PART 3
MANAGEMENT AND ACCOUNTABILITY

treasury

Corporate governance

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 Treasury's resources.

Key aspects of Treasury's corporate governance practices include:

- clearly established role accountabilities, including clear delegations of authority and responsibilities;

- planning and monitoring of outputs; and

- monitoring of Treasury's resource use, based on budgeting, financial accounting, audit, fraud control, risk management and other reporting systems.

The Executive Board is the primary decision-making body. The Audit Committee is the other body that ensures accountability.

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

- Secretary: accountable for the department's management and strategic leadership;

- Executive Director: accountable for a group's management and strategic leadership;

- General Manager: accountable for a division's management and strategic leadership;

- Manager: accountable for a unit's management and leadership; and

- Adviser and Analyst: accountable for provision of technical expertise and team leadership and contributions to unit outputs.

Senior management committees and their roles

The Executive Board

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

- organisational development — shaping 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 allocating resources — meeting current and future work priorities.

The Executive Board members as at 30 June 2005 were:

- Dr Ken Henry, Secretary to the Treasury;

- Dr Martin Parkinson, Executive Director, Macroeconomic Group;

- Jim Murphy, Executive Director, Markets Group;

- Mike Callaghan, Executive Director, Revenue Group;

- David Tune, Executive Director, Fiscal Group;

- Dr David Parker, Alternative Executive Director, Macroeconomic Group; and

- Ian Robinson, General Manager, Corporate Services Division.

Audit Committee

The Audit Committee functions as a forum of review of audit issues by:

- supporting and enhancing the control framework;

- ensuring the objectivity and reliability of published financial information;

- monitors and evaluates Treasury's Risk Management Strategies; and

- helping the Secretary to comply with all legislative and other obligations.

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

The Audit Committee members as at 30 June 2005, were Dr David Parker (who assumed the Chair from 20 May 2005), Steve French, Ian Robinson, Mike Rawstron, David Martine and Jim Kropp (who was appointed as the external representative from 18 February 2005). The Audit Committee met eight times during 2004-05.

Remuneration committees

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

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 Principal Adviser, Corporate Strategy and all general managers in the group. One general manager from another group is included to promote consistency of ratings between groups.

Senior management

Details of Treasury's management structure is set out in Figure 4, in Part 1.

Corporate planning and reporting

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

The Executive Board sets the broad strategic direction for the department. The corporate plan articulates this direction and provides context for policy group operational plans and Corporate Services Division. The corporate plan includes an identity statement based on Treasury's mission statement and people values, sets out Treasury's outcomes and outputs, and identifies high-level priorities for the following year.

Groups and divisions prepare operational plans at the beginning of the financial year. They identify key priorities, performance information, risks, relationships and financial information.

The Information Technology Infrastructure Statement of Direction is a three-year plan setting out Treasury's strategic directions in managing and accessing Treasury's information technology. Underpinning the Statement of Direction is the Application Systems Forward Work Plan which identifies Treasury's systems development for the next year. The plan is linked to corporate and operational plans.

Treasury meets its external reporting responsibilities through its Portfolio Budget Statements and annual report.

The Corporate Services Division uses a Balanced Scorecard Performance Reporting Framework to enable the division to measure overall business performance against the four perspectives of customer satisfaction, financial efficiency and effectiveness, operational efficiency and effectiveness, and staff learning and growth. The division reports progress twice a year.

Risk management

Under the *Financial Management and Accountability Act 1997*, Treasury meets its specific risk management requirements through a single, integrated approach. The Risk Management Implementation Plan and Corporate Policy and Framework for Managing Risk establish the key risk management objectives and communicate the risk policy framework.

The approach has four key components.

- The Fraud Control Plan complies with Australian Government Fraud Control Guidelines.

- The Chief Executive's Instructions put into effect the Financial Management and Accountability Act 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. It incorporates issues raised by the ANAO in its audit of 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.

Treasury strategies aim to identify and manage risks associated with the delivery of information technology services. Information technology governance includes:

- The IT Disaster Recovery Plan sets out the strategies and processes to restore services if Treasury's central computing infrastructure is lost completely or partially. The plan aims to restore services within an appropriate timeframe.

- Business Continuity Plans for Treasury's information technology application systems. Set out alternate methods and processes to use so 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 Treasury information technology resources. The policy is based on the protective security policies and standards in the Australian Protective Security Manual, the Draft Australian Communications Security Instruction — Electronic Security Instructions 33(A) and ANAO recommendations.

- The Internet and Email Acceptable Use Policy sets out responsibilities for appropriate use of the Internet, email facilities and services. This policy refers to the Australian Public Service Values and Code of Conduct, the *Public Service Act 1999*, other relevant Australian Government legislation, and the Treasury IT Security Policy.

- Website Development Standards and Guidelines based on ISO 9001 and ACSI 33, and International Standards Organisation and Defence Signals Directorate guidelines to ensure compliance with best practice website security.

- IT Change Control Guidelines (an internal management tool) assists with quality assurance control over proposed changes to the technical environment and facilities. This change control process involves reviewing proposed variations and clearing them before releasing changes in the production environment.

- IT Risk Management Strategy, developed in accordance with Defence Signals Directorate guidelines identifies technical risks associated with Treasury's information technology infrastructure and management practices.

- Applications Development and Project Standards, internal standards based on the Structured System Development Methodology PRINCE 2 for system development, provide a phased system development life cycle to ensure correct project governance is applied to systems development.

- Applications Systems Forward Work Plan is prepared on an annual basis in consultation with the Executive Board, General Managers and client representatives. It identifies applications systems development and enhancement requirements for a 12-month period and facilitates priority setting and resource allocation in relation to approved information technology applications projects.

Staff awareness of risk management policies and procedures is raised through training programmes and departmental staff notices. All policies and procedures are available to staff in hard copy and on the Intranet.

Ethical standards and accountability

Treasury has its own agency values reflecting and supporting the way it functions within the Australian Public Service legislative framework. Treasury's people values are closely aligned with the Australian Public Service values and are embedded in the Treasury Management Model and Performance Management System.

The Treasury Certified Agreement and Australian Workplace Agreements contain a commitment from employees to uphold Treasury values and comply with the Code of Conduct.

Internal learning and development programmes, such as leadership programmes, the APS1-5 Treasury Certificate in Business Services, the graduate development programme and performance management system workshops also reinforce the values and behaviours expected of staff within both the department and the broader public sector.

Treasury has taken steps to establish and maintain ethical standards through developing policies such as the Fraud Control Plan, the Chief Executive's Instructions, Conflict of Interest Guidelines, Consultant Engagement and Management Guidelines and the Internet and Email Acceptable Use Policy.

Treasury places a strong emphasis on those activities which support an ethical culture and promote fraud control awareness. An established pattern of ethical behaviour by staff will significantly reduce the risk of any fraudulent activity occurring. It also permits greater reliance on staff integrity of when considering the need for controls in areas where it may not be cost effective to implement detailed control activities. Consequently, Treasury has developed an ethics and fraud awareness education programme to maintain a strong ethical working environment and fraud control.

The Chief Executive's Instructions establish Treasury's financial administrative framework under the Financial Management and Accountability Act. The Chief Executive Instructions provide the basis for effective, efficient, ethical and accountable use and management of Commonwealth money and property. Treasury reviews and updates the instructions regularly.

The Chief Executive's Instructions provide a user-friendly approach to financial management processes and provide staff with guidance to assist them to comply with legislation and Treasury's ethical standards.

All corporate governance policies and procedures are available on the Intranet.

Senior executive service remuneration

All Treasury senior executive service employees hold an Australian Workplace Agreement.

Since September 2000, senior executive service employees have been appraised using the Australian Public Service Commission's Senior Executive Leadership Capability Framework. That involves making individual rankings against each of the five criteria of the framework, then arriving at an overall ranking for the employee, which reflects their performance relative to their peers.

An increase in relative ranking based on longer-term performance can lead to an increase in base salary. See Table 10 for details of senior executive service salary scales. Additional information on remuneration and performance pay is set out in Note 16: Executive Remuneration in Part 4 of the Financial Statements.

Corporate governance — the Mint

The Mint's Advisory Board is responsible for ensuring good corporate governance, advising on corporate strategy and providing guidance and oversight to the Mint's senior management team.

