



## **PART 4** FINANCIAL STATEMENTS

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# PART 4

# Part 4:

## Financial statements

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Auditor-General for Australia



## INDEPENDENT AUDITOR'S REPORT

### To the Treasurer

#### Scope

I have audited the accompanying financial statements of the Department of the Treasury for the year ended 30 June 2007, which comprise: a statement by the Departmental Secretary and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

#### *The Responsibility of the Departmental Secretary for the Financial Statements*

The Secretary to the Treasury is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted 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 whether the financial statements are free from material misstatement.

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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 and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by the Secretary to 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 the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

**Auditor's 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*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); 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 2007 and of its financial performance and its cash flows for the year then ended.



Ian McPhee

Auditor-General

Canberra

10 August 2007

# 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 2007 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.



Ken Henry  
Secretary to the Treasury



Michael Burton  
Chief Financial Officer

**Income statement**  
for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Revenue from Government	3A	133,536	134,040
Sale of goods and rendering of services	3B	7,219	6,258
Other revenues	3C	1,011	210
<b>Total revenue</b>		<b>141,766</b>	140,508
<b>Gains</b>			
Sale of assets	3D	65	-
Other gains	3E	398	394
<b>Total gains</b>		<b>463</b>	394
<b>TOTAL INCOME</b>		<b>142,229</b>	140,902
<b>EXPENSES</b>			
Employee benefits	4A	96,159	84,399
Suppliers	4B	53,035	35,592
Depreciation and amortisation	4C	3,270	3,460
Finance costs	4D	126	109
Write-down and impairment of assets	4E	49	7
Net losses from sale of assets	4F	-	43
<b>TOTAL EXPENSES</b>		<b>152,639</b>	123,610
<b>SURPLUS (DEFICIT)</b>		<b>(10,410)</b>	17,292

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



**Balance sheet**  
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6A	2,256	2,107
Trade and other receivables	6B	54,717	58,869
<b>Total financial assets</b>		<b>56,973</b>	<b>60,976</b>
<b>Non-financial assets</b>			
Land and buildings	7A	7,092	7,158
Plant and equipment	7B	7,870	8,141
Intangibles	7C	930	810
Other non-financial assets	7D	869	1,809
<b>Total non-financial assets</b>		<b>16,761</b>	<b>17,918</b>
<b>Total assets</b>		<b>73,734</b>	<b>78,894</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	8A	1,568	1,634
Other payables	8B	3,973	2,737
<b>Total payables</b>		<b>5,541</b>	<b>4,371</b>
<b>Interest bearing liabilities</b>			
Leases	9	1,496	1,192
<b>Total interest bearing liabilities</b>		<b>1,496</b>	<b>1,192</b>
<b>Provisions</b>			
Employee provisions	10	32,791	29,291
<b>Total provisions</b>		<b>32,791</b>	<b>29,291</b>
<b>Total liabilities</b>		<b>39,828</b>	<b>34,854</b>
<b>NET ASSETS</b>		<b>33,906</b>	<b>44,040</b>
<b>EQUITY</b>			
Asset revaluation reserve		3,644	3,644
Contributed equity		3,961	3,685
Retained surplus		26,301	36,711
<b>Total equity</b>		<b>33,906</b>	<b>44,040</b>
<b>Current assets</b>		<b>57,842</b>	<b>62,785</b>
<b>Non-current assets</b>		<b>15,892</b>	<b>16,109</b>
<b>Current liabilities</b>		<b>35,002</b>	<b>30,933</b>
<b>Non-current liabilities</b>		<b>4,826</b>	<b>3,921</b>

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

## Statement of changes in equity as at 30 June 2007

	Retained earnings		Asset revaluation reserve		Contributed equity		Total equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening balance as at 1 July	36,711	41,060	3,644	9,037	3,685	12,230	44,040	62,327
<b>Income and expense</b>								
Surplus (Deficit) for the period	(10,410)	17,292	-	-	-	-	(10,410)	17,292
<b>Total income and expenses recognised directly in equity</b>								
<b>Transactions with owner:</b>								
<b>Distributions to owners:</b>								
Returns of capital								
Restructuring (note 11)	-	(21,641)	-	(5,393)	-	(8,578)	-	(35,612)
<b>Contributions by owners:</b>								
Appropriations (equity injections)	-	-	-	-	276	33	276	33
<b>Sub-total transactions with owners</b>	-	(21,641)	-	(5,393)	276	(8,545)	276	(35,579)
<b>Closing balance as at 30 June</b>	<b>26,301</b>	<b>36,711</b>	<b>3,644</b>	<b>3,644</b>	<b>3,961</b>	<b>3,685</b>	<b>33,906</b>	<b>44,040</b>
<b>Total equity attributable to the Australian Government</b>	<b>26,301</b>	<b>36,711</b>	<b>3,644</b>	<b>3,644</b>	<b>3,961</b>	<b>3,685</b>	<b>33,906</b>	<b>44,040</b>

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

## Cash flow statement for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		8,106	9,642
Appropriations		138,787	110,779
GST received from ATO		3,543	2,813
Other cash received		1,859	1,697
<b>Total cash received</b>		<b>152,295</b>	<b>124,931</b>
<b>Cash used</b>			
Employees		93,067	83,891
Suppliers		55,118	39,919
Grants		1,282	1,317
Financing costs		126	110
GST paid to ATO		123	140
Cash to the OPA		-	225
Other cash used		102	3
<b>Total cash used</b>		<b>149,818</b>	<b>125,605</b>
<b>Net cash from/(used by) operating activities</b>	12	<b>2,477</b>	<b>(674)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of property, plant and equipment		110	10
<b>Total cash received</b>		<b>110</b>	<b>10</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		1,405	1,252
Purchase of intangibles		571	185
<b>Total cash used</b>		<b>1,976</b>	<b>1,437</b>
<b>Net cash from/(used by) investing activities</b>		<b>(1,866)</b>	<b>(1,427)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Capital injections		276	33
<b>Total cash received</b>		<b>276</b>	<b>33</b>
<b>Cash used</b>			
Repayment of borrowings (includes finance lease principal)		738	807
Other cash used		-	7,901
<b>Total cash used</b>		<b>738</b>	<b>8,708</b>
<b>Net cash from/(used by) financing activities</b>		<b>(462)</b>	<b>(8,675)</b>
<b>Net increase/(decrease) in cash held</b>		<b>149</b>	<b>(10,776)</b>
Cash at the beginning of the reporting period		2,107	12,883
<b>Cash at the end of the reporting period</b>	6A	<b>2,256</b>	<b>2,107</b>

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

## Schedule of commitments

as at 30 June 2007

	2007 \$'000	2006 \$'000
<b>BY TYPE</b>		
<b>Other commitments</b>		
Operating leases	65,838	60,993
Other	9,524	22,257
<b>Total other commitments</b>	<b>75,362</b>	<b>83,250</b>
<b>Commitments receivable</b>		
GST receivable	(6,610)	(7,331)
Other	-	-
<b>Total commitments receivable</b>	<b>(6,610)</b>	<b>(7,331)</b>
<b>NET COMMITMENTS</b>	<b>68,752</b>	<b>75,919</b>
<b>BY MATURITY</b>		
<b>Operating lease commitments</b>		
One year or less	8,138	6,123
From one to five years	27,292	24,204
Over five years	24,656	25,397
<b>Total operating lease commitments</b>	<b>60,086</b>	<b>55,724</b>
<b>Other commitments</b>		
One year or less	6,400	16,893
From one to five years	2,226	3,066
Over five years	40	236
<b>Total other commitments</b>	<b>8,666</b>	<b>20,195</b>
<b>NET COMMITMENTS BY MATURITY</b>	<b>68,752</b>	<b>75,919</b>

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

**Schedule of commitments (continued)**

Note: Commitments are GST inclusive where relevant.

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"> <li>▪ Commercial — leases comprise various periods, including both initial and options periods.</li> <li>▪ 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.</li> <li>▪ The initial periods of office accommodation leases are still current and each may be renewed with options for a further three or five years.</li> <li>▪ Australian estate — residential lease payments are reviewed bi-annually to reflect market movements.</li> </ul>
Agreements for the provision of motor vehicles to Senior Executive Officers	<ul style="list-style-type: none"> <li>▪ No contingent rentals exist.</li> <li>▪ No renewal or purchase options are available to the Treasury.</li> </ul>
Leases for computer equipment and office equipment	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

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

## Schedule of contingencies

as at 30 June 2007

	Claims for damages or costs		Other		TOTAL	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Contingent liabilities</b>						
Balance from previous period	-	20	133	145	133	165
New	-	-	207	133	207	133
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	(20)	(108)	(145)	(108)	(165)
<b>Total contingent liabilities</b>	-	-	<b>232</b>	133	<b>232</b>	133
<b>NET CONTINGENT LIABILITIES</b>	-	-	<b>232</b>	133	<b>232</b>	133

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

Note: Departmental unquantifiable contingencies are disclosed in Note 13: Contingent liabilities and assets.

**Schedule of administered items**  
for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>Income administered</b>			
<b>on behalf of Government</b>			
for the period ended 30 June 2007			
<b>Non-taxation revenue</b>			
Interest	19	10,235	23,476
Dividends	19	1,177,725	1,363,000
Sale of goods and rendering of services	19	618,792	605,888
Other sources of non-taxation revenue	19	66,257	31,103
<b>Total revenues administered</b>			
<b>on behalf of Government</b>		<b>1,873,009</b>	2,023,467
<b>Gains</b>			
Net foreign exchange gains	19	-	146,143
<b>Total gains administered</b>			
<b>on behalf of Government</b>		<b>-</b>	146,143
<b>Total income administered</b>			
<b>on behalf of Government</b>		<b>1,873,009</b>	2,169,610
<b>Expenses administered</b>			
<b>on behalf of Government</b>			
for the period ended 30 June 2007			
Grants	20	39,721,904	38,604,660
Interest	20	35,779	28,498
Other	20	7	6,547
<b>Losses</b>			
Net foreign exchange losses	20	197,948	-
<b>Total expenses administered</b>			
<b>on behalf of Government</b>		<b>39,955,638</b>	38,639,705

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

**Schedule of administered items (continued)**  
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>Assets administered</b>			
<b>on behalf of Government</b>			
as at 30 June 2007			
<b>Financial assets</b>			
Cash and cash equivalents	21	13,168	7,736
Receivables	21	2,248	314,063
Investments	21	16,546,830	20,033,896
<b>Non-financial assets</b>			
Grant prepayments	21	-	74,600
Other	21	2,081	2,347
<b>Total assets administered</b>			
<b>on behalf of Government</b>		<b>16,564,327</b>	<b>20,432,642</b>
<b>Liabilities administered</b>			
<b>on behalf of Government</b>			
as at 30 June 2007			
<b>Payables</b>			
Loans	22	3,888,624	3,870,825
Grants	22	5,000	7,500
Other payables	22	845,557	961,985
<b>Provisions</b>			
Other provisions	22	190,132	257,486
<b>Total provisions and payables</b>		<b>4,929,313</b>	<b>5,097,796</b>
<b>Total liabilities administered</b>			
<b>on behalf of Government</b>		<b>4,929,313</b>	<b>5,097,796</b>
<b>Net assets administered</b>			
<b>on behalf of Government</b>		<b>11,635,014</b>	<b>15,334,846</b>

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



**Administered cash flows**  
for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
GST administration fees		628,778	595,902
Interest		11,849	26,685
Dividends		1,477,259	1,383,000
Net GST received from ATO		965	3,303
HHH Group liquidation proceeds		43,646	26,356
Other		7,603	9,832
<b>Total cash received</b>		<b>2,170,100</b>	<b>2,045,078</b>
<b>Cash used</b>			
Grant payments		39,647,303	38,459,858
Other		90,675	115,762
<b>Total cash used</b>		<b>39,737,978</b>	<b>38,575,620</b>
<b>Net cash from/(used in) operating activities</b>		<b>(37,567,878)</b>	<b>(36,530,542)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
IMF		319,395	152,523
PNG loan principal repayment		-	14,805
<b>Total cash received</b>		<b>319,395</b>	<b>167,328</b>
<b>Cash used</b>			
Settlement of International Financial Institution's obligations		1,603	2,299
<b>Total cash used</b>		<b>1,603</b>	<b>2,299</b>
<b>Net cash from/(used in) investing activities</b>		<b>317,792</b>	<b>165,029</b>
<b>Net increase/(decrease) in cash held</b>		<b>(37,250,086)</b>	<b>(36,365,513)</b>
Cash at the beginning of reporting period		7,736	9,089
Cash from official public account for appropriations		39,744,635	38,574,011
Cash to official public account for appropriations		2,489,117	2,209,851
<b>Cash at end of reporting period</b>	21	<b>13,168</b>	<b>7,736</b>

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

## Administered commitments

as at 30 June 2007

	2007 \$'000	2006 \$'000
<b>BY TYPE</b>		
<b>Other commitments</b>		
Other <sup>1</sup>	396	3,423
<b>Total other commitments</b>	396	3,423
<b>Commitments receivable</b>		
GST receivable	36	311
<b>Total commitments receivable</b>	36	311
<b>NET ADMINISTERED COMMITMENTS BY TYPE</b>	<b>360</b>	<b>3,112</b>
<b>BY MATURITY</b>		
<b>Other commitments</b>		
One year or less	396	3,067
From one to five years	-	356
<b>Total other commitments</b>	396	3,423
<b>Commitments receivable</b>		
One year or less	36	279
From one to five years	-	32
<b>Total commitments receivable</b>	36	311
<b>NET ADMINISTERED COMMITMENTS BY MATURITY</b>	<b>360</b>	<b>3,112</b>

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

Note: All commitments are GST inclusive where relevant.

1 Other commitments relates to services provided with respect to the HIH Claims Support Scheme.

## Administered contingencies

as at 30 June 2007

	Guarantees		Indemnities		Uncalled shares or capital subscriptions <sup>1</sup>		Claims for damages or costs		Warranties		Letters of Comfort		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered contingent liabilities</b>														
Balance from previous period	-	-	-	-	7,296,889	7,095,559	-	-	-	-	-	-	7,296,889	7,095,559
Re-measurement	-	-	-	-	(899,604)	201,330	-	-	-	-	-	-	(899,604)	201,330
Liabilities crystallised	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contingent liabilities</b>	-	-	-	-	<b>6,397,285</b>	<b>7,296,889</b>	-	-	-	-	-	-	<b>6,397,285</b>	<b>7,296,889</b>
<b>Total contingent assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CONTINGENT LIABILITIES</b>	-	-	-	-	<b>6,397,285</b>	<b>7,296,889</b>	-	-	-	-	-	-	<b>6,397,285</b>	<b>7,296,889</b>

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

Note: Administered unquantifiable contingencies are disclosed in Note 24: Administered contingent liabilities and assets.

