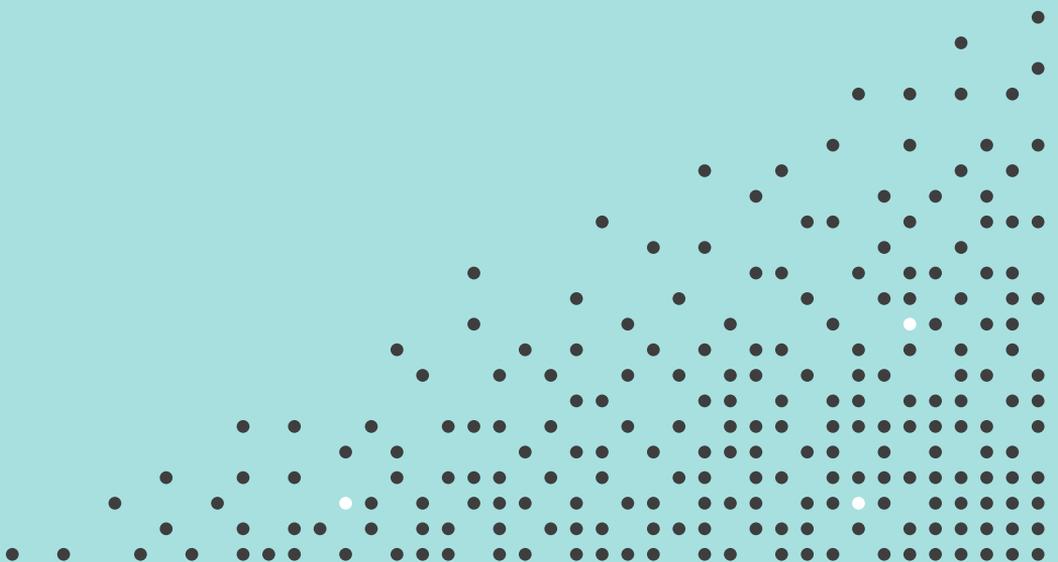


## Part 1: Overview

- Secretary's review
- Portfolio overview
- Our department





## Secretary's review

Welcome to the Department of Finance annual report 2015–16—a report that marks the end of the first full year of the enhanced Commonwealth performance framework and includes, for the first time, annual performance statements, providing information on our performance against our Corporate Plan 2015–16 and Portfolio Budget Statements 2015–16.

The department's aspiration to lead the public sector in delivering excellence and value in the business of government is reflected in our many and varied achievements over the past 12 months.

These achievements all took place during a year of great change within the department. We made significant progress on our internal transformation program, which reflects the broader transformation across the public service. While continuing to deliver value for money for the people of Australia, we started working in a new operating model. A more flexible and mobile workforce means we can match our staff with our priorities and streamline the way we work.

We used this model to direct temporary staff and resources into supporting areas with peak workloads such as priority work in Ministerial and Parliamentary Services during the election campaign and Budget and Financial Reporting for the 2016–17 Budget.

Part of this change included moving more than 1,300 staff into a new building and on to a new technology platform. Being together in one building, rather than five, enables our people to collaborate more easily. Improved technology and work practices help increase our flexibility.

## Our achievements

The department played a central role in supporting the government to deliver its fiscal targets and policy objectives.

We also successfully delivered the 2016–17 Budget and the Pre-election Economic and Fiscal Outlook with our colleagues in the Treasury.

We have fostered improved public sector practice in a diverse range of areas. This work often involved close partnerships with other entities, and included the enhanced Commonwealth

performance framework; Senate electoral reform; a revised guideline for machinery of government changes; an investment mandate for the Medical Research Future Fund; and the conclusion of the Trans-Pacific Partnership free trade agreement negotiations.

The department focused on ways to improve public sector operations and reform the way public assets are managed and operated. We support broader public sector transformation through initiatives such as the National Property Efficiency Program, scoping studies into ownership options for government businesses and assets, the contestability program, the shared and common services program and implementation of a number of recommendations from the independent review of whole-of-government internal regulation.

Managing efficient, cost-effective services to, and for, government, the department is delivering across a number of areas including govCMS, the parliamentary injury compensation scheme, refurbishment of the child dispute area at the Commonwealth Law Courts building in Sydney, the Cox Peninsula remediation project, and construction of the new post-entry quarantine facility at Mickleham, Victoria.

