



Australian Government  
The Treasury



## TREASURY EXECUTIVE SUBMISSION

EC25-003039

**SUBJECT: Australian Office of Financial Management (AOFM) complaint**

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**TO:** Secretary to the Treasury, Jenny Wilkinson PSM

**CC:** Deputy Secretary, Fiscal Group

**Timing:** At your convenience.

### Recommendations

- That you **note** the assurances provided by the CEO of AOFM that the skills and capability of the AOFM workforce remains a priority as the organisation undertakes change.

**Noted / Please discuss**

- That you **note** the summary of the matters raised by individuals to the Deputy Secretary, Fiscal Group at Attachment A.

**Noted / Please discuss**

- That you **agree** to advise the CEO of AOFM, and separately we advise the Treasurer, that on the basis of the information provided to date, Treasury does not intend to take further action at this point in time. Should further information or concerns come to light that warrant further consideration, we will advise you.

**Agreed / Not agreed**

Signature

Date: 21 / 11 / 2025

## KEY POINTS

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- s 47E(c), s 47F  
[Redacted]
- The email expressed concerns with AOFM's capability and leadership due to a number of workforce matters, including high turnover, declining APS Census Results and the impact of a pending organisational restructure.  
s 47E(c), s 47F  
[Redacted]
- Separate to this, the Deputy Secretary, Fiscal Group, met with s 47E(c), s 47F from the AOFM s 47E(c), s 47F at their request. The s 47E(c), s 47F s 47E(c), s 47F  
[Redacted]
- s 47E(c), s 47F  
[Redacted]
- Following the discussions and receipt of the written complaint, the following steps were undertaken:  
s 42  
[Redacted]
- On 3 November 2025, the Deputy Secretary, Fiscal Group and I met with the Chief Executive Officer of the AOFM to advise her of the concerns raised and seek further information to provide assurances around the change management process undertaken so far; specifically that the skills and capability of the organisation remains a key priority for the CEO.
- Targeted questions were provided to the CEO on 4 November 2025. On 11 November 2025, the CEO provided a detailed response to the questions asked by Treasury (refer to Attachment B). This was supported by the provision of documentation to underpin the information provided.
- I consider the information provided by the CEO is thorough and considered. The information provides evidence that processes for the restructure are aligned to good change management practices, a sensible vision for the future direction of the AOFM and communications with staff that were well planned and documented.
  - These documents included engagement strategy documents, action plans and internal communications.

- I consider the CEO has given appropriate attention to ensuring the capability of the organisation as well as addressing workforce matters arising from the APS Census results in recent years remains a priority for her as the accountable authority.
- On the basis of the discussion with the CEO on 3 November and the evidence provided, I do not consider that further investigation by Treasury is required at this stage.
  - We will continue to provide appropriate oversight through regular conversations between the Deputy Secretary, Fiscal Group and the CEO. This will be supported by advice and support from Treasury’s People and Organisational Strategy Branch, as needed.
  - Should any further issues or concerns be raised with us regarding the organisational changes at the AOFM that warrants further consideration or action, we will respond accordingly and advise you.
- I recommend we communicate this assessment to the CEO of the AOFM – ideally through a meeting with you – noting you would like to be kept informed as the change process is implemented and that your expectation is the change process should maintain (and ideally enhance) the capability of the AOFM to ensure effective delivery of its functions.

• s 47E(c), s 47F

Clearance Officer  
Victoria Anderson  
Deputy Secretary  
Small Business, Corporate and Law Group  
20 November 2025

Contact Officer  
Amara Foster  
Assistant Secretary  
Governance Branch  
s 22

## **CONSULTATION**

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Chief Counsel and General Counsel, Law Division

Chief Operating Officer and Chief People Officer, Corporate Division

**Discussions with AOFM staff members re change program**

Following approaches to Treasury by staff in AOFM in relation to recent organisational changes I (as Deputy Secretary with responsibility for AOFM) talked with **s 47E(c), s 47F** individuals **s 47E(c), s 47F**

This information is being considered alongside material provided by AOFM on its change management process.

**s 47C, s 47E(c), s 47F**

I noted to **s 47E(c), s 47F** that I would listen to their views. That I wanted the AOFM to be an organisation well placed to competently undertake its tasks. That I had talked with the AOFM CEO over the last year about the process. That I would consider how we would use the information in our thinking about maintaining AOFM as a well performing agency. That if I used any of the information I would do so in a non-attributable manner to best protect their identities.

**s 47C, s 47E(c), s 47F**

**s 47C, s 47E(c), s 47F**



Damien White  
Deputy Secretary  
Fiscal Group

18 November 2025

**Regarding the change:**

Ref	Question	Response	Support Document(s)
1.	<p>Can you confirm the drivers of the change process – was this undertaken through an external review where it was determined that your organisational structure was unsustainable to meet the objectives of the AOFM? Or, was this an internal review (such as an audit) that commenced the structural review? Has internal audit reviewed the change program or identified any capability related risks in the last 2 years?</p>	<p>The Australian Office of Financial Management (AOFM) initiated its organisational change program (Future AOFM) to ensure it is equipped to meet the demands of a rapidly evolving global financial environment. Over the past two decades, AOFM’s structure developed organically, often shaped by suiting roles to, or around, individuals rather than strategic planning. This led to misaligned functions, capability gaps, and inefficiencies that are likely to become increasingly evident during any future market shocks.</p> <p>The decision to undertake structural reform was internally driven. It was not prompted by an external review or formal internal audit, but rather through strategic reflection and executive assessment of the agency’s future capability needs. Our agency’s role has evolved over the last 25 years. We are now managing unprecedented levels of government debt and have taken on new responsibilities. That being said however, the findings of the 2015 Capability Review remain highly relevant and influential, having identified persistent challenges that continue to shape the agency’s reform agenda.</p> <p>Key issues highlighted in the review included:</p> <ul style="list-style-type: none"> <li>• A siloed and hierarchical structure that limited collaboration and agility</li> <li>• Gaps in strategic workforce planning and succession management</li> <li>• A static environment that constrained innovation and staff engagement</li> <li>• Lack of a formal framework to support innovation</li> <li>• Excessive span of control for a small agency</li> <li>• Poor communication and supervision practices</li> </ul>	<p>2015 Capability Review</p> <p>Future AOFM Change Placemat</p> <p>All staff communications (multiple)</p> <p>2025 Census Highlights report</p> <p>New leadership info</p>