<sup>1</sup> Comprise of EBRD, IBRD, MIGA and ADB uncalled shares.

### **Statement of activities administered on behalf of Government**

The major administered activities of the Treasury are directed towards achieving the four outcomes described in Note 1 to the Financial Statements. Details of planned activities for the year can be found in the Treasury Portfolio Budget Statements and Portfolio Additional Estimates Statements for 2006-07, which have been tabled in Parliament.

**Notes to and forming part of the financial statements**  
for the period ended 30 June 2007

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## Note 1: Summary of significant accounting policies

### 1.1. Objectives of the Treasury

The Treasury aims to improve the wellbeing of the Australian people. It does so by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury portfolio ministers in the administration of their responsibilities and implementation of Government decisions.

The Treasury is structured to meet four outcomes:

- Outcome 1: Sound macroeconomic environment;
- Outcome 2: Effective government spending arrangements;
- Outcome 3: Effective taxation and retirement income arrangements; and
- Outcome 4: Well functioning markets.

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

Activities contributing towards the outcomes 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. For these purposes, the HIH Claims Support Limited and the HIH Claims Support Trust have been included in the administered schedules.

Departmental activities are identified under four Output Groups. Outcome 1 has one output group, 1.1 Macroeconomic. Outcome 2 has one output group, 2.1 Fiscal. Outcome 3 has one output group, 3.1 Revenue. There is one output group in Outcome 4, 4.1 Markets.

The output groups comprise the following outputs:

- Output Group 1.1 Macroeconomic — Outputs 1.1.1 and 1.1.2
- Output Group 2.1 Fiscal — Outputs 2.1.1, 2.1.2, 2.1.3 and 2.1.4
- Output Group 3.1 Revenue — Output 3.1.1 and 3.1.2
- Output Group 4.1 Markets — Outputs 4.1.1, 4.1.2, 4.1.3 and 4.1.4

All outputs under Output Groups 1.1, 2.1 and 3.1 provide services on a non-profit basis.

Under Output Group 4.1, Outputs 4.1.1, 4.1.2 and 4.1.3 also provide services on a non-profit basis. Output 4.1.4, that relates to the Australian Government Actuary, operates via a special account.

## 1.2. Basis of preparation of the financial report

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for the reporting period ending on or after 1 July 2006; and
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets, which as noted, are at valuation.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

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 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 (other than unquantifiable, which are reported at Note 13).

Revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of the Treasury in its present form and with its present programmes is dependent on Government policy and on continuing appropriations by Parliament for the Treasury's administration and programmes.

Administered revenues, expenses, assets and 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 agency items, except where otherwise stated at Note 1.23.

## 1.3. Significant accounting judgments and estimates

Apart from an Australian Government Actuary (AGA) review on employee benefits resulting in changes to on-cost calculations and discount factors, no accounting assumptions or estimates have been identified for agency 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 Note 1.30 and 1.31, the Treasury has obtained independent actuarial assessments of the Housing Loans Insurance Corporation (HLIC) premiums, recoveries, claims and acquisition costs in addition to the HIH Claims Support Scheme liability.

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 historical 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, no adverse financial statement audit opinions, and the fact that no calls have ever been made.

#### 1.4. Statement of compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements, so while this financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS) it cannot make this statement.

No accounting standard has been adopted earlier than the effective date in the current period. The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Treasury.

##### Amendments

- 2004-3 Amendments to Australian Accounting Standards [AASB 119]
- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-3 Amendments to Australian Accounting Standards [AASB 119]
- 2005-4 Amendments to Australian Accounting Standards [AASBs 1, 132, 139, 1023, 1038]
- 2005-5 Amendments to Australian Accounting Standards [AASBs 1, 139]
- 2005-9 Amendments to Australian Accounting Standards [AASBs 4, 132, 139, 1023]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]
- 2006-4 Amendments to Australian Accounting Standards [AASB 134]
- 2007-1 Amendments to Australian Accounting Standards [AASB 2]

## Part 4: Financial statements

### Amendments (continued)

- 2007-2 Amendments to Australian Accounting Standards [AASBs 1, 117, 118, 120, 121, 127, 131, 139]
- 2007-3 Amendments to Australian Accounting Standards [AASBs 5, 6, 102, 107, 119, 127, 134, 136, 1023, 1038]
- 2007-4 Amendments to Australian Accounting Standards [AASBs 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121]

### Interpretations

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

### Financial Instrument Disclosure

AASB 7 Financial Instruments: Disclosure is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than what is currently required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]. These changes have no financial impact but will affect the disclosure in future financial reports.

### Other

The following standards and interpretations have been issued but are not applicable to the operations of the Treasury.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

## 1.5. Revenue

### Revenues from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue.

Appropriations receivable are recognised at their nominal amounts.

### Other revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and 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
- the probable economic benefits with the transaction have flowed to the entity.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

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

## 1.6. Gains

### Resources received free of charge

Services received free of charge are recognised as gains when and only when a 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 at their fair value when the asset qualifies for recognition, unless received from another Government agency as a consequence of a restructuring of administrative arrangements. (Refer to Note 1.7.)

### Other gains

Gains from disposal of non-current assets were 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 (including wages and salaries and other non-monetary benefits expected to be settled within 12 months of the reporting 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.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### 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 recreation and long service leave has been determined by reference to the work of an actuary as at 30 June 2006. The estimate of the present value of the

liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and redundancy

No provision has been made for separation and redundancy benefit payments during the year (2006: Nil).

#### Superannuation

Staff of the Treasury are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan. New employees (from 1 July 2005) are eligible to join the new PSS Accumulation Scheme which is a defined contribution scheme. The CSS and PSS are defined benefit schemes of the Australian Government.

The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

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 defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The liability for superannuation recognised as at 30 June 2007 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 from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which 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 lease property or, if lower, the present value of minimum lease payments at the beginning of the lease term and a liability 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. At reporting date, the Treasury had finance leases with terms averaging three years and a maximum term of five years. The interest rate implicit in the leases averaged 7.31 per cent (2006: 8.31 per cent). The lease assets secure the lease liabilities.

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 means notes and coins held and any deposits held at call with a bank or financial institution. 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 (RBA) 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 and cash flow and fair value interest rate risk is considered to be low.

### **1.13. Other financial instruments**

#### **Receivables for goods and services**

Receivables are recognised at their nominal amounts less any provision for bad and doubtful debts. 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 (2006: 30 days).

#### **Trade creditors**

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. 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.

#### **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 existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

### **1.14. Derecognition of financial assets and liabilities**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred. Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

### **1.15. Impairment of financial assets**

Financial assets are assessed for impairment at each balance date.

#### **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 Income Statement.

#### **Financial assets held at cost**

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

#### **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 Income Statement.

### **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).

#### **Revaluations**

##### **Basis**

Plant and equipment is carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value.

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

<b>Asset class</b>	<b>Fair value measured at</b>
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ with 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 surplus and deficit. 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 net amount restated to the revalued amount.

The Treasury performed a valuation of infrastructure, plant and equipment assets on 1 July 2004. The valuation was performed by independent valuers Preston Rowe Paterson NSW Pty Limited and was based on valuing the assets at fair value. The Treasury anticipates undergoing another full valuation of its assets in the 2007-08 financial year.

#### 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. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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. Residual values are re-estimated for a change in prices only when assets are revalued.



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

	<b>2006-07</b>	2005-06
Computers, plant and equipment	<b>3-10 years</b>	3-10 years
Leasehold improvements	<b>5-10 years</b>	5-10 years
Motor vehicles	<b>4 years</b>	4 years
Office equipment	<b>5 years</b>	5 years
Capitalised software	<b>3-5 years</b>	3-5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

### **1.18. Impairment of non-current assets**

All assets were assessed for impairment at 30 June 2007. 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 assets at fair value.

The non-current assets which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the asset is written down to the higher of its net selling price and if the entity would replace the asset's service potential, its depreciated replacement cost.

### **1.19. Intangible assets**

The Treasury's intangible assets comprise internally developed and purchased software for internal use. These assets are carried at cost.

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 (2006: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

### **1.20. Taxation/competitive neutrality**

The Treasury is exempt from all forms of taxation except fringe benefits tax 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.

### **1.21. 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.

### **1.22. Insurance**

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

### **1.23. 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.

### **1.24. Administered cash transfers to and from the Official Public Account (OPA)**

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 Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Treasury on behalf of the Australian Government and reported as such in the statement of cash flows in the schedule of administered items and in the administered reconciliation table in Note 23. Thus the Schedule of Administered Items largely reflects the Australian Government's transactions, through the Treasury, with parties outside the Australian Government.

Administered appropriations received or receivable from the OPA are not reported as administered revenues or assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions or balances are internal to the administered entity.

### **1.25. Revenue**

All administered revenues are revenues relating to 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 2006-07 will be recognised in the Treasury's Financial Statements in 2007-08. 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 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 includes the proportion of the member currencies (quota) that was paid in Special Drawing Rights (SDR) and held by the IMF and money lent out under the financial transaction plan.

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 19 as burden sharing.

Remuneration is calculated and paid at the end of the IMF's financial quarters. An annual adjustment maintenance of value is made to the IMF's holdings of the quota to maintain their value in terms of the SDR. In 2006-07, this amount was paid in full, (2005-06 gave rise to a payable).

#### 1.26. Administered capital

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

#### 1.27. Grants

The Treasury administers a number of grant schemes on behalf of the Australian Government.

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 these grants but services have not been performed or criteria satisfied.

#### Grants to the IMF

This represents Australia's contribution to the Poverty Reduction and Growth Facility (PRGF), previously known as the Enhanced Structural Adjustment Facility, of the IMF. The PRGF will enable the IMF to provide concessional funding to support medium term macroeconomic adjustment and structural reforms in low income countries. The PRGF will assist Australia to promote its international economic and aid interests with developing countries in the Asian region. Australia's contribution involves \$30 million to be paid in annual instalments of \$2.5 million over a 12 year period, with the final instalment due 2008-09.

### Grants to States and Territories

#### Payments under *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*

The outcome of the 1999 taxation reform process includes an arrangement which provides revenue to fund State and Territory Government services. Special appropriations relating to this legislation fall under four categories, namely, GST Revenue Payments to the States and Territories, Budget Balancing Assistance Grants, Residual Adjustment Amounts and National Competition Policy Payments.

The introduction of *The New Tax System* on 1 July 2000 has significantly reformed payments made under Commonwealth-State financial relations. The Treasury has responsibility for administering these payments.

The largest payment is the provision of GST revenue. The Australian Government pays to the States and Territories all GST collected, and commenced monthly payments of GST revenue to the States and Territories in July 2000. GST revenue payments to the States and Territories in 2006-07 were distributed in accordance with relativities recommended by the Commonwealth Grants Commission. The Treasury also administered General Revenue Assistance payments to the States and Territories consisting of Budget Balancing Assistance and Residual Adjustment Amounts in 2006-07.

Budget Balancing Assistance arises from the Australian Government's guarantee that in each of the transitional years following the introduction of the GST, each State and Territory budgetary position will be no worse off than had the reforms in the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* not been implemented.

The Australian Government introduced Residual Adjustment Amounts to ensure that all States receive their appropriate payments under *The New Tax System* as they move on or off Budget Balancing Assistance. Residual Adjustment Amounts offset any underestimate or overestimate of payments that cannot be paid or recovered using other mechanisms under *The New Tax System*.

National Competition Policy Payments to the States and Territories are conditional on the States and Territories meeting their obligations under the agreement to implement the National Competition Policy and related reforms.

As a consequence of the Australian Taxation Office collecting GST for distribution to the States and Territories, the States and Territories make payments to the Australian Government to meet the agreed costs incurred in administering the GST. The Treasury is responsible for collection of GST administration fees from the States and Territories.

A new First Home Owners Scheme commenced on 1 July 2000. Under the First Home Owners Scheme, a grant of \$7,000 is available to eligible applicants who are buying or building their first home. The First Home Owners Scheme is administered by the States on the basis of principles agreed to by all jurisdictions in the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*.

### 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 28F.

### 1.28. Administered investments

Administered investments were assessed for impairment at 30 June 2007. No indicators of impairment were noted.

#### Development banks

Investments in development banks are classified as non-monetary assets and owing to their nature, these investments are not revalued. As such, these investments are recognised at historical cost where the information is available. Where historical cost records are not readily available, a notional cost has been established at 30 June 1993 by reference to the development banks' financial statements and exchange rates at that time.

Initial investments in the Asian Development Bank (prior to 1995), the International Finance Corporation (prior to 1991) and the International Bank for Reconstruction and Development (prior to 1988) have been recognised at notional cost. Any subsequent capital subscriptions to these development banks have been recognised at historical cost.

Investments in the European Bank for Reconstruction and Development and the Multilateral Investment Guarantee Agency are recognised at historical cost.

#### International Monetary Fund

The quota is the current value in Australian dollars of Australia's subscription to the International Monetary Fund (IMF).

The SDR allocation liability reflects the current value in Australian dollars of the Treasury's liability to repay to the IMF Australia's cumulative allocations of SDR. This is classified as 'other payables'.

#### 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 this portfolio are measured at their fair value as at 30 June 2007. 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;
- Australian Securities and Investments Commission;
- Corporations and Markets Advisory Committee;
- Australian Reinsurance Pool Corporation;
- Australian Prudential Regulation Authority;

Australian Accounting Standards Board; and  
Auditing and Assurance Standards Board.

### **1.29. 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 not interest bearing and relate to the undrawn paid in capital subscriptions.

Foreign currency gains and losses are recognised where applicable.

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

The Australian Government sold the Housing Loans Insurance Corporation (HLIC) on 12 December 1997. Under the terms and conditions of the sale the Australian Government remained responsible for the mortgage insurance policies written up to the time of the sale.

