

Part 03

Management and accountability

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Corporate governance

Treasury's corporate governance structures are designed to promote the achievement of our purpose, the proper use and management of public resources, our systems of risk and control, and the department's financial sustainability.

Our structures allow for responsiveness and flexibility in how we approach our work, while ensuring we meet our obligations. It also allows us to make use of the opportunities provided by these obligations to streamline our processes and continuously improve our performance.

Governance committees

Executive Committee

The Executive Committee comprises the Secretary and Deputy Secretaries. The Executive Committee supports the Secretary to fulfil his obligations as the Accountable Authority under the *Public Governance, Performance and Accountability Act 2013* and the Secretary remains the primary decision maker on all Executive Committee considerations.

Audit Committee

The Audit Committee provides independent advice to the Secretary on Treasury's governance, risk, control and performance arrangements; including the department's financial and annual performance statements. The Audit Committee comprises five members — an independent chair, two independent members and two internal members.

The Committee met four times in 2018-19 and receives regular briefings from Treasury's management on our priorities, operations and risks, as well as the outcomes of risk and audit activities. A Financial Statements Sub-Committee supports the Audit Committee by providing advice on the preparation of Treasury's financial statements.

Health and Safety Committee

The Health and Safety Committee (HSC) assists the Secretary in carrying out his statutory obligations in accordance with the *Work Health and Safety Act 2011*. The HSC facilitates cooperation between Treasury management and employees to develop and review health and safety policies, procedures and initiatives, and manage health and safety risks in the workplace.

Workplace Relations Committee

The Workplace Relations Committee (WRC) is Treasury's primary staff consultation body, convened in accordance with the *Treasury Enterprise Agreement 2018-2021*. The WRC undertakes consultation with our officials on issues affecting their working environment and employment conditions.

Inclusive Workplace Committee

The Inclusive Workplace Committee (IWC) is the key body for advancing inclusion and diversity in Treasury. The IWC supports the Executive Committee to set and implement the department's strategic direction for inclusion and diversity activities.

Information Strategy Committee

The Information Strategy Committee provides an enterprise view on information and supports the department's digital capability in line with the objectives in our corporate plan and ICT strategy.

Risk management

Treasury has established frameworks, tools and plans to support risk management, including the development and delivery of annual communication and capability plans, targeting areas for improvement and identifying actions and measures against these areas.

The Chief Risk Officer (CRO), as part of Treasury's leadership team, supports a strong risk culture where staff are encouraged to engage with risk and opportunity in developing and delivering our purpose. The CRO is supported by a risk working group including representatives from key corporate and policy areas across the department. As at 30 June 2019, the CRO role was held by Mr Paul Verschuer, Deputy Secretary, Markets Group.

During 2018-19, Treasury continued to mature our risk management capability, including through the introduction of mandatory risk management training and our quarterly guest speaker series.

Fraud prevention and control

Treasury has a fraud and corruption control plan in place, as well as processes and systems for the prevention and detection of fraud and responding to and reporting incidents.

During 2018-19, Treasury introduced mandatory fraud awareness training and established a fraud working group, including representatives from key corporate and policy areas, to support the identification and management of fraud risk and the continuous improvement of Treasury's fraud control arrangements.

Treasury reports fraud information data annually to the Treasurer and the Australian Institute of Criminology. Treasury's 2018-19 fraud certification can be found in the Letter of Transmittal.

Internal audit arrangements

Internal audit provides independent advice and assurance to the Secretary on the effectiveness of the governance, risk, compliance and performance arrangements, and our financial and operational controls.

Internal audit prepares and delivers an annual internal audit plan. The plan is developed in consultation with the Executive Committee and other key departmental stakeholders, so that it reflects our risk profile and assurance concerns. Delivery of the plan is viewed as an important mechanism to assist Treasury in the delivery of our purpose and priorities and to support continuous improvement.

In 2018-19, our internal audit function delivered performance, compliance and systems audits, and management initiated reviews with a focus on risk management within the Australian Government Budget delivery processes, our project management and legislative compliance arrangements, and the management of sensitive information.

