



Australian Government
Australian Taxation Office

CPA Lecture outline

Venue: CPA Australia, Level 5, 10 Rudd Street Canberra, ACT

Date: 26 September 2023

Event registration: [Link](#)

Contact:

Phone:

Email:

Theme: The Changing Role of Chief Financial Officers in the Australian Public Sector

About the lecture

This Lecture will cover the more significant issues facing Chief Financial Officers today in performing their roles in the Australian Public Sector, with a clear focus on anticipated changes in the years ahead – including in relation to the likely accounting developments, issues such as sustainability and other matters relating to non-financial performance reporting, and any other public sector specific developments arising from government and/or parliamentary priorities.

Learning outcomes:

Explore and articulate future accounting developments such as sustainability, non-financial performance reporting, and other public sector specific developments arising from government and/or parliamentary priorities.

Part 1: Welcome and introduction to the lecture topic

Hello everyone,

It's a pleasure to be here with all of you today. Thank you for extending this warm welcome. I'm Janine Bristow, the Chief Finance Officer and current acting Chief Operating Officer for the Australian Taxation Office.

Today, I'm here to talk with you about the changing role of chief financial officers in the Australian Public Sector, a topic I'm personally invested in and passionate about.

Before we delve into our discussion today, in the spirit of reconciliation I would like to respectfully acknowledge the Ngannawal (Noonawal), Ngambri, Ngambri-Guumaal people who are the Traditional Owners and Custodians of the land on which we meet today. I would also like to pay respect to the Elders past and present of the Ngannawal (Noonawal), Ngambri, Ngambri-Guumaal people. I would also like to extend that respect to other Aboriginal and Torres Strait Islander people here today.

Now, let's embark on our exploration into the changing role of Chief Financial Officers in the Australian Public Sector. To set the stage, allow me to offer you a glimpse behind the scenes of the Australian Taxation Office, one of the largest agencies in the APS.

The ATO is a large government organisation, with over 20,000 dedicated staff working across 25 buildings throughout Australia. Our presence extends to staffed and self-service shopfronts, and we interact directly with a vast number of clients in the community. For example, in the 2021-22 fiscal year, we processed over 14 million income tax returns, collected gross tax of \$648.5 billion, and provided refunds of \$132.9 billion.

When you consider the magnitude of these numbers, it becomes evident that managing our financial operations is no small feat. As Chief Finance Officer, I oversee an annual operating budget of around \$4 billion which underscores the scale and complexity of the task at hand.

During today's lecture, we will explore the evolving landscape for a CFO in the APS, touching on the pressing issues that confront us to learn valuable lessons and to peer into the horizon to anticipate the changes we need to prepare for now. We will delve into topics such as accounting developments and the challenges that lie ahead for CFOs in our ever-transforming landscape.

I hope the time we spend over the next 45 minutes provides you with a deeper understanding of the evolving CFO role and actionable insights that will help you navigate the future of financial leadership within the APS.

Part 2: Traditional to current role of a CFO

Before we look forward into the changing role of a CFO in the APS, we are first voyaging back to the year 1910. In those days, the ATO was structured into four divisions, and entry into the Third Division required educational qualifications akin to today's Year 11. A high level of education in those times, mind you. And as shockingly common in those times, women were confined to the Fourth Division, relegated to clerical roles, and tasked with much of the menial work. Gender equality was but a distant dream.

The ATO was not just about numbers and taxes; it was a hub of social activity. Staff clubs organised picnics, balls, and parties, fostering a sense of community.

Fast forward to 1945, the government established the Women's Employment Board, allowing women in the ATO to be paid more by setting their pay rates outside standard wage-setting arrangements. Progress was slow but steady. Remarkably, it wasn't until 1966 that the marriage bar, which required women in the Commonwealth Public Service to resign upon marriage, was abolished. Yes, back in those days women had to leave their jobs upon getting married.

The ATO had its first female Deputy Commissioner in the 1980s, an era when humans had already landed on the moon.

At the time, many senior finance professionals working in government were often treated as public servants who happen to have an accounting or finance qualification, not finance professionals who chose to work for their agency.

Then in the 1990s, the National Commission of Audit recommended that the Government formally adopt accrual principles as the basis for a budgeting, resource management and financial reporting.

A full accrual accounting framework was seen as essential to the structural and cultural change the Government was seeking by way of a more competitive, efficient and effective public service.

CFOs played a key leadership role in the implementation of this framework within Commonwealth organisations, moving us far beyond being seen as the 'Bean Counters'.

As we head towards the 2000s, the Australian National Audit Office undertook a benchmarking study of the CFO function across the APS.

The study found that whilst CFOs were becoming better placed to address a range of contemporary financial management issues, there were still opportunities for CFOs to enhance the financial management and performance of their organisation.

