

1

Part 1 – Overview

Secretary's review	3
Departmental overview	10
Portfolio overview	14





Steven Kennedy PSM
Secretary to the Treasury

Secretary's review

I am pleased to present my fourth annual report as Secretary to the Treasury. It covers our achievements in what has been another busy and productive year, operating in a complex and uncertain economic environment.

Overview

Our work during 2022–23 was vital to maintaining strong and sustainable economic and fiscal outcomes.

The Australian economy expanded by 3.4 per cent in 2022–23, driven by a post-pandemic rebound in consumer spending. The unemployment rate fell to its lowest level in almost 50 years.

Cost-of-living pressures and persistent high inflation saw Australia's economic outlook tilt downward in 2023. The labour market remained tight despite skills shortages easing across many sectors.

Big shifts and changes seen through the pandemic and its aftermath continued to strain economies around the world. This was first apparent in supply chain bottlenecks, however these improved after China's post-pandemic re-opening. Substantial disruption continued in commodity and energy markets reflecting the war in Ukraine.

The Australian economy showed resilience in the face of these headwinds. Prices for the commodities we sold to the rest of the world were high and there were welcome signs of wages growth. A budget surplus was forecast in 2022–23 along with lower deficits and debt across each of the forward years.

Our work in 2022–23

Treasury's effectiveness as the Government's lead economic adviser continues to be underpinned by the capability of our staff, and our ability to quickly adjust and adapt to new priorities. We delivered a considerable tranche of work in 2022–23.

We delivered the 2022–23 October Budget, followed by the 2022 Population Statement in January 2023. High-quality research and reporting continued in the second half of the financial year, and we delivered the 2023–24 Budget in May 2023.

In July 2022 we set up the Employment Taskforce to deliver the Government's Jobs and Skills Summit. Held on 1–2 September 2022, the Summit brought together almost 150 stakeholders from across government, employers, civil society and unions. As well as monitoring implementation of the significant whole-of-government outcomes from the Summit, the Taskforce undertook an extensive stakeholder engagement and submissions process to support the Employment White Paper later in 2023.

There were a number of significant reviews undertaken during the year which were supported by Treasury secretariats. The Government announced the Review of the Reserve Bank of Australia in July 2022, the first external review of Australia's central bank in several decades. The final report, released in April 2023, made recommendations on the monetary policy framework, governance, leadership and culture of the Reserve Bank of Australia.

In August 2022 the Financial Regulator Assessment Authority released its first report, *Effectiveness and Capability Review of the Australian Securities and Investments Commission (ASIC)*, finding that while ASIC is generally effective and capable, there are important opportunities to enhance its performance in strategic prioritisation, planning and decision-making, surveillance, and licensing. The Financial Regulator Assessment Authority undertook its second review, *Effectiveness and Capability Review of the Australian Prudential Regulation Authority (APRA)*,





over the course of 2022–23, focusing on APRA's role in the superannuation industry. The *Final Report of the Regional Banking Taskforce* was released in September 2022, examining the impact of bank branch closures on regional communities and identifying possible solutions to maintain and improve banking services.

Australia's work on digital consumer rights continued with the release of the *Final Report for the Consumer Data Right – Sectoral Assessment for Non-Bank Lending and Statutory Review of the Consumer Data Right*. Treasury supported the Government in developing the inaugural Strategic Plan for the Australian Payments System.

Treasury contributed to the development and introduction of the Mandatory Gas Code of Conduct to help the Government meet its commitment to making gas available for Australian users at reasonable prices, while giving producers the certainty they need to invest in supply. We completed the Review of Gas Transfer Pricing arrangements in May 2023, which supported the Government's reforms to the Petroleum Resource Rent Tax.

We laid the foundations for the first Measuring What Matters statement, including two rounds of public consultation and multiple meetings with domestic and international experts to discuss wellbeing frameworks.

In line with Government commitments to address Australia's housing challenges, Treasury delivered a housing legislative package for introduction into Parliament, provided the \$2 billion Social Housing Accelerator payment to states and territories to deliver new social homes, set up the interim National Housing Supply and Affordability Council and helped deliver a new National Housing Accord. Over the year Treasury supported the Minister for Housing and Small Business in meetings of the re-established Housing and Homelessness Ministerial Council and Small Business Ministers forum.

Treasury returned to modelling climate risks and opportunities for the Australian economy for the first time since 2013, establishing a new climate modelling function.

