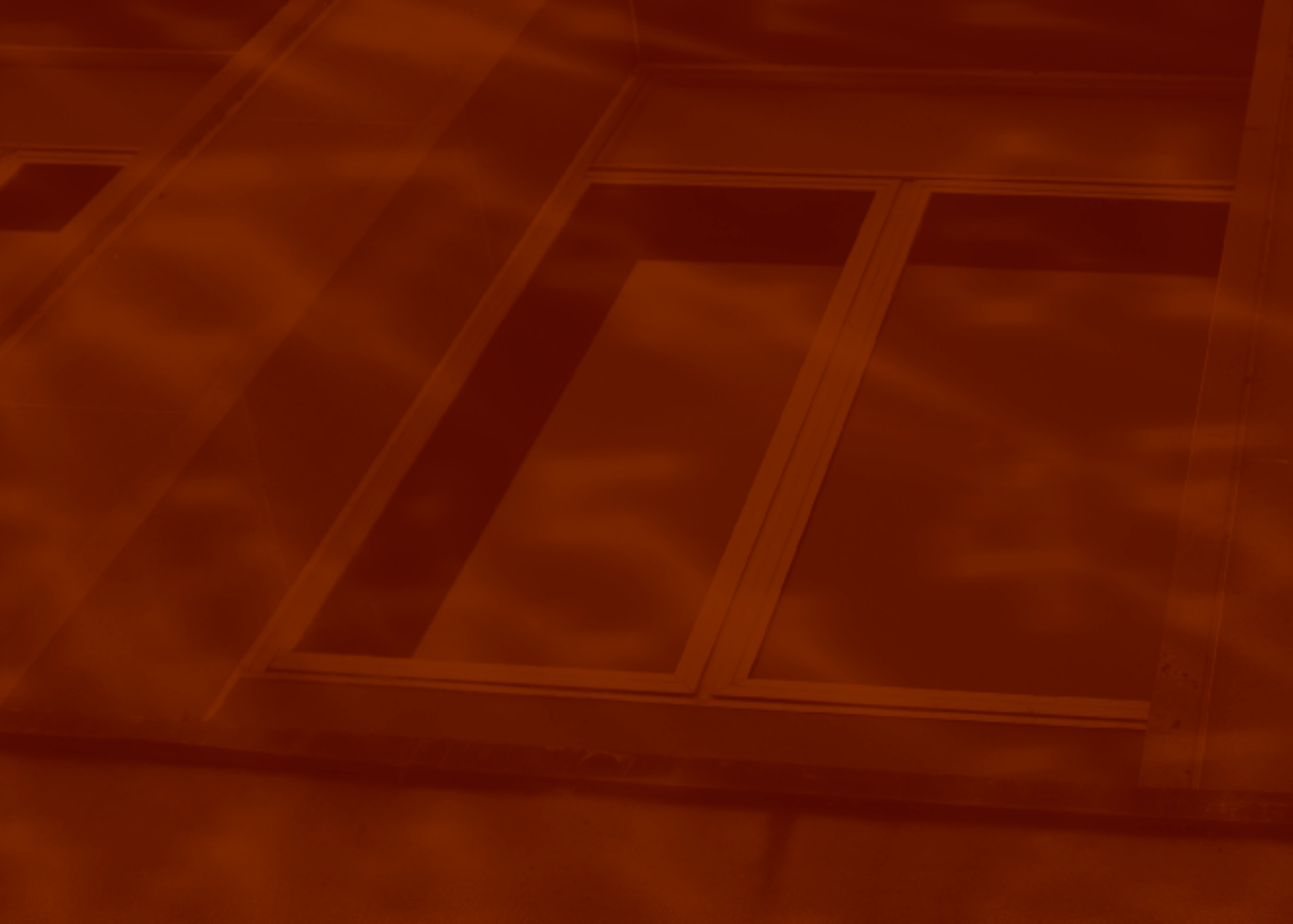




PART FOUR

FINANCIAL STATEMENTS

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Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of the Treasury for the year ended 30 June 2011, which comprise: a Statement by the Departmental Secretary and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; Schedule of Administered Items and Notes to and Forming Part of the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of the Treasury is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as the Secretary determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of the Treasury's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of the Treasury's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the

Secretary of the Department of the Treasury, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Department of the Treasury:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the Treasury's financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

As explained in notes 25 and 26 of the financial statements, as a result of errors during the assessment process, the Department of the Treasury has breached section 83 of the Constitution which requires that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law.

Further, as explained in notes 25 and 26 of the financial statements, the Treasury is aware there is a risk of a breach of section 83 of the Constitution where payments are made from special appropriations and special accounts in circumstances where the payments do not accord with conditions included in the relevant legislation, and has advised that these circumstances will continue to be investigated.

Australian National Audit Office



Ian McPhee

Auditor-General

Canberra

13 October 2011

THE TREASURY

Statement by the Departmental Secretary and Chief Financial Officer

Certification of financial statements

In our opinion, the attached financial statements for the year ended 30 June 2011 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Martin Parkinson
Secretary to the Treasury



Rob Donnelly
Chief Financial Officer

Statement of comprehensive income
for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
EXPENSES			
Employee benefits	3A	119,553	118,613
Supplier expenses	3B	42,958	48,315
Grants	3C	3,077	2,986
Depreciation and amortisation	3D	12,015	4,368
Finance costs	3E	56	35
Write-down and impairment of assets	3F	108	28
Net losses from sale of assets	3G	-	37
TOTAL EXPENSES		177,767	174,382
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	8,623	12,607
Other revenues	4B	726	742
Total own-source-revenue		9,349	13,349
Gains			
Sale of assets	4C	22	-
Other gains	4D	549	546
Total gains		571	546
TOTAL OWN-SOURCE INCOME		9,920	13,895
Net cost of services		167,847	160,487
Revenue from Government	4E	158,268	165,939
Surplus / (Deficit) attributable to the Australian Government		(9,579)	5,452
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		(9,579)	5,452

This statement should be read in conjunction with the accompanying notes.

Note: The Treasury is no longer funded for depreciation resulting in comprehensive income attributable to the Treasury of \$2.436 million in 2011 (2010: \$5.452 million). Please refer to Note 29 for the income (loss) attributable to the Treasury.

Balance sheet
as at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	836	1,196
Trade and other receivables	5B	78,211	77,254
Total financial assets		79,047	78,450
Non-financial assets			
Land and buildings	6A	7,878	8,714
Plant and equipment	6B	8,395	7,620
Intangibles	6C	31,117	36,711
Other non-financial assets	6D	2,336	1,799
Total non-financial assets		49,726	54,844
TOTAL ASSETS		128,773	133,294
LIABILITIES			
Payables			
Suppliers	7A	3,204	1,662
Other payables	7B	8,193	12,098
Total payables		11,397	13,760
Interest bearing liabilities			
Leases	8	-	40
Total interest bearing liabilities		-	40
Provisions			
Employee provisions	9	38,714	39,110
Total provisions		38,714	39,110
TOTAL LIABILITIES		50,111	52,910
NET ASSETS		78,662	80,384
EQUITY			
Asset revaluation reserve		5,246	5,246
Contributed equity		46,621	38,764
Retained surplus		26,795	36,374
TOTAL EQUITY		78,662	80,384

This statement should be read in conjunction with the accompanying notes.

Statement of changes in equity as at 30 June 2011

	Retained earnings		Asset revaluation reserve		Contributed equity		Total equity	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	36,374	30,922	5,246	5,246	38,764	34,243	80,384	70,411
Comprehensive income	(9,579)	5,452	-	-	-	-	(9,579)	5,452
Surplus / (Deficit) for the period	(9,579)	5,452	-	-	-	-	(9,579)	5,452
Total comprehensive income	(9,579)	5,452	-	-	-	-	(9,579)	5,452
of which:								
Attributable to the Australian Government	(9,579)	5,452	-	-	-	-	(9,579)	5,452
Transactions with owners:								
Contributions by owners:								
Equity injection appropriation	-	-	-	-	1,395	4,521	1,395	4,521
Departmental capital budget appropriation	-	-	-	-	6,462	-	6,462	-
Sub-total transactions with owners	-	-	-	-	7,857	4,521	7,857	4,521
Closing balance as at 30 June	26,795	36,374	5,246	5,246	46,621	38,764	78,662	80,384
Closing balance attributable to the Australian Government	26,795	36,374	5,246	5,246	46,621	38,764	78,662	80,384

This statement should be read in conjunction with the accompanying notes.

Cash flow statement
for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		171,132	183,103
Goods and services		9,302	14,034
Net GST received from ATO		3,637	5,028
Other cash received		947	2,103
Total cash received		185,018	204,268
Cash used			
Employees		120,220	115,487
Suppliers		49,386	52,399
Grants		3,077	2,986
Financing costs		56	35
Section 31 receipts transferred to OPA		12,617	18,354
Other cash used		4	1
Total cash used		185,360	189,262
Net cash from / (used by) operating activities	10	(342)	15,006
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		22	9
Total cash received		22	9
Cash used			
Purchase of property, plant and equipment		3,270	3,995
Purchase of intangibles		4,348	15,519
Total cash used		7,618	19,514
Net cash from / (used by) investing activities		(7,596)	(19,505)
FINANCING ACTIVITIES			
Cash received			
Contributed Equity		7,618	4,521
Total cash received		7,618	4,521
Cash used			
Repayment of borrowings (includes finance lease principal)		40	193
Total cash used		40	193
Net cash from / (used by) financing activities		7,578	4,328
Net increase / (decrease) in cash held		(360)	(171)
Cash at the beginning of the reporting period		1,196	1,367
Cash at the end of the reporting period	5A	836	1,196

This statement should be read in conjunction with the accompanying notes.

Schedule of commitments

as at 30 June 2011

	2011 \$'000	2010 \$'000
BY TYPE		
Commitments receivable		
Net GST receivable	(4,038)	(4,724)
Total commitments receivable	(4,038)	(4,724)
Capital commitments		
Infrastructure, Plant and Equipment	-	1,064
Intangibles	1,905	1,515
Total capital commitments	1,905	2,579
Other commitments		
Operating leases	36,186	46,976
Other	7,428	4,071
Total other commitments	43,614	51,047
NET COMMITMENTS	41,481	48,902
BY MATURITY		
Commitments receivable		
GST receivable		
One year or less	(1,276)	(1,165)
From one to five years	(2,762)	(3,163)
Over five years	-	(396)
Total GST receivable	(4,038)	(4,724)
Capital commitments		
One year or less	1,893	2,579
From one to five years	12	-
Total capital commitments	1,905	2,579
Operating lease commitments		
One year or less	8,267	8,480
From one to five years	27,919	34,135
Over five years	-	4,361
Total operating lease commitments	36,186	46,976

This schedule should be read in conjunction with the accompanying notes.

Note: Commitments are GST inclusive where relevant.

Schedule of commitments (continued)

Operating leases included are effectively non-cancellable and comprise of:

Nature of lease	General description of leasing arrangement
Leases for accommodation	<ul style="list-style-type: none"> ▪ Commercial — leases comprise of various periods, including both initial and options periods. ▪ Overseas estate — some commercial lease payments are adjusted annually by two per cent and residential lease payments are reviewed bi-annually to reflect market movements. ▪ The initial periods of office accommodation leases are still current and each may be renewed with options for a further three or five years.
Agreements for the provision of motor vehicles to Senior Executive Officers	<ul style="list-style-type: none"> ▪ No contingent rentals exist. ▪ No renewal or purchase options are available to the Treasury.
Leases for computer equipment and office equipment	<ul style="list-style-type: none"> ▪ The lessor provides all computer equipment designated as necessary in the supply contract for three years with an option to extend the term for a fixed period as agreed by both parties. ▪ The lessor provides all photocopier equipment designated as necessary in the supply contract for four years with an option to extend the term for a fixed period as agreed by both parties.

Other commitments include commitments for consultants, building services and other commitments.

Schedule of contingencies
as at 30 June 2011

	2011 \$'000	2010 \$'000
Contingent liabilities		
Other - Studies Assistance	300	272
Total contingent liabilities	300	272
NET CONTINGENT LIABILITIES	(300)	(272)

This schedule should be read in conjunction with the accompanying notes.

Note: Departmental quantifiable and unquantifiable contingencies are disclosed in Note 11: Contingent liabilities and assets.

Schedule of asset additions
as at 30 June 2011

The following non-financial non-current assets were added in 2010-11:

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Total \$'000
Additions funded in the current year				
By purchase - appropriation ordinary annual services	1,208	2,829	1,033	5,070
Departmental capital budget	-	-	-	-
Ordinary operating costs	-	-	-	-
By purchase - appropriation other services	-	-	1,395	1,395
Equity injections	-	-	-	-
Total additions	1,208	2,829	2,428	6,465

The following non-financial non-current assets were added in 2009-10:

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Total \$'000
Additions funded in the current year				
By purchase - appropriation ordinary annual services	-	-	-	-
Departmental capital budget	2,937	226	3,847	7,010
Ordinary operating costs	-	-	-	-
By purchase - appropriation other services	-	-	12,858	12,858
Equity injections	-	-	-	-
Total additions	2,937	226	16,705	19,868

Schedule of administered items
for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Income administered			
on behalf of Government			
for the period ended 30 June 2011			
Revenue			
Non-taxation revenue			
Interest	16A	3,840	2,236
Dividends	16B	-	5,976,709
Sale of goods and rendering of services	16C	1,879,543	1,930,987
COAG revenue from government agencies	16D	1,351,057	3,639,933
Other revenue	16E	72,269	177,084
Total non-taxation revenue		3,306,709	11,726,949
Total revenues administered		3,306,709	11,726,949
Gains			
Net foreign exchange gains	16F	338,219	790,861
Other Gains	16G	-	14,148
Total gains administered		338,219	805,009
Total income administered		3,644,928	12,531,958
Expenses administered			
on behalf of Government			
for the period ended 30 June 2011			
Grants	17A	86,935,637	88,781,919
Interest	17B	18,734	11,413
Other expenses	17D	6,765	14,818
Total expenses administered		86,961,136	88,808,150

This schedule should be read in conjunction with the accompanying notes.

Schedule of administered items (continued)

as at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Assets administered			
on behalf of Government			
as at 30 June 2011			
Financial assets			
Cash and cash equivalents	18A	4,763	4,063
Receivables	18B	2,922,847	5,326,422
Investments ¹	18C and D	11,383,633	17,213,607
Total financial assets		14,311,243	22,544,092
Non-financial assets			
Other	18E	14,791	545,346
Total non- financial assets		14,791	545,346
Total assets administered			
on behalf of Government		14,326,034	23,089,438
Liabilities administered			
on behalf of Government			
as at 30 June 2011			
Payables			
Loans	19A	3,851,036	4,882,893
Grants	19B	884,081	407,453
Other payables	19C	4,589,348	5,470,847
Unearned income	19D	2,127,855	3,322,908
Total payables		11,452,320	14,084,101
Provisions			
Other provisions	19E	4,596,860	1,119,897
Total other provisions		4,596,860	1,119,897
Total liabilities administered			
on behalf of Government		16,049,180	15,203,998
Net assets administered			
on behalf of Government	20	(1,723,146)	7,885,440

This schedule should be read in conjunction with the accompanying notes.

- 1 The 2010 Investments balance has been reduced by \$750 million to reflect the post dividend equity in the Reserve Bank of Australia.

Administered cash flows

for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering services		1,238,387	1,333,504
Interest		3,144	2,388
Dividends		750,000	5,226,709
Net GST received		3	175
HIH Group liquidation proceeds		62,244	53,776
COAG receipts from government agencies		10,990,758	11,068,030
Other		4,590	120,164
Total cash received		13,049,126	17,804,746
Cash used			
Grant payments		91,552,618	95,293,444
Interest		16,965	9,949
Other		23,166	5,520
Total cash used		91,592,749	95,308,913
Net cash flows from (used by) operating activities		(78,543,623)	(77,504,167)
INVESTING ACTIVITIES			
Cash received			
IMF		401,962	4,845,258
Total cash received		401,962	4,845,258
Cash used			
Settlement of IMF obligations		315,051	-
Settlement of international financial institution's obligations		243,824	-
Total cash used		558,875	-
Net cash flows from (used by) investing activities		(156,913)	4,845,258
Net increase (decrease) in cash held		(78,700,536)	(72,658,909)
Cash and cash equivalents at the beginning of reporting period		4,063	8,230
Cash from Official Public Account for:			
- Appropriations		64,096,231	61,744,128
- Special accounts		18,402,547	26,324,452
		82,498,778	88,068,580
Cash to Official Public Account for:			
- Appropriations		2,468,045	11,471,758
- Special accounts		1,329,497	3,942,080
		3,797,542	15,413,838
Cash and cash equivalents at end of reporting period	18A	4,763	4,063

This schedule should be read in conjunction with the accompanying notes.