For example, CFO could:

- develop better links between their organisations' day-to-day operations and their corporate goals and objectives;
- support managers to improve their understanding and use of timely financial information for effective decision-making;

- harness technology to assist in the efficient delivery of transactional and processing activities; and
- target benchmarking activities to identify opportunities for cost savings and efficiency gains.

And since then we've come a long way.

Not only have our technology and tools evolved, from manual adding machines and reams of paper to the tech savvy world we now work in, I am proud to say that diversity has reshaped the way we work and the types of roles we can all aspire to.

Now at the ATO, women make up nearly 50% of our senior leadership and we've achieved Gold level status in the Australian Workplace Equality Index four times, ranked as a top three employer in the Australian Network on Disability Access and Inclusion Index, and received the Australian Human Resources Institute 2019 Michael Kirby LGBTIQ Inclusion Award.

And CFOs have never been more critical to driving the successful future of the APS and the essential services we provide to the Australian community. We now need to be skilled leaders in financial transformation, business partnering, data analytics, problem solving and much more.

Question put to audience (using CPA platform):

So, I ask you this question: What do you think my role as the ATO CFO is responsible for now?

At first glance, the ATO's CFO's role definition, as published on ato.gov.au may seem straightforward: "the role supports the delivery of the ATO's outcomes and priorities, aligning the ATO's organisational strategy to financial investment." However, this description merely scratches the surface of my role that encompasses a far-reaching impact on the ATO's direction.

As Chief Finance Officer, I oversee all aspects of ATO finances, including resource management and strategy, budgeting, financial accounting corporate IT systems and tax reporting, procurement and contract management, as well as leasing, project and portfolio management.

Across my broad portfolio, I shoulder an expansive scale of financial management and reporting responsibilities. I oversee budgeting and financial management practices across the organisation to ensure the integrity of our financial accounts and manage our own tax obligations. Yes, even the ATO has to pay taxes!

My commitment extends to offering advice and various services to our fellow government entities including providing expert guidance on specific tax queries and sharing invaluable insights on risk management techniques.

I'm excited to announce that later this year, we will be hosting our 10th annual Government Tax Management Conference for the APS. This milestone event will

provide an exceptional platform for professionals across the APS to come together, exchange knowledge and operate fulfill our tax obligations effectively.

My role extends well beyond the confines of numbers and spreadsheets. It provides the ATO's strategic compass, guiding decisions with a keen financial perspective. By leading a team of dedicated professionals, my mission is clear: to provide trustworthy insight and advice that enables decision makers across the ATO to meet our obligations and be efficient and effective in the investment of public monies, and maintain strong fiscal discipline to manage resources in a dynamic and challenging economic environment.

The modern role of the CFO in the APS is not just about financial management; it's about strategic vision and influence. As a member of the ATO Executive Committee, alongside our Commissioner, Chief Operating Officer, and other distinguished second commissioners, I hold a seat at the highest level of decision-making, enabling me to shape the ATO's vision and objectives, and provide trusted financial advice into top-level decision-making.

My strategic mindset extends to my leadership of professional accounting and finance teams, charged with the critical mission of enabling the ATO to deliver on its priorities, meet its obligations, and manage public funds with utmost efficiency.

In preparing for today's lecture I was reflecting back on the CPA article, "The must-have CFO skills for 2022". Modern CFOs are more than financial experts, we must be strategic thinkers who adapt and evolve, ready to move at speed with the clarity of a maestro conducting a symphony. We must visibly support our clients and staff and be proficient in risk management and complex problem solving.

My personal philosophy centers on understanding our purpose beyond our technical abilities. We must truly understand our clients purpose and goals and identify how we can actively contribute to their realisation. A case in point is ATO Finance's pivotal role in shaping and realising the ATO's strategic vision.

In the CFO role, I am the co-chair of the ATO's Finance Committee alongside our COO, which governs the ATO's resource allocation, investment and program delivery, including monitoring of financial risk. We generate ideas, challenge existing ways of operating, and work to strengthen resource management, and investment across the ATO.

We must also look beyond our own organisations to share and learn with others and drive better practices across our industry.

For example, my responsibilities extend beyond the ATO across the APS, where collaboration lies at the heart of my leadership style.

I am a member of the APS Portfolio departments CFO forum and speak with my APS CFO counterparts regularly to identify shared challenges and design whole-of-government solutions. By sharing knowledge and information, you can identify best practices to enhance your own ability to respond and evolve to most situations.

For instance, we launched the APS Accounting and Finance Capability Framework, a collaborative creation of CFOs from various government agencies to set the common

expectations and competencies for capable and experienced accounting and finance professionals across the APS. The framework assists APS staff to identify skill and knowledge gaps in current or future roles, providing a roadmap for skill development and career progression, heralding a culture of continuous improvement.

