



Annual Report 2020–21

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Australian Government
The Treasury

Annual Report 2020–21

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The Treasury
Langton Crescent
Parkes ACT 2600
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Letter of transmittal

29 September 2021

The Hon Josh Frydenberg MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

TREASURY ANNUAL REPORT 2020–21

I present the Treasury annual report for the year ended 30 June 2021.

The annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* and legislation administered by Treasury, and includes Treasury's audited financial statements as prepared under section 43 of the Act.

In addition, as required under the *Public Governance, Performance and Accountability Rule 2014*, I certify that I am satisfied appropriate fraud prevention, detection, investigation and reporting mechanisms are in place to meet Treasury's needs, including fraud risk assessments and fraud control plans, and that all reasonable measures have been taken to appropriately deal with fraud.

Yours sincerely



Dr Steven Kennedy PSM

Secretary to the Treasury

cc The Hon Michael Sukkar MP, Assistant Treasurer and Minister for Housing and Minister for Homelessness, Social and Community Housing

Senator the Hon Jane Hume, Minister for Superannuation, Financial Services and the Digital Economy and Minister for Women's Economic Security

The Hon Stuart Robert MP, Minister for Employment, Workforce, Skills, Small and Family Business

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Introduction and guide to the report

The Treasury Annual Report 2020–21 outlines performance against outcomes, program and performance information contained in the Portfolio Budget Statements 2020–21, Portfolio Additional Estimates Statements 2019–20 and the Treasury Corporate Plan 2020–21.

This report includes the reporting requirements and financial accounts for the Australian Government Actuary. The Infrastructure and Project Financing Agency (IPFA) and the Small and Family Business Division (SFBD) were transferred to Treasury through Machinery of Government (MoG) changes during the reporting period. As required by sections 17D and 17J of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), Treasury's annual report includes information that would have been included in the annual report of each former entity prior to the MoG changes. The financial accounts for the Foreign Investment Review Board and Takeovers Panel are also included in this report, along with limited performance reporting.

More comprehensive performance reporting may be found in their respective annual reports.

- Part 1** Details Treasury's role, functions, senior management structure, organisational structure and portfolio structure.
- Part 2** Provides an analysis of performance against Treasury's policy and program outcomes.
- Part 3** Reports on management and accountability issues as required under the annual report guidelines.
- Part 4** Presents the audited financial statements of Treasury as required under the annual report guidelines.
- Part 5** Includes other information as required under the annual report guidelines.

This report concludes with a glossary, a list of abbreviations and acronyms, and an index of the report.

Other sources of information

Treasury releases information on its activities through publications, media releases, speeches, reports and the annual report. Treasury publications are available on its website: www.treasury.gov.au.

Contact details

The contact officer for enquiries regarding this report is:

Assistant Secretary
Executive Coordination and Governance Branch
The Treasury
Langton Crescent
PARKES ACT 2600
Email: department@treasury.gov.au

Part 1

Overview

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Secretary's review

This is my second annual report as Secretary, and I am pleased to report on our achievements in what has been an extraordinary year. Our work during 2020–21 has been a vital part of the economic response to COVID-19. Our effectiveness was underpinned by the capability of our staff, our ability to quickly adjust and our preparedness to take on things we would not normally do. I would like to express my thanks and gratitude to Treasury's staff who delivered so well in an environment of major changes to how we work and how we live.

I would like to acknowledge our many partners and stakeholders across Commonwealth and State governments, the private sector, academia and international agencies who worked with us in delivering quality, timely and integrated advice to Government and assisted with the implementation of a very significant agenda.

COVID response and recovery

Assessing and responding to the COVID-19 shock has been one of the most challenging tasks in Treasury's history. I noted in last year's Annual Report that considerable uncertainty about the progression of the virus and its impact on the economy remained. This was still the case as we entered 2021.

As the Government's leading economic advisor, Treasury provided more frequent economic analysis and forecasts than ever before. In doing so, we were able to draw on new sources of real-time data and past investments in our data analytics capability.

The size and speed of the economic shock necessitated a substantial response. Treasury led the design and implementation of major COVID-19 response measures including JobKeeper, the Cash Flow Boost, HomeBuilder, the Small to Medium Enterprise Guarantee and the Coronavirus Supplement.

Treasury also led the design and implementation of major initiatives to support the economic recovery, including temporary full expensing and loss carry back for businesses, personal income tax cuts and significant changes to Australia's insolvency system. Treasury developed a new fiscal strategy that ties the government's fiscal approach to economic recovery, which has attracted global interest.

Treasury's role in implementing a number of the response and recovery efforts required a focus on program delivery which was rapidly established. In doing this, Treasury collaborated across the public service, engaged with experts and worked closely with our state and territory counterparts.