Ethical standards

As the Government's pre-eminent economic adviser, Treasury expects the highest standard of behaviour and ethical conduct from our staff. We have policies and procedures in place to ensure appropriate ethical standards, including the APS Code of Conduct and Values, are upheld in accordance with the *Public Service Act 1999*.

SES remuneration

SES remuneration is determined under section 24(1) of the *Public Service Act 1999*. Further information is provided at Management of human resources in *Part 03 Management and accountability*.

Significant non-compliance issues with relevant finance laws

There were no significant instances of non-compliance with the finance law reported to the responsible minister in 2018-19.

External scrutiny

External audit

The Australian National Audit Office (ANAO) conducts financial statements and performance audits on Treasury. During 2018-19, the ANAO tabled three performance audit reports involving Treasury:

Audit Report No. 32 — Addressing Illegal Phoenix Activity (published 29 March 2019)

Audit Report No. 48 — Management of the Terrorism Reinsurance Scheme (published 19 June 2019)

Audit Report No. 51 — Farm Management Deposits Scheme (published 26 June 2019)

The ANAO's reports, including the department's responses, are available on the ANAO website.

Management of human resources

People and Organisational Strategy Division (POSD), within Corporate Services and Business Strategy Group, has primary responsibility for Treasury's people framework. The division supports Treasury to continue to deliver compelling and influential policy advice and services through a suite of strategies and initiatives that drive capability and performance. It provides advice and delivers on organisational performance management, workplace relations, learning and development, inclusion and diversity, recruitment, risk and governance, and payroll services.

Performance management

Treasury is committed to the ongoing development of our employees, and a high performance work culture through the Performance Development System (PDS). The objectives of the system include:

- continuously improving organisational performance to enable the department to achieve its strategic outcomes and priorities
- providing a framework to improve individual and organisational performance, as well as supporting development and career planning
- providing an approach to ensure regular real-time and meaningful feedback and recognise and reward sustained high performance
- providing mechanisms for managing declines in performance and underperformance.

Under the PDS, APS staff levels 1-6 are formally assessed biannually, with Executive Level (EL) and Senior Executive Service (SES) staff having one formal appraisal each year. The APS Integrated Leadership System provides the behavioural framework for assessing performance.

Workplace relations

Remuneration and employment conditions for Treasury's APS and EL officials are determined under the *Treasury Enterprise Agreement 2018-2021*. The enterprise agreement operates in conjunction with Commonwealth legislation and Treasury's policies and guidelines to define the terms and conditions of employment for our staff. Treasury occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to our business needs.

Learning and development

Graduate Development Program

Treasury's Graduate Development Program remains a key recruitment initiative with 37 graduates commencing in February 2019. Three graduates were recruited through an Indigenous affirmative measures round, further contributing to our Indigenous employee representation. Our 2020 graduate recruitment campaign received 977 applications.

The redevelopment of the program in 2019 saw the introduction of a comprehensive development component based on a Graduate Success Profile designed to ensure we target graduates possessing the desired capabilities of a Treasury employee. The development component of

the program was designed to ensure graduates received training that would develop skillsets in the areas of innovation, representation and self-management, coping with pressure and influencing skills.

Learning and development

Treasury supports ongoing professional development that builds the required skills, knowledge and capabilities of staff to support the delivery of our business priorities. POSD takes a collaborative approach by working with the department to deliver quality learning outcomes.

In 2018-19, Treasury offered a number of formal development opportunities to strengthen the capabilities of our staff through which:

- 156 staff members at the APS and EL levels participated in a range of policy programs
- 25 staff members participated in economics programs
- 99 staff members participated in health and wellbeing programs including family and domestic violence training
- 256 staff members participated in communication programs that addressed a number of areas including negotiation, collaboration, writing and presentation
- 18 staff members participated in the Project Management Essentials Program
- 20 EL2 staff members participated in the Leading in Treasury Program
- 739 (83 per cent) operative staff members, across all levels, completed all five compliance training modules during 2018-19.