Ref	Question	Response	Support Document(s)
		<ul style="list-style-type: none"> <li>• Limited career development opportunities</li> <li>• Low staff engagement and diversity perceptions</li> </ul> <p><b>s 47C, s 47E(c), s 47F</b></p> <p>The 2025 Census results also highlighted an imbalance in workloads, with some individuals or roles managing higher volumes or more complex or emotionally demanding tasks, which may lead to inefficiencies, burnout or reduced morale. To effectively manage psychosocial risks, it is essential that we reassess and redistribute workloads more equitably.</p> <p>The current restructure directly responds to these long-standing issues, with a focus on functional alignment of activities, flattening the structure, improving leadership capability, and creating a more agile, inclusive, and strategically aligned organisation. The change program formally commenced in 2024 with the approval and implementation of two new Senior Executive Service roles, Chief Operating Officer (COO) and Deputy Chief Executive Officer (DCEO), to create clearer delineation between operational support and financial transaction functions. These appointments marked the beginning of a broader reform agenda aimed at enhancing responsiveness and organisational resilience.</p> <p>In September 2025, the AOFM announced Future AOFM, which was the initiation of looking at the agency’s functional alignment (under the two recently hired senior leadership positions), along with capability and capacity across the agency. Future AOFM aimed to identify key functions and then ensure they were grouped in a way that supported the agency. A simple example of the functional alignment aspect was things like the recruitment function sitting outside of the People Team. Future AOFM has included extensive internal consultation, including anonymous staff</p>	

Ref	Question	Response	Support Document(s)
		<p>surveys, facilitated workshops run by <b>s 47G(1)(a)</b> tailored by classification level, and feedback sessions with managers and SES. This inclusive approach has helped shape a future-focused structure designed to ensure the agency has the right capabilities and people to deliver on its strategic objectives.</p> <p>While internal audit has not directly reviewed the change program, it has continued to monitor organisational risks as part of its regular assurance activities. No significant capability-related risks have been identified in the past two years that would have otherwise triggered a formal audit-led review.</p> <p>In summary, the change program represents a continuation of long-standing efforts to address structural and capability challenges first identified in 2015. The issues flagged in the Capability Review, particularly around structure, leadership, innovation, and workforce development remain as relevant today as they were a decade ago. The current reform agenda reflects a deliberate and strategic effort to address these challenges in a sustainable and future-ready way.</p>	
2.	How many positions have you upgraded or downgraded in classification?	<p><b>s 47C, s 47E(c), s 47F</b></p> <p>Following this, a Steering Committee, comprising of the Chief Executive Officer, Chief Operating Officer, Deputy Chief Executive Officer, and Chief People Officer will review all feedback and determine the final structure. Under the proposed model no positions are being upgraded <b>s 47E(c), s 47F</b></p>	<p>Current structure</p> <p>Proposed structure</p>
3.	How many positions were removed from the structure? For employees occupying change affected positions, were they given an opportunity to be redeployed	<p><b>s 47C, s 47E(c), s 47F</b></p> <p>The AOFM has made a concerted effort to identify and facilitate redeployment opportunities for staff impacted by the change process. This has included proactive engagement with other agencies within the Treasury portfolio, such as the Treasury,</p>	<p>Current structure</p> <p>Proposed structure</p>

Ref	Question	Response	Support Document(s)
	or offered a role at a lower classification?	<p>the Australian Taxation Office and the Royal Australian Mint to explore suitable roles. <b>s 47E(c), s 47F</b></p> <p><b>s 47C, s 47E(c), s 47F</b></p> <p>to ensure we are building capability and capacity at the work standard level appropriate for/aligned to the work that is required to be completed.</p>	
4.	How many employees expressed interest in a VR rather than undertaking the redeployment process?	Agencies generally offer voluntary redundancies in circumstances where they are seeking to reduce the overall size of the workforce. This is not the case for AOFM. The focus of Future AOFM has been on the long-term interests of the agency and how we can deliver effectively and sustainably into the future, rather than downsizing.	N/A
5.	Do you have an established change management process that includes planning for communications, consultation, and feedback mechanisms?	<p>The AOFM had an established change management process that incorporated planning for communications, consultation, and feedback mechanisms. This process was guided by the agency's Change and Consultation Framework, which provided the overarching structure for managing the change program. Recognising the potential impact of the changes on a small and specialised workforce, the AOFM engaged <b>s 47G(1)(a)</b> to support the development and delivery of a robust and professional communication strategy. This ensured that the rationale for change was clearly articulated, staff were kept informed throughout the process, and feedback was gathered objectively.</p> <p>Significant planning was undertaken at the outset, including the development of a detailed scoping document and a Prosci risk assessment, both of which informed the approach and ensured alignment with best practice change management principles.</p>	<p>Consultation and Change Framework</p> <p>Scoping document</p> <p>Prosci Risk Assessment</p> <p>Change placement</p> <p>Change Management Intranet page</p>