Over the past 12 months, the department also showed public sector leadership in providing advice on major reforms, including the youth employment package, the national innovation and science agenda, and investment in infrastructure and defence capability.

## Our priorities for the year ahead

In 2016–17, the department will continue to support the government to deliver its fiscal policy objectives through the budget and financial advice, management and reporting, as required by the *Charter of Budget Honesty Act 1998* and the *Public Governance, Performance and Accountability Act 2013*.

The department is also committed to continuing to support public sector transformation, both by being an example itself and through targeted investment to assist the Australian Public Service to become more collaborative, innovative and agile.

We will continue to champion the smaller and more efficient government agenda, by continuing to review and reform a number of government business enterprises, and other similar government activities.

We will continue to rationalise the Australian Government's non-defence domestic property holdings and improve the efficiency of property management in support of the government's agenda to modernise approaches to provide and manage publicly funded services and assets more efficiently.

Finally, we will deliver on these priorities as we continue the transformation of our own business model, tools and systems to maximise efficiency and to ensure we can effectively support the government's policy agenda.

## Our financial performance

The department remains in a sound financial position, operating within its appropriation.

For 2015–16, the department reported an overall operating surplus of \$113.5 million. This result is largely due to favourable external factors affecting property valuations and lower insurance claims for the department.

For 2015–16, the department has streamlined its financial statements to provide simpler, more meaningful information and reduced unnecessary disclosures that do not add value to the readability of the statements. Finance aims to be an exemplar of this approach and is encouraging and assisting other public sector entities to review disclosures in their financial statements. The Australian National Audit Office supports this approach and undertook a similar review for its 2014–15 financial statements.

## Our people

We would not be able to achieve any of our goals without our people. Our most valuable asset, and our true strength, are the staff who make these achievements happen. They provide a range of professional services and strategic advice every day, while reflecting our values—to be impartial, committed to service, accountable, respectful and ethical.

The department is a positive and healthy organisation where staff enjoy their work and feel valued. This was reflected in our 2016 APS employee census results: Finance's departmental culture and employee engagement markers were above 80 per cent.

Our staff are supported by our enterprise agreement, a range of cultural networks, our Diversity Plan and Reconciliation Action Plan, an online learning management system and our new performance and capability framework.

Our staff also continued to show how important their community is, raising more than \$6,000 for our flagship charity, Communities@Work. I am always impressed by and proud of the commitment, generosity and community spirit we show in the department.

In 2016–17, we look forward to our continuing relationship with the Minister for Finance, Senator the Hon Mathias Cormann, and to working with the Special Minister of State, Senator the Hon Scott Ryan, in what promises to be a busy and fruitful year.

Jane Halton  
Secretary

# Portfolio overview

This section provides an overview of the Finance portfolio and summarises changes that occurred in 2015–16.

## Portfolio ministers

The ministers and assistant ministers responsible for the Finance portfolio and its agencies during 2015–16 were:

- Senator the Hon Mathias Cormann, Minister for Finance (from 18 September 2013) and Special Minister of State (from 18 February 2016)
- the Hon Dr Peter Hendy MP, Assistant Minister for Finance (from 18 February 2016)
- the Hon Mal Brough MP, Special Minister of State (21 September 2015 to 18 February 2016) (stood aside on 29 December 2015)
- Senator the Hon Michael Ronaldson, Special Minister of State (until 21 September 2015)
- the Hon Michael McCormack MP, Parliamentary Secretary to the Minister for Finance (until 21 September 2015).

## Changes to the portfolio

As a result of the Administrative Arrangements Order issued on 21 September 2015, responsibility for public data policy, including Gov 2.0 and related matters, was transferred from Finance to the Department of the Prime Minister and Cabinet and the Digital Transformation Office.

Legislation to effect the merger of ComSuper into the Commonwealth Superannuation Corporation received royal assent on 17 June 2015. The merger was completed on 1 July 2015, when the Commonwealth Superannuation Corporation became solely responsible for all superannuation functions and assumed ComSuper's functions.

The Australian River Co. Limited was wound up on 15 July 2015.

## Portfolio structure

The portfolio structure as at 30 June 2016 is shown below.



