (ATAX)	Organise and coordinate the Tax Value Method conference	78,871	(b),(e)	Direct engagement
Australian Taxation Studies (ATAX)	Evaluate the compliance costs and benefits of the Tax Value Method	36,080	(c)	Direct engagement
Cultural Partners Australia (*)	Undertake the Community Information Program-Abolition of FID, Stamp Duty on Marketable Securities and availability of Refunds of Excess Imputation Credits	194,617	(a),(b),(e)	Direct engagement
Duffy, Ann	Provide editorial and writing services for the 2002-03 Budget	14,652	(e)	Select
Econtech Pty Ltd	Undertake economic modelling for the Fuel Tax Inquiry	54,340	(a),(b),(c)	Select
Griffin Interlink Pty Ltd	Act as communication Strategy Advisor for the Tax Value Method	53,395	(e)	Select
Mitchell & Partners Australia Pty Limited (*)	Community Information Program-Abolition of FID, Stamp Duty on Marketable Securities and availability of Refunds of Excess Imputation Credits	487,605	(a),(b),(e)	Direct engagement



Table 12: List of consultancies over \$10,000 in 2001-02 by output group (continued)

Consultant (*)	Project	Cost(i) \$	Reason	Procurement Method(ii)
Output Group 2.1 (Budget)				
PricewaterhouseCoopers	Progress of Option 3 in relation to the Tax Value Method	38,500	(c),(e)	Direct engagement
Quantum Market Research (*)	Undertake community Information Program-Abolition of FID, Stamp Duty on Marketable Securities and availability of Refunds of Excess Imputation Credits	107,216	(a),(b),(e)	Direct engagement
Raydawn Pty Ltd	Provide technical advice in support of the Australian Government Actuary	22,000	(e)	Direct engagement
Shaddick & Spence Chartered Accountants	Provide advice to the Consolidation Regime Steering Committee as a representative of the Board of Taxation	76,424	(b),(e)	Direct engagement
The Institute of Chartered Accountants in Australia	Develop Tax Value Method conceptual testing and compliance evaluation	68,189	(c),(e)	Direct engagement
University of Melbourne	Provide assessment of asserted increase in certainty arising from the introduction of the Tax Value Method	37,928	(b),(e)	Direct engagement
Vann, Richard	Provide assistance in the preparation of a consultation paper on international tax issues	25,000	(e)	Select
Walsof Pty Ltd (Trading as Golsby-Smith and Associates)	Provide strategic policy development seminars	11,717	(b),(e)	Select
Wood, Richard	Provide material and advice in relation to the taxation of financial arrangements and associated issues	28,141	(e)	Select
Total Output Group 2.1		1,373,175		
Output Group 3.1 (Markets)				
Abbott Tout Solicitors	Provide legal advice in relation to the HIH Royal Commission	100,000	(a),(b),(c),(e)	Select
Advance Consulting and Evaluation	Provide an overview of the Venture Capital Industry	40,900	(e)	Direct engagement
Andersen	Undertake a benchmark study of comparable conditions for financial institutions	90,000	(e)	Direct engagement

Table 12: List of consultancies over \$10,000 in 2001-02 by output group (continued)

