

Audit report of the 2022–23  
annual performance statements

Department of the Treasury



Auditor-General for Australia



## **INDEPENDENT AUDITOR'S REPORT on the 2022-23 Annual Performance Statements of the Department of the Treasury**

**To the Minister for Finance**

### ***Conclusion***

In my opinion the 2022-23 Annual Performance Statements of the Department of the Treasury (Treasury):

- present fairly the Treasury's performance in achieving its purpose for the year ended 30 June 2023; and
- are prepared, in all material respects, in accordance with the requirements of Division 3 of Part 2-3 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

### ***Audit criteria***

In order to assess whether the Treasury's annual performance statements complied with Division 3 of Part 2-3 of the Act, I applied the following criteria:

- whether the entity's key activities, performance measures and specified targets are appropriate to measure and assess the entity's performance in achieving its purposes;
- whether the performance statements are prepared based upon appropriate records that properly record and explain the entity's performance; and
- whether the annual performance statements present fairly the entity's performance in achieving the entity's purposes in the reporting period.

### ***Accountable Authority's responsibilities***

As the Accountable Authority of the Treasury, the Secretary is responsible under the Act for:

- the preparation and fair presentation of annual performance statements that accurately reflect the Treasury's performance and comply with the Act and Public Governance, Performance and Accountability Rule 2014 (the Rule);
- keeping records about the Treasury's performance in accordance with requirements prescribed by the Act; and
- establishing such internal controls that the Accountable Authority determines are necessary to enable the preparation and presentation of the annual performance statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibilities for the audit of the performance statements***

My responsibility is to conduct a reasonable assurance engagement to express an independent opinion on the Treasury's annual performance statements.

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which include the relevant Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board.

In accordance with this standard, I plan and perform my procedures to obtain reasonable assurance about whether the performance measures and accompanying results presented in the annual performance statements of the entity fairly present the entity's performance in achieving its purpose and comply, in all material respects, with the Act and Rule.

The nature, timing and extent of audit procedures depend on my judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the annual performance statements. In making these risk assessments, I obtain an understanding of internal controls relevant to the preparation of the annual performance statements in order to design procedures that are appropriate in the circumstances.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

***Independence and quality control***

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagement* in undertaking this assurance engagement.

***Inherent limitations***

Because of inherent limitations of an assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance of the annual performance statements with the Act and Rule as it is not performed continuously throughout the period and the assurance procedures performed are undertaken on a test basis. The reasonable assurance conclusion expressed in this report has been formed on the above basis.

Australian National Audit Office



Rona Mellor PSM  
Acting Auditor-General for Australia

Canberra  
28 September 2023



# **Annual Report** 2022–23

**treasury.gov.au**

# 2

## Part 2 – Report on performance

Annual Performance Statements 2022–23 . . . . .	20
Treasury's purpose . . . . .	24
Treasury's outcome . . . . .	24
Results and analysis . . . . .	25
Performance summary . . . . .	29
Financial performance . . . . .	74

# Annual Performance Statements 2022–23

## Statement of preparation

I, as the Accountable Authority of the Department of the Treasury, present the Annual Performance Statements 2022–23 as required under section 39<sup>(1)(a)</sup> of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, the Annual Performance Statements are based on properly maintained records, accurately reflect the performance of the Treasury and comply with section 39<sup>(2)</sup> of the PGPA Act.

In accordance with subsection 16F of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), these statements report on our performance in the year ended 30 June 2023, assessed against the purpose, key activities and performance measures relevant to the Treasury published in:

- The Department of the Treasury 2022–23 Corporate Plan (Corporate Plan 2022–23)
- 2022–23 Portfolio Budget Statements – the Department of the Treasury (PBS 2022–23)
- October 2022–23 Portfolio Budget Statements – the Department of the Treasury (PBS October 2022–23)



**Dr Steven Kennedy PSM**  
Secretary to the Treasury

26 September 2023

## Changes to performance measures

Treasury has made amendments to performance information published in the Corporate Plan 2022–23. The amendments relate to the published target for performance measures 7 and 9 and are a non-significant variation. The performance measure statements provide more detail.

### Performance measure 7

#### Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.

##### Performance measure 7

This was the first year Treasury assessed performance using this methodology and external data source. Treasury advised in the Corporate Plan 2022–23 that a competitiveness score based on 15 criteria of the World Competitiveness Rankings would be developed. Treasury would report against the target at the end of year.

Treasury developed a target competitiveness score of 105 for the 2022–23 reporting period based on the 2022 data utilising 15 criteria of the World Competitiveness Rankings.

##### Published target

Target to be developed.

##### Amended target

Maintain or improve competitiveness score of 105.

## Performance measure 9

### Treasury contributes to the development of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1.

**Performance measure 9** Treasury revised the performance target as published in the Corporate Plan 2022–23 to provide greater clarity on Treasury’s role in implementation of the 2023–24 target and the deliverables for completion in each year to demonstrate performance.

Treasury ceased to have member representation on the Organisation for Economic Co-operation and Development Steering Group from October 2022. Treasury participates in the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Inclusive Framework.

**Published target** Contribution to delivery of Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1 Pillars One and Two.

**Amended target** Treasury will be assessed in 2022–23 on progress against the 2023–24 forward year target as on-track or not on-track.

Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the Organisation for Economic Co-operation and Development (subject to Government decision to implement the pillars).

**Published methodology** Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Steering Group. Treasury’s contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.

**Amended methodology** Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Inclusive Framework. Treasury’s contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.



## Treasury's purpose

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

As set out in the Corporate Plan 2022–23, Treasury achieves our purpose through our activities:

- **Activity 1:** Provide informed, influential and impactful policy advice and analysis.
- **Activity 2:** Ensure effective Government spending arrangements.
- **Activity 3:** Effective markets, financial and taxation systems, and program delivery associated with the Government's economic priorities.
- **Activity 4:** Deliver the Government's legislative agenda associated with the Treasury portfolio.
- **Activity 5:** Administer Treasury's regulator functions.

In 2022–23, Treasury used 13 performance measures across the five activities of the Corporate Plan 2022–23 to assess performance against the activities that are undertaken to achieve our purpose.

Six of the performance measures were new in 2022–23 and either replaced an existing performance measure or provided additional reporting to address the range of Treasury responsibilities. Performance measures 2, 3, 7, 8, 9 and 13 are new to Treasury's performance framework. Three of the new performance measures (7, 8 and 9) focus on the outcomes of Treasury's advice and the implementation of policy as key components to achieving our purpose.

## Treasury's outcome

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.

# Results and analysis

## Analysis of performance against Treasury's purpose

Treasury's annual performance statements report on the period from 1 July 2022 to 30 June 2023. The statements provide a clear read of Treasury's performance over the financial year against the activities and performance measures in the Corporate Plan 2022–23, 2022–23 Portfolio Budget Statements (PBS) and PBS October 2022–23.

Treasury achieved, substantially achieved, or partially achieved against 11 of the 13 performance measures.

- Performance measures 1,<sup>3</sup> 2, 4, 5, 8, 10 and 11 were achieved.
- Performance measures 6 and 7 were substantially achieved.
- Performance measures 12<sup>4</sup> and 13 were partially achieved.
- A component of performance measures 1 and 3 was not achieved.
- Performance measure 9 reported that progress was on-track against the 2023–24 target.

A summary of achievement against the activities and performance measures is provided on pages 28 to 31. A detailed assessment of achievement and analysis for individual performance measures is presented on pages 32 to 73.

## Stakeholder feedback on Treasury's advice and working relationships

Treasury established the structured ministerial feedback questionnaire and stakeholder surveys in 2021–22 and has continued to use this methodology to assess our policy advice and analysis (performance measure 1). The survey framework was enhanced by structuring the ministerial feedback questionnaire and stakeholder survey questions against the advice criteria of informed, influential, and impactful to provide a more detailed assessment of Treasury's performance.

Treasury provided advice to portfolio ministers on a range of significant policy matters, including economic and fiscal policy. Treasury received positive responses in the feedback questionnaire completed by Treasury ministers or their chief of staff.

<sup>3</sup> The ministerial feedback questionnaire component of performance measure 1 was achieved and the stakeholder survey component was not achieved.

<sup>4</sup> The Payment Times Reporting Scheme component of performance measure 12 was partially achieved and Treasury was unable to report on the Foreign Investment Review Framework component.

Feedback from Treasury ministers identified the advice in the budget process in the delivery of the 2022–23 October Budget and 2023–24 Budget, and markets policy as positive examples. Treasury ministers also identified opportunities to improve policy advice in areas of productivity, budget savings, housing, tax policy, and climate.

Responses for the stakeholder survey were less positive from Australian Government entities. Stakeholders highly rated Treasury’s advice on fiscal, not-for-profit, and financial systems and services policy. The survey results also identified areas for improvement, including housing, foreign investment, and digital policy advice, where stakeholders were less positive.

Treasury’s policy advice is informed through our valued consultation and engagement activities (performance measure 10). The stakeholder survey was used to assess our working relationships with Treasury portfolio agencies and regulators, Australian Government entities and stakeholders external to government. In 2022–23, Treasury included feedback from Treasury ministers or their delegate as primary stakeholders for all of Treasury’s work.

Feedback from Treasury ministers was very positive; they rated their experience of working with Treasury as good or very good. Responses to the questionnaire identified there was a noticeable improvement over the course of 2022–23 in the extent to which Treasury factored in external stakeholders’ and experts’ views in its advice. The Employment White Paper process was highlighted as a good example. The survey results from stakeholders who worked with Treasury were also positive.

## **Treasury’s policy advice and implementation**

The ministerial feedback questionnaire and stakeholder surveys provide a good indication of stakeholder feedback, but only demonstrates a limited perspective on Treasury’s policy work. In 2022–23, Treasury included three new performance measures to assess the outcomes of Treasury’s policy advice and the implementation of policy in achieving the purpose.

Treasury has policy responsibility for financial systems, investment, retirement incomes, provision of actuarial services, and corporations, competition, and consumer data and law. Performance measure 7 assesses Australia’s competitiveness in 2022–23 compared to 2021–22 using data produced by the Institute for Management Development. The data for 2022–23 is compared with the 2021–22 World Competitiveness Ranking data. Performance measure 7 assessed Australia as marginally less competitive in 2022–23 compared with 2021–22.

Treasury continued to maintain a close working relationship with Australian Prudential Regulation Authority to ensure there were no disorderly failures of prudentially regulated entities, supporting the financial stability of Australia (performance measure 8).

## Part 2 – Report on performance

Treasury also monitored trends and economic activity in the financial system that could contribute to entity failures.

Treasury participated internationally in the development of the Organisation for Economic Co-operation and Development Inclusive Framework of Base Erosion and Profit Shifting Pillar One and Pillar Two (performance measure 9). Treasury is reporting against progress on the deliverables for Pillar One and Pillar Two in the 2023–24 target as on track. Treasury continued to promote Australia's interests and mitigate risks necessary for Australia to be able to implement the agreements.

### Forecasting and analysis

As the Government's lead economic adviser, Treasury provided forecasts to inform meaningful analysis and advice to Government. Treasury has replaced a performance measure from 2021–22 that assessed best practice forecasting with performance measures 2 and 3 that align Gross Domestic Product and Total Tax Receipts (excluding Company Tax) forecasts against actual outcomes as part of the budget papers.

A focus of Treasury's performance period is the timely delivery of budget documents (performance measure 4). These deliverables are the outcome of Treasury's policy advice, analysis, forecasting, and broad consultation with government and external stakeholders. Treasury released three budget documents prior to the required timeframes: the 2021–22 Final Budget Outcome (28 September 2022), the 2022–23 October Budget which met requirements for a 2022–23 Mid-Year Economic and Fiscal Outlook (25 October 2022) and the 2023–24 Budget (9 May 2023).

### Legislative agenda

The Treasury legislation program (performance measure 11) is a mechanism for delivering the Government's priorities. The program remained responsive throughout 2022–23, adapting to the Government's evolving priorities. Treasury delivered 98% of legislative measures committed for delivery during the reporting period and within the agreed sitting periods. The legislation tabled in the Parliament and included in the Federal Register of Legislation are the outcome of Treasury policy advice and analysis.

### Administering spending arrangements

Treasury has a unique role of working with stakeholders to effectively administer spending arrangements under legislation and agreements. All payments to international financial institutions (performance measure 5) were administered within legislative requirements and agreements. Payments were made to the International Monetary Fund, the World Bank, and Asian Development Bank. Payments to states (performance measure 6) were administered in accordance with the *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements.

## Administering Treasury's regulatory functions

In 2022–23, Treasury's regulatory functions, the foreign investment review framework and the Payment Times Reporting Scheme, expanded the stakeholders invited to respond to the survey (performance measure 12). By increasing the number of stakeholders invited to respond, Treasury received more survey responses and received moderately positive to positive results. Unfortunately, even with the increase in responses for the foreign investment review framework, the survey response rate was invalid for the purpose of performance reporting. Treasury is reporting an indicative result. We acknowledge it is challenging for regulators to engage with stakeholders and continue to work in response to stakeholders' feedback.

In addition to the survey, the Corporate Plan 2022–23 included a new performance measure (performance measure 13) to assess the registration of reporting entities required by the *Payment Times Reporting Act 2020*. The compliance and enforcement powers of the Payment Times Reporting Regulator were enacted on 1 January 2022. The Payment Times Reporting Scheme commenced on 1 January 2021 to improve transparency around payment times and practices to small businesses.

## Maturing our performance

Treasury has included the performance results reported in 2021–22 against applicable performance measures throughout the performance statements to provide an assessment of Treasury's performance over time. The 2021–22 reporting period was a transitional year and Treasury continued to mature its performance framework during 2022–23. There are five performance measures (4, 5, 6, 10 and 11) for 2022–23 that are comparable with the performance achieved for the previous year. Treasury retained the 2022–23 performance measures in the Corporate Plan 2023–24. This consistency will enhance Treasury's year-on-year reporting in forward years.