Administered commitments

as at 30 June 2011

	2011 \$'000	2010 \$'000
BY TYPE		
Commitments payable		
Capital commitments		
Investment	147,193	231,829
Total capital commitments	147,193	231,829
Other commitments		
Other - Commonwealth grants ¹	350,118,924	348,268,036
Other expenses	-	1,500
Total other commitments	350,118,924	348,269,536
Total commitments payable	350,266,117	348,501,365
Commitments receivable		
GST receivable	(72)	(136)
Total commitments receivable	(72)	(136)
NET COMMITMENTS BY TYPE	350,266,045	348,501,229
BY MATURITY		
Commitments payable		
Capital commitments		
One year or less	36,798	46,366
From one to five years	110,395	185,463
Total capital commitments	147,193	231,829
Other commitments		
One year or less	84,399,929	84,284,418
From one to five years ¹	265,718,995	263,985,118
Total other commitments	350,118,924	348,269,536
Commitments receivable		
One year or less	(72)	(136)
Total commitments receivable	(72)	(136)
NET COMMITMENTS BY MATURITY	350,266,045	348,501,229

This schedule should be read in conjunction with the accompanying notes.

Note: All commitments are GST inclusive where relevant

- 1 Other — Commonwealth grants commitments represent the estimated amount to be paid to States and Territories under the federal financial framework over the period of forward estimates (2011-12 to 2014-15) as presented in the 2011-12 Budget. The amount excludes estimated future payments under the Natural Disaster Relief and Recovery Arrangements, which have been expensed in 2011 (refer to Note 1.26 for more information). In 2011, \$306,586 million represents the first four years of ongoing commitments to provide GST revenue, National Specific Purpose Payments and General Revenue Assistance to the States and Territories (2010: \$297,946 million).

Administered contingencies as at 30 June 2011

	Guarantees		Indemnities		Uncalled shares or capital subscriptions ¹		Claims for damages or costs		Warranties		Letters of Comfort		TOTAL	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Administered Contingent liabilities														
Balance from previous period	-	-	-	-	12,052,017	6,697,681	-	-	-	-	-	-	12,052,017	6,697,681
New	-	-	-	-	-	5,692,988	-	-	-	-	-	-	-	5,692,988
Re-measurement	-	-	-	-	(2,451,215)	(338,652)	-	-	-	-	-	-	(2,451,215)	(338,652)
Liabilities recognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total administered contingent liabilities	-	-	-	-	9,600,802	12,052,017	-	-	-	-	-	-	9,600,802	12,052,017
Total Administered contingent assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ADMINISTERED CONTINGENT LIABILITIES	-	-	-	-	9,600,802	12,052,017	-	-	-	-	-	-	9,600,802	12,052,017

This schedule should be read in conjunction with the accompanying notes.

Note: Administered unquantifiable contingencies are disclosed in Note 21; Administered contingent liabilities and assets. The Treasury has given financial guarantees for which the details are disclosed at Note 1.31 and Note 23; Administered financial instruments.

¹ Comprises uncalled shares or capital subscriptions in the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (IBRD), the Multilateral Investment Guarantee Agency (MIGA) and the Asian Development Bank (ADB).

Statement of activities administered on behalf of Government

The major administered activities of the Treasury are directed towards achieving the outcome described in Note 1.1 (Program 1.2 to Program 1.10) of the Financial Statements. Details of planned activities of Program 1.2 to Program 1.10 for the year can be found in the Treasury Portfolio Budget Statements and Portfolio Additional Estimates Statements.

Notes to and forming part of the financial statements
for the period ended 30 June 2011

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Note 1: Summary of significant accounting policies

1.1 Objectives of the Treasury

The Treasury is an Australian Government controlled entity.

The Treasury's mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury Ministers in the administration of their responsibilities and the implementation of government decisions.

The Treasury is structured to meet one outcome:

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

The reporting entity, hereafter referred to as 'the Treasury', comprises the Treasury and the Australian Government Actuary.

Activities contributing towards the outcome detailed above are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Treasury in its own right. Administered activities involve the management or oversight by the Treasury on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities are identified under Program 1.1. Administered activities are identified under programs 1.1 to 1.10 listed below:

- Program 1.1 — Department of the Treasury
- Program 1.2 — Payments to International Financial Institutions
- Program 1.3 — Support for Markets and Business
- Program 1.4 — General Revenue Assistance
- Program 1.5 — Assistance to the States for Healthcare Services
- Program 1.6 — Assistance to the States for Schools
- Program 1.7 — Assistance to the States for Skills and Workforce Development
- Program 1.8 — Assistance to the States for Disability Services
- Program 1.9 — Assistance to the States for Affordable Housing
- Program 1.10 — National Partnership Payments to the States

Program 1.2 provides for administered payments to International Financial Institutions as required to:

- promote international monetary cooperation, exchange stability and orderly exchange arrangements;
- strengthen the international financial system; and
- support development objectives through the multilateral development banks.

Program 1.3 provides for administered activities in respect of:

- insurance claims arising from the residual Housing Loans Insurance Corporation (HLIC) portfolio;
- assistance under the HIH Claims Support Scheme (HCSS);
- the Guarantee of State and Territory Borrowing in assisting state and territory governments to access funding;
- the Guarantee Scheme for Large Deposits and Wholesale Funding to promote financial system stability in Australia; and
- support for car dealership financing through the OzCar Special Purpose Vehicle (SPV).

Program 1.4 provides for administered payments of general revenue assistance to the States and Territories, including payments of revenue received from the GST.

Programs 1.5 to 1.9 provide for administered payments to the States and Territories for healthcare services, schools services, skills and workforce development services, disability services and affordable housing services; according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program 1.10 provides for administered payments to the States and Territories, according to National Partnership agreements, providing financial support for the States and Territories to be spent on improving outcomes in the areas specified.

The continued existence of the Treasury in its present form and with its present programs is dependent on government policy and on continuing appropriations by parliament for the Treasury's policy advice, administration and programs.

1.2 Basis of preparation of the financial statements

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are general purpose financial statements.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2010; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the Treasury or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments and the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.22.

1.3 Significant accounting judgments and estimates

In consultation with the Department of Finance and Deregulation (Finance), the Treasury has changed the accounting treatment of payments made to States and Territories under the Natural Disaster Relief and Recovery Arrangements (NDRRA). This accounting policy change has resulted in the recognition of a liability equal to the discounted value of estimated future payments of Commonwealth assistance to States and Territories under the NDRRA for disasters that have already occurred (see Note 1.26 for more information).

The NDRRA liability represents the Treasury's best estimate of payments expected to be made to States and Territories as at balance date under NDRRA and is based on information provided by States and Territories to the Attorney General's Department, the Commonwealth agency responsible for the administration of disaster relief. The estimates provided by States and Territories are based on their assessment of the costs expected to be incurred that would be eligible for assistance under NDRRA for disaster occurring prior to 1 July 2011. Given the extent of recent disasters and uncertainty around the costs and timing of the reconstruction effort, the liability may require adjustment in future reporting periods.

Apart from the Australian Government Actuary's reconsideration of its 2008-09 review of employee benefits, which resulted in changes to on-cost calculations and discount factors, no accounting assumptions or estimates have been identified for departmental items that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

In the process of applying the accounting policies for administered items listed in Notes 1.29 and 1.30, the Treasury has obtained independent actuarial assessments of the HCSS liability and HLIC premiums, recoveries, claims and acquisition costs.

In relation to uncalled shares disclosed in the administered contingencies table, the Treasury has judged the risk of these shares being called as low for the foreseeable future. This judgment is based on historic and current performance of the international financial institutions. Some of the factors considered are the financial strength of the development banks (that is, most have AAA credit ratings), established risk management policies, healthy debt ratios and no adverse financial statement audit opinions.

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. None of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current period have had a material financial impact on the Treasury. The following standards or amendments to standards have become effective but have had no financial impact to the operations of the Treasury.

Standards

- AASB 1 — *First-time Adoption of Australian Accounting Standards (Compilation)*
- AASB 2 — *Share-based Payment (Compilation)*
- AASB 3 — *Business Combinations (Compilation)*
- AASB 7 — *Financial Instruments: Disclosures (Compilation)*
- AASB 8 — *Operating Segments (Compilation)*
- AASB 118 — *Revenue (Compilation)*
- AASB 121 — *The Effects of Changes in Foreign Exchange Rates (Compilation)*
- AASB 128 — *Investments in Associates (Compilation)*
- AASB 131 — *Interests in Joint Ventures (Compilation)*
- AASB 132 — *Financial Instruments: Presentation (Compilation)*
- AASB 139 — *Financial Instruments: Recognition and Measurement (Compilation)*
- *Interp. 19 Extinguishing Financial Liabilities with Equity Instruments (Principal)*

Future Australian Accounting Standard requirements

Of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to future periods, it is estimated that the impact of adopting the pronouncements when effective will have no material financial impact on future reporting periods, but may affect disclosures in future financial reports.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue when the agency gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the agency retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred for the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

1.6 Gains

Resources received free of charge

Resources received free of charge are recognised as gains when and only when fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined by AASB 119 Employee Benefits) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the total net present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of the plan's assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Treasury is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Treasury's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for both annual and long service leave has been determined by reference to the work of the Australian Government Actuary as at 30 June 2009. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and general pay increases.

Separation and redundancy

No provision has been made for separation and redundancy benefit payments during the year (2010: Nil).

Superannuation

Staff of the Treasury are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan or other defined contribution scheme.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme which opened for new employees on 1 July 2005.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Treasury makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the government of the superannuation entitlements of the Treasury's employees. The Treasury accounts for the contribution as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2011 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer substantially all the risks and benefits incidental to ownership of leased non-current assets from the lessor to the lessee. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense. The interest rate implicit in leases was zero as all leases had expired by 30 June 2011 (2010: 5.92 per cent).

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount. Any interest receivable is credited to revenue as it accrues. The Treasury maintains bank accounts with the Reserve Bank of Australia for administration of the receipt and payment of monies.

1.12 Financial risk management

The Treasury's activities expose it to normal commercial financial risk. As a result of the nature of the Treasury's business and internal and Australian Government policies dealing with the management of financial risk, the Treasury's exposure to market, credit, liquidity, cash flow and fair value interest rate risk is considered to be low.

1.13 Other financial instruments

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest methods less impairment. Interest is usually recognised by applying the effective interest rate. Collectability of debts is reviewed regularly

throughout the year and at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. Credit terms are net 30 days (2010: 30 days).

Trade creditors

Trade creditors and accruals are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Settlement is usually made net 30 days.

1.14 Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. No indicators of impairment were identified assets as at 30 June 2011.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

Available for sale financial assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the statement of comprehensive income.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.15 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are recognised when the probability of settlement is greater than remote.

1.16 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

1.17 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant and total \$20,000 or more).

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

Revaluations

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the operating result. Revaluation decrements for a class of assets are recognised directly through the operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

The Treasury performed a valuation of leasehold improvements, infrastructure, plant and equipment assets on 30 November 2007. The valuation was performed by independent valuers Preston Rowe Paterson NSW Pty Limited and was based on valuing the assets at fair value. Preston Rowe Paterson NSW Pty Limited confirmed that net asset values materially reflected fair value at 30 June 2011.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Treasury using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2011	2010
Computers, plant and equipment	3-10 years	3-10 years
Leasehold improvements	5-10 years	5-10 years
Motor vehicles	4 years	4 years
Office equipment	5 years	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3D.

Impairment

All assets were assessed for impairment at 30 June 2011. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

No indicators of impairment were found for departmental assets at fair value during the year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Treasury were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Intangibles

The Treasury's intangible assets comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Treasury's software are 3 to 5 years (2010: 3 to 5 years).

The Treasury's largest intangible asset is for Standard Business Reporting (SBR). SBR is a multi-agency initiative that will simplify business-to-government reporting by introducing a

single secure way to interact on-line with participating agencies. For further information visit www.sbr.gov.au.

All software assets were assessed for indications of impairment as at 30 June 2011. No indicators of impairment were identified as at 30 June 2011.

1.19 Taxation/competitive neutrality

The Treasury is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recovered from the Australian Taxation Office; and
- except for receivables and payables.

1.20 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.21 Insurance

The Treasury is insured for risks through the government's insurable risk managed fund, Comcover. Workers compensation is insured through the government's insurable risk managed fund, Comcare Australia.

1.22 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

1.23 Administered cash transfers to and from the Official Public Account

Revenue collected by the Treasury for use by the Australian Government rather than the Treasury is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of the Australian Government. These transfers to and from the OPA are adjustments to administered cash held by the Treasury on behalf of the Australian Government and reported as such in the reconciliation table in Note 21. The schedule of administered items largely reflects the Australian Government's transactions, through the Treasury, with parties outside the Australian Government.

1.24 Administered revenue

All administered revenues relate to the course of ordinary activities performed by the Treasury on behalf of the Australian Government.

Reserve Bank of Australia dividend

Dividends from the Reserve Bank of Australia (RBA) are recognised when a determination is made by the Treasurer and thus control of the income stream has been established. On this basis, the RBA's dividend for a particular financial year is recognised in the Treasury's financial statements in the subsequent financial year. Dividends are measured at nominal amounts.

The Treasurer is able to determine what portion of the RBA's earnings is made available as a dividend to the Australian Government having regard to the Reserve Bank Board's advice and in accordance with section 30 of the *Reserve Bank Act 1959*.

International Monetary Fund remuneration

Remuneration is interest paid by the International Monetary Fund (IMF) to Australia for the use of its funds. It is paid on the proportion of Australia's IMF capital subscription (quota) that was paid in Special Drawing Rights (SDR), and on the money lent by Australia under the IMF's Financial Transaction Plan, under which members in a strong external position provide quota resources to support IMF lending to borrowing member countries.

Where the IMF's holdings of Australian dollars fall below a specified level, it pays remuneration on Australia's average remunerated reserve tranche position. The rate of remuneration is equal to the SDR interest rate. This rate is then adjusted to account for the financial consequences of overdue obligations to the IMF which are shared between members and reflected in Note 16 as 'burden sharing'.

Remuneration is calculated and paid at the end of the IMF's financial quarters. An annual maintenance of value adjustment is made to the IMF's holdings of Australia's quota paid in Australian dollars to maintain their value in terms of the SDR.

Australia also receives interest on amounts lent to the IMF under the New Arrangements to Borrow (NAB). Interest on the NAB is paid quarterly. The NAB provides supplementary resources to the IMF when quota resources are insufficient.

180 Guarantee Scheme for Large Deposits and Wholesale Funding

Under the Guarantee Scheme for Large Deposits and Wholesale Funding, a fee is paid to guarantee the portion of eligible deposits over \$1 million and for wholesale funding issuances.

The fees are reported as a fee for service in accordance with AASB 118 — Revenue. The Guarantee Scheme closed to new deposits on 31 March 2010.

The Guarantee of State and Territory Borrowing

Under the Guarantee of State and Territory Borrowing, a fee is paid to provide the guarantee over new and nominated existing State and Territory securities. The fees are reported as a fee for service in accordance with AASB 118 — Revenue. The guarantee closed to new issuances of guaranteed liabilities on 31 December 2010.

Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 — Financial Instruments: Recognition and Measurement. They are not treated as contingent liabilities, as they are regarded as financial instruments outside the scope of AASB 137 — Provisions, Contingent Liabilities and Contingent Assets. The Treasury's administered financial guarantee contracts relate to components of the Guarantee Scheme for Large Deposits and Wholesale Funding and the Guarantee of State and Territory Borrowing.

1.25 Administered capital

Appropriations of administered capital are recognised in administered equity when the amounts appropriated by Parliament are drawn down. For the purposes of the Treasury annual report, administered equity transactions are not disclosed separately.

1.26 Grants

In 2010-11 the Treasury reviewed the accounting treatment of payments made to States and Territories under the Natural Disaster Relief and Recovery Arrangements in consultation with Finance. The accounting treatment previously applied by the Treasury was to recognise grant liabilities under NDRRA to the extent that (i) the services required to be performed by the State or Territory had been performed or (ii) the grant eligibility criteria had been satisfied, but payments due have not been made. The change in accounting treatment has resulted in the Treasury recognising a liability equal to the discounted value of estimated future payments to States and Territory's under NDRRA regardless of whether or not a State or Territory has completed eligible disaster reconstruction work or submitted an eligible claim under the NDRRA. As disclosed in Note 1.3, States and Territories were requested to provide an estimate of costs expected to be incurred for disasters affecting States and Territories that occurred prior to 1 July 2011 which would be eligible for assistance.

The new accounting treatment provides readers of the financial statements with an estimate of the amount yet to be paid to States and Territories for eligible disaster assistance which was not provided under the earlier accounting treatment.

Consistent with the disclosure requirements of the FMO's and relevant accounting standards, the comparative year figures for administered grant expenses and provisions have been adjusted as if the new accounting policy had always applied.

In Note 17: Expenses administered on behalf of Government, the 2009-10 administered grants expense has increased by \$807.7 million, and in Note 19: Liabilities administered on behalf of Government, a provision for NDRRA payments of \$1,089.4 million has been recognised as at 30 June 2010. An adjustment of \$293.8 million has also been included in Note 20: Administered reconciliation table to reflect the increase in 2009-10 opening liabilities under the new accounting policy.