Consultant	Project	Cost(i) \$	Reason	Procurement Method(ii)
Output Group 3.1 (Markets)				
Azeel-Doherty, Natasha	Provide marketing and research services for AXISS Australia	65,000	(e)	Select
Basis Point Consulting	Report on the players in and value of the Australian hedge fund industry	27,200	(e)	Direct engagement
Blake Dawson Waldron	Provide legal advice on public liability issues	60,228	(b),(c),(e)	Direct engagement
Capital Markets CRC Ltd	Research by Phd students on (1) comparisons of Regulatory Controls across Asian Markets and (2) contribution of the financial services market to the overall economy	180,000	(e)	Direct engagement
Clayton Utz	Assist in drafting regulations under the Financial Service Reform Act	115,659	(a)	Select
Deacons	Provide legal advice on public liability issues	32,715	(b),(c),(e)	Direct engagement
Ernst & Young	Provide internal audit planning and risk management for the HIH Assistance Scheme	42,731	(c),(e)	Direct engagement
Ernst & Young	Audit of the Housing Loans Insurance Corporation 'Old Book'	165,000	(c),(e)	Direct engagement
Green and Green Group Pty Ltd	Provide recruitment services and advice to Treasury staff selection panels	10,500	(b)	Open
Hosking, Leslie	Act as CEO of AXISS Australia	293,304	(e)	Select
KPMG	Undertake an operational review of the Royal Australian Mint	48,510	(e)	Select
Mercer, Donald	Prepare a report to Government arising from the issues paper, <i>Options for Improving the Safety of Superannuation</i>	55,000	(b),(e)	Select
Michael Page International	Recruit manager of Enterprise and Career Education Foundation (ECEF) joint venture with Department of Education, Science and Training (DEST)	20,000	(e)	Direct engagement



Table 12: List of consultancies over \$10,000 in 2001-02
by output group (continued)

Consultant	Project	Cost(i) \$	Reason	Procurement Method(ii)
Output Group 3.1 (Markets)				
Netluminous Australia	Develop Australian Financial Services Training Alliance (AFSTA) website	35,750	(e)	Select
One Planet Solutions	Develop a case management data base system	321,320	(a),(b)	Open
Percy Allen and Associates Pty Ltd	Review home builders warranty insurance and consumer protection	130,000	(c),(e)	Direct engagement
Phillips Fox Lawyers	Prepare the Financial Services Reform Bill Executive Summary	43,335	(e)	Direct engagement
Powerlan Ltd	Conduct an expert usability and accessibility review of the seven Consumer Affairs websites	10,769	(a),(c),(e)	Select
PricewaterhouseCoopers	Undertake competitiveness study on understanding Australia's competitive position versus India, Hong Kong and Singapore	29,950	(e)	Direct engagement
Ramsay, Professor Ian	Provide a final report to the Government which reviews auditor independence in Australia	34,815	(c)	Direct engagement
Roslyn Pty Ltd	Study the cost, quality and availability of Prime Office Space in Australia	40,000	(e)	Direct engagement
Starcom (Worldwide) Australia Pty Limited (*)	Seek submissions for the review of the Managed Investments Act 1998	17,765	(a),(b),(e)	Direct engagement
Techne Ventures Pty Ltd	Provide advertising and editorial support in two issues of <i>Axiss Capital Markets</i>	77,000	(e)	Direct engagement
The Partners of Prentice Parbery Barilla Chartered Accountants	Provide professional advice and assistance on all issues in relation to UMP/AMIL by the Commonwealth	38,335	(e)	Direct engagement
Tillinghast-Towers Perrin	Actuarial advice on medical indemnity insurance issues	63,332	(e)	Direct engagement
Tony Beck Consulting Services	Establish an advisory group and prepare a report on internet emissions trading	31,000	(e)	Direct engagement
Trowbridge Consulting	Conduct actuarial review of the Commonwealth's liability under the HIH Support Scheme	182,600	(c)	Direct engagement

Table 12: List of consultancies over \$10,000 in 2001-02 by output group (continued)

