

Part 1: Overview

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SECRETARY'S REVIEW

For Treasury, 2005-06 represented another opportunity to expand on our efforts to improve the wellbeing of the Australian people. Wellbeing is central to our work, and the advice and assistance we provide to the Treasurer and to our portfolio ministers is guided by our pursuit of this mission.

Macroeconomic outcomes

The Australian economy grew solidly in 2005-06. GDP growth of 2.7 per cent for the year was underpinned by robust business investment and moderate growth in consumption. The unemployment rate of 4.9 per cent in June was the lowest in 30 years, and the participation rate increased to a record high of 64.8 per cent. Australia's labour productivity grew by 1.9 per cent over the year, and our terms of trade reached their equal highest level since the early 1950s, reflecting strong overseas demand for our resource commodities. Partly reflecting this strength, the budget outcome was better than expected, with an underlying cash surplus of \$15.8 billion.

Compared with previous occasions, the Australian economy has adjusted well to the current terms of trade boom, with underlying inflation and wage pressures remaining contained. The ongoing challenge for Australia will be to ensure this prosperity can be sustained, critical to which will be building on the current extensive programme of reforms and maintaining current frameworks that guide monetary and fiscal policy.

Public policy priorities

2005-06 posed a number of policy challenges for the department. Domestically, we increased our focus on whole-of-government solutions to key issues such as infrastructure, water and regulatory reform; and on the international stage, demand increased for our advice and expertise to improve the economic stability, governance and security in the Pacific and wider East Asian regions. These international demands,

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combined with the aftermath of one-off events like major natural disasters, pose enormous policy challenges for Australia, but equally provide scope for Treasury to positively influence the policy environment in our region.

Treasury continued its priority work on reducing complexity in the tax system for Australians through streamlining and simplifying taxation and superannuation arrangements. This included providing policy input and assistance to the Government-announced *A Plan to Simplify and Streamline Superannuation*, and developing, with the Australian Taxation Office and the Office of Parliamentary Counsel, legislation to repeal inoperative provisions from tax laws. Treasury also provided a small secretariat to assist with preparation of the Warburton-Hendy report, *International Comparison of Australia's Taxes*. This is a significant document analysing and comparing Australia's tax system with tax systems in a number of other developed countries.

We also made significant progress on fostering well functioning financial and product markets, both in Australia and abroad, through refinements to financial services regulation; developing policies to address potential banking and insurance crisis management issues; release of the 'Understanding Money' financial literacy initiative; coordination of input into the IMF Financial Sector Assessment of Australia; collaboration on a joint OECD/APEC forum on Asian Insolvency Reform; hosting of the first meeting of the Asian Financial Markets Group; joint hosting of the first International Financial Reporting Standards Regional Forum; and promoting trade and investment policy.

Our international activities were headlined by our lead role in preparing for the upcoming meeting of the Group of Twenty (G-20) Finance Ministers and Central Bank Governors in November 2006. Australia and the G-20 played a key role in securing an agreement on IMF quota and governance reform at the IMF/World Bank Annual Meetings in Singapore in September 2006. The G-20 work spans the department, and includes reform of the Bretton Woods institutions, energy and minerals markets, demographic change as it relates to financial market development and people movement, and aid effectiveness. In addition, Treasury hosted the Global Forum on Taxation in Melbourne in 2005, which was opened by the Treasurer. Treasury also commenced preparatory work to ensure the finance, investment and microeconomic reform work streams deliver substantive outcomes during Australia's hosting of APEC in 2007. The success of these meetings is a key objective, and reaffirms our standing and influence globally and in the region. Progress was made towards enhancing investment opportunities through modernising Australia's tax treaties, resulting in new treaties being signed with France and Norway, and work is continuing with the OECD to tackle harmful tax practices including tax evasion.

In the Asia-Pacific region, we have been working closely with our counterparts in support of their efforts to enhance growth and reduce poverty. Deployment of Treasury officials to Papua New Guinea, Solomon Islands and Nauru, as part of a whole-of-government effort, facilitated support to improve economic governance and wellbeing in the region. Treasury worked closely with AusAID and other agencies on implementation of the \$1 billion Australia Indonesia Partnership for Reconstruction and Development, announced by the Australian Government following the 2004 Boxing Day tsunami.

