

PART THREE

MANAGEMENT AND ACCOUNTABILITY

Corporate governance	115
External scrutiny	121
Management of human resources	130
Assets management	142
Purchasing	143
Consultants	144
Australian national audit office access clauses	151
Exempt contracts	152
Workplace diversity	153

CORPORATE GOVERNANCE

The Treasury's corporate governance practices comply with statutory and other external requirements, and aim to achieve sound administrative and financial management practice. They are designed to ensure efficient, effective and ethical use of the Treasury's resources.

As part of its ongoing focus on effective governance, the Treasury periodically reviews its:

- accountability mechanisms;
- leadership, culture and communications;
- governance and committee structures;
- work with stakeholders to assess effectiveness;
- risk management, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

The Executive Board is the Treasury's primary decision-making body. The Audit Committee assists the Executive Board by reviewing and considering the department's operations and integrity of its financial accounts.

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

- the Secretary is accountable for the Treasury's management and strategic leadership;
- executive directors are accountable for a group's management and strategic leadership;
- general managers are accountable for a division's management and strategic leadership;
- managers are accountable for a unit's management and leadership; and
- advisors and analysts are accountable for providing technical expertise and team leadership, and contributing to unit outputs.

SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

Executive Board

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

- organisational development — shaping the Treasury's future;
- policy development and coordination — involving major and/or new economic policy issues, generally with implications that involve more than one group;

- corporate governance — ensuring the efficient, effective and ethical use of resources; and
- planning and allocation of resources — meeting current and future work priorities.

The Executive Board members as at 30 June 2010 were:

- Dr Ken Henry, Secretary;
- Dr David Gruen, Executive Director, Macroeconomic Group;
- Mr Mike Callaghan, Executive Director, Macroeconomic Group;
- Mr Jim Murphy, Executive Director, Markets Group;
- Mr Nigel Ray, Executive Director, Fiscal Group;
- Mr David Parker, Executive Director, Revenue Group;
- Mr Richard Murray, Executive Director, Policy Coordination and Governance; and
- Ms Deidre Gerathy, Group General Manager, Corporate Services Group.

The Executive Board is supported by the Policy Coordination and Governance Unit.

Audit Committee

The Audit Committee reviews audit issues by:

- supporting and enhancing the control framework;
- providing assurance on published financial information;
- monitoring, reviewing and reporting on compliance; and
- assisting the Chief Executive to comply with all legislative and other obligations.

The Treasury's Audit Committee follows the recommended best practice guidelines issued by the Australian National Audit Office (ANAO) and reviews internal and external audits relating to the Treasury. The ANAO also attends the Treasury's Audit Committee meetings as an observer.

Audit committee members as at 30 June 2010 were Mr David Parker (Chair), Mr Geoff Miller, Ms Luise McCulloch, Ms Deidre Gerathy, Mr Michael Willcock, Mr Tony McDonald and Mr Bruce Jones (the external representative). The committee met six times during 2009-10.

Remuneration committees

Remuneration committees are established within the Executive, Corporate Services Group and the four policy groups in the Treasury to recommend to the Secretary the determination of salary rates available for APS6, EL1 and EL2 employees.

The Executive Board determines each remuneration committee's membership and the executive director of the relevant group chairs each remuneration committee. The committee comprises the Chair, the General Manager Human Resources Division and all general managers within the group. One senior officer from another group is included to promote consistency of outcomes between groups.

SENIOR MANAGEMENT STRUCTURE

The Treasury's senior management structure is detailed in Figure 1 on page 15.

CORPORATE PLANNING AND REPORTING

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

The Executive Board sets the broad strategic direction for the Treasury through its identity statement, *The Treasury — Who We are and What We Do*, and its annual corporate plan. The identity statement sets out the Treasury's mission, values, role and key policy responsibilities. The corporate plan articulates future directions, key priorities, capabilities, risks and key risk management strategies, and provides a context for group and divisional plans.

The Treasury meets its external reporting responsibilities through its portfolio budget statements and annual report.

RISK MANAGEMENT

The Treasury pursues a comprehensive, coordinated and systematic approach to risk management. It supports managers to anticipate uncertain events, exploit opportunities and respond appropriately to potential weaknesses. The approach has five key components.

- The Corporate Policy and Framework for Managing Risk and associated guidelines, released in April 2006. This framework is consistent with the Australian/New Zealand Standard for Risk Management and aims to:
 - integrate and formalise risk management processes across the Treasury;
 - ensure appropriate identification, analysis and evaluation of relevant risks;
 - provide for monitoring risk and considering treatment strategies; and
 - provide a risk communication strategy and training framework for stakeholders.

In 2009-10, the Treasury commissioned its internal auditors to review the risk management framework for consistency with the Australian/New Zealand Standard to maintain best practice and further embed risk management in the Treasury's work processes.

- The Fraud Control Plan complies with Australian Government Fraud Control Guidelines.
- The Chief Executive Instructions put into effect the *Financial Management and Accountability Act 1997* requirements, setting out responsibilities and procedures which provide an overarching framework for transparent and accountable financial management. They also contain topics relating specifically to risk management and internal accountability.
- The Internal Audit Plan identifies services and functions for auditing. The plan incorporates issues raised by the ANAO in its audit of the Treasury's financial statements, and where appropriate, recent ANAO reports on cross-agency matters, upcoming management issues, policy evaluations, previous internal audits and strategic risk management issues.
- Risk management and insurable risks are aligned through Comcover and Comcare.

The Treasury uses a range of strategies to identify and manage risks associated with the delivery of IT services. New IT-enabled business solutions are assessed against key IT principles. A range of plans deliver IT services, including:

- the IT Disaster Recovery Plan sets out the strategies and processes to restore services if the Treasury's central computing infrastructure is lost completely or partially;
- the Business Continuity Plan for the Treasury's IT application systems sets out alternative methods and processes, so the Treasury can continue to work while the environment is restored;
- the IT Security Policy addresses the requirements to protect information holdings and secure operation of the Treasury's IT resources;
- the Internet and Email Acceptable Use Policy sets out responsibilities for appropriate use of the internet, email facilities and services;
- the IT Change Control guidelines (an internal management tool) assist with quality assurance control over proposed changes to the technical environment and facilities; and
- Project Standards, internal standards based on the structured project management methodology, PRINCE2, ensure correct project governance is applied to IT-enabled business projects.

Training programs and staff notices raise staff awareness of risk management policies and procedures. All policies and procedures are available to staff in hard copy and on the intranet.

ETHICAL STANDARDS AND ACCOUNTABILITY

The Treasury places a strong emphasis on activities which are designed to support an ethical culture. The Treasury Management Model underpins the accountability and

governance frameworks and incorporates the department's mission and values. These values are consistent with, and enhance, the Australian Public Service (APS) values.

The Treasury Workplace Agreement contains a commitment from employees to be aware of, and observe the Treasury's and APS values, and the Treasury Performance Management System, along with the APS Code of Conduct, provides mechanisms for ensuring individual values and behaviours align with these shared corporate values and behaviours.

The Treasury's Personal Accountability Framework encapsulates departmental policies and guidelines into a single framework covering all aspects of behaviour, conduct and values. The framework provides a guide on how these responsibilities should translate into working relationships and standards of ethical and personal behaviour, and is promoted to new staff in their induction.

During the induction process, new staff also receive information on the Australian Public Service Commission's (APSC) Ethics Advisory Service and undertake an APS and Treasury accountabilities workshop, which provides participants with an understanding of the APS values and code of conduct, Treasury accountabilities and values, and corporate governance frameworks.

Under the Commonwealth Fraud Control Guidelines, the Treasury must conduct ethics and fraud awareness training. This is offered regularly to all staff, and reflects the department's commitment to maintaining an ethical culture, and promoting fraud awareness. The ethics and fraud awareness training provides attendees with an understanding of ethics, ethical challenges, resolution of ethical problems and prevention of fraud in the Commonwealth.

The Chief Executive Instructions establish the Treasury's internal policies and rules which apply the principles and requirements of the Financial Management and Accountability (FMA) Act, FMA Regulations and FMA Orders. They provide the basis for the management and effective, efficient, and ethical use of Commonwealth money, property and other resources. The Treasury reviews and updates the instructions regularly.