In 2018-19, Treasury continued to facilitate external learning and recognition opportunities for our staff through which:

- 4 staff members participated in the Institute of Public Administration Australia (IPAA) Future Leaders Program
- 4 staff members are currently undertaking PhD study at the Australian National University through the Sir Roland Wilson Scholarship Program
- 2 staff studied at the postgraduate level with the support of a postgraduate study award
- 1 staff member participated in the Young Leaders Program
- 2 staff members participated in the Jawun Secondment Program
- 1 staff member participated in the National Security College EL2 Development Program.

Additionally, 57 staff were supported through our studies assistance program to undertake university qualifications and vocational training.

Staffing information

As at 30 June 2019, there were a total of 993 staff employed at Treasury (including those that are currently inoperative) compared with 912 as at 30 June 2018. The corresponding full-time equivalent figure was 958.4.

The average staffing level across the 2018-19 year was 844, which reflects the average number of employees receiving salary or wages (or compensation in lieu of salary or wages) over a financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Table 1: Staff by employment type as at 30 June 2019

Employment Type	Total
Ongoing employees	859
Non-ongoing employees	35
Casual employees	2
Paid inoperative employees	27
Unpaid inoperative employees	70
Total staffing (operative)	896
Total staffing	993

Of the total operative workforce as at 30 June 2019, 95.9 per cent were employed on an ongoing basis. Non-ongoing (specific term) and casual staff comprised 4.1 per cent of the total operative workforce. Of the total operative workforce, 13.2 per cent were working part-time hours.

As at 30 June 2019, women made up 50.3 per cent of the total operative workforce, a decrease of two percentage points since 30 June 2018. Women also made up 40.0 per cent of the operative SES cohort, an increase of 1.7 percentage points since 30 June 2018.

As at 30 June 2019, Aboriginal and Torres Strait Islander staff comprised 1.3 per cent of the total operative workforce, an increase of 0.6 percentage points since 30 June 2018.

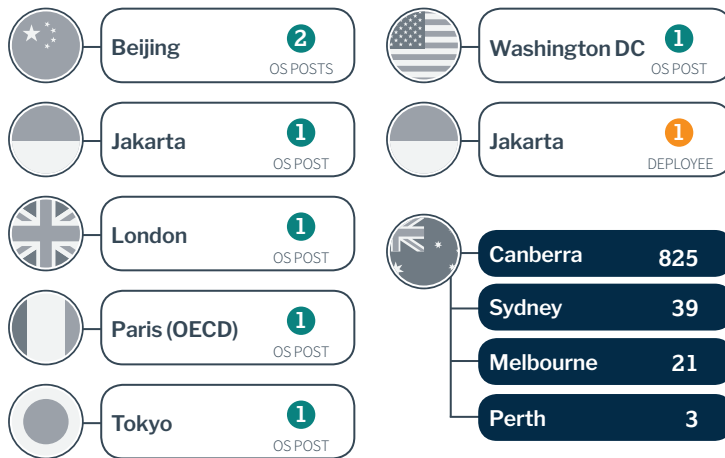
Table 2: Staff by actual classification and gender as at 30 June 2019 (operative headcount)

Classification	Men	Women	Total
APS1-2	1	0	1
APS3	34	11	45
APS4	31	30	61
APS5	40	61	101
APS6	70	111	181
EL1	126	108	234
EL2	97	90	187
SES1	32	22	54
SES2	17	9	26
SES3	2	3	5
Secretary	1	0	1
Total	451	445	896

Note: Data excludes inoperative staff.

While the majority of staff are based in Canberra, some staff are located in our interstate offices in Sydney, Melbourne, and Perth, as well as overseas.

Figure 4: Staff by location as at 30 June 2019 (operative headcount)



SES remuneration

SES remuneration and employment conditions are determined under section 24(1) of the *Public Service Act 1999*. These are supported by a remuneration model that determines pay levels within each SES level based on performance. Treasury does not offer performance pay. An SES remuneration package is in recognition of all hours worked, including any reasonable additional hours.