At home, our role as a central policy agency extends beyond our immediate responsibilities, to working with other agencies and consulting widely with stakeholders on specific elements of the Government's domestic agenda.

This includes enhancing the wellbeing of Australians through developing and implementing policies to improve participation in the workforce, welfare, work and family arrangements, education and training, energy, defence and national security, infrastructure, science and innovation, the environment, and rural and regional areas. Treasury also provided expertise to the development of the National Reform Agenda, an important package of reforms for our future potential and prosperity, as announced by the Council of Australian Governments (COAG).

Treasury took a lead role in the preparation of the 2006-07 Budget, delivered by the Treasurer in May of this year. This budget was as smooth as any in my experience, and I would like to record my appreciation to all those who worked on this budget.

Treasury received 5.9 per cent more in Government funding in the 2005-06 financial year, compared to the previous year. This funding related to specific Government initiatives and will start to decline from 2007-08 onwards. Delays in implementing these new programmes have led to the department recording substantial surpluses over the last two financial years. However a significant proportion of this money will be spent in the first few months of the new year as these programmes are completed. Notwithstanding recent surpluses, careful financial management will be required to ensure that the core activities of Treasury remain within budget over the coming years.

Treasury also had a central role in the development of the governance framework and legislation to give effect to the Government's Future Fund, a 2004 election commitment.

Our organisation

Our ability to positively influence our environment and improve wellbeing relies entirely on our organisation and the people who make it up. It is their resourcefulness, dedication and rigour that allows Treasury to pursue its mission.

Our staff are our greatest asset, and three of our staff demonstrated their abilities in winning overseas scholarships to further their studies. Susie Thorne won a scholarship to study at the Ecole National d'Administration in France; Susan Bultitude won a scholarship to Japan's National Graduate Institute for Policy Studies; and Paul Hubbard won a Fulbright Postgraduate Award to undertake a Masters of Arts in International Relations at the University of Syracuse. These scholarships are highly competitive, and it is testimony to these three Treasury officers that they have been given this opportunity.

On a very different note, we lost one of our valued Treasury officers during the year. Natalie Barnes lost her battle with cancer in August 2005. Natalie was loved and admired by her friends and colleagues in Treasury. She was a first-class Treasury officer and an outstanding and courageous person. Our sincere condolences to her family; we miss her deeply.

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The department continues to provide a broad range of learning and development opportunities for staff, as well as improving our frameworks for organisational development and self-assessment. We have established a Policy Evaluation Unit to provide an in-house centre of expertise for evaluating the development and implementation of policy in Treasury. We continued proactive management of staff wellbeing through workplace health and safety preventative and early intervention strategies, awareness raising and health activities. In keeping with a major corporate focus on information and knowledge management, we commenced consultations with staff for the development of our Information and Knowledge Management Strategic Plan.

The maturing workforce and tightening labour market reach well beyond Treasury. The focus on addressing the need to attract and retain the right staff in 2006-07 will continue, including further implementation of the Mature Age Employment Strategy.

Treasury received an unqualified audit report for its financial statements for the 2005-06 financial year.

2006-07 outlook

A key output for Treasury this coming year will be preparation of the second Intergenerational Report, to assess the long-term sustainability of Australian Government finances in the face of demographic and other changes. This will be a critical product for Treasury, and underpins our role as a central policy agency with a focus on the long-term prosperity and wellbeing of the Australian people.

Additionally, the implementation of the COAG-agreed National Reform Agenda; the hosting of the G-20 Finance Ministers and Central Bank Governors in November 2006; and the next round of APEC meetings throughout 2007, offer substantial challenges and opportunities for us to further demonstrate the value we can provide in this central policy agency role.

2005-06 has proven to be a very busy, and very successful, year for Treasury and our staff, and I would like to thank and congratulate staff for their effort and achievements over the past year. It is through their collective professionalism and enthusiasm that Treasury can achieve the results that I have highlighted here.

Ken Henry
Secretary to the Treasury

CORPORATE STATEMENT

TREASURY'S MISSION

Treasury's mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions.