The Chief Executive Instructions also provide a user-friendly approach to financial management processes and guide staff so they can comply with legislation and ethical standards. Information on Financial Management Delegations is communicated to new staff during their induction, and additional training and regular financial management forums are conducted for divisional support officers. A two-day financial management workshop is delivered twice a year to assist staff understand the APS Financial Management Framework.

All corporate governance policies and procedures are available on the Treasury intranet.

SENIOR EXECUTIVE SERVICE REMUNERATION

Terms and conditions for all of the Treasury's senior executive service employees are contained in either Australian Workplace Agreements or individual section 24(1) determinations made by the Secretary.

Senior executive service staff are appraised using the APSC Senior Executive Leadership Capability Framework. That involves making individual rankings against the framework's five criteria, then arriving at an overall relative ranking for the person, which reflects performance.

An increase in ranking based on longer-term performance can lead to an increase in base salary (see Table 4 on page 139). Additional information on remuneration is set out in Note 13: Executive remuneration in the Financial Statements on pages 212 to 213.

EXTERNAL SCRUTINY

AUDIT

The Audit Committee met six times in 2009-10. Its work included reviewing the Treasury's financial statements and a range of internal and external audit reports.

The Audit Committee's Financial Statements sub-committee met three times. The sub-committee comprises members from the Treasury, the ANAO, the Treasury's internal audit service provider and the external representative of the Treasury Audit Committee. The sub-committee monitors production of the financial statements and helps resolve issues.

The Treasury engaged KPMG to develop the 2010-11 internal audit program. KPMG helps the Audit Committee to continuously improve audit services by regularly reviewing the audit program and scrutinising internal audit recommendations, as well as relevant ANAO reviews.

INTERNAL AUDITS

The Treasury completed eight internal audits/reviews during 2009-10.

Financial delegations framework

This review assessed the Treasury's current financial delegations framework, incorporating amendments made to the *Financial Management and Accountability Act 1997* (FMA Act). The Treasury has agreed to implement two business improvement recommendations to ensure the effective management and application of the financial delegations framework.

IT change, problem and incident management

This review examined the control framework in place at the Treasury for the management of IT changes, problems and incidents, and compliance with the Treasury's procedures. The Treasury has agreed to implement three recommendations to improve compliance.

New federal payment arrangements

This review conducted a risk assessment of the new arrangements for Commonwealth payments to the States and Territories. The review identified relevant key risks and controls and made four recommendations for improvement, which the Treasury has agreed to implement.

End user computing — development of criticality criteria

This review built on a 2008-09 review that assessed the Treasury's approach in controlling the development, maintenance and use of end user computing solutions. The review helped

to determine criteria for Treasury Quantitative Modeling and Analysis Applications and made a number of recommendations, which the Treasury has agreed to implement.

Guarantee Scheme for Large Deposits and Wholesale Funding

This review assessed the Treasury's compliance with the requirements of the FMA Act and the department's risk management policy with respect to the scheme. The Treasury agreed to implement four recommendations to improve the management of risks associated with the scheme.

Payroll function

This review examined the controls and business processes in place to manage the payroll function. The Treasury has agreed to implement three recommendations to enhance system controls and improve staff compliance with departmental policies.

Payroll payments

This review assessed the effectiveness and accuracy of the Treasury's new payroll payment system and provided assurance that controls and processes implemented by the Treasury were operating as intended. The Treasury has agreed to implement four business improvement recommendations to improve the administration of payroll payments.

Internal budgeting processes

This review assessed the Treasury's internal budgeting processes against better practice principles for developing and updating internal budgets issued by the ANAO. The Treasury has agreed to implement three recommendations to further improve budgeting practices in the department.

AUSTRALIAN NATIONAL AUDIT OFFICE REPORTS

In 2009-10, the ANAO conducted one performance audit that related to the Treasury's operations.

Audit Report No. 1: *Representations to the Department of the Treasury in Relation to Motor Dealer Financing Arrangements*

The ANAO conducted an audit of representations to the Treasury regarding automotive finance arrangements for car dealers. The audit examined and reported on:

- representations to the Treasury since October 2008 from all sources regarding automotive finance arrangements for car dealers, including any made in relation to John Grant Motors;
- the nature of these representations;
- the manner in which officials responded to the representations, applying relevant standards and procedures; and
- any related administrative matters that came to attention.

The audit identified a number of policy implementation shortcomings, but did not make any recommendations to the Treasury, as the ANAO did not examine whether these shortcomings were isolated or more widespread. However, the Treasury has reviewed its practices more broadly in light of the matters raised in the report.

Other audit reports

Other ANAO reports relevant to the Treasury in 2009-10 were:

- Report No. 6: *Senate Order for Departmental and Agency Contracts (Calendar Year 2008 Compliance)*
- Report No. 8: *The Australian Taxation Office's Implementation of the Change Program: a strategic overview*
- Report No. 17: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2009*
- Report No. 20: *The National Broadband Network Request for Proposal Process*
- Report No. 26: *Administration of Climate Change Programs*
- Report No. 27: *Coordination and Reporting of Australia's Climate Change Measures*
- Report No. 33: *Building the Education Revolution — Primary Schools for the 21st Century*
- Report No. 34: *The Management and use of Double Taxation Agreement Information Collected through Automatic Exchange*
- Report No. 35: *Administration of the Superannuation Co-contribution Scheme*
- Report No. 41: *Effective Crossagency Agreements*
- Report No. 44: *Administration of the Tax Obligations of Non-residents*
- Report No. 50: *Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2010*

The Audit Committee follows ANAO better practice guidelines by actively reviewing relevant matters raised in audit reports, and overseeing follow-up action. Details of audit reports are available at www.anao.gov.au.

PARLIAMENTARY COMMITTEES

In 2009-10 officials from the Treasury appeared before the following Parliamentary Committees:

14 July 2009 — Senate Standing Committee on Community Affairs, Inquiry into the Fairer Private Health Insurance Incentive Bills and the Health Insurance Amendment (Extended Medicare Safety Net) Bill 2009

15 July 2009 — Joint Committee on Corporations and Financial Services, Agribusiness managed investment schemes

27 July 2009 — Senate Economics References Committee, Employee share schemes

5 August 2009 — Senate Economics Legislation Committee, Renewable Energy (Electricity) Amendment Bill 2009

18 August 2009 — Senate Economics References Committee, Bank funding guarantees

21 August 2009 — Senate Economics Legislation Committee, National Consumer Credit Protection Bill 2009

21 August — Senate Economics Legislation Committee, Trade Practices Amendment (Australian Consumer Law) Bill 2009

25 August 2009 — Senate Economics Legislation Committee, Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009

28 August 2009 — Joint Committee on Corporations and Financial Services, Financial products and services in Australia

7 September 2009 — Joint Standing Committee on Treaties, Treaties tabled on 20 August 2009

10 September 2009 — House of Representatives Standing Committee on Employment and Workplace Relations, Pay equity and increasing female participation in the workforce

14 September 2009 — Joint Standing Committee on Treaties, Treaties tabled on 20 August 2009

18 September 2009 — Senate Economics References Committee, GROCERYchoice website

25 September 2009 — Senate Economics Legislation Committee, Trade Practices Amendment (Guaranteed Lowest Prices — Blacktown Amendment) Bill 2009

1 October 2009 — Senate Select Committee on the National Broadband Network, Implications of the proposed National Broadband Network

9 October 2009 — Senate Economics References Committee, Government economic stimulus initiatives

22 October 2009 — Senate Economics Legislation Committee, Estimates (Supplementary Budget Estimates)

27 October 2009 — Senate Legal and Constitutional References Committee, Access to justice

9 November 2009 — Senate Economics Legislation Committee, Tax Laws Amendment (2009 Budget Measures No. 2) Bill 2009

14 December 2009 — Senate Select Committee on Fuel and Energy, Issues relating to the fuel and energy industry

1 February 2010 — Joint Standing Committee on Treaties, Treaties tabled on 25 November 2009

5 February 2010 — Senate Economics Legislation Committee, Trade Practices Amendment (Infrastructure Access) Bill 2009

10 February 2010 — Senate Economics Legislation Committee, Estimates (Additional Estimates)

25 February 2010 — Senate Economics Legislation Committee, Tax Laws Amendment (Confidentiality of Taxpayer Information) Bill 2009