Advisory Board members as at 30 June 2005 were: Jim Murphy, Executive Director, Markets Group, Treasury (Chair); Vivienne Thom, Controller, Royal Australian Mint; Michael Del Gigante, Chief Operating Officer, Defence Housing Authority; and Ross Macdiarmid, Chief Executive Officer, Australian Capital Tourism Corporation.

The senior management team comprises the Controller and the Directors of Marketing, Operations, and Finance and Systems.

Risk management

The Mint's internal policies and procedures identify, plan for and manage the risks associated with the business of manufacturing circulating and numismatic coin for Australia. These policies and procedures are consistent with the Treasury Chief Executive Instructions, and the Treasury Audit Committee reviews the recommendations of all the Mint's internal and external audits.

Under the *Financial Management and Accountability Act 1997*, the Mint meets its specific risk management requirements through a single, integrated approach. In 2004, the Mint completed its business risk assessment and developed a Risk Management Implementation Plan to establish key risk areas and develop management plans.

The Mint's Fraud Control Plan complies with Australian Government Fraud Control Guidelines.

The Internal Audit Plan identifies services and functions for auditing. It incorporates issues raised by the ANAO in its audit of the Mint's financial statements and recent reports on cross-agency matters, upcoming management issues, policy evaluations, previous internal audits and strategic risk management issues.

In 2004-05, the focus on information technology governance increased:

- An IT Disaster Recovery Plan sets out the strategies and processes to restore services if the Mint's computing infrastructure is completely or partially lost. The plan aims to restore services within an appropriate timeframe. The development of the plan is ongoing and will be completed within 2005-06.

- Information technology backup and restoration methods are being implemented and tested to ensure services are not interrupted for extended periods or totally lost during server problems.

- Authentication and encryption used for domain accounts, dial in and Virtual Private Network (VPN) connections are being reviewed, and the firewall configuration improved.

- An Internet and Email Acceptable Use Policy sets out responsibilities of users of the Internet, email facilities and services. The policy refers to the Australian Public Service Values and Code of Conduct, the *Public Service Act 1999*, and other relevant Australian Government legislation.

- Improved IT Change Control Guidelines provide quality assurance of proposed changes to the technical environment and facilities, mainly through deploying software patches and service packs.

The Mint's Quality Management System certification against the International Standard ISO 9001-2000 continued during the year, with SAI Global conducting the annual surveillance audit and confirming that the Mint Quality System complies with the requirements. The system has been developed further as an integrated management tool to include the environmental, security and occupational health and safety management aspects.

As part of the proposed refurbishment of the Mint building, consultants GHD Pty Ltd were engaged to undertake a comprehensive security review of deficiencies in physical and personnel security, including internal and external threats, and to recommend remedial action to comply with the Commonwealth Protective Security Manual. The recommendations are being incorporated into the design documentation for the refurbishment.

Internal and external scrutiny

Audit

The Audit Committee convened eight times in 2004-05. Its work included reviewing and updating the Treasury Fraud Control Plan, reviewing the department's financial statements and reviewing a range of internal and external audit reports.

The Audit Committee's Financial Statements sub-committee convened three times in 2004-05, and consisted of staff from the Treasury, Australian National Audit Office (ANAO) and the internal audit service provider. The sub-committee monitors the production of the financial statements, and acts as a forum for the resolution of issues.

Treasury engaged Deloitte Touche Tohmatsu to develop the 2004-05 Internal Audit Plan. The Audit Committee, assisted by Deloitte, has a continuous improvement approach to audit services and regularly reviews Treasury's audit programme, and scrutinises recommendations arising from completed internal audits, as well as relevant ANAO reviews.

Internal audits — Treasury

Treasury completed seven internal audits/reviews during 2004-05.

Fraud risk assessment and Fraud Control Plan

The Treasury's Fraud Control Plan 2004-06 was developed to comply with the *Commonwealth Fraud Control Guidelines*, the ANAO Better Practice Guide for Fraud

Control in Australian Government Agencies, Treasury's obligations pursuant to the *Financial Management and Accountability Act 1997*, and the Australian and New Zealand Standard on Risk Management (AS/NZS 4360:2004).

The review identified and consolidated a list of significant fraud risks, and fraud control strategies were implemented to counter possible fraud.

Review of the Foreign Investment Policy Division's Information Technology (IT) upgrade project

The review identified lessons learned from the upgrade project and recommended improvements for future project management. The key outcome was emphasis on better and more effective project governance, strategic oversight, risk management and progress monitoring arrangements.

Review of existing Australian Workplace Agreements (AWA) processes and procedures

The review assessed the effectiveness and efficiency of AWA administration, including the processes for approval and lodgment of AWAs.

The audit established that Treasury maintains effective control procedures for all significant aspects of AWA administration, although areas for improved recordkeeping were identified. New recordkeeping processes will rectify this.

Review of existing service level agreements with other bodies within the Treasury portfolio

The review examined the operations of the service level agreements between Treasury and external portfolio bodies to provide corporate services, review cost recovery arrangements and assess Treasury's performance against the key performance indicators in the service level agreements.

The review identified that the operation of the service level agreements is adequately monitored and fees are charged appropriately, however, cost recovery varied due to different pricing methods, and reporting against key performance indicators was on an exception basis. The key outcome of the review was to develop a new costing approach for service level agreements. Treasury has agreed to implement the recommendations of the review.

Audit of accounts payable

The audit determined the risks associated with the use and management of accounts payable and assessed the adequacy and effectiveness of the controls in place to mitigate those risks.

Treasury maintains effective control procedures in relation to accounts payable. The review made a number of recommendations on payment of invoices and raising of purchase orders.

Audit of payroll and personnel

The audit determined the risks associated with the payroll and personnel cycle and assessed the adequacy and effectiveness of the controls in place to mitigate those risks.

Treasury maintains effective control procedures for the payroll and personnel cycle. The review made recommendations on accounts receivable and payable for employees transferring in and out of the department. Treasury agreed with the recommendations and has implemented new control procedures.

Review of Australian Equivalents to International Financial Reporting Standards Implementation

The internal audit provided reasonable assurance that Australian Equivalents to International Financial Reporting Standards had been applied appropriately within Treasury, and provided the Department of Finance and Administration with independent certification that the balances were accurate and changes to Treasury's accounting policies appropriate.

Treasury calculated correctly the opening account balances for 2004-05, in accordance with the standards.

Internal audits — the Mint

The Mint engaged Ernst & Young as internal auditors. Three ongoing audits commenced in 2003-04 were completed in 2004-05.

Business Risk Assessment

The audit reviewed the Mint's Business Risk Assessment against the Mint's Risk Assessment Framework. A key outcome was to update the Business Risk Assessment to reflect changes in the Mint's control environment. The Mint now uses the plan to determine priorities and methods for controlling risks.

Relevant risk information from the risk assessments was used in developing the Fraud Control Plan, the Business Continuity Plan and internal audit planning.

Fraud Control Plan

This audit reviewed and updated the Mint's Fraud Control Plan in accordance with legislative requirements. The plan uses data developed during the Business Risk Assessment.

Business Continuity Plan

The audit assisted the Mint with aspects of business continuity planning and disaster recovery planning in line with the Australian National Audit Office's better practice guide *Business Continuity Management Keeping the Wheels in Motion* as well as Standards Australia handbook *Business Continuity Management*.

The audit identified key business processes and their critical supporting resources. The auditors, in consultation with management, are developing continuity strategies and a business continuity management framework will support the documentation of plans and procedures. A draft business continuity plan will be finalised in the new financial year.

Australian National Audit Office reports

The Australian National Audit Office conducted two performance audits specific to Treasury's operations in 2004-05.

Audit Report No. 38: Payment of goods and services tax to the States and Territories

In view of the large amount of public money being paid to the States in GST revenue, Report No. 38: Payment of Goods and Services Tax to the States and Territories assessed the adequacy and effectiveness of processes and procedures used by Treasury in making GST payments.

The audit did not identify any errors in Treasury's calculation of Guaranteed Minimum Amount or in Treasury's payment of Budget Balancing Assistance and GST to the States. Nevertheless, it found scope to improve processes to reduce the risk of errors in the future.