Consultant	Project	Cost(i) \$	Reason	Procurement Method(ii)
Output Group 3.1 (Markets)				
Trowbridge Consulting	Provide analytical report including presentation and attendance at the Minister's meeting on Public Liability Insurance	77,000	(e)	Select
Trowbridge Consulting	Provide actuarial advice to the Heads of Treasuries Insurance Issues Working Group	359,330	(a),(b),(c)	Direct engagement
Walter and Turnbull	Conduct performance and compliance audit of the HIH Assistance Scheme	165,000	(c)	Select
Total Output Group 3.1		3,004,048		
Corporate Services				
Acumen Alliance	Provide financial analysis and modelling services associated with IT outsourcing	19,217	(b)	Select
Acumen Alliance	Assist with financial evaluation and cost modelling for the IT outsourcing project	187,345	(c)	Direct engagement
Acumen Alliance	Provide financial modelling, management services, tender evaluation and IT management support	55,000	(b),(c),(e)	Direct engagement
Acumen Alliance	Provide financial modelling, management services, tender evaluation and IT management support	77,000	(b),(c),(e)	Direct engagement
Acumen Alliance	Advise and prepare Treasury's financial statements	61,321	(e)	Direct engagement
Aspect Computing Pty Ltd	Provide database administration, specialist programming and analysis services to the SAP system	110,000	(b)	Direct engagement
Aspect Computing Pty Ltd	Provide SAP and specialised programming support and services	35,384	(e)	Direct engagement
Business Synetics Pty Ltd	Provide specialised technical services for IT outsourcing and market testing	30,101	(e)	Direct engagement
Carlton Consulting	Conduct presentation skills workshops	13,140	(e)	Select



Table 12: List of consultancies over \$10,000 in 2001-02 by output group (continued)

Consultant (*)	Project	Cost(i) \$	Reason	Procurement Method(ii)
Corporate Services				
Datavoice	Provide facilities management and telephonist services	153,115	(d)	Select
Davidson Trahaire	Deliver the Employee Assistance Program	22,594	(e)	Select
Deloitte Touche Tohmatsu Consulting (ICS)	Provide specialist advice on enhancements to SAP FMIS	76,123	(e)	Select
Eaton and Partners	Document new procedures for the processing of accounts payable	16,640	(b)	Direct engagement
Excelerated Consulting Pty Ltd	Assist with the establishment, implementation, training and documentation of the budgeting and reporting tool iTM1-phase 2	177,867	(e)	Direct Engagement
Fieldenhummer Consulting	Assist with the establishment, implementation and documentation of re-centralisation of Purchasing and Accounts Payable	25,218	(a),(b),(d)	Select
Infosec Solutions	Provide specialised technical services for Intranet/Internet development and quality assurance	22,688	(a)	Direct engagement
Integrated Asset Management Pty Ltd	Provide data storage equipment and maintenance	86,191	(a)	Select
Mastec Asia-Pacific	Provide specialised technical services for the Treasury Intranet/Internet	123,152	(a)	Direct engagement
Mastec Asia-Pacific	Provide support and leadership to Treasury for Intranet/Internet team	22,361	(b),(e)	Select
Professional Careers Australia Pty Ltd	Assist with accounting functions	20,380	(b)	Select
Professional Careers Australia Pty Ltd	Assist with accounting functions	79,569	(b)	Select
Results Consulting	Provide a development program for APS 1-4	22,000	(e)	Select
SAP Australia Pty Ltd	Provide training and up-graded services	48,642	(e)	Direct engagement
Sparke Helmore	Act as probity advisor to the 2001 Market Testing Project	35,000	(c),(e)	Direct engagement

Table 12: List of consultancies over \$10,000 in 2001-02 by output group (continued)

Consultant	Project	Cost(i) \$	Reason	Procurement Method(ii)
Corporate Services				
Staffsure Pty Ltd	Provide security vetting services	..(v)	(a),(b)	Direct engagement
StratAust Pty Ltd	Develop a strategic property plan	14,400	(b),(c),(e)	Direct engagement
The Empower Group	Review implementation of the Treasury management model	90,000	(a),(c),(d)	Direct engagement
True North Consulting Pty Ltd	Redevelop the Treasury website as a database application	57,412	(b),(e)	Select
Universal Express	Provide mail and courier services to the department	47,291	(b)	Select
Upton Martin Consulting	Develop a Performance Management Training System	12,600	(f)	Direct engagement
Walter and Turnbull	Provide specialised financial services	30,000	(a),(e)	Select
Walter and Turnbull	Advise and prepare the Treasury financial statements	20,902	(a),(e)	Select
Wizard Personnel	Provide specialised accounting services	64,161	(b)	Select
World Competitive Practices Pty Ltd	Review implementation of the Treasury management model	20,000	(a),(c),(d)	Direct engagement
Total Corporate Services		1,876,814		
Total Consultancies over \$10,000		6,377,287		

(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

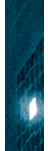
i. Any cost increase or decrease not paid in 2001-02 will be paid in 2002-03.

ii. 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.

iii. Axiss Australia was formerly known as the Australian Centre for Global Finance.

iv. 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 and flagged (*) as such.

v. The contract with Staffsure was entered into in 2001-02, however, no payments were made in 2001-02.



