

Treasury out of touch and arrogant, says official review

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ONE of Australia's most powerful institutions, the Commonwealth Treasury, has admitted it is seen as arrogant and needs to acquire a better understanding of groups outside government, especially business.

A wide-ranging review by senior Treasury officials recommends Treasury improves its "engagement and consultation" so it can give better policy advice. Greater use of social media and other new communication technologies were flagged.

A "perception of arrogance in our behaviours can limit our external effectiveness", it noted.

While the department's legendary hard-headed approach was affirmed as a key strength, the review said "a better recognition of the limits of our knowledge/frameworks will improve engagement with stakeholders and assist us to obtain relevant skills, knowledge and data from others".

Better collaboration with other organisations would improve Treasury's "effectiveness and influence", it says.

The review was released days after Treasury admitted, in a policy paper, that its culture "can impede" female officers' careers and vowed to increase the proportion of women in senior roles from a lowly 23 per cent to 35 per cent by 2016.

"Widening and deepening the pool of future leaders by harnessing the talents of women is now a strategic business priority for the Treasury," it said.

The Strategic Review of the Treasury report and the "progressing women" policy were ordered by Martin Parkinson, who replaced Ken Henry as Treasury Secretary in March.

The review comes after Treasury's involvement in a series of

controversial policies, including the market-based approach to reducing carbon emissions and the mining super profits tax. Both policies triggered an angry backlash, especially by business, and caused major political problems for the government.

The Treasury review warns that rapid global change, especially Asia's increasing economic and geopolitical weight, will present significant tests for government policies.

The review calls on Treasury to enhance its contribution to Australia's international and national security policy because economic and strategic policy settings are likely to become more closely related.

"Australia will need to manage the challenges associated with the historic situation whereby Australia's primary strategic and economic relationships are with different major countries (the US and China respectively)," the report says.

Australia's security challenges will also have implications for the economy and the federal budget.

An ageing population, declining productivity growth and environmental sustainability were singled out as major domestic policy challenges.

Reversing the country's "extended period of poor productivity performance" will be a key policy imperative and focus for Treasury. It also needs to have "a good understanding of climate change issues, particularly economic relationships and linkages such as the development of international carbon markets", the report says.

Treasury has been a driving force behind economic reforms, including floating the dollar and financial deregulation, that have reshaped the economy and society.