Ref	Question	Response	Support Document(s)
		<p>Feedback mechanisms were a central component of the process and included:</p> <ul style="list-style-type: none"> <li>• Anonymous staff surveys</li> <li>• Facilitated workshops were conducted by s 47G(1)(a) in groupings aligned to the COO and DCEO, and further tailored by classification level of APS, EL1 and EL2 to ensure relevance and targeted engagement.</li> <li>• Direct feedback through managers and SES</li> <li>• (current) Formal consultation on the proposed structure</li> </ul> <p>These mechanisms have enabled the AOFM to gather meaningful insights from staff and ensure that their views are considered as part of the decision-making process.</p> <p>AOFM also made September our Change month, providing weekly resources on managing change. In October, we ran face to face change training grouped by APS and EL/SES. All staff were required to attend the training.</p>	<p>Change month (Sept 25) communications (multiple)</p>
6.	<p>Do you have in place a communications plan to ensure employees are updated regularly on the change process? How have staff representatives and unions been consulted in the process?</p>	<p>Please refer to the Comms and Engagement Strategy.</p> <p>All staff communications are included as part of our response. As mentioned, we also made September our Change month and provided extensive resources and tools to all staff on managing change.</p> <p>The AOFM has engaged with the CPSU throughout the change process, ensuring they were kept informed at key stages. At this time, the AOFM is not aware of any formally nominated staff representatives participating in the consultation.</p>	<p>AOFM comms and engagement strategy</p> <p>All staff comms</p> <p>Change month comms</p> <p>Union emails</p>
7.	<p>Do you have established mechanisms to track progress, measure impact, and ensure accountability for outcomes in the change process?</p>	<p>The AOFM has mechanisms in place to track progress, measure impact, and ensure accountability for outcomes as part of its change management process. While the change process is still ongoing and currently in the consultation phase, a structured review period has been planned following finalisation of the new organisational structure.</p>	<p>Change placemat</p> <p>Prosci Risk Assessment</p>

Ref	Question	Response	Support Document(s)
		<p>This review will assess the effectiveness of the change program against its intended objectives, including improvements in capability, alignment of functions, and staff engagement. It will also evaluate the impact of the changes on operational efficiency and strategic delivery.</p> <p>Accountability for outcomes is embedded through governance arrangements, including oversight by the Steering Committee (CEO, COO, DCEO, and CPO), and through tools like the Prosci risk assessment and the Change and Consultation Framework. These tools help ensure that risks are identified and managed, and that feedback is incorporated into decision-making. Mechanisms that will be used to track the overall progress and impact of the organisational change;</p> <ul style="list-style-type: none"> <li>- Strategic Agency Plan; quarterly monitoring on the successful and timely delivery of the agencies agreed deliverables against the 5 Strategic Objectives.</li> <li>- Business Unit Plan; quarterly monitoring of the successful and timely delivery of the business unit plans ensuring a continuation of required BAU activity and continuous improvement initiatives.</li> <li>- Census Results 2026 (future mechanism); monitoring of several census metrics regarding the distribution of work across the agency and alleviation of pain points.</li> </ul> <p>The AOFM is committed to continuous improvement and will use the review period to identify lessons learned and opportunities to further strengthen its organisational capability.</p>	AOFM Strategic Plan 2025 – 2026

**Regarding culture: Internal APS Census results for 2023, 2024 and 2025**

8.	What improvements in Census results, if any, have been	AOFM census data over the past 5 years shows that, while there has been some movement in both directions, our results are trending in a positive direction. It is important	Census documentation 2023 - 2025
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identified over the last three years?

- Have there been any identified declines against any of the six key Census indices over the last three years? If so, have these been addressed in each of your annual Census Action Plans? List which of these activities have been effective or not effective and which remain a focus for the coming 12 months.

to note that census data is captured at a point in time and reflects employee perceptions at that time.

While our 2024 results saw declines in 5 of the 6 indices, there were notable improvements between the 2024 to 2025 results, where improvements were recorded across each of the 6 indices.

Index score	2025 Out of 100	2024 Out of 100	2023 Out of 100	2022 Out of 100	2021 Out of 100
Employee Engagement	74	71	78	75	70
Immediate Supervisor	79	76	76	76	67
<b>s 47E(c), s 47F</b>					
Communication	67	60	67	73	64
Enabling Innovation	70	64	70	66	60
Wellbeing Policies and Support	70	63	65	67	59

s 47E(c), s 47F

Our 2023 Census Action Plan focussed on wellbeing, retention and communication and change. While these focus areas were identified the Wellbeing index dropped in our 2024 Census results by 2 percentage points; and Communication and Change dropped by 7 percentage points.

To address this, our 2024 Census Action Plan again focussed on Wellbeing and Communication and Change, along with Strategic Direction. A meaningful and detailed action plan was developed and regular reporting implemented. An external provider was engaged to work with employees to develop the Census Action Plan. This included workshops with a cross-section of employees at the APS and EL 1 level. The draft Census Action Plan was shared with the Executive Leadership Group who refined the plan, prior to it being finalised. Progress was made towards each of the actions identified, with most of the actions being finalised. There is a strong correlation between improved 2025 census results and the 2023/2024 focus areas, with goals being achieved in all but one of the measures, which missed the target set by just 2 percentage points.