Workplace diversity

The strategies and initiatives of Treasury’s Workplace Diversity Program encourage and foster the contributions of people of different backgrounds, experiences and perspectives. The program’s focus is to implement strategies that attract, develop and support employee participation reflecting the broad cross-section of the Australian community.

Treasury’s Disability Action Plan is linked to the Commonwealth Disability Strategy to ensure equal opportunities for people with disabilities to access government programs and services. The principles and objectives of Treasury’s Workplace Diversity Program support these.

During 2001-02, 34 staff worked part-time; 23 were ongoing and 11 were non-ongoing. The previous year, 26 staff worked part-time with 16 ongoing and 10 non-ongoing.

The Treasury Certified Agreement provides for a carer’s room offering a safe and quiet workplace for employees while they work and care for sick children, nurse infants or provide substitute care for children while the primary carer is unavailable. Employees are asked to provide ongoing feedback, to evaluate the use of the

room and have generally indicated that they are happy with the current facilities.

Treasury has a number of workplace harassment contact officers who are fully trained to provide advice and assist staff members. They receive regular ongoing training and all Treasury employees receive a list of workplace harassment contact officers through the Treasury Staff Bulletin and electronic mail.

Treasury continues to participate in the National Indigenous Cadetship Program. Treasury employs four staff (two operative and two inoperative) who self-identify as from an Indigenous background.

Women’s representation in senior levels in the department is supported through overall people management strategies, including the Performance Management System and Career Development System. Particular strategies include coaching and on-the-job training, internal and external development programs and mobility within the department.

