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## Part 1 Overview

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**I am pleased to present my third annual report as Secretary and report on Treasury's achievements during another extraordinary year of economic upheaval.**

**Steven Kennedy PSM**  
Secretary to the Treasury

## Secretary's review

### Overview

The global and domestic economic environment has again shifted significantly since our last report. Attention has turned from securing economic recovery and driving down unemployment post-pandemic to limiting inflationary pressures arising from an array of shocks. This shift has been further complicated by increased global security challenges.

Australia's economic recovery from the COVID-19 pandemic was stronger than expected. The economy rebounded as lockdowns were phased out, vaccination targets were achieved, and international and state borders reopened. Across Australia people returned to work, school and leisure activities. In June 2022, the unemployment rate fell to 3.5 per cent—the lowest level since the 1970s.

However, headwinds were gathering force. COVID-19's spread disrupted the labour market and supply chains due to illness and absenteeism. No business—public or private—was untouched by the Omicron variants which impacted the transport, building, healthcare, education, agricultural, arts and hospitality sectors.

Compounding international shocks destabilised the global and domestic economies.

- The Russian invasion of Ukraine caused a sharp increase in energy and food prices.
- China's continued commitment to a zero COVID-19 strategy increased pressure on global supply chains, particularly for manufactured goods.
- COVID-19 continued to affect global trade with elevated demand for goods, congestion at ports and increased shipping costs.

The most significant impact on the home front was a surge in inflation commencing during 2021. Consumer inflation reached 6.1 per cent in the June quarter of 2022 – the

highest annual rate in more than two decades. The Reserve Bank of Australia has acted by lifting the cash rate target from a record low of 0.1 per cent in April to 0.85 per cent at the end of June 2022 and have continued to raise rates in the months since. Treasury played a vital role advising the Government on these economic developments, including the impact of rising energy prices, the labour market, workforce shortages and supply chain blockages.

Treasury continued to deliver on its commitments by producing the Mid-Year Economic and Fiscal Outlook in December, an early Budget in March 2022, a Pre-election Economic and Fiscal Outlook, and Incoming Government Briefs during the caretaker period.

The full Albanese Ministry was sworn in by the Governor General on 1 June 2022 following the first change of government in nearly a decade. Treasury welcomed the new ministers and has established respectful and productive working relationships with the offices.

## The work we did in 2021–22

Over the past 2 years Treasury has been called on to provide more frequent economic analysis and forecasts than ever before. In 2021–22 we continued to demonstrate our strong capability, adaptability and agility in responding to COVID-19, along with our ability to work effectively across the department and the Australian Public Service. An example of collaboration was our work with the Doherty Institute estimating the direct economic costs of COVID-19 management strategies such as lockdowns.

Treasury undertook analysis of the potential impact of the Omicron outbreak on staff absences and supported delivery of over \$6.7 billion in jointly funded business support through the Delta outbreak with a series of federal funding agreements with all states and territories.

We have continued to assess the effects of the pandemic on Australia's population growth and analyse long-term demographic trends in an annual Population Statement.





We progressed changes to the financial and superannuation systems. We led changes to Australia's insolvency regime and built on new capabilities in our Foreign Investment Division.

Twenty-five Treasury-related Bills made up of 83 measures were introduced in 2021–22.

Among them the *Corporations Amendment (Meetings and Documents) Act 2022* gave companies the permanent ability to hold virtual meetings and to sign and send documents electronically. These were measures that were first introduced temporarily in response to COVID-19.

The *Treasury Laws Amendment (Modernising Business Communications) Bill 2022* contained reforms allowing documents to be sent electronically in a greater range of circumstances, facilitating use of electronic payments and modernised existing requirements to publish notices in newspapers. The Bill was the first phase of a multiyear project to modernise business communications across Treasury laws.

Seven years of Treasury work was finalised with legislation implementing a new retirement income covenant requiring super funds to have a dedicated retirement strategy for members. Legislation was passed enabling the removal of the minimum \$450 per month wage threshold before super needs to be paid, making the super system more equitable. The new Your Future, Your Super regulations were introduced, and implementation of the *Better Advice Act 2021* serves to strengthen consumer protections and streamline oversight of the financial advice industry. On the international front we continued strong engagement through the G20, the International Monetary Fund, the Pacific Forum Economic Ministers Meeting and the multilateral development banks. Treasury engaged in a series of bilateral meetings with international counterparts on a broad range of issues including the global economic recovery, international digital economy taxation challenges and enhanced regional engagement.