The continuation of Treasury's mid-cycle performance review – in February and March 2023 – allowed Treasury to test and refine the methodologies and has been instrumental in embedding Treasury's performance culture. The mid-cycle performance review has improved our assurance processes and facilitated performance reporting to our governance committees. The 2022–23 reporting period was the second year Treasury was included in the Australian National Audit Office annual performance statements audit program.

## Performance summary 2022–23

Key activity	Performance measure	2022–23 Target	Performance achieved
<b>Activity 1:</b> Provide informed, influential and impactful policy advice and analysis	<b>Performance measure 1:</b> Proportion of Treasury ministers, key government entities and stakeholders that rate Treasury advice highly.	80%	Ministerial feedback questionnaire: <b>Achieved</b>
			Stakeholder survey: <b>Not achieved</b>
	<b>Performance measure 2:</b> Variance between actual real Gross Domestic Product (GDP) and forecast real GDP.	Real GDP falls within 70% confidence interval of forecast real GDP.	<b>Achieved</b>
	<b>Performance measure 3:</b> Variance between actual Total Tax Receipts (excluding Company Tax) and forecast.	Total Tax Receipts (excluding company tax) for 2022–23 falls within 70% confidence interval of forecast at the 2022–23 Budget.	<b>Not achieved</b>

Key activity	Performance measure	2022–23 Target	Performance achieved
<b>Activity 2:</b> Ensure effective Government spending arrangements	<b>Performance measure 4:</b> Delivered in line with the requirements of the <i>Charter of Budget Honesty Act 1998</i> .	100%	<b>Achieved</b>
	<b>Performance measure 5:</b> Proportion of payments to international financial institutions are transferred within legislated requirements and agreements.	100%	<b>Achieved</b>
	<b>Performance measure 6:</b> Proportion of payments to the States are delivered within requirements of the <i>Intergovernmental Agreement on Federal Financial Relations</i> and other relevant agreements between the Commonwealth and the States.	100%	<b>Substantially achieved</b>

## Part 2 – Report on performance

Key activity	Performance measure	2022–23 Target	Performance achieved
<b>Activity 3:</b> Effective markets, financial and taxation systems, and program delivery associated with the Government's economic priorities	<b>Performance measure 7:</b> Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.	Maintain or improve competitiveness score of 105.	<b>Substantially achieved</b>
	<b>Performance measure 8:</b> No disorderly failures of prudentially regulated institutions.	No disorderly failures of prudentially regulated institutions.	<b>Achieved</b>
	<b>Performance measure 9:</b> Treasury contributes to the development of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1.	Relates to the 2023–24 forward year target: Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the OECD (subject to Government decision to implement the pillars).	<b>On track</b>
	<b>Performance measure 10:</b> Proportion of Treasury ministers, Treasury portfolio agencies and regulators, and key stakeholders that highly rate working with the Treasury.	70%	Ministerial feedback questionnaire: <b>Achieved</b> Stakeholder survey: <b>Achieved</b>



Key activity	Performance measure	2022–23 Target	Performance achieved
<p><b>Activity 4:</b></p> <p>Deliver the Government’s legislative agenda associated with the Treasury portfolio</p>	<p><b>Performance measure 11:</b></p> <p>Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the actual number delivered.</p>	90%	<b>Achieved</b>
<p><b>Activity 5:</b></p> <p>Administer Treasury’s regulator functions</p>	<p><b>Performance measure 12:</b></p> <p>Proportion of stakeholders that report a high level of satisfaction regarding:</p> <p>the clarity, transparency, and consistent application of Treasury’s regulatory frameworks (Regulator Performance Guide (RPG) Principle 1)</p> <p>risk-based, data driven decision making (RPG Principle 2)</p> <p>Treasury’s responsive communication and collaboration (RPG Principle 3)</p>	65%	<p>Foreign Investment Review Framework: <b>Unable to report</b></p> <p>Payment Times Reporting Scheme: <b>Partially achieved</b></p>
	<p><b>Performance measure 13:</b></p> <p>Proportion of regulated entities registered with the Payment Times Reporting Regulator as a reporting entity (RPG Principle 1 and 2).</p>	80%	<b>Partially achieved</b>

## Activity 1

# Provide informed, influential and impactful policy advice and analysis

### Performance measure 1

<b>Proportion of Treasury ministers, key government entities and stakeholders<sup>5</sup> that rate Treasury advice highly.</b>	
<b>Methodology</b>	Independent stakeholder survey with key government entities and stakeholders, and structured interviews with Treasury ministers or their delegates.
<b>Target</b>	80%
<b>Data sources</b>	Responses to the annual stakeholder feedback survey and the ministerial feedback questionnaire from Treasury ministers or their delegates.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>6</sup></b>	<p><b>Ministerial feedback questionnaire: Achieved</b></p> <p>100% of Treasury ministers or their delegate provided overall ratings in the high performance range.<sup>7</sup></p> <p>Achieved means 80% or more of Treasury ministers or their delegate provided overall ratings in the high performance range.</p> <p><b>Stakeholder survey: Not achieved</b></p> <p>69% of survey respondents provided high overall ratings ratings in the high performance range.</p> <p>Not achieved means less than 70% of survey respondents provided high overall rating ratings in the high performance range.</p>
<b>Performance achieved previous year</b>	<p>Treasury achieved an effectiveness result of 95%<sup>8</sup> from Treasury ministers or their chiefs of staff and 85% from key stakeholders. The performance measure assessed the impact of Treasury’s policy advice.</p> <p>The 2022–23 performance measure has been amended to assess the attributes of policy advice through the stakeholder survey and the performance achieved is not directly comparable with the 2021–22 results.</p>

5 Key stakeholders involved in the survey are senior officials from Australian Government entities that are Treasury’s counterparts who have had defined interactions with Treasury at least 4 times in the past 12 months. Stakeholder interactions occurred in the 12 month period prior to the survey in May 2023. Key stakeholders do not include stakeholders external to government.

6 Achieved is assessed as ≥80% of survey respondents provide a ‘High’ overall rating, substantially achieved is assessed as 75% to 79%, partially achieved is assessed as 70% to 74%, and not achieved is assessed as <70%.

7 The ‘High’ overall rating is the average of responses classified as 3.51 to 5.00 in accordance with the Approach to Calculating Policy Advice detailed in Part 5 – Appendices – Methodology for the Annual Stakeholder Survey.

8 In 2021–22 the effectiveness result was survey respondents’ rating of Treasury against set questions as an indicator of effectiveness. The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

## Analysis

Treasury used structured interviews with Treasury ministers (or their chief of staff) and a key stakeholder survey to assess the performance of Treasury’s policy advice. Treasury engaged an external provider to develop the ministerial questionnaire and stakeholder survey. The provider conducted and reported on the survey. Each ministerial interview was conducted by a Treasury deputy secretary. The external provider also attended as an objective observer and note taker.

In 2021–22 Treasury structured the ministerial questionnaire and stakeholder survey to assess the impact of Treasury’s policy advice. Treasury has introduced a policy advice matrix to the ministerial questionnaire and survey for the 2022–23 reporting period to assess the extent to which Treasury’s policy advice is informed, influential and impactful.<sup>9</sup> The amendment in the performance measure provides a more structured and comprehensive assessment of Treasury’s advice. Consequently, the performance achieved in 2022–23 is substantially different and not directly comparable with the previous year.

Performance feedback from Treasury ministers and stakeholders is reported separately within this analysis.

### Ministerial feedback questionnaire

The performance target has been achieved.

The ministerial interviews achieved a 100% response rate and a performance result of 100%. Treasury used structured interviews with ministers or their chiefs of staff to complete a ministerial feedback questionnaire.<sup>10</sup> The Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment participated in the interview in person. The Treasurer was represented by his chief of staff who provided feedback in consultation with the Treasurer. The Treasurer signed-off on his chief of staff’s responses.

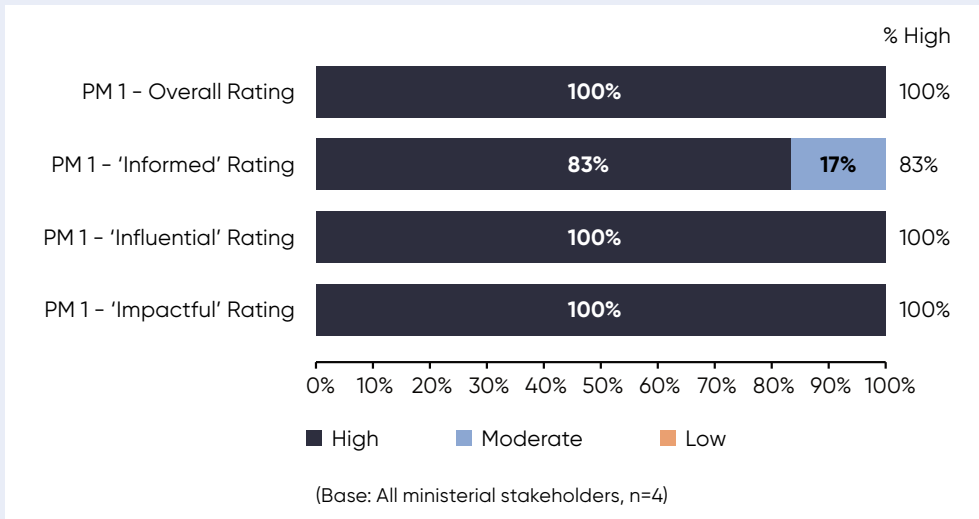
The ministerial feedback questionnaire used three criteria to assess if Treasury’s advice was informed, influential and impactful. On average, ministerial stakeholders were most likely to indicate that Treasury’s advice was influential and impactful (100% rated each of these aspects highly on balance). The majority of ministerial stakeholders responded that Treasury’s advice was informed (83% high ratings), with some moderate ratings (17%) provided for this criterion.

<sup>9</sup> The application of the policy advice matrix is detailed in Part 5 – Appendices – Methodology for the Annual Stakeholder Survey.

<sup>10</sup> The ministerial stakeholder survey asked ministers to rate specific aspects/attributes of Treasury’s policy advice on a 5-point ‘agreement’ rating scale. The individual attribute ratings provided by ministers were aggregated to derive numerical scores that indicate ‘High’, ‘Moderate’ and ‘Low’ performance in each area, as well as overall (the average of ratings for each area).

## Part 2 – Report on performance

**Figure 3:** Average ratings of ministerial feedback for the 3 policy criteria

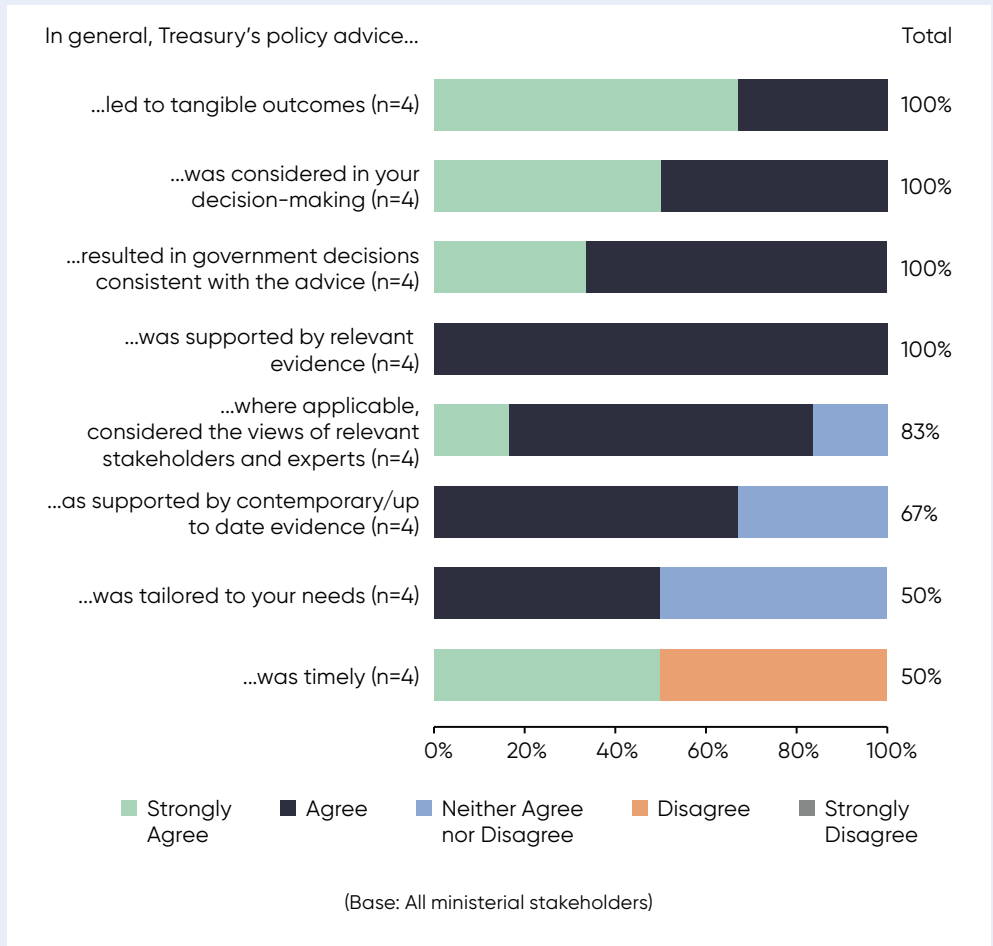


As shown in Figure 4, ministerial stakeholders were most likely to agree that in general, Treasury's policy advice led to tangible outcomes (100% agreed, including two-thirds (67%) who strongly agreed), was considered in their decision making (100%, with half (50%) strongly agreeing), and resulted in Government decisions consistent with the advice (100%, with one-third (33%) who strongly agreed). Additionally, all ministerial stakeholders agreed that Treasury's policy advice was supported by relevant evidence.

Some ministers had less definitive views on whether the advice was tailored to their needs (50% agreed and 50% neither agreed nor disagreed), was supported by contemporary and up-to-date evidence (67% agreed and 33% neither agreed nor disagreed) and, where applicable, considered the views of relevant stakeholders and experts (17% strongly agreed, 67% agreed and 17% neither agreed nor disagreed).

While half of ministerial stakeholders (50%) strongly agreed that Treasury's policy advice was timely, the remaining half disagreed, which was consistent with comments provided during interviews with ministers about the need for more timely advice in some areas.