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

Chart 1: Number of new entrant graduates — by gender

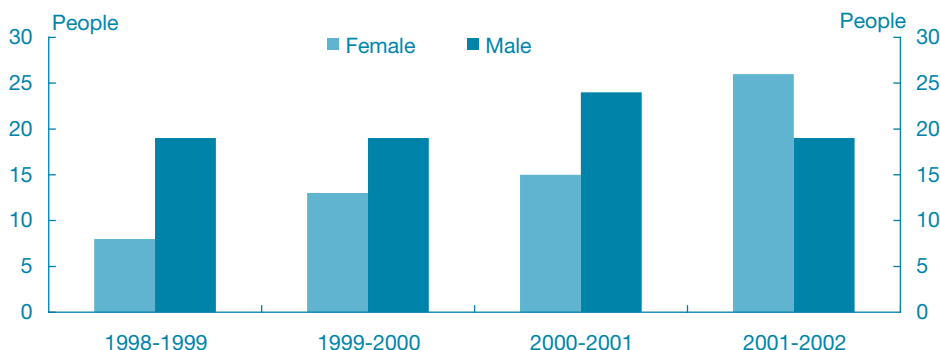


Chart 2: Number of SES staff members — by gender

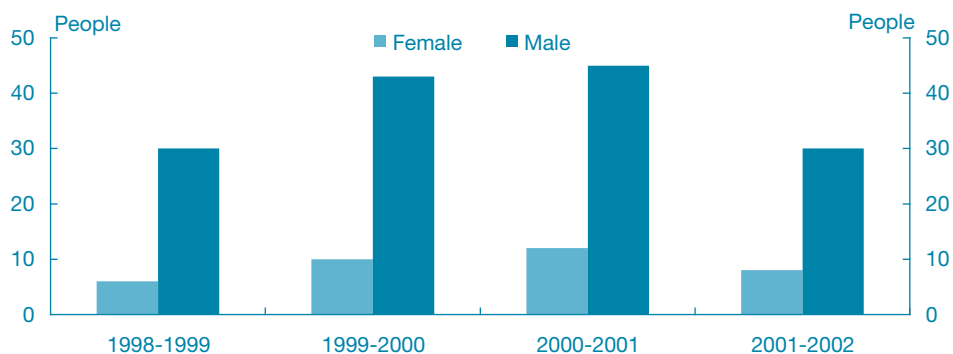


Chart 3: Treasury staff levels — by gender

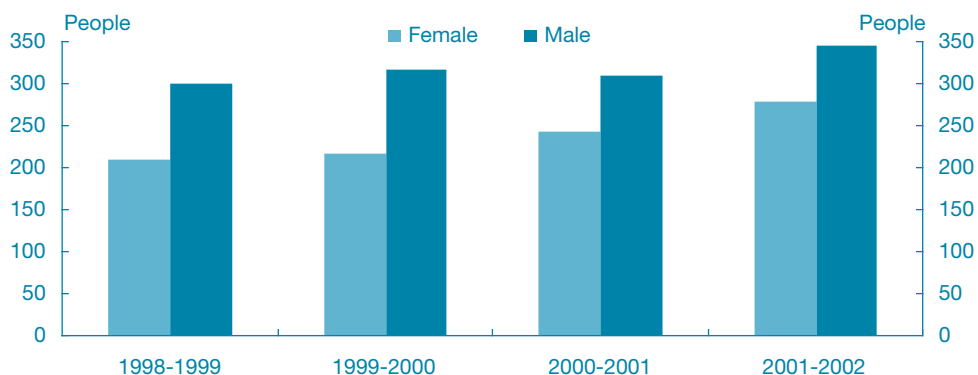


Table 13: Operative and paid inoperative staff by EEO target group

Classification	Female	Born Overseas	ESL	AATSI	Disability
Cadets	1	0	0	2	0
APS1	3	0	1	0	0
APS2	6	3	1	0	0
APS3	63	17	13	0	1
APS4	39	6	9	1	2
APS5	44	14	15	0	1
APS6	48	24	23	0	2
EL1	50	23	9	1	3
EL2	34	25	12	0	3
SESB1	7	4	2	0	0
SESB2	1	2	1	0	0
SESB3	0	0	0	0	0
Total	296	118	86	4	12

Note: For categories other than gender, identification is on a voluntary basis and employees may be included in more than one category. The above table is not directly comparable with Table 5 as it is compiled on a basis which recognises acting (as at 30 June 2002) rather than substantive classifications.



Table 14: EEO appointments to boards (or equivalent) of statutory and non-statutory bodies (as at 30 June 2002)^(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	1	0	0	0
Australian Competition and Consumer Council	12	2	2	2
Australian Competition Tribunal	10	2	1	1
Australian Prudential Regulation Authority	9	2	2	1
Australian Securities and Investments Commission	3	1	1	1
Australian Statistics Advisory Council	15	6	11	4
Board of Taxation	10	2	0	0
Business Regulation Advisory Group	9	2	0	0
Commonwealth Consumer Advisory Council	10	5	3	1
Companies Auditors & Liquidators Disciplinary Board	6	0	0	0
Corporations and Markets Advisory Committee	8	5	5	3
Financial Reporting Council	12	1	4	1
Financial Sector Advisory Council	8	1	8	1
Foreign Investment Review Board	3	1	1	0
HIH Assistance Review Panel	3	2	3	2
Legal Committee of the Corporations and Markets Advisory Committee	11	6	10	5
Life Insurance & Actuarial Standards Board	7	0	1	0
National Competition Council	5	1	0	0
Payments System Board	7	1	0	0
Productivity Commission	9	2	3	0
Reserve Bank of Australia Board	8	1	2	0
Superannuation Complaints Tribunal	19	10	2	1
Takeovers Panel	45	23	8	5
Tax Agents' Boards	17	1	2	1
Total	247	77	69	29

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

