

The Treasury  
Annual Report  
2005-06

October 2006

© Commonwealth of Australia 2006

ISBN 0 642 74355 X

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the:

Commonwealth Copyright Administration  
Attorney General's Department  
Robert Garran Offices  
National Circuit  
Canberra ACT 2600

Or posted at:  
<http://www.ag.gov.au/cca>

A copy of this document and other Treasury information appears on the Treasury website. The Treasury website address is: <http://www.treasury.gov.au>

Printed by Canprint Communications Pty Ltd



**Australian Government**

**The Treasury**

**Office of the Secretary**

5 October 2006

The Hon Peter Costello MP  
Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Treasurer

I have pleasure in presenting to you the Annual Report of the Treasury for the year ended 30 June 2006. The report has been prepared under section 63 of the *Public Service Act 1999*. Subsection 63 (1) of the Act requires that a Secretary of a department is to provide a copy of the report to their Agency Minister for presentation to the Parliament.

As provided in subsection 63 (2) of the Act, the Report has been prepared in accordance with guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit. These guidelines provide that a copy of the Annual Report is to be laid before each House of the Parliament on or before 31 October.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Henry'.

Ken Henry  
Secretary to the Treasury



# Contents

Index of compliance .....	viii
Introduction and guide to the report .....	ix
Enquiries .....	x
<b>PART 1: OVERVIEW .....</b>	<b>1</b>
Secretary's review .....	3
Corporate statement .....	7
<b>PART 2: REPORT ON PERFORMANCE .....</b>	<b>19</b>
<b>Introduction .....</b>	<b>21</b>
<b>Outcome 1: Sound macroeconomic environment .....</b>	<b>22</b>
Output 1.1.1: Domestic economic policy advice and forecasting .....	27
Output 1.1.2: International economic policy advice and assessment .....	30
<b>Outcome 2: Effective Government spending arrangements .....</b>	<b>41</b>
Output 2.1.1: Budget policy advice and coordination .....	47
Output 2.1.2: Commonwealth-State financial policy advice .....	51
Output 2.1.3: Industry, environment and defence policy advice .....	55
Output 2.1.4: Social and income support policy advice .....	57
<b>Outcome 3: Effective taxation and retirement income arrangements .....</b>	<b>60</b>
Output 3.1.1: Taxation policy and legislation advice .....	65
Output 3.1.2: Retirement income and saving policy and legislation advice .....	76
<b>Outcome 4: Well functioning markets .....</b>	<b>79</b>
Output 4.1.1: Foreign investment and trade policy advice and administration .....	86
Output 4.1.2: Financial system and corporate governance policy advice .....	90
Output 4.1.3: Competition and consumer policy advice .....	98
Output 4.1.4: Actuarial services .....	102
<b>Strategic Communications Division .....</b>	<b>104</b>
<b>Corporate Services Division .....</b>	<b>105</b>
<b>PART 3: MANAGEMENT AND ACCOUNTABILITY .....</b>	<b>109</b>
Corporate governance .....	111
Internal and external scrutiny .....	118
Management of human resources .....	124
Procurement and assets management .....	136
Consultancies .....	137
Workplace diversity .....	141
<b>PART 4: FINANCIAL STATEMENTS .....</b>	<b>145</b>

<b>PART 5: OTHER STATISTICAL INFORMATION.....</b>	<b>245</b>
Occupational health and safety.....	247
Freedom of information.....	249
Advertising and market research .....	263
Ecologically sustainable development .....	264
Discretionary grants.....	266
<b>ABBREVIATIONS AND ACRONYMS .....</b>	<b>267</b>
<b>INDEX .....</b>	<b>269</b>

## LIST OF TABLES

Table 1: Treasury financial and staffing resources summary.....	13
Table 2: Financial and staffing resources summary for Outcome 1 .....	26
Table 3: Financial transactions with the international financial institutions in 2005-06 .....	34
Table 4: Financial and staffing resources summary for Outcome 2 .....	46
Table 5: Financial and staffing resources summary for Outcome 3 .....	64
Table 6: Financial and staffing resources summary for Outcome 4 .....	85
Table 7: Operative and paid inoperative staff by classification and gender .....	132
Table 8: Staff located at overseas posts .....	132
Table 9: Salary scales — SES .....	133
Table 10: Salary scales — SES (from May 2006).....	133
Table 11: Certified Agreement salary scales — non-SES.....	134
Table 12: APS6, EL1 and EL2 additional pay points .....	134
Table 13: SES commencements and cessations.....	135
Table 14: Total number and expenditure of new and ongoing consultancies \$10,000 and over in 2005-06 by output group .....	138
Table 15: List of new consultancies over \$10,000 in 2005-06 by output group.....	138
Table 16: Operative and paid inoperative staff by EEO target group.....	142
Table 17: EEO in appointments to boards or equivalent of statutory and non-statutory bodies .....	144
Table 18: Freedom of Information statistics 2005-06.....	259
Table 19: 2005-06 expenditure for advertising and market research.....	263