Department  
of state

### **Department of Finance**

*Secretary: Jane Halton AO, PSM*  
[www.finance.gov.au](http://www.finance.gov.au)

As one of the government's central agencies, Finance assists the government to shape and deliver its agenda by providing high-quality advice, policies, governance arrangements and professional services.

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Non-  
corporate  
Commonwealth  
entities

### **Australian Electoral Commission**

*Electoral Commissioner: Tom Rogers*  
[www.aec.gov.au](http://www.aec.gov.au)

The Australian Electoral Commission provides the Australian people with an independent electoral service that meets their needs, encourages them to understand and participate in the electoral process, and supports free and fair electoral processes throughout the world.

### **Future Fund Management Agency**

*Chair: The Hon Peter Costello AC*  
[www.futurefund.gov.au](http://www.futurefund.gov.au)

The Future Fund Management Agency make provision for the Commonwealth's unfunded superannuation liabilities, payments for the creation and development of infrastructure, and payments from the DisabilityCare Australia Fund by managing the investment activities of the Future Fund, Nation-building Funds and DisabilityCare Australia Fund, in line with the government's investment mandates.

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Corporate  
Commonwealth  
entity

### **Commonwealth Superannuation Corporation**

*Chair: Patricia Cross*  
[www.csc.gov.au](http://www.csc.gov.au)

The Commonwealth Superannuation Corporation is responsible for the management of funds and administration of five government superannuation schemes. The Commonwealth Superannuation Corporation also administers six unfunded superannuation schemes.

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Commonwealth  
company

### **ASC Pty Ltd**

*Chair: Bruce Carter*  
[www.asc.com.au](http://www.asc.com.au)

ASC exists to serve the frontline of Australia's naval defence capabilities.

## Our department

This section provides an overview of the department at 30 June 2016 and introduces the executive team that oversees the work of the department's business areas.

## Our aspiration and purposes

The Department of Finance advises the Australian Government on the most efficient mechanisms for delivering its policy priorities, while ensuring the sustainability of public expenditure programs and best practice financial management. Finance's aspiration statement is set out in the department's Corporate Plan 2015–16:

 **Leading the public sector in delivering excellence and value in the business of government.** 

In support of this aspiration, Finance has four purposes:

- budget and financial advice, management and reporting—support the government to deliver its fiscal targets and policy objectives
- governance—foster leading public sector practice
- transformation—innovate and improve public sector operations and reform the management and operations of public assets
- services—manage efficient, cost-effective services to, and for, the government.

## Our role and functions

Finance supports the delivery of the Australian Government budget, the ongoing management of the government's non-defence domestic property portfolio, and key asset sales. Finance is also responsible for the resource management framework for Commonwealth entities and companies. In addition, Finance provides advice and support to parliamentarians, their employees and former parliamentarians, maintains shareholder oversight of government business enterprises, provides general insurance services to government agencies, promotes improved risk management and advises on the government's investment funds.

Finance also provides strategic advice, guidance and services relating to property management, ICT management, and the Commonwealth's insurance and superannuation arrangements.

## Our outcomes and programs

Finance's three outcomes, outlined in the Portfolio Budget Statements 2015–16, provide a strategic statement about our core role and functions. Figure 1 shows our outcome and program structure at 30 June 2016.

**Figure 1: Outcomes and programs at 30 June 2016****Outcomes**

## Our executive and business groups

The department's executive is made up of the Secretary and four Deputy Secretaries who each have responsibility for one of the department's four business areas. The department's organisational structure at 30 June 2016 is shown in Figure 2 on page 12.



## Secretary Jane Halton AO, PSM

Jane Halton was appointed Secretary of the Department of Finance in July 2014. She is responsible for all functions and services delivered by the department. She was previously Secretary of the Department of Health (2002–2014).

Jane is co-chair of the OECD Asian Senior Budget Officials, a member of the executive board of the Institute for Health Metrics and Evaluation at the University of Washington and on the advisory board of the Centre for Applied Philosophy and Public Ethics (an Australian Research Council Special Research Centre). She is also a Public Policy Fellow at the Australian National University's Crawford School of Public Policy and has

held numerous international appointments with the World Health Organization, the World Health Assembly and the OECD.

Jane holds the position of Adjunct Professor at the University of Sydney and Adjunct Professor at the University of Canberra. She holds a Bachelor of Arts (Hons) in Psychology from the Australian National University and a Doctorate of Letters (*honoris causa*) from the University of New South Wales.

