



Australian Government

The Treasury

ANNUAL REPORT
2014-15





Australian Government

The Treasury

ANNUAL REPORT
2014-15



© Commonwealth of Australia 2015

ISSN 0728-9405

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, the Treasury logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Treasury material under a Creative Commons BY Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used 'as supplied'

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics — then Treasury prefers the following attribution:

Source: *The Treasury*

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Based on Treasury data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au).

Other Uses

Enquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent
Parkes ACT 2600
Email: medialiaison@treasury.gov.au

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

Printed by Canprint Communications Pty Ltd



Australian Government

The Treasury

John A. Fraser
Secretary

The Hon Scott Morrison MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present the annual report of the Treasury for the year ended 30 June 2015.

This report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 63 of the *Public Service Act 1999* (PS ACT). Subsection 46(1) of the PGPA Act and subsection 63(1) of the PS Act requires the Secretary to the department to provide a copy of the report to the agency Minister for presentation to the Parliament. The guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit provide that a copy of the annual report is to be laid before each house of the Parliament on or before 31 October.

The report includes the Treasury's audited financial statements, prepared under section 42 of the PGPA Act.

In addition, and as required by the Commonwealth Fraud Control Framework, I certify that I am satisfied that the Treasury has in place appropriate fraud control mechanisms that meet the Treasury's needs and that comply with the guidance applying in 2014-15.

Yours sincerely

A handwritten signature in black ink that reads 'John A. Fraser'. The signature is written in a cursive style with a long, sweeping underline.

John A. Fraser
14 October 2015

Contents

List of tables	viii
List of figures and charts	viii
Introduction and guide to the report	ix
Other sources of information	ix
Contact details	x
Part 1 Overview	1
Secretary's review	3
Departmental overview	7
Purpose	7
Financial performance	8
Departmental	8
Administered	8
Part 2 Report on Performance	15
Case study: The Challenge of Change	17
Introduction	19
Program 1.1 Department of the Treasury	20
Fiscal Group	21
Macroeconomic Group	30
Markets Group	35
Revenue Group	49
Corporate Strategy and Services	51
Case study: G20 global growth target	53
Program 1.2 Payments to International Financial Institutions	54
Program 1.3 Support for markets and business	56
Program 1.4 General revenue assistance	57
Program 1.5 Assistance to the states for healthcare services	59
Program 1.6 Assistance to the states for skills and workforce development	61
Program 1.7 Assistance to the states for disability services	63
Program 1.8 Assistance to the states for affordable housing	65
Program 1.9 National partnership payments to the states	67
Part 3 Management and Accountability	69
Case study: Budget 2015	71
Corporate Governance	73
Strategic and organisational reviews	73
Capability Review and Capability Action Plan	73
Capability Review Health Check	74
Capability Review Health Check Report — Key Themes	74
Senior management committees	74
Executive Committee	74

Audit Committee	75
Other Committees	75
Fraud prevention and control	75
External Scrutiny	76
Audit	76
Internal audits	76
PGPA Act Implementation Health Check	76
Foreign Investment Screening Process	76
Review of Ministerial Documentation Processes	76
Fundamental Accounting Controls Assessment	77
In-flight Review of the Global Infrastructure Hub	77
In-flight Review of the Ministerial Documentation Processes Project (Phase 1 and Phase 2)	77
HR Controls Review	77
Australian National Audit Office reports	78
Other audit reports	78
Parliamentary committees	78
Ombudsman comments, court, administrative tribunal and Information Commissioner Decisions	79
Judicial and Administrative Appeals Tribunal Decisions	79
Commonwealth Ombudsman	79
Australian Information Commissioner	79
Management of Human Resources	80
Overview	80
Outcomes	80
Workforce planning	80
Performance management systems	81
Workplace relations	81
Recruitment and secondments	81
Learning and development	82
Wellbeing	83
Staffing information	84
Workplace diversity	86
Assets Management	88
Purchasing	89
Consultants	90
Australian National Audit Office access clauses	91
Exempt Contracts	92
Procurement initiatives to support small business	93
Part 4 Financial Statements	95
Case study: Blueprint for efficiency, resilience and fairness	97
Independent Auditor's Report	98
Statement by the Departmental Secretary and Chief Finance Officer	100
Statement of Comprehensive Income	101