With the exception of the accounting treatment of payments to State and Territories under NDRRA detailed above, grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Australian Government enters into an agreement to make grants but services have not been performed or criteria satisfied.

Grants to the IMF

This represents Australia's contribution to the IMF's Poverty Reduction and Growth Trust (interest subsidy account) to support increased IMF concessional lending to low-income countries in the context of the global financial crisis. This contribution is part of the Government's commitment to increase Australia's overseas development assistance over the long term. No contribution was made by Australia during 2011 (2010: \$30 million).

Grants to States and Territories

The current framework for federal financial relations, introduced on 1 January 2009, provides a strong foundation for the Council of Australian Governments (COAG) to pursue economic and social reform to underpin growth, prosperity and wellbeing into the future. Under the framework, the Treasurer is accountable for the efficient payment of National Partnership payments and general revenue assistance to the States and Territories. Portfolio Ministers are accountable for relevant government policies associated with those payments. In addition, the Treasurer is accountable for payments and policies associated with GST payments and National Specific Purpose Payments (National SPPs). An overview of the Government's policy in respect of accountabilities under the new financial framework is presented in the 2011-12 Budget Papers, Appendix A of Budget Paper No. 3, Australia's Federal Relations.

There are four main types of grant payments under the framework, as follows:

- National SPPs — a financial contribution to support a State or Territory to deliver services in a particular sector;
- National Partnership payments (NPs) — a financial contribution in respect of a National Partnership agreement to a State or Territory to support the delivery of

specific projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements;

- GST revenue payments — a financial contribution to a State or Territory which is available for use by the States and Territories for any purpose; and
- general revenue assistance (GRA) other than GST revenue payments – a financial contribution to a State or Territory which is available for use by the States and Territories for any purpose.

The National SPPs and GST revenue grants are paid under a special appropriation from the *Federal Financial Relations Act 2009*. After the end of the financial year, the Treasurer makes a determination of the amounts that should have been paid and an adjustment is made in respect of advances that were paid during the financial year. The authority to determine the amount and timing of advances has been delegated to the General Manager, Commonwealth-State Relations Division.

The NP and GRA payments are paid under the Federal Financial Relations Act 2009 through a determination process wherein the Treasurer may determine an amount to be paid to a State or Territory for the purpose of making a grant of financial assistance. Once determined, this amount must be credited to the COAG Reform Fund and the Treasurer must ensure that, as soon as practicable after the amount is credited, the COAG Reform Fund is debited for the purposes of making the grant. In addition, the Treasurer must have regard to the Intergovernmental Agreement. The Treasury advises on the amount to be determined, based on certified payment advices received from the Chief Financial Officers of Commonwealth agencies.

In 2010-11, several payments made under National Partnership agreements were discovered to have been made in error and were subsequently recovered at the next opportunity. In these circumstances the payments were made to the State or Territory without any legislative basis, which constitutes a technical breach of section 83 of the Constitution. The Treasury process to complete the 2010-11 financial statements identified 8 incorrect payments (2010: 6 incorrect payments). The incorrect payments totaled \$25,963,775 (2010: \$100,997) or 0.141 per cent (2010: less than 0.001 per cent) of payments from the COAG Reform Fund special account. All incorrect payments have been recovered from the States and Territories.

In 2009-10, the Treasury recorded revenues and expenses in relation to payments to States and Territories for assistance to non-government schools under the Digital Education Revolution and the Building the Education Revolution programs. During 2010-11 it was agreed that the Department of Education Employment and Workplace Relations (DEEWR) would recognise expenses and revenues for these payments and that the Treasury would act as paying agent for these amounts to the States and Territories. The Treasury has therefore not recognised any expenses or revenues for these amounts in 2010-11. Cash receipts from DEEWR and cash payments made to States and Territories in relation to amounts paid in 2010-11 have been recorded in the Schedule of Administered Cash Flows and Table D of Note 25: Appropriations.

Payments to the States and Territories through the Nation Building Funds

The *Nation-building Funds Act 2008* (the Funds Act) outlines the requirements for payments to be authorised from the three Nation building funds (collectively known as 'the Funds'); the responsibilities of Ministers; and the process for channeling payments to recipients through portfolio special accounts.

The Funds were established to provide financing sources to meet the Government's commitment to Australia's future by investment in critical areas of infrastructure.

The three Funds are the:

- Building Australia Fund — make payments in relation to the creation or development of transport, communications, eligible national broadband network matters, energy and water infrastructure;
- Education Investment Fund — make payments in relation to the creation or development of higher education infrastructure, vocational education and training infrastructure, eligible education and research infrastructure; and Health and Hospitals Fund — make payments in relation to the creation or development of health infrastructure.

The Treasury receives funds from the relevant portfolio agency and pays the amount to the States and Territories. These amounts are recorded as 'COAG receipts from Government Agencies' to recognise the income and a corresponding grant expense is recognised for the payment to the States and Territories.

Mirror taxes collected by State Governments

On behalf of the States, the Australian Government imposes mirror taxes which replace State taxes in relation to Australian Government places that may be constitutionally invalid. Mirror taxes are collected and retained by the States, under the *Commonwealth Places (Mirror Taxes) Act 1998*. State Governments bear the administration costs of collecting mirror taxes. Mirror taxes are disclosed at Note 26F.

1.27 Administered investments

Development banks

Investments in development banks are classified as 'monetary — available for sale financial assets' refer Note 1.32. As such, the foreign currency value of investments is translated into Australian Dollars (AUD) using relevant foreign currency exchange rates at balance date.

International Monetary Fund

The quota is the current value in Australian dollars of Australia's subscription to the IMF. Quota subscriptions represent a member's shareholding in the IMF and generate most of the IMF's financial resources. Twenty five per cent of the quota increase will be paid in

SDR and the remainder will be paid through issuing AUD denominated non-negotiable, non-interest bearing promissory notes.

Australia has agreed to increase its quota contributions to the IMF from SDR 3.2 billion to SDR 6.6 billion (AUD\$9.8 billion as at 30 June 2011), in line with a doubling of overall IMF quotas. It is expected that the increase will occur in the 2011-12 financial year.

Australian Government entities

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the whole of government level.

The Australian Government's investment in controlled entities and companies in the Treasury portfolio are measured at their fair value as at 30 June 2011. Fair value has been taken to be the net assets of the entities as at balance date. These entities are listed below:

- Reserve Bank of Australia; and
- Australian Reinsurance Pool Corporation.

Impairment of administered investments

Administered investments were assessed for impairment at 30 June 2011. No indicators of impairment were identified.

1.28 Promissory notes

Promissory notes have been issued to the IMF, the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the Asian Development Bank and the Multilateral Investment Guarantee Agency.

Where promissory notes have been issued in foreign currencies, they are recorded at their nominal value by translating them at the spot rate at balance date. The promissory notes are non-interest bearing and relate to the undrawn paid-in capital subscriptions.

Foreign currency gains and losses are recognised where applicable.

1.29 IMF Special Drawing Rights Allocation

The SDR allocation liability reflects the current value in AUD of the Treasury's liability to repay to the IMF the cumulative allocations of SDRs provided to Australia since joining the IMF. This liability is classified as 'other payables' in Note 17.

1.30 Mortgage insurance policies written by the Housing Loans Insurance Corporation up to 12 December 1997

The Australian Government sold HLIC on 12 December 1997. Under the terms and conditions of the sale the Australian Government retained ownership of all mortgage insurance policies written up to the time of the sale.

Accounting policies adopted are:

Premiums

Premiums comprise amounts charged to the policy holder or other insurer, excluding amounts collected on behalf of third parties, principally stamp duties. The earned portion of premiums received and receivable is recognised as revenue. Premiums are treated as earned from the date of attachment of risk.

Premiums received in respect of insured loans are apportioned over a number of years in accordance with an actuarial determination of the pattern of risk in relation to the loans. Premium amounts carried forward in this way are credited to 'provision for unearned premiums'.

Given the maturity of the portfolio, the provision for unearned premiums is now zero.

Claims

Claims incurred expenses and a liability for outstanding claims are recognised in respect of insurance policies. The liability covers claims incurred but not yet paid, incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The liability has been recognised based on the estimated discounted future cash flows. Given the maturity of the portfolio, the liability is now estimated to be negligible and no provision has been recorded in 2010-11 (2010:nil).

Acquisition costs

A portion of acquisition costs relating to unearned premium revenue is deferred in recognition that it represents future benefits. Deferred acquisition costs are amortised on an actuarial basis over the reporting periods expected to benefit from the expenditure. Since the provision for unearned premium is now zero, the deferred acquisition cost asset is also now zero.

1.31 Provisions and contingent liabilities

HIH Claims Support Scheme liability

The HIH Claims Support Scheme (the Scheme) was established by the Australian Government following the collapse of the HIH Group of companies in March 2001. The purpose of the Scheme is to provide financial assistance to eligible HIH policy-holders affected by the collapse of the group. Initial funding of \$640 million was provided by special appropriation through the *Appropriation (HIH Assistance) Act 2001*.

HIH Claims Support Limited was established by the Insurance Council of Australia as a not-for-profit company in May 2001 to manage claims made under the Scheme and to operate the HIH Claims Support Trust on behalf of the Australian Government. As the sole beneficiary of the trust the Australian Government is entitled to any residual balance of the trust.

Since 2001, a total of 10,900 claims have been granted eligibility for assistance. Each year an actuarial review of the claims portfolio has been conducted to assess the development of claims reserves and to estimate the overall liability associated with the Scheme portfolio. In 2006, approval was sought and obtained to increase the Scheme appropriation to a total of \$861 million to meet the estimated cost of the Scheme portfolio. This additional funding is provided through annual appropriations.

The Australian Government Actuary reviews the portfolio annually to reassess the estimated Scheme liability in future years. The most recent review has indicated that the overall cost of the Scheme is estimated to be \$730.5 million in discounted terms. This amount incorporates an allowance for future inflation and covers the expected cost of past and future claim payments and associated expenses of managing the Scheme.

1.32 Administered financial instruments

AASB 139 — Financial Instruments: Recognition and Measurement requires financial instruments to be classified into one of four categories. The financial instruments specific to the Treasury's administered items are classified in three of the four categories as detailed below.

- Loans and receivables (these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market):
 - IMF related monies receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
 - Loans to the IMF under the New Arrangements to Borrow (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
 - the Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method); and
 - the Guarantee Scheme for State and Territory Borrowing contractual fee receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method).
- Available-for-sale financial assets:
 - investments in development banks (measured initially at cost or notional cost and then measured at fair value);
 - the IMF quota (measured at cost); and
 - Investments in Government Entities (measured at fair value based on net asset position of the entity at 30 June 2011).
- Financial liabilities:
 - the SDR allocation (measured initially at fair value and then measured at amortised cost using the effective interest rate method);

- promissory notes (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- IMF related monies payable (measured initially at fair value and then measured at amortised cost using the effective interest rate method); and
- the Guarantee Scheme for Large Deposits and Wholesale Funding contractual guarantee service obligation (measured initially at fair value and then measured at amortised cost using the effective interest rate method).

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Although a number of the Treasury's financial instruments are classified as 'available-for-sale', the Treasury does not hold these instruments for the purposes of trading. Assets that can be reliably measured at reporting date are valued at fair value, otherwise, at cost.

Promissory notes are financial liabilities that are required to be measured at amortised cost using the effective interest rate method. The contractual terms of the promissory notes are non-interest bearing making the effective interest rate zero. Therefore, the measurement would be the initial value less any repayments plus or minus movements in exchange rates as a result of translation on the balance date.

The Guarantee Scheme for Large Deposits and Wholesale Funding and the Guarantee of State and Territory Borrowing contractual fee receivable represents the requirement under AASB 139 — Financial Instruments: Recognition and Measurement for the Treasury to recognise up-front, its entitlements under the financial guarantee contract to revenue received or receivable from authorised deposit-taking institutions over the contracted guarantee period. Conversely, the Treasury is required to recognise a corresponding initial liability for its contractual obligation to provide a guarantee service over the period covered by each guarantee contract (analogous to unearned income).

Recognition of these amounts only relates to fee revenue aspects of the financial guarantee contracts. These amounts do not reflect any expected liability under the Guarantee Scheme itself as these are considered remote and unquantifiable. Administered contingent liabilities and assets are disclosed at Note 21.

Administered financial instruments are accounted for in accordance with the accounting policies detailed above and are disclosed at Note 22.

Note 2: Events occurring after reporting date

The RBA has not declared a dividend to Government for 2011.

Note 3: Operating Expenses

	2011 \$'000	2010 \$'000
Note 3A: Employee benefits		
Wages and salaries	90,482	87,672
Superannuation		
Defined benefit plan	11,671	12,065
Defined contribution plan	4,474	3,604
Leave and other entitlements	9,620	12,381
Other	3,306	2,891
Total employee benefits	119,553	118,613
Note 3B: Suppliers		
Goods and services		
Communications	1,641	1,536
Computers	3,108	3,055
Conferences and Training	2,708	2,675
Consultants and Contractors	8,868	11,779
Fees - Audit, Accounting, Bank and Other	1,235	987
Insurance	949	1,086
Legal	1,459	4,310
Printing	643	847
Property operating expenses	11,759	11,316
Publications and Subscriptions	1,558	1,325
Travel	5,276	5,776
Other	3,754	3,623
Total goods and services	42,958	48,315
Goods and services are made up of:		
Provision of goods from:		
related entities	2	103
external entities	2,411	3,199
Rendering of services from:		
related entities ¹	6,857	12,032
external entities ¹	24,022	23,942
Operating lease rentals ²	8,967	8,145
Workers compensation premiums	699	894
Total supplier expenses	42,958	48,315
Note 3C: Grants		
Grants paid		
Public Sector:		
Australian Government entities	152	475
Private Sector:		
Non-profit organisations	2,925	2,509
For-profit organisations	-	2
Total grants	3,077	2,986

1 The 2010 balances have been adjusted by \$0.94 million to reflect the reclassification of expenses from external entities to related entities.

2 Operating lease rentals comprise minimum lease payments only.

Note 3: Operating Expenses (continued)

	2011	2010
	\$'000	\$'000
Note 3D: Depreciation and amortisation		
Depreciation		
Other plant and equipment	2,119	1,656
Buildings - leasehold improvements	1,889	1,751
Total depreciation	4,008	3,407
Amortisation		
Intangibles - computer software	7,973	840
Assets held under finance lease	34	121
Total amortisation	8,007	961
Total depreciation and amortisation	12,015	4,368
Note 3E: Finance costs		
Leases	56	35
Total finance costs	56	35
Note 3F: Write-down and impairment of assets		
Financial assets		
Receivables - bad and doubtful debt expense	3	-
Non-financial assets		
Plant and equipment	55	28
Intangibles	50	-
Total write-down and impairment of assets	108	28
Note 3G: Net losses from sale of assets		
Other plant and equipment		
Proceeds from disposal	-	(9)
Net book value of assets disposed	-	46
Net losses from sale of assets	-	37

Note 4: Income

	2011 \$'000	2010 \$'000
Note 4A: Sale of goods and rendering of services		
Provision of goods to:		
external entities	-	1
Rendering of services to:		
related entities	7,387	11,611
external entities	1,153	907
Operating lease rental	83	88
Total sale of goods and rendering of services	8,623	12,607
Note 4B: Other revenues		
Other	726	742
Total other revenues	726	742
Note 4C: Sale of assets		
Plant and equipment		
Proceeds from sale	22	-
Net gain from sale of assets	22	-
Note 4D: Other gains		
Resources received free of charge	549	546
Total other gains	549	546
Note 4E: Revenue from government Appropriations		
Departmental appropriation	158,268	162,941
Other	-	2,998
Total revenue from government	158,268	165,939
Total income	168,188	179,834

Note 5: Financial assets

	2011	2010
	\$'000	\$'000
Note 5A: Cash and cash equivalents		
Cash		
Special accounts	85	264
Cash on hand or on deposit	751	932
Total cash	836	1,196
Note 5B: Trade and other receivables		
Goods and services		
- related entities	2,914	1,467
- external entities	623	1,134
Total goods and services	3,537	2,601
Net GST receivable from the ATO	447	416
Appropriations receivable		
- for existing outputs	73,988	74,237
- for Departmental Capital Budgets	239	-
Total trade and other receivables (net)	78,211	77,254
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	76,572	76,470
Overdue by:		
0 to 30 days	1,293	688
31 to 60 days	219	87
61 to 90 days	77	-
More than 90 days	50	9
Total receivables (gross)	78,211	77,254

Note 6: Non-financial assets

	2011 \$'000	2010 \$'000
Note 6A: Land and buildings		
Leasehold improvements - fair value		
Under construction	-	206
At fair value	19,653	18,394
Accumulated depreciation	(11,775)	(9,886)
Total leasehold improvements - fair value	7,878	8,714
Total land and buildings	7,878	8,714

No indicators of impairment were found for land and buildings. No land and buildings are expected to be sold or disposed of within the next 12 months. All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.17.