**Figure 4:** Summary of performance results of ministerial interviews



## Part 2 – Report on performance

The Treasurer has the most substantial interactions with Treasury on policy advice. Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer (or chief of staff) were weighted more highly than those of other portfolio ministers. The weighed formula resulted in the Treasurer's responses accounting for 50% of the aggregate performance metrics derived from the survey.

### Stakeholder survey

The performance target has not been achieved.

A total of 291 Australian Government entity stakeholders and were invited to participate in the survey. The survey had a response rate of 43%<sup>11</sup> and achieved a performance result of 69%.

Over two-thirds (69%) of stakeholders provided high overall ratings for Treasury's policy advice in 2022–23. Around one in five stakeholders (22%) provided moderate ratings, while nearly one in 10 (9%) provided low ratings.

On average, stakeholders provided the most positive ratings for Treasury's advice being informed, with around two-thirds (66%) rating this highly. Just over one-fifth (21%) provided moderate ratings, while 13% of ratings were low.

Most stakeholders indicated that Treasury's policy advice was, on average, highly influential (65%). More than one quarter (26%) of stakeholder ratings were moderate, while 9% were low for Treasury advice being influential.

Stakeholders were least likely to rate Treasury's advice as impactful, with 62% rating this highly and nearly one third (31%) providing moderate ratings. However, there was a smaller proportion of low ratings for the impact of the advice (6% low) compared to the influential (9%) and informed (13%) criteria.

---

<sup>11</sup> A response rate of 20% was established as a valid response for the survey.

**Figure 5:** Average ratings of stakeholder feedback for the 3 policy criteria



## Part 2 – Report on performance

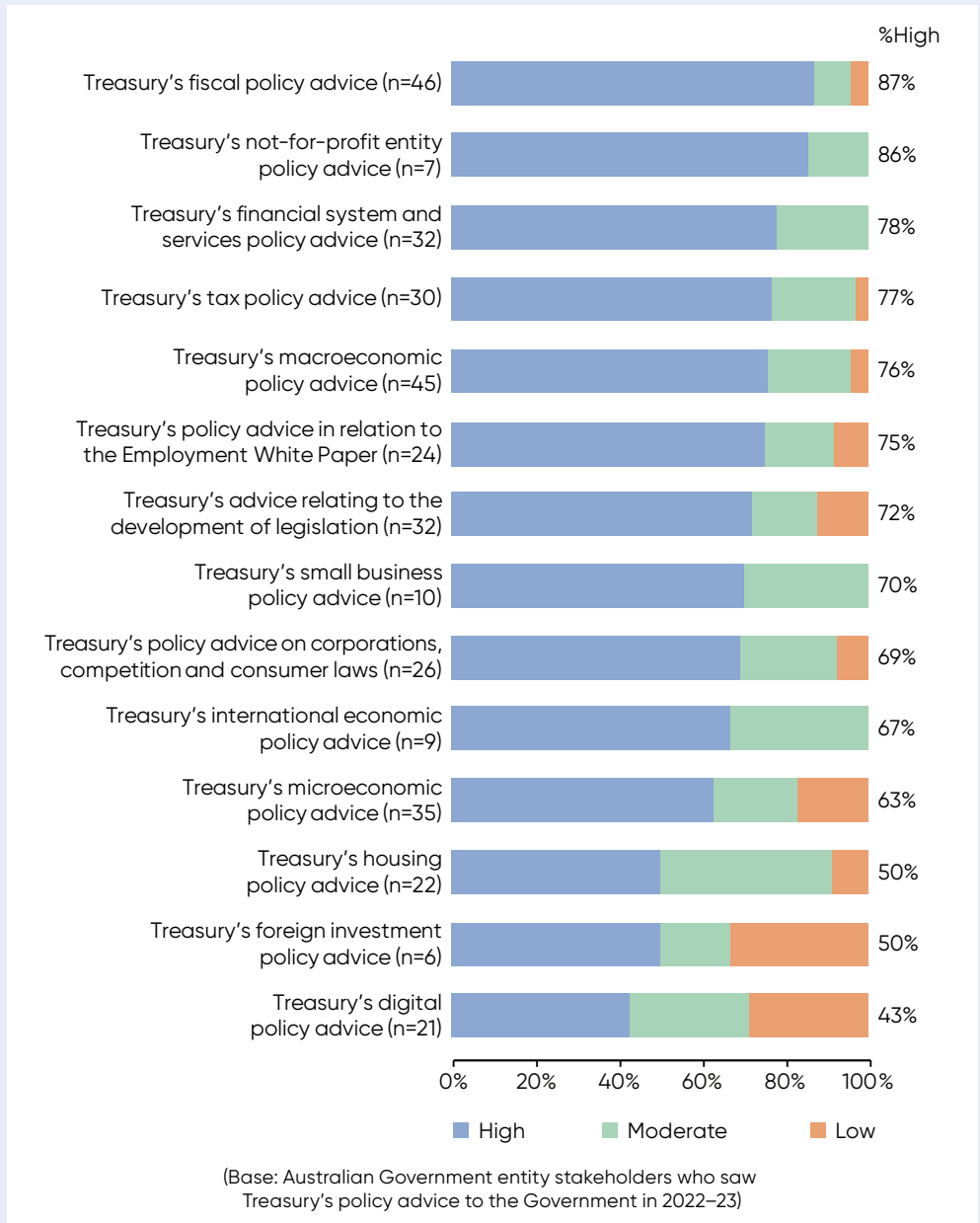
Stakeholders were asked in the survey to rate Treasury in 12 areas of policy advice. Australian Government entity stakeholders were asked whether they had seen any Treasury policy advice to Government in 2022–23 in relation to each policy area. Stakeholders were most likely to report having seen policy advice related to one (21%), two (18%) or three (18%) policy areas, while only a very small portion reported seeing advice related to 8 or 9 activity areas (1% in both cases). One in 10 stakeholders (10%) indicated they had not seen any policy advice for the relevant areas in 2022–23. As such, Treasury did not include their responses in the calculation of the performance result.

Overall ratings were most favourable in relation to Treasury's fiscal policy advice (87% rated this area highly) and Treasury's not-for-profit entity policy advice (86%). In contrast, less than half of stakeholders (43%) highly rated Treasury's digital policy advice. Furthermore, stakeholders were most likely to provide low ratings (33%) for Treasury's foreign investment policy advice.

Following the same method used in the calculation of the overall performance result, an individual performance result was produced for each area of Treasury's policy advice in order from most to least positive.



**Figure 6:** Performance results for each area of Treasury’s policy advice



## Performance measure 2

Variance between actual real Gross Domestic Product (GDP) and forecast real GDP.	
<b>Methodology</b>	Assessment of the variance between forecasts and outcomes in each year for real GDP growth. Real GDP forecasts incorporate assumptions, that include exchange rates, interest rates, commodity prices and population growth.
<b>Target</b>	Real GDP falls within 70% confidence interval of forecast real GDP.
<b>Data sources</b>	Data from the Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product and Budget papers. <sup>12</sup>
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>13</sup></b>	<p><b>Achieved</b></p> <p>The cumulative annualised growth rate for real GDP from 2020–21 to 2022–23 was 3.5%<sup>^</sup>. This was within the 70% confidence interval range of 3%–4.75% as published at the 2022–23 March Budget.</p> <p>Achieved means actual real GDP falls within the 70% confidence interval of forecast real GDP.</p>
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 for the purpose of performance reporting. There is no basis for an assessment of performance over time.

## Analysis

The performance target has been achieved.

Treasury achieved the target of real GDP falling within the 70% confidence interval of the forecast as published in the 2022–23 March Budget.

At the 2022–23 Budget, the average annualised growth rate of real GDP in the 2 years to 2022–23<sup>14</sup> was expected to be around 3¾ per cent. Forecasts of a single point estimate have a high probability of being incorrect. As a result, a confidence interval is used to establish an upper and lower bound to assess performance. As at the 2022–23 Budget, the 70% confidence interval around the forecast ranged from 3% to 4¾ per cent.

<sup>^</sup> Treasury uses a cumulative annualised growth rate (two-years) consistent with the real GDP methodology for Budget Statement 7. This differs from the 2022-23 annual growth rate (one-year) of 3.4 per cent published in the September 2023 Australian National Accounts.

<sup>12</sup> Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product was released on 6 September 2023.

<sup>13</sup> Achieved is assessed as the actual real GDP falling within 70% confidence interval of forecast real GDP and not achieved is assessed as the actual real GDP did not falling within 70% confidence interval of forecast real GDP.

<sup>14</sup> At the time of the 2022–23 Budget, outcomes for the full 2021–22 financial year were not known. The average over the 2 years to 2022–23 is therefore shown to capture the partial 2021–22 financial year as well as the subsequent 2022–23 Budget year

Unexpected events such as external shocks to the economy will mean that, at times, real GDP may still fall outside the 70% confidence interval (i.e. outside the upper and lower bound established for the forecast real GDP).

Since the 2022–23 Budget, the economy has seen relatively fewer external shocks than the preceding years. While the aggregate forecasts for real GDP have performed relatively well, there have been some key compositional differences in the outcomes. For example, the much stronger population and labour market outcomes have corresponded with weaker productivity growth over the period. Overall, Treasury's approach to forecasting has performed well over this period. Treasury regularly reviews the methodology and assumptions that feed into the economic outlook and will continue to update its approach as economic circumstances evolve.

Confidence intervals are calculated based on the root-mean-squared error for budget forecasts from the 1998–99 Budget onwards. Real GDP forecasts incorporate a number of assumptions, including those regarding exchange rates, interest rates, commodity prices and population growth.

The confidence interval is a widely used metric that provides a guide to the degree of uncertainty around forecasts, assuming that forecast errors are consistent with the distribution of past forecast errors. The choice of a 70% confidence interval is consistent with the narrower of the two confidence intervals (the other confidence interval being 90%) published in budget papers.

This performance measure, with performance measure 3 for the variance between actual Total Tax Receipts (excluding Company Tax) and forecast, is new for 2022–23. It replaces the performance measure for best practice forecasting in the Corporate Plan 2021–22 as a more meaningful measurement of performance.

### Performance measure 3

<b>Variance between actual Total Tax Receipts (excluding Company Tax) and forecast.</b>	
<b>Methodology</b>	Assessment of the variance between forecasts and outcomes in each year for actual Total Tax Receipts (excluding company tax). Tax receipts forecasts are generally prepared using a 'base plus growth' methodology. The last outcome for each head of revenue is the base to which growth rates are applied, using appropriate economic parameters. Estimates for the current year also incorporate recent trends in tax collections.
<b>Target</b>	Total Tax Receipts (excluding company tax) for 2022–23 falls within 70% confidence interval of forecast at the 2022–23 Budget.
<b>Data sources</b>	Data from the Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product and Budget papers.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>15</sup></b>	<p><b>Not achieved</b></p> <p>Total Tax Receipts in 2022–23 (excluding Company Tax) were \$450.2 billion, \$32.0 billion above the 2022–23 Budget forecast of \$418.2 billion. This variance falls outside of the 70% confidence interval of the forecast, exceeding the \$437.0 billion upper bound by \$13.2 billion.</p> <p>Not achieved means the actual Total Tax Receipts for 2022–23 did not fall within 70% of the confidence interval of forecast Total Tax Receipts (excluding Company Tax).</p>
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 for the purpose of performance reporting. There is no basis for an assessment of performance over time.

### Analysis

The performance target has not been achieved.

The performance measure was not achieved due to significantly stronger-than-expected tax receipts in 2022–23, driven by stronger-than-expected prices, wages and employment across the year as the economy recovered from the COVID pandemic. The 2022–23 variance in Total Tax Receipts (excluding company tax) is overwhelmingly attributable to variances in income tax withholding and gross other individuals tax receipts.

<sup>15</sup> Achieved is assessed as the actual Total Tax Receipts falling within 70% confidence interval of forecast Total Tax receipts (excluding Company Tax) and not achieved is assessed as the actual Total Tax Receipts not falling within 70% confidence interval of forecast Total Tax receipts (excluding Company Tax).

Income tax withholding receipts were \$269.3 billion, \$19.7 billion above the 2022–23 March Budget forecast of \$249.6 billion. Income tax withholding receipts grew by 12.3% in 2022–23, compared to forecast growth of 5.6% in the 2022–23 March Budget. This reflects a combination of both stronger than expected income (as measured by compensation of employees) and tax collections. Compensation of employees grew by 10.1% in 2022–23, compared to forecast growth in the 2022–23 March Budget of 6¼ per cent. The actual growth in compensation of employees was the highest growth rate since 1989–90.

Gross other individuals receipts were \$69.4 billion, \$14.0 billion above the 2022–23 March Budget forecast of \$55.4 billion. The variance in gross other individuals receipts in 2022–23 primarily reflects the strength in collections from the lodgement of 2021–22 income year tax returns, which had strong capital gains and net rent incomes.

The confidence interval is a widely used metric that provides a guide to the degree of uncertainty around forecasts, assuming that forecast errors are consistent with the distribution of past forecast errors. The choice of a 70% confidence interval is consistent with the narrower of the two confidence intervals (the other confidence interval being 90%) published in budget papers.

Company tax is excluded as it is significantly more sensitive to changes in the economy and can be substantially impacted by highly volatile commodity prices. The Budget takes a prudent approach to commodity prices by using technical assumptions that assume short-term prices revert to conservative long-run price assumptions. If company tax was included, this single technical assumption has the potential to be a significant driver of both the confidence intervals and performance result.

This performance measure, with performance measure 2 for the variance between actual real GDP and forecast real GDP, is new for 2022–23. It replaces the performance measure for best practice forecasting in the Corporate Plan 2021–22 as a more meaningful measurement of performance.