This co-operative approach brought different perspectives and expertise which assisted in the implementation of these programs and ensuring that we had a focus on continuous improvement.

In rapidly changing conditions, Treasury delivered seven economic statements. There was the July Economic and Fiscal Update, an additional Debt Statement in line with the *Charter of Budget Honesty Act 1998*, followed by the 2020–21 Federal Budget in October. In December, the first Annual Population Statement was published, followed by the Mid-Year Economic and Fiscal Outlook. In May, we delivered the 2021–22 Federal Budget. To round out an extraordinary year, the 2021 Intergenerational Report was published in June.

These statements told the economic and fiscal story of the COVID-19 pandemic as it unfolded and revealed the resilience of the Australian economy in the face of such a significant shock. Following the first recession in almost 30 years, the economy recovered quickly in the second half of 2020, with economic activity and employment exceeding pre-pandemic levels by early 2021. However, recent outbreaks and associated restrictions will weigh on economic activity in the second half of 2021.

Economic agenda

While COVID-19 was a major focus, Treasury continued to deliver on the Government's broader economic policy agenda. In all, we generated 26 bills before Parliament across a broad range of economic priorities.

We led the reinvigoration of the Council on Federal Financial Relations with its focus on both responding to COVID-19 and economic reform.

We continued strong international engagement through G20, the International Monetary Fund (IMF), the Pacific Forum Economic Ministers Meeting and the multilateral development banks. Treasury engaged in a series of bilateral meetings with counterparts in Singapore, Japan, Malaysia, Republic of Korea, Indonesia, India, the Philippines and Vietnam on a broad range of issues including the COVID-19 situation and response, as well as specific topics on aspects of economic management.

We progressed changes to the financial system, including the response to the Financial Services Royal Commission, the review of the regulatory architecture behind Australia's payments system and the design of the reinsurance pool for cyclone and related flood damage.

We led and supported important digital economy initiatives such as the rollout and future directions of the Consumer Data Right and the News Media and Digital Platforms Mandatory Bargaining Code, both world leading reforms.

We contributed to Australia's investment environment, leading on changes to Australia's insolvency regime. We helped strengthen the superannuation system, supporting the independent Retirement Income Review and leading on superannuation changes including the Your Future, Your Super amendments.

We developed and implemented the most significant reforms to the *Foreign Acquisitions and Takeovers Act* since 1975, including new national security powers and enhanced compliance powers, which took effect on 1 January 2021. This involved a significant transition effort and continued building of new regulatory capabilities in Treasury's foreign investment division focused on national security, compliance and governance.

We proactively engaged with other departments and provided assistance on significant issues such as the Government's response to the Aged Care Royal Commission.

And we led work to improve an understanding of Australia's population changes and economic and fiscal challenges, now and into the future, through the first Annual Population Statement and the 2021 Intergenerational Report.

The way we work

We did many things differently this year, and the result is a more capable department.

Treasury staff worked differently this year – almost all our staff found themselves in lockdown and working from home at some point during the year. An important factor in our ability to deliver while working differently can be attributed to investments we had made in our underlying ICT systems.

We drew on recent investments in our data analytical capability and novel data sources to improve our economic advice. We used more real time data than ever before, including linked administrative data held across different parts of government and data from the private sector including from the banks and beyond.

Treasury continued to advance Australia's interests through our overseas network in China, OECD France, Japan, India, Indonesia, United Kingdom and the United States. In 2021, Treasury deepened our engagement in the immediate region, through posting a Treasury officer to Papua New Guinea.

We adapted to different ways to engage internationally. Virtual meetings across time zones meant many late-night meetings with international bodies and financial institutions. Yet we still made progress discussing prominent issues including the global economic recovery as well as taxation challenges arising from the digitalisation of the economy.

We engaged closely with stakeholders inside and outside Government especially on the design and delivery of major economic policies. Our dedicated business liaison unit continued to drive our engagement with external stakeholders and involved them more in the policy making process. This enabled us to provide stronger and well-rounded advice on approaches to key economic policy issues.

We continued to celebrate the diversity of our workplace and community. Treasury continued to move forward on its reconciliation journey through the development of our second Reconciliation Action Plan, including extensive consultation within and outside of the department. We continued to support an active inclusion and diversity network, focussing on gender equality, pride, disability, Indigenous, culturally and linguistically diverse issues that are important across our workforce.

While we were highly effective, the intensity of work over the past year has taken a toll on many of our people. We had a strong focus on the wellbeing of our staff during the year and we will continue to support staff wellbeing over the coming year.

New functions

Treasury took on several additional functions this year. Following a Machinery of Government change, we were delighted to welcome the Small and Family Business Division (SFBD), the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) and the Infrastructure and Project Financing Agency (IPFA) to the Treasury portfolio.