Statement of Financial Position	102
Statement of Changes in Equity	103
Cash Flow Statement	104
Schedule of Commitments	105
Administered Schedule of Comprehensive Income	107
Administered Schedule of Assets and Liabilities	108
Administered Reconciliation Schedule	109
Schedule of Administered Cash Flows	110
Schedule of Administered Commitments	111
Notes to and forming part of the financial statements	112
Part 5 Appendices	197
Case study: Global infrastructure hub to deliver practical outcomes	199
Work health and safety	201
Advertising and market research	203
Ecologically sustainable development and environmental performance	204
Energy management	204
Recycling	204
Commingled and organic recycling	204
Paper recycling	205
Vehicles	205
Air Travel	205
Resource efficiencies	205
Water	205
Carer support	206
Grants	206
Information Publication Scheme	206
Case study: Sydney office established	207
Australia and the International Financial Institutions	208
Australia and the International Monetary Fund	208
Mandate	208
Australia's representation at the International Monetary Fund	208
Australia's shareholding in the International Monetary Fund and financial transactions	210
Australia and the World Bank Group	213
Australia's shareholding and relations with the World Bank Group	213
Australia's cooperation with the World Bank Group	214
Operational evaluation	215
Resource tables	216
List of requirements	220
Abbreviations and acronyms	224
Glossary	226
Index	229

List of tables

Table 1: Financial transactions with international financial institutions in 2014-15	55
Table 2: Operative and paid inoperative staff by classification and gender as at 30 June 2015 based on actual headcount	84
Table 3: Senior Executive Services remuneration	85
Table 4: Remuneration – non-SES employees	86
Table 5: Work Health and Safety Act	202
Table 6: Advertising Agencies	203
Table 7: Market Research Organisations	203
Table 8: Media Advertising	203
Table 9: Australian Governor’s votes on IMF resolutions 2014-15	209
Table 10: Australia’s transactions with the IMF in 2014-15 (cash basis)	211
Table 11: Australia’s reserve position in the IMF, 2014-15	212
Table 12: Australia’s NAB Transactions for 2014-15	212
Table 13: Australian shareholdings at the World Bank Group as at 30 June 2015	213
Table 14: Australia’s voting power in the World Bank Group	213
Table 15: Australian Governor’s votes on World Bank Group resolutions in 2014-15	214
Table 16: Summary resource statement	216
Table 17: Resourcing for Outcome 1	218

List of figures and charts

Figure 1: Treasury senior management structure (as at 30 June 2015)	9
Figure 2: Treasury outcome and program structure (as at 30 June 2015)	10
Figure 3: Treasury portfolio outcome and program structure (as at 30 June 2015)	12
Figure 4: Treasury staff at interstate and overseas locations	85
Figure 5: Treasury workforce by Equal Employment Opportunity target	87

Introduction and guide to the report

The Treasury Annual Report 2014-15 outlines performance against outcomes, program and performance information contained in the *Portfolio Budget Statements 2014-15* and *Portfolio Additional Estimates Statements 2014-15*.

The annual report 2014-15 includes the reporting requirements and financial accounts for the Australian Government Actuary. The financial accounts for the Foreign Investment Review Board and Takeovers Panel are also included in this report, along with limited performance reporting. More comprehensive performance reporting may be found in their respective annual reports.

Part 1 includes a summary of significant issues and developments during 2014-15, and an overview of the Treasury's performance. The departmental overview in Part 1 details the Treasury's role and functions, senior management structure, organisational structure and portfolio structure.

Part 2 provides an analysis of performance against the Treasury's policy outcome and program.

Part 3 reports on management and accountability issues as required under the annual report guidelines.

Part 4 presents the audited financial statements of the Treasury as required under the annual report guidelines.

Part 5 includes other information as required under the annual report guidelines.

The report concludes with a glossary, a list of abbreviations and acronyms and an index to the report.

Other sources of information

The Treasury releases information on its activities through publications, press releases, speeches, reports and the annual report. Copies of all the Treasury's publications are on its website at www.treasury.gov.au.

Contact details

The contact officer for enquiries regarding this report is:

Manager
Communications
The Treasury
Langton Crescent
Parkes ACT 2600
Email: medialiaison@treasury.gov.au