POLICY OUTCOMES

In carrying out its mission, Treasury is responsible for the following policy outcomes:

- sound macroeconomic environment;
- effective government spending arrangements;
- effective taxation and retirement income arrangements; and
- well functioning markets.

Outcome 1: Sound macroeconomic environment

A sound macroeconomic environment is an essential foundation for strong, sustainable economic growth and the improved wellbeing of Australians. It is characterised by low inflation, low interest rates, healthy economic and employment growth, and a sustainable external position.

As many influences on macroeconomic outcomes are beyond the control of the government, policy aims to improve the prospects of the Australian economy, rather than to target specific outcomes or major economic indicators. Success is judged more by medium- to long-term performance relative to Australia's past, and to other countries, rather than by particular results in any year.

Treasury aims to contribute to a sound macroeconomic environment through:

- maintaining a deep understanding of the operations of the Australian economy and how government action might influence it;
- monitoring and assessing economic conditions and prospects, both in Australia and overseas, and by providing advice on the formulation and implementation of effective macroeconomic policy, including monetary and fiscal policy;

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- providing strategic advice to portfolio ministers on Australia's international economic policies and programmes, and supporting portfolio ministers' international activities; and
- shaping the development and implementation of Treasury's engagement strategies in East Asia and the Pacific region, and assisting counterpart governments in the region to pursue improved economic governance.

Macroeconomic Group is responsible for the outputs associated with Outcome 1.

Outcome 2: Effective government spending arrangements

Government spending arrangements contribute to the overall fiscal outcome and also influence strong sustainable economic growth and the improved wellbeing of Australians.

Spending measures should be effective in meeting their stated objectives, minimise behavioural distortions and deliver significant economic and other benefits compared with costs, thus contributing to the wellbeing of Australians.

Ongoing advice from Treasury to the portfolio ministers assists in formulating, implementing and explaining government spending decisions. Treasury does this by:

- putting together the budget as the key strategic planning and resource allocation tool of the government;
- providing high quality input into government consideration of expenditure programmes; and
- advising on the effective financial operations of government collectively in Australia (including in relation to the Australian Government's debt management).

Fiscal Group is responsible for the outputs associated with Outcome 2.

Outcome 3: Effective taxation and retirement income arrangements

Taxation and retirement income arrangements contribute to the overall fiscal outcome and influence strong sustainable economic growth and the improved wellbeing of Australians.

Taxation measures should meet revenue objectives (or other public policy objectives) and have regard to the principles of economic efficiency, horizontal and vertical equity and transparency, whilst minimising compliance and administrative costs. By meeting these objectives, taxation measures contribute to wellbeing, either directly or by providing the revenue base to finance government services.

Ongoing advice from Treasury to the portfolio ministers assists in formulating, implementing and explaining government taxation and retirement income decisions. Treasury does this by:

- providing sound and timely tax and retirement income policy advice and legislation;
- delivering strategic reviews of government revenue policies and other programmes which are delivered through taxation provisions; and
- providing accurate and timely information on material changes to the taxation revenue forecasts and projections.

Revenue Group is responsible for the outputs associated with Outcome 3. Revenue Group is also responsible for the development of tax legislation.

Outcome 4: Well functioning markets

Well functioning markets contribute to the achievement of high, sustainable economic and employment growth and the wellbeing of Australians, by enabling resources to flow to those parts of the economy where they can be used most productively.

Well functioning markets operate when investors and consumers have the skills, confidence and certainty to make decisions that are well informed and free from market distortions and impediments.

Treasury contributes to well functioning markets by providing advice on policy processes and reforms that promote:

- effective development and implementation of foreign investment and trade policy in support of well functioning markets and Australia's national interest;
- a well functioning and competitive financial system;
- sound corporate practices and financial reporting, and the regulation of corporations and financial services;
- competitive, efficient, well informed and safe markets; and
- assistance to all Australians to increase their financial knowledge and better understand the choices they can make in using and managing their money.

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In addition, Markets Group provides:

- professional actuarial services to public sector clients;
- the Executive to the Takeovers Panel; and
- assistance to the Royal Australian Mint.