We have also welcomed functions and staff from within the portfolio. In October we gained new responsibilities for financial capability policy and coordination, and in March new responsibilities for the Consumer Data Right and related data standards.

The year ahead

As we move through 2021, the pandemic is far from over. We have witnessed the consequences and impacts of second and third waves around the world and within Australia. These, and other outbreaks, present significant health challenges domestically and globally and continue to disrupt economic recovery across most countries. The continued roll out of vaccination programs in Australia and overseas are expected to reduce both the risk of death and the speed of transmission of the virus. But uncertainties remain, including about how the nature of the virus could change over time, and so the risks to Australia and the global economy remain heightened.

In this context, we will continue advising the Government and implementing policies to respond to the COVID-19 pandemic and support the economic recovery. This remains a significant task along with continuing to implement the Government's economic priorities.

Treasury will continue to invest in the capability of our people and our organisation. We are focused on capitalising on the skills and talents of all members of the community through maintaining and building on the diversity of our workforce. Given COVID-19 has challenged traditional working practices we are updating our flexible working arrangements policy. This is to ensure our people are safe and productive and that our work practices are inclusive as we continue to manage hybrid working arrangements during the COVID-19 pandemic.

Treasury has shown remarkable flexibility in navigating a difficult year while continuing to deliver high-quality advice to the Government and implement a wide range of economic policies and programs.

I am pleased to report on our performance for the 2020–21 financial year.



Dr Steven Kennedy PSM

Secretary to the Treasury

Departmental overview

Treasury is the Government's lead economic adviser.

This is a significant responsibility which relies on our professionalism, judgement and expertise in providing advice to the Government in support of the effective management of the Australian economy.

The Treasury Portfolio Budget Statements 2020–21 outcome is:

Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

Our purpose under the *Treasury Corporate Plan 2020–21* is to support and implement informed decisions on policies for the good of the Australian people, consistent with achieving strong, sustainable economic growth and fiscal settings.

COVID-19, a once-in-a-century pandemic, continues to deliver an enormous shock to our economy. During the first 12 months of the recovery Australia's economic performance has been stronger than anticipated, supported by the actions of households and businesses as well as fiscal and monetary policy. This resulted in a stronger bounce-back compared with other recent downturns. Further outbreaks and associated lockdowns during mid-2021 pose challenges to our recovery efforts. Our purpose remains at the forefront as we assist the Government's economic response to outbreaks and long-term recovery efforts.

Our work supporting the Government's economic response to the pandemic has been vital. We are focused on developing economic advice and analysis as well as designing and delivering programs to support the Government's economic recovery measures focused on employment and building confidence of individuals and businesses.

Figure 1 shows the department's organisational structure at 30 June 2021. The accountable authority of the department is Dr Steven Kennedy, PSM, Secretary, who has occupied the position from 1 July 2020 until 30 June 2021.

Figure 1: Treasury Group senior management as at 30 June 2021



SECRETARY: DR STEVEN KENNEDY PSM



MACROECONOMIC GROUP

Deputy Secretary: Luke Yeaman

International Economics and Security Division – First Assistant Secretary: Lisa Elliston

Macroeconomic Analysis and Policy Division – First Assistant Secretary: Mark Cully

Macroeconomic Conditions Division – First Assistant Secretary: Trevor Power

Overseas operations

Washington: Ian Beckett

OECD Paris: Brendan McKenna

London: Emily Martin

Tokyo: David Lowe (A/g)

Beijing: Rachel Thompson

Jakarta: Katherine Tuck

India: Percy Bell (A/g)

Indonesia Ministry of Finance: Kristy Baker



FISCAL GROUP

Deputy Secretary: Jenny Wilkinson PSM

Budget Policy Division – First Assistant Secretary: Brenton Goldsworthy

Commonwealth-State Relations Division – First Assistant Secretary: Damien White

Environment, Industry and Infrastructure Division – First Assistant Secretary: Matt Brine

IGR and Population Division/Centre for Population – First Assistant Secretary: Victoria Anderson

Infrastructure and Project Financing Authority* – First Assistant Secretary: Catherine Black (A/g)

Labour Market Policy Division – First Assistant Secretary: Philippa Brown

Social Policy Division – First Assistant Secretary: Vicki Wilkinson

*Infrastructure and Project Financing Authority MOG



REVENUE GROUP

Deputy Secretary: Maryanne Mrakovcic

Board of Taxation Secretariat – Assistant Secretary: Kathryn Davy

Corporate and International Tax Division – First Assistant Secretary: Sam Reinhardt

Individuals and Indirect Tax Division – First Assistant Secretary: Paul McCullough