3 March 2010 — Senate Economics Legislation Committee, Tax Laws Amendment (2010 Measures No. 1) Bill 2010

12 March 2010 — Senate Economics References Committee, Role of liquidators and administrators

7 April 2010 — Senate Select Committee on Fuel and Energy, Issues relating to the fuel and energy industry

9 April 2010 — Senate Economics Legislation Committee, Trade Practices Amendment (Material Lessening of Competition — Richmond Amendment) Bill 2009

27 and 30 April 2010 — Senate Economics Legislation Committee, Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010

30 April 2010 — Senate Economics Legislation Committee, Tax Laws Amendment (2010 Measures No. 2) Bill 2010

10 May 2010 — Senate Economics References Committee, Access of small business to finance

10 May 2010 — Joint Standing Committee on Treaties, Treaties tabled on 9, 10, 16 and 29 March 2010

20 May 2010 — Senate Economics Legislation Committee, Tax Laws Amendment (Research and Development) Bill 2010

27 May and 1, 2, and 3 June 2010 — Senate Economics Legislation Committee, Estimates (Budget Estimates)

7 June 2010 — Senate Select Committee on Agricultural and Related Industries, Food production in Australia

9 June 2010 — Senate Economics Legislation Committee, Competition and Consumer Legislation Amendment Bill 2010

126 17 June 2010 — Senate Rural and Regional Affairs and Transport Legislation Committee, Customs Tariff Amendment (Aviation Fuel) Bill 2010; Excise Tariff Amendment (Aviation Fuel) Bill 2010

21 June 2010 — Joint Standing Committee on Treaties, Treaties tabled on 12 May 2010

29 June 2010 — Senate Economics Legislation Committee, Tax Laws Amendment (Public Benefit Test) Bill 2010

29 June 2010 — Joint Standing Committee on Treaties, Treaties tabled on 15 and 16 June 2010

29 June 2010 — Joint Standing Committee on Treaties, Treaties tabled on 21, 22 and 24 June 2010

FRAUD PREVENTION AND CONTROL

In 2009-10, one case of fraud was referred to the Australian Federal Police for investigation. This investigation is continuing. The investigation into the fraud that was reported in 2008-09 has not yet been completed.

The Treasury's Fraud Control Plan complies with the Commonwealth Fraud Control Guidelines issued under regulation 19 of the Financial Management and Accountability Regulations 1997.

The Treasury has appropriate fraud control, prevention, detection, investigation and reporting standards in place; and collects and reports annual fraud control data.

OMBUDSMAN COMMENTS, COURT DECISIONS AND ADMINISTRATIVE TRIBUNAL DECISIONS

Ombudsman comments

During 2009-10 the Ombudsman received seven approaches about the Treasury. Of these: three were not investigated by the Ombudsman; one was ongoing at 30 June 2010; one case was closed on the basis that the Treasury had not acted inappropriately; and two were closed with a comment that, while the Treasury referred the matter to another agency, it would have been good administration for the Treasury to have replied to the correspondence received.

In addition, the Ombudsman closed two approaches made in 2008-09. In these cases, the Ombudsman recorded an administrative deficiency against the Treasury on the basis of procedural deficiency for one case and, in the other case, on the basis of inadequate advice, explanation or reasons.

Courts and proceedings

Trade Practices Act — Access to Services — Fortescue Metals Group Ltd

On 13 June 2006, Fortescue Metals Group applied to the Australian Competition Tribunal for a review of the former Treasurer's deemed decision under Part IIIA of the *Trade Practices Act 1974* not to declare BHP Billiton as the operator of the Mt Newman rail line.

On 18 December 2006, in proceedings initially instigated separately by BHP Billiton and Fortescue Metals Group, the Federal Court ruled that BHP Billiton's Mt Newman and Goldsworthy rail lines may be subject to declaration applications under Part IIIA, as they do not represent 'use of a production process'. On 12 January 2007, BHP Billiton lodged an appeal against the Federal Court decision to the full court of the Federal Court. The appeal was heard in late April 2007 and the full Federal Court dismissed the appeal on 5 October 2007. On 7 March 2008, the High Court heard and allowed an

application by BHP Billiton for special leave to appeal the full Federal Court's decision. On 24 September 2008, the High Court upheld the full Federal Court decision that the Mt Newman and Goldsworthy railway lines were not the 'use of a production process' and therefore not exempt from declaration under Part IIIA.

In November 2007 and January 2008, a subsidiary of Fortescue Metals Group, the Pilbara Infrastructure Pty Ltd, lodged three further applications for railway services in the Pilbara region of Western Australia. These railway services included the Hamersley and Robe River lines operated by Rio Tinto, and the Goldsworthy line operated by BHP Billiton. In October 2008, the Treasurer declared each of the Hamersley, Goldsworthy and Robe River railway services for 20 years. BHP Billiton and Rio Tinto subsequently applied to the Australian Competition Tribunal for a review of those declaration decisions. A review of the Hamersley, Goldsworthy and Robe River railway services declaration decisions was conducted in conjunction with the review of the Mt Newman decision. The Australian Competition Tribunal handed down its decision on these matters on 30 June 2010. The Tribunal decided to:

- affirm the former Treasurer's deemed decision not to declare the Mt Newman railway;
- vary the Treasurer's decision to declare the Robe railway, reducing the period of declaration from 20 to 10 years;
- set aside the Treasurer's decision to declare the Hamersley railway; and
- affirm (unvaried) the Treasurer's decision to declare the Goldsworthy railway.

Trade Practices Act — Ministerial Consent under section 5 of the Trade Practices Act — Cathay Pacific Airways Limited (Cathay) and the Minister for Competition Policy and Consumer Affairs

On 2 December 2008, the Minister for Competition Policy and Consumer Affairs provided consent under section 5 of the Trade Practices Act to Auskay International Manufacturing and Trade Pty Ltd (Auskay). This enabled Auskay to bring a civil action under the anti-competitive conduct provisions of the Trade Practices Act against a number of airlines (including Cathay), in respect of conduct that occurred overseas.

On 24 December 2008, Cathay applied to the Federal Court for a judicial review of the decision pursuant to section 5 of the *Administrative Decisions (Judicial Review) Act 1977*.

On 28 May 2010, the proceedings against the Minister were dismissed by the Federal Court, with costs.

Income Tax Assessment Act 1997 — Deductions Against Income From Youth Allowance — Commissioner of Taxation v Anstis

Symone Anstis claimed a deduction for \$920 of work-related self-education expenses which she incurred while receiving Youth Allowance as a university student. The ATO denied the deduction in keeping with the view expressed in its Income Tax Ruling TR 98/9, that education expenses are not deductible against various Commonwealth educational assistance schemes.

Ms Anstis appealed against the decision in the Administrative Appeals Tribunal, which upheld the decision of the ATO. Ms Anstis appealed again to the Federal Court. On 1 April 2009, Ryan J held in *Symone Anstis v Federal Commissioner of Taxation* that Ms Anstis was entitled to a tax deduction for her education expenses.

The Commissioner appealed, and on 4 November 2009, the full Federal Court upheld the decision of Ryan J.

On 23 April 2010, the High Court granted the Commissioner special leave to appeal against the decision of the Full Federal Court. A hearing took place on 29 July 2010.

The High Court is expected to decide the appeal later in 2010. Until this matter is resolved, the ATO will continue to apply the view set out in TR 98/9.

Administrative appeals tribunal

Freedom of information — Michael Evans on behalf of the Sydney Morning Herald and the Department of the Treasury

An application was made to the Administrative Appeals Tribunal for a review of a decision by the Treasury not to release information in response to a request under the Freedom of Information Act for documents relating to correspondence between Macquarie Group and the Treasury concerning the state of global financial markets. The main issues in the case are whether the documents to which access has been refused are exempt under a number of exemptions of the *Freedom of Information Act 1982*. The case has not yet been heard.

MANAGEMENT OF HUMAN RESOURCES

The Human Resources Division delivers strategic human resource management advice and services to enable the Treasury to recruit, develop and manage its staff to deliver high performance and provide a supportive work environment.