SES staff are not entitled to overtime payments, penalty rates or time off in lieu. Treasury has historically increased SES remuneration in line with APS and EL staff as determined by the *Treasury Enterprise Agreement 2018-2021*. SES staff received a 2 per cent salary increase on 13 December 2018.

Table 3: SES salary rates as at 30 June 2019

Classification	Minimum	Maximum
SES1	\$205,410	\$238,732
SES2	\$251,757	\$294,668
SES3	\$326,260	\$382,100

Non-SES remuneration

APS and EL remuneration and employment conditions are determined under the *Treasury Enterprise Agreement 2018-2021*. APS and EL staff received a 2 per cent salary increase on 5 November 2018.

Table 4: Non-SES salary rates as at 30 June 2019

Classification	Minimum	Maximum
APS1	\$46,707	\$50,720
APS2	\$53,836	\$57,401
APS3	\$60,963	\$64,524
APS4	\$68,091	\$71,653
APS5	\$76,555	\$81,457
APS6	\$86,357	\$104,622
EL1	\$112,644	\$129,215
EL2	\$137,590	\$157,907

Table 5: Staff by employment instrument as at 30 June 2019 (operative headcount)

Instrument	Non-SES	SES
Enterprise Agreement	821	0
Section 24(1) Determination	0	59
Australian Workplace Agreement	0	15

Note: Data excludes the Secretary and inoperative staff.

As at 30 June 2019, there was one Individual Flexibility Arrangement in effect.

Assets management

Management of Treasury's assets is governed by the Accountable Authority's Instructions on asset management and aligns with government best practice. Treasury's asset management framework includes an asset register, an asset management plan and a capital management plan. The asset register records details of all assets held by Treasury. An annual stocktake of assets keeps the register accurate and up-to-date. Fixed assets include office fitout, purchased and internally developed software, computer equipment, infrastructure and library materials.

Purchasing

Treasury's procurement activities were undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules, and the Commonwealth Government's Indigenous Procurement Policy. The Treasury applies these requirements through its internal financial and procurement policies.

Information on all Treasury contracts awarded with a value of \$10,000 including Goods and Services Tax (GST) or more, is available on AusTender at: www.tenders.gov.au.

No contracts of \$100,000 or more (including GST) were entered into during 2018-19 that did not provide for the Auditor-General to have access to the contractor's premises.

Treasury supports small business participation in the Commonwealth Government procurement market. Participation statistics are available on the Department of Finance website at: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts.

Treasury's procurement practices support small and medium enterprises participating in procurement opportunities. This includes the mandatory use of the Commonwealth Contracting Suite for low risk procurements up to \$200,000 (including GST).

Treasury recognises the importance of paying small businesses on time. The results of the survey of Australian Government Payments to Small Businesses are available on the Department of Jobs and Small Business website at: www.employment.gov.au/pay-time-survey-results.

Treasury fully supports the Indigenous Procurement Policy and the portfolio has met its purchasing target, set down by the Government, to ensure Indigenous employment and business opportunities continue to grow.

Consultants

Treasury engages consultants where specialist skills are required when not available in-house. Consultancies normally relate to individuals, partnerships or corporations that provide professional, independent and expert advice and services.

The decision to engage a consultant is made in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and Treasury's internal policies.

In 2018-19, Treasury entered into 20 new consultancy contracts involving total actual expenditure of \$1,142,089 (including GST). In addition, 12 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$685,462 (including GST).

This report contains information about actual expenditure on contracts for consultancies. Information on the value of individual contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Executive remuneration

Introduction

The officials covered by the disclosures include key management personnel, senior executives and other highly paid staff.

Remuneration policies and practices

The Secretary's remuneration is set by a Remuneration Tribunal determination.

SES remuneration and employment conditions are determined by the Secretary under section 24(1) of the *Public Service Act 1999*. These are supported by a remuneration model that determines pay levels within each SES level based on performance. SES are subject to annual performance appraisals.