## Activity 2

### Ensure effective Government spending arrangements

#### Performance measure 4

Delivered in line with the requirements of the Charter of Budget Honesty Act 1998 (Charter).	
<b>Methodology</b>	Assessment against the requirements and timeframes for the public release of the deliverables set out in the Charter for the 2022–23 reporting period.
<b>Target</b>	100%
<b>Data sources</b>	Data from the released documents for the Budget, Final Budget Outcome, and Mid-year Economic and Fiscal Outlook.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>16</sup></b>	<b>Achieved</b> Achieved means all three deliverables <sup>17</sup> (100%) were publicly released in line with the requirements and within the timeframes <sup>18</sup> of the Charter.
<b>Performance achieved previous year</b>	<b>Achieved</b> All four deliverables (100%) were released within the timeframes as required under the Charter.

#### Analysis

The performance target has been achieved against the requirements and timeframes of the *Charter of Budget Honesty Act 1998* (Charter) Treasury has used the timeliness measure as a proxy for efficiency.

In 2022–23 Treasury worked with the Treasurer’s office, Treasury ministers, the Australian Public Service and within Treasury to prepare and publish the 2021–22 Final Budget Outcome, 2022–23 October Budget and 2023–24 Budget in line with the Charter.

<sup>16</sup> Achieved is assessed as all four documents required under the *Charter of Budget Honesty Act 1998* (the Charter) being released within the timeframes and not achieved is assessed as three or less of the documents required under the Charter being released within the timeframes

<sup>17</sup> Treasury’s performance has been assessed against the 3 deliverables relating to the 2021–22 Final Budget Outcome, 2022–23 October Budget and 2023–24 Budget and not against other items in the *Charter of Budget Honesty Act 1998*.

<sup>18</sup> Treasury uses timeliness as a proxy efficiency measure.

The 2021–22 Final Budget Outcome met the Charter requirements for a final budget outcome report to be publicly released and tabled by 30 September 2022 and to contain Commonwealth budget sector and general government sector fiscal outcomes for the 2021–22 financial year. The 2021–22 Final Budget Outcome was publicly released and tabled on 28 September 2022.

The 2022–23 October Budget met the Charter requirements for a 2022–23 Mid-Year Economic and Fiscal Outlook (MYEFO), which the Charter requires to be published and tabled by 31 January 2023. The Budget papers were publicly released and tabled on 25 October 2022. The Budget documents met the relevant Charter content requirements for a MYEFO – containing updated economic and fiscal projections (Budget Paper 1: Statements 2 and 3), reporting against the fiscal strategy (Budget Paper 1: Statement 3), information on tax expenditures (Budget Paper 1: Statement 5) to be supplemented as per normal practice by a separate tax expenditure statement, a debt statement (Budget Paper 1: Statement 7), and reflected all Governments decisions that would have a material effect on the fiscal and economic outlook (Budget Paper 2).

The 2023–24 Budget met the Charter requirements for a budget economic and fiscal outlook report. The 2023–24 Budget was publicly released and tabled on 9 May 2023. The Budget documents met the relevant Charter content requirements for a budget economic and fiscal outlook report containing:

- economic and fiscal estimates for the budget year and the following 3 financial years (Budget Paper 1: Statements 2 and 3)
- sensitivity analysis of fiscal estimates (Budget Paper 1: Statement 8)
- an overview of estimated tax expenditures for the budget year and the following 3 financial years (Budget Paper 1: Statement 5)
- statement of risks (Budget Paper 1: Statement 9)
- debt statement (Budget Paper 1: Statement 7), and
- information on all Government decisions and all other circumstances that may have a material effect on the fiscal and economic outlook (Budget Paper 2).

No additional statement about Commonwealth stock and securities (clause 33 of the Charter) is required as the actual face value of Commonwealth stock and securities did not increase by \$50 billion or more between the 2022 Pre-election Economic and Fiscal Outlook and the 2022–23 October Budget, or between the 2022–23 October Budget and the 2023–24 Budget.

These deliverables are the outcome of Treasury's policy advice, analysis, forecasting, and consultation that are assessed through other performance measures and contribute to strong and sustainable economic and fiscal outcomes.

## Performance measure 5

<b>Proportion of payments to international financial institutions are transferred within legislated requirements and agreements.</b>	
<b>Methodology</b>	Assessment of payments against the relevant legislation and agreements.
<b>Target</b>	100%
<b>Data sources</b>	<i>International Monetary Agreements Act 1947</i> and <i>International Finance Corporation Act 1955</i> , and payment records from the Reserve Bank of Australia, World Bank and International Finance Corporation.
<b>Source</b>	PBS Program 1.2 – Payments to International Financial Institutions Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>19</sup></b>	<b>Achieved</b> Fifteen payments <sup>20</sup> (100%) were administered within legislative requirements and agreements. Achieved means 100% of payments are administered within legislative requirements and agreements.
<b>Performance achieved previous year</b>	<b>Achieved</b> Twenty-one payments (100%) were administered to international financial institutions within agreed requirements and timeframes. Achieved meant 100% of payments are administered within agreed requirements and timeframes. <sup>21</sup> In 2021–22 this performance measure was reported with two other payment types using a common target. A separate performance measure for payments to international financial institutions was established in the Corporate Plan 2022–23.

<sup>19</sup> Achieved is assessed as 100% of payments are transferred within legislated requirements and agreements, substantially achieved is assessed as 95% to 99%, partially achieved is assessed as 90% to 94%, and not achieved is assessed as <90%.

<sup>20</sup> Payments to international financial institutions refers to a one-way transfer of funds from Australia to the relevant financial institution. It does not include two-way exchanges or one-way receipts of funds.

<sup>21</sup> Treasury has removed the assessment of payments against timeframes in which timeliness was used as a proxy for efficiency in 2021–22.



## Analysis

The performance target has been achieved within the requirements and agreements.

Treasury has achieved the target of transferring 100% of payments to international financial institutions within legislated requirements and agreements. Treasury administered 15 payments totalling A\$1.103 billion under the *International Monetary Agreements Act 1947*.

These payments consisted of 9 payments to the International Monetary Fund totalling A\$583.27 million. Two payments were made to the World Bank totalling A\$65 million for the purchase of shares in International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC). The purchase of shares in IBRD and IFC assists the World Bank to maintain the 2018 lending levels.

Payments to the World Bank during this reporting period were either processed by Treasury or the Reserve Bank of Australia with confirmation received from both sources. There are two key types of payments that Australia may make to multilateral development banks: the issuance of promissory notes and the subscription of additional shares.

Treasury administered four payments that are financed from Department of Foreign Affairs and Trade's official development assistance budget totalling A\$454.82 million to the International Development Association, the Asian Development Bank, and the Global Environment Facility Trust Fund. The Global Environment Facility provides support for developing countries to generate global environmental benefits. Australia has made a commitment of A\$80 million over four years to the Global Environment Facility Trust Fund.

All transactions were completed in collaboration with the Reserve Bank of Australia.

## Performance measure 6

**Proportion of payments to the States are delivered within requirements of the Intergovernmental Agreement on Federal Financial Relations and other relevant agreements between the Commonwealth and the States.**

<b>Methodology</b>	Assessment of payments against the requirements of the Intergovernmental Agreement on Federal Financial Relations and other relevant agreements between the Commonwealth and the States.
<b>Target</b>	100%
<b>Data sources</b>	The Intergovernmental Agreement on Federal Financial Relations and other relevant agreements, records of payment requests in the Federal Payments Management System, approvals, and payment advice.
<b>Source</b>	PBS Program 1.4 to 1.9 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>22</sup></b>	<b>Substantially achieved</b> 636 payments (99.8%) out of 637 payments were delivered within legislative requirements and agreements. Substantially achieved means 95% to 99% of payments are delivered within requirements and agreements.
Performance achieved previous year	Substantially achieved. There were 639 (99.5%) payments administered within the requirements and 642 (100%) payments administered within the required timeframes. Substantially achieved meant 90 to 99% of payments are administered within agreed requirements and timeframes. <sup>23</sup> In 2021–22 this performance measure was reported with two other payment types using a common target. A separate performance measure for payments to States was established in the Corporate Plan 2022–23.

<sup>22</sup> Achieved is assessed as 100% of payments are delivered within requirements, substantially achieved is assessed as 95% to 99%, partially achieved is assessed as 90% to 94%, and not achieved is assessed as <90%.

<sup>23</sup> Treasury has removed the assessment of payments against timeframes in which timeliness was used as a proxy for efficiency.

## Analysis

The performance target has been substantially achieved within requirements and agreements.

In accordance with the *Intergovernmental Agreement on Federal Financial Relations*, Treasury made payments to the States totalling \$168.3 billion in 2022–23. This included:

- 13 specific purpose payment rounds made on the seventh of each month (or the closest working day after), including an extraordinary payment round on 30 June.
- 12 general revenue assistance payment rounds made on the twenty-first of each month (or the closest working day after).

In total, these 25 payment rounds comprised of 637 individual payments to the States. Each of the 637 individual payments were verified by Treasury officers prior to approval. Payment data sources have been reconciled to ensure what Commonwealth agencies requested to be paid to the States, what officers in the Treasury approved as payments to the States, and what was actually paid to the States align.

Throughout the financial year, Treasury identified one instance of overpayment to a state due to an administrative error by a Commonwealth agency. This represented a small fraction (0.2%) of the total number of payments made – \$0.1 million out of a total of \$16.4 billion in national partnership payments in 2022–23. The payment will be recovered in 2023–24. Treasury has worked with the agency to strengthen controls to minimise the chance of reoccurrence of this error.

## Activity 3

# Effective markets, financial and taxation systems, and program delivery associated with the Government’s economic priorities

### Performance measure 7

**Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.<sup>24</sup>**

<b>Methodology</b>	The Institute for Management Development produces a World Competitiveness Ranking based on a range of factors.  A portion of these factors that relate to the Treasury portfolio are used to construct a score relevant to this performance measure.
<b>Target</b>	Maintain or improve competitiveness score of 105.  The target is based on the 2022 results for 15 criteria of the World Competitiveness Rankings.
<b>Data sources</b>	Institute for Management Development World Competitiveness Rankings Results.
<b>Source</b>	Program 1.3 – Support to Markets and Business Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>25</sup></b>	<b>Substantially achieved</b> Australia’s competitiveness score for 2023 was 100 against a target of 105. Substantially achieved means Australia’s competitiveness score is between 99 to 105.
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 for the purpose of performance reporting.

### Analysis

The performance target has been substantially achieved.

<sup>24</sup> Institute for Management Development (IMD) World Competitiveness Ranking: IMD World Competitiveness Center, Switzerland.

<sup>25</sup> Achieved is assessed as Australia maintains or increases a score of 105, substantially achieved is assessed as a score of 99 to 104, partially achieved is assessed as a score of 94 to 98, and not achieved is assessed as a score that falls below 94.

This is the first year that Treasury has assessed performance using this methodology and external data sourced from the World Competitiveness Ranking produced by the Institute for Management Development (IMD) on competitiveness. In March 2023, Treasury developed a target 'competitiveness score' of 105 for the 2022–23 reporting period based on the 2022 data utilising 15 criteria published by the IMD.

The 15 criteria represent areas of Treasury's policy responsibility for financial system, investment, retirement incomes, provision of actuarial services, and corporations, competition, and consumer data and law. The 15 criteria related to market performance as an indication of Treasury's policy outcomes. These areas of policy responsibility are not assessed through other Treasury performance measures. The score is determined by a survey of business executives conducted independently by the Committee for Economic Development of Australia (CEDA) utilising the methodology set out by the IMD. Treasury aggregated the individual survey results against each of the 15 criteria for 2023 to determine the competitiveness score of 100.

The survey results demonstrated Australia scored highest against the criteria for 'auditing and accounting practices are adequately implemented in business' and lowest for 'bureaucracy does not hinder business activity'.

The total score for 2023 was 100, compared to the score of 105 recorded in 2022 – a five point decline. Those surveyed gave a higher score in 2023 compared to 2022 for the question 'bureaucracy does not hinder business activity'. Those surveyed gave lower scores in 2023 compared to 2022 for other questions – with the largest decreases in score attributable to responses to the following propositions:

- 'cost of capital encourages business development' (less than 1 point lower compared to 2022)
- 'pension funding is adequately addressed for the future' (less than 1 point lower compared to 2022)
- 'credit is easily available for business' (less than 1 point lower compared to 2022)

While there have been changes in operating environment (for example, there has been the change in Government and associated reprioritisation of policy priorities), it is not clear whether changes in the operating environment have contributed to the survey scores – noting that the scores have not changed significantly and there may be a lag between changes in the operating environment and their impact of markets and the impact on survey responses.

Macroeconomic conditions may have affected survey responses. For example, in the past year, business lending rates increased following a tightening of monetary policy in response to inflation. This may be relevant to survey responses related to capital markets (for example, 'cost of capital' and 'availability of credit').

## Part 2 – Report on performance

In the year to March 2023, the rate of return for large superannuation funds was 0.4% which was lower than the five-year annualised rate of return to March 2022 of 6.8%. This may have affected the score for 'pension funding is adequately addressed for the future'.

During 2022–23, Treasury provided advice on policy issues related to the functioning of markets covering a broad range of matters, including the financial system, corporate conduct, retirement incomes, consumer policy, competition policy, and investment. It is important to clarify that there are also external factors that impact and influence the competitiveness score and it is not intended to imply a single direct causal relationship between this work and the score.

### Performance measure 8

#### No disorderly failures of prudentially regulated institutions.

<b>Methodology</b>	<p>A disorderly failure occurs when there is material disruption to the critical economic functions and services that the institution provides, resulting in significant impacts on beneficiaries, the financial system and the wider economy.</p> <p>Treasury will rely on regular bilateral engagement with the Australian Prudential Regulation Authority to obtain information on prudentially regulated institutions that have failed or are at significant risk of failure.</p> <p>Treasury provides policy advice to Government to ensure the regulatory framework is fit for purpose, including for supporting financial system stability and minimising the risk of disorderly failures.</p>
<b>Target</b>	No disorderly failures of prudentially regulated institutions.
<b>Data sources</b>	Australian Prudential Regulation Authority data.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>26</sup></b>	<b>Achieved</b> There were no disorderly failures of a prudentially regulated institutions. Achieved means no disorderly failures of a prudentially regulated institutions in Australia during 2022–23.
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

<sup>26</sup> Achieved is assessed as no disorderly failures of a prudentially regulated institutions and not achieved is assessed as at least one disorderly failure of a prudentially regulated institution.

