

Part 1 — Overview

Secretary’s review 3

Departmental overview 5



Dr Steven Kennedy PSM
Secretary

Secretary's review

I am pleased to introduce my first annual report as Secretary to the Treasury. It covers one of the most demanding years in the department's history, and the achievements in this report are a credit to the commitment and dedication of our staff.

Portfolio update

Throughout 2019-20 we were at the forefront of providing economic advice to the Government that supports the effective management of the Australian economy. This is a significant responsibility that relies on our professionalism, judgment and expertise.

Under the leadership of my predecessor Phil Gaetjens, we delivered advice on significant tax reforms and saw the passage of the Protecting Your Super laws. We also established the Centre for Population and put in place a research program focused on understanding Australia's current and future population, and the reasons and drivers of change.

Phil launched Treasury's first Inclusion and Diversity Strategy, bringing together a set of action plans that promote inclusive practices. We invested in the wellbeing of our staff through a range of initiatives, such as resilience and mental health workshops and hosted the Canberra leg of the R U OK? Trust the Signs national tour. This investment was eerily prescient given the challenges presented in 2020 for all Australians.

I was appointed as Secretary in September 2019. In my first few months, we were heavily involved in delivering the Government's financial services reform agenda following the Royal Commission.

Treasury was responsible for a large proportion of Bills introduced into Parliament in the 2019-20 financial year: in total, there were 52 Bills containing 113 measures across the range of our responsibilities.

Throughout the year we provided policy advice on the digital economy. We established the framework for the Consumer Data Right program and assisted the Government in its response to the ACCC's Digital Platforms Inquiry.

In other work, we supported the independent Retirement Income Review and continued to promote Australia's interests within forums such as the G20 and the International Monetary Fund. Our international activities included formal dialogues with economic institutions in our region. Our staff posted in Washington DC, London, Paris, Tokyo, Beijing, Jakarta and New Delhi continued to play a crucial role in representing Treasury's interests, and this year we deployed Treasury officials to Indonesia and Papua New Guinea.

From August 2019-March 2020, our staff visited five regional areas in four states as part of our regional engagement program, giving them a broader perspective of how the economic policies we design affect regional economies. This program was in addition to the many face-to-face and virtual engagement and consultation activities undertaken across the department, including through our Melbourne, Sydney and Perth offices.

In early 2020, following a devastating summer of bushfires across the country, Treasury worked closely with other agencies on preparing the Government’s bushfire response plan. This provided support to affected communities and businesses through the \$2 billion Bushfire Recovery Fund and other bushfire assistance policies.

Since the outbreak of the COVID-19 pandemic — the biggest shock to Australia in decades — we have focused on assessing the impact of the COVID-19 shock and providing ongoing advice to the Government on its economic response. We undertook analysis of real-time data and economic projections of the impact of the spread of the virus and Government restriction policies on different sectors of the economy, and advised on the implications for economic recovery. We engaged extensively with the community, including through the establishment of the Coronavirus Business Liaison Unit. All of this informed the development of the Government’s \$198 billion COVID 19 Response package released since the onset of the pandemic.

We have played a key role in the delivery of a number of the response measures, including JobKeeper, HomeBuilder, tax incentives to help businesses invest, temporary regulatory measures to assist businesses during the COVID-19 pandemic and implementation of the zero dollar threshold for foreign investment. We have supported significant engagement with the States and Territories, including through the Council of Federal Financial Relations.

To respond to the evolving situation we created new teams and taskforces and established flexible, cross-departmental teams. Despite all the challenges of COVID-19, like the rest of the public service, we adapted effectively to new ways of working.

The year ahead

The year ahead is marked by our ongoing work on the COVID-19 pandemic. Considerable uncertainty about the progression of the virus and its full impact on the economy remains. In the months and years ahead, we will continue to support the COVID-19 economic response measures and recovery work.

We will continue to progress and implement significant reforms to Australia’s foreign investment framework. As well as addressing national security risks and streamlining investments in non-sensitive businesses, the reforms provide additional resources and stronger powers for Treasury to ensure compliance with the foreign investment laws.

We have delivered the 2020-21 Budget and over the remainder of 2020-21 will deliver the Mid-Year Economic and Fiscal Outlook, the 2021-22 Budget, and the next Intergenerational Report, which will assess the long-term sustainability of Government policies.

I want to express my thanks and gratitude to the staff of the Treasury for their hard work and dedication. It has been a demanding year on many fronts and we have delivered advice to Government on the economic outlook and Budget measures on a scale rarely seen in this country, along with directly delivering a number of key Government programs and a significant legislative agenda.