Key 2009-10 workforce initiatives were to:

- negotiate and implement a competitive and flexible workplace agreement;
- review and implement new time-off-in lieu arrangements;
- progress initiatives flowing out of the Staff Survey and the Organisational Review;
- implement the Managers' Portal;
- ensure workforce planning and professional development strategies meet organisational needs;
- ensure workforce and wellbeing strategies facilitate working arrangements to address work/life balance issues;
- streamline the Performance Management System;
- maintain a low workers compensation premium average relative to the APS;
- transition payroll services from an external service provider to the Treasury; and
- progress the childcare centre proposal.

PEOPLE MANAGEMENT SYSTEMS

The Treasury Management Model incorporates the Treasury's people management systems, principles and values, and seeks to ensure that the right people are in the right jobs, doing the right work and getting the right pay. All recruitment, promotion, mobility, and resource planning and development processes within the Treasury are aligned with the Treasury Management Model, including the Performance Management and Career Development Systems.

PERFORMANCE MANAGEMENT SYSTEM

The Treasury's Performance Management System underpins the department's capacity to achieve its mission by strengthening individual capabilities and aligning individual values and behaviors with shared corporate values and behaviors.

Performance is measured through a defined capability framework called the Work Value Matrix, which outlines the general set of behavioural standards expected across specified criteria at each classification level. Performance for non-SES staff is assessed against seven criteria outlined in the Work Value Matrix. Performance for SES officers is assessed against

the five criteria outlined in the Senior Executive Leadership Capability Framework. These frameworks provide the basis for appraisals, and also underpin recruitment processes, the Professional Development Framework and the Career Development System.

Ratings against each capability contribute to an overall performance appraisal rating, which determines the base rate of pay for staff employed under the Treasury Workplace Agreement. These ratings also inform the remuneration committees, which advise the Secretary on access to additional salary points which are available to APS6, EL1 and EL2 staff.

A number of processes support the underlying principles of fairness, transparency and consistency in the Performance Management System.

- In setting the context for appraisals, initially SES staff meet before each appraisal round to discuss issues relevant to the upcoming round, then group and divisional context setting meetings follow.
- Workshops and information sessions for staff and managers are delivered before each appraisal round to provide information on the appraisal process and criteria, and assist staff to develop skills in giving and receiving feedback. Case study sessions are also offered to assist in ensuring ratings consistency across the department.
- Review panels held at the divisional level examine the outcomes of appraisals to ensure consistency across the division. Cross-group representatives on review panels provide an additional layer of consistency.
- Upward feedback is an integral part of the appraisal process and provides input to the appraisals of managers.
- Aggregated data on remuneration committee outcomes is provided on the Treasury intranet.

In 2009-10, streamlined reporting requirements were implemented to reduce the administration associated with recording and signing off on performance appraisal outcomes.

CAREER DEVELOPMENT SYSTEM

The Career Development System is a key element of the Treasury's people management system and seeks to foster a shared individual and organisational role in career development. It applies to all staff, including temporary employees and secondees with at least six months continuous service, and provides staff with the opportunity to receive career development guidance from their manager-one-removed.

Information is provided on the Career Development System to both staff and managers-one-removed. In 2009-10, 30 staff attended workshops on 'Preparing for your next position' and 37 staff attended career planning workshops targeted at graduates and APS6 to EL1 staff.

TREASURY WORKPLACE AGREEMENT

The Treasury Workplace Agreement 2009-11 came into operation on 11 November 2009 and nominally expires on 30 June 2011.

It provides for increased pay rates, inclusion of additional pay points previously provided through individual arrangements, variations to conditions of service, including increased paid leave to assist employees during maternity, 16 weeks adoption leave, five days foster care leave and increased provision to cash out annual leave.

WORKPLACE RELATIONS

The format and content of the Treasury's workplace and individual arrangements reflect government policy at the time of implementation.

The Treasury consults extensively with staff on workplace matters, and the current Workplace Agreement reinforces staff involvement in decision making. Consultation primarily occurs through the Workplace Relations Committee, elected by Treasury staff and comprising eight members. The committee meets regularly with Human Resources Division staff to discuss employment terms and conditions, and regular meetings with the Secretary encourage dialogue on issues of importance to staff. Terms of Reference for the Workplace Relations Committee reflect a principles based approach to workplace relations.

The Treasury Workplace Agreement 2009-11 and individual arrangements provide access to procedures to resolve disputes and directly consult with staff as appropriate.

RECRUITMENT AND SUCCESSION PLANNING

The Treasury's recruitment activity in 2009-10 included two major bulk recruitment campaigns; one specialist campaign seeking modelling expertise; a graduate campaign; an internship program; an indigenous cadetship program; and 53 individual recruitment processes. A total of 243 employment opportunities were filled from advertised vacancies. The graduate intake was 73 in 2009-10.

Graduate recruitment forms a major part of the Treasury's recruitment and succession planning strategy. In 2009-10, Treasury staff attended university career fairs and presented workshops on public policy to commerce and economic students. Brochures entitled '*Do you want to make a difference?*' were distributed to university careers centres and faculties. In addition, advertisements were placed in university career guides, in on-line graduate publications and on university career web pages.

In 2009, the Treasury hosted 18 interns under the recently introduced internship program. This scheme targets economics, commerce, law, finance, accounting and political science students and involves a 4 to 12 week paid work placement which exposes students to public policy.

Job seekers can lodge applications via the Treasury's internet careers portal. The portal also allows candidates to register for general and non-ongoing employment, and former staff to register as alumni to provide short-term employment assistance.

The Treasury developed an intranet solution for advertising and managing internal vacancies. This new jobs portal was deployed in June 2010.

A panel for recruitment service providers was finalised in June 2010.

In 2009-10, the Treasury worked with the APS Career Transition Support Centre by providing details of employment opportunities to help redeploy potentially surplus APS employees. The program ceased operating on 30 June 2010. The APSC is working towards offering a career advisory service and looking at new ways to foster cooperation and collaboration between agencies in recruiting and redeploying change-affected APS employees.

Administrative arrangements and employment conditions applying to secondees in the Treasury/ATO secondment program were reviewed due to workplace agreement changes. Secondments included staff for policy initiatives, such as the AFTS Review and the Resource Super Profits Tax.

LEARNING AND DEVELOPMENT

The Treasury's Professional Development Framework provides the basis for establishing learning and development strategies to develop staff in their current and future roles, and incorporates a broad range of factors including the APS values, whole-of-government initiatives, the labour market and skill shortages, departmental functions and priorities, and the Treasury Management Model.

The Treasury's total investment in off-the-job professional development totalled over \$4.4 million in 2009-10, representing an average of five days of development per staff member. This figure represents 3 per cent of departmental operating costs and includes participant salary and ongoing costs, registration fees for internal and external training courses and external providers' development and delivery costs.

Learning and development strategies

The Treasury provided an extensive array of learning and development opportunities. These ranged from in-house one or two day workshops, development programs, postgraduate qualifications, and mentoring and coaching programs to external opportunities such as postgraduate study awards, short-term research projects and participation in broader public sector development initiatives.

A range of professional development workshops were offered through the Treasury's learning and development program, including APS and Treasury accountabilities, writing skills, managing workloads, presentation skills, negotiation skills and policy advising skills.

In 2009-10 several new workshops were introduced, including problem solving skills, representational skills and a cultural awareness workshop. All workshops were tailored to the Treasury's environment with evaluations conducted to ensure the programs were effective in delivering anticipated objectives.

The Treasury also offered several in-house postgraduate courses. In February 2009, 23 participants, including six participants from other departments, commenced a two year Graduate Diploma in Economic Studies. The course, delivered by Monash University in the Treasury building, is tailored to public sector agencies, with a focus on public policy. The course is targeted at staff qualified in disciplines other than economics and facilitates an understanding of economic frameworks and public policy issues. A Postgraduate Diploma in Economics and Commerce is also being developed and is scheduled to commence in 2011.