Markets Group is responsible for the outputs associated with Outcome 4.

TREASURY PEOPLE VALUES

Treasury has its own people values to reflect the management approach and these are within the broader Australian Public Service framework.

Treasury people:

- strive for excellence;
- value teamwork, consultation and sharing ideas;
- value diversity among our people;
- treat everyone with respect;
- exhibit honesty in all our dealings; and
- treat colleagues with fairness.

Treasury people management principles:

- there will be open, two-way communication at all levels;
- accountabilities will be clearly defined;
- remuneration will be based on work performance and determined by fair and transparent processes; and
- staff will be assisted in achieving appropriate work and private life balance.

TREASURY'S ROLE AND CAPABILITIES

Our mission statement reflects the breadth of our ministers' responsibilities and underscores the key importance for Treasury of a strong relationship with its ministers, built on trust and effective advice. We play a central policy agency role in the development and implementation of public policy, and in assisting Government in the identification of national policy priorities.

In assessing public policy issues, we apply a broad wellbeing framework comprising five elements:

- opportunity and freedom — that individuals have the capability to lead the lives they want to lead;
- the level of consumption possibilities available to the community over time (including the level of goods and services which are available. The definition includes non-market goods and services, such as voluntary and community work, the quality of the physical environment, health and leisure);
- the distribution of these consumption possibilities (including among different groups within society, across geographical regions and inter-generational issues);
- the overall level of risk borne by individuals and, in aggregate, by the community; and
- the level of complexity confronting Australians in the number of considerations individuals must take account of when making daily decisions about their lives.

The application of the wellbeing framework, along with the scope of policy responsibilities held by Treasury ministers, means that Treasury must bring a whole-of-economy approach to its advice and analysis, taking account of a broad range of issues, such as freedom, opportunity and the natural environment.

To be an effective central policy agency across our full range of activities, we work to ensure that we:

- effectively focus our efforts on the issues that really matter, based on our understanding of government and of our ministers' interests;
- anticipate policy developments, both inside and outside the Treasury portfolio;
- bring a strong analytical approach to all issues by applying our understanding of economic principles and tools, the framework for understanding wellbeing, our knowledge of Australia and relevant international policy experience, and an understanding of relevant interests;

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- provide high-quality policy advice that is compatible with practical realities and ensure that Government policy is implemented either by Treasury or, where appropriate, by others;
- remain relevant over time through an inclusive and participatory involvement in policy processes, domestic and international engagement and continued sensitivity to the changes in community values and the policy environment; and
- consistently achieve results working within the government.

In broad terms, the capabilities Treasury needs to fulfil its role and deliver the outputs are:

- leadership and governance;
- the right people with the right skills, including high-quality analytical strengths; and
- systems to support, and investments to sustain, services.

The production and delivery of our outputs relies on:

- policy development, which covers identifying policy issues, shaping policy approaches, managing issues during a process of change, and providing up-to-date information;
- quantitative analysis of the economy, policy options and their impacts, and of government and departmental finances;
- policy implementation and development of legislation and related instruments;
- public consultation and information in the development of policy and legislation and ongoing management of issues;
- good working relationships within the Treasury portfolio and with external stakeholders;
- effective and collaborative international engagement; and
- administration of governance arrangements, legislation and programmes.

These activities are supported by people; financial and facilities management systems; knowledge and information management systems; communications systems; and strategic leadership at multiple levels in the organisation.