Jane was awarded a Public Service Medal in 2002, a Centenary Medal in 2003 and an Order of Australia in 2015.



## Deputy Secretary, Rosemary Huxtable PSM

Rosemary Huxtable was appointed Deputy Secretary of Budget and Financial Reporting in June 2013. In this role, she is responsible for providing advice and managing processes associated with the expenditure and non-taxation revenue areas of the budget, including advising the Expenditure Review Committee of Cabinet and preparing annual budget papers and regular economic updates. Prior to joining Finance, Rosemary spent 10 years in senior executive roles in the Department of Health, including three years as a Deputy Secretary, with responsibilities in the areas of ageing and aged care, mental health, e-health, Medicare and the Pharmaceutical Benefits Scheme. She has worked extensively in social policy across the public and private sectors.

In 2005 Rosemary received a Public Service Medal for her work on Medicare.



## Deputy Secretary, David Fredericks

David Fredericks was appointed Deputy Secretary of Business Enabling Services in November 2015. Prior to moving to Finance, David was Deputy Secretary and Chief Operating Officer of the Attorney-General's Department, responsible for corporate strategy, operations and ICT for the department, as well as administration of royal commissions and the Defence Abuse Response Taskforce. Before that, he was the department's Deputy Secretary, Civil Justice and Legal Services.

## Budget and Financial Reporting

Budget and Financial Reporting provides policy and financial advice on government expenditure and non-taxation revenue matters to the Minister for Finance, senior ministers and the Expenditure Review Committee of Cabinet.

The federal budget embodies the policy priorities and fiscal targets for which the government seeks parliamentary authorisation. Budget and Financial Reporting supports the government in its preparation, delivery and ongoing management of the budget and assists agencies to meet their financial management and reporting obligations. Budget and Financial Reporting aims to ensure that the analysis, policy advice and costing information provided to government support informed decision-making and that economic updates are delivered within required timeframes and meet legislative requirements.

## Business Enabling Services

Business Enabling Services works with the Secretary, the Executive Board and other business groups within the department to enhance, promote and sustain Finance's role as a trusted and professional adviser to the government. Business Enabling Services provides corporate services and information, technology and workplace support, and is implementing Finance's internal transformation program, including the establishment of a People and Projects Office to build project management capability across Finance. The area also provides a range of services and support to current parliamentarians and their staff and to former senators and members.



Deputy  
Secretary,  
John Edge

John Edge was appointed Deputy Secretary of Commercial and Government Services in November 2015. John has extensive experience in leading major asset sales, including the Medibank Private initial public offering, and other commercial projects for government in the Department of Finance and the former Department of Resources, Energy and Tourism. Other roles for which John has been responsible include budget preparation and advice in the social welfare sector, parliamentary entitlements advice and management of corporate services.



Deputy  
Secretary,  
Dr Stein  
Helgeby

Stein Helgeby was appointed Deputy Secretary of Governance and APS Transformation in October 2015. Stein joined the department in February 2010 as the Deputy Secretary of the former Financial Management Group. Prior to that, Stein enjoyed a lengthy period in the Victorian Department of Treasury and Finance, where he was responsible for budget and financial management, long-term policy research, taxation, business tax reform and intergovernmental relations.

## Commercial and Government Services

Commercial and Government Services provides advice on the Australian Government's business enterprises and commercial entities, manages the non-defence domestic property portfolio, and undertakes scoping studies and strategic reviews to assess the optimal ownership and management options for a number of government businesses and assets. It is also responsible for the delivery of whole-of-government ICT services, develops and maintains the Australian Government's procurement policy framework (including initiating and managing a range of whole-of-government contracts), and manages the Australian Government's special claims, insurance and risk management operations.

## Governance and APS Transformation

Governance and APS Transformation develops policy and advises on the resource management and governance frameworks for public sector agencies, accounting policy issues, the government's investment funds, and superannuation arrangements for members of parliament and Commonwealth employees. The area also advises on and coordinates government information and advertising campaigns.

In addition, the area consolidates budget updates, contributes to the preparation of the budget statements and prepares the Commonwealth's monthly and annual consolidated financial statements. It also provides policy and program leadership on initiatives aimed at transforming and modernising the public sector, including shared and common services for back-office functions and grants administration.

Figure 2: Organisational structure at 30 June 2016