## Analysis

The performance target has been achieved.

In the reporting period of 2022–23, there were no disorderly failures of prudentially regulated entities in Australia. There were 1844 prudentially regulated institutions in Australia at the commencement of the reporting period. Treasury analysis revealed a net decrease of 45 entities regulated by the Australian Prudential Regulation Authority (APRA). One-hundred and seventeen new entities entered the regulatory framework over the reporting period. One-hundred and forty eight superannuation funds underwent entity-led closures, and three entities changed their names, two due to mergers.

Treasury determined that all exits between 1 July 2022 and 30 June 2023 were entity-led and part of business-as-usual operations. That is, there were no losses due to prudential failures for depositors, policyholders or superannuation members.

In March 2023, Swiss authorities facilitated UBS to acquire Credit Suisse to support global financial stability. In May 2023, the Treasurer approved the Australian component of the UBS–Credit Suisse transaction under the *Financial Sector (Shareholdings) Act 1998*. Credit Suisse will still appear on the register until the acquisition is finalised.

Treasury maintains a close working relationship with APRA to ensure disorderly failures of institutions do not occur. Over the reporting period, Treasury closely monitored trends and economic activity in the financial system that could contribute to entity failures, including through meetings of the Council of Financial Regulators. In the instance of an entity failure, Treasury would support APRA in facilitating the orderly exit or resolution of the entity based on the specific circumstances of the entity in question. Treasury would also engage with the Reserve Bank of Australia, Australian Securities and Investment Commission and Australian Competition and Consumer Commission, as relevant to the circumstances.

Treasury would provide advice to Government to the extent where Government intervention may be required, for example the activation of the Financial Claims Scheme (which can only be activated by the Australian Government) or decisions regarding superannuation fund applications for financial assistance (Part 23 of the *Superannuation Industry Supervision Act 1993*).

## Performance measure 9

<b>Treasury contributes to the development of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting Action 1.</b>	
<b>Methodology</b>	Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Inclusive Framework. Treasury's contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.
<b>Target</b>	Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the OECD (subject to Government decision to implement the pillars).
<b>Data sources</b>	Records of advice to Government; Organisation for Economic Co-operation and Development Steering Group meetings and other working party meetings; bilateral, government agency and external stakeholder meetings.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>27</sup></b>	<b>On-track</b> Treasury is on-track to achieve the 2023–24 target. On-track means Treasury has demonstrated progress towards Australia signing the Pillar One Multilateral Convention, signing the Subject to Tax Rule Multilateral Instrument, and implementing legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of OECD.
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

## Analysis

The performance target for 2023–24 is on-track to be achieved.

Treasury has revised the performance target as published in the Corporate Plan 2022–23. The single target for 2022–23 and the forward years has been replaced by specific targets for 2023–24 and each forward year. This provides greater clarity on

<sup>27</sup> On track is assessed as Treasury demonstrated progress towards the target and not on track is assessed as Treasury cannot demonstrate progress towards the target.



Treasury's role in implementation and the deliverables for completion in each year to demonstrate performance.

These targets are necessarily based on OECD timelines and progress. The targets are therefore focused on domestic implementation in accordance with OECD progress, rather than domestic implementation by a particular date. In the event that the OECD timelines are delayed, the targets will be adjusted to require Australia to be on-track to deliver domestic implementation in line with the new OECD timeframes.

The targets will also be adjusted if Government decides not to implement particular aspects of Pillar One and/or Pillar Two.

Treasury is reporting against progress on the deliverables for Pillar One and Pillar Two in the 2023–24 target as consolidated progress on the deliverables will not be realised until 2023–24 as determined by OECD timelines.

Treasury is on track to meet the 2023–24 targets including:

- Australia signing the Pillar One Multilateral Convention (MLC). Treasury participated in meetings of the Task Force on the Digital Economy resulting in progress sufficient for the OECD to undertake public consultation on key aspects of the agreement and produce updated draft text for the MLC and Explanatory Statement as announced in the July 2023 OECD/G20 Inclusive Framework Outcome Statement.
- Australia signing the Subject to Tax Rule (STTR) Multilateral Instrument (MLI). Treasury participated in the Working Party 1 meetings, which led to the delivery of the final STTR MLI text and Explanatory Statement, and the STTR model rules and commentary as announced in the July 2023 OECD/G20 Outcome Statement.
- Australia is progressing legislation to give domestic effect to a domestic minimum tax (DMT) and the income inclusion rule (IIR) under Pillar Two. Treasury participated in the Working Party 11 meetings resulting in the finalisation of two key administrative guidance documents that together comprised the Implementation Framework: the Safe Harbours and Penalty Relief document, and the Agreed Administrative Guidance for the Pillar Two GloBE Rules. These are essential steps enabling countries to consistently implement the DMT and IIR domestically. Two further products were finalised in the reporting period and announced in July 2023: the GloBE information return form and the new administrative guidance on the GloBE rules. Additionally, stakeholder consultation was undertaken in October and November 2022 on the implementation of the DMT and IIR, and domestic implementation was announced in the 2023 Budget.

Treasury's participation, which included at least 224 meetings over 12 months, has promoted Australia's interests and mitigated risks, which is necessary for Australia to implement the agreements and be on-track to meet the 2023–24 targets.

## Performance measure 10

<b>Proportion of Treasury ministers, Treasury portfolio agencies and regulators, and key stakeholders<sup>28</sup> that highly rate working with the Treasury.</b>	
<b>Methodology</b>	Independent stakeholder surveys and structured interviews with Treasury ministers or their delegates.
<b>Target</b>	70%
<b>Data sources</b>	Responses to the annual stakeholder feedback survey and the ministerial feedback questionnaire from Treasury ministers or their delegates.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>29</sup></b>	<p><b>Ministerial feedback questionnaire: Achieved</b></p> <p>100% of Treasury ministers or their delegate provided a rating of good or very good to the questions.<sup>30</sup></p> <p>Achieved means 70% or more of Treasury ministers or their delegate provided a rating of good or very good to questions.</p> <p><b>Stakeholder survey: Achieved</b></p> <p>75% of survey respondents provided a rating of agree or strongly agree to the questions.<sup>31</sup></p> <p>Achieved means 70% or more of survey respondents provided a rating of agree or strongly agree to the questions.</p>
<b>Performance achieved previous year</b>	<p>A baseline was established at 70% in 2021–22. Treasury achieved an effectiveness result<sup>32</sup> of 77% for the quality of engagement or consultation from stakeholders.</p> <p>The 2022–23 performance measure has been amended to broaden the key stakeholders surveyed and interactions. Importantly, the 2022–23 performance measure incorporates feedback from Treasury ministers or the chiefs of staff on working with Treasury.</p>

28 Stakeholders involved in the survey are senior officials from Australian Government entities that are Treasury's counterparts and senior executive level stakeholders from organisations external to government who have had defined interactions with Treasury at least 4 times in the past 12 months. Stakeholder interactions occurred in the 12-month period prior to the survey in May 2023.

29 Achieved is assessed as a performance result of ≥70%, substantially achieved is assessed as 65% to 69%, partially achieved is assessed as 60% to 64%, and not achieved is assessed as <60%.

30 The performance result was calculated as an average of the percentage of Treasury ministers or their delegate who provided ratings of 4 (good) or 5 (very good) on a 5-point scale for applicable question items.

31 The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

32 In 2021–22 the effectiveness result was survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

## Analysis

Treasury used structured interviews with Treasury ministers (or their chief of staff) and a key stakeholder survey to assess the effectiveness of Treasury's working relationships. Treasury engaged an external provider to develop the ministerial questionnaire and stakeholder survey. The provider conducted and reported on the survey. Each ministerial interview was conducted by a Treasury deputy secretary. The external provider also attended as an objective observer and note taker.

Performance feedback from Treasury ministers and stakeholders is reported separately within this analysis.

### Ministerial feedback questionnaire

The performance target has been achieved.

The ministerial interviews achieved a 100% response rate and a performance result of 100%. Treasury used structured interviews with ministers or their chief of staff to complete a ministerial feedback questionnaire. The Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment participated in the interview in person. The Treasurer was represented by his chief of staff who provided feedback in consultation with the Treasurer. The Treasurer signed-off on his chief of staff's responses.

All ministerial stakeholders unanimously rated the quality of Treasury's working relationships as positive (100%). Two-thirds (67%) of ministerial stakeholders felt their working relationship was very good and one third (33%) indicated it was good.

The general comments from ministerial stakeholders were largely very positive about Treasury's performance overall, with positive feedback about Treasury staff in terms of their professionalism, responsiveness, and expertise, as well as the quality of their working relationships with Treasury.

The Treasurer has the most substantial interactions with Treasury on policy advice. Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer (or chief of staff) were weighted more highly than those of other ministers. The weighed formula resulted in the Treasurer's responses accounting for 50% of the aggregate performance metrics derived from the survey.

## Part 2 – Report on performance

### Stakeholder survey

The performance target has been achieved.

A total of 478 knowledgeable Australian Government entity stakeholders and external stakeholders were invited to participate in the survey. The survey had a response rate of 43%<sup>33</sup> and achieved a performance result of 75%.

Stakeholders from Australian Government departments and agencies made up 42% of survey respondents with 21% from Treasury portfolio agencies. The remaining stakeholders external to the Australian Government included peak bodies (19%), not-for-profit organisations (6%), individual businesses (6%), state and territory government entities (3%) and 2% from universities and international government organisations.

Stakeholders were generally quite positive in relation to the effectiveness of their working relationship with Treasury. On average, three quarters of stakeholders (75%) provided favourable ratings for Treasury's engagement with their organisation.

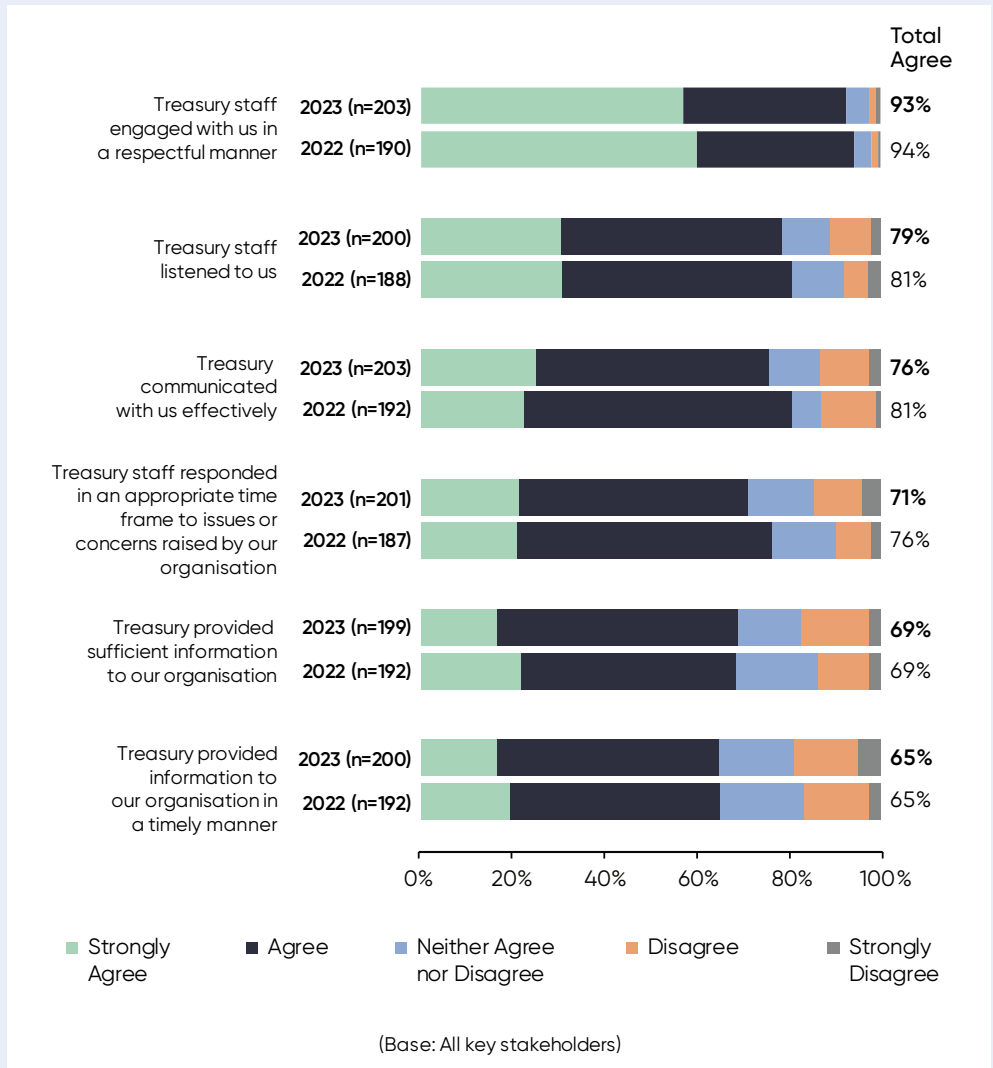
In 2022–23, stakeholders' assessments of the effectiveness of their working relationships with Treasury were generally in line with the previous year's results. Stakeholders were most positive in relation to the respectful manner of Treasury staff (93% agreed, in line with 94% in 2022). Small declines in agreement were recorded in relation to whether Treasury staff listened to stakeholders (79%, down marginally from 81%), communicated effectively (76%, down slightly from 81% with a slight increase with stakeholders who strongly agreed), and responded in an appropriate time frame to issues or concerns raised by the organisation (71%, down slightly from 76%). Consistent with 2021–22, the two lowest rated areas were the sufficiency (69%, no change from 2022) and timeliness (65%, no change) of information provided to the stakeholder organisation.

Stakeholders were invited to provide comments on the working relationship with Treasury. Positive feedback mainly related to staff knowledge and expertise in relation to information provided to stakeholders.

---

<sup>33</sup> A response rate of 20% was established as a valid response for the survey.