Table 1: Treasury financial and staffing resources summary

	Budget 2006 \$'000	Actual 2006 \$'000	Budget 2007 \$'000
Administered expenses			
Appropriation Acts No. 1 and 3	6,000	576	5,000
Appropriation Acts No. 2 and 4	515,160	511,459	187,996
Special Appropriations	37,649,250	38,121,938	39,161,647
Other expenses	-	5,732	-
Total administered expenses	38,170,410	38,639,705	39,354,643
Revenue from government			
Output Group 1.1 Macroeconomic	32,485	32,485	36,092
Output Group 2.1 Fiscal	14,818	14,818	15,775
Output Group 3.1 Revenue	41,483	41,483	42,326
Output Group 4.1 Markets	45,254	45,254	38,800
Total revenue from government contributing to the price of departmental outputs	134,040	134,040	132,993
Revenue from other sources			
Output Group 1.1 Macroeconomic	4,810	3,777	4,527
Output Group 2.1 Fiscal	284	226	270
Output Group 3.1 Revenue	769	712	676
Output Group 4.1 Markets	2,263	2,147	2,211
Total revenue from other sources	8,126	6,862	7,684
Total revenue for departmental outputs (Total revenues from government and other sources)	142,166	140,902	140,677
Price of departmental outputs			
Output Group 1.1 Macroeconomic	37,295	31,568	40,619
Output Group 2.1 Fiscal	15,102	14,500	16,045
Output Group 3.1 Revenue	42,252	40,448	43,002
Output Group 4.1 Markets	47,517	37,094	41,011
Total price of departmental outputs	142,166	123,610	140,677
Total estimated resourcing (Total price of outputs and administered expenses)	38,312,576	38,763,315	39,495,320
Average staff levels (number)	837	805	869

Notes: This resource table is presented in the four outcome structure effective from 2006-07 Budget. Actuals from 2005-06 have been realigned to the 2006-07 Budget for comparative purposes.

Figure 1: Treasury portfolio outcome and output structure (as at 30 June 2006)

<p style="text-align: center;">Portfolio Minister — Treasurer The Hon Peter Costello MP</p> <p style="text-align: center;">Minister for Revenue and Assistant Treasurer The Hon Peter Dutton MP</p> <p style="text-align: center;">Parliamentary Secretary to the Treasurer The Hon Chris Pearce MP</p>					
<p style="text-align: center;">Department of the Treasury Secretary: Dr Ken Henry</p> <p style="text-align: center;">Strong, sustainable economic growth and the improved wellbeing of Australians</p> <table><tr><td><p>Outcome 1: Sound macroeconomic environment</p><p>Output 1.1.1: Domestic economic policy advice and forecasting</p><p>Output 1.1.2: International economic policy advice and assessment</p></td><td><p>Outcome 3: Effective taxation and retirement income arrangements</p><p>Output 3.1.1: Taxation policy and legislation advice</p><p>Output 3.1.2: Retirement income and saving policy and legislation advice</p></td></tr><tr><td><p>Outcome 2: Effective government spending arrangements</p><p>Output 2.1.1: Budget policy advice and coordination</p><p>Output 2.1.2: Commonwealth-State financial policy advice</p><p>Output 2.1.3: Industry, environment and defence policy advice</p><p>Output 2.1.4: Social and income support policy advice</p></td><td><p>Outcome 4: Well functioning markets</p><p>Output 4.1.1: Foreign investment and trade policy advice and administration</p><p>Output 4.1.2: Financial system and corporate governance policy advice</p><p>Output 4.1.3: Competition and consumer policy advice</p><p>Output 4.1.4: Actuarial services</p></td></tr></table>		<p>Outcome 1: Sound macroeconomic environment</p> <p>Output 1.1.1: Domestic economic policy advice and forecasting</p> <p>Output 1.1.2: International economic policy advice and assessment</p>	<p>Outcome 3: Effective taxation and retirement income arrangements</p> <p>Output 3.1.1: Taxation policy and legislation advice</p> <p>Output 3.1.2: Retirement income and saving policy and legislation advice</p>	<p>Outcome 2: Effective government spending arrangements</p> <p>Output 2.1.1: Budget policy advice and coordination</p> <p>Output 2.1.2: Commonwealth-State financial policy advice</p> <p>Output 2.1.3: Industry, environment and defence policy advice</p> <p>Output 2.1.4: Social and income support policy advice</p>	<p>Outcome 4: Well functioning markets</p> <p>Output 4.1.1: Foreign investment and trade policy advice and administration</p> <p>Output 4.1.2: Financial system and corporate governance policy advice</p> <p>Output 4.1.3: Competition and consumer policy advice</p> <p>Output 4.1.4: Actuarial services</p>
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<p style="text-align: center;">Australian Bureau of Statistics Statistician: Mr Dennis Trewin</p> <p>Outcome 1: Informed decision-making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service</p> <p>Output 1.1.1: Economic statistics</p> <p>Output 1.1.2: Population and social statistics</p>					
<p style="text-align: center;">Australian Competition and Consumer Commission Chairman: Mr Graeme Samuel AO</p> <p>Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets</p> <p>Output 1.1.1: Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed</p> <p>Output 1.1.2: Competitive market structures and informed behaviour</p>					
<p style="text-align: center;">Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden</p> <p>Outcome 1: To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time</p> <p>Output 1.1.1: Debt management</p>					
<p style="text-align: center;">Australian Prudential Regulation Authority Chairman: Dr John Laker</p> <p>Outcome 1: To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality</p> <p>Output 1.1.1: Policy development</p> <p>Output 1.1.2: Surveillance programmes</p> <p>Output 1.1.3: Prudential advice</p>					