Treasury agreed with its three recommendations, but qualified one concerning the adoption of more comprehensive and systematic verification procedures. It considers existing procedures are adequate, but will document its processes more thoroughly in future to allow for third-party verification of payments.

ANAO Report No. 11: Commonwealth Entities' Foreign Exchange Risk Management

The Australian National Audit Office completed its performance audit of the new Commonwealth Foreign Exchange Risk Management Policy (Report No. 11: Commonwealth Entities' Foreign Exchange Risk Management). Treasury agreed with the relevant recommendation, that the Department of Finance and Administration improve central agency consideration of entities' requests for exemption from the prohibition on hedging by seeking, with Treasury, to expedite consideration of requests and provision of advice to relevant Ministers.

Other Australian National Audit Office reports relevant to Treasury and the Mint's operations in 2004-05 are:

Report No. 3:	Management of internal audit in Commonwealth organisations;
Report No. 6:	Performance management in the Australian Public Service;
Report No. 7:	Administration of taxation rulings follow-up audit;
Report No 10:	The Senate Order for departmental and agency contracts (calendar year 2003 compliance);
Report No. 13:	Superannuation payments for independent contractors working for the Australian Government;
Report No. 15:	Financial management of special appropriations;
Report No. 20:	The Australian Taxation Office's management of the Energy Grants (Credits) Scheme;

Report No. 21:	Audits of the financial statements of Australian Government entities for the period ending 30 June 2004;
Report No. 22:	Investment of public funds;
Report No. 26:	Measuring the efficiency and effectiveness of e-government;
Report No. 37:	Management of business support service contracts;
Report No. 38:	Payment of goods and services tax to the State and Territories;
Report No. 41:	Administration of security incidents, including the conduct of security investigations;
Report No. 42:	Commonwealth debt recovery follow-up review;
Report No. 46:	Management of trust monies in Commonwealth Authorities and Companies (CAC) Act Entities;
Report No. 49:	Administration of fringe benefits tax;
Report No. 52:	Legal Services Arrangements in the Australian Public Service;
Report No. 55:	Workforce planning;
Report No. 56:	Interim phase of the audit of financial statements of general government sector entities for the year ending 30 June 2005; and
Report No. 57:	Purchasing procedures and practices.

Treasury's Audit Committee follows Australian National Audit Office best practice guidelines by actively reviewing relevant matters raised in performance audit reports, and overseeing follow-up action. Details of audit reports are available at www.anao.gov.au.

Fraud

In 2004-05, three new cases of fraud in Treasury concerned the submission of false information by claimants seeking compensation from the HIH Claims Support Scheme. Recovery action is in hand in two of the cases and repayment of money owed has been agreed in the third case.

The Mint experienced a credit card fraud of $10,565.44 by a customer. Credit card procedures were reviewed in light of this incident.

Ombudsman comments, court decisions, administrative tribunal decisions

Ombudsman

The Ombudsman received five complaints about Treasury in 2004-05. In three matters, the Ombudsman determined he had no jurisdiction under paragraph 5(2)(a) of the *Ombudsman Act 1976* (the Act) to investigate actions taken by a Minister. In one matter, the Ombudsman declined to investigate the matter under subsection 6(1A) of the Act until such time as the complainant had lodged a complaint with the Secretary. In another matter about the procedures of the Foreign Investment Review

Board in directing a foreign person to dispose of an interest in Australian urban land, the Ombudsman agreed that legal powers to prosecute existed and recommended that clearer guidelines for issuing such directions be adopted in the future.

The Ombudsman received two complaints about the Mint in 2004-05. In both matters the Ombudsman declined to investigate the complaint under subparagraph 6(1)(b)(iii) of the Act on the grounds that an investigation, or further investigation, of the action was not warranted having regard to all the circumstances.

Courts and proceedings

Freedom of information — McKinnon vs Secretary, Department of Treasury

In January 2005, Mr McKinnon appealed to the Full Court of the Federal Court the decision of the President of the AAT in the matter of McKinnon vs Treasury 2004 AATA 1364 (see below), contending that the AAT had misdirected itself in determining that there were reasonable grounds for the issuance of conclusive certificates by the Treasurer under the *Freedom of Information Act 1982*. On 2 August 2005, a majority decision dismissed the appeal, determined that the decision was correctly made in accordance with the law and awarded costs to Treasury. On 26 August 2005, Mr McKinnon sought leave to appeal the Full Court's decision to the High Court.

Administrative Appeals Tribunal

There were three matters relating to the Treasury in the Administrative Appeals Tribunal (AAT) during 2004-05.

In 2003, applications were made to the AAT for review of two decisions by the department regarding the partial withholding of information in response to requests under the *Freedom of Information Act 1982*, for material in relation to bracket creep and the First Home Owners Scheme, respectively. The Treasurer issued certificates under subsection 36(3) that disclosure of the documents not released under both requests would be contrary to the public interest.

These matters were considered together in 2004, and the AAT affirmed that there was at least one reasonable ground for the claim that the release of each document (except for two documents) covered by the Treasurer's conclusive certificates was contrary to the public interest. An appeal against this decision to the Full Court of the Federal Court was lodged in 2005.

An application was made to the AAT in 2004, for review of a decision by the department regarding partial withholding of information in response to a request under the *Freedom of Information Act 1982*, for material in relation to the adequacy of the superannuation guarantee. The AAT granted a consent order in May 2005, for Treasury to release some further (but not all) material prior to the matter being heard, and as a result the applicant withdrew the appeal.

An application was made to the AAT in 2005, for review of a decision by the department regarding the withholding in full of information in response to a request under the *Freedom of Information Act 1982*, for material in relation to the applications to, and clarification of foreign ownership restrictions as determined by, the Foreign Investment Review Board. The AAT found that there were grounds to uphold the exemptions claimed by Treasury.

Management of human resources

In 2004-05, Treasury continued to strengthen its people management systems and their integration with Treasury's business and management systems. Treasury's people management systems include the Treasury Management Model, the Performance Management System and the Career Development System. These systems are underpinned by Treasury people management principles and values. The values define the way staff work in Treasury and provide the basis for people management systems and processes.

Key 2004-05, workforce initiatives included:

- The Treasury Certified Agreement 2004-06 was certified with strong support from staff in September 2004. The Agreement and associated Australian Workplace Agreement framework aim to improve the flexibility of working conditions and to help make Treasury a more satisfying and rewarding place in which to work.

- In the February 2005 appraisal cycle, staff who met specific criteria could elect to have an informal performance appraisal. The informal appraisals complement the formal appraisals which are conducted at least annually for all staff.

- In 2004-05, the Professional Development Framework was extended to include semester-long training programmes in economics for non-economists and law for non-lawyers, as well as specialised training and information sharing seminars by the policy groups.

Performance management

The Performance Management System works within a clearly articulated capability framework aligned to the recruitment strategies, professional development framework and Career Development System to ensure a consistent approach across the organisation.

Treasury's Performance Management System is based on the principles of fairness, transparency and consistency. Processes include context setting for all senior executive service staff with the key messages cascading to all staff. Workshops to develop skills in managing appraisal meetings and ensure an understanding of the system are offered before each appraisal round. A hotline provides individual advice and assistance.

Appraisal meetings are held twice a year, with regular informal feedback encouraged, to minimise surprises at appraisal time and develop a productive way of managing staff. Appraisals are conducted against clearly defined capability frameworks. Upward feedback is encouraged through several channels, providing input to appraisals of managers.

Review panels oversee the outcomes of appraisals to ensure consistency, with cross-group representatives providing an additional focus on consistency.

As part of the implementation of the 2004-2006 Treasury Certified Agreement, informal appraisals were offered for the first time in February as an option for staff members who met specified criteria. Informal appraisals are conducted in a similar manner to the formal appraisals, however, appraisal outcomes are not rated. The administrative

workload for informal appraisals is reduced as there are no pay outcomes and less emphasis on gathering feedback.

An evaluation indicated a high level of satisfaction with the process and the opportunity for a more informal process. Around 24 per cent of non-senior executive service and 88 per cent of senior executive service staff participated in the informal option.