Figure 7: Effectiveness of working relationships with Treasury – comparison with 2022



Stakeholders provided 87 general comments about Treasury’s performance. Most of these comments related to Treasury’s communication and collaboration with stakeholders, although perceptions of engagement were mixed. Around one-third of comments (29%) contained only positive feedback about Treasury’s communication and collaboration, including that Treasury had been responsive, open, helpful or professional in their engagement.

## Activity 4

# Deliver the Government’s legislative agenda associated with the Treasury portfolio

### Performance measure 11

<p><b>Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the actual number delivered.</b></p>	
<p><b>Methodology</b></p>	<p>Calculation of the legislative measures committed for delivery, adjusted for reprioritisation and compared with the legislative measures actually delivered.</p>
<p><b>Target</b></p>	<p>90%</p>
<p><b>Data sources</b></p>	<p>Records of the legislative priorities of the Government agreed for delivery and reflected on Treasury’s Legislative Program.</p> <p>The Bills and Legislation page on the Parliament of Australia website is a second data source confirming date of introduction and passage of primary legislation. The Federal Register of Legislation is a second data source confirming the date of instrument registration.</p>
<p><b>Source</b></p>	<p>PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23</p>
<p><b>Performance achieved 2022–23<sup>34</sup></b></p>	<p><b>Achieved</b></p> <p>Treasury delivered an average of 98% of measures committed for delivery across the sitting periods.</p> <p>Achieved means 90% or greater of legislative measures were delivered as committed with adjustment for reprioritisation.</p>
<p><b>Performance achieved previous year</b></p>	<p><b>Achieved</b></p> <p>Treasury delivered an average of 94% of measures committed for delivery across the sitting periods.</p> <p>Achieved means 90% or greater of legislative measures delivered as committed with adjustment for reprioritisation.</p>

<sup>34</sup> Achieved is assessed as ≥90% of legislative measures delivered, substantially achieved is assessed as 80% to 89%, partially achieved is assessed as 60% to 79%, and not achieved is assessed as <60%.

## Analysis

The performance target has been achieved.

Treasury delivered 98% of legislative measures committed for delivery during the reporting period. The effective delivery of the legislative agenda has helped achieve strong and sustainable economic and fiscal outcomes for Australians.

Treasury manages and delivers legislative measures during Parliamentary sitting periods, as set by Parliament. Generally, the Winter Parliamentary sitting period straddles financial years. Assessing performance against a consistent sequence of Winter, Spring and Autumn Parliamentary sitting periods each reporting period will provide a consistent, standardised and transparent data set to demonstrate year on year performance.

Accordingly, Treasury has assessed performance for 2022–23 on the 2022 Winter, 2022 Spring and 2023 Autumn Parliamentary sitting periods. The 2023 Winter sitting period will contribute to 2023–24 performance reporting.

Treasury assesses performance against the delivery of legislative measures that implement priority policies as announced by Government. To provide a more accurate synopsis of Treasury's delivery of the Government's legislative agenda, Treasury has excluded routine, annual or minor and technical legislative measures from the performance measure.

Since the last reporting cycle, Treasury has maintained and matured regular communications with portfolio ministers' offices to ensure continued alignment of the legislation program with the Government's priorities.

Treasury has a formalised prioritisation briefing process. This ensures the Treasurer and other portfolio ministers agree to the legislation program for an upcoming sitting prior to the sitting period commencing. It provides an agreed and evidenced baseline of legislative measures scheduled for delivery over the course of the relevant sitting period and provides a point of reference for the re-prioritisation of legislative measures by portfolio ministers.

## Activity 5

# Administer Treasury's regulator functions

### Performance measure 12

**Proportion of stakeholders that report a high level of satisfaction regarding:**

- the clarity, transparency, and consistent application of Treasury's regulatory frameworks (Regulator Performance (RMG 128 Principle 1))
- risk-based, data driven decision making (RMG 128 Principle 2)
- Treasury's responsive communication and collaboration (RMG 128 Principle 3)

<b>Methodology</b>	Independent stakeholder surveys.
<b>Target</b>	65%
<b>Data sources</b>	Responses to the annual stakeholder feedback survey.
<b>Source</b>	PBS Program 1.1 – Department of the Treasury and Program 1.3 – Support for Markets and Business Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>35</sup></b>	<p><b>Foreign Investment Review Framework: Unable to report</b></p> <p>A response rate of 20% was established as a valid response for the survey. There was a response rate of 13% for this regulator making the survey results invalid for the purpose of performance reporting. Treasury is unable to report that the performance target was achieved.</p> <p>67% of survey respondents provided a rating of agree or strongly agree to the survey questions as an indicative performance result.</p> <p><b>Payment Times Reporting Scheme: Partially achieved</b></p> <p>57% of survey respondents provided a rating of agree or strongly agree to the survey questions.<sup>36</sup></p> <p>Partially achieved means 55% to 59% of survey respondents who provided a rating of agree or strongly agree for applicable questions.</p>
<b>Performance achieved previous year</b>	<p>The performance achieved is not comparable with the 2021–22 results. In 2021–22 this performance measure was reported as three separate performance measures using a 70% target. The 2022–23 target was reduced to 65% based on the 2021–22 survey results.</p> <p>The performance achieved for 2021–22 against the three performance measures for the Foreign Investment Review Framework and the Payment Times Reporting Scheme is detailed in Treasury's Annual Report 2021–22.<sup>37</sup></p>

35 Achieved is assessed as ≥65% of survey respondents who provide ratings of 4 (agree) or 5 (strongly agree), substantially achieved is assessed as 60% to 64%, partially achieved is assessed as 55% to 59%, and not achieved is assessed as <55%.

36 The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

37 [treasury.gov.au/publication/p2022-329943](https://treasury.gov.au/publication/p2022-329943)



## Analysis

Treasury used structured key stakeholder surveys to measure the department's administration of regulator functions. Treasury engaged an external provider to develop, conduct, and report on the regulator surveys. Separate surveys were conducted for each of Treasury's regulators. The survey questions were specific to each regulator and were designed to address the three best practice principles of the Regulator Performance Resource Management Guide (RMG) 128:<sup>38</sup>

1. Continuous improvement and building trust
2. Risk based and data driven
3. Collaboration and engagement.

Treasury's regulators are reported separately within this analysis.

### Foreign Investment Review Framework

Treasury is unable to report.

Treasury has established a response rate of 20% for survey results to be valid. The stakeholder survey for the Foreign Investment Review Framework received a 13% response rate making the survey result invalid for assessing performance. Treasury is unable to report that the performance target has been achieved.

A total of 111 stakeholders of the Foreign Investment Review Framework completed the survey. This has provided an indicative performance result of 67%. If there was a valid survey response the target of 65% would be achieved.

#### *Performance against the best practice principles*

The survey responses have been used to assess Treasury's performance against the three principles of best practice regulation set out in Department of Finance guidance.<sup>39</sup> Perceptions of Treasury's performance in relation to clarity, transparency, and consistent application under Principle 1 were moderate, with half to two-thirds (50–67%) in agreement with each aspect related to the clarity (50%), transparency (56%), and consistent (67%) application of Treasury's regulatory frameworks.

Survey responses for Treasury's risk-based and data driven decision-making for Principle 2 were polarised. Nearly all stakeholders (90%) agreed that Treasury seeks to assist regulated entities that act in good faith and demonstrate a willingness to comply with their obligations. Less than one-third agreed (29%) and close to half disagreed (43%) that Treasury's approach in administering the Foreign Investment Review Framework imposes the least possible regulatory burden on those that are regulated.

<sup>38</sup> [www.finance.gov.au/government/managing-commonwealth-resources/regulator-performance-rmg-128](http://www.finance.gov.au/government/managing-commonwealth-resources/regulator-performance-rmg-128)

<sup>39</sup> Regulator Performance (RMG 128)

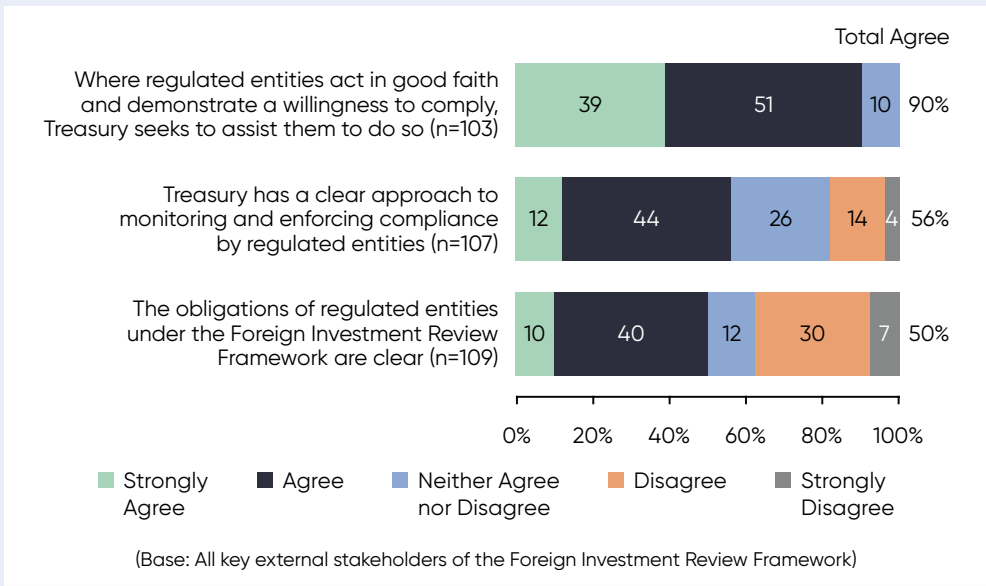
**Part 2 – Report on performance**

Stakeholders were broadly positive in relation to responsive communication and collaboration that align with Principle 3, with the related questions receiving 50–90% of favourable responses for Treasury’s communication and collaboration. Most stakeholders (90%) thought Treasury’s guidance and information about the Foreign Investment Review Framework was accessible. Perceptions of Treasury’s timeliness (70%), and clarity (65%) and sufficiency (50%) of the guidance and information varied.

*Overview of survey results*

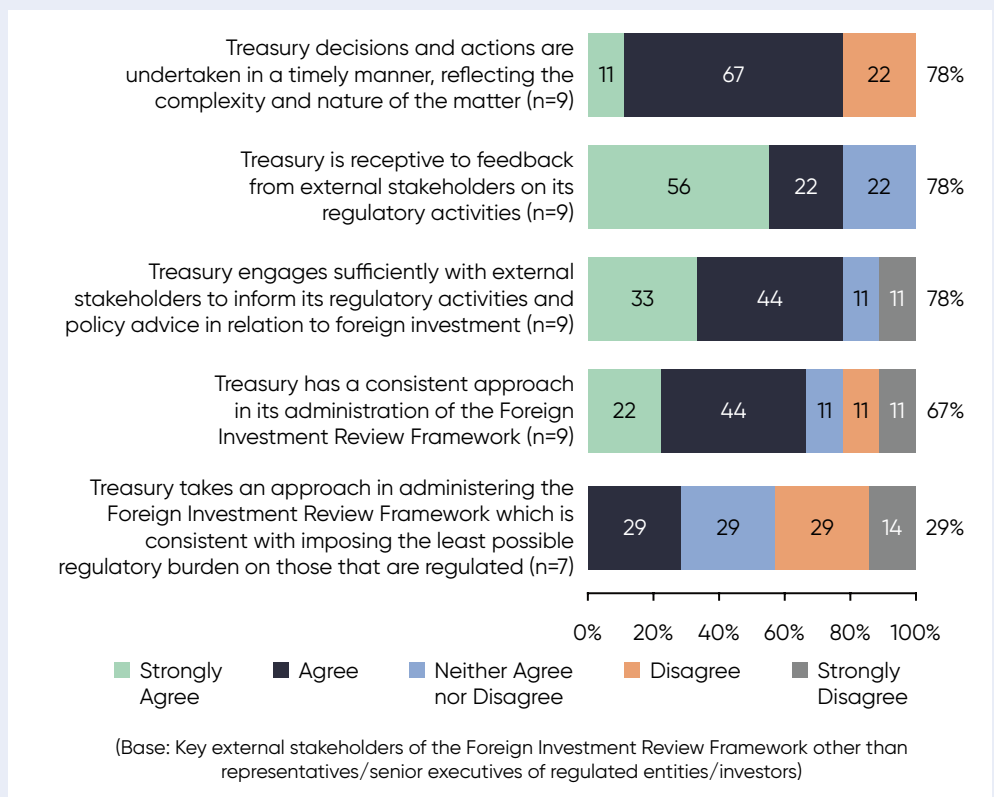
Among survey questions relevant to all stakeholders of the Foreign Investment Review Framework, there was widespread recognition (90% agreed, including 39% that strongly agreed) Treasury seeks to assist regulated entities that act in good faith and who seek to comply with obligations. However, agreement was notably lower for the clarity of Treasury’s approach to monitoring and enforcing compliance (56%) and the obligations of regulated entities under the Foreign Investment Review Framework (50%, while 38% disagreed).

**Figure 8:** Treasury’s performance – all key stakeholders of the Foreign Investment Review Framework



Stakeholders from other government entities provided favourable assessments that ranged from 67% to 78% in response to questions about Treasury’s decisions and actions being timely, Treasury being receptive to feedback, sufficient engagement, and a consistent approach to the administration of the Foreign Investment Review Framework. In contrast, only 29% agreed and 43% disagreed that Treasury takes an approach in administering the Foreign Investment Review Framework that imposes the least possible burden on regulated entities.