Remuneration and employment conditions for Treasury's non-SES officers are determined under the *Treasury Enterprise Agreement 2018-2021*. The enterprise agreement operates in conjunction with applicable Commonwealth legislation and Treasury's policies and guidelines to define the terms and conditions of employment for staff. Treasury occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs, which are governed by the *Treasury Enterprise Agreement 2018-2021*.

In determining the appropriate conditions and rates for officials at overseas posts, Treasury may be guided by the conditions of service extended by the Department of Foreign Affairs and Trade.

Key management personnel

In 2018-19, Treasury had 12 executives who met the definition of key management personnel (KMP). Their names and length of term as KMP are summarised below:

Name	Position	Term as KMP
Simon Atkinson	Deputy Secretary	Part year — appointed 10 August 2018
Michael Brennan	Deputy Secretary	Part year — ended 29 August 2018
Diane Brown	Deputy Secretary	Part year — 9 July 2018 to 17 February 2019
Matt Flavel	Deputy Secretary	Full year
John Fraser	Secretary	Part year — ended 31 July 2018
Philip Gaetjens	Secretary	Part year — appointed 1 August 2018
Christopher Legg	Deputy Secretary	Part year — 16 October 2018 to 25 January 2019
John Lonsdale	Deputy Secretary	Part year — ended 6 July 2018
Maryanne Mrakovcic	Deputy Secretary	Full year
Meghan Quinn	Deputy Secretary	Full year
Nigel Ray	Deputy Secretary	Part year — ended 15 October 2018
Paul Verschuer	Deputy Secretary	Part year — appointed 18 February 2019

As reflected in Note 3.2 of the 2018-19 financial statements, the following KMP expenses were disclosed:

Note 3.2		
	2019	2018
	\$	\$
Short-term employee benefits	3,065,587	3,277,357
Post-employment benefits	443,682	454,552
Other long-term employee benefits	129,644	169,622
Total KMP remuneration expenses	3,638,912	3,901,531

In accordance with the *Public Governance, Performance and Accountability Rule 2014*, total remuneration is summarised below:

Name ³	Position title	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits \$	Total remuneration \$
		Base salary ¹ \$	Bonuses \$	Other benefits and allowances \$	Superannuation contributions \$	Other long-term benefits				
						Long service leave ² \$	Other long-term benefits \$			
Simon Atkinson	Deputy Secretary	362,633	-	-	53,398	13,490	-	-	429,521	
Michael Brennan	Deputy Secretary	36,476	-	53	9,372	1,686	-	-	47,587	
Diane Brown	Deputy Secretary	207,745	-	530	21,880	7,181	-	-	237,336	
Matt Flavel	Deputy Secretary	396,469	-	490	61,975	11,774	-	-	470,708	
John Fraser	Secretary	74,419	-	15,502	7,564	2,908	-	-	100,392	
Philip Gaetjens	Secretary	752,493	-	659	100,744	26,082	-	-	879,978	
Christopher Legg	Deputy Secretary	92,591	-	-	11,059	7,302	-	-	110,952	
John Lonsdale	Deputy Secretary	19,472	-	-	15,692	5,112	-	-	40,276	
Maryanne Mrakovcic	Deputy Secretary	407,916	-	26,451	60,099	12,698	-	-	507,163	
Meghan Quinn	Deputy Secretary	397,569	-	159	62,128	12,915	-	-	472,770	
Nigel Ray	Deputy Secretary	132,652	-	159	19,456	3,567	-	-	155,834	
Paul Verschuier	Deputy Secretary	139,154	-	1,995	20,315	24,931	-	-	186,394	
Total		3,019,589	-	45,998	443,682	129,644	-	-	3,638,912	

Notes

- 1 Includes the movement in annual leave entitlements during the period and may include higher duties.
- 2 Excludes the bond rate impact on long service leave.
- 3 Includes two (2) employees who have acted in a KMP position in excess of three (3) months during the period.