Semester-long Introduction to Law and Introduction to Economics courses continued to be delivered in-house by the Australian National University, to provide staff without existing tertiary qualifications in these fields with an understanding of the fundamental principles of law and economics. Evaluations for both courses reflected high levels of satisfaction with the quality of teaching and impact of the courses on staff knowledge and understanding.

A key element of the professional development framework is leadership and management development. The Executive Leadership Program, targeted at experienced EL2 staff, aims to enhance the leadership and strategic thinking skills of executive level staff to equip them to fulfil their leadership roles under the Treasury Management Model. In 2009, 19 staff participated in the program, and 93 per cent of evaluations indicated participants found the program highly useful and worthwhile.

A Management Development Program was introduced in 2009 to enhance the capability of new and emerging managers at the executive level and equip them to effectively transition from analyst to manager. Twenty-two staff participated in the seven day program. All respondents felt that the course had a positive impact on their skills development, and 80 per cent of evaluations indicated that the program was above or exceeded their expectations.

A tender process was conducted in 2009-10 to establish an SES Executive Coaching Panel to provide SES staff with the opportunity to access confidential, targeted and expert guidance on specific issues or assist in longer-term skills development.

The 12-month Graduate Development Program continued to combine on-the-job training with formal in-house courses, such as advanced writing, APS and Treasury Accountabilities, presentation and negotiation skills, and economics for graduates without economics qualifications. The program also included external courses, such as Introduction to the Senate and participation in key events, such as the budget lockup where budget material

is provided under embargo to registered media officers. The program is refined through feedback from graduates and graduate managers.

Two induction seminars were offered in October 2009 and March 2010, with 123 new staff attending. The seminars incorporated a welcome from the Secretary, an overview of each of the departmental groups, and sessions on Occupational Health and Safety, the Social Committee, the Workplace Relations Committee and the Employee Assistance Program. Additional support for new staff was also provided through the new starters Mentoring Program and the Human Resources Division briefing sessions, which provided information on services offered by the division.

The Treasury Seminar Series continued with 16 prominent guest speakers presenting perspectives on current economic issues and research. The Treasury's four policy groups also continued to offer seminars on specific policy issues.

In addition to these seminars, several groups offered technical training, with Revenue Group continuing to deliver a Tax Policy Framework course to new starters and Macroeconomic Group coordinating the delivery of two intensive courses in economy-wide modelling.

IT initiatives and training

In 2009-10, internal IT training attracted 1,741 participants. It covered the Microsoft Office suite of programs, as well as in-house systems, recordkeeping, security, electronic filing using TRIM, publication projects, the financial management information system SAP, and the budgeting and reporting tool TM1. Training was also provided in the use of Blackberry and remote access tokens.

Customised training in Excel, VBA and Project catered to special needs and projects.

External learning and development opportunities

In addition to providing internal learning and development opportunities, the Treasury encourages staff to participate in a range of external learning and development activities. These include postgraduate qualifications and research projects, as well as attendance at Career Development Assessment Centres, Australian and New Zealand School of Government programs, and various conferences, seminars and workshops of relevance to the Treasury.

Studies Assistance provided financial assistance and study leave for staff undertaking approved study relevant to the Treasury. An average of 102 staff accessed Studies Assistance each semester in 2009-10, with the most study undertaken in postgraduate economics, law and public policy. Two staff were awarded Postgraduate Study Awards in 2009-10 to support full-time study in economics. These awards provide a financial award paid as an allowance, as well as tuition fees.

Two staff completed Short-Term Economic Research Projects at the Australian National University as part of an ongoing Memorandum of Understanding between the Treasury and the University.

During 2009-10, Treasury staff attended 395 external training courses, conferences or seminars of relevance to the department. Participants attending external training programs, conferences and seminars were asked to complete online evaluation forms which then informed attendance at future courses.

WELLBEING

The Treasury continues to measure and monitor staff wellbeing indicators through staff opinion surveys, exit survey reports and human resource data. Performance is assessed against the Staff Wellbeing Framework to monitor agency health and identify potential risks to organisational capability, and benchmarked against the broader APS. The Human Resources Division provides regular reports to the Executive Board, the Workplace Relations Committee, Health and Safety Committee and staff on the results and strategies developed to improve performance.

State of the Service results

This year, for the first time, the APSC developed an agency-specific report that examined key drivers of employee engagement and benchmarked these results against the wider APS. The agency-specific employee survey results for the Treasury were strong, with satisfaction levels more favourable than the APS average in a number of key areas, including employee job satisfaction, immediate manager effectiveness, quality of senior leadership, effective communication with senior leaders, culture of working environment, respect within work groups and low levels of harassment and bullying.

The Treasury's overall score for employee engagement was 97 per cent. This is higher than the APS average of 87 per cent and higher than the engagement level recorded by the Treasury in the previous year (88 per cent). Treasury staff enjoy their work, are motivated to do the best possible work and are more likely to receive a sense of personal accomplishment through their job.

Work-life balance

An area for improvement is satisfaction with work-life balance. While the Treasury results (74 per cent) are similar to those recorded for the APS as a whole (72 per cent), this issue continues to be of ongoing concern and remains an important focus for the Executive Board. Key strategies to address this issue include providing additional resources to priority work areas, and increasing mobility and flexibility to meet peak demands through departmental transfer rounds. These measures are complemented by human resources support, such as the resilience program, for areas experiencing peak work pressures.

Resilience program

To respond to work-life balance concerns, the Human Resources Division seeks to identify anticipated peak work periods and offers divisions the opportunity to take part in a resilience program.

The Treasury piloted this program for six months and had positive outcomes. A post-program survey found that resilience, perceptions of management support and general engagement at work had improved.

The program aims to increase resilience by enhancing people's ability to cope with changing and complex work situations. The program also provides useful strategies for managing sustained pressure and deadlines, communication, resilience and team building.

Employee assistance program

The Treasury's employee assistance program also collects generic data that provides guidance for departmental wellbeing strategies. The external provider assists employees who may be experiencing personal or work-related problems by providing a free, confidential counselling service to Treasury employees and their families. To complement this service, the eapdirect™ website offers easy access to information on stress, depression, anxiety, work-life balance, career development and management techniques. The employee assistance provider also offers managerAssist®, an advisory service that helps managers deal with work issues and personal difficulties.

Health and wellbeing program

In previous years, the Treasury has provided access to wellbeing information and strategies through Health Month. In 2009-10, the program was enhanced to run throughout the year in recognition of the need to address wellbeing on an ongoing basis and provide greater scope to include a broader range of activities and seminars.

A total of 23 activities were facilitated with approximately 1,000 staff attending these sessions overall. Participation rates for activities were high, with 355 staff participating in individual health assessments, 120 staff participating in hearing checks, 82 staff participating in the financial planning seminar and 80 staff participating in the Treasury's fun run.

Lifestyle payment and corporate gym memberships

To assist employees in undertaking initiatives towards maintaining a healthy lifestyle, an annual lifestyle payment of \$450 was available for activities such as gym memberships, sporting apparel and relaxation programs. The Treasury has corporate gym memberships with eight participating gyms, whereby Treasury employees receive a reduced membership fee. In 2009-10, 843 lifestyle payments were made.

STAFFING INFORMATION

Ongoing and non-ongoing employee numbers in the Treasury increased from 1,026 in 2008-09 to 1,063 in 2009-10 (refer to Table 2 below). Of this increase, 27 were men and 10 were women. The number of EL1 and EL2 employees increased by 16 and 8 respectively during the year, while APS5 numbers increased by 11. Between 2008-09 and 2009-10 the number of APS6 employees decreased by 10 and the number of part-time female staff increased from 88 to 94.

Table 2: Operative and paid inoperative staff by classification and gender (as at 30 June 2010)

Classification	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Male	Female	Male	Female	Male	Female	Male	Female	
Cadet	–	1	–	–	2	–	–	–	3
APS1	–	2	–	–	1	–	–	–	3
APS2	2	–	–	2	1	–	–	–	5
APS3	54	44	1	3	4	2	–	–	108
APS4	17	37	1	15	–	–	–	–	70
APS5	81	61	1	11	1	–	–	–	155
APS6	88	86	3	13	3	7	–	–	200
EL1	114	79	7	18	3	–	–	3	224
EL2	118	48	8	25	7	–	1	1	208
SES Band 1	44	14	1	2	2	–	2	–	65
SES Band 2	9	3	1	1	–	–	–	–	14
SES Band 3	7	–	–	–	–	–	–	–	7
Secretary	1	–	–	–	–	–	–	–	1
Total	535	375	23	90	24	9	3	4	1,063

Note: Staff paid by other agencies are not included.