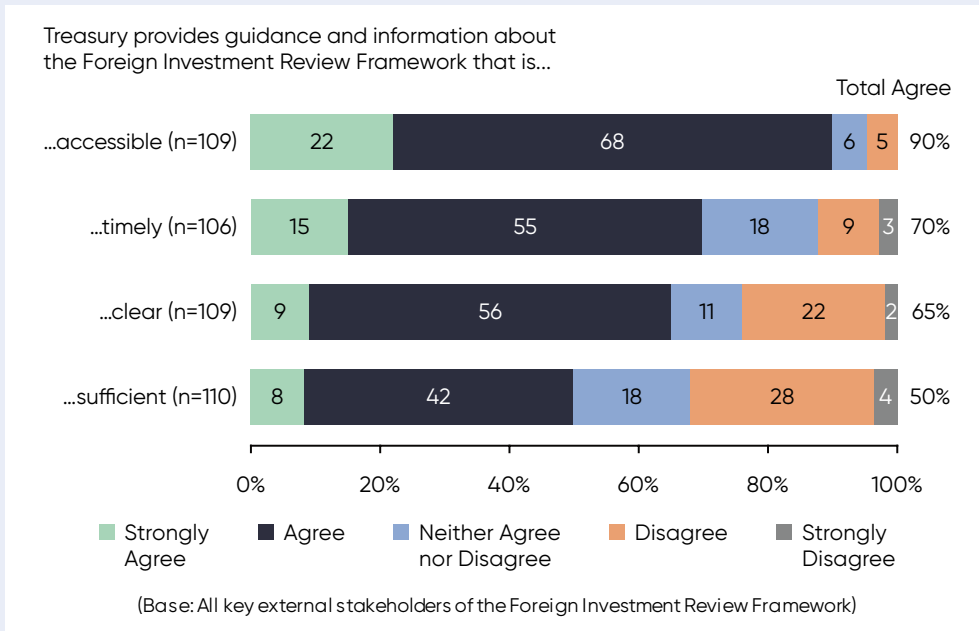
**Figure 9:** Treasury’s performance – excluding investors, representatives and/or senior executives of regulated entities of Foreign Investment Review Framework



A majority of stakeholders agreed and strongly agreed that guidance and information was accessible (90%), was timely (70%) and clear (65%). However, only half agreed (50%) that there was sufficient guidance and information about the Foreign Investment Review Framework, while nearly one third disagreed (32%).

## Part 2 – Report on performance

**Figure 10:** Treasury’s guidance and information about the Foreign Investment Review Framework



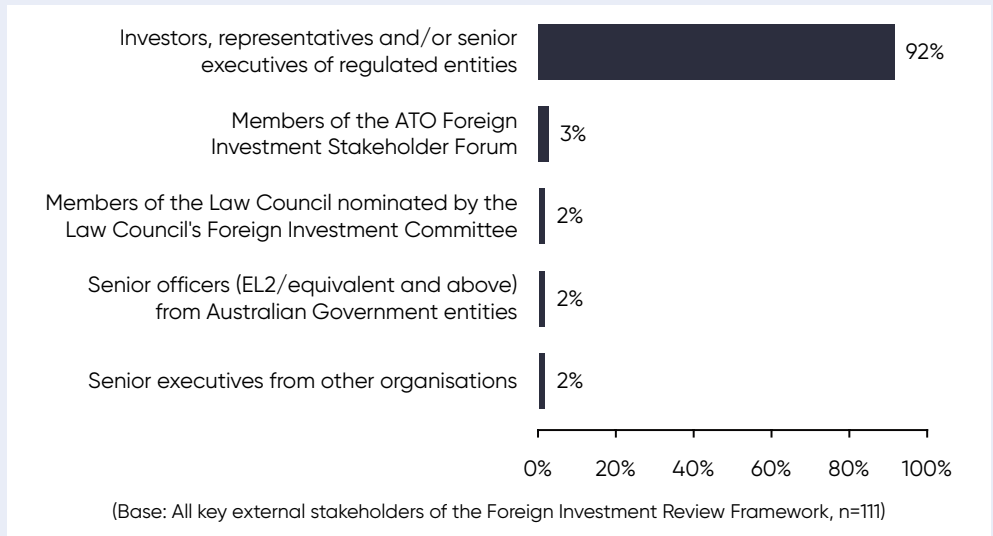
Treasury substantially expanded the sample size for the Foreign Investment Review Framework 2022–23 survey from 76 to 852 stakeholders to encompass a broader range of feedback.

Stakeholders for the period include:

- investors, representatives and/or senior executives of regulated entities, engaged in processes under the Foreign Investment Review Framework
- Members of the Law Council nominated by the Law Council’s Foreign Investment Committee
- Members of the Australian Taxation Office Foreign Investment Stakeholder Forum, excluding members who are not involved in Treasury’s area of Foreign Investment Review Framework responsibility – for example members who focus on residential real estate
- senior officers from Australian Government entities and senior executives from other organisations who had substantially dealt with Treasury in relation to the Foreign Investment Review Framework.

Response rates for stakeholders are illustrated in Figure 11.

**Figure 11:** Response rate by type of stakeholder – Foreign Investment Review Framework



Although there was an indicative performance result of 67%, the number of surveyed stakeholders to respond was low in relation to the 20% valid survey responses required. To enable an optimal response rate for the 2023–24 reporting period, Treasury will work with the survey provider to review the stakeholder selection process.

### Payment Times Reporting Scheme

The performance target has been partially achieved.

A total of 115 Payment Times Reporting Scheme (the scheme) stakeholders completed the survey.<sup>40</sup> The survey received a response rate of 22% and a performance result of 57%.

<sup>40</sup> Payment Times Reporting Scheme stakeholders for this survey are representatives from regulated entities, industry bodies, professional advisers and senior officers from Australian Government entities.

## Part 2 – Report on performance

### *Performance against the best practice principles*

The survey responses used to assess the Payment Times Reporting Regulator's (the regulator) performance against the three best practice principles were moderately positive in relation to clarity (52%), transparency (61%), and consistent application (65–72%) of the Payment Times regulatory framework for Principle 1.

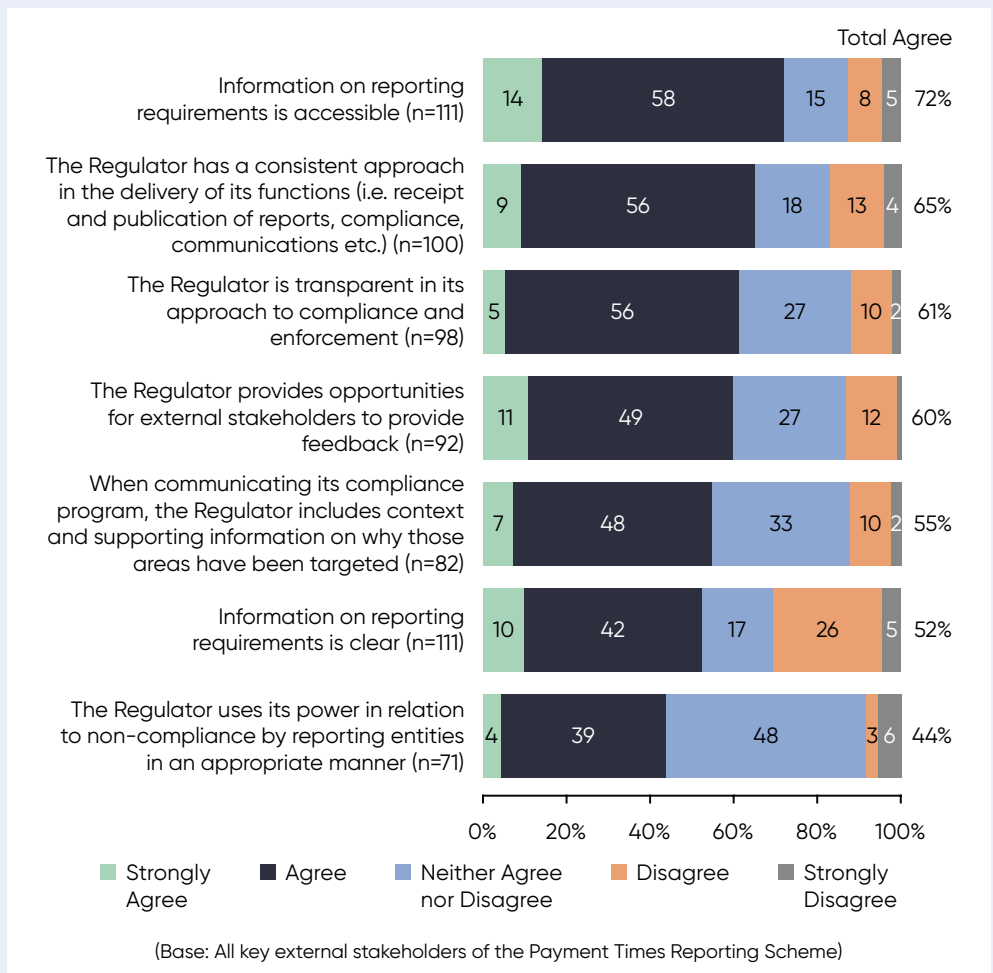
There was a less positive response for risk-based and data driven decision-making (Principle 2). Around half agreed that the regulator includes context and supporting information on why particular areas have been targeted in its compliance program (55%) and uses its power in relation to non-compliance in an appropriate manner (44%). However, a notable proportion of respondents (33–48%) provided neutral responses for these aspects, and only a small proportion disagreed (8–12%).

Perceptions of the regulator's responsive communication and collaboration (Principle 3) were varied (40–70%). Most stakeholders were positive in regard to the accessibility of the regulator's guidance and information about the scheme (70%), while 60% agreed that this information was timely, and that there were opportunities for external stakeholders to provide feedback. However, only 40% felt that feedback was taken on board to improve regulatory resources and processes.

### *Overview of survey results*

Responses from stakeholders on the scheme were mixed, with the most favourable results for the accessibility of information on reporting requirements (72% agreed) and consistency in approach in the delivery of the publication of reports, compliance and communications (65%). Notably lower ratings were provided for the clarity of information on reporting requirements under the scheme (52% agreed, while 31% disagreed) and for the regulator's use of power for non-compliance by reporting entities (43% agreed, although 48% provided a neutral response and 9% disagreed).

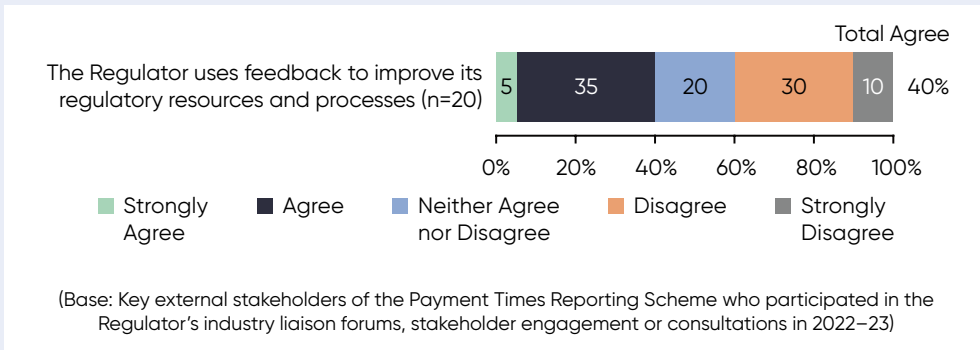
**Figure 12:** Treasury’s performance – all key external stakeholders of the Payment Times Reporting Scheme



Of the stakeholders who responded to the survey, 20% have participated in the regulator’s industry liaison forums, stakeholder engagement or consultations in 2022–23. The views of stakeholders that participated in 2022–23 were evenly split (40% agreed, 40% disagreed) about whether the regulator used feedback to improve its resources and processes.

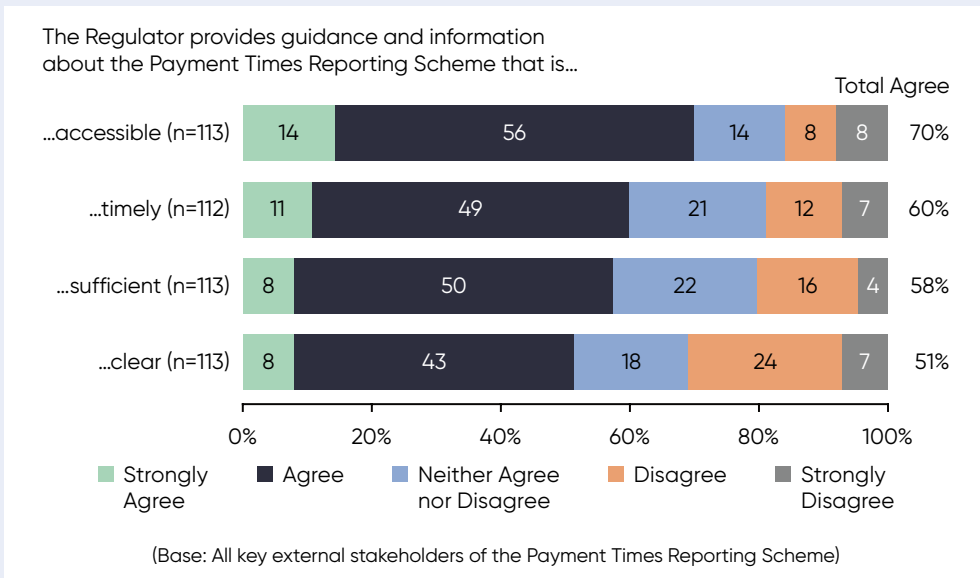
**Part 2 – Report on performance**

**Figure 13:** Treasury’s Regulator’s industry liaison forums, stakeholder engagement or consultations – Payment Times Reporting Scheme



Accessibility of guidance and information was rated most highly by stakeholders (70% agreed), while timeliness (60%) and sufficiency (58%) of guidance and information were rated lower by stakeholders. About half of the stakeholders (51%) agreed that there was clear guidance and information about the scheme with nearly one-third disagreeing (31%).

**Figure 14:** Treasury’s guidance and information about the Payment Times Reporting Scheme

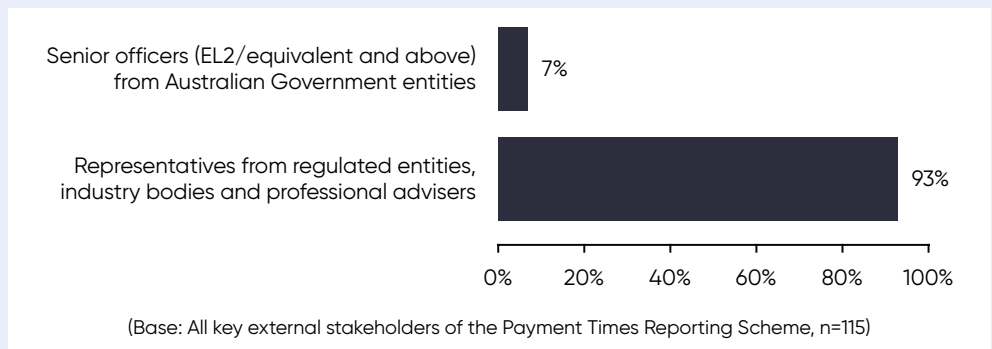




Treasury substantially expanded the sample size for the Payment Times Reporting Scheme Regulator 2022–23 survey from 9 to 516 stakeholders to include feedback from regulated entities who engage with the scheme.