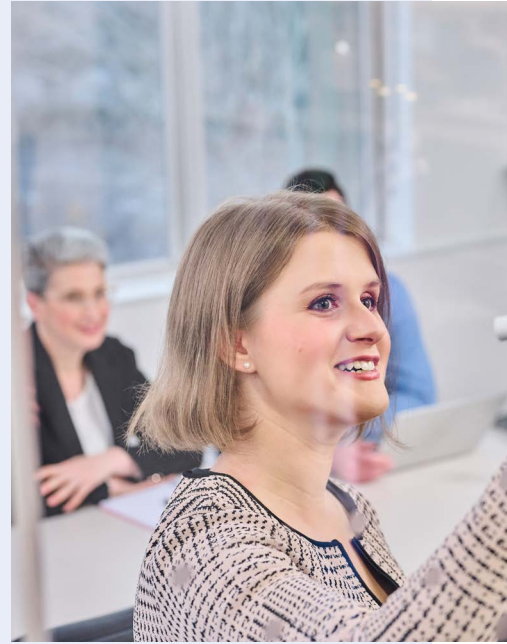
New insights into the physical impacts of climate change over time, as well as analysis on how climate change could impact selected expenditure, revenue and exports were included in the 2023 Intergenerational Report.

Treasury was responsible for a large proportion of Bills introduced into Parliament in the 2022–23 financial year. In total, there were 30 Bills containing 80 measures across the range of our responsibilities. Treasury, along with other departments, also contributed to the legislative reforms and other work related to the creation and commencement of the National Anti-Corruption Commission.

On the international front we continued strong engagement with the G20, APEC, the International Monetary Fund, OECD, the Financial Stability Board, the Pacific Forum Economic Ministers Meeting, and the multilateral development banks. Treasury engaged in bilateral meetings with international counterparts on issues including global efforts to combat inflation, Russia's invasion of Ukraine, financial stability, international taxation challenges, reform of international institutions, climate change and the transition to net zero, and enhancing regional cooperation.

Treasury continued to engage with the academic community to ensure policy advice is informed by a range of views. In April 2023, Treasury jointly hosted its first Policy Research Conference with the Australian National University, to support the analysis underpinning the Employment White Paper. Treasury staff presented their analytical work to a number of external conferences including the Australian Conference of Economists and the Australian Gender Economics Workshop.

Treasury staff met regularly with an Economics Advisory Panel – which includes experts from academia, international fiscal agencies, and think tanks – to test suitability of their frameworks and interpretation of historical data. Treasury established a Visiting Fellowship Program, to connect specialists with policymakers and help strengthen policy analysis and debate.





People and performance

In 2022–23 Treasury welcomed 46 graduates and 340 new starters. Treasury employees were guided by a new Flexible Work Arrangements Policy released in October 2022. The new policy was supported by Treasury's investment in underlying ICT systems and hardware. This included the roll-out of Microsoft Teams and 'passwordless' authentication.

Our investment in data analytics and capabilities continued during 2022–23. By enhancing access to real-time and novel sources of data, our advice and reporting continued to advance. We brought together data from government departments, the private sector and other sources. These investments were vital to Treasury's ability to stay across increases in data and innovations in economic analysis.

Treasury continued to advance Australia's interests internationally through our networks in China, the OECD Paris, India, Indonesia, Japan, New Zealand, Papua New Guinea, United Kingdom and the United States.

In 2022–23 Treasury maintained its priority focus on diversity and inclusion. We emphasised the wellbeing of our staff and building an inclusive culture that values all employees.

Staff members actively participated in events and our five diversity networks: First Nations; Gender equality; Cultural and linguistic diversity; Disability, neurodiversity, and mental health; and LGBTIQ+. In May we released Treasury's Guidelines supporting gender affirmation and gender diversity.

While we remained a highly effective workforce, we acknowledge the intensity of work over the past few years underlines the importance of effective support for our staff. In September 2022, Treasury released its first wellbeing strategy, *Healthy Minds: Our mental wellbeing strategy 2022–2025*. The strategy builds a shared aspiration of positive mental health and demonstrates our commitment to a positive mental health culture.

The year ahead

As we move through 2023 Treasury will maintain its focus on advising the Government and implementing policies to support economic recovery and resilience.

We will implement reform to the payments system, by modernising regulatory frameworks and establishing a new payments licensing regime, and to the superannuation system, by reforming superannuation taxation concessions for balances over \$3 million, requiring employers to pay superannuation on payday, and consulting on the retirement phase of superannuation.

We are assisting the Government in its response to the Quality of Advice Review and reviewing the regulatory framework for managed investment schemes.