Note 6B: Plant and equipment		
Plant and equipment - fair value		
Under construction	742	-
At fair value	12,860	11,212
Accumulated depreciation	(5,207)	(3,626)
Total plant and equipment - fair value	8,395	7,586
Plant and equipment under finance lease		
Under finance lease	53	260
Accumulated amortisation	(53)	(226)
Total plant and equipment under finance lease	-	34
Total plant and equipment	8,395	7,620

No indicators of impairment were found for plant and equipment. No other plant and equipment is expected to be sold or disposed of within the next 12 months. All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.17.

Note 6C: Intangibles		
Computer software - at cost		
Internally developed - under construction	1,728	32,716
Internally developed - in use	36,551	3,441
Purchased	3,129	3,756
Accumulated amortisation	(10,291)	(3,202)
Total computer software - at cost	31,117	36,711
Total intangibles	31,117	36,711

No indicators of impairment were found for Intangibles.

Note 6: Non-financial assets (continued)
Table A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2010-11)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Assets held for sale \$'000	Total \$'000
As at 1 July 2010:					
Gross book value	18,600	11,473	39,913	-	69,986
Accumulated depreciation / amortisation	(9,886)	(3,853)	(3,202)	-	(16,941)
Net book value 1 July 2010	8,714	7,620	36,711	-	53,045
Additions*					
Depreciation / amortisation expense	1,208	2,829	2,428	-	6,465
Recoverable amount write-downs	(1,889)	(2,153)	(7,973)	-	(12,015)
	-	-	-	-	-
Disposals					
Other disposals	-	(55)	(50)	-	(105)
Transfers	(155)	154	1	-	-
As at 30 June 2011:					
Gross book value	19,653	13,655	41,408	-	74,716
Accumulated depreciation / amortisation	(11,775)	(5,260)	(10,291)	-	(27,326)
Net book value 30 June 2011	7,878	8,395	31,117	-	47,390

* Disaggregated additions information are disclosed in the Schedule of Asset Additions

Note 6: Non-financial assets (continued)**Table A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2009-10)**

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Assets held for sale \$'000	Total \$'000
As at 1 July 2009:					
Gross book value	18,449	12,292	22,399	39	53,179
Accumulated depreciation / amortisation	(8,135)	(4,307)	(2,749)	(15)	(15,206)
Net book value 1 July 2009	10,314	7,985	19,650	24	37,973
Additions*	2,306	226	17,336	-	19,868
Depreciation / amortisation expense	(1,751)	(1,777)	(840)	-	(4,368)
Recoverable amount write-downs	-	-	-	-	-
Disposals					
Other disposals	-	(28)	-	(16)	(44)
Transfers	(2,155)	1,214	565	(8)	(384)
As at 30 June 2010:					
Gross book value	18,600	11,473	39,913	-	69,986
Accumulated depreciation / amortisation	(9,886)	(3,853)	(3,202)	-	(16,941)
Closing net book value	8,714	7,620	36,711	-	53,045

* Disaggregated additions information are disclosed in the Schedule of Asset Additions

Note 6: Non-financial assets (continued)

Table B: Property, plant and equipment and intangibles held under finance lease (2010-11)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 30 June 2011:				
Gross book value	-	53	-	53
Accumulated depreciation / amortisation	-	(53)	-	(53)
Closing net book value	-	-	-	-
As at 30 June 2010:				
Gross book value	-	260	-	260
Accumulated depreciation / amortisation	-	(226)	-	(226)
Closing net book value	-	34	-	34

Table C: Property, plant and equipment and intangibles under construction (2010-11)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	Total \$'000
at 30 June 2011:				
Gross book value	-	742	1,728	2,470
As at 30 June 2010:				
Gross book value	206	-	32,716	32,922

Note 6: Non-financial assets (continued)

	2011	2010
	\$'000	\$'000
Note 6D: Other non-financial assets		
Prepayments	2,336	1,799
Other non-financial assets are represented by:		
No more than 12 months	1,888	1,670
More than 12 months	448	129
Total other non-financial assets	2,336	1,799

Note 7: Payables

	2011	2010
	\$'000	\$'000
Note 7A: Suppliers		
Trade creditors		
- related entities	461	408
- external entities	1,962	1,254
- external entities - non-operating	781	-
Total trade creditors	3,204	1,662
Total supplier payables	3,204	1,662
All supplier payables are expected to be settled within 12 months		
Note 7B: Other payables		
Salaries and wages	2,209	1,773
Superannuation	375	311
Other creditors	3,104	5,669
Other creditors - non-operating	-	1,933
Prepayments received / unearned revenue	2,505	2,412
Total other payables	8,193	12,098
Other payables are represented by:		
No more than 12 months	8,191	12,091
More than 12 months	2	7
Total other payables	8,193	12,098

Note: Settlement is usually made net 30 days.

Note 8: Interest bearing liabilities

	2011	2010
	\$'000	\$'000
Note 8: Leases		
Finance leases:	-	40
Payable:		
Within one year		
Minimum lease payments	-	41
Deduct: future finance charges	-	(1)
Total leases payable within one year	-	40
In one to five years		
Minimum lease payments	-	-
Deduct: future finance charges	-	-
Total leases payable within one year to five years	-	-
Finance leases recognised on the balance sheet	-	40

Note: Finance leases existed in relation to certain major office equipment assets in 2010. The leases were non-cancellable and for fixed terms averaging 2.75 years, with a maximum of 3.25 years. The interest rate implicit was zero in 2011 as all leases have expired (2010: 5.92 per cent). The Treasury guaranteed the residual values of all assets leased. There were no contingent rentals.

Note 9: Provisions

	2011	2010
	\$'000	\$'000
Note 9: Employee provisions		
Leave	38,586	38,920
Aggregate employee benefit liability	38,586	38,920
Other employee entitlements	128	190
Total employee provisions	38,714	39,110
Employee provisions are expected to be settled in		
No more than 12 months	10,323	10,937
More than 12 months	28,391	28,173
Total employee provisions	38,714	39,110

Note 10: Cash flow reconciliation

	2011 \$'000	2010 \$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow statement		
Cash and cash equivalents as per		
Cash flow statement	836	1,196
Balance sheet	836	1,196
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(9,579)	5,452
Adjustments for non-cash items		
Depreciation / amortisation	12,015	4,368
Loss on disposal of non-current assets	-	37
Gain on disposal of non-current assets	(22)	-
Net write down of non-financial assets	108	28
Changes in assets/liabilities		
(Increase) / decrease in net receivables	(718)	(461)
(Increase) / decrease in other non financial assets	(537)	(757)
Increase / (decrease) in provisions	(396)	3,053
Increase / (decrease) in other payables	(1,973)	5,477
Increase / (decrease) in supplier payables	760	(2,191)
Net cash from / (used by) operating activities	(342)	15,006

Note 11: Contingent liabilities and assets

	Other		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Contingent liabilities				
Balance from previous period	272	248	272	248
New	286	255	286	255
Obligations expired / crystallised	(258)	(231)	(258)	(231)
Total contingent liabilities	300	272	300	272
NET CONTINGENT LIABILITIES	300	272	300	272

Quantifiable contingencies

The schedule of contingencies reports 'other' liabilities of \$299,963 (2010: \$271,856). This amount represents an estimate of the Treasury's liability in respect of studies assistance.

Unquantifiable contingencies

As at 30 June 2011, the Treasury had a number of legal claims against it. The Treasury has denied liability and is defending the claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

The courts may award legal costs against the Treasury in the event it is unsuccessful in an action before the courts. As there is uncertainty over the outcome of outstanding and pending court cases, duration of court cases and the legal costs of the opposing party, these costs cannot be reliably measured.

Remote Contingencies

The Treasury's lease on its current premises contains a make good clause which has been estimated by an independent valuer at \$2.7 million. The Treasury has assessed the likelihood of the make good provision being required and has deemed it as remote.

As at 30 June 2011, the Treasury has a number of contracts which may give rise to contingent liabilities based on certain events occurring. The Treasury has assessed the likelihood of such events occurring as being remote and unquantifiable.

Note 12: Executive remuneration

Note 12A: Senior Executive Remuneration Expense for the Reporting Period

	2011	2010
	\$	\$
Short-term employee benefits:		
Salary	15,557,638	15,840,710
Annual leave accrued	74,824	131,843
Allowances	239,225	248,640
Total Short-term employee benefits	15,871,687	16,221,193
Post-employment benefits:		
Superannuation	2,406,741	2,487,888
Total post-employment benefits	2,406,741	2,487,888
Other long-term benefits:		
Long-service leave	610,205	223,928
Total other long-term benefits	610,205	223,928
Total	18,888,633	18,933,009

The comparative aggregate total amount has been revised and does not match what was published in the 2009-10 financial statements due to new disclosure requirements.

Note: 12A excludes acting arrangements and part-year service where remuneration expensed was less than \$150,000.

Note 12B: Average Annual Remuneration Packages and Bonus Paid for Substantive Senior Executives as at the end of the Reporting Period

Fixed Elements and ¹ Bonus Paid	as at 30 June 2011				as at 30 June 2010					
	Senior Executives		Fixed elements		Senior Executives		Fixed elements			
	No.	Salary	Allowances ²	Total	Bonus ³ Paid	No.	Salary	Allowances ²	Total	Bonus ³ Paid
		\$	\$	\$	\$		\$	\$	\$	\$
Total remuneration (including part-time arrangements):										
less than \$150,000	-	-	-	-	-	-	-	-	-	-
\$150,000 to \$179,999	16	172,747	-	172,747	-	11	169,330	-	169,330	-
\$180,000 to \$209,999	43	191,920	640	192,560	-	56	187,755	953	188,708	131
\$210,000 to \$239,999	15	221,992	1,703	223,695	-	9	218,708	3,081	221,789	-
\$240,000 to \$269,999	8	249,230	-	249,230	-	7	245,302	-	245,302	-
\$270,000 to \$299,999	3	287,208	-	287,208	-	4	287,284	-	287,284	-
\$300,000 to \$329,999	3	323,054	-	323,054	-	2	320,415	-	320,415	-
\$330,000 to \$359,999	1	337,000	-	337,000	-	-	-	-	-	-
\$360,000 to \$389,999	-	-	-	-	-	-	-	-	-	-
\$390,000 to \$419,999	-	-	-	-	-	1	402,670	-	402,670	-
\$420,000 to \$449,999	-	-	-	-	-	1	402,670	41,639	444,309	-
\$450,000 to \$479,999	1	419,090	43,980	463,070	-	-	-	-	-	-
\$480,000 to \$509,999	-	-	-	-	-	-	-	-	-	-
\$510,000 to \$539,999	-	-	-	-	-	-	-	-	-	-
\$540,000 to \$569,999	-	-	-	-	-	-	-	-	-	-
Total	90					91				

The comparative figures have been revised and do not match what was published in the 2009-10 annual report due to new disclosure requirements.

Notes:

1. This table reports on substantive senior executives who are employed by the Treasury as at the end of the reporting period. Fixed elements are based on the employment agreement of each individual — each row represents an average annualised figure (based on headcount) for the individuals in that remuneration package band (that is, the 'Total' column).
2. Represents average fixed allowances as per employment agreement. Six SES have a fixed allowance in their employment agreement with an average allowance of \$29,647 (2010: 7 SES, average allowance \$30,312).
3. Represents average actual bonuses paid during the reporting period. The 'Bonus paid' is excluded from the 'Total' calculation, (for the purpose of determining remuneration package bands). The Treasury does not pay bonuses. The bonuses included in the above table relate to secondees. No secondees received a bonus this financial year (2010: 1 secondee)

Variable Elements:

With the exception of bonuses, variable elements were not included in the 'Fixed Elements and Bonus Paid' table above. The following variable elements were available as part of senior executives' remuneration package:

- a) On average senior executives were entitled to the following leave entitlements:
 - Annual Leave: entitled to 20 days (2010: 20 days) each full year worked (pro-rata for part-time SES);
 - Personal Leave: entitled to 15 days (2010: 15 days) or part-time equivalent; and
 - Long Service Leave: in accordance with *Long Service Leave (Commonwealth Employees) Act 1976*.
- b) Senior executives were members of one of the following superannuation funds:
 - Australian Government Employee Superannuation Trust (AGEST): this fund is for senior executives who were employed for a defined period. Employer contributions were set at 9 per cent (2010: 9 per cent). More information on AGESt can be found at www.agest.com.au;
 - Commonwealth Superannuation Scheme (CSS): this scheme is closed to new members, and employer contributions averaged 17.3 per cent (2010: 18.1 per cent) (excluding employer productivity contributions of approximately 3 per cent). More information on CSS can be found at www.css.gov.au;
 - Public Sector Superannuation Scheme (PSS): this scheme is closed to new members, with current employer contributions set at 14.4 per cent (2010: 15.4 per cent) (excluding employer productivity contributions of approximately 3 per cent). More information on PSS can be found at www.pss.gov.au;
 - Public Sector Superannuation Accumulation Plan (PSSap): employer contributions were set at 15.4 per cent (2010: 15.4 per cent), and the fund has been in operation since July 2005. More information on PSSap can be found at www.pssap.gov.au; and
 - Other: there were some senior executives who had their own superannuation arrangements (for example, self-managed superannuation funds).
- c) Variable allowances available to senior executives include: Travel allowance, Overtime meal allowance, First aid certificate allowance, Motor vehicle allowance and Establishment allowance.
- d) Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits.

Note 12C: Other Highly Paid Staff

During the reporting period, there were two employees (2010: 1 employee) whose salary plus performance bonus were \$150,000 or more. These employees did not have a role as a senior executive and are therefore not disclosed as senior executives in Note 12A and Note 12B.

Note 13: Remuneration of auditors

	2011	2010
	\$'000	\$'000
Financial statement audit services are provided free of charge to the Treasury		
The fair value of the services provided was:		
The Treasury	434	436
Total	434	436

Note: The above amounts are exclusive of GST. No other services were provided by the Auditor General.

Note 14: Average staffing levels

	2011	2010
The Treasury	1,012	1,007
Total	1,012	1,007

Note 15: Financial instruments

Note 15A: Categories of financial instruments

	2011	2010
	\$'000	\$'000
Financial assets		
Loans and receivables		
Cash and cash equivalents	836	1,196
Trade receivables	3,537	2,601
Carrying amount of financial assets	4,373	3,797
Financial liabilities		
Liabilities at amortised cost		
Finance leases	-	40
Payables - suppliers	3,204	1,662
Other payables	3,104	7,602
Carrying amount of financial liabilities	6,308	9,304

Note: There is no implicit interest rate on finance leases for 2011 as all finance leases have expired (2010: 5.9 per cent)

Note 15B: Net income and expense from financial liabilities

	2011	2010
	\$'000	\$'000
Liabilities at amortised cost		
Interest expense	(56)	(35)
Net gain / (loss) financial liabilities - at amortised cost	(56)	(35)
Net gain / (loss) from financial liabilities	(56)	(35)

Note 15: Financial instruments (continued)

Note 15C: Net fair values of financial assets and liabilities

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of the finance leases are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. The Treasury entered into finance lease arrangements in relation to certain major office equipment assets. The leases were non-cancellable and for fixed terms averaging 2.75 years, with a maximum of 3.25 years. The Treasury guaranteed the residual values of all assets leased and there were no contingent rentals.

The net fair values for trade creditors and other liabilities are approximated by their carrying amounts.

The Treasury's financial assets and financial liabilities as disclosed in Note 15A are measured under Level 2 of the fair value hierarchy as they are based on observable inputs. There have been no reclassifications between levels of the fair value hierarchy.

Note 15D: Credit risk exposures

The Treasury is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2011: \$3,537,308 and 2010: \$2,601,481). The Treasury has assessed the risk of default on payment as being minimal.

Other government agencies and staff members make up the majority of the Treasury's debtors. To aid the Treasury to manage its credit risk there are internal policies and procedures that guide employees on debt recovery techniques that are to be applied.

The Treasury holds no collateral to mitigate against credit risk.