The Treasury maintains bank accounts with a commercial bank for the purposes of making claims payments arising from mortgage insurance policies written by HLIC prior to the sale and a bank account for administering the wrap-up of the final accounts and other minor details up to the point of wind-up or sale of HLIC.

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'.

#### **Recoveries**

Claims incurred recoveries and a receivable for outstanding recoveries are recognised in respect of insurance policies. The asset is assessed on an actuarial basis and covers recoveries incurred but not yet received, incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The asset (HLIC premiums receivable) has been recognised in Note 21, based on the estimated discounted future cash flows.

## Claims

Claims incurred expenses and a liability for outstanding claims are recognised in respect of insurance policies. The liability is assessed on an actuarial basis and 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.

## 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.

### 1.31. Provisions and contingent liabilities

#### HIH Claims Support Scheme liability

HIH Claims Support Scheme (the Scheme) was established by the Australian Government to provide financial assistance to eligible HIH policy-holders effected by the collapse of the HIH Group of companies in March 2001. HIH Claims Support Limited (HCSL) was established by the Insurance Council of Australia as a not-for-profit company to manage claims made under the Scheme on behalf of the Australian Government. The HIH Claims Support Trust was established in order to perform HCSL's obligations under the *Commonwealth Management Agreement* dated 6 July 2001. As the beneficiary of this trust, the Australian Government is entitled to any residual balance of the trust, after the collection of recoveries and making of payments to claimants.

Following a strategic review in 2003 the operation of the Scheme was restructured. HCSL withdrew from claims management, a new claims manager was appointed and the Scheme was closed to new applications in 2004. A Gateway facility was retained to handle special circumstance applications. HIH Claims Support Limited was subsequently sold by the Insurance Council of Australia to the Australian Government in August 2005.

An actuarial assessment was conducted by an independent actuary as at February 2006, and the results of the review indicated that the overall cost of the scheme discounted to present value is estimated to be \$810 million. This estimate incorporates an allowance for future inflation and provides for the estimated costs of both the claim payments and the scheme management fees. A review of this assessment was undertaken by an independent actuary as at 29 June 2007 confirming the initial assessment.

The Australian Government will continue to assess the estimated liability in future years. Further assessments will also include quantifying possible recoveries to be made by HIH Claims Support Limited (which is currently acting as the Trustee on behalf of the Australian Government in relation to the HIH Claims Support Scheme) and the new claims manager (which will be acting as an agent of the Australian Government).

### 1.32. Administered financial instruments

AASB 139 requires financial instruments to be classified into one of four categories. The financial instruments specific to the Treasury's administered items are classified as follows:

- Loans and receivables (these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market);
  - IMF related moneys receivable (measured at amortised cost using the effective interest rate method).
  - RBA dividend receivable (measured at amortised cost using the effective interest rate method).
  - Papua New Guinea loan receivable (measured at amortised cost using the effective interest rate method).
- Available-for-sale financial assets;
  - Investments in development banks (measured at cost).
  - IMF quota (measured at cost).
  - Investments in Australian Government entities (measured at fair value).
- Financial liabilities;
  - SDR allocation (measured at amortised cost using the effective interest rate method).
  - Promissory notes (measured at amortised cost using the effective interest rate method).
  - IMF related monies payable (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' due to their unique nature, they do not have a quoted market price in an active market and their fair value cannot be reliably measured at the reporting date. These items are valued at cost. The Treasury does not hold these instruments for the purposes of trading.

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 reporting date.

Administered financial instruments are accounted for in accordance with the accounting policies detailed above. Administered financial instruments are disclosed at Note 26.



**Note 2: Events occurring after reporting date**

The RBA has calculated a dividend of \$1.085 billion in respect of its results for the year ended 30 June 2007 (\$1.177 billion 2005-06). The Treasurer has ratified the payment in accordance with the recommendation of the RBA's Board of Directors. As a consequence, the Treasury will record this dividend income in its accounts for the year ended 30 June 2008 in accordance with its accounting policy (Note 1.25).

On 1 July 2007, the Australian Securities and Investments Commission and the Corporations and Markets Advisory Committee were prescribed as agencies under the *Financial Management and Accountability Act 1997* and as such will cease to be recognised as administered investments in Government entities in the Treasury annual report from this date, however they will remain within the Treasury portfolio.

**Note 3: Operating revenues**

	2007 \$'000	2006 \$'000
<b>Note 3A: Revenue from Government Appropriations</b>		
Departmental outputs	133,536	134,040
Revenues from prior year	-	-
<b>Total revenue from Government</b>	<b>133,536</b>	<b>134,040</b>
<b>Note 3B: Sale of goods and rendering of services</b>		
Provision of goods to:		
external entities	-	66
Rendering of services to:		
related entities	6,042	5,217
external entities	1,107	921
Operating lease rental	70	54
<b>Total sale of goods and rendering of services</b>	<b>7,219</b>	<b>6,258</b>
<b>Note 3C: Other revenues</b>		
Other	1,011	210
<b>Total other revenues</b>	<b>1,011</b>	<b>210</b>
<b>Note 3D: Sale of assets</b>		
Plant and equipment		
Proceeds from sale	84	-
Carrying value of assets sold	(19)	-
<b>Net gain from sale of assets</b>	<b>65</b>	<b>-</b>
<b>Note 3E: Other gains</b>		
Resources received free of charge	398	394
<b>Total other gains</b>	<b>398</b>	<b>394</b>

**Note 4: Operating expenses**

	2007	2006
	\$'000	\$'000
<b>Note 4A: Employee benefits</b>		
Wages and salaries	68,155	61,288
Superannuation	15,229	13,941
Leave and other entitlements	10,312	6,843
Separation and redundancies	11	-
Other	2,452	2,327
<b>Total employee benefits</b>	<b>96,159</b>	<b>84,399</b>
<b>Note 4B: Suppliers</b>		
Provision of goods from:		
related entities	144	58
external entities	2,022	2,033
Rendering of services from:		
related entities	4,397	4,716
external entities	38,232	20,606
Operating lease rentals <sup>1</sup>	7,904	7,731
Workers compensation premiums	336	448
<b>Total supplier expenses</b>	<b>53,035</b>	<b>35,592</b>
<b>Note 4C: Depreciation and amortisation</b>		
<b>Depreciation</b>		
Other plant and equipment	1,220	1,368
Buildings - leasehold improvements	839	797
<b>Total depreciation</b>	<b>2,059</b>	<b>2,165</b>
<b>Amortisation</b>		
Intangibles - computer software	454	571
Assets held under finance lease	757	724
<b>Total amortisation</b>	<b>1,211</b>	<b>1,295</b>
<b>Total depreciation and amortisation</b>	<b>3,270</b>	<b>3,460</b>
<b>Note 4D: Finance costs</b>		
Leases	126	109
<b>Total finance costs</b>	<b>126</b>	<b>109</b>
<b>Note 4E: Write-down and impairment of assets</b>		
Financial assets		
Receivables - bad and doubtful debt expense	-	7
Non-financial assets		
Intangibles	49	-
<b>Total write-down and impairment of assets</b>	<b>49</b>	<b>7</b>
<b>Note 4F: Losses</b>		
Net losses from sale of assets:		
Other plant and equipment		
Proceeds from disposal	-	(6)
Net book value of assets disposed	-	49
Net losses from disposal	-	43
<b>Total losses</b>	<b>-</b>	<b>43</b>

<sup>1</sup> These comprise minimum lease payments only.

**Note 5: Business operations**

The Australian Government Actuary operates via a special account and the balance of the special account is disclosed at Note 28G.

**Note 6: Financial assets**

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>Note 6A: Cash and cash equivalents</b>		
<b>Cash:</b>		
Special accounts	1,667	1,560
Departmental (other than special accounts)	589	547
<b>Total cash</b>	<b>2,256</b>	2,107
<b>Note 6B: Trade and other receivables</b>		
Goods and services	2,082	877
Net GST receivable from the ATO	138	206
Appropriations receivable - undrawn	51,432	56,683
Other	1,065	1,103
<b>Total trade and other receivables (net)</b>	<b>54,717</b>	58,869
All receivables are current assets		
<b>Receivables (gross) are aged as follows:</b>		
Not overdue	53,676	58,388
Overdue by:		
Less than 30 days	815	315
30 to 60 days	105	46
61 to 90 days	37	-
More than 90 days	84	120
<b>Total receivables (gross)</b>	<b>54,717</b>	58,869

## Note 7: Non-financial assets

	2007 \$'000	2006 \$'000
<b>Note 7A: Land and buildings</b>		
<b>Leasehold improvements - at fair value</b>		
- At fair value	11,716	10,943
- Accumulated amortisation	(4,624)	(3,785)
<b>Total leasehold improvements - at fair value</b>	<b>7,092</b>	<b>7,158</b>
<b>Total land and buildings (non-current)</b>	<b>7,092</b>	<b>7,158</b>
<b>Note 7B: Plant and equipment</b>		
<b>Plant and equipment - fair value</b>		
- At fair value	9,374	9,146
- Accumulated depreciation	(2,982)	(2,206)
<b>Total plant and equipment - fair value</b>	<b>6,392</b>	<b>6,940</b>
<b>Plant and equipment under finance lease</b>		
- Under finance lease	2,617	2,762
- Accumulated amortisation	(1,139)	(1,561)
<b>Total plant and equipment under finance lease</b>	<b>1,478</b>	<b>1,201</b>
<b>Total plant and equipment (non-current)</b>	<b>7,870</b>	<b>8,141</b>
<b>Note 7C: Intangibles</b>		
<b>Computer software - fair value</b>		
- At fair value	3,300	3,360
- Accumulated amortisation	(2,370)	(2,550)
<b>Total computer software</b>	<b>930</b>	<b>810</b>
<b>Total intangibles (non-current)</b>	<b>930</b>	<b>810</b>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.17.

**Note 7: Non-financial assets (continued)**

Table A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2006-07)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 1 July 2006:</b>				
Gross book value	10,943	11,908	3,360	26,211
Accumulated depreciation/amortisation	(3,785)	(3,767)	(2,550)	(10,102)
<b>Net book value 1 July 2006</b>	<b>7,158</b>	<b>8,141</b>	<b>810</b>	<b>16,109</b>
<b>Additions</b>				
By purchase	937	596	571	2,104
By finance lease	-	1,042	-	1,042
Depreciation/amortisation expense	(839)	(1,977)	(454)	(3,270)
<b>Disposals</b>				
Other disposals	-	(19)	(49)	(68)
<b>Transfers</b>	<b>(164)</b>	<b>87</b>	<b>52</b>	<b>(25)</b>
<b>As at 30 June 2007:</b>				
Gross book value	<b>11,716</b>	<b>11,991</b>	<b>3,300</b>	<b>27,007</b>
Accumulated depreciation/amortisation	<b>(4,624)</b>	<b>(4,121)</b>	<b>(2,370)</b>	<b>(11,115)</b>
<b>Net book value 30 June 2007</b>	<b>7,092</b>	<b>7,870</b>	<b>930</b>	<b>15,892</b>

Table A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2005-06)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 1 July 2005:</b>				
Gross book value	10,942	18,176	5,268	34,386
Accumulated depreciation/amortisation	(2,988)	(3,058)	(3,463)	(9,509)
<b>Opening net book value</b>	<b>7,954</b>	<b>15,118</b>	<b>1,805</b>	<b>24,877</b>
<b>Additions</b>				
By purchase	565	687	185	1,437
By finance lease	-	576	-	576
Depreciation/amortisation expense	(797)	(2,092)	(571)	(3,460)
<b>Disposals</b>				
From disposal of entities or operations (including restructuring)	-	(6,620)	(649)	(7,269)
Other disposals	-	(49)	-	(49)
<b>Transfers</b>	<b>(564)</b>	<b>521</b>	<b>40</b>	<b>(3)</b>
<b>As at 30 June 2006:</b>				
Gross book value	<b>10,943</b>	<b>11,908</b>	<b>3,360</b>	<b>26,211</b>
Accumulated depreciation/amortisation	<b>(3,785)</b>	<b>(3,767)</b>	<b>(2,550)</b>	<b>(10,102)</b>
<b>Closing net book value</b>	<b>7,158</b>	<b>8,141</b>	<b>810</b>	<b>16,109</b>

**Note 7: Non-financial assets (continued)**

Table B: Property, plant and equipment and intangibles held under finance lease (2006-07)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 30 June 2007:</b>				
Gross book value	-	2,617	-	2,617
Accumulated depreciation/amortisation	-	(1,139)	-	(1,139)
<b>Closing net book value</b>	-	1,478	-	1,478
<b>As at 30 June 2006:</b>				
Gross book value	-	2,762	-	2,762
Accumulated depreciation/amortisation	-	(1,561)	-	(1,561)
<b>Closing net book value</b>	-	1,201	-	1,201

Table B: Property, plant and equipment and intangibles held under finance lease (2005-06)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 30 June 2006:</b>				
Gross book value	-	2,762	-	2,762
Accumulated depreciation/amortisation	-	(1,561)	-	(1,561)
<b>Closing net book value</b>	-	1,201	-	1,201
<b>As at 30 June 2005:</b>				
Gross book value	-	2,722	-	2,722
Accumulated depreciation/amortisation	-	(1,368)	-	(1,368)
<b>Closing net book value</b>	-	1,354	-	1,354

Table C: Property, plant and equipment and intangibles under construction (2006-07)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 30 June 2007:</b>				
Gross book value	470	-	-	470
<b>As at 30 June 2006:</b>				
Gross book value	47	-	-	47

Table C: Property, plant and equipment and intangibles under construction (2005-06)

	Buildings - leasehold improvements \$'000	Other plant and equipment \$'000	Computer software \$'000	<b>Total \$'000</b>
<b>As at 30 June 2006:</b>				
Gross book value	47	-	-	47
<b>As at 30 June 2005:</b>				
Gross book value	550	-	-	550

**Note 7: Non-financial assets (continued)**

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>Note 7D: Other non-financial assets</b>		
Prepayments	<b>869</b>	1,454
Other	-	355
<b>Total other non-financial assets</b>	<b>869</b>	1,809

Note: Other non-financial assets are current assets.