Given the improvements in the 2025 Census results in Wellbeing and Communication and Change, these areas have not been carried over to the 2025 Census Action Plan, which is

		<p>instead placing focus on Career Development and Learning and Innovation and Continuous Improvement. The 2025 Census Action Plan has been developed in house by the People team who have worked closely with SES leaders. SES leaders have held several discussions with their leadership teams and broader groups to identify and discuss strengths and areas for improvement, which led to the selection of the focus areas. The draft action plan was then consulted with all employees before being finalised.</p> <p>Given the time it takes to make meaningful change, the actions identified for the 2025 Census Action Plan may be delivered over the next 2 years, rather than the ~6 months between the finalisation of a Census Action Plan and the commencement of the next Census survey.</p>	
9.	Were these results achieved through targeted actions within AOFM's Census Action Plan and what were these?	See above	Census documentation 2023 - 2025
10.	Have there been any identified declines against any of the six key Census indices over the last three years? If so, have these been addressed in each of your annual Census Action Plans? List which of these activities have been effective or not effective and which remain a focus for the coming 12 months.	<p>As noted in Question 8, there has been movement in both direction across the census indices in the previous 3 years.</p> <p>To make meaningful change, it is important that the AOFM prioritises and limits the number of focus areas in each Census Action Plan, it's not best practice, nor feasible, to attempt to address every decline recorded in an agency's census results. There is also limited time between the release of census results to the commencement of the next census survey.</p> <p>As noted in Question 8, Communication and Change and Wellbeing were included in the 2023 and 2024 Census Action Plans, with positive improvements being seen in both indices in the 2025 Census results, signalling that it takes time for change to be reflected in Census results.</p> <p>The AOFM recognises improvements can continue to be made to our employee's experience at work. Our new SES leaders, who have commenced since the 2025 Census survey was conducted, are committed to working with their teams to make meaningful</p>	Census documentation 2023 - 2025

		improvements to the workplace within their teams, and also at an agency level through the Census Action Plan.	
11.	Is there any focus on (1) Leadership capability; (2) Psychological safety and wellbeing; (3) Fairness and transparency in decision making (4) Inclusive engagement and sustained employee feedback?	<p><u>Leadership Capability</u></p> <ul style="list-style-type: none"> <li>- <i>Introduction of two new Leadership roles in the agency.</i> In November 2024 in consultation with the Treasury and the Australian Public Service Commission (APSC), and with the Treasury Secretary, Dr Steven Kennedy’s approval, AOFM identified the need for two new senior leadership roles, which have been assessed at the SES Band one level – a Chief Operations Officer and a Deputy Chief Executive Officer. <ul style="list-style-type: none"> <li>o These roles were introduced into the agency in 2025 with both successful candidates having significant Financial Markets experience.</li> </ul> </li> <li>- <i>Leadership Training.</i> AOFM underwent a 360-degree feedback process in 2024 and those who wanted to work with an executive coach were assigned one. We actively engaged our APS and EL1 staff to attend the IPA leadership course.</li> </ul> <p><u>Human Resources Uplift (Psychological safety/wellbeing)</u></p> <ul style="list-style-type: none"> <li>- <i>People function uplift.</i> The People/HR function was previously under-invested resulting in several deficiencies in relation to the effective execution of HR functions. Over the past ~2 years significant improvements have been made to the HR function driving a higher level of HR compliance and strategic support across the agency, including: <ul style="list-style-type: none"> <li>o Introduction of a Strategic partnership model for HR rather than the existing reactive HR admin mailbox model.</li> <li>o The AOFM successfully completed the ‘Our Foundation’ project, which aimed to establish a baseline understanding of the agency’s people functions and identified areas for improvement. The project undertook a comprehensive gap analysis across three key pillars: <ul style="list-style-type: none"> <li>▪ Our Organisation: Focused on foundational HR processes, including enterprise agreement bargaining, updating HR delegations, and reviewing and modernising people policies.</li> </ul> </li> </ul> </li> </ul>	<p>Information on new leadership positions</p> <p>Policy consultation calendar</p> <p>Wellbeing policy and strategy</p> <p>Wellbeing month comms</p> <p>Wellbeing portal intranet page</p> <p>CEO Template minute</p> <p>Consultation and Change Framework</p> <p>ELG main purposes (newsletter 7<sup>th</sup> July 2025)</p> <p>Have your say Intranet Page</p>

		<ul style="list-style-type: none"> <li>▪ Our Leaders: Targeted leadership capability uplift through initiatives such as 360-degree feedback surveys for EL2s and the CEO, and delivery of key leadership development programs — including unconscious bias training.</li> <li>▪ Our People: Concentrated on strengthening the employee experience through the introduction of mandatory training, implementation of the Census Action Plan, and a focused uplift in wellbeing initiatives.</li> </ul> <p>This project provided a clear roadmap for future workforce planning and laid the groundwork for strategic improvements in leadership, culture, and employee engagement.</p> <ul style="list-style-type: none"> <li>○ Uplift of a significant number of HR policies and resulting strategies to help agency engagement (e.g. Training, reporting mechanisms, advisory support). HR policies had not been reviewed or updated since ~2016 and required significant attention to ensure the AOFM was aligned with APS and contemporary standards.</li> <li>○ Launch of a Safety Review, to undertake a gap analysis of the AOFM’s WHS Management System.</li> <li>○ Development of the Wellbeing Strategy and Action Plan 2025 – 2028 including activities to promote the active management of wellbeing of agency employees.</li> <li>○ Development and implementation of an agency wellbeing portal. Wellbeing month (July 2024) promoting resources available which promote and support the wellbeing of employees. Delivery of wellbeing training initiatives, such as Bootcamp for the Brain.</li> <li>○ Re-establishment of the AOFM Social club committee.</li> <li>○ Establishment of the quarterly Employee Engagement Forum which brings all agency staff together in Canberra once a quarter to increase employee engagement and understanding of each other and appreciation of the work we do. Provides an opportunity for team building across the agency whilst hearing from guest speakers both within the agency and external to the agency.</li> </ul>	
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- Sub executive EL1 committee established for EL1's to share learnings and information across teams in the agency.