Table 3: Staff located at overseas posts

Overseas post	SES Band 2	SES Band 1	EL2	Total
Beijing	–	1	–	1
Jakarta	–	1	–	1
London	–	1	–	1
Paris	–	1	–	1
Tokyo	–	2	–	2
Washington	–	1	–	1
Total	–	7	–	7

Note: Locally engaged staff are not included.

Senior executive service — remuneration and performance appraisal

Remuneration and conditions for the Treasury’s senior executives are determined under AWAs and section 24(1) determinations, supported by a remuneration model that determines pay levels within each SES level, based on performance (refer to Table 4 below). The Treasury does not offer performance bonuses.

Table 4: Salary scales — SES

Classification	September 2008		September 2009	
	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$
SES Band 1	163,698	190,252	168,609	195,960
SES Band 2	200,633	234,833	206,652	241,878
SES Band 3	260,008	304,510	267,808	313,645

Senior executives are appraised using the APS SES Capability Framework to assess performance and rank each employee relative to their peers. An increase in relative ranking can lead to an increase in base salary. Senior executives may also have access to airline lounge membership.

Remuneration — non-SES employees

The Treasury Workplace Agreement 2009-11 determines salary rates for all non-SES staff (refer to Table 5 below). The Treasury does not offer performance bonuses.

Table 5: Workplace Agreement salary scales — non-SES

Classification	September 2008		November 2009	
	Minimum \$	Maximum \$	Minimum \$	Maximum \$
APS1	37,660	40,897	38,790	42,124
APS2	43,410	46,283	44,712	47,671
APS3	49,157	52,029	50,632	53,590
APS4	54,903	57,776	56,550	59,509
APS5	61,729	65,681	63,581	67,651
APS6	69,632	73,583	71,721	86,892
EL1	81,954	90,827	93,552	107,316
EL2	100,883	110,943	114,271	131,145

Under the Treasury's Workplace Agreement 2009-11, access to some pay points for APS6, EL1 and EL2 staff can only be determined by the Remuneration Committee and are based on performance under the Treasury's Performance Management System (refer to Table 6 below).

Table 6: APS6, EL1 and EL2 pay points determined by Remuneration Committee

Classification	Staff receiving pay point 2009-10	Minimum pay point 2009-10 \$	Maximum pay point 2009-10 \$
APS6	106	81,712	86,892
EL1	150	100,893	107,316
EL2	156	119,896	131,145
Total	412		

Salary levels for these pay points are determined by the Executive Board Remuneration Committee, based on group remuneration committee recommendations aligned with performance appraisal assessments and assessment of long term sustainable performance, as well as relevant skills and responsibilities.

Senior management changes

Several senior management movements occurred in 2009-10 (refer to Table 7 below).

Table 7: SES commencements and cessations

Reason	SES Band 3	SES Band 2	SES Band 1	Total
Engagement	–	–	3	3
External promotion	–	–	–	–
Internal promotion	–	–	–	–
Resignation	–	–	2	2
Retirement	–	–	–	–
Transfer to another department	–	1	1	2
Promoted to another department	–	2	–	2
Total	–	3	6	9

ASSETS MANAGEMENT

The Treasury has developed an asset management framework to manage the Treasury's assets. The framework includes:

- an asset register that records details of all assets held by the Treasury. Assets on the Treasury's asset register are subject to an annual stocktake to keep records accurate and up-to-date;
- an asset management guide that sets out the Treasury's asset policies and asset management guidelines for the day-to-day care and custody of assets. The asset management guide is incorporated into the Treasury's Chief Executive Instructions. Further details on the Treasury's asset policies are in Notes 1.14 to 1.18 of the Treasury's financial statements on pages 187-190; and
- a capital management plan that sets out the Treasury's longer-term asset requirements and funding sources for ongoing asset replacement and investment. The Treasury's capital budget process is integrated with strategic planning and occurs prior to the beginning of each financial year, in conjunction with the Treasury's annual operating budget process. In determining the capital budget, the Treasury considers the level of funding available for asset purchases, immediate and longer-term asset replacement requirements and organisational opportunities that an investment in new assets can address.

PURCHASING

The Treasury's procurement framework reflects the core principle governing Australian Government procurement — value for money. Procurement of all goods and services, including consultancies, is consistent with the requirements of the Commonwealth Procurement Guidelines. The Treasury applies the guidelines to all its activities through the Chief Executive Instructions and supporting operational guidelines.

The Treasury's procurement policies and processes help ensure the Treasury undertakes competitive, non-discriminatory procurement processes; uses resources efficiently, effectively and ethically; and makes decisions in an accountable and transparent manner. Individual areas are responsible for procurement with support from a central team of procurement specialists. The central team provides information and training about procurement policies and procedures to all staff, and maintains a single point of contact for staff to seek advice on the guidelines, Chief Executive Instructions and tendering processes.

The Treasury also developed standard tendering and contracting documentation to ensure procurement practices are consistent across the department.

The Treasury's procurement framework makes appropriate financial delegates responsible for procurement. Currently, all proposed procurements valued at \$10,000 or more are reviewed by the Treasury's Procurement and Contracts Team to ensure due process is followed.

The Treasury publishes information about significant procurements the department expects to undertake during the following year in an annual procurement plan, available on the AusTender website at www.tenders.gov.au.

CONSULTANTS

Consultants are engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; provide independent advice; and provide information or creative solutions to assist the Treasury in its decision-making. The most common reasons to engage consultants are:

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

Providers of consultancy services are selected through open tender, select tender, direct sourcing or panels. These processes are detailed in the note to Table 8 on page 150.

During 2009-10, 103 new consultancy contracts were entered into involving total actual expenditure of \$5,168,788. In addition, 38 ongoing consultancy contracts were active during the 2009-10 year, involving total actual expenditure of \$2,332,114. These amounts include GST.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website www.tenders.gov.au.

Several consultancy contracts let in 2009-10 were valued at \$10,000 or more (refer to Table 8 below).

Table 8: List of new consultancies over \$10,000 in 2009-10

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
ACTSAFE Australia Pty Ltd	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$36,000	Open tender	A
Acumen Contracting and Recruitment Pty Ltd	Work with Macroeconomic Group on its database project	\$440,000	Panel	A
AON Consulting Pty Limited	Help with superannuation and managed investment product disclosure statement design project	\$212,000	Direct sourcing	A
Australian Government Solicitor	Provide constitutional advice about implementing soft compulsion	\$10,000	Direct sourcing	A

Table 8: List of new consultancies over \$10,000 in 2009-10 (continued)

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
Australian Government Solicitor	Provide legal advice on employee share schemes	\$10,000	Panel	A
Australian Government Solicitor	Provide legal advice on private health insurance	\$10,000	Panel	A
Australian Government Solicitor	Provide legal advice to the financial advisory services panel	\$10,000	Panel	A
Australian Government Solicitor	Provide legal advice on recommendations from the Australia's Future Tax System Review	\$10,067	Panel	A
Australian Government Solicitor	Provide tied legal services on managed investment trusts	\$10,332	Direct sourcing	A
Australian Government Solicitor	Provide legal advice on the financial advisory services request for tender	\$11,000	Panel	A
Australian Government Solicitor	Provide legal advice in adoption/referral provisions included in the draft National Consumer Credit Protection Bill	\$11,153	Panel	A
Australian Government Solicitor	Provide tied legal advice on the National Broadband Network	\$11,825	Direct sourcing	A
Australian Government Solicitor	Provide legal advice on interactions between taxing non renewable resources and international free trade agreements	\$12,820	Direct sourcing	A
Australian Government Solicitor	Provide legal advice on external dispute resolution	\$14,170	Panel	A
Australian Government Solicitor	Provide constitutional advice on Division 50	\$15,000	Direct sourcing	A
Australian Government Solicitor	Provide constitutional legal advice on the National Health and Hospitals Network	\$16,365	Direct sourcing	A
Australian Government Solicitor	Provide advice on the Research and Development Tax Incentive	\$21,929	Panel	A
Australian Government Solicitor	Provide legal advice on taxing issues on international trade agreements and constitutional issues	\$23,000	Direct sourcing	A