Law Division – First Assistant Secretary: Simon Writer

Tax Analysis Division – First Assistant Secretary: Katrina Di Marco



MARKETS GROUP

Deputy Secretary: Meghan Quinn PSM

Australian Government Actuary – First Assistant Secretary: Guy Thorburn

Australian Small Business and Family Enterprise Ombudsman**: Bruce Billson

Consumer Data Right Division – First Assistant Secretary: Kate O'Rourke

Data Standards Body*** – Chair: Andrew Stevens

Financial System Division – First Assistant Secretary: James Kelly

Market Conduct Division – First Assistant Secretary: Robert Jeremenko

Retirement Income Policy Division – First Assistant Secretary: Lynn Kelly

Small and Family Business Division**** – First Assistant Secretary: Peter Cully

Takeovers Panel – Assistant Secretary: Allan Bulman



CORPORATE AND FOREIGN INVESTMENT GROUP

Deputy Secretary: Roxanne Kelley PSM

Business Liaison Unit – First Assistant Secretary: Robert Raether

Chief Operating Officer Division – First Assistant Secretary: Elizabeth Williamson

Foreign Investment Division – First Assistant Secretary: Tom Hamilton

Strategic Coordination and Communications Division – First Assistant Secretary: Hamish McDonald

State Offices

Sydney Office Head: Tim Baird

Melbourne Office Head: Damian Mullaly

Perth Office Head: Aidan Storer

**Australian Small Business and Family Enterprise Ombudsman MOG

***Data Standards Body MOG

****Small and Family Business MOG

Portfolio overview

Treasury is a central policy agency and is expected to anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances and respond rapidly to changing events and directions.

The Treasury portfolio comprises the following entities:

- The Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Reinsurance Pool Corporation
- Australian Securities and Investments Commission
- The Australian Taxation Office
- Commonwealth Grants Commission
- Financial Adviser Standards and Ethics Authority Ltd
- Inspector-General of Taxation
- National Competition Council
- National Housing Finance and Investment Corporation
- Office of the Auditing and Assurance Standards Board
- Office of the Australian Accounting Standards Board
- Productivity Commission
- Reserve Bank of Australia
- Royal Australian Mint.

Figure 2: Treasury outcome and program structure

Outcome 1: Supporting and implementing informed decisions on policies for the good of the Australian people and for achieving strong, sustainable economic growth through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

Program 1.1: Department of the Treasury

Program 1.2: Payments to international financial institutions

Program 1.3: Support for markets and business

Program 1.4: General revenue assistance

Program 1.5: Assistance to the states for healthcare services

Program 1.6: Assistance to the states for skills and workforce development

Program 1.7: Assistance to the states for disability services

Program 1.8: Assistance to the states for affordable housing

Program 1.9: National partnership payments to the states.

Part 2

Report on performance

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Annual Performance Statements 2020–21

Statement of Preparation

I, as the Accountable Authority of the Department of the Treasury, present the Annual Performance Statements 2020–21 as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

In accordance with subsection 16F of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), these statements report on our performance in the year ended 30 June 2021, assessed against the purposes, key activities and performance measures relevant to the Treasury published in:

- The Department of the Treasury Corporate Plan 2020–21 (Corporate Plan 2020–21)
- Portfolio Budget Statements 2020–21 – The Department of the Treasury (PBS 2020–21)
- Infrastructure and Project Financing Agency Corporate Plan 2020–21 (IPFA Corporate Plan 2020–21)
- Department of Industry, Science, Energy and Resources Corporate Plan 2020–21 (DISER Corporate Plan 2020–21)
- Portfolio Budget Statements 2020–21 – Department of Industry, Science, Energy and Resources (DISER PBS 2020–21)



Dr Steven Kennedy PSM
Secretary to the Treasury

29 September 2021

Treasury's purpose

Treasury's purpose is to **support and implement informed decisions on policies for the good of the Australian people, consistent with achieving strong, sustainable economic growth and fiscal settings**, as set out in the Corporate Plan 2020–21 and the Portfolio Budget Statements (PBS) 2020–21. This is consistent with our outcome statement in the Portfolio Budget Statements 2020–21.

As set out in the Corporate Plan 2020–21, Treasury achieves our purpose by promoting:

- a sound economic environment
- effective Government spending arrangements and regulations
- well-functioning markets to serve consumers and investors, and
- sustainable taxation and revenue arrangements.

In 2020–21, Treasury successfully met its purpose and outcome statement, achieving our two performance measures through 10 performance targets. Results and analysis for each performance measure are detailed below.

Results and analysis

Analysis of performance against Treasury's purpose

Treasury's annual performance statements report on the period from 1 July 2020 to 30 June 2021. The statements provide a clear read of Treasury's performance over the financial year aligned to the targets set in the Portfolio Budget Statements 2020–21 and Corporate Plan 2020–21.