Fairness and transparency in decision making

AOFM engage several methods to promote transparency in decision making and the communication of information across the agency, the primary mechanisms being:

- *Executive Leadership Group (ELG)*; fortnightly meetings held with the CEO, DCEO, COO and the Business Unit Heads to support the Executive Board. The ELG serves three core purposes:
  - Strategic Brain Trust - Identifying and collaboration on strategic issues, cross team initiatives, talent development and organisational problem solving and consultation
  - Information Hub - Facilitating knowledge sharing, high level business updates, pipeline of events/engagements and market and APS environment scanning
  - Message Alignment - Ensuring consistent organisational communications and agency-wide information flow.
- *ELG De-briefs (agency wide)*; Post ELG meetings there is a de-brief held with all agency staff to provide insight and awareness as to the discussions held and decisions made at ELG. These meetings are run near simultaneously by the Deputy CEO and COO (for their respective teams)
- *Agency Standups* are used to provide the office with information on a project or change initiative. Standups are typically recorded allowing staff who were unable to make the meeting to access the recording.
- *Weekly CEO Newsletters*; sent weekly by the CEO these newsletters provide the opportunity to communicate the CEO's perspective on'
  - Current strategic issues
  - Discussion and decision points at the Executive Board and ELG levels
  - Reflections on key activities that week.

		<p>Also features a section for operational and cultural messages as required.</p> <ul style="list-style-type: none"><li>- <i>Standardised templates</i> (CEO Minute) to support decision making; standardised templates have been created to support the documentation and providing of recommendations for decision making by AOFM management.</li><li>- <i>The Consultation and Change Framework</i> has also been developed and introduced to provide a structured approach to managing change across the agency. The framework includes tools and templates to support those leading change including the Change canvas which is used to document (among other elements) the change context, e.g. the drivers and reasons for the change and how this aligns to the strategic outcomes of the agency.</li></ul> <p><u>Inclusive engagement and employee feedback</u></p> <p>AOFM supports the whole of agency engagement in key policy changes impacting the agency. The “Have Your Say” portal was established to collect employee insights, experiences and feedback on key policy changes across the agency.</p> <p>Employees are provided multiple options on how they can contribute thoughts and suggestions:</p> <ul style="list-style-type: none"><li>- Online feedback</li><li>- Virtual suggestion/feedback box (anonymous)</li><li>- Directly to the People Team (either in person or via email).</li></ul> <p>Every piece of feedback is reviewed and responses to feedback published.</p> <p>For the Future AOFM change, employees were consulted initially over a period of 6 weeks to feed into a functional map of the agency and two proposed structures which were provided to the steering committee to support decision making on the proposed structure.</p>	
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**Regarding the loss of critical skills and capability as a result of the change process**

12.	<p>What is the AOFM’s annual separation rate over the last three years? Has this separation rate changed since the change process commenced?</p>	<p>The below table sets out the AOFM’s separation rates for the past 5 financial years, as reported in our Annual Report, except for the 2025-2026 which provides a year-to-date figure.</p> <p>The AOFM saw an increase in separations following COVID. Despite a separation/turnover rate of 36% in 2021-22, the AOFM continued to deliver on its objectives. In its key functions, the AOFM has limited key person dependency and well-established business procedures and documentation. As employees separate, new employees join the agency bringing with them supplementary skills and experiences that ensure the AOFM can continue to deliver.</p> <table border="1" data-bbox="808 754 1872 1010"> <thead> <tr> <th></th> <th>2020-2021 FY</th> <th>2021-2022 FY</th> <th>2022-2023 FY</th> <th>2023-2024 FY</th> <th>2024-2025 FY</th> <th>2025-2026 FYTD</th> </tr> </thead> <tbody> <tr> <td><b>Annual report – Turnover rate</b></td> <td>17.5%</td> <td>36%</td> <td>24%</td> <td>12%</td> <td>20%</td> <td>14%*</td> </tr> </tbody> </table> <p>*up to and including 6 November 2025.</p>		2020-2021 FY	2021-2022 FY	2022-2023 FY	2023-2024 FY	2024-2025 FY	2025-2026 FYTD	<b>Annual report – Turnover rate</b>	17.5%	36%	24%	12%	20%	14%*	
	2020-2021 FY	2021-2022 FY	2022-2023 FY	2023-2024 FY	2024-2025 FY	2025-2026 FYTD											
<b>Annual report – Turnover rate</b>	17.5%	36%	24%	12%	20%	14%*											
13.	<p>Did you undertake a prioritisation process or skills analysis to understand what capabilities or functions remained critical within AOFM? Did this include an assessment on any new skills needed to deliver future priorities?</p>	<p>The AOFM undertook a scoping exercise during the planning phase of the Future AOFM initiative. While this did not involve a formal skills matrix or detailed skills analysis, it served as a foundational step toward that process. The primary objective of Future AOFM was to identify and streamline our functions, ensuring the right people are in the right roles to support the agency’s evolving needs.</p>	<p>Scoping document</p>														

Extensive consultation and input from staff were central to this phase, and the insights gathered will inform the development of our Strategic Workforce Plan. This plan will include a comprehensive assessment of the skills required to deliver on future priorities. However, before focusing on specific capabilities, AOFM considered it essential to first clarify and structure our core functions to ensure they are aligned with the agency's strategic direction. The skills analysis will follow, which will include information and feedback received through Future AOFM.

In addition, a key focus of the restructure has been to strengthen leadership capability across the organisation. While not identified as a priority in the Census Action Plan, the AOFM spent six months securing approval for two new SES positions, the Deputy CEO and Chief Operating Officer, followed by a further six months to recruit and onboard these roles.