Table 8: List of new consultancies over \$10,000 in 2009-10 (continued)

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
Australian Government Solicitor	Provide constitutional legal advice on stamp duty carve out in amendment power	\$24,000	Direct sourcing	A
Australian Government Solicitor	Provide legal advice on Credit Reform Package	\$29,536	Panel	A
Australian Government Solicitor	Provide legal advice on dealing with facilitating practices	\$33,900	Panel	A
Australian Government Solicitor	Provide legal representation at the Administrative Appeals Tribunal	\$50,000	Panel	A
Australian Government Solicitor	Advise on Standard Business Reporting trademark Issues	\$105,000	Panel	A
Australian Government Solicitor	Provide general FOI legal advice	\$150,000	Panel	A
Australian Government Solicitor	Provide tied legal services on challenge to section 50 of the ASIC Act	\$150,000	Direct sourcing	A
Australian Government Solicitor	Advise on international disclosure documents for Guarantee of State and Territory Borrowing	\$630,008	Panel	A
Barmco Mana Partnership	Review Treasury building emergency power system	\$15,628	Direct sourcing	A
Blake Dawson	Provide legal advice on the Tax Issue Entry System	\$10,000	Direct sourcing	A
Blake Dawson	Provide updated advice on legal compliance issues for Standard Business Reporting core services	\$17,410	Panel	A
Centre for Public Management	Investigate and report on potential breach of code of conduct	\$40,250	Select tender	A
Clayton Utz Solicitors and Attorneys	Advise on improvements to running Balance Account System	\$20,000	Panel	A
Colmar Brunton	Provide market research for the Superannuation System Review	\$39,815	Panel	A
Colmar Brunton	Conduct developmental research for Standard Business Reporting information and education campaign	\$106,140	Panel	A

Table 8: List of new consultancies over \$10,000 in 2009-10 (continued)

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
CRS Australia	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$31,500	Open tender	A
Deloitte Touche Tohmatsu	Analyse superannuation funds, fees and costs	\$121,000	Panel	A
Deloitte Touche Tohmatsu	Develop an SBR implementation methodology for large business	\$488,000	Panel	A
Dupont and Associates Pty Ltd	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$40,500	Open tender	A
Ecoperspectives Pty Ltd	Examine implications of economic policies in APEC economies	\$43,560	Direct sourcing	A
Ernst and Young	Advise on implementing the Resource Super Profits Tax	\$12,500	Panel	C
Ernst and Young	Provide APEC capacity building workshops of Best Practice in PPP infrastructure markets	\$80,000	Open tender	C
Evans Smith and Dando Pty Ltd	Advise on the Australia's Future Tax System final report	\$86,548	Select tender	A
Famous 5 Pty Ltd	Design and consumer test Short Margin Lending Product Disclosure Statements	\$50,000	Direct sourcing	A
Geoffrey Lehmann	Assist Board of Taxation post implementation review into consolidation regime	\$40,000	Direct sourcing	A
Greenwoods and Freehills Pty Ltd	Advise on the Tax Issue Entry System	\$10,000	Direct sourcing	A
Greenwoods and Freehills Pty Ltd	Advise on the redesign of the Foreign Source Income attribution rules	\$22,087	Panel	A
Greenwoods and Freehills Pty Ltd	Advise on the redesign of the Controlled Foreign Company attribution rules	\$23,000	Panel	A
Greenwoods and Freehills Pty Ltd	Comment on the Australia's Future Tax System final report	\$25,000	Panel	C

Table 8: List of new consultancies over \$10,000 in 2009-10 (continued)

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
Gutteridge Haskins and Davey Pty Ltd	Undertake childcare feasibility study	\$15,360	Select tender	C
Health Work Pty Ltd	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$40,000	Open tender	A
Konekt	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$30,000	Open tender	A
KPMG	Undertake modeling of Resource Rent Tax options	\$65,777	Panel	A
KPMG — Canberra	Advise on implementing the Resource Super Profits Tax	\$12,500	Panel	C
Lixstar Pty Ltd	Advise on the Tax Issue Entry System	\$10,000	Direct sourcing	A
Michael B Evans	Assist the Board of Taxation with the promotion and review of the Tax Issue Entry System	\$25,000	Direct sourcing	A
Michael Scott Donald	Act as consultant to the Superannuation Review Panel	\$95,000	Direct sourcing	A
Open Mind Research Group	Market research for the tax reform information campaign	\$972,763	Select tender	A
Open Mind Research Group	Market research for the tax reform information campaign	\$796,111	Select tender	A
Paul Binsted	Provide corporate finance and financial markets advice	\$15,000	Direct sourcing	A
Pitcher Partners	Assist the Board of Taxation on the Tax Issue Entry System	\$10,000	Direct sourcing	A
Point Project Management Pty Ltd	Provide engineering consultancy services to the Treasury	\$260,767	Open tender	A
PricewaterhouseCoopers	Provide advice on improvements to running the Balance Account System	\$10,000	Panel	A
PricewaterhouseCoopers	Research compliance costs for business when interacting with the tax and transfer system	\$88,000	Direct sourcing	A

Table 8: List of new consultancies over \$10,000 in 2009-10 (continued)

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
PricewaterhouseCoopers	Provide APEC framework of guiding principles for enhancing private sector infrastructure	\$177,000	Select tender	A
PricewaterhouseCoopers	Advise on research and development tax incentive	\$15,000	Panel	A
PricewaterhouseCoopers	Review consumer protection in the travel services market	\$294,600	Open tender	C
Professional Financial Solutions Pty Ltd	Provide consultancy services to help develop stochastic asset model	\$10,000	Direct sourcing	A
Richard St John	Provide consultancy services for an inquiry into the need for a statutory compensation scheme for investors	\$85,000	Direct sourcing	A
Salinger Privacy	Conduct a privacy impact assessment for Standard Business Reporting core services	\$15,100	Panel	A
Salinger Privacy	Provide privacy services for Standard Business Reporting core services	\$25,000	Panel	A
Serendipity (WA) Pty Ltd Advance Personnel Management	Provide ergonomic assessments/evaluations, rehabilitation and occupational health and safety training	\$29,000	Open sender	A
SGS Economics and Planning Pty Ltd	Provide advice on State, Territory and local government plan for grocery retailing	\$65,120	Select tender	A
The Shannon Company	Provide creative agency services for tax reform	\$2,400,000	Select tender	A
Tyers Economics	Provide a course in economy wide modeling	\$20,000	Select tender	A
University of Melbourne	Compare competition across international banking markets	\$18,000	Direct sourcing	A
University of Melbourne	Review and advise on draft report by the Australian Financial Centre Forum	\$18,000	Direct sourcing	A
University of Melbourne	Review and advise on draft report by the Australian Financial Centre Forum	\$19,500	Direct sourcing	A

University of Melbourne	Provide specialist financial sector policy advice and training	\$75,325	Direct sourcing	A
UNSW Global Pty Ltd	Provide an overlapping generations model	\$40,000	Direct sourcing	A
Total consultancies over \$10,000		\$9,149,090		

Note: All amounts include GST.

(1) Explanation of selection process terms:

Open tender — a procurement procedure which publishes a request for tender inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are generally sought from the Australian Government AusTender website.

Select tender — a procurement procedure which allows the procuring agency to select potential suppliers and invite them to submit tenders (including through multi use lists). This process may only be used in certain defined circumstances.

Direct sourcing — a form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or special ability to supply the goods and/or services sought.

Panel — an arrangement whereby a number of suppliers, initially selected through an open tender process, may each supply property or services to an agency as specified in the panel arrangements. Quotes are sought from suppliers that have prequalified on the agency panels to supply to the government. This category includes standing offers and supplier panels where the supply of goods and services may be provided for a predetermined length of time, usually at a prearranged price.