## LIST OF FIGURES AND CHARTS

Figure 1: Treasury portfolio outcome and output structure.....	14
Figure 2: Treasury outcome and output structure .....	16
Figure 3: Treasury top management structure .....	17
Figure 4: Outputs contributing to Outcome 1 .....	23
Figure 5: Outputs contributing to Outcome 2 .....	42
Figure 6: Outputs contributing to Outcome 3 .....	61
Figure 7: Outputs contributing to Outcome 4 .....	80
Chart 1: Number of new entrant graduates.....	143
Chart 2: Number of SES staff .....	143
Chart 3: Treasury staff levels.....	143

Note: Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.

## INDEX OF COMPLIANCE

Requirement	Page
<b>Letter of transmittal</b>	iii
<b>Aids to access</b>	
Table of contents	v
Index of compliance	viii
Introduction and guide to the report	ix
Acronyms	267
Alphabetical index	269
Contact details	x
Secretary's review	3
<b>Part 1: Overview</b>	1
<b>Part 2: Treasury's report on performance</b>	19
<b>Part 3: Management and accountability</b>	109
Corporate governance	111
Internal and external scrutiny	118
Management of human resources	124
Procurement and assets management	136
Consultancies	137
Workplace diversity	141
<b>Part 4: Financial statements</b>	145
<b>Part 5: Other statistical information</b>	245
Occupational health and safety	247
Freedom of information	249
Advertising and market research	263
Ecologically sustainable development	264
Discretionary grants	266



## INTRODUCTION AND GUIDE TO THE REPORT

The 2005-06 Treasury Annual Report outlines performance against outcomes, outputs and performance information contained in the *2005-06 Portfolio Budget Statements*. In May 2005-06, Treasury reorganised its outcomes from three to four to align its outcome reporting structure with the organisational structure. The previous Outcome 2: Effective government spending and taxation arrangements, was split into two outcomes:

- Outcome 2: Effective government spending arrangements; and
- Outcome 3: Effective taxation and retirement income arrangements.

The previous Outcome 3: Well functioning markets has become Outcome 4 and no longer includes the former output 3.1.5: Circulating coin and like products, following the establishment of the Royal Australian Mint as a separate prescribed agency from 1 July 2005. Performance for 2005-06 is reported against Treasury's four outcome structure, however, is reconcilable with information published in the *2005-06 Portfolio Budget Statements*.

Changes to outcomes and outputs are detailed in the Part 2 of this report. Treasury's new outcome and output structure is reflected in Figure 1: Treasury's portfolio outcome chart, and Figure 2: Treasury's outcome and output structure chart in Part 1 of this report.

The 2005-06 Annual Report of the Treasury includes the reporting requirements and financial accounts for the Australian Government Actuary and the Foreign Investment Review Board. The financial accounts for the Takeovers Panel are included in this report, however, the performance reporting does not extend to the activities of the Takeovers Panel. The Takeovers Panel publishes its own annual report. As the Royal Australian Mint is now a prescribed agency it publishes its own performance report and financial accounts.

**Part 1** of this report includes a summary of significant issues and developments during 2005-06, and an overview of the department's performance and financial results. The Corporate Statement in Part 1 details Treasury's role and functions, portfolio and agency organisational structures and Treasury's senior management structure.

**Part 2** of the report provides an analysis of performance against Treasury's policy outcomes. A review of the Strategic Communication Division and Corporate Services Division performance is also provided in Part 2.

**Part 3** reports on management and accountability issues as required under the Annual Report Guidelines.

**Part 4** presents the audited financial status of Treasury as required under the Annual Report Guidelines. The audited financial statements are aligned to the three outcome structure as reported in the *2005-06 Portfolio Budget Statements*.

**Part 5** of the report includes other statistical information required under the Annual Report Guidelines.

The report concludes with a list of abbreviations and acronyms and an index to the report and its appendices.

### **Other sources of information**

Treasury releases information on its activities through many publications, press releases, speeches and reports including the Annual Report. Copies of all Treasury publications are available on our website at [www.treasury.gov.au](http://www.treasury.gov.au).

## ENQUIRIES

The contact officer to whom enquiries regarding this report may be directed is:

The General Manager  
Corporate Services Division  
The Treasury  
Telephone: (02) 6263 3911  
Fax: (02) 6263 2948

A copy of this document can be located on the Treasury website at:  
[www.treasury.gov.au/annualreport](http://www.treasury.gov.au/annualreport)