Note 15: Financial instruments (continued)

Note 15D: Credit risk exposures (continued)

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2011 \$'000	Not past due nor impaired 2010 \$'000	Past due or impaired 2011 \$'000	Past due or impaired 2010 \$'000
Loans and receivables				
Cash and cash equivalents	836	1,196	-	-
Trade receivables	1,898	1,817	1,639	784
Total	2,734	3,013	1,639	784

Ageing of financial assets that are past due but not impaired for 2011

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	1,293	219	77	50	1,639
Total	1,293	219	77	50	1,639

Ageing of financial assets that are past due but not impaired for 2010

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	688	87	-	9	784
Total	688	87	-	9	784

Note 15E: Liquidity risk

The Treasury's financial liabilities are payables and finance leases. The exposure to liquidity risk is based on the notion that the Treasury will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the appropriation funding mechanisms available to the Treasury and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Treasury is appropriated funding from the Australian Government. The Treasury manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Treasury has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 15: Financial instruments (continued)

Note 15E: Liquidity risk (continued)

Maturity of financial liabilities

	On demand 2011 \$'000	Within 1 year 2011 \$'000	1 to 2 years 2011 \$'000	2 to 5 years 2011 \$'000	Total 2011 \$'000
Liabilities at amortised cost					
Finance leases	-	-	-	-	-
Payables - suppliers	-	3,204	-	-	3,204
Other payables	-	3,102	2	-	3,104
Total	-	6,306	2	-	6,308
	On demand 2010 \$'000	Within 1 year 2010 \$'000	1 to 2 years 2010 \$'000	2 to 5 years 2010 \$'000	Total 2010 \$'000
Liabilities at amortised cost					
Finance leases	-	40	-	-	40
Payables - suppliers	-	1,662	-	-	1,662
Other payables	-	7,595	5	2	7,602
Total	-	9,297	5	2	9,304

Note 15F: Market risk

The Treasury holds only basic financial instruments that do not expose the department to certain market risks.

The Treasury's remaining finance leases expired during the current financial year, resulting in no further lease liability. All finance leases entered into bore interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate. There is no implicit interest rate given there are no further finance leases (2010: 5.9 per cent).

Note 16: Income administered on behalf of Government

	2011 \$'000	2010 \$'000
Non-taxation revenue		
Note 16A: Interest		
Gross IMF remuneration	3,734	2,314
Less: Burden sharing	(21)	(78)
Add: Burden sharing refunds	-	-
Net IMF remuneration	3,713	2,236
Interest on loan to IMF under New Arrangements to Borrow	127	-
Total interest	3,840	2,236
Note 16B: Dividends		
Reserve Bank of Australia	-	5,976,709
Total dividends	-	5,976,709
Note 16C: Sale of goods and rendering of services		
GST administration fees - external entities	673,347	564,222
Guarantee Scheme for Large Deposits and Wholesale Funding Fee	1,106,067	1,265,118
Guarantee of State and Territory Borrowing	100,129	101,647
Total sale of goods and rendering of services	1,879,543	1,930,987
Note 16D: COAG revenue from government agencies		
Building Australia Fund revenue	826,100	411,000
Health and Hospital Fund revenue	408,179	117,925
Education and Innovation Fund revenue	21,698	28,724
Interstate road transport revenue	87,380	60,823
Non-government schools revenue ¹	7,700	3,021,461
Total COAG receipts from government agencies	1,351,057	3,639,933
Note 16E: Other revenue		
Write back of HCS Scheme	5,434	3,119
HIH Group liquidation proceeds	62,244	53,776
State cellar door subsidy savings	-	115,926
Other revenue	4,591	4,263
Total other revenue	72,269	177,084
Gains		
Note 16F: Foreign Exchange		
IMF SDR allocation	869,147	289,805
IMF maintenance of value	342,113	1,136,045
IMF quota revaluation	(788,040)	(582,170)
IFIs revaluation	(95,035)	(55,445)
Other	10,034	2,626
Total net foreign exchange gains /(losses)	338,219	790,861
Note 16G: Other Gains		
Resources received free of charge	-	14,148
Total other gains	-	14,148
Total gains administered on behalf of Government	338,219	805,009
Total income administered on behalf of Government	3,644,928	12,531,958

1 2011 COAG revenue has decreased as revenues and expenses in relation to non-government schools payments are now recorded in the Department of Education, Employment and Workplace Relations' financial statements. (Refer Note 1.26)

Note 17: Expenses administered on behalf of Government

	2011	2010
	\$'000	\$'000
Note 17A: Grants		
Public sector:		
State and Territory Governments	85,548,292	85,093,281
Payment of COAG receipts from government agencies	1,332,351	3,658,638
Other grants	54,994	30,000
Total grants	86,935,637	88,781,919
Note 17B: Interest		
IMF charges	18,734	11,413
Total Interest	18,734	11,413
Note 17C: Other expenses		
HLIC claims ¹	-	(79)
OzCar Special Purpose Vehicle - impairment	-	4,922
Other expenses	6,765	9,975
Total other expenses	6,765	14,818
Total expenses administered on behalf of Government	86,961,136	88,808,150

1 HLIC claims expenses include an actuarial adjustment decreasing provision for insurance claims resulting in an offsetting negative expense in 2010.

Note 18: Assets administered on behalf of Government

	2011 \$'000	2010 \$'000
Financial assets		
Note 18A: Cash and cash equivalents		
Cash on hand or on deposits	4,763	4,063
Total cash and cash equivalents	4,763	4,063
Note 18B: Receivables & Loans		
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	1,825,935	2,840,078
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	78,824	106,442
Guarantee of State and Territory Borrowing contractual fee receivable	301,920	482,830
Guarantee of State and Territory Borrowing fee receivable	5,998	10,571
Net GST receivable from the ATO	17	33
HLIC premiums receivable	40	43
IMF related moneys owing	950	380
IMF maintenance of value	342,113	1,136,045
IMF new arrangements to borrow loan ¹	224,547	-
RBA dividend receivable	-	750,000
NDRRA receivables	128,643	-
Other receivables	13,860	-
Total receivables (gross)	2,922,847	5,326,422
Receivables were aged as follows:		
Not overdue	2,922,847	5,326,422
Total receivables (gross)	2,922,847	5,326,422

1 Refer to Note 21 for more information on the IMF new arrangements to borrow.

Note 18: Assets administered on behalf of Government (continued)

	2011 \$'000	2010 \$'000
Note 18C: Investments		
International financial institutions		
Asian Development Bank	261,954	248,148
European Bank for Reconstruction and Development	84,537	89,698
International Bank for Reconstruction and Development	169,244	213,248
International Finance Corporation	44,072	55,531
Multilateral Investment Guarantee Agency	5,774	7,276
Total international financial institutions	565,581	613,901
Australian Government entities		
Reserve Bank of Australia ¹	5,339,000	10,394,000
Australian Reinsurance Pool Corporation	665,846	604,460
Total Australian Government entities	6,004,846	10,998,460
Total investments	6,570,427	11,612,361
Note 18D: Other Investments		
IMF quota	4,813,206	5,601,246
OzCar Special Purpose Vehicle ²	-	-
Total Other Investments	4,813,206	5,601,246
Total investments and other investments	11,383,633	17,213,607
Total financial assets	14,311,243	22,544,092
Non-financial assets		
Note 18E: Other		
Prepayments - Infrastructure	14,526	57,346
Prepayments - NSPP/GST payments to States and Territories	265	488,000
Total other	14,791	545,346
Total non-financial assets	14,791	545,346
Total assets administered on behalf of Government	14,326,034	23,089,438

- 1 The 2010 Investments balance has been reduced by \$750 million to reflect the post dividend equity position of the Reserve Bank of Australia.
- 2 An administered investment with a nil balance has been recorded to reflect the Australian Government's control of the OzCar SPV. The OzCar SPV was wound up by 30 June 2011 with no outstanding assets or liabilities.

Note 19: Liabilities administered on behalf of Government

	2011 \$'000	2010 \$'000
Note 19A: Loans		
IMF promissory notes	3,781,655	4,830,790
Other promissory notes	69,381	52,103
Total loans	3,851,036	4,882,893
Payable:		
Within one year	-	-
In one to five years	-	-
In more than 5 years	3,851,036	4,882,893
Total loans	3,851,036	4,882,893
Note 19B: Grants		
COAG grants payable	884,081	407,453
Total grants	884,081	407,453
Total grants - are expected to be settled in:		
No more than 12 months	884,081	407,453
More than 12 months	-	-
Total grants	884,081	407,453
Note 19C: Other payables		
GST appropriation payable	38	33
IMF SDR allocation	4,585,323	5,454,469
IMF related monies owing	3,982	2,213
OzCar Special Purpose Vehicle - Guaranteed liabilities	-	4,922
Other	5	9,210
Total other payables	4,589,348	5,470,847
Total other payables are expected to be settled in:		
No more than 12 months	43	14,165
More than 12 months	4,589,305	5,456,682
Total other payables	4,589,348	5,470,847
Note 19D: Unearned income		
Guarantee Scheme for Large Deposits and Wholesale Funding contractual guarantee service obligation	1,825,935	2,840,078
Guarantee of State and Territory Borrowing contractual guarantee service obligation	301,920	482,830
Total unearned income	2,127,855	3,322,908

Note 19: Liabilities administered on behalf of Government (continued)

	2011	2010
	\$'000	\$'000
Note 19E: Other provisions		
Provision for HCS Scheme	21,773	30,540
NDRRA provision ¹	4,575,087	1,089,357
Total other provisions	4,596,860	1,119,897
Other provisions are expected to be settled in:		
No more than 12 months	563,981	833,310
More than 12 months	4,032,879	286,587
Total other provisions	4,596,860	1,119,897
Total liabilities administered on behalf of Government	16,049,180	15,203,998

1 In 2011 the Treasury changed the accounting policy in relation to the recognition of liabilities under the Natural Disaster Relief and Recovery Arrangements. Refer to Note 1.3 and 1.26 for more information.

Note 20: Administered reconciliation table

	Notes	2011 \$'000	2010 \$'000
Opening administered assets less administered liabilities as at 1 July		7,885,440	19,601,802
Adjustment for changes in accounting policies		-	(293,800)
Adjusted opening administered assets less administered liabilities		7,885,440	19,308,002
Plus administered income	16	3,644,928	12,531,958
Less administered expenses	17	(86,961,136)	(88,808,150)
Administered transfers to / from Australian Government:			
Appropriation transfers from OPA:			
Annual appropriations for administered expenses		14,880	30,742
Administered assets and liabilities appropriations		4,079	601
Special appropriations (limited)		18,687	-
Special appropriations (unlimited)		64,058,585	61,712,765
Special Account - COAG Reform Fund		18,402,547	26,324,449
Refunds of receipts (s28 FMA)		-	20
Transfers to OPA		(3,797,542)	(15,413,838)
Restucturing		-	253,604
Administered investments - gains / (losses)		(4,993,614)	(8,054,717)
Closing administered assets less administered liabilities as at 30 June		(1,723,146)	7,885,440

Note 21: Administered contingent liabilities and assets

Quantifiable administered contingencies

Quantifiable administered contingencies that are not remote are disclosed in the schedule of administered items as quantifiable administered contingencies.

Unquantifiable administered contingencies

Contingent Liabilities

Housing Loans Insurance Corporation — guarantee

The Australian Government sold HLIC on 12 December 1997 and has assumed all residual contingencies. The contingent liability relates to the HLIC's contracts of mortgage insurance and any borrowings approved by the Treasurer up to the time of sale. The principal amount covered by the guarantee and the balances outstanding cannot be determined accurately.

Terrorism insurance — Australian Reinsurance Pool Corporation

The *Terrorism Insurance Act 2003* established a scheme for replacement terrorism insurance covering damage to commercial property including associated business interruption and public liability. The Australian Reinsurance Pool Corporation (ARPC) uses reinsurance premiums paid by insurers to meet its administrative expenses and to build a reserve for claims and purchase retrocession to help meet future claims. The Act provides for an Australian Government guarantee of the liabilities of the ARPC, but the Treasurer must declare a reduced payout rate to insured parties if the Australian Government's overall liability would otherwise exceed \$10 billion.

Commitments under expanded IMF New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the IMF under its NAB since 1998. In line with G 20 Leaders' commitments, Australia has joined with other countries to increase its credit line under an expanded NAB. The NAB is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. The funds are drawn upon by the IMF as needed to supplement the IMF's usual quota resources and will be repaid in full with interest.

When the expanded NAB came into effect on 11 March 2011, Australia's NAB credit arrangement increased from SDR801.3 million (AUD\$1.2 billion as at 30 June 2011) to SDR4.4 billion (AUD\$6.5 billion as at 30 June 2011). On 24 May 2011, Australia met a call of SDR150.9 million (AUD\$224.4 million as at 30 June 2011) under the NAB. This call has been recognised as a loan to the IMF in Note 18.

Under the IMF's current 'Resource Mobilization Plan', a maximum of SDR 305.2 million (AUD\$453.9 million as at 30 June 2011) could be called by the IMF between the period 1 August 2011 to 30 September 2011. The maximum amount that could be called by the IMF in subsequent periods is SDR 3.9 billion (AUD\$5.8 billion as at 30 June 2011). However, the principal amount that may be called by the IMF cannot be determined accurately.

Grants to States and Territories

As the Treasury has responsibility for all payments to the states and territories under the Federal Financial Relations Framework, there may exist contingent liabilities which are remote and unquantifiable in relation to some agreements between the relevant agency with policy responsibility and the states and territories. Whilst the Treasury does not bear the risk of the contingent event, the resultant payment would be made by the Treasury under the Federal Financial Relations Framework.

Loan to New South Wales for James Hardie Asbestos Injuries Compensation Fund

The Australian Government has agreed to lend up to \$160 million to the State Government of New South Wales (NSW) to support the loan facility to top up the James Hardie Asbestos Injuries Compensation Fund. Draw down on the loan is subject to the James Hardie Asbestos Injuries Compensation Fund requiring funds to meet its liabilities and is contingent on NSW meeting a number of conditions under the loan agreement with the Australian Government. The timing and amounts that may be drawn down by NSW cannot be determined accurately. No funds had been drawn down as at 30 June 2011.

Contingent Assets

HIH Claims Support Scheme

As the beneficiary of the HIH Claims Support Trust, the Australian Government is entitled to the residual balance of the Trust, after the collection of recoveries. Due to the inherent uncertainty of future recoveries, it is not possible to quantify these amounts accurately. During 2010-11 the Treasury received distributions from the Trust, however the amount and timing of future recoveries and subsequent distributions is unknown.

International Monetary Fund

Since 1986, the IMF has used its burden sharing mechanism to make up for the loss of income from unpaid interest charges on the loans of debtor members and to accumulate precautionary balances in a Special Contingent Account to protect the IMF against losses arising from the failure of a member to repay its overdue principal obligations.

The mechanism works by providing for additions to the rate of charge on IMF loans and deductions to the rate of remuneration for creditor members such as Australia. Resources collected from individual members under the burden sharing mechanism are refundable to them as arrears cases are resolved, or as may be decided by the IMF. Thus, resources collected for unpaid charges are refunded when these charges are eventually settled.

Likewise, precautionary balances held in the Special Contingent Account would be distributed back to members in proportion to their cumulative contributions when there are no overdue charges or principal balances. The IMF could also decide to make an early distribution.

As there is considerable and inherent uncertainty around the timing and amounts of burden sharing to be refunded to Australia this contingent asset cannot be reliably measured and as such is recorded as an unquantifiable contingent asset.

Note 21: Administered contingent liabilities and assets (continued)

Significant Remote administered contingencies

Guarantees

The following borrowings have been guaranteed by the Australian Government and are the Treasury's responsibility:

Borrower	Legislation authorising guarantee	Principal covered by guarantee	Balance outstanding	Balance outstanding
		2011 \$'000	2011 \$'000	2010 \$'000
Papua New Guinea	<i>Papua New Guinea 1949 Papua New Guinea 1975 Papua New Guinea Loans Guarantee Act 1975</i>	4,895	4,895	5,791
Commonwealth Bank of Australia ¹	<i>Commonwealth Bank of Australia Act 1959 s117</i>	750,252	750,252	900,000
Commonwealth Bank of Australia - Officers Superannuation Corporation ¹	<i>Commonwealth Bank of Australia Act 1959 s117</i>	3,709,000	3,709,000	3,602,000
Guarantee Scheme for Large Deposits and Wholesale Funding	<i>Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008</i>	118,004,000	118,004,000	162,953,390
Guarantee of State and Territory Borrowing	<i>Guarantee of State and Territory Borrowing Appropriation Act 2009.</i>	39,500,000	39,500,000	69,751,850
OzCar Special Purpose Vehicle ²	<i>Car Dealership Financing Guarantee Appropriation Act 2009.</i>	-	-	139,985
Reserve Bank of Australia ³	<i>Reserve Bank of Australia Act 1959 s77</i>	55,727,000	55,727,000	57,845,000
Total		217,695,147	217,695,147	295,198,016

1 Under the terms of the *Commonwealth Bank Sale Act 1995*, the Australian Government has guaranteed various liabilities of the Commonwealth Bank of Australia (CBA), and the Commonwealth Bank Officers' Superannuation Corporation (CBOSC). The guarantee for the CBA relates to both on and off balance sheet liabilities. The guarantee of the CBOSC covers the due payments of any amount that is payable to or from Officers' of the Superannuation Fund (the Fund), by CBOSC or by CBA, in respect of a person who was a member, retired member or beneficiary of the Fund immediately before 19 July 1996. The guarantee of the CBA and CBOSC reflected in the above table is the value at 31 December 2010.

2 All guaranteed liabilities of the OzCar SPV were settled prior to 30 June 2011.

3 The contingent liability for the RBA, relates to the Australian Government's guarantee of the liabilities of the RBA. It is measured as the Bank's total liabilities excluding the Bank's distribution to the Commonwealth and Australian Government deposits. The major component of the Bank's liabilities are notes (that is, currency) on issue.