**Note 8: Payables**

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>Note 8A: Supplier payables</b>		
Trade creditors	<b>1,568</b>	1,634
<b>Total supplier payables</b>	<b>1,568</b>	1,634
All supplier payables are current liabilities		
<b>Note 8B: Other payables</b>		
Other creditors	<b>3,973</b>	2,737
<b>Total other payables</b>	<b>3,973</b>	2,737
<b>Other payables are represented by:</b>		
Current	<b>3,956</b>	2,737
Non-current	<b>17</b>	-

**Note 9: Interest bearing liabilities**

	2007	2006
	\$'000	\$'000
<b>Note 9: Leases</b>		
Finance leases:	1,496	1,192
Payable:		
Within one year		
Minimum lease payments	848	591
Deduct: future finance charges	(88)	(84)
<b>Total leases payable within one year</b>	<b>760</b>	<b>507</b>
In one to five years		
Minimum lease payments	773	745
Deduct: future finance charges	(37)	(60)
<b>Total leases payable within one year to five years</b>	<b>736</b>	<b>685</b>
<b>Finance leases recognised on the balance sheet</b>	<b>1,496</b>	<b>1,192</b>

Note: Finance leases exist in relation to certain major office equipment assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The Treasury guarantees the residual values of all assets leased. There are no contingent rentals.

**Note 10: Provisions**

	2007	2006
	\$'000	\$'000
<b>Note 10: Employee provisions</b>		
Salaries and wages	555	486
Leave	31,868	28,381
Superannuation	228	285
<b>Aggregate employee benefit liability</b>	<b>32,651</b>	<b>29,152</b>
Other employee entitlements	140	139
<b>Aggregate employee benefit liability and related on-costs</b>	<b>32,791</b>	<b>29,291</b>
Current	28,718	26,055
Non-current	4,073	3,236

Note: All other provisions are current liabilities.

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of the reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$17,599,887 (2006: \$15,890,424), in excess of one year \$15,191,326 (2006: \$13,401,971). The 2005-06 comparative split has been amended from what was published last year to reflect this.



**Note 11: Restructuring**

In 2005-06, as a result of restructuring, the Royal Australian Mint became a prescribed agency under the *Financial Management and Accountability Act 1997*. The Royal Australian Mint gained financial autonomy from the Treasury as at 1 July 2005.

In respect of the functions relinquished, the following assets and liabilities were transferred by the Treasury:

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>Royal Australian Mint</b>		
Assets related to operating activities	-	29,426
Liabilities related to operating activities	-	(8,983)
<b>Net assets relating to operating activities relinquished</b>	<b>-</b>	<b>20,443</b>
Assets related to non-operating activities	-	15,169
Liabilities related to non-operating activities	-	-
<b>Net assets relating to non operating activities relinquished</b>	<b>-</b>	<b>15,169</b>
<b>Net assets relinquished</b>	<b>-</b>	<b>35,612</b>
<b>Net decrease in Departmental net assets during the year</b>	<b>-</b>	<b>35,612</b>

**Note 12: Cash flow reconciliation**

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to cash flow statement</b>		
<b>Report cash and cash equivalents as per</b>		
Cash Flow Statement	2,256	2,107
Balance Sheet	2,256	2,107
<b>Reconciliation of operating result to net cash from operating activities</b>		
Operating result	(10,410)	17,292
Restructuring	-	(20,443)
Depreciation/amortisation	3,270	3,460
Loss on disposal of non-current assets	-	43
Gain on disposal of non-current assets	(65)	-
Net write down of non-financial assets	49	-
(Increase)/decrease in net receivables	4,152	(21,359)
(Increase)/decrease in other non financial assets	940	6,938
(Increase)/decrease in inventories	-	21,224
Increase/(decrease) in provisions	3,500	(1,924)
Increase/(decrease) in other payables	1,107	(4,952)
Increase/(decrease) in supplier payables	(66)	(953)
<b>Net cash from/(used by) operating activities</b>	<b>2,477</b>	<b>(674)</b>

As a restructuring of the Mint occurred on 1 July 2005, certain assets and liabilities were relinquished. Note 11 refers.

### **Note 13: Contingent liabilities and assets**

#### **Quantifiable contingencies**

The schedule of contingencies reports liabilities in respect of claims for damages/costs of \$0 (2006: \$0).

The schedule of contingencies also reports liabilities in respect of other of \$232,385 (2006: \$133,000). The amount represents an estimate of the Treasury's liability in respect of studies assistance.

#### **Unquantifiable contingencies**

As at 30 June 2007, 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. Because of the 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.

Discussions with the owner of the Treasury Building have highlighted possible charges for after hours air-conditioning as well as excess water. The Treasury is disputing the claims and amounts are not finalised.

**Note 14: Executive remuneration**

Total remuneration includes actual salary, all allowances, employer superannuation component, leave accrued during the period, vehicle costs and fringe benefits tax.

	2007	2006
<b>The number of executives who received or were due to receive total remuneration of \$130,000 or more:</b>		
\$130,000 to \$144,999	2	2
\$145,000 to \$159,999	4	-
\$160,000 to \$174,999	1	8
\$175,000 to \$189,999	4	7
\$190,000 to \$204,999	10	11
\$205,000 to \$219,999	11	15
\$220,000 to \$234,999	3	4
\$235,000 to \$249,999	9	3
\$250,000 to \$264,999	6	-
\$265,000 to \$279,999	4	2
\$280,000 to \$294,999	4	-
\$295,000 to \$309,999	2	3
\$325,000 to \$339,999	-	2
\$340,000 to \$354,999	-	2
\$355,000 to \$369,999	1	1
\$370,000 to \$384,999	2	-
\$400,000 to \$414,999	1	-
\$415,000 to \$429,999	1	2
\$475,000 to \$489,999	-	1
\$505,000 to \$519,999	1	-
	<b>66</b>	<b>63</b>
<b>Aggregate amount of total remuneration of executives as shown above</b>	<b>\$15,796,219</b>	<b>\$14,387,632</b>
<b>Aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above</b>	<b>\$0</b>	<b>\$0</b>

Note: The comparative does not match what was published in the Treasury's Annual Report for 2005-06 due to a revision in the method of calculation.

**Note 15: Remuneration of auditors**

	2007	2006
	\$'000	\$'000
Financial statement audit services are provided free of charge to the Treasury		
The fair value of the services provided was:		
Treasury	320	320
<b>Total</b>	<b>320</b>	<b>320</b>

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

**Note 16: Average staffing levels**

	2007	2006
Treasury	854	806
Locally engaged staff	-	-
<b>Total</b>	<b>854</b>	<b>806</b>

Note: Locally engaged staff relate to overseas posts. These staff are engaged by the Department of Foreign Affairs and Trade (DFAT) on behalf of the Treasury. Costs for these staff are recovered by DFAT through a Service Level Agreement with the Treasury.

**Note 17: Act of grace payments, waivers and defective administration scheme**

	2007	2006
	\$	\$
<b>Administered</b>		
No 'act of grace' payments were made during the reporting period. (2006 - one payment made)	-	2,182
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
<b>Total</b>	<b>-</b>	<b>2,182</b>
<b>Departmental</b>		
No 'act of grace' payments were made during the reporting period. (2006: no payments made)	-	-
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2006: no waivers made)	-	-
No payments were made under s73 of the <i>Public Service Act 1999</i> during the reporting period. (2006: no payments made)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 18: Financial instruments****Note 18A: Interest rate risk**

Financial instrument	Notes	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total		Weighted average effective interest rate	
		2007 \$'000	2006 \$'000	1 year or less		1 to 5 years		> 5 years		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
				2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000						
<b>Financial assets</b>															
Cash and cash equivalents	6A	-	-	-	-	-	-	-	-	2,256	2,107	2,256	2,107	-	-
Receivables (gross):															
Goods and services	6B	-	-	-	-	-	-	-	-	2,082	877	2,082	877	-	-
Other	6B	-	-	-	-	-	-	-	-	1,065	1,103	1,065	1,103	-	-
<b>Total financial assets</b>		-	-	-	-	-	-	-	-	<b>5,403</b>	<b>4,087</b>	<b>5,403</b>	<b>4,087</b>	<b>n/a</b>	<b>n/a</b>
<b>TOTAL ASSETS</b>												<b>73,734</b>	<b>78,894</b>	<b>n/a</b>	<b>n/a</b>
<b>Financial liabilities</b>															
Trade creditors	8A	-	-	-	-	-	-	-	-	1,568	1,634	1,568	1,634	-	-
Other liabilities	8B	-	-	-	-	-	-	-	-	3,973	2,737	3,973	2,737	-	-
Finance lease liabilities	9	-	-	760	507	736	685	-	-	-	-	1,496	1,192	7.31	8.31
<b>Total financial liabilities</b>		-	-	<b>760</b>	<b>507</b>	<b>736</b>	<b>685</b>	-	-	<b>5,541</b>	<b>4,371</b>	<b>7,037</b>	<b>5,563</b>	<b>n/a</b>	<b>n/a</b>
<b>TOTAL LIABILITIES</b>												<b>39,828</b>	<b>34,854</b>	<b>n/a</b>	<b>n/a</b>

Note: In accordance with the Finance Minister's Orders 2006-07, Appropriations Receivable is no longer considered a financial instrument and has been removed from the comparative, together with GST Receivable which is a statutory receivable.

**Note 18: Financial Instruments (continued)****Note 18B: Net fair values of financial assets and liabilities**

	Notes	2007		2006	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		\$'000	\$'000	\$'000	\$'000
<b>Departmental financial assets</b>					
Cash and cash equivalents	6A	2,256	2,256	2,107	2,107
Receivables (net):					
Goods and services	6B	2,082	2,082	877	877
Other	6B	1,065	1,065	1,103	1,103
<b>Total financial assets</b>		<b>5,403</b>	<b>5,403</b>	<b>4,087</b>	<b>4,087</b>
<b>Financial liabilities (recognised)</b>					
Trade creditors	8A	1,568	1,568	1,634	1,634
Other liabilities	8B	3,973	3,973	2,737	2,737
Finance lease liabilities	9	1,496	1,496	1,192	1,192
<b>Total financial liabilities (recognised)</b>		<b>7,037</b>	<b>7,037</b>	<b>5,563</b>	<b>5,563</b>

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

**Note 18C: Credit risk exposures**

For both Departmental and Administered the Treasury's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

The Treasury has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

**Note 19: Income administered on behalf of Government**

	2007 \$'000	2006 \$'000
<b>Non-taxation revenue</b>		
<b>Interest</b>		
Gross IMF remuneration	10,540	24,403
Less: Burden sharing	(530)	(1,937)
Add: Burden sharing refunds	-	320
Net IMF remuneration	10,010	22,786
Interest on Papua New Guinea loan	-	479
Other interest	225	211
<b>Total interest</b>	<b>10,235</b>	<b>23,476</b>
<b>Dividends</b>		
Reserve Bank of Australia	1,177,725	1,363,000
<b>Total dividends</b>	<b>1,177,725</b>	<b>1,363,000</b>
<b>Sale of goods and rendering of services</b>		
GST administration fees - external entities	618,792	605,888
<b>Total sale of goods and rendering of services</b>	<b>618,792</b>	<b>605,888</b>
<b>Other revenues</b>		
Write back of HCS Scheme	16,503	-
HIH Group liquidation proceeds	43,646	26,356
Other revenues	6,108	4,747
<b>Total other revenues</b>	<b>66,257</b>	<b>31,103</b>
<b>Total revenues administered on behalf of Government</b>	<b>1,873,009</b>	<b>2,023,467</b>
<b>Gains</b>		
<b>Net foreign exchange gains/(losses)</b>		
IMF SDR allocation	-	(29,813)
IMF maintenance of value	-	(27,082)
IMF quota revaluation	-	205,056
Other	-	(2,018)
<b>Total net foreign exchange gains/(losses)</b>	<b>-</b>	<b>146,143</b>
<b>Total gains administered on behalf of Government</b>	<b>-</b>	<b>146,143</b>
<b>Total income administered on behalf of Government</b>	<b>1,873,009</b>	<b>2,169,610</b>



**Note 20: Expenses administered on behalf of Government**

	2007	2006
	\$'000	\$'000
<b>Grants</b>		
Grants to State and Territory governments	39,722,230	38,603,409
Other grants	(326)	1,251
<b>Total grants</b>	<b>39,721,904</b>	<b>38,604,660</b>
<b>Interest</b>		
IMF charges	35,779	28,498
<b>Total Interest</b>	<b>35,779</b>	<b>28,498</b>
<b>Other expenses</b>		
HLIC claims <sup>1</sup>	7	(3,736)
HCS Scheme claims <sup>2</sup>	-	10,283
<b>Total other expenses</b>	<b>7</b>	<b>6,547</b>
<b>Losses</b>		
<b>Net foreign exchange losses/(gains)</b>		
IMF SDR allocation	(89,320)	-
IMF maintenance of value	(319,395)	-
IMF quota	614,342	-
Other	(7,679)	-
<b>Total net foreign exchange losses/(gains)</b>	<b>197,948</b>	<b>-</b>
<b>Total losses administered on behalf of Government</b>	<b>197,948</b>	<b>-</b>
<b>Total expenses administered on behalf of Government</b>	<b>39,955,638</b>	<b>38,639,705</b>