Our work on the Consumer Data Right (CDR) and News Media and Digital Platforms Mandatory Bargaining Code, attracted international interest. The CDR will be expanding further to add financial services and telecommunications sectors to open banking and energy.

## People and performance

Treasury's effectiveness is underpinned by the capability of our staff. We welcomed 63 new graduates to Treasury in February 2022. I was very pleased to see Treasury rated among the top graduate employers nationally for 2022 by the Australian Association of Graduate Employers.

On multiple occasions, and sometimes for many months, we went into lockdown in 2021, juggling work commitments, home learning and caring responsibilities, living in isolation and, for many, dealing with COVID-19 itself. Then Treasury, like elsewhere, had to adjust to the spread of Omicron. I would like to express my thanks and gratitude to all staff who lived and worked so productively through such uncertain times.

The easing of health restrictions in 2022 meant that we could transition back into the office while adhering to medical advice, ensuring teams could reconnect in person and new staff members could meet their colleagues and managers face to face. I would like to stress that the welfare of our staff remains top of mind at Treasury.

I am proud that through all the challenges we continued to celebrate the diversity of our workplace and respect in our community, and that Treasury moved forward on our reconciliation journey. We continued to focus on gender equality, pride, disability, First Nations, and culturally and linguistically diverse issues.

In March 2022 we learnt of the sudden passing of David Irvine AO, the Chair of the Foreign Investment Review Board (FIRB). David was one of Australia's most respected public servants and a trusted adviser.





He led FIRB through a period of significant change in the global foreign investment landscape amid geopolitical developments and technological change. His insights were critical in helping foreign investors and business leaders understand these challenges. He is greatly missed.

## In conclusion

The year ahead will be busy for Treasury as we work to provide quality economic advice and deliver the new Government's priorities.

The Government's Jobs and Skills Summit held in September 2022 started a national conversation about Australia's labour market and Treasury now turns its attention to preparing the Employment White Paper.

We will be supporting the review of the Reserve Bank of Australia.

Treasury will also support the Government's plans to improve housing affordability and ownership.

Treasury will return to modelling climate risks and opportunities for the Australian economy for the first time since 2013.

I would like to express my thanks and gratitude to Treasury's staff members who delivered so well in 2021-22 in an environment of major changes in the way we live and work.

I would like to acknowledge our many partners and stakeholders across Australian, state and territory governments, the private sector, academia and international agencies who worked with us in delivering quality, timely and integrated advice to Government and assisted with the implementation of a significant agenda.

**Dr Steven Kennedy PSM**  
Secretary to the Treasury

# Departmental overview

## Treasury is the Government's lead economic adviser

Treasury provides economic analysis and authoritative policy advice on issues such as: the economy, budget, taxation, financial sector, foreign investment, structural policy, superannuation, small business, housing affordability and international economic policy.

We anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances, and respond rapidly to changing events and directions. Treasury also works with state and territory governments on key policy areas, as well as managing federal financial relations.

In 2021-22 we continued developing advice and analysis to support the Government's economic agenda. The shifting economic environment presented short and long-term challenges. Treasury played an important role in advising the Government on these challenges particularly the impact of increasing energy prices, the labour market, workforce shortages and supply chain blockages as well as the response to COVID-19.

Our purpose under the Treasury Corporate Plan 2021-22 is to:

Provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

At the end of 2021-22 there were several leadership changes as senior public service appointments were announced by Prime Minister Albanese.

On 21 June 2022, the Treasury Secretary announced that after 40 years in the public service – mostly at Treasury – Deputy Secretary, Revenue Group, Maryanne Mrakovcic would retire in July 2022. On 29 June 2022, the Secretary announced Diane Brown would be re-joining Treasury in July from the Department of Infrastructure, Transport, Regional Development and Communications to take up the role of Deputy Secretary, Revenue Group.