Treasury Certified Agreement

The 2004-2006 Treasury Certified Agreement came into operation on 20 September 2004, replacing the previous agreement, which nominally expired on 3 September 2004.

The Certified Agreement provides for increased pay rates (Table 11), conditions of service, including options for leave and attendance, allowing staff more flexibility in planning their personal commitments, and reinforces initiatives that foster skills and career development, and a healthy work environment.

As part of the remuneration and conditions framework, Treasury continued the programme of Australian Workplace Agreements for employees classified at APS6, Executive Level 1 (EL1) and Executive Level 2 (EL2). The performance based pay model has salary levels above those available under the Certified Agreement but conditions of service are identical to those in the Certified Agreement.

The processes for renewing the Certified Agreement and Australian Workplace Agreements involved direct consultation with all Treasury staff and the Workplace Relations Committee, and culminated in the Secretary offering staff a new agreement on 9 August 2004. Staff voted on the offer and some 82 per cent accepted it.

Workplace relations

Treasury continues to consult extensively with staff on workplace matters and the Certified Agreement reinforces staff involvement in decision making. The primary conduit for consultation is the Workplace Relations Committee, elected by all Treasury staff and comprising eight members. The committee meets regularly with the Secretary to discuss a wide range of employment-related matters.

The Certified Agreement and Australian Workplace Agreements contain procedures to resolve disputes and also provide for direct consultation with staff as appropriate.

A network of staff advisers assists staff with issues relating to performance appraisal, remuneration, Australian Workplace Agreements or relations with managers. This network complements other staff support processes, such as human resources advisers and an employee assistance programme delivered by an external provider.

Recruitment and succession planning

Graduate recruitment forms a major part of Treasury's recruitment and succession planning strategy. In 2004-05, Treasury staff attended university career fairs and economic society information sessions, undertook presentations to final year students and distributed *Graduate Careers in the Treasury* brochures to university careers centers and faculties. In addition, a broad marketing campaign appeared in major national newspapers and on several university Intranet sites.

A graduate careers section on Treasury's website provides information on the Graduate Development Programme and outlines the role and expectations of Treasury graduates. Treasury is an attractive employer of graduates, with a high retention rate of around 65 per cent after three years. The graduate intake was 45 in 2004, and 33 in 2005.

Job seekers can lodge their applications for graduate campaigns, bulk-round recruitment, job-specific recruitment exercises and Treasury's non-ongoing and general employment registers via the Internet.

Recruitment information and procedures to assist applicants, managers, referees and selection committees were complemented by the delivery of interviewer/interviewee skills training courses.

Human Resources and the strategy units in the policy groups work closely on workforce planning to recruit appropriately skilled staff. Workforce diagnostic information is used in staffing reports for the Executive Board and the Staffing Committee.

Learning and development

Treasury's professional development framework aims to ensure that the 'right' people receive the 'right' training at the 'right' time.

Investment in people is closely linked to Treasury's identified capability needs. Initiatives that demonstrate how the framework responds to changing business needs include changes to the performance appraisal capability framework to reflect knowledge management initiatives, and new processes and updated programmes to improve the quality of written work in the department, particularly to ministers. The framework works in tandem with the Performance Management and Career Development Systems to match staff needs and expectations with departmental learning and development priorities.

To facilitate these processes, managers are encouraged to think critically about the development needs of individual staff in the context of departmental capability requirements, the potential contribution of employees to the department and the operational requirements of the work area.

Learning and development strategies

A major strategy in developing leadership skills has been the Executive Level Development Programme. The programme aims to develop leadership capabilities and equip managers to meet their roles. Each programme is continuously reviewed with feedback incorporated into subsequent programmes. Since June 2003, 81 staff have completed the Executive Level Development Programme.

Senior executives have ready access to a suite of development opportunities including the Australian Public Service Commission courses. Executive coaching launched in June 2005 provides an additional means of skills development and access to an external 'sounding board'.

Policy advising workshops continue to be offered regularly and as demand dictates. The workshops, facilitated by senior staff from Treasury and other agencies, receive very positive feedback from participants, and complement on-the-job experience.

A semester-long course, Introduction to Economics, was offered by the Research School of Social Sciences, Australian National University (ANU) following the success of the first course held in November 2003. The course is closely aligned to Treasury's core business and includes participation from guest lecturers. Feedback and a longer term evaluation with participants and managers of the first course resulted in some changes including the opportunity of accreditation to specified postgraduate courses at the Australian National University.

Planning commenced for delivery of the second semester-long course Introduction to Law, following an evaluation of the first programme completed in July 2004. The first programme led to some participants gaining accreditation towards other courses at ANU.

Training courses offered to staff by internal and external presenters are tailored to the needs of the organisation. Each course is evaluated, with evaluation outcomes feeding into the development of the next course. The courses are mapped against the capability framework to ensure development opportunities are available against the capabilities across all classifications.

A comprehensive Graduate Development Programme is provided to Treasury's graduates to develop necessary skills and knowledge to work effectively in Treasury and the broader Australian Public Service. The programme includes on-the-job coaching, and in-house courses such as advanced writing, economics for non-economists, policy development, presentation skills and communicating with influence. The programme also includes external courses such as the Senate and Legislative Process, observation at Budget Question Time and networking seminars arranged by the Australian Public Service Commission. The programme is refined through feedback from graduates, managers and the Graduate Managers Forum which the graduate team attends every three months. In November the graduate recruitment and development processes were reviewed and a number of new initiatives were implemented. These included new programmes such as effective teamwork, an enhanced giving and receiving feedback workshop and focused guidance to graduate managers.

The Treasury Certificate in Business Services Programme, designed for executive support, administrative and corporate services staff at the APS1-5 levels is in its third year. The eight modules provide participants with a greater understanding of their work context, Treasury's structure and mission and participants' skills and potential.

Treasury has established a mentoring programme for new staff recruited to the department. Volunteers who attended the Executive Level Development Programme Coaching Skills module are matched with new recruits to mentor them. The pilot programme is offered to new recruits up to and including the EL1 level. Subject to evaluation outcomes and availability of mentors, the programme may be extended to more senior recruits.

In 2004-05, Treasury's four policy groups organised a number of internal workshops and divisional policy seminars to share and disseminate information to staff.

• Revenue Group delivered two 3-day Tax Policy Framework Courses for new staff in Revenue Group.

- Macroeconomic Group developed and delivered a new Macroeconomic Policy Course which was offered to all staff in Treasury. Macroeconomic Group also offered specific training courses, such as Eviews (an econometrics package).

- Fiscal Group held a series of internal seminars on relevant emerging policy issues and Treasury's role as a central policy agency. Fiscal Group considered the application of Treasury's wellbeing framework to its core policy responsibilities.

The Treasury Seminar Series continued with prominent guest speakers presenting current economic issues and research. An average of 64 staff attended each of the 21 seminars.

Staff also attend a wide range of conferences, seminars and workshops providing subject specific training.

Information technology and systems training

Treasury staff have access to a range of information technology training programmes including Microsoft Office, Web, TRIM, SAP and in-house developed systems. Short, structured and tailored training modules continue to be the preferred method of learning.

In 2004-05, 325 staff attended Microsoft Office training, and 136 staff attended training on the Ministerial, Contracts Register and Minute Register systems. Post-course evaluations indicated an 88 per cent level of satisfaction with the training provided.

In March, staff involved in preparing documentation for the 2005-06 Budget received tailored training. Staff from Treasury, the department of Finance and Administration and other agencies attended these training sessions. Post-course evaluation indicated an 86 per cent level of satisfaction with the training provided.

Client feedback on the relevance of the Introduction to Treasury Computing course was very positive with 80 new staff attending the course in their first week at Treasury. Evaluations indicated a 91 per cent satisfaction with the training provided.

A new training programme was developed to assist staff use voice activated software. The one-on-one training meets the individual needs of the eight affected staff.

Implementation of TRIM electronic records management was completed in December. Some 422 staff attended training on the electronic records management system and 69 staff attended recordkeeping information sessions so they could better understand and meet their obligations under the *Archives Act 1983*.

Some 138 staff attended in-house training programmes on the Financial Management Information System (SAP R/3) and the internal budgeting and report tool (TM1). System upgrades and improvements in functionality ensure the high level of financial reporting continues. Evaluations indicated high satisfaction at over 95 per cent with the training provided.