As we continue to focus on the modern-day CFO, we explore how fostering a culture of excellence is paramount to the position. We are dedicated to equipping our team with the tools they need to do their jobs well. This includes robust accounting systems and software, comprehensive tax reporting tools and specialised training programs.

Moreover, our people operate in strict accordance with relevant accounting standards supported by Australian accounting bodies, such as CPA Australia and Chartered Accountants Australia and New Zealand.

By adhering to these industry benchmarks, we maintain the highest levels of professionalism and ensure our staff are well prepared to navigate complex financial landscapes, providing the best outcomes for our organisation and clients.

It's about creating an environment to attract, develop and retain accounting and finance professionals.

To do this, we need to provide contemporary learning and development opportunities for staff and take charge of our own continual development. What we know now won't necessarily serve us well five years from now.

Much like a well-structured curriculum, we need to identify specific accounting and finance capability requirements and promote the development of expertise within those professions.

In my role, I have the privilege of leading two professional streams in the ATO: Financial Management, and Design Change, and Project Management. These streams, operating in harmony with our overarching goals, provide strategic direction for the development of workforce capabilities across our professions. It's a deliberate approach, setting high professional standards, forging clear career pathways, and addressing critical skills gaps.

Moreover, we don't limit our engagement to within ATO walls. We actively seek opportunities to connect with our peers and clients. Cross-agency conferences, town hall events, and even my presence here today are mere examples of how we proactively build professional networks beyond the ATO. This collaborative spirit is integral to our commitment to continuous improvement and excellence.

Part 3: Challenges Faced by Chief Financial Officers

In our exploration of the contemporary role of the CFO in the APS, we must acknowledge the challenges that we face in the Australian Public Sector today. These challenges represent critical stages where strategic financial leadership plays a pivotal role.

The APS Workforce Strategy highlights three key challenges in the years ahead:

- How we Attract, build and retain skills, expertise and talent
- The ability to embrace data, technology and flexible and responsive workforce models
- And lastly how we strengthen integrity and purposeful leadership.

In today's competitive labour market, we must focus on efforts to attract and retain talent and strengthen entry level pathways. A strong pipeline of diverse and capable employees is crucial for meeting current and future workforce need.

Innovation and finance transformation have become imperative to remain agile and keep pace with the dynamic innovation landscape, continuously seeking opportunities while navigating the challenges of business transformation and evolution.

A prime example is our move towards digitalisation. The Australian Government released an initial Data and Digital Government Strategy outlining its vision to deliver simple, secure, and connected public services for all people and business through world class data and digital capabilities. The Strategy supports the APS to keep pace with technology, invest well, proactively leverage technology and adopt leading-edge data practice.

But it's not just about technological advancement; it's how we use it.

As CFO, I'm shifting the way accounting and finance teams operate by automating high-volume, low-complexity tasks, which enables our finance teams to evolve into higher-value consultative advisors.

In the ATO, I'm driving a Finance Data and Analytics Strategy to resolve major business challenges impacting accounting and finance staff by maximising efficient and effective use of our data. The Strategy is driving a program of work to make our information visible, accessible, and insightful in a way that improves our staff experience and the services we provide to our clients.

We must acknowledge the importance of being trustworthy advisors in consultation and business partnerships, and use world class data and digital capabilities to deliver on this promise. One of the paramount responsibilities in our role as financial leaders is the effective management of vast quantities of financial data. It transcends the mere collection of data; it's about ensuring its accuracy, quality, and accessibility. Quality data forms the solid foundation upon which sound financial decisions are constructed. Our ability to harness this data enables us to navigate decision-makers, illuminating the path to effective decision-making through meaningful insights and solutions.

In this era of digital transformation, data lies at the heart of our endeavours, and we must choose whether it continues to constrain us or empowers us.

Legacy financial systems can present a significant challenge in an era where agility and adaptability are paramount. Transitioning from old systems to modern, agile solutions requires meticulous planning and execution. We must ensure that financial systems and processes are efficient and capable of meeting the organisations evolving needs.

In Finance, analytical tools that transform the way we visualise and share insights from our financial data enable us to move away from traditional, static reporting to interactive dashboards that transform data into customisable visual tools that present financial information to our clients in a way that's meaningful to them.

For example, in the ATO we created a digital dashboard that provides our ATO clients, from Senior Executive to cost centre managers, with an online, real-time view of budget and resource allocations. By providing on-demand access to quality financial data, we partner with our clients to understand historical financial information and model the future even in times of uncertainty.

Our commitment to unlocking the full potential of our data must be supported by driving a culture of innovation and experimentation, enabling greater flexibility and responsiveness in how we provide our services to our clients, stakeholders, and the broader community.