On 22 June 2022, the Prime Minister announced that Jenny Wilkinson PSM was appointed as the Secretary of the Department of Finance. On 1 July 2022, the Secretary announced that Sam Reinhardt would be re-joining Treasury from the Productivity Commission to take up the role of Deputy Secretary, Fiscal Group. After the reporting period but prior to publication of this report, the Prime Minister announced in August 2022 that Meghan Quinn PSM, Deputy Secretary, Markets Group, was appointed as the Secretary of the Department of Industry, Science and Resources.



Figure 1 shows the department's organisational structure at 30 June 2022. The accountable authority of the department is Dr Steven Kennedy, PSM, Secretary, who has occupied the position for all of 2021–22.

**Figure 1:** Treasury Group senior management at 30 June 2022

## Department of the Treasury

### Secretary

Dr Steven Kennedy PSM



## Corporate and foreign investment group

### Deputy Secretary

Roxanne Kelley PSM



### Corporate Division

First Assistant Secretary: Hamish McDonald

### Foreign Investment Division

First Assistant Secretary: Simon Writer PSM

### Stakeholder Liaison Unit

First Assistant Secretary: Robert Raether

### State Offices

Sydney Office Head: Tim Baird

Melbourne Office Head: Damian Mullaly

Perth Office Head: Aidan Storer

## Fiscal group

### Deputy Secretary

Jenny Wilkinson PSM



### Budget Policy Division

First Assistant Secretary: Brenton Goldsworthy

### Commonwealth State and Population Division

First Assistant Secretary: Damien White

### Labour Market, Environment, Industry and Infrastructure Division

First Assistant Secretary: Philippa Brown

### Office of Infrastructure and Commercial Advice

First Assistant Secretary: David Webster

### Social Policy Division

First Assistant Secretary: Lisa Elliston

## Macroeconomic group

### Deputy Secretary

Luke Yeaman



### International Economics and Security Division

First Assistant Secretary: Vicki Wilkinson

### Macroeconomic Analysis and Policy Division

First Assistant Secretary: Mark Cully

### Macroeconomic Conditions Division

First Assistant Secretary: Trevor Power

### Overseas operations

Washington: Ian Beckett

OECD Paris: Brendan McKenna

London: John Swieringa

Tokyo: David Lowe (A/g)

Beijing: Rachel Thompson

Jakarta: Cosimo Thawley (A/g)

India: Percy Bell (A/g)

Indonesia Ministry of Finance: Kristy Baker

## Markets group

### Deputy Secretary

Meghan Quinn PSM



### Australian Government Actuary

First Assistant Secretary: Guy Thorburn

### Consumer Data Right Division

First Assistant Secretary: Kate O'Rourke

### Financial System Division

First Assistant Secretary: James Kelly

### Market Conduct Division

First Assistant Secretary: Robert Jeremenko

### Retirement Advice and Investment Division

First Assistant Secretary: Lynn Kelly

### Small and Family Business Division

First Assistant Secretary: Peter Cully

### Australian Small Business and Family Enterprise

Ombudsman: Bruce Billson

## Revenue group

### Deputy Secretary

Maryanne Mrakovcic



### Board of Taxation Secretariat

Assistant Secretary: Christina Sahyoun

### Corporate and International Tax Division

First Assistant Secretary: Marty Robinson

### Individuals and Indirect Tax Division

First Assistant Secretary: Laura Berger-Thomson

### Law Division

First Assistant Secretary: Anthony Seebach

### Tax Analysis Division

First Assistant Secretary: Katrina Di Marco

## Portfolio overview

The Treasury portfolio undertakes a range of activities aimed at achieving Treasury's Portfolio Budget Statement outcome of supporting and implementing informed decisions on policies focussed on achieving strong sustainable economic growth. This entails providing advice to Treasury Ministers and the efficient administration of Treasury's portfolio functions.

As of 30 June 2022, the Treasury portfolio comprised 16 entities in the general government sector, including:

- The Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Reinsurance Pool Corporation
- Australian Securities and Investments Commission
- The Australian Taxation Office
- Commonwealth Grants Commission
- Inspector-General of Taxation
- National Competition Council
- National Housing Finance and Investment Corporation
- Office of the Auditing and Assurance Standards Board
- Office of the Australian Accounting Standards Board
- Productivity Commission
- Reserve Bank of Australia
- Royal Australian Mint





**Figure 2:** Treasury outcome and program structure

### **Outcome 1**

Supporting and implementing informed decisions on policies for the good of the Australian people and 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