In August 2023, the Government released the 2023 Intergenerational Report and in September 2023 the Employment White Paper was published. Over the remainder of 2023 we will deliver the Mid-Year Economic and Fiscal Outlook. We will have an important role advising the Government on its response to the independent Statutory Review of the *Payment Times Reporting Act 2020*, and the Financial Regulator Assessment Authority report, *Effectiveness and Capability Reviews of the Australian Prudential Regulation Authority*.

In August 2023, the Government announced a comprehensive response to the misuse of confidential information by PwC. We will work across government to implement measures focused on strengthening the integrity of our tax system and regulatory arrangements.

We will progress work on Government priorities through the newly established Australian Centre for Evaluation, Competition Taskforce Division, Targeting Entrenched Disadvantage Taskforce and Climate and Energy Division.

I express my thanks and gratitude to Treasury staff for their hard work and dedication. It has been a demanding year and we have successfully delivered policy advice, budget measures, programs and a significant legislative agenda. I want to acknowledge and thank our many partners and stakeholders across Australia, state and territory governments, the private sector, academia and international agencies.



Dr Steven Kennedy PSM
Secretary to the Treasury



Departmental overview

Treasury is the Government's lead economic adviser

Treasury provides economic analysis and authoritative policy advice on issues such as: the economy, budget, taxation, financial sector, foreign investment, structural policy, superannuation, small business, housing affordability and international economic policy.

Treasury works with state and territory governments on key policy areas, as well as managing federal financial relations. We anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances, and respond rapidly to changing events and directions. The economic environment in which we operate is highly complex and subject to significant uncertainty. As such, we advise the Government on reforms to boost productivity, promote well-functioning markets and ensure the tax system remains equitable and adequate to fund the Government's spending commitments.

In 2022–23 Treasury continued developing advice and analysis to support the Government's economic agenda. The shifting economic environment presented short and long-term challenges. Treasury played an important role in advising the Government on these challenges, particularly the impact of increasing inflation and geopolitical instability created by Russia's war in Ukraine.

Our purpose under the Treasury Corporate Plan 2022–23 to 2025–26 is to:

Provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

Following the delivery of the Jobs and Skills Summit in September 2022, the Treasury Secretary announced on 30 November 2022 that Ms Victoria Anderson would be promoted and continue her role in Treasury as Deputy Secretary, Employment Taskforce.

On 16 December 2022, the Treasury Secretary announced that Mr Brenton Philp would be joining Treasury from the Department of Education to take up the role of Deputy Secretary, Markets Group, commencing in February 2023.

On 23 June 2023, the Treasury Secretary announced an organisational restructure with the formation of a sixth group to enable Treasury to enhance its focus on, and delivery of, Government's priorities, while working in the most streamlined and efficient manner. As of 2 October 2023, Ms Roxanne Kelley will become Deputy Secretary, International and Foreign Investment Group and Ms Victoria Anderson will become Deputy Secretary, Small Business, Housing, Corporate and Law Group.

Figure 1 shows Treasury's organisational structure at 30 June 2023. Treasury's accountable authority is Dr Steven Kennedy PSM, Secretary, who occupied the position for the full 2022–23 reporting period.

Figure 1: Treasury Group senior management at 30 June 2023

Department of the Treasury



Secretary

Dr Steven Kennedy PSM

Corporate and foreign investment group



Deputy Secretary

Roxanne Kelley PSM

Corporate Division

First Assistant Secretary: Angela Barrett

Foreign Investment Division

First Assistant Secretary: Christopher Tinning

Law Division

First Assistant Secretary: Anthony Seebach

State offices

Sydney Office Head: Tim Baird

Melbourne Office Head: Damian Mullaly

Perth Office Head: Felicity Smart

Fiscal group



Deputy Secretary
Sam Reinhardt

Budget Policy Division

First Assistant Secretary: Phillipa Brown

Commonwealth State and Population Division

First Assistant Secretary: Damien White

Social Policy Division

First Assistant Secretary: Hamish McDonald

Labour Market, Environment, Industry and Infrastructure Division

First Assistant Secretary: Mohita Zaheed

Macroeconomic group



Deputy Secretary
Luke Yeaman

International Economics and Security Division

First Assistant Secretary: Katrina Di Marco

Macroeconomic Analysis and Policy Division

First Assistant Secretary: Nathan Deutscher (A/g)

Macroeconomic Conditions Division

First Assistant Secretary: Sarah Hunter

Overseas operations

Washington: Ian Beckett

OECD Paris: Peter Johnson

London: John Swieringa

Tokyo: Jessica Robinson

Beijing: David Osborne

Jakarta: Cosimo Thawley (A/g)