1 HLIC claims expenses include payments and management fees.

2 HCS Scheme claims expenses include payments and management fees.

**Note 21: Assets administered on behalf of Government**

	2007 \$'000	2006 \$'000
<b>Financial assets</b>		
<b>Cash and cash equivalents</b>		
Administered bank accounts - The Treasury	13,168	7,736
<b>Receivables</b>		
Net GST receivable from the ATO	82	111
HLIC premiums receivable	1,249	1,886
IMF related moneys owing	904	2,515
RBA dividend receivable	-	299,534
Other receivables	13	10,017
<b>Total receivables (net)</b>	<b>2,248</b>	<b>314,063</b>
<b>Receivables (gross) are aged as follows:</b>		
Current	2,248	314,063
<b>Total receivables (gross)</b>	<b>2,248</b>	<b>314,063</b>
<b>Investments</b>		
<b>International financial institutions</b>		
Asian Development Bank	287,069	287,069
European Bank for Reconstruction and Development	84,824	84,824
International Finance Corporation	69,144	69,144
International Bank for Reconstruction and Development	259,049	259,049
Multilateral Investment Guarantee Agency	10,694	10,694
<b>Total international financial institutions</b>	<b>710,780</b>	<b>710,780</b>
<b>Quota</b>		
International Monetary Fund	5,774,130	6,388,472
<b>Australian Government entities</b>		
Reserve Bank of Australia	9,664,000	12,685,000
Australian Securities and Investments Commission	29,999	10,450
Corporations and Markets Advisory Committee	102	32
Australian Reinsurance Pool Corporation	331,995	220,711
Australian Prudential Regulation Authority	32,656	15,932
Australian Accounting Standards Board	2,590	2,156
Auditing and Assurance Standards Board	578	363
<b>Total Australian Government entities</b>	<b>10,061,920</b>	<b>12,934,644</b>
<b>Total investments</b>	<b>16,546,830</b>	<b>20,033,896</b>
<b>Non-financial assets</b>		
<b>Prepayments</b>		
Prepayment of grants State and Territory governments	-	74,600
<b>Other</b>		
Deferred acquisition costs	6	31
Other prepayments	2,075	2,316
<b>Total other</b>	<b>2,081</b>	<b>2,347</b>
<b>Total non-financial assets</b>	<b>2,081</b>	<b>76,947</b>
<b>Total assets administered on behalf of Government</b>	<b>16,564,327</b>	<b>20,432,642</b>

**Note 22: Liabilities administered on behalf of Government**

	2007 \$'000	2006 \$'000
<b>Loans</b>		
IMF promissory notes	3,834,696	3,807,615
Other promissory notes	53,928	63,210
<b>Total loans</b>	<b>3,888,624</b>	<b>3,870,825</b>
Maturity schedule for loans is as follows:		
Payable: Within one year	1,070	1,733
In one to two years	535	1,156
In two to five years	-	578
In more than five years	3,887,019	3,867,358
<b>Total loans</b>	<b>3,888,624</b>	<b>3,870,825</b>
<b>Grants</b>		
IMF - poverty reduction and growth facility	5,000	7,500
Maturity schedule for grants is as follows:		
Payable: Within one year	2,500	2,500
In one to two years	2,500	2,500
In two to five years	-	2,500
In more than five years	-	-
<b>Total grants</b>	<b>5,000</b>	<b>7,500</b>
<b>Other payables</b>		
GST appropriation payable	82	111
IMF SDR allocation	839,509	928,829
IMF maintenance of value	-	27,082
IMF related monies owing	5,921	5,600
Other	45	363
<b>Total other payables</b>	<b>845,557</b>	<b>961,985</b>
<b>Other provisions</b>		
Provision for insurance claims	680	1,157
Provision for unearned premiums	55	248
Provision for HCS Scheme	189,397	256,081
<b>Total other provisions</b>	<b>190,132</b>	<b>257,486</b>
<b>Total other provisions and payables</b>	<b>1,035,689</b>	<b>1,219,471</b>
<b>Total liabilities administered on behalf of Government</b>	<b>4,929,313</b>	<b>5,097,796</b>

**Note 23: Administered reconciliation table**

	Notes	2007 \$'000	2006 \$'000
<b>Opening administered assets less administered liabilities at 1 July</b>		<b>15,334,846</b>	10,565,948
Opening balances fair value adjustment			
- administered investments		-	1,678,520
<b>Plus</b> administered revenues	19	<b>1,873,009</b>	2,169,610
<b>Less</b> administered expenses	20	<b>(39,955,638)</b>	(38,639,705)
Administered transfers to/from Australian Government			
Appropriation transfers from OPA:			
Annual appropriations administered expenses		<b>170,586</b>	512,036
Administered assets and liabilities appropriations		<b>4,103</b>	4,799
Special appropriations (limited)		<b>55,658</b>	81,404
Special appropriations (unlimited)		<b>39,514,280</b>	37,975,268
Refunds of receipts (s28 FMA)		<b>8</b>	504
Transfers to OPA		<b>(2,489,117)</b>	(2,209,851)
Administered investments - gains/(losses)		<b>(2,872,721)</b>	3,196,313
<b>Closing administered assets less administered liabilities as at 30 June</b>		<b>11,635,014</b>	15,334,846

## Note 24: Administered contingent liabilities and assets

### 1.1 Quantifiable administered contingencies

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

### 1.2 Unquantifiable administered contingencies

#### Contingent Loss

##### *Terrorism insurance — Australian Reinsurance Pool Corporation (ARPC)*

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 ARPC uses reinsurance premiums paid by insurers to meet its administrative expenses and to build a fund and purchase reinsurance to help meet future claims. In September 2006, the Government announced that, as a result of the review of the scheme, the fund would no longer be limited to \$300 million. The Commonwealth guarantees to pay any liabilities of the ARPC, but the Treasurer must declare a reduced payout rate to insured parties if the Commonwealth's liability would otherwise exceed \$10 billion.

#### Contingent gain

##### *HIH Claims Support Scheme*

As the beneficiary of the HIH Claims Support Trust, the Australian Government will be entitled to the residual balance of the Trust, after the collection of recoveries and making of payments to claimants. Due to the inherent uncertainty regarding the measurement of the recoveries, it is not possible to quantify these amounts at this time. During 2006-07 the Treasury received distributions from this Trust, however the amount and timing of future recoveries is unknown.

##### *International Monetary Fund*

Since 1986, the International Monetary Fund (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 guard against the ultimate failure of debtor members to settle their overdue principal obligations to the IMF.

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 25: 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 was established in 1991 to assist post-communist, democratic, Eastern European Countries develop their private sector and capital markets. 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 Bank uses its close relationship with governments in the region to promote policies that will bolster the business environment.

The Asian Development Bank was established in 1966 and has a mandate to reduce poverty and promote general development in its developing member countries. The Asian Development Bank 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 Bank'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 IDA, which provides concessionary 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 International Monetary Fund (IMF) is an organisation of 185 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty. It undertakes surveillance and annual economic assessments, provides technical assistance to developing countries and provides short term loans to countries experiencing currency and financial crisis.

#### **Australian Government entities**

The Australian Government's investment in controlled entities and companies in this 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 26: Administered financial instruments

### Note 26A: Administered interest rate risk

Financial instrument	Note	Floating interest rate		Fixed interest rate maturing in						Non-interest bearing		Total		Weighted average effective interest rate	
		2007 \$'000	2006 \$'000	< 1 year		1 to 5 years		> 5 years		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
				2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000						
<b>Financial assets</b>															
Cash	21	4,387	4,296	-	-	-	-	-	-	8,781	3,440	13,168	7,736	5.46	4.41
IMF monies															
owing	21	-	-	-	-	-	-	-	-	904	2,515	904	2,515	-	-
RBA dividend															
receivable	21	-	-	-	-	-	-	-	-	-	299,534	-	299,534	-	-
Other															
receivables	21	-	-	-	-	-	-	-	-	1,262	11,903	1,262	11,903	-	-
<b>Total</b>		<b>4,387</b>	<b>4,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,947</b>	<b>317,392</b>	<b>15,334</b>	<b>321,688</b>	<b>n/a</b>	<b>n/a</b>
<b>Total assets</b>												<b>16,564,327</b>	<b>20,432,642</b>		
<b>Financial liabilities</b>															
Grant liabilities	22	-	-	-	-	-	-	-	-	5,000	7,500	5,000	7,500	-	-
IMF allocation															
liability	22	839,509	928,829	-	-	-	-	-	-	-	-	839,509	928,829	5.28	4.20
Loans:															
Promissory															
notes	22	-	-	-	-	-	-	-	-	3,888,624	3,870,825	3,888,624	3,870,825	-	-
Other liabilities	22	-	-	-	-	-	-	-	-	196,180	290,642	196,180	290,642	-	-
<b>Total</b>		<b>839,509</b>	<b>928,829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,089,804</b>	<b>4,168,967</b>	<b>4,929,313</b>	<b>5,097,796</b>	<b>n/a</b>	<b>n/a</b>
<b>Total liabilities</b>												<b>4,929,313</b>	<b>5,097,796</b>		
<b>Liabilities unrecognised</b>															
Unrecognised															
indemnity		-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a

**Note 26: Administered financial instruments (continued)**

## Note 26B: Net fair values of financial assets and liabilities

	Note	2007		2006	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
<b>Administered financial assets</b>					
Cash	21	13,168	13,168	7,736	7,736
IMF related monies owing	21	904	904	2,515	2,515
RBA dividend receivable	21	-	-	299,534	299,534
Other receivables	21	1,262	1,262	11,903	11,903
<b>Total financial assets</b>		<b>15,334</b>	<b>15,334</b>	<b>321,688</b>	<b>321,688</b>
<b>Financial liabilities (recognised)</b>					
Grant liabilities	22	5,000	5,000	7,500	7,500
IMF allocation liability	22	839,509	839,509	928,829	928,829
Loans - promissory notes	22	3,888,624	3,888,624	3,870,825	3,870,825
Other financial liabilities	22	196,180	196,180	290,642	290,642
<b>Total financial liabilities (recognised)</b>		<b>4,929,313</b>	<b>4,929,313</b>	<b>5,097,796</b>	<b>5,097,796</b>
<b>Financial liabilities (unrecognised)</b>					
Guarantees		-	-	-	-
<b>Total financial liabilities (unrecognised)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Note 27: Administered consolidation

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>REVENUE:</b>						
<b>Non-taxation revenue</b>						
<b>Interest</b>						
Gross IMF remuneration	10,540	24,403	-	-	10,540	24,403
Less: Burden sharing	(530)	(1,937)	-	-	(530)	(1,937)
Add: Burden sharing refunds	-	320	-	-	-	320
Net IMF remuneration	10,010	22,786	-	-	10,010	22,786
Interest Papua New Guinea loan	-	479	-	-	-	479
Other interest	23	34	202	177	225	211
<b>Total interest</b>	<b>10,033</b>	<b>23,299</b>	<b>202</b>	<b>177</b>	<b>10,235</b>	<b>23,476</b>
<b>Dividends</b>						
Reserve Bank of Australia	1,177,725	1,363,000	-	-	1,177,725	1,363,000
<b>Total dividends</b>	<b>1,177,725</b>	<b>1,363,000</b>	<b>-</b>	<b>-</b>	<b>1,177,725</b>	<b>1,363,000</b>
<b>Sale of goods and rendering of services</b>						
GST administration fees						
- external entities	618,792	605,888	-	-	618,792	605,888
<b>Total sale of goods and rendering of services</b>	<b>618,792</b>	<b>605,888</b>	<b>-</b>	<b>-</b>	<b>618,792</b>	<b>605,888</b>
<b>Other revenues</b>						
Write back of HCS scheme	16,503	-	-	-	16,503	-
HIH group liquidation proceeds	43,646	26,356	-	-	43,646	26,356
Other revenues	6,108	4,720	-	27	6,108	4,747
<b>Total other revenues</b>	<b>66,257</b>	<b>31,076</b>	<b>-</b>	<b>27</b>	<b>66,257</b>	<b>31,103</b>
<b>Total revenues administered on behalf of Government</b>	<b>1,872,807</b>	<b>2,023,263</b>	<b>202</b>	<b>204</b>	<b>1,873,009</b>	<b>2,023,467</b>

**Note 27: Administered consolidation (continued)**

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Gains</b>						
<b>Net foreign exchange gains/(losses)</b>						
IMF SDR allocation	-	(29,813)	-	-	-	(29,813)
IMF maintenance of value	-	(27,082)	-	-	-	(27,082)
IMF quota revaluation	-	205,056	-	-	-	205,056
Other foreign exchange	-	(2,018)	-	-	-	(2,018)
<b>Total net foreign exchange gains/(losses)</b>	-	146,143	-	-	-	146,143
<b>Total gains administered on behalf of Government</b>	-	146,143	-	-	-	146,143
<b>Total income administered on behalf of Government</b>	<b>1,872,807</b>	2,169,406	<b>202</b>	204	<b>1,873,009</b>	2,169,610

**Note 27: Administered consolidation (continued)**

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>EXPENSES:</b>						
<b>Grants</b>						
Grants to State and Territory Governments	39,722,230	38,603,409	-	-	39,722,230	38,603,409
Other grants	(326)	1,251	-	-	(326)	1,251
<b>Total grants</b>	<b>39,721,904</b>	<b>38,604,660</b>	<b>-</b>	<b>-</b>	<b>39,721,904</b>	<b>38,604,660</b>
<b>Interest</b>						
IMF charges	35,779	28,498	-	-	35,779	28,498
<b>Total interest</b>	<b>35,779</b>	<b>28,498</b>	<b>-</b>	<b>-</b>	<b>35,779</b>	<b>28,498</b>
<b>Other expenses</b>						
HLIC claims	7	(3,736)	-	-	7	(3,736)
HCS Scheme claims	-	10,283	-	-	-	10,283
<b>Total other expenses</b>	<b>7</b>	<b>6,547</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>6,547</b>
<b>Losses</b>						
<b>Net foreign exchange losses/(gains)</b>						
IMF SDR allocation	(89,320)	-	-	-	(89,320)	-
IMF maintenance of value	(319,395)	-	-	-	(319,395)	-
IMF quota revaluation	614,342	-	-	-	614,342	-
Other	(7,679)	-	-	-	(7,679)	-
<b>Total net foreign exchange losses/(gains)</b>	<b>197,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,948</b>	<b>-</b>
<b>Total losses administered on behalf of Government</b>	<b>197,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,948</b>	<b>-</b>
<b>Total expenses administered on behalf of Government</b>	<b>39,955,638</b>	<b>38,639,705</b>	<b>-</b>	<b>-</b>	<b>39,955,638</b>	<b>38,639,705</b>