External learning and development opportunities

Treasury encourages participation in external learning and activities, and its processes facilitate access.

Assistance for part-time study and postgraduate study awards help develop organisational capability. Around 100 staff access studies assistance each semester and a small number of staff who meet the selection criteria receive postgraduate study awards. The selection criteria for postgraduate study awards includes a cost recovery provision should recipients decide not to return to the department following the completion of their study.

Treasury entered into an agreement with the Australian National University to enable selected staff to undertake short-term research projects as a Visiting Fellow at the university. The arrangement develops links between the two organisations at the operational and senior management levels, and provides opportunities for academics to work closely with Treasury economists on current economic issues. One staff member has begun a three month project under this arrangement.

Treasury also entered into an agreement with the Cape York Institute for Policy and Leadership (Griffith University) to enhance Treasury's policy capabilities on indigenous affairs and provide the Cape York Institute with the opportunity to work closely with Treasury economists on current policy issues. Two Treasury officers have begun a year-long secondment with the Cape York Institute.

Five Treasury staff attended the Australian Public Service Commission managed Career Development Assessment Centre. Feedback received from participants was positive.

Treasury has sponsored three participants to the Australian and New Zealand School of Government since its inception in 2003. Two staff completed the Executive Fellows Programme, another completed the Executive Master of Public Administration, and a third staff member is starting the Executive Master of Public Administration.

Treasury encourages participation in overseas scholarships including the Young Leaders' Programme, a 12 month scholarship to study in Japan, and the Ecole National d'Administration, a scholarship to study at France's premier school of public administration. Both scholarships are highly competitive with limited places and rigorous selection criteria. Treasury staff members successfully secured a place in each.

Treasury's staff development costs totalled $2.4 million in 2004-05. This figure includes participant salary and on costs, registration fees of external training courses, and external providers' development and presentation costs.

Staffing information

There was a slight increase in Treasury's on-going and non-ongoing staff in 2004-05, up from 805 in 2003-04, to 827 in 2004-05. The number of new graduates decreased in 2004-05, down from 45 in 2003-04, to 33 in 2004-05.

Table 8: Operative and paid inoperative staff by classification and gender (as at 30 June 2005)[a]

Classification	Ongoing				Non-ongoing				Total
	Full Time		Part Time		Full Time		Part Time		
	Male	Female	Male	Female	Male	Female	Male	Female	
Cadet	1								1
APS1		2							2
APS2		3		1		2		2	8
APS3	27	31		5	3	7		1	74
APS4	16	37		4	1	2			60
APS5	50	58		5		1			114
APS6	74	70	2	13		1			160
EL1	95	61	4	15	3	2			180
EL2	101	38	4	13	2			1	159
SEB1	32	10		2					44
SEB2	13	3		1	1	1			19
SEB3	5								5
Secretary	1								1
Total	415	313	10	59	10	16	1	3	827

(a)   Includes staff located outside Canberra.
Note: Staff paid by other agencies are not included in this table.

Table 9: Staff located at overseas posts

Overseas Post	SES Band 1	EL2	Total
Beijing	1	0	1
Jakarta	0	1	1
Paris	1	1	2
Tokyo	1	0	1
Washington	1	0	1
Total	4	2	6

Note: Locally engaged staff are not included in tables.

Senior Executive Service — remuneration and performance appraisal

Remuneration and conditions for Treasury senior executives are determined under Australian Workplace Agreements, supported by a remuneration model that determines pay levels within each senior executive service level, based on performance.

Table 10: Salary scales — SES

Classification	4 September 2003		20 September 2004	
	Maximum $	Minimum $	Maximum $	Minimum $
SES Band 1	133,760	104,175	138,973	116,053
SES Band 2	172,281	134,178	177,449	147,932
SES Band 3	224,169	174,589	230,894	192,484

Note: This table includes Treasury and the Mint SES salary scales. Treasury and the Mint senior executives do not receive performance bonuses.

Since September 2000, senior executives have been appraised using the Australian Public Service Commission's Senior Executive 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.

A change in Treasury's remuneration policy in September 2002, discontinued senior executives' access to a private plated vehicle, with provisions made for a payment in lieu. A small number of continuing leases for private plated vehicles still operate. Senior executives may have access to airline lounge membership and mobile phones. Some may also have home office facilities, if appropriate.

Remuneration — employees other than SES

The Treasury 2004-06 Certified Agreement determines salary rates for all non-senior executive service staff.

Table 11: Certified Agreement salary scales — non-SES

Classification	4 September 2003		9 September 2004	
	Maximum $	Minimum $	Maximum $	Minimum $
APS1	32,814	30,102	35,298	32,505
APS2	37,327	34,919	39,947	37,467
APS3	42,143	39,735	44,907	42,427
APS4	46,958	44,550	49,867	47,387
APS5	53,582	50,271	56,689	53,279
APS6	60,204	56,893	63,510	60,100
EL1	74,653	67,218	78,393	70,735
EL2	91,510	83,081	95,755	87,073

Note: Salary levels under the Certified Agreement are determined on the basis of performance appraisal under Treasury's Performance Appraisal System.

Treasury remuneration policy provides for access to pay rates higher than those in the Certified Agreement to all employees classified as APS6, EL1 and EL2, through Australian Workplace Agreements.

Table 12: APS6, EL1 and EL2 additional pay points

Classification	Staff eligible 2004-05	Staff receiving additional pay point 2004-05	Maximum additional pay point 2004-05 $	Minimum additional pay point 2004-05 $
APS6	160	72	72,812	68,472
EL1	180	104	89,927	84,545
EL2	159	121	109,894	100,469
Total	499	297		

Note: Four EL2 and one EL1 staff have salary rates which fall outside the pay structure.

Salary levels under Australian Workplace Agreements are determined by the Secretary based on remuneration committee recommendations. The Performance Management System measures all staff performance, as well as relevant skills and responsibilities.

Senior management changes

Senior management movements in 2004-05 within Treasury are shown in Tables 13 and 14.

Table 13: SES commencements

Reason for commencement	SES Band 3	SES Band 2	SES Band 1	Total
Appointment	0	0	1	1
Internal promotion	3	9	7	19
Transfer from other agencies	0	0	1	1
Promotion from other agencies	0	0	1	1
Term engagement	0	2	0	2
Non-ongoing specific term engagement	0	0	0	0
Total	3	11	10	24

Table 14: SES cessations

Reason for movement	SES Band 3	SES Band 2	SES Band 1	Total
Resignation	0	0	1	1
Retirement	0	0	0	0
Promotion	0	0	1	1
External transfer	0	0	1	1
Total	0	0	3	3

In 2004-05, three new Executive Directors were promoted and appointed to the Executive Board. They were:

• Mike Callaghan, Revenue Group;

• David Tune, Fiscal Group; and

• Dr David Parker, Alternate Executive Director, Macroeconomic Group.

Management of human resources — the Mint

The Mint's workload and organisational arrangements were steady throughout the year.

Issues raised in the 2003 staff survey continue to be addressed. A monthly staff newsletter was introduced to improve communication across the organisation and several cross-functional teams are addressing specific process improvements and enhancing cross-area cooperation.

A competency based system to progress through the APS4 pay points, depending on staff having the relevant skills, was introduced for mechanical trades staff. This should benefit both staff and the organisation through improved staff skilling and retention, and will be extended to other classifications where appropriate.

Performance Management System

The Mint's Performance Management System provides a framework for improving organisational performance by linking and aligning individual, team and organisational objectives and results. It also provides a means to recognise good performance and manage results.

Royal Australian Mint Certified Agreement and Values

The 2004-05 Royal Australian Mint Agreement negotiated under section 170LJ of the *Workplace Relations Act 1966* will expire at the end of December.

The 2004-05 agreement delivered a 4.25 per cent increase from 3 February 2005. The increase will be funded in part by productivity initiatives and discontinuation of performance management bonus payments.

The agreement commits all parties and encourages other parties to commit to the Mint's values which are consistent with Australian Public Service values. The values are also embedded in the performance management system.

The Mint's Work Level Standards were reviewed and found to be broadly consistent with Australian Public Service-wide standards and work value indicators.