Note 21: Administered contingent liabilities and assets (continued)

Guarantee Scheme for Large Deposits and Wholesale Funding

The Australian Government announced the guarantee of eligible deposits and wholesale funding for authorised deposit taking institutions from 12 October 2008 under the Guarantee Scheme for Large Deposits and Wholesale Funding.

The Scheme closed to new deposits from 31 March 2010. Since then, Australian authorised deposit-taking institutions have been prohibited from issuing any new guaranteed wholesale funding or accepting new guaranteed deposits above \$1 million. Existing guaranteed wholesale funding is guaranteed to maturity. Depositors who covered their balances above \$1 million under the Guarantee Scheme can have those funds covered to maturity for term deposits up to five years, or until October 2015 for at call deposits.

The expected liability for deposits under the Guarantee Scheme is remote and unquantifiable. Australia's financial system is considered among the strongest and best regulated in the world. Authorised deposit taking institutions are subject to prudential regulation by APRA in accordance with international standards, which are designed to ensure that financial institutions have the capacity to meet their financial obligations. This framework requires institutions to be adequately capitalised and have appropriate risk management systems in place.

Government expenditure would arise under the large deposit guarantee only in the unlikely event that an institution failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would likely be able to recover any such expenditure through a claim on the relevant institution. The impact on the Government's budget would depend on the extent of the institution's default and its ability to meet the Government's claim.

As at 30 June 2011, total liabilities covered by the Guarantee Scheme were estimated at \$118 billion, including \$3.9 billion of large deposits and \$114.1 billion of wholesale funding.

Guarantee of State and Territory Borrowing

The Guarantee of State and Territory Borrowing commenced on 24 July 2009 and closed to new issuances of guaranteed liabilities on 31 December 2010. Securities covered by the guarantee will continue to be guaranteed until these securities either mature or are bought back and extinguished by the issuer.

The expected liability under the guarantee is remote and unquantifiable. Government expenditure would arise under the guarantee only in the unlikely event that a State or Territory failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would likely be able to recover any such expenditure through a claim on the relevant State or Territory at a future date. The impact on the Government's budget would depend upon the extent of the default and the State or Territory's ability to meet the Government's claim.

As at 30 June 2011, the face value of state and territory borrowings covered by the guarantee was \$39.5 billion.

Note 22: Administered investments

The principal activities of each of the Treasury's administered investments are as follows:

Development Banks

The European Bank for Reconstruction and Development (EBRD) was established in 1991 to assist former Soviet eastern European countries committed to the principles of multi-party democracy, pluralism and market economies, to develop their private sector and capital markets. The EBRD currently operates in 29 countries from Central Europe to Central Asia. It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatisation, restructuring state-owned firms and improvement of municipal services. The EBRD uses its close relationship with governments in the region to promote policies that will bolster the business environment.

The Asian Development Bank (ADB) was established in 1966 and has a mandate to reduce poverty and promote general development in its developing member countries. The ADB does this by financing (through a mix of loans, grants, guarantees and co-financing activities with both other donors and the private sector) public sector and private sector activities. It also provides technical assistance to developing member countries so they can improve their policy and business investment environments. A significant portion of the ADB's activities are focused in the infrastructure and energy sectors.

The World Bank was established in 1944 and comprises the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The IBRD provides financing and technical assistance to middle income countries and lends on harder terms than the IDA. The IDA provides concessional finance and technical assistance to low income countries. The IFC supports the development of the private sector by providing direct finance to private sector operations. MIGA provides guarantee services for projects, which reduce the risks for other co-financing partners including the private sector.

International Monetary Fund

The IMF is an organisation of 187 countries, working to foster global monetary cooperation and exchange rate stability, facilitate the balanced growth of international trade, and provide resources to help members in balance of payments difficulties or to assist with poverty reduction. The IMF undertakes surveillance and annual economic assessments, and provides technical assistance to developing countries.

Australian Government entities

The Australian Government's investment in controlled entities and companies in the Treasury portfolio are measured at their fair value. Fair value has been taken to be the net assets of the entities as at balance date.

Note 22: Administered investments (continued)

OzCar Special Purpose Vehicle (SPV)

The OzCar SPV was established as a trust on 2 January 2009 to provide liquidity to eligible car dealers who may have been left without wholesale floor plan financing as a result of the proposed departure of GE Money Motor Solutions and GMAC from the Australian market following the onset of the global financial crisis. The Commonwealth guaranteed the borrowings of the OzCar SPV and on 20 July 2010 paid \$4.9 million to extinguish its remaining liabilities. The OzCar SPV was wound up on 30 June 2011 and has no outstanding assets or liabilities.

Note 23: Administered financial instruments

Note 23A: Categories of financial instruments

	2011	2010
	\$'000	\$'000
Loans and receivables		
Cash and cash equivalents	4,763	4,063
IMF related moneys owing	950	380
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	1,825,935	2,840,078
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	78,824	106,442
Guarantee of State and Territory Borrowing contractual fee receivable	301,920	482,830
Guarantee of State and Territory Borrowing fee receivable	5,998	10,571
Net GST receivable from the ATO	17	33
IMF maintenance of value	342,113	1,136,045
IMF new arrangements to borrow loan	224,547	-
RBA dividend receivable	-	750,000
NDRRA receivables	128,643	-
Other receivable	13,900	43
	2,927,610	5,330,485
Available for sale financial assets		
International financial institutions	565,581	613,901
Australian Government entities	6,004,846	10,998,460
IMF Quota	4,813,206	5,601,246
	11,383,633	17,213,607
Carrying amount of financial assets	14,311,243	22,544,092
Financial liabilities		
At amortised cost		
Promissory notes	3,851,036	4,882,893
Grant liabilities	884,081	407,453
IMF SDR allocation liability	4,585,323	5,454,469
Other payables	3,987	16,345
Guarantee Scheme for Large Deposits and Wholesale Funding contractual guarantee service obligation	1,825,935	2,840,078
Guarantee of State and Territory Borrowing contractual guarantee service obligation	301,920	482,830
GST appropriation payable	38	33
NDRRA provision	4,575,087	1,089,357
Other liabilities	21,773	30,540
	16,049,180	15,203,998
Carrying amount of financial liabilities	16,049,180	15,203,998

Note 23: Administered financial instruments (continued)

Note 23B: Net income and expenses from financial assets

	2011 \$'000	2010 \$'000
Loans and receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding fee	1,106,067	1,265,118
Guarantee of State and Territory Borrowing	100,129	101,647
Interest revenue	127	-
Net gain / (loss) loans and receivables	1,206,323	1,366,765
Available for sale financial assets		
Interest revenue	3,840	2,236
Exchange gain / (loss)	(541,679)	498,430
Net gain / (loss) available for sale financial assets	(537,839)	500,666
Net gain / (loss) from financial assets	668,484	1,867,431

Note 23C: Net income and expenses from financial liabilities

	2011 \$'000	2010 \$'000
Financial liabilities - at amortised cost		
IMF Charges	(18,734)	(11,413)
Exchange gain / (loss)	879,898	292,431
Net gain / (loss) financial liabilities - at amortised cost	861,164	281,018
Net gain / (loss) from financial liabilities	861,164	281,018

Note 23: Administered financial instruments (continued)

Note 23D: Net fair value of financial assets and liabilities

The net fair values of Treasury's administered financial instruments are equal to the carrying amount. The net fair value of financial assets and liabilities are classified into three levels as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Treasury has no Level 1 administered financial assets or liabilities in 2010-11 and 2009-10.

The net fair value of Cash and cash equivalents, Net GST receivable from the ATO and GST appropriation payable are not classified in the following tables.

	Level 2 in the fair value hierarchy	
	2011	2010
	\$'000	\$'000
Financial assets at fair value - Level 2		
Loans and receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	78,824	106,442
Guarantee of State and Territory Borrowing fee receivable	5,998	10,571
IMF related moneys owing	950	380
IMF maintenance of value	342,113	1,136,045
IMF new arrangements to borrow loan	224,547	-
RBA dividend receivable	-	750,000
HLIC premiums receivable	40	43
NDRRA receivables	128,643	-
Other receivable	13,860	-
	794,975	2,003,481
Carrying amount of financial assets - Level 2	794,975	2,003,481
Financial liabilities at fair value - Level 2		
At amortised cost		
Promissory notes	3,851,036	4,882,893
Grant liabilities	884,081	407,453
IMF SDR allocation	4,585,323	5,454,469
IMF related monies owing	3,982	2,213
Other payables	5	9,210
	9,324,427	10,756,238
Carrying amount of financial liabilities - Level 2	9,324,427	10,756,238

Note 23: Administered financial instruments (continued)

Note 23D: Net fair value of financial assets and liabilities (continued)

	Level 2 in the fair value hierarchy	
	2011 \$'000	2010 \$'000
Financial assets at fair value - Level 2		
Loans and receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	78,824	106,442
Guarantee of State and Territory Borrowing fee receivable	5,998	10,571
IMF related moneys owing	950	380
IMF maintenance of value	342,113	1,136,045
IMF new arrangements to borrow loan	224,547	-
RBA dividend receivable	-	750,000
HLIC premiums receivable	40	43
NDRRA receivables	128,643	-
Other receivable	13,860	-
	794,975	2,003,481
Carrying amount of financial assets - Level 2	794,975	2,003,481
Financial liabilities at fair value - Level 2		
At amortised cost		
Promissory notes	3,851,036	4,882,893
Grant liabilities	884,081	407,453
IMF SDR allocation	4,585,323	5,454,469
IMF related monies owing	3,982	2,213
Other payables	5	9,210
	9,324,427	10,756,238
Carrying amount of financial liabilities - Level 2	9,324,427	10,756,238

There was no transfer of financial assets or liabilities between Level 1 and Level 2 in 2011 or 2010.

Note 23: Administered financial instruments (continued)

Note 23D: Net fair value of financial assets and liabilities (continued)

	Loans and receivables	
	2011	2010
	\$'000	\$'000
Financial assets at fair value - Level 3		
Opening balance	3,322,908	2,660,585
Issues	(1,195,053)	662,323
Closing balance	2,127,855	3,322,908

	Available for sale financial assets	
	2011	2010
	\$'000	\$'000
Financial assets at fair value - Level 3		
Opening balance	17,213,607	25,891,790
Adjustment for change in accounting policy	-	-
Total gains or losses for the period recognised in profit or loss ¹	(883,077)	(623,466)
Total gains or losses recognised in other comprehensive income ²	(4,993,614)	(8,054,717)
Purchases	46,717	-
Closing balance	11,383,633	17,213,607

1 These gains and losses are presented in the schedule of administered items under Other gains, Net foreign exchange gains and Net foreign exchange losses.

2 These gains and losses are presented in Note 21: Administered reconciliation table.

	At amortised cost	
	2011	2010
	\$'000	\$'000
Financial liabilities at fair value - Level 3		
Opening balance	4,447,727	3,019,372
Total gains or losses for the period recognised in profit or loss ³	6,571,228	562,155
Issues	(1,195,053)	662,323
Settlements	(2,772,379)	(122,931)
Closing balance	7,051,523	4,120,919

3 These gains and losses are presented in the schedule of administered items under Other expenses.

Note 23: Administered financial instruments (continued)

Note 23E: Credit risk exposure

The maximum exposure to credit risk of the Treasury's administered financial assets is the carrying amount of 'loans and receivables' (2011: \$2,799,233,000 and 2010: \$5,330,485,000) and the carrying amount of 'available for sale financial assets' (2011: \$11,382,633,000 and 2010: \$17,213,607,000).

However, the international financial institutions that the Treasury holds its financial assets with, hold a minimum of AA credit ratings. The contractual fee receivable arising from the Guarantee Scheme for Large Deposits and Wholesale Funding and Guarantee of State and Territory Borrowing that the Treasury holds relates only to prudentially regulated Authorised Deposit-taking Institutions (ADIs) and State and Territory Governments. These entities hold a minimum of AA credit ratings, therefore the Treasury does not consider any of its financial assets to be at risk of default.

Note 23: Administered financial instruments (continued)

Note 23F: Liquidity risk

The Treasury's administered financial liabilities are promissory notes grant liabilities the IMF SDR allocation and HIH and HLIC provisions. The contractual guarantee service obligation arising from the guarantee scheme for large deposits and wholesale funding and State and Territory borrowing are not included as there are no liquidity risks associated with these items. They are contingent on the value of the associated contractual fee receivable. The exposure to liquidity risk is based on the notion that the Treasury will encounter difficulty in meeting its obligations associated with administering financial liabilities. This is highly unlikely due to appropriation funding through special appropriations and non-lapsing capital appropriations as well as internal policies and procedures put in place to ensure there are appropriate resources for the Treasury to meet its financial obligations. The following tables illustrate the maturities for financial liabilities:

	On demand	Within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Promissory notes	-	-	-	-	3,851,036	3,851,036
Grant liabilities	-	884,081	-	-	-	884,081
IMF SDR allocation liability	-	-	-	-	4,585,323	4,585,323
Other payables	3,987	-	-	-	-	3,987
NDRRA provision	-	563,981	89,469	3,921,637	-	4,575,087
Other liabilities	21,773	-	-	-	-	21,773
Total	25,760	1,448,062	89,469	3,921,637	8,436,359	13,921,287
	On demand	Within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Promissory notes	-	-	-	-	4,882,893	4,882,893
Grant liabilities	-	407,453	-	-	-	407,453
IMF SDR allocation liability	-	-	-	-	5,454,469	5,454,469
Other payables	16,345	-	-	-	-	16,345
NDRRA provision	-	833,310	256,047	-	-	1,089,357
Other liabilities	30,540	-	-	-	-	30,540
Total	46,885	1,240,763	256,047	-	10,337,362	11,881,057

Note 23: Administered financial instruments (continued)

Note 23G: Market risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Treasury is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

The Treasury is exposed to foreign currency denominated in USD, EUR and SDR.

The following table details the effect on profit and equity as at 30 June 2011 from a 15 per cent (30 June 2010 from a 14 per cent) favourable/unfavourable change in AUD against the Treasury with all other variables held constant.

Note 23: Administered financial instruments (continued)

Risk Variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		2011 \$'000	2011 \$'000
IFI Investments	15.00%	(73,772)	(73,772)
IFI Investments	-15.00%	99,809	99,809
IMF related moneys owing	15.00%	(124)	(124)
IMF related moneys owing	-15.00%	168	168
IMF new arrangements to borrow loan	15.00%	(29,272)	(29,272)
IMF new arrangements to borrow loan	-15.00%	39,604	39,604
Quota	15.00%	(627,810)	(627,810)
Quota	-15.00%	849,389	849,389
Promissory notes	15.00%	5,394	5,394
Promissory notes	-15.00%	(7,297)	(7,297)
IMF allocation liability	15.00%	598,086	598,086
IMF allocation liability	-15.00%	(809,175)	(809,175)
Other liabilities	15.00%	519	519
Other liabilities	-15.00%	(703)	(703)

Risk Variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		2010 \$'000	2010 \$'000
IFI Investments	14.00%	(75,391)	(75,391)
IFI Investments	-14.00%	99,937	99,937
IMF related moneys owing	14.00%	(47)	(47)
IMF related moneys owing	-14.00%	62	62
IMF new arrangements to borrow loan	14.00%	-	-
IMF new arrangements to borrow loan	-14.00%	-	-
Quota	14.00%	(687,872)	(687,872)
Quota	-14.00%	911,831	911,831
Promissory notes	14.00%	6,399	6,399
Promissory notes	-14.00%	(8,482)	(8,482)
IMF allocation liability	14.00%	669,847	669,847
IMF allocation liability	-14.00%	(887,937)	(887,937)
Other liabilities	14.00%	272	272
Other liabilities	-14.00%	(360)	(360)

Note 23: Administered financial instruments (continued)

Note 23G: Market risk (continued)

The sensitivity analysis of the Treasury's exposure to foreign currency risk at the reporting date has been determined by the Department of Finance and Deregulation based on the five main currencies (USD, EUR, GBP, JPY and NZD) the Commonwealth is exposed to.