Treasury has two overarching performance measures that encompass key activities for 2020–21 and underpin our purpose.

- Influential and impactful policy advice and analysis through provision of informed and impactful advice to Treasury ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.
- Delivery of the economic agenda through efficient, effective and timely administration of Treasury's functions including legislation and administration of payments.

In 2020–21, Treasury achieved all 10 performance targets outlined in the Corporate Plan. The performance measures and relevant activities are detailed below including an analysis against each performance target and achievement.

Key economic priorities delivered in 2020–21 included measures to support the economy during the COVID-19 recession and to secure the recovery. The most significant of these was JobKeeper, a program designed to keep employers and employees connected and provide income support to individuals. Other significant measures included the Cash Flow Boost that supported small and medium sized businesses, tax measures to boost investment and provide income tax relief to individuals, a number of loan programs to assist businesses manage the impact of the pandemic and measures to provide regulatory relief to business during the pandemic.

Treasury provided ongoing advice about the economic and fiscal outlook to inform economic policy decisions during the reporting period, including through the seven economic and budget statements it delivered. This included sourcing data on a range of issues and taking advantage of linked administrative datasets that provided new insights. In June 2021, Treasury delivered the Intergenerational Report to assess the long term sustainability of current government policies over the next 40 years. To deliver the Intergenerational Report, a Taskforce was established to oversee modelling of the economic, spending, tax and budget projections.

Stakeholders were regularly consulted to ensure our advice was informed, impactful and relevant. These stakeholders included other Australian Government entities, state and territory government entities, industry and regulators. Targeted stakeholder and public consultations were routinely conducted on legislation that was brought before the Parliament, including various loan schemes and the new taxation reforms.

In the reporting period, Treasury has developed and implemented significant reforms in relation to foreign investment. This includes implementation and subsequent transition out of a temporary zero dollar threshold period from March 2020 to 31 December 2020. During this period all foreign investments regardless of value were screened to ensure government oversight of the sale of Australian businesses during the coronavirus pandemic. Treasury also developed and implemented the most significant reforms to the *Foreign Acquisitions and Takeovers Act* since 1975, including new national security powers and enhanced compliance powers, which took effect on 1 January 2021. This involved a significant transition effort and ongoing building of new capabilities in Treasury's foreign investment division including in relation to national security, compliance and governance.

Treasury's 2020–21 legislative program saw 26 Bills containing 84 measures introduced into the Parliament. These included two Bills amending Australia's foreign investment review framework and associated fees framework. A further 188 instruments, including regulations and other legislative instruments, were registered on the Federal Register of Legislation. Treasury dealt with 50 measures from other portfolios and responded to 41 requests about legislation from Parliamentary committees.

Treasury prepared and released 7 budget documents including the July Economic and Fiscal Update (released 23 July 2020), the 2019–20 Final Budget Outcome (released 25 September 2020), the 2020–21 Budget (released 6 October 2020), the 2020–21 Mid-Year Economic and Fiscal Outlook (released 17 December 2020), the 2021–22 Budget (released 11 May 2021), the 2021 Intergenerational Report (released 28 June 2021) and an additional Debt Statement in line with the *Charter of Budget Honesty Act 1998*.

All payments to international financial institutions were facilitated in accordance with relevant legislation and agreements. Payments were made in an efficient, effective and punctual manner to the Global Infrastructure Hub (a not-for-profit G20 initiative), in accordance with the Commonwealth Grant Agreement, and to the states and territories in accordance with the Intergovernmental Agreement on Federal Financial Relations.

Treasury, through our performance measures and activities, has delivered on our purpose of supporting and implementing informed decisions on policies for the good of the Australian people, consistent with achieving strong, sustainable economic growth and fiscal settings.

Performance summary 2020–21

Figure 3: Treasury performance summary 2020–21

Performance Measure	Focus Area	2020–21 Target	Performance Achieved
Provision of informed and impactful advice to Treasury ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.	Quality of advice	Ministers and relevant stakeholders indicate a constructive and positive contribution to economic policy outcomes, in line with Government priorities.	Achieved
	Consultation	Policy advice considers the views of relevant stakeholders, including other Australian Government entities, state and territory government entities, industry and regulators, as required.	Achieved
	Quality of analysis	Models and forecasting activities are based on best-practice and deliver outcomes that inform our economic policy advice.	Achieved
Delivery of the Government's economic agenda, through efficient, effective and timely administration of Treasury's functions including legislation and administration of payments.	Delivery of economic priorities	Our delivery of the Government's economic agenda is timely, in line with the priorities of the Government, and realises the intended benefits and objectives.	Achieved
	Foreign investment regulation	Our foreign investment regulatory performance meets whole-of-government standards.	Achieved
	Legislation	The legislative program is delivered within the required timeframe and the quality of legislation implemented meets a satisfactory standard, in line with Government priorities.	Achieved
	Delivery of the Budget	Delivery of the Budget, in line with the <i>Charter of Budget Honesty Act 1998</i> (the Charter).	Achieved
	Payments	Payments to international financial institutions are facilitated in accordance with relevant legislation and agreements.	Achieved
		Payments to the Hub are made in accordance with the new Commonwealth Grant Agreement.	Achieved
Payments to the states and territories are made in accordance with the Intergovernmental Agreement on Federal Financial Relations.		Achieved	

Influential and impactful policy advice and analysis

Provision of informed and impactful advice to Treasury ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.