I also want to acknowledge the whole public sector, both Commonwealth and State, who have pulled together in the face of this crisis to coordinate the unprecedented policy response.

I am pleased to report on our performance for the 2019-20 financial year.



Dr Steven Kennedy
Secretary to the Treasury

Departmental overview

Treasury is the Government's pre-eminent economic adviser.

This is a significant responsibility which relies on our professionalism, judgment and expertise in providing advice to the Government that supports the effective management of the Australian economy.

The Treasury Portfolio Budget Statements 2019-20 outcome is:

Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

Under the Treasury Corporate Plan 2019-20, our purpose is to support and implement informed decisions on policies for the good of the Australian people, consistent with achieving strong, sustainable economic growth and fiscal settings.

COVID-19 - a once-in-a-century pandemic – delivered an enormous shock to our economy. The effective delivery of our purpose was even more important as we assisted the Government's economic response and recovery efforts.

Our work has been vital in supporting the Government's economic response to the pandemic and is now focused on developing economic advice and analysis as well as designing and delivering programs to support the Government's economic recovery measures focused on employment and building confidence of individuals and businesses.

Figure 1: Treasury Group senior management as at 30 June 2020



SECRETARY: DR STEVEN KENNEDY PSM



MACROECONOMIC GROUP

Deputy Secretary: Luke Yeaman

International Policy and Engagement Division – Division Head: Lisa Elliston
Macroeconomic Conditions Division – Division Head: Trevor Power
Macroeconomic Modelling and Policy Division – Division Head: Ian Beckett

Overseas operations

Beijing: Rachel Thompson
Jakarta: Katherine Tuck and Kristy Baker
London: Emily Martin
New Delhi: Percy Bell
OECD (Paris): Brendan McKenna
Tokyo: David Lowe
Washington DC: Marty Robinson



FISCAL GROUP

Deputy Secretary: Jenny Wilkinson

Budget Policy Division – Division Head: Jonathan Rollings
Centre for Population – Executive Director: Victoria Anderson
Environment, Industry and Infrastructure Division – Division Head: Matt Brine
JobKeeper Division – Division Head: Phillipa Brown A/g
National Security and Commonwealth-State Relations Division –
Division Head: Damien White
Social Policy Division – Division Head: Vicki Wilkinson



REVENUE GROUP

Deputy Secretary: Maryanne Mrakovic

Board of Taxation Secretariat – Chief Executive Officer: Lynn Kelly
Corporate and International Tax Division – Division Head: Paul McCullough
Individuals and Indirect Tax Division – Division Head: Hector Thompson A/g
Law Design Office – Division Head: Simon Writer
Tax Analysis Division – Division Head: Katrina Di Marco



MARKETS GROUP

Deputy Secretary: Meghan Quinn PSM

Australian Government Actuary: Guy Thorburn
 Financial System Division – Division Head: James Kelly
 Market Conduct Division – Division Head: Christine Barron
 Retirement Income Policy Division – Division Head: Robert Jeremenko
 Takeovers Panel – Director: Allan Bulman



CORPORATE AND FOREIGN INVESTMENT GROUP

Deputy Secretary: Roxanne Kelley PSM

Chief Financial Officer Division – Division Head: Robert Twomey
 Communications and Parliamentary Division – Division Head: Shannon Kenna
 Foreign Investment Division – Division Head: Roger Brake
 Information Services Division – Division Head: Mike Webb
 People and Organisational Strategy Division – Division Head: Cristy England

 Sydney Office – Head: Lynn Kelly
 Melbourne Office – Head: Damian Mullaly
 Perth Office – Head: Aidan Storer



COVID-19 RESPONSE

Coronavirus Coordination Team – Lead: Michelle Dowdell
 Regulation Resolution Unit – Division Head: Mark Cully
 Coronavirus Business Liaison Unit – Lead: Charlotte Tressler
 Productivity Commission Economic Liaison – Principal Adviser: Ana Markulev
 Recovery Plan Taskforce – Division Head: Hamish McDonald
 Markets Taskforce – Lead: Kate O'Rourke

Figure 2: Treasury outcome and program structure

Outcome 1: Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury’s functions.

Program 1.1: Department of the Treasury

Program 1.2: Payments to International Financial Institutions

Program 1.3: Support for Markets and Business

Program 1.4: General Revenue Assistance

Program 1.5: Assistance to the States for Healthcare Services

Program 1.6: Assistance to the States for Skills and Workforce Development

Program 1.7: Assistance to the States for Disability Services

Program 1.8: Assistance to the States for Affordable Housing

Program 1.9: National Partnership Payments to the States