Table 15: The Mint Certified Agreement salary scales — non-SES

	From 3 February 2005	
Classification	**Maximum $**	**Minimum $**
Apprentice	32,339	16,602
APS1	34,587	31,292
APS2	39,271	35,965
APS3	44,180	39,271
APS4	48,813	44,894
APS5	54,159	48,813
APS6	64,172	55,803
EL1	79,949	69,345
EL2	95,291	79,949

Workplace relations

The Mint has a range of formal and informal consultative arrangements including the Mint Consultative Forum which meets regularly. It is chaired by the Controller and comprises management representatives, elected employee representatives and representatives of the Community and Public Sector Union and the Australian Manufacturing Workers Union.

The agreement commits to discussing workplace issues in a spirit of cooperation and trust, and ensuring employees receive information on workplace issues affecting them, including business progress and the impacts of new programmes. The agreement also allows employees to contribute their views on these issues.

Recruitment and succession planning

The Mint's retention rates, particularly for professionals and skilled tradespeople, were more fluid than in previous years. Recruitment activity for 2004-05 resulted in 10 new ongoing staff and 21 new non-ongoing staff, with an end result of seven more staff at 30 June.

To address the acute shortage of skilled tradespeople, the Mint increased its apprenticeship intake through normal recruitment processes and offered trade apprenticeships to current production employees. This initiative was very successful — three youths and two mature age people started apprenticeship training programmes in January, bringing the number of apprentices to seven.

Training

The Mint's training and development programme provides training to improve staff skills, knowledge and attitude, to increase their competence and performance. With the acquisition of highly sophisticated capital equipment, technical training of existing staff has a high priority.

To ensure the Mint retains its capability to produce high quality coin, three staff traveled to Germany for pre-acceptance training on a new high-speed coining press and an automated uncirculated coin press. Three technicians from Germany came to the Mint to train staff and extensive in-house training was provided on vision systems which facilitate selective gold plating. A senior officer went on a study tour of Munich Mint, Stuttgart Mint and Berlin Mint. Two senior officers also attended interstate conferences on Maintenance and Facilities operations. On-the-job training is important in developing competencies and occupational health and safety awareness programmes, with external providers or the Mint's own staff providing the expertise. Extensive staff training for Streamline MPR system continued throughout the year. Additionally, a number of staff attended relevant training courses provided by the Australian Public Service Commission.

The cost for external training courses for the Mint was $70,000 excluding Streamline training, salary and travel costs.

Staffing information

All staff are employed under the *Public Service Act 1999*.

Table 16: The Mint operative and paid inoperative staff by classification and gender (as at 30 June 2005)

| | Ongoing | | | | Non-ongoing | | | | |
| | Full-time | | Part-time | | Full-time | | Part-time | | |
Classification	Male	Female	Male	Female	Male	Female	Male	Female	Total
Apprentice	0	0	0	0	7	0	0	0	7
APS1	2	3	0	0	2	1	0	0	8
APS2	11	15	0	0	0	0	0	0	26
APS3	18	1	0	0	1	0	1	1	22
APS4	10	6	0	0	0	1	0	0	17
APS5	4	0	0	0	0	0	0	0	4
APS6	11	4	0	0	0	1	0	0	16
EL1	9	1	0	0	1	1	0	0	12
EL2	3	0	0	1	0	0	0	0	4
SEB1	0	0	0	0	0	0	0	0	0
SEB2	0	1	0	0	0	0	0	0	1
SEB3	0	0	0	0	0	0	0	0	0
Total	68	31	0	1	11	4	1	1	117

Details of the Mint's Senior Executive Service remuneration and performance pay are included in the Treasury performance pay table in the Senior Executive Service remuneration and performance appraisal section of the report.

Purchasing

Treasury's new procurement framework for goods and services includes a new suite of Request for Tender and draft contract templates (with user guides), delegate submission templates, various new and updated guidance documents (including a revised Risk Management Guide, a Tender Evaluation Plan template and a Guide to Negotiating Contracts), and the *Treasury Procurement Procedures Manual*. A series of tailored procurement seminars accompanied the introduction of the new framework.

Involvement in government forums on procurement ensures Treasury maintains procurement expertise and complies with government policy and guidelines. Information on the Treasury's Intranet was upgraded significantly to reflect the new procurement framework and contemporary procurement practices. The site also contains links to relevant Australian Government procurement policies.

In 2004-05, Treasury enhanced the Contracts Register System to provide stronger links between it and Treasury's Financial Management Information System (SAP). The enhancements will improve Treasury's ability to comply with government reporting requirements.

The Royal Australian Mint also has developed its internal policies and procedure manuals for the procurement of goods and services, consistent with the Treasury Chief Executive Instructions and the Commonwealth Procurement Guidelines. Responsibility for procurement is devolved to line managers, with a contract manager providing assistance.

The Royal Australian Mint/Treasury has addressed issues raised by Ernst & Young in their 2002-03 review of tendering and contracting arrangements. Ongoing training ensures compliance of tendering processes and specification development.

Assets management

Treasury manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

Treasury's non-current assets are subject to an annual stocktake to ensure the records are accurate. Revaluations until 30 June 2002, were performed on a deprival basis but since then, all revaluations have been done using the fair value method of valuation required by the Australian Accounting Standard AASB 1041 *Revaluation of non-current assets and the Finance Ministers Orders*. All assets were tested for impairment with no adjustment to the carrying values required.

The Royal Australian Mint manages four types of fixed asset classes: plant and equipment, leasehold improvements, intangibles and the National Coin Collection. These assets have a value of $13.643 million and are managed in accordance with the guidelines in the Chief Executive Instructions. Plant and equipment and intangibles were tested for impairments to ensure records were accurate for the transition to Australian equivalent international accounting standards. The Australian Valuation Office valued assets that were at cost, using the fair value method.

Consultancies

Consistent with the Commonwealth Procurement Guidelines (CPGs) and the Chief Executive Instructions, Treasury and the Mint engage consultants and contractors on the basis of:

- value for money;
- open and effective competition;
- ethics and fair dealing;
- accountability and reporting;
- national competitiveness and industry development; and
- support for other Australian Government policies.

Typically, 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 and the Mint manage their decision-making. The most common reasons for engagement of consultancy services are:

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

The selection methods used for consultancies are categorised in column five of Table 18.

Treasury continued to implement initiatives to improve the management of Treasury's contracts and consultancies throughout the year. Following the introduction of the revised *Commonwealth Procurement Guidelines* in January 2005, Treasury delivered a number of procurement seminars to assist Treasury staff increase their knowledge and understanding of the new procurement framework. The Contracts Register System reporting was enhanced to align with the revised parliamentary and government reporting procedures. In addition, Treasury reviewed its contract templates to ensure full compliance with legislation and government procurement policies.

In 2004-05, Treasury introduced additional guidelines to assist staff distinguish between non-consultancy and consultancy contracts. A review of contracts between 1 July 2003 and 30 June 2005, identified a number of contracts were incorrectly identified as consultancy contracts. As a result, the number consultancy contracts reported in 2004-05 is significantly less then in previous financial years. The amended 2003-04 consultancy table has been republished in this Annual Report in Part 5: Other Statistical Information under Corrections to the 2003-04 Treasury Annual Report.

During 2004-05, 27 new consultancy contracts valued at $10,000 and over were entered into involving total actual expenditure of $1,333,307. In addition, nine ongoing consultancy contracts valued at $10,000 and over were active during the year involving total actual expenditure of $543,959.

Table 17: Total number and expenditure of new and ongoing consultancies $10,000 and over in 2004-05 by output group[a]

Output Group		Consultancies number	Cost $
1.1	Macroeconomic	4	37,950
2.1	Fiscal	2	35,525
2.2	Revenue	13	749,473
3.1	Markets	10	862,643
	Corporate Services Division	4	44,072
	Royal Australian Mint	3	147,603
Total		36	1,877,266

(a) Table 17 shows the total expenditure and number of consultancies $10,000 and over for 2004-05. This table does not correspond with Table 18 which shows the total value of consultancies over $10,000. All amounts are GST inclusive.