**Note 27: Administered consolidation (continued)**

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>ASSETS:</b>						
<b>Financial assets</b>						
<b>Cash and cash equivalents</b>						
Administered bank accounts						
- Department of the Treasury	<b>9,183</b>	4,000	<b>3,985</b>	3,736	<b>13,168</b>	7,736
<b>Receivables</b>						
Net GST receivable						
from the ATO	<b>82</b>	111	-	-	<b>82</b>	111
HLIC premiums receivable	<b>1,249</b>	1,886	-	-	<b>1,249</b>	1,886
IMF related moneys owing	<b>904</b>	2,515	-	-	<b>904</b>	2,515
RBA dividend receivable	-	299,534	-	-	-	299,534
Other receivables	-	9,986	<b>13</b>	31	<b>13</b>	10,017
<b>Total receivables (net)</b>	<b>2,235</b>	314,032	<b>13</b>	31	<b>2,248</b>	314,063
<b>Investments</b>						
<b>International financial institutions</b>						
Asian Development Bank	<b>287,069</b>	287,069	-	-	<b>287,069</b>	287,069
European Bank for						
Reconstruction & Development	<b>84,824</b>	84,824	-	-	<b>84,824</b>	84,824
International Finance Corporation	<b>69,144</b>	69,144	-	-	<b>69,144</b>	69,144
International Bank for						
Reconstruction & Development	<b>259,049</b>	259,049	-	-	<b>259,049</b>	259,049
Multilateral Investment						
Guarantee Agency	<b>10,694</b>	10,694	-	-	<b>10,694</b>	10,694
<b>Total international financial institutions</b>	<b>710,780</b>	710,780	-	-	<b>710,780</b>	710,780
<b>Quota</b>						
International Monetary Fund	<b>5,774,130</b>	6,388,472	-	-	<b>5,774,130</b>	6,388,472

**Note 27: Administered consolidation (continued)**

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Australian Government entities</b>						
Reserve Bank of Australia	9,664,000	12,685,000	-	-	9,664,000	12,685,000
Australian Securities and Investments Commission	29,999	10,450	-	-	29,999	10,450
Corporations and Markets Advisory Committee	102	32	-	-	102	32
Australian Reinsurance Pool Corporation	331,995	220,711	-	-	331,995	220,711
Australian Prudential Regulation Authority	32,656	15,932	-	-	32,656	15,932
Australian Accounting Standards Board	2,590	2,156	-	-	2,590	2,156
Auditing and Assurance Standards Board	578	363	-	-	578	363
<b>Total Australian Government entities</b>	<b>10,061,920</b>	<b>12,934,644</b>	<b>-</b>	<b>-</b>	<b>10,061,920</b>	<b>12,934,644</b>
<b>Total investments</b>	<b>16,546,830</b>	<b>20,033,896</b>	<b>-</b>	<b>-</b>	<b>16,546,830</b>	<b>20,033,896</b>
<b>Non-financial assets</b>						
Prepayment of grants to State and Territory Governments	-	74,600	-	-	-	74,600
Deferred acquisition costs	6	31	-	-	6	31
Other prepayments	3,509	3,691	(1,434)	(1,375)	2,075	2,316
<b>Total non-financial assets</b>	<b>3,515</b>	<b>78,322</b>	<b>(1,434)</b>	<b>(1,375)</b>	<b>2,081</b>	<b>76,947</b>
<b>Total assets administered on behalf of Government</b>	<b>16,561,763</b>	<b>20,430,250</b>	<b>2,564</b>	<b>2,392</b>	<b>16,564,327</b>	<b>20,432,642</b>

**Note 27: Administered consolidation (continued)**

	Treasury		HCS Scheme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>LIABILITIES:</b>						
<b>Loans</b>						
IMF promissory notes	3,834,696	3,807,615	-	-	3,834,696	3,807,615
Other promissory notes	53,928	63,210	-	-	53,928	63,210
<b>Total loans</b>	<b>3,888,624</b>	<b>3,870,825</b>	<b>-</b>	<b>-</b>	<b>3,888,624</b>	<b>3,870,825</b>
<b>Grants</b>						
IMF - poverty reduction and growth facility	5,000	7,500	-	-	5,000	7,500
<b>Total grants</b>	<b>5,000</b>	<b>7,500</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>7,500</b>
<b>Other payables</b>						
GST appropriation payable	82	111	-	-	82	111
IMF SDR allocation	839,509	928,829	-	-	839,509	928,829
IMF maintenance of value	-	27,082	-	-	-	27,082
IMF related monies owing	5,921	5,600	-	-	5,921	5,600
Other	-	287	45	76	45	363
<b>Total other payables</b>	<b>845,512</b>	<b>961,909</b>	<b>45</b>	<b>76</b>	<b>845,557</b>	<b>961,985</b>
<b>Other provisions</b>						
Provision for insurance claims	680	1,157	-	-	680	1,157
Provision for unearned premiums	55	248	-	-	55	248
Provision for HCS scheme	189,397	256,081	-	-	189,397	256,081
<b>Total other provisions</b>	<b>190,132</b>	<b>257,486</b>	<b>-</b>	<b>-</b>	<b>190,132</b>	<b>257,486</b>
<b>Total other provisions and payables</b>	<b>1,035,644</b>	<b>1,219,395</b>	<b>45</b>	<b>76</b>	<b>1,035,689</b>	<b>1,219,471</b>
<b>Total liabilities administered on behalf of Government</b>	<b>4,929,268</b>	<b>5,097,720</b>	<b>45</b>	<b>76</b>	<b>4,929,313</b>	<b>5,097,796</b>
<b>Net assets administered on behalf of Government</b>	<b>11,632,495</b>	<b>15,332,530</b>	<b>2,519</b>	<b>2,316</b>	<b>11,635,014</b>	<b>15,334,846</b>

## Note 28: Appropriations

### Note 28A: Acquittal of authority to draw cash from the consolidated revenue fund for ordinary annual services appropriations

	Administered expenses						Departmental outputs		Total			
	Outcome 1		Outcome 2		Outcome 3		Outcome 4					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Balance carried from previous period	-	-	-	-	-	-	5,423,635	7,719,416	57,342,236	31,735,053	62,765,871	39,454,469
Adjustment to prior year	-	-	-	-	-	-	-	-	-	5,654,639	-	5,654,639
Reductions of appropriations (prior years)	-	-	-	-	-	-	(5,423,635)	(7,719,416)	-	-	(5,423,635)	(7,719,416)
Adjusted balance carried from previous period	-	-	-	-	-	-	-	-	57,342,236	37,389,692	57,342,236	37,389,692
Appropriation Act (No.1)	-	-	-	-	-	-	5,000,000	6,000,000	132,993,000	134,151,000	137,993,000	140,151,000
Appropriation Act (No.3)	-	-	-	-	-	-	-	-	543,000	72,000	543,000	72,000
Adjustment to appropriations on change of entity function (FMA s32)	-	-	-	-	-	-	-	-	-	(183,000)	-	(183,000)
Refunds credited (FMA s30)	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation reduced by section 9 determination (current year)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total annual appropriation	-	-	-	-	-	-	5,000,000	6,000,000	133,536,000	134,040,000	138,536,000	140,040,000
Adjusted annual appropriation balance	-	-	-	-	-	-	5,000,000	6,000,000	133,536,000	134,040,000	138,536,000	140,040,000
Comcover Receipts (Appropriation Act s13)	-	-	-	-	-	-	-	-	12,212	1,946	12,212	1,946
Appropriations to take account of recoverable GST (FMA s30A)	-	-	-	-	-	-	29,373	57,418	4,226,800	2,871,334	4,256,173	2,928,752
Annotations to 'net appropriations' (FMA s31)	-	-	-	-	-	-	-	-	9,161,906	8,999,226	9,161,906	8,999,226
Total appropriations available for payments	-	-	-	-	-	-	5,029,373	6,057,418	204,279,154	183,302,198	209,308,527	189,359,616

**Note 28: Appropriations (continued)**

Note 28A: Acquittal of authority to draw cash from the consolidated revenue fund for ordinary annual services appropriations (continued)

	Administered expenses						Departmental outputs		Total			
	Outcome 1		Outcome 2		Outcome 3		Outcome 4					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Cash payments made during the year (GST inclusive)	-	-	-	-	-	-	(323,101)	(633,783)	(152,062,721)	(125,959,962)	(152,385,822)	(126,593,745)
Balance of authority to draw cash from the consolidated revenue fund for ordinary annual services appropriations	-	-	-	-	-	-	4,706,272	5,423,635	52,216,433	57,342,236	56,922,705	62,765,871
<i>Represented by:</i>												
Cash at bank and on hand	-	-	-	-	-	-	-	-	589,499	547,426	589,499	547,426
Departmental appropriations receivable	-	-	-	-	-	-	-	-	51,432,030	56,683,423	51,432,030	56,683,423
GST receivable from the ATO	-	-	-	-	-	-	-	-	134,078	166,027	134,078	166,027
Receivables - goods and services - GST receivable from customers	-	-	-	-	-	-	-	-	108,075	38,439	108,075	38,439
Payables - suppliers - GST portion	-	-	-	-	-	-	-	-	(47,249)	(93,079)	(47,249)	(93,079)
Undrawn, unexpired administered appropriations	-	-	-	-	-	-	4,706,272	5,423,635	-	-	4,706,272	5,423,635
<b>Total</b>	-	-	-	-	-	-	<b>4,706,272</b>	<b>5,423,635</b>	<b>52,216,433</b>	<b>57,342,236</b>	<b>56,922,705</b>	<b>62,765,871</b>



## Note 28: Appropriations (continued)

Note 28B: Acquittal of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations

	Operating															
	Outcome 1				Outcome 2				Outcome 3				Outcome 4			
	SPPs		NAE		SPPs		NAE		SPPs		NAE		SPPs		NAE	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous period	-	-	-	-	2,742,000	4,475,000	-	-	-	-	-	-	958,900	50,610	-	-
Reduction of appropriations (prior years)	-	-	-	-	(2,742,000)	(4,475,000)	-	-	-	-	-	-	(958,900)	(50,610)	-	-
Adjusted balance carried from previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act (No.2)	-	-	-	-	19,504,000	4,272,000	-	-	-	-	-	-	168,492,000	164,701,000	-	-
Appropriation Act (No.4)	-	-	-	-	-	346,187,000	-	-	-	-	-	-	1,800,000	-	-	-
Adjustment of appropriations on change of entity function (FMA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA s30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation reduced by section 11 determination (current period)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total annual appropriation	-	-	-	-	19,504,000	350,459,000	-	-	-	-	-	-	170,292,000	164,701,000	-	-
Appropriations to take account of recoverable GST (FMA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	-	-	19,504,000	350,459,000	-	-	-	-	-	-	170,292,000	164,701,000	-	-

**Note 28: Appropriations (continued)**

Note 28B: Acquittal of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations (continued)

	Operating															
	Outcome 1				Outcome 2				Outcome 3				Outcome 4			
	SPPs		NAE		SPPs		NAE		SPPs		NAE		SPPs		NAE	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cash payments made during the year (GST inclusive)	-	-	-	-	-	(347,717,000)	-	-	-	-	-	-	(170,291,784)	(163,742,100)	-	-
Appropriations credited to special accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations	-	-	-	-	19,504,000	2,742,000	-	-	-	-	-	-	216	958,900	-	-
Represented by:																
Undrawn, unexpired administered appropriations	-	-	-	-	19,504,000	2,742,000	-	-	-	-	-	-	216	958,900	-	-
<b>Total</b>	-	-	-	-	19,504,000	2,742,000	-	-	-	-	-	-	216	958,900	-	-

## Note 28: Appropriations (continued)

Note 28B: Acquittal of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations (continued)

	Non-operating								Total	
	Equity		Loans		Previous years' outputs		Admin assets and liabilities		Previous years' outputs	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous period	-	-	-	-	-	-	668,476	730,327	-	-
Reduction of appropriations (prior years)	-	-	-	-	-	-	-	-	-	-
Adjusted balance carried from previous period	-	-	-	-	-	-	668,476	730,327	-	-
Appropriation Act (No. 2)	276,000	4,243,000	-	-	-	-	4,165,000	2,500,000	-	-
Appropriation Act (No. 4)	-	-	-	-	-	-	14,068,000	2,237,000	-	-
Adjustment of appropriations on change of entity function (FMA s32)	-	(4,210,000)	-	-	-	-	-	-	-	-
Sub-total annual (FMA s30) appropriation	276,000	33,000	-	-	-	-	18,233,000	4,737,000	-	-
Appropriations to take account of recoverable GST (FMA s30A)	27,600	3,300	-	-	-	-	-	-	-	-
Departmental adjustments	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	303,600	36,300	-	-	-	-	18,901,476	5,467,327	-	-

**Note 28: Appropriations (continued)**

Note 28B: Acquittal of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations (continued)

	Non-operating								Total	
	Equity		Loans		Previous years' outputs		Admin assets and liabilities		Previous years' outputs	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash payments made during the year (GST inclusive)	<b>(303,600)</b>	(36,300)	-	-	-	-	<b>(4,103,072)</b>	(4,798,851)	-	-
Balance of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations	-	-	-	-	-	-	<b>14,798,404</b>	668,476	-	-
Represented by: Undrawn, unexpired administered appropriations	-	-	-	-	-	-	<b>14,798,404</b>	668,476	-	-
<b>Total</b>	-	-	-	-	-	-	<b>14,798,404</b>	668,476	-	-

## Note 28: Appropriations (continued)

### Note 28C: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (unlimited amount)

<i>A New Tax System (Commonwealth - State) Financial Arrangements Act 1999</i>	2007	2006
	\$	\$
		<b>Outcome 2</b>
<i>Purpose:</i> An Act under which the Australian Government guaranteed that in the transitional years following the introduction of tax reform, each State's budgetary position would be no worse off than had the reforms not been implemented.		
All transactions under this Act are recognised as administered items.		
Cash payments made during the year	<b>(39,477,337,513)</b>	(37,948,467,173)
Total charged to appropriation	<b>(39,477,337,513)</b>	(37,948,467,173)
Budget estimate	<b>39,551,702,000</b>	37,728,225,000
<hr/>		
<i>International Monetary Agreements Act 1947</i>	2007	2006
	\$	\$
		<b>Outcome 1</b>
<i>Purpose:</i> An Act to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease the balance of payments adjustment.		
All transactions under this Act are recognised as administered items.		
Cash payments made during the year	<b>(35,458,429)</b>	(26,628,555)
Total charged to appropriation	<b>(35,458,429)</b>	(26,628,555)
Budget estimate	<b>36,639,000</b>	28,359,000

**Note 28: Appropriations (continued)**

Note 28C: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (unlimited amount) (continued)

<b><i>Superannuation Industry (Supervision) Act 1993</i></b>	<b>2007</b>	2006
	<b>\$</b>	<b>\$</b>
		<b>Outcome 4</b>
<i>Purpose:</i> An Act to provide the framework for providing financial assistance to superannuation funds that had suffered an eligible loss, that is a loss as a result of fraudulent conduct or theft.		
All transactions under this Act are recognised as administered items.		
Cash payments made during the year	<b>(1,483,983)</b>	(172,457)
Total charged to appropriation	<b>(1,483,983)</b>	(172,457)
Budget estimate	<b>1,477,000</b>	1,158,000
<b>Totals for unlimited special appropriations</b>	<b>2007</b>	2006
	<b>\$</b>	<b>\$</b>
Cash payments made during the year	<b>(39,514,279,925)</b>	(37,975,268,185)
Total charged to appropriation	<b>(39,514,279,925)</b>	(37,975,268,185)
Budget estimate	<b>39,589,818,000</b>	37,757,742,000

## Note 28: Appropriations (continued)

Note 28C: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (limited amount) (continued)

<b><i>Appropriation (HIH Assistance) Act 2001</i></b>	<b>2007</b>	2006
	<b>\$</b>	<b>\$</b>
		<b>Outcome 4</b>
<i>Purpose:</i> An Act to provide Australian Government funded assistance to policy holders suffering financial hardship as a result of the failure of the HIH group companies and the appointment of the provisional liquidators of the HIH group companies. This special appropriation is limited to \$640,000,000.		
All transactions under this Act are recognised as administered items.		
Amount available carried from previous period	<b>70,115,058</b>	152,456,980
Appropriations to take account for recoverable GST (FMA s30A)	<b>1,012,724</b>	3,083,133
Available for payments	<b>71,127,782</b>	155,540,113
Cash payments made during the year	<b>(51,329,759)</b>	(85,425,055)
Amount available carried to the next period	<b>19,798,023</b>	70,115,058
<i>Represented by:</i>		
Cash	<b>8,781,225</b>	3,439,996
Undrawn, unexpired administered appropriations	<b>11,016,798</b>	66,675,062
Total	<b>19,798,023</b>	70,115,058

Note: In previous Annual Reports, details of the *Appropriation (HIH Assistance) Act 2001* had been disclosed as 'Special Appropriations (unlimited amount)'.