Figure 1: Treasury portfolio outcome and output structure (continued)

<p style="text-align: center;">Australian Securities and Investments Commission Chairman: Mr Jeffrey Lucy AM</p> <p>Outcome 1: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p> <p>Output 1.1.1: Policy and guidance about the laws administered by ASIC</p> <p>Output 1.1.2: Comprehensive and accurate information on companies and corporate activity</p> <p>Output 1.1.3: Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity</p> <p>Output 1.1.4: Enforcement activity to give effect to the laws administered by ASIC</p>
<p style="text-align: center;">Australian Taxation Office Commissioner: Mr Michael D'Ascenzo</p> <p>Outcome 1: Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems</p> <p>Output 1.1.1: Shape, design and build administrative systems</p> <p>Output 1.1.2: Management of revenue collection and transfers</p> <p>Output 1.1.3: Compliance assurance and support — revenue collection</p> <p>Output 1.1.4: Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards</p> <p>Output 1.1.5: Services to governments and agencies</p>
<p style="text-align: center;">Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p>Outcome 1: Fair and efficient financial markets characterised by integrity and transparency, and supporting confident and informed participation of investors and consumers</p> <p>Output 1.1.1: Annual report and discussion papers</p> <p>Output 1.1.2: Recommendations and reports</p>
<p style="text-align: center;">Inspector-General of Taxation Inspector-General: Mr David Vos AM</p> <p>Outcome 1: Improved administration of the tax laws for the benefit of all taxpayers</p> <p>Output 1.1.1: Identification of issues for review and prioritisation of work program</p> <p>Output 1.1.2: Provision of independent advice to the government on the administration of the tax laws</p>
<p style="text-align: center;">Productivity Commission Chairman: Mr Gary Banks</p> <p>Outcome 1: Well informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</p> <p>Output 1.1.1: Government commissioned projects</p> <p>Output 1.1.2: Performance reporting and other services to government bodies</p> <p>Output 1.1.3: Regulation review activities</p> <p>Output 1.1.4: Competitive neutrality complaints activities</p> <p>Output 1.1.5: Supporting research and activities and statutory annual reporting</p>
<p style="text-align: center;">National Competition Council President: Mr David Crawford</p> <p>Outcome 1: The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community</p> <p>Output 1.1.1: Advice provided to governments on competition policy and infrastructure access issues</p> <p>Output 1.1.2: Clear, accessible public information on competition policy</p>
<p style="text-align: center;">Royal Australian Mint Chief Executive Officer: Ms Janine Murphy</p> <p>Outcome 1: Satisfy the Reserve Bank of Australia's forecast of circulated coin</p> <p>Output 1.1.1: Coin production, associated policy advice and visitor services</p>

**Figure 2: Treasury outcome and output structure (as at 30 June 2006)
Strong, sustainable economic growth and the improved wellbeing of Australians**