- The Deputy CEO brings over 10 years of securitisation experience and 12 years in corporate bond issuance, adding depth to the agency's financial market expertise. **s 47C, s 47E(c), s 47F**  
[Redacted]
- The COO has 17 years of financial and non-financial risk management experience in a major bank, significantly enhancing the agency's capability in this critical function. **s 47C, s 47E(c), s 47F**  
[Redacted]
- **s 47C, s 47E(c), s 47F**  
[Redacted]

Since January 2024, additional external hires have further strengthened leadership capability:

		<ul style="list-style-type: none"> <li>• The Chief People Officer role was upgraded from EL1 to EL2, and a dedicated People Team was established with new EL1 and APS6 positions. This team has led improvements in performance culture, psychological safety, and wellbeing, as well as improvements in compliance with the APS employment legislative framework.</li> <li>• A new Chief Financial Officer was appointed in October 2024, bringing 22 years of public sector accounting experience. In 2025, a Deputy CFO with 27 years of experience joined the team. Together, they have upskilled the finance team and ensured all processes are documented, reducing reliance on corporate memory. The AOFM’s Audit and Risk Committee noted that the 2025 annual report process was one of the smoothest they’ve seen across government.</li> <li>• In April 2025, a new Head of Investor Relations was appointed, bringing 20+ years of corporate experience, including 18 years in Corporate Treasury.</li> </ul> <p><b>s 47E(c), s 47F</b></p>					
14.	<p>As a result of the above, what analysis was undertaken to understand which employees should be retained to ensure no loss of organisational capability? How are you managing succession planning for critical roles?</p>	<p>As noted above, a steering committee was established to oversee the restructure process. As part of its deliberations the committee considered potential impacts of the four key deliverables of the AOFM which are 1. Fund the government and manage liquidity; 2. Undertake securitisation investments; 3. Pay its people; and 4. Ensure coupons (interest) is paid. Regarding these four key activities, we have outlined below how they will be impacted by the proposed restructure and what we are doing to manage the key risks.</p> <table border="1" data-bbox="808 1169 1872 1399"> <thead> <tr> <th data-bbox="808 1169 1167 1214">Key Activity</th> <th data-bbox="1167 1169 1872 1214">Proposed changes and AOFMs risk approach</th> </tr> </thead> <tbody> <tr> <td data-bbox="808 1214 1167 1399">Funding the government and managing liquidity</td> <td data-bbox="1167 1214 1872 1399"><b>s 47C, s 47E(c), s 47F</b></td> </tr> </tbody> </table>	Key Activity	Proposed changes and AOFMs risk approach	Funding the government and managing liquidity	<b>s 47C, s 47E(c), s 47F</b>	2025 Census Action Plan
Key Activity	Proposed changes and AOFMs risk approach						
Funding the government and managing liquidity	<b>s 47C, s 47E(c), s 47F</b>						

			<b>s 47C, s 47E(c), s 47F</b>	
		Undertake securitisation investments		
		Paying employees		
		Ensure coupons are paid		
		<b>s 47C, s 47E(c), s 47F</b>		

**s 47C, s 47E(c), s 47F**

It is worth noting that Treasury has responsibility for the ownership of the Green Bond Framework and the annual Impact and Allocation report.

Changes in the COO function (middle and back office) were a result of a review of functions within each team and the identification of opportunities to align like functions into the same team to drive efficiency and clarity regarding ownership and accountability. Once functional alignment changes were identified there was then a review of the capacity and capabilities within the team to complete the functions assigned. This review also considered existing pain points that were identified via the consultation process and considered if structure changes could alleviate/mitigate some of the identified risks and issues.

In terms of succession planning, the AOFM is embedding this into its Strategic Workforce Plan, which will guide long-term capability development. While formal succession planning is still being developed, the new structure is deliberately designed to support it by:

- Introducing new SES roles that enable clearer leadership pathways and knowledge transfer
- Creating more fluidity between teams to support cross-skilling, particularly at junior levels
- Encouraging career development through broader role design and exposure to diverse functions
- Supporting the development of emerging leaders by bringing in staff with varied experience and fresh perspectives

**s 47C, s 47E(c), s 47F**

A key focus of the 2025 Census Action Plan is career development and learning. This focus will support both staff development and retention. The goal is to ensure that critical roles are supported not only through succession planning but also through a culture of capability building and continuous learning.



Ref: EC25-003039

s 47F

Dear s 47F

I refer to your letter to the Treasurer, the Hon Jim Chalmers MP, dated 2 November 2025 and copying in the Treasury Secretary and others, regarding the leadership and capacity of the Australian Office of Financial Management (AOFM).

Thank you for raising these matters and providing the details of your concerns. I am writing to let you know these matters have been looked into by relevant personnel in Treasury. At this point in time, Treasury is satisfied that workforce skills and capability within the AFOM remain a priority as the organisation undertakes its change process.

Treasury will continue to engage regularly with the AOFM, as we do with other agencies in the Treasury portfolio.

Thank you for your correspondence.

Yours sincerely

Fiona McSpeerin  
Chief Operating Officer

21



Australian Government  
The Treasury



**TREASURY EXECUTIVE SUBMISSION**

EC26-000610

**SUBJECT: AOFM capability review initiation**

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**TO:** Secretary to the Treasury, Jenny Wilkinson PSM

**CC:** Deputy Secretary, Fiscal Group, Damien White

**Timing:** At your convenience

**Recommendation**

- That you **agree** to commission an independent review of the Australian Office of Financial Management (AOFM) consistent with our recent discussions and correspondence between yourself and the CEO of AOFM on 22 January 2026.

Agreed / Not agreed

- That you sign the draft letter to the Treasurer (**Attachment A**) advising of your decision to undertake a capability review of the AOFM.