Table 18: List of consultancies over $10,000 in 2004-05 by output group

Consultant Name	Description	Contract price	Selection process(1)	Justification (2)
Output Group 1.1 (Macroeconomic)				
Australian National University	Provide professional services relating to the Pacific and Asia regions	46,200	Direct engagement	e
Dr Michael Edward Carnahan	Provide professional services in relation to Pacific Issues	13,200	Direct engagement	e
Dr Satish Chand	Provide professional services relating to Pacific and Asia regions	24,750	Direct engagement	e
TFG International Pty Ltd	Provide professional services relating to a capacity scan of the Papua New Guinea Departments of Treasury and Finance	10,000	Direct engagement	e
Total Output Group 1.1		**94,150**		
Output Group 2.1 (Fiscal)				
Dr Arthur John McHugh	Review of selected Commonwealth Grants Commission cost weights	26,400	Direct engagement	e
Total output Group 2.1		**26,400**		
Output Group 2.2 (Revenue)				
Creating Coherence Pty Ltd	Provide advice, as a member of a Board Reference Group, to the Board of Taxation on fully identifying the inoperative provisions of the *Income Tax Assessment Act 1936* and the Income *Tax Assessment Act 1997*	12,250	Direct engagement	e
Creating Coherence Pty Ltd	Provide tax law and development services to Treasury	176,400	Direct engagement	e
Lixstar Pty Ltd	Provide advice, as a member of a Board Reference Group, to the Board of Taxation on fully identifying the inoperative provisions of the *Income Tax Assessment Act 193*6 and the Income *Tax Assessment Act 1997*	16,500	Direct engagement	e
Monash University	Provide research services and advice on issues identified by Revenue Group; communicate research outcomes at seminars and other forums; and contribute to working group discussions on tax policy and tax law issues	60,000	Direct engagement	e
Mr Anthony Slater, QC	Provide advice, as a member of a Board Reference Group, to the Board of Taxation on fully identifying the inoperative provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*	30,800	Direct engagement	e
Mr Gary Potts	Review of Superannuation Preservation rules as they apply to police	17,000	Direct engagement	c

Table 18: List of consultancies over $10,000 in 2004-05 by output group (continued)

Consultant Name	Description	Contract price	Selection process (1)	Justification (2)
Output Group 2.2 (Revenue) (continued)				
Professor Richard Vann	Provide advice, as a member of a Board Reference Group, to the Board of Taxation on fully identifying the inoperative provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*	16,500	Direct engagement	e
SoftLaw Corporation Limited	Identify all explicit cross references in Commonwealth legislation to candidate inoperative provision of the Income *Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*	51,573	Direct engagement	a,e
SoftLaw Corporation Limited	Provide legislative quality assurance services on the Review of Self Assessment draft legislation relating to rulings	29,260	Select	c
University of NSW	Provide advice, as a member of a Board Reference Group, to the Board of Taxation on fully identifying the inoperative provisions of the Income *Tax Assessment Act 1936* and the Income *Tax Assessment Act 1997*	223,905	Select	e
University of NSW	Conduct post-implementation review of small business capital gains tax concessions	69,595	Direct engagement	c
Webb Martin Pty Ltd	Evaluate the post-implementation review of small business capital gains tax concessions	217,412	Select	c
Total Output Group 2.2		**921,195**		
Output Group 3.1 (Markets)				
Ernst & Young	Undertake a verification audit of an application for assistance under the HIH Claims support scheme	14,353	Direct engagement	c,e
Finity Consulting	Actuarial review of the HIH Claims Support Scheme	203,500	Direct engagement	b,c,e
Graham E Rogers	Review of competitive neutrality in medical indemnity insurance industry	76,500	Direct engagement	c,e
Pricewaterhouse Coopers	Provide audit services for the HIH Claims support Scheme	225,000	Select	c,e
Walter Turnbull Pty Ltd	Review of the management of HLIC Old Book by GE Mortgage Insurance Services	30,059	Direct engagement	c
Total Output Group 3.1		**549,412**		

Table 18: List of consultancies over $10,000 in 2004-05 by output group (continued)

Consultant Name	Description	Contract price	Selection process (1)	Justification (2)
Corporate Services				
Mr Jim Kropp	Provide consultancy services as an external representative member of the Treasury Audit Committee	36,000	Select	e
Swinburne University of Technology	Design, develop and deliver Ethics and Fraud Awareness Education programme	35,000	Open	e
Walter and Turnbull	Undertake an impact analysis of Australian equivalent of international financial reporting standards	26,812	Select	b
Total Corporate Services		**97,812**		
Royal Australian Mint				
Ernst & Young	Provide internal audit services	125,355	Open	e
GHD Pty Ltd	Provide architectural design for refurbishment	246,286	Open	e
Information Management Solutions Pty Ltd	Provide consultancy services to develop Dirks Methodology Recordkeeping Documentation	42,372	Open	e
Total Royal Australian Mint		**414,013**		
Total consultancies over $10,000		**2,102,982**		

Note: All amounts are GST inclusive.
(1) Explanation of selection process terms:
  i Direct engagement includes the engagement of: a consultant selected from a pre-qualified panel arrangement; a recognised and pre-eminent expert; a consultant who had previously undertaken closely related work for the department; or a consultant known to have the requisite skills where the value of the project did not justify the expense or delay associated with seeking tenders.
  ii Select tenders are invited from a short list of competent suppliers. This category is applied where there is a known limited market for the services required, and when value for money would not be achieved through a full open tender process.
  iii If a consultancy is let for advertising and market research that consultancy will be reported in both the 'Consultancy' and 'Advertising and Market Research' categories of this report.
(2) Justification of decision to use consultancy:
  (a) Need for rapid access to latest technology and expertise in its application.
  (b) Specialist in-house resources unavailable in time allowed.
  (c) Need for an independent study or review.
  (d) Need for a change agent or facilitator.
  (e) Specialist skills or knowledge not available in-house.

Workplace diversity

Treasury seeks to provide an organisational culture that embraces and promotes diversity amongst its staff. Valuing diversity and fostering an inclusive culture both enriches Treasury's work environment and its policy advice, and facilitates integration of diversity principles into people management systems. Treasury values underpin these systems.

Treasury continues to implement and monitor its Workplace Diversity Programme, launched in 2003. Data from the 2005 staff opinion survey will help in assessing performance against the programme indicators and objectives. This assessment also will inform the review of the program in 2006.

At 30 June 2005, Treasury's staff included:

- 47 per cent women;

- 17 per cent born overseas;

- 7 per cent with English as a second language;

- 0.8 per cent who identify as being Aboriginal or a Torres Strait Islander; and

- 2 per cent who identify as having a disability. (See Table 19.)

Treasury's fourth Certified Agreement, demonstrates Treasury's ongoing commitment to family friendly and work/life balance practices, including flexible working arrangements and leave. In 2004-05, part-time employment continued to grow, with 73 part-timers, including three at SES level. This compares with 52 part-timers in 2003-04. Treasury staff returning from parental or maternity leave have access to part-time work where operational requirements permit.

Treasury provides breastfeeding facilities to assist new mothers return to work. The Australian Breastfeeding Association accredited Treasury as a breastfeeding-friendly workplace, with appropriate equipment and standards. The carer's room is well used, especially by staff caring for children in emergency situations. Treasury is trialing an external service provider to assist staff with a range of information including elder care, childcare and care for dependants with disabilities.

Staff have access to home-based work through the revised Home-based Work Policy. Several people have formally accessed this provision to perform duties from home in particular circumstances, such as a graduated return to work.

Treasury is examining initiatives for developing a flexible employment framework which promotes workforce participation for older workers. In developing these initiatives, Treasury is drawing on the findings of the Intergenerational Report and the Management Advisory Committee report on Organisational Renewal, as well as data collected in the 2005 Staff Opinion Survey. Using flexible work arrangements, older employees are able to smooth the transition from full-time work into retirement. These work arrangements help address such issues as the loss of corporate knowledge.

A number of Treasury staff serve as Workplace Harassment Contact Officers and their training is updated as required. Information on their role and availability to discuss issues is on the Intranet.

Treasury has a continuing cadet from the National Indigenous Cadetship Program and is participating in the Australian Public Service Commission Whole-of-government Indigenous Graduate Recruitment Program.