Outcome 1: Sound macroeconomic environment	
Output Group 1.1: Macroeconomic	
1.1.1	Domestic economic policy advice and forecasting
	Domestic Economy Division Macroeconomic Policy Division
1.1.2	International economic policy advice and assessment
	International Economy Division International Finance Division Pacific and Assistance Division G-20 and APEC Secretariat Overseas Posts
Outcome 2: Effective government spending arrangements	
Output Group 2.1: Fiscal	
2.1.1	Budget policy advice and coordination
	Budget Policy Division
2.1.2	Commonwealth-State financial policy advice
	Commonwealth-State Relations Division
2.1.3	Industry, environment and defence policy advice
	Industry, Environment and Defence Division
2.1.4	Social and income support policy advice
	Social Policy Division
Outcome 3: Effective taxation and retirement income arrangements	
Output Group 3.1: Revenue	
3.1.1	Taxation policy and legislation advice
	Business Tax Division Indirect Tax Division Individuals and Exempt Tax Division International Tax and Treaties Division Tax Analysis Division Tax Design Division Tax System Review Division Board of Taxation
3.1.2	Retirement income and saving policy and legislation advice
	Superannuation, Retirement and Savings Division
Outcome 4: Well functioning markets	
Output Group 4.1: Markets	
4.1.1	Foreign investment and trade policy advice and administration
	Foreign Investment and Trade Policy Division Foreign Investment Review Board
4.1.2	Financial system and corporate governance policy advice
	Corporations and Financial Services Division Financial System Division Takeovers Panel
4.1.3	Competition and consumer policy advice
	Competition and Consumer Policy Division Strategy, Communications and Group Services Unit Financial Literacy Foundation
4.1.4	Actuarial services
	Australian Government Actuary

Note: Treasury reorganised its outcomes from three to four in May 2006, 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.

Figure 3: Treasury top management structure (as at 30 June 2006)

Secretary: Ken Henry	
Strategic Communications Division General Manager: Irene Sim	
Macroeconomic Group: Executive Director, Martin Parkinson	
Macroeconomic Group: Executive Director, David Parker	
Chief Adviser, Macroeconomic: David Gruen	Overseas posts
Domestic Economy Division	Washington:
General Manager: Steven Kennedy	Minister-Counsellor: (Economic) Steve Morling
Macroeconomic Policy Division	Paris:
General Manager: Paul O'Mara	(OECD) Blair Comley and (Europe) Paul Lindwall
International Economy Division	Tokyo:
General Manager: David Pearl	Minister-Counsellor: (Economic) Ron Foster
International Finance Division	Beijing:
General Manager: Roger Brake	Minister-Counsellor: (Financial) Stephen Joske
Pacific and Assistance Division	Jakarta:
General Manager: Christine Barron	Counsellor: (South East Asia Financial)
G-20 and APEC Secretariat	Vincent Ashcroft
General Manager: Gordon de Brouwer	
Fiscal and Corporate Services Group: Executive Director, David Tune	
Principal Adviser, Fiscal: Peta Furnell	Social Policy Division
Budget Policy	General Manager: Rob Heferen
General Manager: David Martine	Corporate Services
Industry, Environment and Defence	General Manager: Ian Robinson
General Manager: Maryanne Mrakovcic	
Commonwealth-State Relations	
General Manager: Michael Willcock	
Revenue Group: Executive Director, Mike Callaghan	
Chief Adviser, Taxation: Tom Reid	Tax Design Division
International Tax and Treaties Division	General Manager: Deidre Gerathy
General Manager: Mike Rawstron	Superannuation, Retirement and Savings Division
Individuals and Exempt Tax Division	General Manager: John Lonsdale
General Manager: Mark O'Connor	Indirect Tax Division
Tax System Review Division	General Manager: Patrick Colmer
General Manager: Paul McCullough	Board of Taxation
Tax Analysis Division	General Manager: Sue Vroombout
General Manager: Nigel Ray	
Business Tax Division	
General Manager: Colin Johnson	
Markets Group: Executive Director, Jim Murphy	
Chief Adviser, Competition and Consumer Policy: Frances Perkins	Corporations and Financial Services Division
Foreign Investment and Trade Policy Division	General Manager: Geoff Miller
General Manager: Gerry Antioch	Australian Government Actuary
Financial System Division	General Manager: Peter Martin
General Manager: Chris Legg	Takeovers Panel
Competition and Consumer Policy Division	Director: Nigel Morris
General Manager: Steve French	Financial Literacy Foundation
	General Manager: Peter McCray