**Note 28: Appropriations (continued)****Note 28D: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (Refund Provisions)**

<b>Financial Management and Accountability Act 1997</b>	<b>2007</b>	<b>2006</b>
Transactions reported in this table are Administered items	\$	\$
		<b>Outcome 2</b>
Cash payments made during the year	-	501,287
Appropriations credited to Special Accounts	-	-
Refunds credited (net) (FMA s30)	-	-
Total charged to appropriation	-	501,287
Budget estimate (FMA s28)	-	-
		<b>Outcome 4</b>
Cash payments made during the year	<b>8,067</b>	3,105
Appropriations credited to Special Accounts	-	-
Refunds credited (net) (FMA s30)	-	-
Total charged to appropriation	<b>8,067</b>	3,105
Budget estimate (FMA s28)	-	-

Note: Due to changes in the outcome structure administered totals reported under outcome 3 are now reported under outcome 4. Comparative values in outcome 4 were reported under outcome 3 in 2005-06.

**Note 28E: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (Section 39 of the FMA Act)**

For the periods 2005-06 and 2006-07, the Treasury has not used section 39 of the FMA Act.



**Note 28: Appropriations (continued)****Note 28F: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (other disclosures)**

The special appropriations listed below are administered in nature and the responsibility of the Treasury and were not used in the current reporting period or the previous reporting period and are therefore not shown in separate tables.

<b>Limited</b>	
<b>Act</b>	<b>Purpose</b>
<i>Asian Development Bank Act 1966</i>	Payments and promissory notes to establish the Bank. Balance available is USD\$42,500,000 in callable shares.
<i>Asian Development Bank (Additional Subscription) Act 1972</i>	Subscribe to 2,550 (paid-in) and 10,200 (callable) shares. Balance available is USD\$102,000,000 in callable shares.
<i>Asian Development Bank (Additional Subscription) Act 1977</i>	Subscribe to 2,869 (paid-in) and 25,818 (callable) shares. Balance available is USD\$258,180,000 in callable shares.
<i>Asian Development Bank (Additional Subscription) Act 1983</i>	Subscribe to 2,622 (paid-in) and 49,811 (callable) shares. Balance available is USD\$498,110,000 in callable shares.
<i>Asian Development Bank (Additional Subscription) Act 1995</i>	Subscribe to 2,047 (paid-in) and 100,323 (callable) shares. Balance available is USD\$1,210,246,511 in callable shares.
<i>European Bank for Reconstruction and Development Act 1990</i>	Payments and promissory notes to establish the Bank. Balance available is USD\$81,690,700 in callable shares.
<i>International Financial Institutions (Share Increase) Act 1982</i>	For payments for additional shares of capital stock in the International Finance Corporation (IFC) and the International Bank for Reconstruction and Development (IBRD). Balance available is USD\$692,927,440 in callable shares
<i>International Monetary Agreements Act 1974</i>	Making payments, including for promissory notes, to the International Bank for Reconstruction and Development (IBRD). Balance available is USD\$37,638,120 in callable shares (IBRD).
<i>Multilateral Investment Guarantee Agency Act 1997</i>	Payments of capital and on securities issued to establish the Agency. Balance available is USD\$14,827,728 in callable shares.
<i>Papua New Guinea Loans Guarantee Act 1975</i>	Continuation of guarantees under the <i>Papua New Guinea Act 1949-75</i> . Balance available is AUD\$5,170,000.
<b>Unlimited</b>	
<b>Act</b>	<b>Purpose</b>
<i>Financial Agreements (Commonwealth Liability) Act 1932</i>	Payment of principal and interest on bonds issued under the <i>Financial Agreement Validation Act 1929</i> , consolidating State debts.
<i>Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Act 1996</i>	Payments for amounts arising from claims made before the transfer period leading to the abolition of the HLIC.
<i>Mint Employees Act 1964</i>	Top up superannuation entitlements.
<i>Payment of Tax Receipts (Victoria) Act 1996</i>	Payment to Victoria of certain taxes collected by the Australian Government on Victoria's behalf.
<i>States Grants Act 1927</i>	Distribution of surplus revenue to the States.

**Note 28: Appropriations (continued)**

**Note 28F: Acquittal of authority to draw cash from the consolidated revenue fund — Special Appropriations (other disclosures) (continued)**

The disclosure below is for note purposes only and is not recognised in the financial statements.

*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 retained the following taxes pursuant to the Act:

	<b>2007</b>	2006
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Total mirror tax collection	<b>358,017,041</b>	327,631,464

## Note 28: Appropriations (continued)

### Note 28G: Special Accounts

#### Royal Australian Mint and Coinage (Departmental)

*Legal authority: Financial Management and Accountability Act 1997; s20*

*Purpose:* (a) Payment of goods and services, salaries and expenses incurred for activities entered into by the Royal Australian Mint (the Mint) approved by the Treasurer.  
(b) Repayment of capital funds and payment of moneys in excess of requirements to consolidated revenue fund.

	2007 \$'000	2006 \$'000
<i>This account is non-interest bearing</i>		
Balance carried from previous period	-	8,021
Transfer due to restructure of special account	-	(8,021)
Appropriation Act (No. 2) current period	-	-
Costs recovered from provision of goods	-	-
GST credits (FMA s30A)	-	-
Other receipts		
Goods - provision of goods to related entities	-	-
Services - rendering of services to related entities	-	-
Available for payments	-	-
Payment made to the Australian Government for seigniorage	-	-
Payments made for competitive neutrality	-	-
Payments made to employees	-	-
Payments made to suppliers	-	-
Other payments	-	-
<b>Balance carried to next period</b>	<b>-</b>	<b>-</b>
<i>Represented by:</i>		
Cash held by the Royal Australian Mint	-	-
Add: Receivables - goods and services - GST receivable from customers	-	-
Add: Receivables - net GST receivable from the ATO	-	-
<b>Total balance carried to the next period</b>	<b>-</b>	<b>-</b>

During 2005-06 the Mint gained control of their Special Account as a result of a restructure making the Mint a prescribed entity and is no longer being consolidated with the Treasury. This Special Account is now disclosed in the Mint's Accounts.

**Note 28: Appropriations (continued)****Note 28G: Special Accounts (continued)****Australian Government Actuary Account (Departmental)***Legal authority: Financial Management and Accountability Act 1997; s20**Purpose: for expenditure of moneys related to the operations of the Australian Government Actuary.**Note: Australian Government Actuary Account was abolished on 30 September 2006. The balance of the special account was transferred to Actuarial Services Special Account (transfer shown as 'other payments').*

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<i>This account is non-interest bearing</i>		
Balance carried from previous period	<b>1,557</b>	1,369
Adjustment to prior year	-	8
Adjusted balance carried forward from previous period	<b>1,557</b>	1,377
GST credit (FMA s30A)	<b>2</b>	6
Other receipts from rendering of services	<b>490</b>	1,662
Available for payments	<b>2,049</b>	3,045
Payments made to employees	<b>(205)</b>	(1,052)
Payments made to suppliers	<b>(140)</b>	(436)
Other payments	<b>(1,704)</b>	-
<b>Balance carried to next period</b>	<b>-</b>	1,557
<i>Represented by:</i>		
Cash held by the Australian Government Actuary	<b>1,703</b>	1,560
<i>Add:</i> Receivables - goods and services - GST receivable from customers	<b>8</b>	33
<i>Less:</i> Other payables - net GST payable to the ATO	<b>(7)</b>	(35)
<i>Less:</i> Payable - suppliers - GST portion	-	(1)
<i>Less:</i> Transfer of balance to Actuarial Services Special Account	<b>(1,704)</b>	-
<b>Total balance carried to the next period</b>	<b>-</b>	1,557

## Note 28: Appropriations (continued)

### Note 28G: Special Accounts (continued)

#### 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. The opening balance was transferred from the Australian Government Actuary Account.*

	2007 \$'000	2006 \$'000
<i>This account is non-interest bearing</i>		
Balance carried from Australian Government Actuary Account	1,704	-
Adjustment to prior year	-	-
Adjusted balance carried forward from previous period	1,704	-
GST credit (FMA s30A)	5	-
Other receipts from rendering of services	1,011	-
Available for payments	2,720	-
Payments made to employees	(709)	-
Payments made to suppliers	(339)	-
<b>Balance carried to next period</b>	<b>1,672</b>	<b>-</b>
<i>Represented by:</i>		
Cash held by the Australian Government Actuary	1,667	-
<i>Add: Receivables - goods and services - GST receivable from customers</i>	16	-
<i>Less: Other payables - net GST payable to the ATO</i>	(11)	-
<b>Total balance carried to the next period</b>	<b>1,672</b>	<b>-</b>

**Note 28: Appropriations (continued)****Note 28G: Special Accounts (continued)****Trustee Companies (ACT) Deposits Trust Account (Departmental)**

*Legal authority: Financial Management and Accountability Act 1997; s20*

*Purpose: for the purpose of the Australian Capital Territory ordinance in relation to Trustee Companies. The ordinance became the Trustee Companies Act 1947 (ACT).*

*Note: Trustee Companies (ACT) Deposits Trust Account was abolished on 3 August 2006.*

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<i>This account is non-interest bearing</i>		
Balance carried from previous period	-	120
Other receipts from rendering of services	-	8
Available for payments	-	128
Payments made to suppliers	-	(128)
<b>Balance carried to next period</b>	-	-
<i>Represented by:</i>		
Securities held by Treasury	-	-
<b>Total balance carried to the next period</b>	-	-

Note: The transactions in this special account ceased on 23 May 2006. All monies were transferred back to the Trustee Companies following a change in ACT Government Legislation.

## Note 28: Appropriations (continued)

### Note 28G: Special Accounts (continued)

#### Lloyd's Deposit Trust Account (Departmental)

*Legal authority: Financial Management and Accountability Act 1997; s20*

*Purpose: for recording deposits made in accordance with the provisions of the Insurance Act 1973.*

*Note: Lloyd's Deposit Trust Account was abolished on 30 September 2006. The balance of the special account was transferred to Lloyd's Deposit Trust Special Account (transfer shown as 'other payments').*

	2007	2006
	\$'000	\$'000
<i>This account is non-interest bearing</i>		
Balance carried from previous period	2,000	2,000
Other receipts from provision of goods	75	150
Available for payments	2,075	2,150
Payments made to suppliers	(75)	(150)
Other payments	(2,000)	-
<b>Balance carried to next period</b>	-	2,000
<i>Represented by:</i>		
Securities held by Treasury	-	2,000
<b>Total balance carried to the next period</b>	-	2,000

**Note 28: Appropriations (continued)****Note 28G: Special Accounts (continued)****Lloyd's Deposit Trust Special Account (Departmental)**

*Legal authority: Financial Management and Accountability Act 1997; s20*

*Purpose: to disburse amounts in accordance with section 92Q of the Insurance Act 1973.*

*Note: Lloyd's Deposit Trust Special Account was established on 1 October 2006. The opening balance was transferred from Lloyd's Deposit Trust Account.*

	2007	2006
	\$'000	\$'000
<i>This account is non-interest bearing</i>		
Balance carried from Lloyd's Deposit Trust Account	2,000	-
Other receipts from provision of goods	75	-
Available for payments	2,075	-
Payments made to suppliers	(75)	-
<b>Balance carried to next period</b>	<b>2,000</b>	<b>-</b>
<i>Represented by:</i>		
Securities held by Treasury	2,000	-
<b>Total balance carried to the next period</b>	<b>2,000</b>	<b>-</b>



**Note 28: Appropriations (continued)****Note 28G: Special Accounts (continued)****Services for other Governments and non-agency bodies special account (Departmental)**

The Treasury has a 'Services for other Governments and non-agency bodies special account' established under section 20 of the *Financial Management and Accountability Act 1997* (FMA Act). The purpose of this special account is for the expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the FMA Act. For the years ended 30 June 2006 and 30 June 2007 this special account had nil balances and no transactions were credited or debited to the account.

**Other trust moneys special account (Departmental — Special Public Money)**

The Treasury has a 'Other trust moneys 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 2006 this special account held monies advanced to the Treasury by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. Amendments in this Act have allowed payments that are direct reimbursements to employers to no longer be considered as Special Public Money. The effect of this change is from 1 July 2006. In the past, where the Treasury made payments against accrued sick leave entitlements pending determination of an employee's claim, permission was obtained in writing from each individual to allow the Treasury to recover the payments from the monies in the account. The Treasury obtained the employees consent prior to the determination of the claim to allow the Treasury to recover the payments from the monies when received. In this respect only overpayments and errors in payments are special public monies and credited to the account accordingly until returned to Comcare.