Signed / Not signed

Signature

Date: 23 / 1 / 2026

**KEY POINTS**

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- **s 47E(c), s 47F**  
[Redacted]
  
- The email expressed concerns with AOFM’s capability and leadership due to a number of workforce matters, including high turnover, declining APS Census Results and the impact of a pending organisational restructure.  
– **s 47E(c), s 47F**  
[Redacted]
  
- Separate to this, the Deputy Secretary, Fiscal Group, met with **s 47E(c), s 47F** from the AOFM **s 47E(c), s 47F** at their request. **s 47E(c), s 47F** **s 47E(c), s 47F**  
– **s 47E(c), s 47F**  
[Redacted]
  
- Following the discussions and receipt of the written complaint, a number of steps were taken, including assessing the nature of the complaint, meeting with the CEO of the AOFM to seek further information (followed by written submissions).  
– The information provided was assessed, and advice provided to you (EC25-003039) that it indicated that the restructure was aligned to good change management practice and that there is a sensible vision for the future direction of the AOFM.  
– **s 42**  
[Redacted]
  
- At that time, we recommended that you advise the CEO of AOFM that no further action was being taken, and that advice of a similar nature be provided to the Treasurer.  
– **s 47C, s 47E(c), s 47F**  
[Redacted]
  
- Since that decision in December, there have been some additional developments:  
– **s 47E(c), s 47F**  
[Redacted]  
– **s 37(1)(a)**  
[Redacted]

- s 47C, s 47E(c), s 47F
- Following discussion with Deputy Secretary, Fiscal, on 22 January 2026, AOFM's CEO Ms Anna Hughes emailed you requesting that Treasury initiate an independent review of AOFM's capability. She noted that AOFM finalised its new structure on 23 December 2025 and that some concerns have been raised regarding AOFM's ongoing capability. Given the important role the AOFM plays both for the government and within Australia's capital markets, she indicated that it is important that both Treasury and the AOFM receive assurances that the AOFM's workforce can continue to deliver on its key purposes and meet or exceed the performance measures set out in our corporate plan.
- Given these developments, I recommend that you agree to commission the independent review. I recommend the review focus on the AOFM's ability to effectively deliver its functions of raising capital for the Commonwealth and management of government debt and cash portfolio.  
s 47C, s 37(1)(a)
- The review would be initiated as soon as possible and be undertaken over a relatively short period, approximately six weeks, to ensure the AOFM's good standing in the bond market is maintained, and noting potential change fatigue due to its recent organisational restructure.
  - s 47C
  - Depending on the reviewer, Treasury may need to provide staffing support, including ensuring appropriate familiarity with AOFM's functions.
- There is potential for the existence of the review to become public, given the stakeholder environment. As we finalise the Terms of Reference, consideration should be given as to whether the report is prepared with the intent it will be released publicly.
- I further recommend the Treasurer is advised of the intended capability review, s 47E(c), s 47F  
s 47E(c), s 47F A draft letter for your consideration is provided at **Attachment A**.

Clearance Officer

Kat Di Marco  
Deputy Secretary,  
International, Corporate and Investment Group  
23 January 2026

Contact Officer

Peter Matheson  
A/g Assistant Secretary, Governance  
s 22

**CONSULTATION**

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This brief was prepared having consulted with Deputy Secretary, Fiscal Group, People and Organisational Strategy Branch, General Counsel Branch.

**ADDITIONAL INFORMATION**

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Nil



**Australian Government**

**The Treasury**

EC26-000610

**Secretary**  
**Ms Jenny Wilkinson PSM**

The Hon Jim Chalmers MP  
Treasurer  
Parliament House  
Canberra ACT 2600

Dear Treasurer

**Initiation of a review of the Australian Office of Financial Management (AOFM)**

I am writing to advise that I am commissioning an independent review of the AOFM's capability.

This follows concerns raised by stakeholders about organisational capability and a subsequent request by the AOFM's CEO to me as Treasury Secretary to instigate an independent review.

This review reflects the importance of the AOFM's role in financing the operations of the Australian Government. It is intended to assess concerns raised in recent months and provide independent assurance that the agency has adopted an appropriate management structure, and has the skills and capabilities, governance and risk management arrangements to deliver its functions.

The intention is to deliver the review relatively quickly to ensure the AOFM's good reputation in the bond market is maintained. I will write to you with the outcomes of the review, once completed.

Yours sincerely

A handwritten signature in blue ink that reads "J. Wilkinson".

Jenny Wilkinson

23 January 2026

**From:** Hughes, Anna  
**Sent:** Friday, 23 January 2026 10:06 AM  
**To:** Wilkinson, Jenny; s 47E(d); Vohra, Mehak  
**Cc:** White, Damien; Di Marco, Katrina; Hendrikson, Julia; Kikitis, Katina  
**Subject:** Re: For consideration: AOFM Capability Review [SEC=OFFICIAL]

OFFICIAL

Thanks Jenny. We look forward to hearing from Kat soon.

Regards  
Anna

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OFFICIAL

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**From:** Wilkinson, Jenny  
**Sent:** Thursday, January 22, 2026 9:21:55 PM  
**To:** Hughes, Anna ; s 47E(d); Vohra, Mehak  
**Cc:** White, Damien ; Di Marco, Katrina ; Hendrikson, Julia ; Kikitis, Katina  
**Subject:** Re: For consideration: AOFM Capability Review [SEC=OFFICIAL]

OFFICIAL

Dear Anna

Thank you for your email requesting Treasury commission an independent review of AOFM's capability. Given the reasons set out in your email, I accept your request and will initiate a review.

I will ask my corporate team to expeditiously put in place the arrangements for such a review, including developing terms of reference and considering a suitable independent reviewer. We will aim to finalise the arrangements and get the review underway as quickly as possible.

I agree to you advising your Executive Leadership Group of this review on Tuesday, 27 January. If anything changes on this from our end, we will let you know.

Kat di Marco, Deputy Secretary of International, Corporate and Foreign Investment Group, will contact you when we have information or materials to share with you on the review arrangements. Kat will also discuss the advice provided to your leadership group so that AOFM and Treasury is coordinated.