The activities that underpin this performance measure are outlined below:

- support the COVID-19 economic response measures and recovery work
- deliver the Intergenerational Report that will assess the long-term sustainability of current Government policies over the next 40 years
- promote a stronger, more sustainable tax system in line with Government priorities
- deliver measures focused on supporting small to medium business, the digital economy and reducing the regulatory burden on business

Quality of advice

Performance measure	Quality of advice – Provision of informed and impactful advice to Treasury ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.
Target	Ministers and relevant stakeholders indicate a constructive and positive contribution to economic policy outcomes, in line with Government priorities.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>This performance target has been met.</p> <p>In 2020–21, Treasury continued to provide a constructive and positive contribution to economic policy outcomes in line with Government priorities, including developing and delivering COVID-19 economic response measures.</p> <p>Feedback collected through a variety of methods from Treasury ministers and stakeholders including formal letters and email correspondence has supported the strong positive contribution made by Treasury throughout 2020–21 on economic policy outcomes.</p> <p>Treasury provided ongoing advice on a broad range of Government services and initiatives, including:</p> <ul style="list-style-type: none">• JobKeeper, which was a wage subsidy scheme designed to maintain connections between employers and employees and provide income support to individuals• the HomeBuilder program through which private residential building approvals increased by 87.3 per cent, with more than 120,000 applications received since its June 2020 introduction.• the Australian Government's inaugural 2021–22 Women's Budget Statement covering \$3.4 billion of new measures targeting women's economic security, safety and health• the delivery of the fifth Intergenerational Report examining the long-term sustainability of current policies and how demographic, technological and other structural trends may affect the economy and the budget over the next 40 years• the introduction of the First Home Loan Deposit Scheme and New Home Guarantee, supporting almost 30,000 Australians to enter the housing market• superannuation reforms (Your Future, Your Super) and the Treasury Laws Amendment (More Flexible Superannuation) Bill 2021• negotiation of a \$1.5 billion loan to Indonesia and a \$558 million loan to Papua New Guinea to provide economic support in response to the COVID-19 pandemic which is critical to the stability and security of our region.

Consultation

Performance measure	Consultation – Provision of informed and impactful advice to Treasury Ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.
Target	Policy advice considers the views of relevant stakeholders, including other Australian Government entities, state and territory government entities, industry and regulators, as required.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>This performance target has been met.</p> <p>Consultations were undertaken in 2020–21 to ensure our policy advice considered views of relevant stakeholders including Australian, state and territory government entities, industry and regulators.</p> <p>Consultation through submissions, round table events and committees informed policy design and delivery and provided feedback on draft legislation.</p> <p>We engaged with the public, key stakeholders and our Australian, state and territory government counterparts on tax policy issues, COVID-19 economic response measures, and superannuation legislation and regulations.</p> <p>Significant consultations were conducted in development of the 2021–22 Budget, the 2021 Intergenerational Report, foreign investment reform, and international engagements.</p> <p>During this period, Treasury:</p> <ul style="list-style-type: none">• received over 700 Pre-Budget Submissions for the 2020–21 Budget and approximately 650 for the 2021–22 Budget from individuals, businesses, and community groups• considered 97 submissions on the exposure draft of the Foreign Investment Reform (Protecting Australia's National Security) Bill 2020 and draft amendments to the <i>Foreign Acquisitions and Takeovers Regulation 2015</i>• supported the global COVID-19 response by sharing fiscal and economic recovery strategies at the official and ministerial levels in bilateral and multilateral forums and with institutions• through the Centre for Population, led consultations with members of the Population Expert Panel, as well as a wide range of Australian and state and territory government counterparts• engaged extensively with the business community, including through its Business Liaison Unit which convened or participated in over 400 meetings in the period.



Case Study

Business Liaison Unit leading engagement

Stakeholder engagement and strong relationships with the business community are critical for Treasury to provide well-informed advice to Government.

Treasury's Business Liaison Unit supports policy development in Treasury and across the Australian Public Service (APS) by providing insights from the business community, particularly when navigating the impacts of COVID-19 and broader economic challenges. Engaging regularly with business helps the Business Liaison Unit identify emerging issues in a rapidly changing environment.