Part 4: Anticipated Changes in the Role

Question put to audience (using CPA platform): what anticipated changes do you see in the role of a CFO into the future?

CFO are faced with increased competition for qualified accounting and finance professionals. We need a strong Employee Value Proposition to attract and retain our workforce and we need to look to local labour markets, noting approximately 98 per cent of national accounting and finance professionals are currently located outside the ACT.

Technology changes continue to impact CFOs and accounting and finance professionals. Automation and changing expectations in the work of accounting and finance professionals is seeing more emphasis on data, digital and interpersonal skills. We need to stay at pace and invest in the skills and capabilities required to perform in our roles into the future.

As outlined in the APS Accounting and Finance Profession Workforce strategy, the skills considered critical for the future differ from those skills historically considered important to the profession.

The top skills for accounting and finance professionals is likely to be critical thinking, rated just above traditional mathematics, which may come as a surprise. Acquiring skills through practical experience, problem solving, communication and active listening are important skills now and into the future, as we continue to move away from traditional accounting into consultative finance business partnering.

CFO's need to support the augmentation of accounting and finance professionals by providing targeted development of emerging skills and increase staff retention by providing opportunities for strategic mobility and long term career progression.

Beyond our organisational boundaries, we are reshaping the role of CFO in response to external influences, including global perspectives.

We need to embrace the winds of change and making them work in our favour. Exceptional CFOs are not passive observers. We are the architects of the financial future. We must see trends before they emerge and seize opportunities to steer our organisations to a sustainable future.

Sustainability and environmental considerations will become even more important for CFO's as key considerations for financial strategies. We're not merely counting dollars. We're considering environmental sustainability in our investment decisions.

For example, when assessing value for money we must consider environmental sustainability, including the use of recycled materials.

Sustainable procurement helps build a circular economy, aiming to reduce social, environmental and economic impacts of purchased goods and services throughout their life. We need to consider these impacts when making procurement decisions in line with our obligation to spend public money efficiently and ethically.

4.1 Future Accounting Developments

As we look across the horizon towards potential new accounting developments, as CFO's, it's imperative that we continue maintain appropriate accounts, records and non-financial performance information to meet the requirements of the Public Governance, Performance and Accountability Act).

The Act requires officials to govern and to promote the proper use of public resources in an efficient, effective, economical, and ethical way. For example:

- Efficient is ensuring that the most suitable resources are being used to deliver the best result.
- Effective relates to the extent to which commitment of resources will achieve the expected results.
- Economical focuses on the best cost option and avoiding waste.
- Ethical is how a person in a similar situation may be expected to act.

There continues to be a greater emphasis on reporting environmental impacts in non-financial reporting. For example, you will notice in our 2022-23 Annual Report we have new reporting obligations relating to the Government APS Net Zero policy.

APS Net Zero is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030.

Each entity will be responsible for reducing its own emissions to net zero, supported by the APS Net Zero Unit in the Department of Finance and all non-corporate and corporate Commonwealth entities are now required to publicly report on the emissions from their operations.

In addition the policy also requires the APS to build capability to set a standard of best-practice net zero government operations.

Entities will be able to measure and report on their emissions using tools and guidance being developed by the APS Net Zero Unit and the Government will implement a continuous improvement cycle in public reporting as time goes on.

In my role as CFO, I have an important role to supporting my organisation to seek out opportunities to reduce energy demand and improve the energy efficiency of government property.

For example, In April 2021, we established the 2024 ATO environmental sustainability strategy. The ATO's 2024 targets are to reduce: our greenhouse gas emissions by at least 10% from 2019-20 levels the amount of waste from ATO offices going to landfill by at least 5% from 2019-20 levels.

At 30 June 2022, the ATO is on track to meet these targets.

In 2021-22, the ATO minimised our environmental impact by meeting the requirements of the Energy Efficiency in Government Operations (EEGO) policy for 'Tenant light and power' and 'Central services' performance ratings.

Additionally, 95% of the ATO's eligible tenancies that qualify for a rating have achieved or exceeded the minimum National Australian Built Environment Rating System (NABERS) rating of 4.5 stars.

Closing remarks

As we draw our discussion to a close today, I want to thank you for the opportunity to engage with you and for your interest in the evolving role of a CFO in the APS. The APS is a wonderful place to work, whether you work in a large or small agency, as a public servant you have the opportunity to contribute to the wellbeing of the Australian community.

And as CFO, that's ultimately the best part of my role.

As you step out of this lecture hall today, I encourage you to reflect on these lessons. Whether you're a seasoned CFO, a finance professional or a university student, remember that the accounting and finance landscape is ever-changing and has wide-reaching impacts on those around you. Embrace the challenges, seize opportunities and never stop learning.

Once again Thank you for your time, and all the best for your future.