India: Alistair Campbell

Indonesia Ministry of Finance: Kristy Baker

Markets group



Deputy Secretary
Brenton Philp

Australian Government Actuary

First Assistant Secretary: Guy Thorburn

Financial System Division

First Assistant Secretary: Trevor Power

Market Conduct and Digital Division

First Assistant Secretary: James Kelly

Retirement Advice and Investment Division

First Assistant Secretary: Lynn Kelly

Revenue group



Deputy Secretary
Diane Brown

Board of Taxation Secretariat

Assistant Secretary: Michelle Calder (A/g)

Corporate and International Tax Division

First Assistant Secretary: Marty Robinson

Housing Division

First Assistant Secretary: Vera Holenstein (A/g)

Personal and Indirect Tax and Charities Division

First Assistant Secretary: Laura Berger-Thomson

Tax Analysis Division

First Assistant Secretary: Darren Kennedy (A/g)

Small and Family Business Division

First Assistant Secretary: Kate O'Rourke

Australian Small Business and Family Enterprise
Ombudsman: Bruce Billson

Employment taskforce



Deputy Secretary
Victoria Anderson

First Assistant Secretary: Alexandra Heath

Portfolio overview

The Treasury portfolio undertakes a range of activities aimed at achieving Treasury's Portfolio Budget Statement outcome of 'supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth'. This entails providing advice to Treasury ministers and the efficient administration of Treasury's portfolio functions.



Portfolio ministers

This information shows all ministers appointed to administer the Treasury portfolio during the reporting period 2022–23.¹

The Hon Dr Jim Chalmers MP

Treasurer

The Hon Julie Collins MP

Minister for Housing, Minister for Homelessness,
Minister for Small Business

The Hon Stephen Jones MP

Assistant Treasurer and Minister for Financial Services

The Hon Dr Andrew Leigh MP

Assistant Minister for Competition, Charities and Treasury,
Assistant Minister for Employment

Table 1: Ministerial acting arrangements during 2022–23

Minister	Dates	Type of absence	Acting Minister	Instrument of authorisation required
The Hon Dr Jim Chalmers MP	16 Dec 2022 to 1 Jan 2023	Leave	Senator the Hon Katy Gallagher	Yes
The Hon Stephen Jones MP	24 Dec 2022 to 15 Jan 2023	Leave	Senator the Hon Katy Gallagher (24 Dec 2022 to 1 Jan 2023)	Yes
			The Hon Dr Jim Chalmers MP (2–15 Jan 2023)	No
The Hon Julie Collins MP	9–20 Jan 2023	Leave	The Hon Catherine King MP	Yes
The Hon Dr Jim Chalmers MP	23–26 Feb 2023	Travel	Senator the Hon Katy Gallagher	Yes
The Hon Dr Jim Chalmers MP	12–16 Apr 2023	Travel	Senator the Hon Katy Gallagher	Yes
The Hon Dr Jim Chalmers MP	7–9 Jun 2023	Travel	Senator the Hon Katy Gallagher	Yes

¹ Recommendation 6 of the Inquiry into the Appointment of the Former Prime Minister to Administer Multiple Departments, conducted by the Hon Virginia Bell AC in November 2022

Portfolio structure

As of 30 June 2023, the Treasury portfolio comprised 16 entities² in the general government sector, including:

- The Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Reinsurance Pool Corporation
- Australian Securities and Investments Commission
- The Australian Taxation Office
- Commonwealth Grants Commission
- Inspector-General of Taxation
- National Competition Council
- National Housing Finance and Investment Corporation
- Office of the Auditing and Assurance Standards Board
- Office of the Australian Accounting Standards Board
- Productivity Commission
- Reserve Bank of Australia
- Royal Australian Mint

² The interim National Housing Supply and Affordability Council was established in January 2023, with Ms Susan Lloyd-Hurwitz as Chair, and the National Housing Supply and Affordability Council Bill 2023 has been introduced into parliament.





Figure 2: Treasury outcome and program structure

Outcome 1

Supporting and implementing informed decisions on policies for the good of the Australian people including for achieving strong, sustainable economic growth through the provision of advice to Treasury ministers and the efficient administration of Treasury's functions.

Program 1.1

Department of the Treasury

Program 1.2

Payments to international financial institutions

Program 1.3

Support for markets and business

Program 1.4

General revenue assistance

Program 1.5

Assistance to the states for healthcare services

Program 1.6

Assistance to the states for skills and workforce development

Program 1.7

Assistance to the states for disability services

Program 1.8

Assistance to the states for affordable housing

Program 1.9

National partnership payments to the states