(2) Justification for decision to use consultancy:

A — skills currently unavailable within agency;

B — need for specialised or professional skills; and

C — need for independent research or assessment.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The Treasury is required to provide details of any contract let during 2009-10 of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor's premises. The Treasury must include the name of the contractor, purpose and value of the contract, and reason for not including standard access clauses in the contract.

The Treasury did not have any contracts over \$100,000 that did not provide for the Auditor-General to have access to the contractor's premises.

EXEMPT CONTRACTS

The Treasury is required to advise that if any contract in excess of \$10,000 (inclusive of GST) or a standing offer has been exempted by the Chief Executive from being published on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*, the fact that the contract has been exempted and the value of the contract or standing offer must be reported to the extent that doing so does not in itself disclose the exempt matters.

The Treasury did not have any contracts that were exempted from being published on AusTender.

WORKPLACE DIVERSITY

The Treasury is committed to providing an organisational culture that embraces and actively promotes diversity. The Workplace Diversity Program demonstrates the Treasury's commitment to providing a work environment that recognises the value of staff with different backgrounds, perspectives and experiences to contribute to a vibrant organisation equipped to achieve the Treasury's objectives.

The Treasury's diversity profile is moderately stable (refer to Table 9 below). At 30 June 2010, it included:

- 45 per cent women;
- 24 per cent born overseas;
- 11 per cent with English as a second language; and
- 2 per cent who identify as having a disability.

Table 9: Operative and paid inoperative staff by EEO target group (as at 30 June 2010)

Classification	Female	Born overseas	English as a second language	Aboriginal and Torres Strait Islander	Disability
Cadet	1	–	–	3	–
APS1	2	1	–	–	–
APS2	2	–	–	–	1
APS3	49	27	13	–	1
APS4	52	18	14	–	2
APS5	72	27	16	–	3
APS6	106	49	28	1	4
EL1	100	70	29	–	3
EL2	74	42	17	–	4
SES Band 1	16	16	2	–	4
SES Band 2	4	3	–	–	–
SES Band 3	–	2	–	–	–
Total	478	255	119	4	22

In 2009-10 the Treasury developed and implemented an Indigenous Employment Strategy. Four staff identify as being Indigenous (0.04 per cent of the workforce). This compares with one staff member identifying in 2008-09. The Treasury's Reconciliation Action Plan Report is being finalised, with an updated version due to be released in late 2010. The department

continues to participate in Indigenous graduate and cadet selection processes, coordinated by the APSC and has three Indigenous cadets.

During the year, the Treasury held celebratory events to recognise and support diversity in the workplace. Reconciliation Week and the National Aborigines and Islanders Day Observance Committee (NAIDOC) Week were observed. A revised Disability Action Plan was launched on the International Day of People with Disability and paralympian, Michael Milton spoke. Staff were also invited to participate in celebratory events in recognition of International Women's Day and National Families Week.

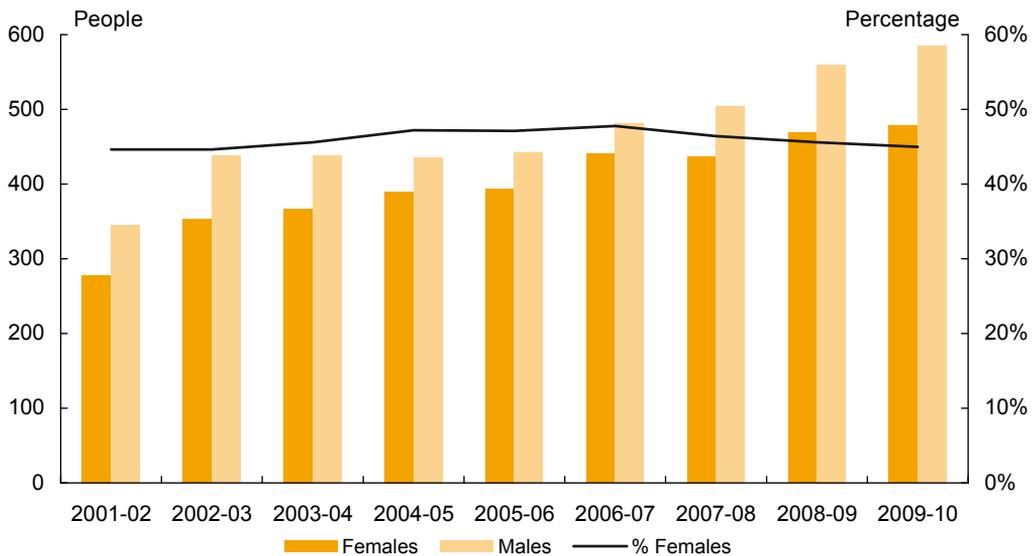
To support workforce diversity, the Treasury offers flexible working arrangements and a family-friendly work environment. The Treasury is accredited as a breastfeeding friendly workplace and a carer's room is provided to assist staff with parental or other caring responsibilities. The Treasury continues to offer two 30-minute daily breaks for nursing mothers working full-time, as well as one 30-minute break to nursing mothers working less than 20 hours per week. A range of current information is available on the intranet to staff including child care, school holiday care and resources for carers. The department continues to provide staff with access to an external service provider to assist with information on care requirements, including childcare.

At 30 June 2010, 11 per cent of Treasury staff worked part-time. More than half of these are executive level or higher. In addition to part-time work, Treasury staff can access jobshare arrangements and, in particular circumstances, may apply for home-based work.

The Treasury's Mature Age Employment Strategy is under review to ensure it meets the needs of a diverse workforce. The strategy is designed to support mature age workers to continue in the workforce and make the transition to retirement.

The Treasury has eight Workplace Harassment Contact Officers to assist employees who may require support. State of the Service Employee Survey results continued to confirm that the Treasury records low levels of bullying and harassment compared with the APS average.

Chart 1: Treasury staff levels



COMMONWEALTH DISABILITY STRATEGY

The Treasury's revised Disability Action Plan was launched on the International Day of People with Disability in 2009. The plan provides a mechanism for coordinating the department's efforts to meet its responsibilities under the Commonwealth Disability Strategy regarding equity, inclusion, participation, access and, in particular, accountability. Progress will be reviewed in late 2010.

A range of assistance is provided to staff with a disability in the Treasury, including work station set-up and purchase of special equipment, such as voice recognition software. The department endeavours to identify, wherever possible, the needs of staff with a disability before they commence work in the department. During 2010, particular support was provided, through the JobAccess Employment Assistance Fund, for staff with hearing impairment.

Table 10: Appointments of women to boards or equivalent of statutory and non-statutory bodies (as at 30 June 2010)

	Total positions filled as at 30 June	Number of women	Number of appointments made during the year	Number of appointments of women
Auditing and Assurance Standards Board	1	1	–	–
Australian Accounting Standards Board	1	–	1	–
Australian Competition and Consumer Commission	7	2	1	1
Australian Competition Tribunal	11	1	1	–
Australian Energy Regulator	2	–	1	–
Australian Prudential Regulation Authority	3	–	–	–
Australian Reinsurance Pool Corporation	7	3	–	–
Australian Securities and Investments Commission	6	1	2	1
Companies Auditors and Liquidators Disciplinary Board	13	–	3	–
Corporations and Market Advisory Committee	10	5	4	3
Financial Reporting Council	19	3	4	–
Financial Reporting Panel	9	1	9	1
National Competition Council	4	1	4	1
Payments System Board	6	1	–	–
Productivity Commission	16	6	7	2
Superannuation Complaints Tribunal	21	10	1	–
Takeovers Panel	54	15	21	5
Australian Statistics Advisory Council	19	7	6	2
Reserve Bank of Australia	9	1	–	–
Inspector-General of Taxation	1	–	–	–
Tax Practitioners Board	11	2	11	2
Commonwealth Grants Commission	5	1	1	–
Commonwealth Consumer Affairs Advisory Council	8	2	–	–
Australian Government Financial Literacy Board	12	3	4	1
Financial Sector Advisory Council	13	2	9	–
Foreign Investment Review Board	3	–	2	–
HIH Claims Support Limited	4	–	–	–
Legal Sub-committee of Corporations and Market Advisory Committee	10	5	7	4
Board of Taxation	10	2	4	1
Superannuation Advisory Committee	9	5	9	5
Total	304	80	112	29