	<b>2007</b>	2006
	<b>Actual</b>	Actual
	<b>\$</b>	<b>\$</b>
Balance carried forward from previous year	-	-
Receipts during the year	-	39,684
Available for payments	-	39,684
Payments made	-	(39,684)
<b>Balance carried forward to next year held by the entity</b>	<b>-</b>	<b>-</b>

### Other trust moneys special account (Administered — Special Public Money)

The Treasury has an ‘Other trust moneys 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 2006 and 30 June 2007 this special account held monies in relation to HIH recoveries received from the HIH Claims Manager, which were recovered from third parties in relation to claims made by persons insured by HIH. These recoveries comprise a portion which is due to third parties (non-Commonwealth) and part to the Commonwealth. Receipts and subsequent payments relating to third parties (non-Commonwealth) are treated as special public monies.

	<b>2007</b>	2006
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Balance carried forward from previous year	<b>44,716</b>	-
Receipts during the year	<b>364,424</b>	509,239
Available for payments	<b>409,140</b>	509,239
Payments made	<b>(397,785)</b>	(464,523)
<b>Balance carried forward to next year held by the entity</b>	<b>11,355</b>	44,716
<i>Represented by:</i>		
Cash held by Treasury	<b>11,355</b>	44,716
<b>Balance carried forward to next year held by the entity</b>	<b>11,355</b>	44,716

### Note 28H: Special Accounts investment of public money

For the periods 2005-06 and 2006-07, the Treasury has not used section 39 of the FMA Act or section 18 and 19 of the Commonwealth Authorities and Companies (CAC) Act in respect of this Special Account.

### Note 29: Reporting of outcomes

The Treasury uses a process of cost allocation to estimate the allocation of shared costs. The cost of each output is comprised of direct and indirect costs. Direct costs are assigned to outputs according to detailed cost profiles. Indirect costs that comprise corporate and overhead items such as information technology, accommodation and human resource management are allocated to outputs based on a (cost driver) consumption basis. This basis of allocation is consistent with the basis used for previous years.

## Note 29: Reporting of outcomes (continued)

### Note 29A: Net cost of outcome delivery

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>										
Administered expenses	233,727	28,498	39,551,938	38,440,984	-	-	169,973	170,223	39,955,638	38,639,705
Departmental expenses	41,112	31,142	15,445	14,603	41,790	40,731	54,292	37,134	152,639	123,610
<b>Total expenses</b>	<b>274,839</b>	<b>59,640</b>	<b>39,567,383</b>	<b>38,455,587</b>	<b>41,790</b>	<b>40,731</b>	<b>224,265</b>	<b>207,357</b>	<b>40,108,277</b>	<b>38,763,315</b>
<b>Costs recovered from provision of goods and services to the non-government sector</b>										
Administered	-	-	-	-	-	-	-	-	-	-
Departmental	4,265	3,463	132	145	21	24	364	254	4,782	3,886
<b>Total costs recovered</b>	<b>4,265</b>	<b>3,463</b>	<b>132</b>	<b>145</b>	<b>21</b>	<b>24</b>	<b>364</b>	<b>254</b>	<b>4,782</b>	<b>3,886</b>
<b>Other external revenues</b>										
<b>Administered</b>										
Interest	10,010	23,265	-	-	-	-	225	211	10,235	23,476
Dividends	1,177,725	1,363,000	-	-	-	-	-	-	1,177,725	1,363,000
GST administration fees	-	-	618,792	605,888	-	-	-	-	618,792	605,888
Premiums received	-	-	-	-	-	-	-	-	-	-
HIH Group liquidation proceeds	-	-	-	-	-	-	43,646	26,356	43,646	26,356
Net gains	-	146,143	-	-	-	-	-	-	-	146,143
Other revenue	-	-	2,300	-	-	-	20,311	4,747	22,611	4,747
<b>Total administered</b>	<b>1,187,735</b>	<b>1,532,408</b>	<b>621,092</b>	<b>605,888</b>	<b>-</b>	<b>-</b>	<b>64,182</b>	<b>31,314</b>	<b>1,873,009</b>	<b>2,169,610</b>
<b>Departmental</b>										
Net gains	101	95	41	39	175	186	81	74	398	394
Sale of assets	20	-	8	-	21	-	16	-	65	-
Other	284	64	152	25	280	73	295	48	1,011	210
Related goods and services revenue	90	253	13	20	325	395	1,633	1,326	2,061	1,994
External goods and services revenue	16	48	2	3	59	76	299	251	376	378
<b>Total departmental</b>	<b>511</b>	<b>460</b>	<b>216</b>	<b>87</b>	<b>860</b>	<b>730</b>	<b>2,324</b>	<b>1,699</b>	<b>3,911</b>	<b>2,976</b>
<b>Total other external revenues</b>	<b>1,188,246</b>	<b>1,532,868</b>	<b>621,308</b>	<b>605,975</b>	<b>860</b>	<b>730</b>	<b>66,506</b>	<b>33,013</b>	<b>1,876,920</b>	<b>2,172,586</b>
<b>Net cost / (contribution) of outcome</b>	<b>(917,672)</b>	<b>(1,476,691)</b>	<b>38,945,943</b>	<b>37,849,467</b>	<b>40,909</b>	<b>39,977</b>	<b>157,395</b>	<b>174,090</b>	<b>38,226,575</b>	<b>36,586,843</b>

Outcomes 1, 2, 3 and 4 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome. The 2005-06 comparative has been adjusted to fit the new outcome structure with the old Outcome 2 being split between the new Outcome 2 and Outcome 3.

**Note 29: Reporting of outcomes (continued)****Note 29B: Major classes of Departmental revenues and expenses by output group and outputs**

	Output Group 1.1		Output Group 1.1		Outcome 1 Total	
	Output 1.1.1		Output 1.1.2			
	Domestic economic policy advice and forecasting		International economic policy advice and assessment			
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>						
Employee benefits	7,264	6,142	19,095	15,470	26,359	21,612
Suppliers	1,877	1,850	11,839	6,660	13,716	8,510
Depreciation and amortisation	227	238	757	745	984	983
Write down of assets	4	-	10	-	14	-
Finance costs	9	8	30	22	39	30
Net losses from sale of assets	-	2	-	5	-	7
Income tax equivalent expense	-	-	-	-	-	-
<b>Total Departmental expenses</b>	<b>9,381</b>	<b>8,240</b>	<b>31,731</b>	<b>22,902</b>	<b>41,112</b>	<b>31,142</b>
<b>Funded by:</b>						
Revenues from Government	8,930	8,465	26,733	23,050	35,663	31,515
Sale of goods and services	142	163	4,229	3,601	4,371	3,764
Other non-taxation revenues	63	15	221	49	284	64
Sale of assets	5	-	15	-	20	-
Other gains	24	22	77	73	101	95
<b>Total Departmental revenues</b>	<b>9,164</b>	<b>8,665</b>	<b>31,275</b>	<b>26,773</b>	<b>40,439</b>	<b>35,438</b>

## Note 29: Reporting of outcomes (continued)

### Note 29B: Major classes of Departmental revenues and expenses by output group and outputs (continued)

	Output Group 2.1 Output 2.1.1		Output Group 2.1 Output 2.1.2		Output Group 2.1 Output 2.1.3		Output Group 2.1 Output 2.1.4		Outcome 2 Total	
	Budget policy advice and coordination		Commonwealth-State financial policy advice		Industry, environment and defence policy advice		Social and income support policy advice			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Departmental expenses</b>										
Employee benefits	2,819	2,478	2,016	2,088	3,562	3,150	3,695	3,045	12,092	10,761
Suppliers	711	922	537	898	887	475	790	1,100	2,925	3,395
Depreciation and amortisation	102	103	67	84	127	121	106	121	402	429
Write down of assets	1	-	1	-	7	-	1	-	10	-
Borrowing costs expense	4	3	3	3	5	4	4	4	16	14
Net losses from sale of assets	-	1	-	1	-	1	-	1	-	4
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-
<b>Total Departmental expenses</b>	<b>3,637</b>	<b>3,507</b>	<b>2,624</b>	<b>3,074</b>	<b>4,588</b>	<b>3,751</b>	<b>4,596</b>	<b>4,271</b>	<b>15,445</b>	<b>14,603</b>
<b>Funded by:</b>										
Revenues from Government	3,703	4,402	2,654	2,791	4,236	3,963	5,043	3,785	15,636	14,941
Sale of goods and services	37	41	25	33	46	21	39	73	147	168
Other non-taxation revenues	27	6	20	5	34	7	71	7	152	25
Sale of assets	2	-	1	-	3	-	2	-	8	-
Net gains	10	9	7	8	13	11	11	11	41	39
<b>Total Departmental revenues</b>	<b>3,779</b>	<b>4,458</b>	<b>2,707</b>	<b>2,837</b>	<b>4,332</b>	<b>4,002</b>	<b>5,166</b>	<b>3,876</b>	<b>15,984</b>	<b>15,173</b>

**Note 29: Reporting of outcomes (continued)**

## Note 29B: Major classes of Departmental revenues and expenses by output group and outputs (continued)

	Output Group 3.1		Output Group 3.1		Outcome 3 Total	
	Output 3.1.1		Output 3.1.2			
	Taxation policy and legislation advice		Retirement income and saving policy and legislation advice			
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>						
Employees	26,112	25,677	5,582	4,125	31,694	29,802
Suppliers	7,479	8,607	1,534	1,054	9,013	9,661
Depreciation and amortisation	825	1,055	204	165	1,029	1,220
Write down of assets	11	-	3	-	14	-
Borrowing costs expense	32	34	8	5	40	39
Net losses from sale of assets	-	8	-	1	-	9
Income tax equivalent expense	-	-	-	-	-	-
<b>Total Departmental expenses</b>	<b>34,459</b>	<b>35,381</b>	<b>7,331</b>	<b>5,350</b>	<b>41,790</b>	<b>40,731</b>
<b>Funded by:</b>						
Revenues from Government	35,255	36,469	6,739	5,210	41,994	41,679
Sale of goods and services	321	437	84	58	405	495
Other non-taxation revenues	225	64	55	9	280	73
Sale of assets	17	-	4	-	21	-
Net gains	154	163	21	23	175	186
<b>Total Departmental revenues</b>	<b>35,972</b>	<b>37,133</b>	<b>6,903</b>	<b>5,300</b>	<b>42,875</b>	<b>42,433</b>

## Note 29: Reporting of outcomes (continued)

### Note 29B: Major classes of Departmental revenues and expenses by output group and outputs (continued)

	Output Group 4.1 Output 4.1.1		Output Group 4.1 Output 4.1.2		Output Group 4.1 Output 4.1.3		Output Group 4.1 Output 4.1.4		Outcome 4 Total	
	Foreign investment and trade policy advice and administration		Financial system and corporate governance policy advice		Competition and consumer policy advice		Actuarial Services			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Departmental expenses</b>										
Employees	4,173	3,584	11,546	10,458	9,329	7,131	967	1,051	26,015	22,224
Suppliers	1,638	1,307	9,554	9,027	15,833	3,878	355	-186	27,380	14,026
Depreciation and amortisation	152	157	424	399	277	265	2	7	855	828
Write down of assets	2	-	5	-	4	-	-	7	11	7
Borrowing costs expense	6	5	14	13	11	8	-	-	31	26
Net losses from sale of assets	-	1	-	3	-	2	-	17	-	23
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-
<b>Total Departmental expenses</b>	<b>5,971</b>	<b>5,054</b>	<b>21,543</b>	<b>19,900</b>	<b>25,454</b>	<b>11,284</b>	<b>1,324</b>	<b>896</b>	<b>54,292</b>	<b>37,134</b>
<b>Funded by:</b>										
Revenues from Government	4,764	4,502	22,011	21,998	13,468	19,405	-	-	40,243	45,905
Sale of goods and services	395	59	238	501	268	103	1,395	1,168	2,296	1,831
Other non-taxation revenues	61	9	155	23	79	16	-	-	295	48
Sale of assets	3	-	7	-	6	-	-	-	16	-
Net gains	15	14	37	35	29	25	-	-	81	74
<b>Total Departmental revenues</b>	<b>5,238</b>	<b>4,584</b>	<b>22,448</b>	<b>22,557</b>	<b>13,850</b>	<b>19,549</b>	<b>1,395</b>	<b>1,168</b>	<b>42,931</b>	<b>47,858</b>

**Note 29: Reporting of outcomes (continued)**

## Note 29C: Major classes of Administered revenues and expenses by outcome

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	Sound macroeconomic environment		Effective government spending arrangements		Effective taxation and retirement income arrangements		Well functioning markets			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Administered revenues</b>										
Interest	10,010	23,265	-	-	-	-	225	211	10,235	23,476
Dividends	1,177,725	1,363,000	-	-	-	-	-	-	1,177,725	1,363,000
Goods and services	-	-	618,792	605,888	-	-	-	-	618,792	605,888
HIH Group liquidation proceeds	-	-	-	-	-	-	43,646	26,356	43,646	26,356
Other	-	22,786	2,300	-	-	-	20,311	4,747	22,611	27,533
Net gains	-	146,143	-	-	-	-	-	-	-	146,143
<b>Total Administered revenues</b>	<b>1,187,735</b>	<b>1,555,194</b>	<b>621,092</b>	<b>605,888</b>	<b>-</b>	<b>-</b>	<b>64,182</b>	<b>31,314</b>	<b>1,873,009</b>	<b>2,192,396</b>
<b>Administered expenses</b>										
Grants	-	-	39,551,938	38,440,984	-	-	169,966	163,676	39,721,904	38,604,660
Other	35,779	28,498	-	-	-	-	7	6,547	35,786	35,045
Foreign exchange losses	197,948	-	-	-	-	-	-	-	197,948	-
<b>Total administered expenses</b>	<b>233,727</b>	<b>28,498</b>	<b>39,551,938</b>	<b>38,440,984</b>	<b>-</b>	<b>-</b>	<b>169,973</b>	<b>170,223</b>	<b>39,955,638</b>	<b>38,639,705</b>