The Guarantee Scheme for Large Deposits and Wholesale Funding and State and Territory Borrowing contractual obligation liabilities represents Treasury's obligation to provide a guarantee service to authorised deposit-taking institutions and State and Territory governments. These obligations will always be mirrored by the Guarantee Scheme for Large Deposits and Wholesale Funding and State and Territory Borrowing contractual fee receivables

Note 24: Administered consolidation

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
REVENUE:						
Non-taxation revenue						
Interest						
Gross IMF remuneration	3,734	2,314	-	-	3,734	2,314
Less: Burden sharing	(21)	(78)	-	-	(21)	(78)
Net IMF remuneration	3,713	2,236	-	-	3,713	2,236
Other interest	127	-	-	-	127	-
Total interest	3,840	2,236	-	-	3,840	2,236
Dividends						
Reserve Bank of Australia	-	5,976,709	-	-	-	5,976,709
Total dividends	-	5,976,709	-	-	-	5,976,709
Sale of goods and rendering of services						
GST administration fees	673,347	564,222	-	-	673,347	564,222
- external entities						
Guarantee Scheme for Large Deposits and Wholesale Funding fee	1,106,067	1,265,118	-	-	1,106,067	1,265,118
Guarantee Scheme for State and Territory Borrowing	100,129	101,647	-	-	100,129	101,647
Total sale of goods and rendering of services	1,879,543	1,930,987	-	-	1,879,543	1,930,987
COAG receipts from government agencies						
Building Australia Fund receipts	826,100	411,000	-	-	826,100	411,000
Health and Hospital Fund receipts	408,179	117,925	-	-	408,179	117,925
Education and Innovation Fund receipts	21,698	28,724	-	-	21,698	28,724
Interstate road transport receipts	87,380	60,823	-	-	87,380	60,823
Non-government schools receipts	7,700	3,021,461	-	-	7,700	3,021,461
Total COAG receipts from government agencies	1,351,057	3,639,933	-	-	1,351,057	3,639,933

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Other revenue						
Write back of HCS scheme	5,434	3,119	-	-	5,434	3,119
HIH Group liquidation proceeds	62,244	53,776	-	-	62,244	53,776
State cellar door subsidy savings	-	115,926	-	-	-	115,926
Other revenue	4,587	4,272	4	(9)	4,591	4,263
Total other revenue	72,265	177,093	4	(9)	72,269	177,084
Total revenues administered on behalf of Government	3,306,705	11,726,958	4	(9)	3,306,709	11,726,949
Gains						
Net foreign exchange gains / (losses)						
IMF SDR allocation	869,147	289,805	-	-	869,147	289,805
IMF maintenance of value	342,113	1,136,045	-	-	342,113	1,136,045
IMF quota revaluation	(788,040)	(582,170)	-	-	(788,040)	(582,170)
IFIs revaluation	(95,035)	(55,445)	-	-	(95,035)	(55,445)
Other foreign exchange	10,034	2,626	-	-	10,034	2,626
Total net foreign exchange gains / (losses)	338,219	790,861	-	-	338,219	790,861
Other gains						
Resources received free of charge	-	14,148	-	-	-	14,148
Total other gains	-	14,148	-	-	-	14,148
Total gains administered on behalf of Government	338,219	805,009	-	-	338,219	805,009
Total income administered on behalf of Government	3,644,924	12,531,967	4	(9)	3,644,928	12,531,958

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
EXPENSES:						
Grants						
Grants to State and Territory Governments	85,548,292	85,093,281	-	-	85,548,292	85,093,281
Payment of COAG receipts from government agencies	1,332,351	3,658,638	-	-	1,332,351	3,658,638
Other grants	54,994	30,000	-	-	54,994	30,000
Total grants	86,935,637	88,781,919	-	-	86,935,637	88,781,919
Interest						
IMF charges	18,734	11,413	-	-	18,734	11,413
Total interest	18,734	11,413	-	-	18,734	11,413
Other expenses						
HLIC claims	-	(79)	-	-	-	(79)
OzCar Special Purpose Vehicle	-	4,922	-	-	-	4,922
Other expenses	6,727	9,873	38	102	6,765	9,975
Total other expenses	6,727	14,716	38	102	6,765	14,818
Total expenses administered on behalf of Government	86,961,098	88,808,048	38	102	86,961,136	88,808,150

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS:						
Financial assets						
Cash and cash equivalents						
Cash on hand or on deposits	4,759	4,054	4	9	4,763	4,063
Receivables						
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	1,825,935	2,840,078	-	-	1,825,935	2,840,078
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	78,824	106,442	-	-	78,824	106,442
Guarantee of State and Territory Borrowing contractual fee receivable	301,920	482,830	-	-	301,920	482,830
Guarantee of State and Territory Borrowing fee receivable	5,998	10,571	-	-	5,998	10,571
Net GST receivable from the ATO	16	33	1	-	17	33
HLIC premiums receivable	40	43	-	-	40	43
IMF related moneys owing	950	380	-	-	950	380
IMF maintenance of value	342,113	1,136,045	-	-	342,113	1,136,045
IMF new arrangements to borrow loan	224,547	-	-	-	224,547	-
RBA dividend receivable	-	750,000	-	-	-	750,000
NDRRA receivables	128,643	-	-	-	128,643	-
Other receivables	13,860	-	-	-	13,860	-
Total receivables (net)	2,922,846	5,326,422	1	-	2,922,847	5,326,422

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Investments						
International financial institutions						
Asian Development Bank	261,954	248,148	-	-	261,954	248,148
European Bank for Reconstruction and Development International Bank for Reconstruction and Development	84,537	89,698	-	-	84,537	89,698
International Finance Corporation	169,244	213,248	-	-	169,244	213,248
Multilateral Investment Guarantee Agency	44,072	55,531	-	-	44,072	55,531
	5,774	7,276	-	-	5,774	7,276
Total international financial institutions	565,581	613,901	-	-	565,581	613,901
Quota						
International Monetary Fund	4,813,206	5,601,246	-	-	4,813,206	5,601,246
Australian Government entities						
Reserve Bank of Australia	5,339,000	10,394,000	-	-	5,339,000	10,394,000
Australian Reinsurance Pool Corporation	665,846	604,460	-	-	665,846	604,460
Total Australian Government entities	6,004,846	10,998,460	-	-	6,004,846	10,998,460
Total investments	11,383,633	17,213,607	-	-	11,383,633	17,213,607
Non-financial assets						
Other prepayments	14,791	545,346	-	-	14,791	545,346
OzCar Special Purpose Vehicle	-	-	-	-	-	-
Total non-financial assets	14,791	545,346	-	-	14,791	545,346
Total assets administered on behalf of Government	14,326,029	23,089,429	5	9	14,326,034	23,089,438

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
LIABILITIES:						
Loans						
IMF promissory notes	3,781,655	4,830,790	-	-	3,781,655	4,830,790
Other promissory notes	69,381	52,103	-	-	69,381	52,103
Total loans	3,851,036	4,882,893	-	-	3,851,036	4,882,893
Grants						
COAG grants payable	884,081	407,453	-	-	884,081	407,453
Total grants	884,081	407,453	-	-	884,081	407,453
Other payables						
GST appropriation payable	38	33	-	-	38	33
IMF SDR allocation	4,585,323	5,454,469	-	-	4,585,323	5,454,469
IMF maintenance of value	-	-	-	-	-	-
IMF related monies owing	3,982	2,213	-	-	3,982	2,213
OzCar Special Purpose Vehicle	-	4,922	-	-	-	4,922
Other	-	9,201	5	9	5	9,210
Total other payables	4,589,343	5,470,838	5	9	4,589,348	5,470,847

Note 24: Administered consolidation (continued)

	Treasury		HCS Scheme		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unearned income						
Guarantee Scheme for Large Deposits and Wholesale Funding contractual guarantee service obligation	1,825,935	2,840,078	-	-	1,825,935	2,840,078
Guarantee of State and Territory Borrowing contractual guarantee service obligation	301,920	482,830	-	-	301,920	482,830
Total unearned income	2,127,855	3,322,908	-	-	2,127,855	3,322,908
Other provisions						
Provision for HCS scheme	21,773	30,540	-	-	21,773	30,540
NDRRA provision	4,575,087	1,089,357	-	-	4,575,087	1,089,357
Total other provisions	4,596,860	1,119,897	-	-	4,596,860	1,119,897
Total other provisions and payables	11,314,058	9,913,643	5	9	11,314,063	9,913,652
Total liabilities administered on behalf of Government	16,049,175	15,203,989	5	9	16,049,180	15,203,998
Net assets administered on behalf of Government	(1,723,146)	7,885,440	-	-	(1,723,146)	7,885,440

Note 25: Appropriations

Note 25A: Annual appropriations ('Recoverable GST exclusive')

	2011 Appropriations						Total appropriation \$'000	Appropriation applied in 2011 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act						
	Annual Appropriation \$'000	Appropriations reduced(a) \$'000	AFM(b) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL									
Ordinary annual services	169,592	(926)	-	-	8,370	(938)	176,098	(173,426)	2,672
Other services Equity	1,395	-	-	-	n/a	-	1,395	(1,395)	-
Total departmental	170,987	(926)	-	-	8,370	(938)	177,493	(174,821)	2,672
ADMINISTERED									
Ordinary annual services	47,778	(31,862)	-	-	n/a	-	15,916	(14,880)	1,036
Administered items	-	-	-	-	n/a	-	-	-	-
Other services States, ACT, NT and local government	-	-	-	-	n/a	-	-	-	-
New administered outcomes	-	-	-	-	n/a	-	-	-	-
Administered assets and liabilities	162,265	-	-	-	n/a	-	162,265	(4,079)	158,186
Total administered	210,043	(31,862)	-	-	n/a	-	178,181	(18,959)	159,222

(a) Appropriations reduced under Appropriation Acts (No. 1,3) 2010-2011: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4) 2010-2011: sections 12,13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the Treasurer may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 15 April 2011, the Finance Minister determined a reduction in departmental appropriations following a request by the Treasurer. The amount of the reduction determined under Appropriation Act (No. 3) 2010-2011 was: \$926,000.

(b) Advance to the Finance Minister (AFM) — Appropriation Acts (No. 1,3) 2010-2011: section 13 and Appropriation Acts (No. 2,4) 2010-2011: section 15.

Note 25: Appropriations (continued)

Note 25A: Annual appropriations ('Recoverable GST exclusive') (continued)

	2010 Appropriations							Appropriation applied in 2010 (current and prior years) \$'000	Variance \$'000
	Appropriation Act			FMA Act					
	Annual Appropriation \$'000	Appropriations reduced(a) \$'000	AFM(b) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000		
DEPARTMENTAL									
Ordinary annual services	167,320	(4,379)	-	-	13,821	-	176,762	(177,590)	(828)
Other services	11,959	(7,438)	-	-	n/a	-	4,521	(4,521)	-
Equity									
Previous years' outputs	1,800	-	-	-	n/a	-	1,800	(1,800)	-
Total departmental	181,079	(11,817)	-	-	13,821	-	183,083	(183,911)	(828)
ADMINISTERED									
Ordinary annual services									
Administered items	1,000	(1)	29,675	-	n/a	-	30,674	(30,674)	-
Other services									
States, ACT, NT and local government	-	-	-	-	n/a	-	-	-	-
New administered	-	-	-	-	n/a	-	-	-	-
Administered outcomes	-	-	-	-	n/a	-	-	-	-
Administered assets and liabilities	19,010	-	-	-	n/a	-	19,010	(4,672)	14,338
Total administered	20,010	(1)	29,675	-	n/a	-	49,684	(35,346)	14,338

(a) Appropriations reduced under Appropriation Acts (No. 1,3) 2009-2010: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4) 2009-2010: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the Treasurer may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 13 May 2010, the Finance Minister determined a reduction in departmental appropriations following a request by the Treasurer. The amount of the reduction determined under Appropriation Act (No. 3) 2009-2010 was: \$643,000. On 29 June 2010, the Finance Minister determined a reduction in departmental appropriations following a request by the Treasurer. The amount of the reduction determined under: Appropriation Act (No. 1) 2009-2010 was: \$3,736,000; Appropriation Act (No. 2) 2009-2010 was: \$7,438,000.

(b) Advance to the Finance Minister (AFM) — Appropriation Acts (No. 1,3) 2009-2010: section 13 and Appropriation Acts (No. 2,4) 2009-2010: section 15.

Note 25: Appropriations (continued)

Note 25B: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

Authority	2011 \$'000	2010 \$'000
Appropriation Act (No. 2) - Non operating - previous years outputs 2009-10	-	1,800
Appropriation Act (No.1) 2008-09	578	32,612
Appropriation Act (No.1) 2009-10	-	22,283
Appropriation Act (No.1) 2010-11	71,586	-
Appropriation Act (No. 3) 2007-08	-	13,017
Appropriation Act (No. 3) 2009-10	-	109
Total	72,164	69,821

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

The following table lists current special appropriations contained in legislation that the Treasury is responsible for administering. In 2010-11, the Treasury expanded the list to include special appropriations contained in legislation that are inactive but still current as at 30 June 2011.

The Treasury process to complete the 2010-11 financial statements identified 8 payments (2010: 6 payments) made from the COAG Reform Fund special account that resulted in technical breaches of Section 83 of the Constitution (refer to Note 26 for more information).

After reviewing the circumstances of Section 83 breaches in relation to the COAG Reform Fund special account, the Treasury considers that there is a risk of non-compliance with Section 83 of the Constitution where payments are made from special appropriations and special accounts in circumstances where the payments do not accord with conditions included in the relevant legislation.

The Treasury will investigate these circumstances and any impact on its special appropriations and special accounts shown below, seeking legal advice as appropriate.

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>A New Tax System (Commonwealth - State) Financial Arrangements Act 1999 (Administered)</i>	Unlimited Amount	To provide an appropriation for payments to States if a State was under paid GST revenue in the 2008-09 financial year.	-	(88,736)
<i>Asian Development Bank (Additional Subscription) Act 2009 (Administered)</i>	Limited Amount	To provide an appropriation for subscription payments to the ADB. The balance available is USD\$4,742,173,913.5 in callable shares and USD\$181,781,020.18 in paid-in shares.	(18,687)	-
<i>Car Dealership Financing Guarantee Appropriation Act 2009 (Administered)</i>	Unlimited Amount	To provide an appropriation for claims under the Deed of Guarantee in respect of the Australian Government guarantee to support interim funding to car dealerships.	(4,922)	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