The Business Liaison Unit meets regularly with industry bodies and, on particular issues, convenes meetings with businesses to understand their on-the-ground experiences. The Business Liaison Unit also engages with business representatives across state and territory jurisdictions to accurately reflect regional pressures in its reporting. Regular meetings with peak business groups provide a forum to explain Government policy, and for representatives from across the APS to brief on key issues and developments. The Business Liaison Unit also plays a role in building stakeholder engagement capacity in other areas of Treasury through best practice systems and processes.

The Business Liaison Unit consultations have helped inform policy processes including the JobKeeper Payment: Three-month review which was released in July 2020. More recently, the Business Liaison Unit coordinated the Operation COVID Shield National Business Partnership Forum which provided a platform to discuss the role businesses can play in the vaccine rollout. The Treasurer chaired the meeting with Lieutenant General John Frewen, Coordinator General, National COVID Vaccine Taskforce and Professor Paul Kelly, Chief Medical Officer. The Forum was attended by over 30 business leaders across a range of sectors.

Quality of analysis

Performance measure	Quality of analysis – Provision of informed and impactful advice to Treasury ministers, underpinned by robust modelling, forecasting and engagement with stakeholders.
Target	Models and forecasting activities are based on best-practice and deliver outcomes that inform our economic policy advice.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>This performance target has been met.</p> <p>During 2020–21, Treasury delivered economic, revenue, and fiscal policy advice informed by best-practice models and forecasting.</p> <p>In 2020–21, we used our modelling capability to:</p> <ul style="list-style-type: none">• advise the Government on the potential impact of the COVID-19 pandemic on the economy overall, different sectors of the economy, and the labour market• advise the Government on the implications for economic growth and recovery of fiscal policy settings• inform the economic and fiscal projections contained in the various budget statements released across the course of the year• produce the long term economic and fiscal projections contained in the 2021 Intergenerational Report• model the benefit delivered by the Treasury Laws Amendment (Your Future, Your Super) Bill 2021 reforms using a combination of individual cameo modelling and aggregate system projections. <p>Treasury analyses our revenue modelling and forecasting against previous years and publishes the comparison in the next Budget. The outcomes published in the 2020–21 Budget reflected stronger than expected employment, household consumption and private dwelling investment.</p> <p>Through the Australian Government Actuary (part of Treasury) we undertook complex modelling across a range of portfolios to inform policy settings, including establishing a new model of impaired assets for the Australian Taxation Office. Machine learning and dynamic microsimulation was applied to complete the Priority Investment Approach Lifetime Cost Report of the Department of Social Services' payment system. We also supplied modelling to complete the Military Superannuation Schemes Long Term Cost Report 2020 and the 2020 Review of the Military Compensation Scheme, medical indemnity insurance, education debts, and the tuition protection scheme.</p> <p>In 2020–21 Treasury continued to invest in our analytical and modelling capability:</p> <ul style="list-style-type: none">• we extended the Fiscal Impact of New Australians model to incorporate revenues and expenses at a state government level to inform Government decision-making in the 2020–21 and 2021–22 Budgets.• we used an Econometric Macroeconomic Model of Australia for economic projections and analysis of the economy• we invested in our capability to produce population analysis and projections for the first Population Statement and other economic statements.

Case Study

Centre for Population releases first statement

The COVID-19 pandemic is the largest demographic shock to Australia's population in more than a hundred years. Analysing the impact of this shock is one focus of work for the Centre for Population (Centre) in Treasury.

The Centre was launched in October 2019 as the Government's area for analysis of the growth and make-up of Australia's population and how to plan for it.

One of the roles for the Centre is to release an Annual Population Statement which details trends across Australia, the states and territories and high-level regional and remote areas.


The inaugural Population Statement was released on 4 December 2020 and forecast that Australia's population growth would slow to the lowest rate in more than 100 years as a result of the pandemic.

The Statement included a historical analysis of the size and distribution of Australia's population for the past 30 years and presented three scenarios for future population:

- a most likely central case
- a scenario exploring what Australia's future population might have been in the absence of COVID-19, and
- a scenario exploring extended COVID-19 restrictions compared to the central case.

The scenarios reflected the considerable uncertainty around components of population change and how they might be affected by the pandemic, in particular:

- international border closures and net overseas migration; and
- the impact of domestic activity, movement restrictions and economic uncertainty on household decisions about fertility and interstate movements.



The Centre engaged widely while developing the analysis for the Statement, consulting with other Commonwealth agencies and officials from state and territory and local governments, as well as other subject matter experts. This helped to ensure that the analysis in the Statement and that the scenarios for future population were useful for policy and research.