Stakeholders for the period were representatives from regulated entities, industry bodies, professional advisers and senior officers from Australian Government entities who had substantially dealt with Treasury in relation to the scheme.

**Figure 15:** Response rate by type of stakeholder – Payment Times Reporting Scheme



Treasury selected stakeholders for the survey based on participating at least twice in a 2-way interaction with the regulator.<sup>41</sup> The qualification of 2-way interactions was used to select stakeholders to ensure that representatives had sufficient exposure to the regulator to inform responses to the survey questions. The submission of a payment times report is not assessed by Treasury as an adequate interaction to inform a survey response. The lodgement of a payment times report is automated and unilaterally performed. The regulator does not interact with an individual representative of a registered entity through reporting. This means that not all registered entities were invited to participate in the survey for 2022–23 as they were not all involved in a 2-way interaction.

<sup>41</sup> Stakeholder interactions occurred in the 12 month period prior to the survey in May 2023.

### Performance measure 13

<b>Proportion of regulated entities registered with the Payment Times Reporting Regulator as a reporting entity (Principle 1 and 2).</b>	
<b>Methodology</b>	Number of entities registered to report compared to the number of entities identified from government and other data sources as reporting entities.
<b>Target</b>	80%
<b>Data sources</b>	Data from the Payment Times Reporting Regulator’s customer relationship management system, Australian Taxation Office taxpayer data, and third-party data service providers.
<b>Source</b>	PBS Program 1.3 – Support for Markets and Business Corporate Plan 2022–23
<b>Performance achieved 2022–23<sup>42</sup></b>	<b>Partially achieved</b> 72% of entities registered to report compared to the number of entities required to be registered to report.  Partially achieved means between 70 to 74% of regulated entities registered as a reporting entity.
<b>Performance achieved previous year</b>	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

### Analysis

The performance target has been partially achieved.

A total of 4,499 regulated entities have registered as a reporting entity, while 6,251 entities (72%) were required to be registered as reporting entities.<sup>43</sup>

The Payment Times Reporting Scheme (the scheme) has been in operation since 1 January 2021, with compliance and enforcement powers enacted on 1 January 2022. Regulated entities have had three reporting cycles (and reporting window) since the commencement of these powers to report.

<sup>42</sup> Achieved is assessed as ≥80% of regulated entities registered as a reporting entity, substantially achieved is assessed as 75% to 79%, partially achieved is assessed as 70% to 74%, and not achieved is assessed as <70%.

<sup>43</sup> The calculation excludes subsidiaries reporting as part of a group.

The scheme aims to improve the payment performance of large businesses and government enterprises (known as reporting entities) in relation to their small business suppliers. This is done by creating transparency around payment times and practices. Reporting entities must report their payment terms and times for small businesses to the regulator. These are then published on the Payment Times Reports Register, accessible from the Payment Times website.

Entities regulated by the *Payment Times Reporting Act 2020* are not readily identifiable from an existing or readily available data source. Since January 2023, the Payment Times Reporting Regulator (the regulator) has implemented processes to continuously develop and improve datasets of entities regulated by the scheme.

In March 2023, the regulator used the data developed to identify regulated entities in a compliance program that targeted entities suspected to have failed to register for the scheme. This activity has resulted in an increased number of entities registering for the scheme.

During the reporting period, this compliance program remained ongoing. The regulator expects that as these compliance programs continue and escalate to the use of additional regulatory powers the proportion of regulated entities registered to report under the scheme will continue to increase.

# 5

## Part 5 – Appendices

Methodology for the Annual Stakeholder Survey . . .	188
Advertising and market research . . . . .	194
Grants . . . . .	195
Disability reporting . . . . .	195
Information publication scheme . . . . .	195
Work health and safety . . . . .	169
Carer support . . . . .	197
Ecologically sustainable development and environmental performance . . . . .	198
Australia and the international financial institutions . . . . .	200
Payment Times Reporting . . . . .	213
Consumer Data Right . . . . .	218
Foreign investment . . . . .	221
Australian National Contact Point for Responsible Business Conduct . . . . .	236
Australian Small Business and Family Enterprise Ombudsman . . . . .	237
Annual child safety statement of compliance . . . .	243
Resource tables . . . . .	244
Information correcting the record . . . . .	250
Abbreviations and acronyms . . . . .	251
Glossary . . . . .	252
List of requirements . . . . .	256
Index . . . . .	266

# Methodology for the Annual Stakeholder Survey

Treasury uses an annual stakeholder survey to assess the performance of the department's policy advice, effectiveness of working relationships (performance measures 1 and 10) and administration of regulator functions (performance measure 12). An external provider was engaged to develop, conduct, and report on the annual stakeholder survey for 2022–23.

## Fieldwork and data collection

The field work for the stakeholder survey was conducted between May and June 2023.

The research involved quantitative and qualitative data collection. The external provider emailed survey participants an invitation and a secure unique link to access the survey. Ministers or their delegate were interviewed by an appropriate Treasury official. The external provider attended as an independent observer and note taker.

Data was collected via four separate and tailored surveys (covering different types of stakeholders):

- One for the four Treasury portfolio ministers (the Treasurer; the Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment) – addressing their perceptions of Treasury's performance in relation to Corporate Plan performance measures 1 and 10
- One for other key external stakeholders of performance measures 1 and 10
- One for the key external stakeholders of the Foreign Investment Review Framework (performance measure 12)
- One for the key external stakeholders of the Payment Times Reporting Scheme (performance measure 12).

## Sample selection

Sampling occurred through a census approach. All relevant stakeholders were invited to participate in a survey. A systematic approach was adopted to selecting relevant stakeholders, to address the risk of selection bias (adhering to Department of Finance better practice guidance), via transparent operational selection rules for Treasury's business units (set out below). The external provider also independently assessed the integrity of the proposed lists of stakeholders to be surveyed.

## Stakeholder selection operational rules

- Ministerial survey of performance measures 1 and 10: All Treasury portfolio ministers, or their delegated ministerial adviser, were invited to participate. In 2023, the Treasurer was represented at the interview by his Chief of Staff, while all other ministers participated in their respective interviews.
- Key external stakeholders of performance measures 1 and 10:
  - Knowledgeable Observers: Senior executives in other Australian Government entities who worked with Treasury in a *substantial way in this area in the past 12 months* were invited to participate. Substantial collaborators include:
    - Treasury's Senior Executive Service (SES) counterparts (officers responsible for policy advice in the same policy areas as Treasury divisions) in the Department of Finance and Department of the Prime Minister and Cabinet.
    - SES officers of other Australian Government entities who had dealt with Treasury at least 4 times in the past 12 months in one or more of the following ways were invited to participate:
      - Working with Treasury on policy advice, policy development or reform processes
      - Working with Treasury on analysis or forecasting activities.
    - A 'dealing' was defined as a number of interactions in relation to a particular collaboration activity (such as preparing a cabinet submission, preparing a round of economic forecasts). Therefore, for example, a stakeholder who only had 4 meetings with Treasury in the preparation of one cabinet submission would be defined to have dealt with Treasury only once and hence would not be in scope.
  - External stakeholders: *Senior executive level* stakeholders from organisations other than Australian Government entities who were involved in a *substantial way in the past 12 months* in Treasury engagements or consultations to inform policy advice/analysis were invited to participate. Dealing in a 'substantial way' was defined as dealing with Treasury at least 4 times in the past 12 months. A 'dealing' is defined as a number of interactions in relation to a particular engagement/consultation matter (e.g. a particular stage of a reform process).
- Key external stakeholders of the Foreign Investment Review Framework of performance measures 12 were invited to participate, including:
  - Investors, representatives and/or senior executives of regulated entities, engaged in processes under the Foreign Investment Review Framework over the last 12 months
  - Members of the Law Council nominated by the Law Council's Foreign Investment Committee;

## Part 5 – Appendices

- Members of the ATO Foreign Investment Stakeholder Forum, excluding members who are not involved in Treasury's area of Foreign Investment Review Framework responsibility – e.g. members who focus on residential real estate
- Senior officers (Executive Level 2/equivalent and above) from Australian Government entities and senior executives from other organisations who have dealt with Treasury in a substantial way in relation to the Foreign Investment Review Framework in the past 12 months
  - Dealing in a 'substantial way' is defined as dealing with Treasury at least 2 times in the past 12 months. A 'dealing' is defined as a number of interactions in relation to a particular matter/issue to do with the Foreign Investment Review Framework.
- Key external stakeholders of the Payment Times Reporting Scheme (scheme) of performance measures 12 were invited to participate, including:
  - Representatives from regulated entities, industry bodies, professional advisers and senior officers (Executive Level 2/equivalent and above) from Australian Government entities who have dealt with Treasury in a substantial way in relation to the scheme in the past 12 months.
    - Dealing in a 'substantial way' is defined as dealing with Treasury at least 2 times in the past 12 months. A 'dealing' is defined as an interaction in relation to matters regarding the scheme. This includes, but is not limited to, raising specific issues with reporting, making enquiries, self-nominating for involvement or participating in liaison groups, stakeholder engagement or consultations.

For all stakeholders, in the event that a targeted stakeholder was not available to participate in the survey (e.g. had left the organisation, was on leave), another contact who was, at most, one reporting level below the initially invited officer from the stakeholder's organisation, was to be substituted and invited to participate in the survey, subject to the nominated substitute having also dealt with Treasury as defined by the operational rules. No such substitution was attempted in the data collection stage of this year's survey.

## Performance measure calculation methodology

### Weighting of survey results

Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer have been weighted more highly than those of other ministers. The weighting formula has the effect that the Treasurer's responses account for 50% of the aggregate performance metrics derived from the survey. Given all 4 Treasury portfolio ministers responded to the survey, the Treasurer's response has been counted as 1 response and each of the other ministers' responses as 0.33 of a response.

### Approach to calculating policy advice (performance measure 1)

Policy advice refers to an output provided by Treasury to help ensure that government decisions are appropriately supported and informed. This includes briefing documents, submissions and oral briefings.

### Performance Measure 1 – Proportion of Treasury ministers that rate Treasury advice highly

The ministerial stakeholder questionnaire asked ministers to rate **specific aspects/ attributes** of the policy advice that they had received from Treasury in 2022–23 via an intuitive, clear and familiar 5-point 'agreement' rating scale (where 1 = "strongly disagree" and 5 = "strongly agree"). These attributes were drawn from the Treasury Policy Advice Matrix and are outlined in Table 29.

**Table 29:** Attributes drawn from the Treasury Policy Advice Matrix

In general, Treasury's policy advice...		
1) Informed	2) Influential	3) Impactful
Was supported by relevant evidence	Was tailored to your needs	Resulted in government decisions consistent with the advice
Was supported by contemporary/up-to-date evidence	Was timely	Led to tangible outcomes
Where applicable, considered the views of relevant stakeholders and experts	Was considered in your decision-making	



## Part 5 – Appendices

The individual attribute ratings provided by ministers were aggregated (formula set out below) to derive numerical scores that indicate 'High', 'Moderate' and 'Low' performance.

### Performance Measure 1 – Proportion of key government entities and stakeholders that rate Treasury advice highly

A similar approach was taken for this element of performance measure 1. The stakeholder questionnaire asked Australian Government entity stakeholders to rate **specific aspects/attributes** of the policy advice that they had seen from Treasury in different areas (e.g. macroeconomic policy, fiscal policy, tax policy) via the 5-point 'agreement' rating scale.

For both ministers and stakeholders, performance measure 1 has been calculated as follows:

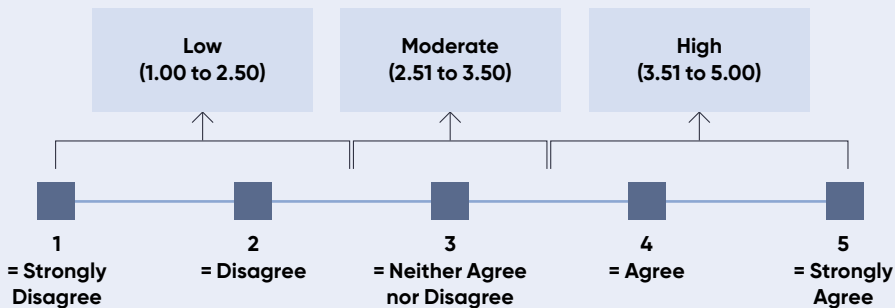
For each stakeholder respondent, the average (mean score out of 5) rating has been calculated across all questions answered that relate to:

- the 'Informed' criterion (Average 1);
- the 'Influential' criterion (Average 2); and
- the 'Impactful' criterion (Average 3).

For each respondent, the average of these average ratings has been calculated (effectively giving equal weight to each criterion) (Average 4).

As illustrated on the graphic below, if Average 4 = 1.00–2.50, this has been classified as 'Low', 2.51–3.50 has been classified as 'Moderate', and 3.51–5.00 as 'High'.

**Figure 17:** Stakeholder survey 2022–23, average score classification



The weighted percentage of ministers rating High overall (Average 4) has been reported for the performance measure.

The unweighted percentage of stakeholders rating High overall (Average 4) has been reported for the performance measure.

**Approach to calculating the effectiveness of working relationships and administration of regulator functions (performance measures 10 and 12)**

Stakeholders were asked to indicate the extent to which they agree or disagree with the questions on a 5-point scale: strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4) or strongly agree (5).

Performance was calculated on the average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) for applicable question items.

'Don't Know / Not Applicable' responses were excluded.