Table 19: Operative and paid inoperative staff by EEO target group

Classification	Female	Born overseas	ESL	AATSI	Disability
Cadet	0	0	0	1	0
APS1	2	0	0	0	0
APS2	8	1	0	0	0
APS3	44	21	5	2	1
APS4	43	10	5	0	2
APS5	64	29	6	2	2
APS6	84	25	13	1	4
EL1	78	25	10	1	2
EL2	51	20	11	0	3
SEB1	12	7	3	0	1
SEB2	5	3	1	0	0
SEB3	0	0	0	0	0
Secretary	0	0	0	0	0
Total	391	141	54	7	15

Note: For categories other than gender, identification is on a voluntary basis.

Disability Action Plan

Treasury's Disability Action Plan 2001 was developed initially in consultation with staff, lodged with the Human Rights and Equal Employment Commission and made accessible to the general public through www.hreoc.gov.au. The plan has since been reviewed and updated in line with the Australian Government Disability Strategy and the *Disability Discrimination Act 1992*.

Considerable assistance is provided for employees with special needs. Special equipment is purchased, such as voice recognition software, and individually tailored training is made available. Tutoring in written communication is provided as needed, as well as counselling and translators for hearing impaired staff.

Chart 1: Number of new entrant graduates
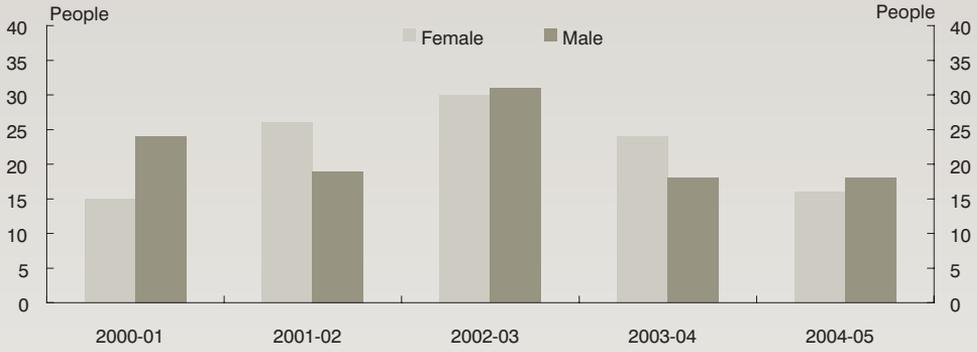
Chart 2: Number of SES staff members
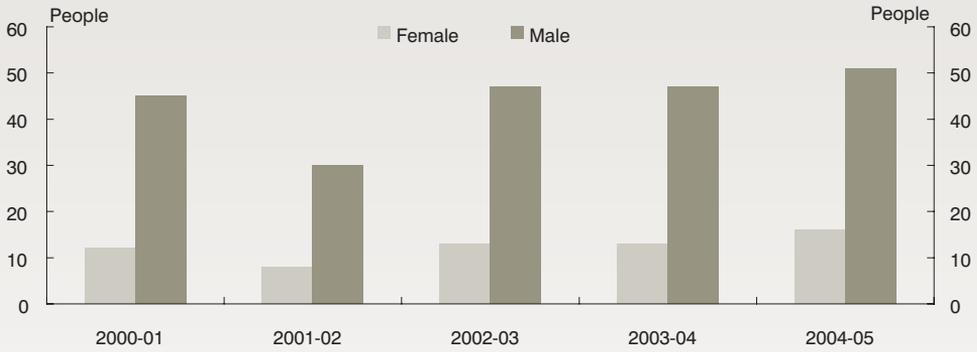

Chart 3: Treasury staff levels
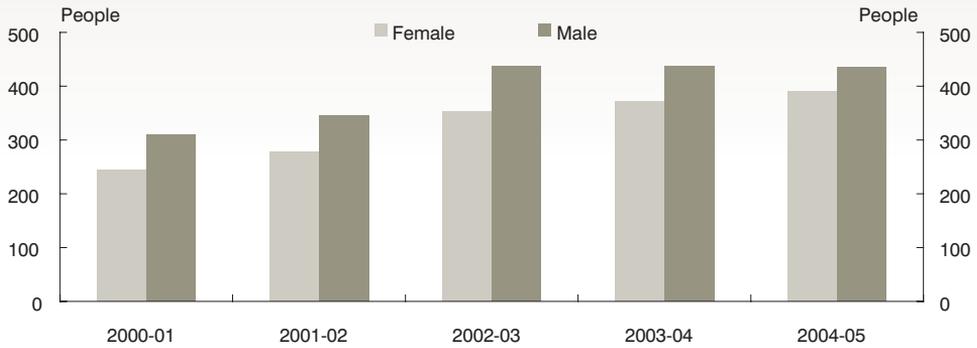
Table 20: EEO in appointments to boards (or equivalent) of statutory and non-statutory bodies (as at 30 June 2005)

	Total positions filled as at 30 June	Number from EEO target groups	Number of appointments made during the year	Number of appointments from EEO target groups
Australian Accounting Standards Board	1	0	0	0
Australian Competition and Consumer Commission	12	3	0	0
Australian Competition Tribunal	16	2	6	0
Australian Energy Regulator	3	0	3	0
Australian Prudential Regulation Authority	3	0	0	0
Australian Reinsurance Pool Corporation	5	2	2	1
Australian Securities and Investments Commission	3	1	2	1
Australian Statistics Advisory Council	23	5	17	3
Auditing and Assurance Standards Board	1	1	1	1
Board of Taxation	10	1	2	0
Business Regulation Advisory Group	10	5	0	0
Commonwealth Consumer Advisory Council	12	3	12	3
Companies Auditors and Liquidators Disciplinary Board	12	0	7	0
Corporations and Markets Advisory Committee	12	7	8	5
Financial Literacy Foundation	10	4	10	4
Financial Reporting Council	18	3	4	1
Financial Sector Advisory Council	9	1	3	1
Foreign Investment Review Board	3	1	1	1
HIH Assistance Review Panel	3	2	0	0
Health Services Advisory Committee	11	2	4	1
Inspector-General of Taxation	1	0	0	0
Legal Sub-Committee of the Corporations and Markets Advisory Committee	13	5	6	5
Life Insurance and Actuarial Standards Board	7	0	4	0
National Competition Council	4	1	1	0
Payments System Board	8	1	1	0
Productivity Commission	8	2	0	0
Reserve Bank of Australia Board	9	1	0	0
Superannuation Complaints Tribunal	19	9	3	1
Takeovers Panel	47	17	7	1
Tax Agents' Boards	18	2	0	0
Total	311	81	104	29

Note: In this table, the only EEO target group notified was women.

Workplace diversity — the Mint

The Mint respects and appreciates the cultural diversity of its workforce. Some 44 per cent of staff come from countries where English is not the spoken language, and 7 per cent of employees were born in overseas countries where English is the first language.

The Workplace Diversity Programme continues to formalise the Mint's commitment to ensuring employees in identified groups have fair access to recruitment, training and promotion opportunities. As a new initiative, this year the Mint encouraged mature adult workers to apply for apprenticeship training courses. A number applied and were accepted. Staff who chose to continue to work past the age of 65 were given support to do so.

Under the Agency Leave Agreement staff can use personal leave to care for an immediate family member who is sick — this helps staff balance work, family and other caring responsibilities. Applications for part-time work are supported, and flexible working hours are available to fit in with family commitments. Executive level employees are able to make use of flexible working hours. The 2004-05 Agency Agreement provides that entitlement to paid maternity leave qualifies staff to an additional two weeks' paid leave. The maternity leave and the additional leave may be taken at half pay.

Table 21: The Mint operative and paid inoperative staff by EEO target group

Classification	Female	Born overseas	ESL	AATSI	Disability
Apprentice	0	1	0	0	0
APS1	4	5	5	0	0
APS2	15	25	25	0	1
APS3	2	7	5	0	0
APS4	7	8	5	0	1
APS5	0	2	2	0	0
APS6	5	5	3	0	0
EL1	2	7	5	0	0
EL2	1	2	1	0	0
SESB1	0	0	0	0	0
SESB2	1	1	0	0	0
SESB3	0	0	0	0	0
Total	37	63	51	0	0

Note: For categories other than gender, identification is on a voluntary basis.