		Appropriation applied		
		2011	2010	
<i>Federal Financial Relations Act 2009</i> (Administered)	Unlimited Amount	To provide an appropriation for payments of financial assistance to the States, the ACT and the NT.	(63,441,516)	(61,614,079)
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for Special Drawing Rights sold by the RBA to the Commonwealth.	-	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for redemption of securities by the IMF.	(315,051)	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for the payment of charges on Special Drawing Rights issued to Australia by the IMF.	(16,965)	(9,949)
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for Australia's obligations as a participant in the IMF's Special Drawing Rights Department.	-	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for Australia's obligations as a participant in the IMF's New Arrangements to Borrow.	(225,137)	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for Australia's support of the IMF's programs.	-	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Unlimited Amount	To provide an appropriation for Australia's support of the World Bank and Asian Development Banks Programs.	-	-
<i>International Monetary Agreements Act 1947</i> (Administered)	Limited Amount	To provide an appropriation for Australia's purchase of additional shares in the International Bank for Reconstruction and Development. Balance available is USD\$859,886,280.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
Superannuation Industry (Supervision) Act 1993 (Administered)	Unlimited Amount	To provide an appropriation for financial assistance to superannuation funds that have suffered an eligible loss as a result of fraudulent conduct or theft.	(54,994)	-
Appropriation (Development Bank) Act 1975 (Administered)	Unlimited Amount	To provide an appropriation for payments associated with the Commonwealth Development Bank of Australia.	-	-
Asian Development Bank Act 1966 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Bank. Balance available is USD\$42,500,000 in callable shares.	-	-
Asian Development Bank (Additional Subscription) Act 1972 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD\$102,000,000 in callable shares.	-	-
Asian Development Bank (Additional Subscription) Act 1977 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available is USD\$258,180,000 in callable shares.	-	-
Asian Development Bank (Additional Subscription) Act 1983 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available is USD\$498,110,000 in callable shares.	-	-
Asian Development Bank (Additional Subscription) Act 1995 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available is USD\$1,210,246,511 in callable shares.	-	-
Commonwealth Banks Restructuring Act 1990 (Administered)	Unlimited Amount	To provide an appropriation for payments associated with the succession of the Commonwealth Bank over the State Bank of Victoria.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>European Bank for Reconstruction and Development Act 1990 (Administered)</i>	Limited Amount	To provide an appropriation for payments to establish the Bank. Balance available is USD\$81,690,700 in callable shares.	-	-
<i>Financial Agreements (Commonwealth Liability) Act 1932 (Administered)</i>	Unlimited Amount	To provide an appropriation for payment of principal and interest on bonds issued under the Financial Agreement Validation Act 1929, consolidating State debts.	-	-
<i>Financial Services Reform Act 2001 (Administered)</i>	Unlimited Amount	To provide an appropriation for payment of compensation in respect to levys payable by participants in particular financial markets.	-	-
<i>Financial Services Reform Act 2001 (Administered)</i>	Unlimited Amount	To provide an appropriation for payment of compensation in respect of a loss that is connected with a financial market.	-	-
<i>Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008 (Administered)</i>	Unlimited Amount	To provide an appropriation for payment of claims under the Deed of Guarantee in accordance with the Guarantee Scheme for Large Deposits and Wholesale Funding.	-	-
<i>Guarantee of State and Territory Borrowing Appropriation Act 2009 (Administered)</i>	Unlimited Amount	To provide an appropriation for payment of claims under the Deed of Guarantee in accordance with the Guarantee of State and Territory Borrowing.	-	-
<i>Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Act 1996 (Administered)</i>	Unlimited Amount	To provide an appropriation for payments of claims made before the transfer period leading to the abolition of the HLIC.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>Housing Loans Insurance Corporation (Transfer of Pre-transfer Contracts) Act 2006 (Administered)</i>	Unlimited Amount	To provide an appropriation for payments associated with the transfer of pre-transfer contracts and certain related rights and liabilities of the Commonwealth.	-	-
<i>International Bank for Reconstruction and Development (Share Increase) Act 1988 (Administered)</i>	Limited Amount	To provide an appropriation for the purchase of additional shares in the IBRD.	-	-
<i>International Bank for Reconstruction and Development (General Capital Increase) Act 1989 (Administered)</i>	Limited Amount	To provide an appropriation for the purchase of additional shares in the IBRD.	-	-
<i>International Finance Corporation Act 1955 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's subscription to the capital stock of the IFC.	-	-
<i>International Financial Institutions (Share Increase) Act 1982 (Administered)</i>	Limited Amount	To provide an appropriation for the purchase of additional shares in the IFC and the IBRD. Balance available is USD\$692,927,440 in callable shares.	-	-
<i>International Financial Institutions (Share Increase) Act 1986 (Administered)</i>	Limited Amount	To provide an appropriation for the purchase of additional shares in the IFC and the IBRD.	-	-
<i>International Monetary Agreements Act 1959 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF and increase in Australia's capital stock in the IBRD.	-	-
<i>International Monetary Agreements Act 1960 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF and increase in Australia's capital stock in the IBRD.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>International Monetary Agreements Act 1965 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	-	-
<i>International Monetary Agreements Act 1970 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	-	-
<i>International Monetary Agreements Act 1974 (Administered)</i>	Limited Amount	To provide an appropriation for payments to the IBRD. Balance available is USD\$37,368,120 in callable shares.	-	-
<i>International Monetary Fund (Quota Increase) Act 1983 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	-	-
<i>International Monetary Fund (Quota Increase and Agreement Amendments) Act 1991 (Administered)</i>	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	-	-
<i>Mint Employees Act 1964 (Administered)</i>	Unlimited Amount	To provide an appropriation to top up superannuation entitlements for employees electing to maintain contributions.	-	-
<i>Mint Employees Act 1964 (Administered)</i>	Unlimited Amount	To provide an appropriation to top up superannuation entitlements for employees electing not to maintain contributions.	-	-
<i>Multilateral Investment Guarantee Agency Act 1997 (Administered)</i>	Limited Amount	To provide an appropriation for payments to establish the Agency. Balance available is USD\$14,827,728 in callable shares.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>Northern Territory Grant (Electricity) Act 1989 (Administered)</i>	Limited Amount	To provide an appropriation for financial assistance to the Northern Territory in connection with expenditure in the 1989-90 year on the generation and distribution of electricity. No appropriation is available.	-	-
<i>Northern Territory Grant (Special Assistance) Act 1983 (Administered)</i>	Limited Amount	To provide an appropriation for financial assistance to the Northern Territory during the year that commenced 1 July 1983. No appropriation is available.	-	-
<i>Papua New Guinea Loans Guarantee Act 1973 (Administered)</i>	Unlimited Amount	To provide an appropriation for Australia's guarantee of loans raised overseas by Papua New Guinea. No appropriation is available.	-	-
<i>Papua New Guinea Loans Guarantee Act 1974 (Administered)</i>	Unlimited Amount	To provide an appropriation for Australia's guarantee of loans raised overseas by Papua New Guinea. No appropriation is available.	-	-
<i>Papua New Guinea Loans Guarantee Act 1975 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of certain public loans raised by Papua New Guinea. Balance available is AUD\$3,530,000.	-	-
<i>Papua New Guinea Loan (Asian Development Bank) Act 1972 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the ADB.	-	-
<i>Papua New Guinea Loan (Asian Development Bank) Act 1973 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the ADB.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
<i>Papua New Guinea Loan (International Bank) Act 1968 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD.	-	-
<i>Papua New Guinea Loan (International Bank) Act 1970 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD. Balance available is AUD\$1,365,000.	-	-
<i>Papua New Guinea Loan (International Bank) Act 1971 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD.	-	-
<i>Papua New Guinea Loan (International Bank) Act 1972 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD.	-	-
<i>Papua New Guinea Loan (International Bank) Act 1974 (Administered)</i>	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD.	-	-
<i>Payment of Tax Receipts (Victoria) Act 1996 (Administered)</i>	Unlimited Amount	To provide an appropriation for payments to Victoria for certain taxes collected by the Australian Government on Victoria's behalf.	-	-
<i>Queensland Grant (Special Assistance) Act 1979 (Administered)</i>	Limited Amount	To provide an appropriation for financial assistance to Queensland for the years 1979-81. No appropriation is available.	-	-
<i>Queensland Grant (Special Assistance) Act 1980 (Administered)</i>	Limited Amount	To provide an appropriation for financial assistance to Queensland for the years 1979-81. No appropriation is available.	-	-

Note 25: Appropriations (continued)

Note 25C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2011 \$'000	2010 \$'000
Queensland Grant (Special Assistance) Act 1981 (Administered)	Limited Amount	To provide an appropriation for financial assistance to Queensland for the Years 1979-81. No appropriation is available.	-	-
State Grants Act 1927 (Administered)	Unlimited Amount	To provide an appropriation for the distribution of surplus revenue to the States.	-	-
States (Works and Housing) Assistance Act 1984 (Administered)	Unlimited Amount	To provide an appropriation for financial assistance to the States in connection with expenditure on Public Housing.	-	-
States (Works and Housing) Assistance Act 1988 (Administered)	Unlimited Amount	To provide an appropriation for financial assistance to the States in connection with expenditure on Public Housing.	-	-
Terrorism Insurance Act 2003 (Administered)	Unlimited Amount	To provide an appropriation for payments to the Australian Reinsurance Pool Corporation.	-	-
Terrorism Insurance Act 2003 (Administered)	Unlimited Amount	To provide an appropriation for payments of compensation for the acquisition of land.	-	-
Total			(64,077,272)	(61,712,764)

Note 25: Appropriations (continued)

Note 25C: Special Appropriations — other disclosures

Commonwealth Places (Mirror Taxes) Act 1998

The Treasury is responsible for administering the above Act for the purpose of paying compensation to the States in respect of constitutionally invalid States taxes levied on Commonwealth places. Under the Act, the Australian Government is liable to pay to a State amounts equal to amounts received by the Australian Government (including amounts received by a State on behalf of the Australian Government) under an applied law of the State. During the current reporting period and previous reporting period the States collected and provided the following estimates of taxes pursuant to the Act:

	2011	2010
	\$	\$
Total mirror tax collection	424,284,911	409,098,727

Note 25: Appropriations (continued)

Note 25D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	\$'000	\$'000
		Inspector General of Taxation
		Transactional service provider
2011		
Total receipts	9,653,561	2,192
Total payments	9,653,561	2,213
		Inspector General of Taxation
		Transactional service provider
2010		
Total receipts	10,467,758	2,305
Total payments	10,467,758	2,340

Note 25: Appropriations (continued)

Note 25E: Reduction in Administered Items ('Recoverable GST exclusive')

2011		Amount required by Appropriation Act		Amount required as represented by:			Total amount required	Total amount appropriated	Total reduction
Ordinary Annual Services	Act (No. 1)	Act (No. 3)	Act (No. 5)	Spent	Retention				
Outcome 1	15,915,753.57	-	-	14,880,082.18	1,035,671.39	15,915,753.57	47,778,000.00	31,862,246.43	
2010		Amount required by Appropriation Act		Amount required as represented by:			Total amount required	Total amount appropriated	Total reduction
Ordinary Annual Services	Act (No. 1)	Act (No. 3)	Act (No. 5)	Spent	Retention				
Outcome 1	30,674,470.49	-	-	30,674,470.49	-	30,674,470.49	30,675,000.00	529.51	

Note 26: Special accounts

Actuarial Services Special Account (Departmental)

Legal authority: Financial Management and Accountability Act 1997, s20

Purpose: providing actuarial services and advice

Note: Actuarial Services Special Account was established on 1 October 2006.

	2011	2010
	\$'000	\$'000
<i>This account is non-interest bearing</i>		
Balance carried from Australian Government Actuary Account	2,223	1,856
Other receipts from rendering of services	1,501	1,955
Available for payments	3,724	3,811
Payments made to employees	(1,202)	(1,195)
Payments made to suppliers	(373)	(393)
Balance carried to next period	2,149	2,223
<i>Represented by:</i>		
Cash held by the Australian Government Actuary	85	264
<i>Add: Receivables - Monies held in the OPA</i>	2,064	1,959
Total balance carried to the next period	2,149	2,223

Note: This note is now prepared on a GST exclusive basis and has subsequently changed from what was reported in the 2009-10 financial statements.

Note 26: Special accounts (continued)

COAG Reform Fund Special Account (Administered)

Legal authority: COAG Reform Fund Act 2008

Appropriations: Financial Management and Accountability Act 1997, section 21

Purpose: For the making of grants of financial assistance to the States and Territories.

	2011 \$'000	2010 \$'000
Balance carried from previous period	-	-
Adjustment to prior year	-	-
Adjusted balance carried forward from previous period	-	-
Appropriation for reporting period	17,065,350	22,382,372
Receipts from other agencies	1,337,197	3,639,927
Payments made to suppliers	(18,402,547)	(26,022,299)
Repayments debited from the Special Account	-	-
Repayments debited from the Special Account (FMA Act section 39)	-	-
Balance carried to next period (excluding investment balances) and	-	-
<i>Represented by:</i>		
Securities held by Treasury	-	-
Total balance carried to the next period	-	-

Note: The Treasury makes payments to the States and Territories from the COAG Reform Fund special account based on information provided by other Government departments that have policy and program implementation responsibility. Several payments were discovered to have been made in error and were subsequently recovered at the next opportunity. In these circumstances the payments were made to the State or Territory without any legislative basis, which constitutes a technical breach of section 83 of the Constitution. The Treasury process to complete the 2010-11 financial statements identified 8 incorrect payments (2010: 6 incorrect payments). The incorrect payments totaled \$25,963,775 (2010: \$100,997) or 0.141 per cent (2010: less than 0.001 per cent) of payments from the COAG Reform Fund special account. All incorrect payments have been recovered from the States and Territories.

Note: This note is now prepared on a GST exclusive basis and has subsequently changed from what was reported in the 2009-10 financial statements.

Note 26: Special accounts (continued)

Financial System Stability Special Account (Administered)

The Treasury's 'Financial System Stability' special account established under section 70E of the *Banking Act 1959* for the making of payments authorised under specified sections of the *Banking Act 1959*, the *Insurance Act 1973* and the *Life Insurance Act 1975* and to meet expenses of administering the special account. For the years ended 30 June 2010 and 30 June 2011 this special account had nil balances and no transactions were credited or debited to the account.

Services for other Governments and non agency bodies account (Departmental)

The Treasury's 'Services for other Governments and non-agency bodies' special account established under section 20 of the *Financial Management and Accountability Act 1997* (FMA Act) was abolished on 12 October 2010. For the years ended 30 June 2010 and 30 June 2011 this special account had nil balances and no transactions were credited or debited to the account.

Other trust moneys account (Departmental — Special Public Money)

The Treasury has an 'Other trust monies' special account established under section 20 of the FMA Act. The purpose of this special account is for expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Australian Government. Any money held is thus special public money under section 16 of the FMA Act. For the years ended 30 June 2010 and 30 June 2011 this special account had nil balances and no transactions were credited or debited to the account.

Other trust moneys account (Administered — Special Public Money)

The Treasury has an 'Other trust monies' special account established under section 20 of the FMA Act. The purpose of this special account is for expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Australian Government. Any money held is thus special public money under section 16 of the FMA Act.

For the year ended 30 June 2010 the money in this special account rounded to zero in relation to HIH recoveries received from the HIH Claims Manager. For the year ended 30 June 2011 this special account had nil balances and no transactions were credited or debited to the account.

Special Accounts investment of public money

For the periods 2009-10 and 2010-11, the Treasury has not used section 28 or 39 of the FMA Act in respect of all special accounts.

Note 27: Compensation and debt relief

Departmental	2011	2010
	\$	\$
No 'Act of Grace' expenses were incurred during the reporting period (2010: no expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2010: no waiver).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2010: no payments).	-	-
No ex-gratia payments were provided for during the reporting period (2010: no payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 during the reporting period (2010: no payments).	-	-
Administered	2011	2010
	\$	\$
No 'Act of Grace' expenses were incurred during the reporting period (2010: no expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2010: no waiver).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2010: no payments).	-	-
No ex-gratia payments were provided for during the reporting period (2010: no payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 during the reporting period (2010: no payments).	-	-

Note 28: Reporting of outcomes

Note 28A: Net cost of outcome delivery

	Outcome 1	
	2011	2010
	\$'000	\$'000
Expenses		
Administered expenses	86,961,136	88,808,150
Departmental expenses	177,767	174,382
Total expenses	87,138,903	88,982,532
Costs recovered from provision of goods and services to the non-government sector		
Administered	-	-
Departmental	1,236	995
Total costs recovered	1,236	995
Other external revenues		
Administered		
Interest	3,840	2,236
Dividends	-	5,976,709
GST administration fees	673,347	564,222
Australian Government Guarantee Fee	1,206,196	1,366,765
COAG receipts from government agencies	1,351,057	3,639,933
HIH Group liquidation proceeds	62,244	53,776
Net foreign exchange gains	338,219	790,861
Other gains	-	14,148
Other revenue	10,025	123,308
Total administered	3,644,928	12,531,958
Departmental		
Net gains	549	546
Sale of assets	22	-
Other	726	742
Related goods and services revenue	7,387	11,611
Total departmental	8,684	12,899
Total other external revenues	3,653,612	12,544,857
Net cost / (contribution) of outcome	83,484,055	76,436,680

Note 28: Reporting of outcomes (continued)

Note 28B: Major classes of Departmental expenses, income, assets and liabilities by outcome

	Outcome 1	
	2011 \$'000	2010 \$'000
Departmental expenses		
Employee benefits	119,553	118,613
Suppliers and grants	46,035	51,301
Depreciation and amortisation	12,015	4,368
Write down of assets	108	28
Finance costs	56	35
Net losses from sale of assets	-	37
Total Departmental expenses	177,767	174,382
Funded by:		
Revenues from Government	158,268	165,939
Sale of goods and services	8,623	12,607
Other non-taxation revenues	726	742
Sale of assets	22	-
Other gains	549	546
Total Departmental revenues	168,188	179,834
Departmental assets		
Cash and cash equivalents	836	1,196
Trade and other receivables	78,211	77,254
Land and buildings	7,878	8,714
Plant and equipment	8,395	7,620
Intangibles	31,117	36,711
Other non-financial assets	2,336	1,799
Total Departmental assets	128,773	133,294
Departmental liabilities		
Suppliers	3,204	1,662
Other payables	8,193	12,098
Leases	-	40
Employees provisions	38,714	39,110
Total Departmental liabilities	50,111	52,910

Note 28: Reporting of outcomes (continued)

Note 28C: Major classes of Administered revenues, expenses, assets and liabilities by outcome

	Outcome 1	
	2011	2010
	\$'000	\$'000
Administered revenues		
Interest	3,840	2,236
Dividends	-	5,976,709
Goods and services	673,347	564,222
Australian Government Guarantee Fee	1,206,196	1,366,765
COAG receipts from government agencies	1,351,057	3,639,933
HIH Group liquidation proceeds	62,244	53,776
Other	10,025	123,308
Net foreign exchange gains	338,219	790,861
Other gains	-	14,148
Total Administered revenues	3,644,928	12,531,958
Administered expenses		
Grants	86,935,637	88,781,919
Other	25,499	26,231
Total Administered expenses	86,961,136	88,808,150
Administered assets		
Cash and cash equivalents	4,763	4,063
Receivables	2,922,847	5,326,422
Investments	11,383,633	17,213,607
Other non-financial assets	14,791	545,346
Total Administered assets	14,326,034	23,089,438
Administered liabilities		
Loans	3,851,036	4,882,893
Grants	884,081	407,453
Other payables	6,717,203	8,793,755
Other provisions	4,596,860	1,119,897
Total Administered liabilities	16,049,180	15,203,998

Note 29: Comprehensive income (loss) attributable to the Department of the Treasury

for the period ended 30 June 2011

	2011 \$'000	2010 \$'000
Total Comprehensive Income (loss) Attributable to the Department of the Treasury		
Total comprehensive income (loss) attributable to the Australian Government ¹	(9,579)	5,452
Plus: non-appropriated expenses		
Depreciation and amortisation expenses	12,015	-
Total comprehensive income (loss) attributable to the Department of the Treasury	2,436	5,452

1 As per the Statement of Comprehensive Income