Senior executive remuneration

In 2018-19, Treasury had 120 senior executives for the purpose of this reporting requirement. The following table provides the average remuneration by band for senior executives.

Remuneration band	Number of Senior Executives	Short-term benefits			Post-employment benefits		Other long-term benefits		Average termination benefits	Average total remuneration ⁴
		Average base salary ¹	Average bonuses	Average other benefits and allowances ²	Average superannuation contributions	Average long service leave ³	Average other long-term benefits			
\$0 - \$220,000	48	68,010	-	3,157	11,864	3,317	-	-	86,348	
\$220,001 - \$245,000	11	184,990	-	9,581	31,176	6,275	-	-	232,022	
\$245,001 - \$270,000	18	218,831	-	139	32,180	8,379	-	-	259,529	
\$270,001 - \$295,000	15	234,794	-	105	39,062	8,827	-	-	282,788	
\$295,001 - \$320,000	11	259,595	-	128	39,588	10,356	-	-	309,666	
\$320,001 - \$345,000	1	268,521	-	53	44,235	9,146	-	-	321,955	
\$345,001 - \$370,000	2	302,415	-	5,090	41,785	9,978	-	-	359,268	
\$370,001 - \$395,000	2	259,641	-	64,092	41,502	16,998	-	-	382,233	
\$395,001 - \$420,000	1	318,544	-	-	84,216	9,034	-	-	411,794	
\$420,001 - \$445,000	1	208,725	-	191,279	36,998	(65)	-	-	436,937	
\$445,001 - \$470,000	2	160,285	-	249,305	35,004	7,693	-	-	452,287	
\$470,001 - \$495,000	1	211,112	-	216,906	37,810	7,493	-	-	473,321	
\$520,001 - \$545,000	1	106,783	-	406,946	14,131	-	-	-	527,861	
\$545,001 - \$570,000	1	237,137	-	271,588	33,204	13,372	-	-	555,302	
\$595,001 - \$620,000	1	137,414	-	454,117	21,106	6,993	-	-	619,631	
\$670,001 - \$695,000	1	220,366	-	423,325	37,686	4	-	-	681,381	
\$695,001 - \$720,000	1	225,081	-	435,714	34,844	7,562	-	-	703,201	
\$745,001 - \$770,000	1	228,204	-	479,144	35,031	6,251	-	-	748,630	
\$870,001 - \$895,000	1	204,620	-	646,159	30,529	(59)	-	-	881,249	

Notes

- 1 Includes annual leave movement during the period.
- 2 Includes, but is not limited to, allowances and benefits received whilst on overseas post.
- 3 Excludes bond rate impact of long service leave.
- 4 The table includes the part year impact of senior executives who either commenced or separated during the year.

Other highly paid staff

The following table provides the average remuneration by band for other highly paid staff in 2018-19.

Remuneration band	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Average termination benefits	Average total remuneration
		Average base salary ¹	Average bonuses	Average other benefits and allowances ²		Average long service leave ³	Average other long-term benefits		
\$245,001 - \$270,000	1	\$ 101,011	\$ -	\$ 1,200	Average superannuation contributions \$ 21,762	Average long service leave ³ \$ 4,249	Average other long-term benefits \$ -	Average termination benefits \$ 139,062	Average total remuneration \$ 267,284
\$345,001 - \$370,000	1	\$ 150,610	\$ -	\$ 177,082	Average superannuation contributions \$ 26,735	Average long service leave ³ \$ 5,410	Average other long-term benefits \$ -	Average termination benefits \$ -	Average total remuneration \$ 359,837
\$745,001 - \$770,000	1	\$ 160,287	\$ -	\$ 578,431	Average superannuation contributions \$ 22,468	Average long service leave ³ \$ 6,708	Average other long-term benefits \$ -	Average termination benefits \$ -	Average total remuneration \$ 767,894

Notes

- 1 Includes annual leave movement during the period.
- 2 Includes, but is not limited to, allowances and benefits received whilst on overseas post.
- 3 Excludes the bond rate impact of long service leave.