Regards  
Jenny

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**From:** Hughes, Anna  
**Sent:** Thursday, January 22, 2026 6:00:15 PM  
**To:** Wilkinson, Jenny ; s 47E(d) ; Vohra, Mehak  
**Cc:** White, Damien ; Di Marco, Katrina ; Hendrikson, Julia ; Kikitis, Katina  
**Subject:** For consideration: AOFM Capability Review [SEC=OFFICIAL]

OFFICIAL

Jenny

As you are aware, the AOFM finalised its new structure on 23 December 2025. Since then, some concerns have been raised regarding our ongoing capability. Given the important role the AOFM plays both for the government and within Australia's capital markets, I consider it important that both Treasury and the AOFM receive assurances that the AOFMs workforce can continue to deliver on its key purposes and meet or exceed the performance measures set out in our corporate plan.

Consequently, I would like to request that Treasury initiate an independent review of our capability.

If you are agreeable, I'd like to advise the AOFMs Executive Leadership Group of this review at 9.30am Tuesday, 27 January 2026.

Please let me know if you require any further details and I'm happy to discuss at your convenience.

Regards

Anna

**Anna Hughes**

Chief Executive Officer

T: s 22 @aofm.gov.au | [aofm.gov.au](http://aofm.gov.au)

**Australian Office of Financial Management**

Treasury Building, Newlands Street, Parkes ACT 2600, Australia

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Australian Government

Australian Office of Financial Management

**AOFM**

The Australian Office of Financial Management acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

OFFICIAL



# Review of the Australian Office of Financial Management - Terms of Reference

An independent review into the Australian Office of Financial Management (AOFM) has been commissioned by the Secretary to the Treasury.

The AOFM is Australia's sovereign debt manager with around \$990 billion of securities on issue. The AOFM's key roles and intended outcomes are:

- Meet the government's annual financing task while considering costs and risks.
- Ensure the government can always meet its cash outlay requirements.
- Conduct market facing activities in a manner that supports a well-functioning Australian Government Securities (AGS) market.

Over 2025, the AOFM undertook an extensive organisational design process to clarify roles and accountabilities, reduce complexity, and implement a structure that is fit for purpose.

The review has been asked to consider the operations, capability and organisational effectiveness of the AOFM and assess whether the AOFM is delivering, and can deliver upon, its intended outcomes for Government. This includes reviewing the effectiveness of its:

1. Approach to financing the operations of government including the development of delivery of the annual issuance (borrowing) program.
2. Management of the cash portfolio, including the development and implementation of its Liquidity Management Strategy.
3. Frameworks for risk management and compliance.
4. External reporting and governance structures between AOFM and Treasury.

In considering these matters the review should have regard to the AOFM's organisational structure, business processes and skill and experience of its workforce.

## Recommendations and findings

The review should provide the Secretary with a report of the findings, and any recommended actions, in April 2026.

The report should be prepared on the basis that it will be published.

Where the reviewer considers that inclusion of particular material would be inappropriate for publication (for example, due to personal privacy, market sensitivity, or legal professional privilege), the reviewer should provide that material in a separate confidential annex and notify the Secretary of the reasons for confidentiality.

The report should distinguish factual findings from analysis and recommendations and should focus on capability and system level issues.

# Australian Office of Financial Management (AOFM)

## KEY MESSAGE

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- I have confidence in the ability of the AOFM to undertake its important role. The AOFM is a respected sovereign debt manager.
- The AOFM is restructuring - organisational restructures are difficult and it is understandable that some staff will have different views and disagree with outcomes.
- The internal management of Treasury portfolio agencies is a matter for the relevant accountable authority and the Treasury Secretary.

## KEY FACTS AND FIGURES

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- The AOFM is a non-corporate Commonwealth entity within the Treasury portfolio, accountable to the Treasurer and the Secretary to the Treasury.
  - The accountable authority for the AOFM under the PGPA Act is Ms Anna Hughes, CEO.
  - The AOFM is part of the Treasury Department for the purposes of the Public Service Act.
- The AOFM is responsible for the management of Australia's sovereign debt.
  - As at 30 June 2025, the Australian Government debt was \$929 billion
  - In 2024-25, the AOFM issued around \$100 billion in Commonwealth Government Securities, funding the operations of the Australian Government and refinancing maturing debt.
  - The AOFM is a respected sovereign debt manager.

<b>Office Responsible</b>	Treasurer - The Hon Jim Chalmers MP	<b>Adviser</b>	s 22
<b>Contact Officer</b>	Pip Brown	<b>Contact Number</b>	s 22
<b>Division responsible</b>	Budget Policy Division		
<b>Date of Update</b>	03 November 2025		

# Australian Office of Financial Management (AOFM)

## BACKGROUND

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- On 22 October, the AOFM announced a restructure of their organisation.
  - This restructure resulted in a reduction of 7 staff (the AOFM has around 50 staff).
    - : This follows a small number of previous redundancies since 2022.
  - This restructure followed a period of consultation with staff in accordance with requirements under the AOFM Enterprise Agreement.
  - The intent of the restructure is to improve agility and accountability, recognising the important role that the AOFM plays as part of the Australian Government and as a key institution in Australia's financial architecture.
- Anna Hughes was appointed as the CEO of the AOFM in November 2022 and commenced in January 2023.
  - Ms Hughes has more than 20 years' experience as a leader in both the public and private sectors, holding senior roles in finance throughout the Asia-Pacific and in the South Australian Government.
  - Prior to her role in the AOFM, Ms Hughes was Deputy Under Treasurer in the South Australian Government.
  - Ms Hughes was appointed by Treasury Secretary Dr Steven Kennedy, with the appointment announced by press release from the Treasurer (28 November 2022).
- In recent years, the AOFM has seen higher staff turnover and a dip in their APS census results. There was some improvement in census results in 2025.

<b>Office Responsible</b>	Treasurer - The Hon Jim Chalmers MP	<b>Adviser</b>	s 22 [REDACTED]
<b>Contact Officer</b>	Pip Brown	<b>Contact Number</b>	s 22 [REDACTED]
<b>Division responsible</b>	Budget Policy Division		
<b>Date of Update</b>	03 November 2025		