Detailed analysis of components of population change were commissioned from leading experts including: Professor Peter McDonald from the School of Population and Global Health at the University of Melbourne on future fertility and births; Dr Tom Wilson of the School of Population and Global Health at the University of Melbourne on future population trends at a sub-state level; Dr Elin Charles-Edwards and her team at the University of Queensland on net internal migration; and the Australian Government Actuary on future mortality and deaths. The population analysis in the Statement was also supported by new releases by the Australian Bureau of Statistics on provisional estimates of mortality and internal migration.

The Statement was accompanied by interactive population dashboards that illustrated the historical analysis and projected scenarios. It was the first time Treasury had published interactive dashboards.

The Statement was also accompanied by detailed data files for public download. This was the first Treasury publication – outside the Budget – to be released with machine readable data files for modellers and analysts to download.

The Statement and overview have been accessed around 12,860 times, and other related products have been accessed 7,950 times.

The Centre is currently working on the 2021 Population Statement that will be released later this year. It will contain further detailed analysis on the impact of COVID-19 on Australia's population, as well as updated estimates of Australia's expected future population.

Delivery of the economic agenda

Delivery of the government's economic agenda, through efficient, effective and timely administration of Treasury's functions including legislation and administration of payments.

The activities that underpin this performance measure are to:

- support the COVID-19 economic response measures and recovery work
- strengthen Australia's foreign investment review framework
- strengthen Australia's financial system and promote sound corporate and consumer regulation in line with Government priorities
- deliver the 2020–21 and 2021–22 Budgets, the Mid-Year Economic and Fiscal Outlook and any other economic updates as required by Government
- ensure payments to the states and territories are timely and accurate.

Delivery of economic priorities

Performance measure	Delivery of economic priorities – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Our delivery of the Government’s economic agenda is timely, in line with the priorities of the Government, and realises the intended benefits and objectives.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>Treasury delivered an unprecedented set of economic measures and supporting legislation in rapidly changing conditions, to support the Government’s economic response to the COVID-19 pandemic.</p> <p>In 2020–21, we delivered:</p> <ul style="list-style-type: none">• the extension to the JobKeeper program• the HomeBuilder program• tax policy measures supporting businesses, such as temporary full expensing, temporary loss carry-back, and other measures to support business such as the Show Starter Loan Scheme, and the Small to Medium Enterprise (SME) Guarantee and SME Recovery Schemes• the JobMaker Hiring Credit, to assist cohorts of employees most adversely impacted by COVID-19. <p>We continued to make progress in 2020–21 on other priorities under the Government’s economic agenda, including continued delivery of the 72 recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Fifty-three recommendations were completed or introduced, with a further 9 in consultation and legislation drafting stages. This work will continue to build on reforms supporting consumers and effective regulators.</p> <p>We also worked to deliver and implement the Consumer Data Right (CDR), a key part of the Government’s Digital Economy Strategy, through our work with other entities, industry and stakeholders. Our key achievements in 2020–21 include:</p> <ul style="list-style-type: none">• facilitating the successful launch of the CDR to the banking sector on 1 July 2020, as well as the subsequent rollout of phases over the year, and developing new accreditation pathways and expanded data access arrangements• delivering the Inquiry into Future Directions for the Consumer Data Right and the forward plan to benefit Australian consumers• extensive consultation on the banking specific CDR Rule and standards amendments, and the preferred data sharing model for the energy sector. <p>This work will ensure the CDR system can continue to operate safely, securely and for the benefit of Australian consumers as a key part of the Government’s Digital Economy Strategy.</p>

Foreign investment regulation

Performance measure	Foreign investment regulation – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Our foreign investment regulatory performance meets whole-of-government standards.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>Our performance is consistent with the Australian Government Regulator Performance Framework over the 2020–21 period. We undertook a number of activities in support of the performance measure during this period, including our work on foreign investment reforms to enhance the foreign investment framework to address national security risks, strengthen the existing system (including with respect to compliance) and streamline investment in non sensitive businesses.</p> <p>During 2020–21, Treasury:</p> <ul style="list-style-type: none">• in response to the coronavirus pandemic, implemented and then transitioned out of a temporary zero dollar threshold for all foreign investments during the period from March 2020 to 31 December 2020• engaged with key stakeholders before and following commencement of reforms on 1 January 2021, with feedback informing adjustments to the framework, to manage the regulatory burden on investors• updated and streamlined guidance notes and the Foreign Investment Review Board (FIRB) website• updated internal procedures and processes, operational policies and the IT system, to align with the enhanced legislative framework• introduced a webform to facilitate mandatory reporting obligations• implemented a market intelligence scanning power to support exercise of the new call-in power. <p>The full report on our performance under the Regulator Performance Framework will be published on the Foreign Investment Review Board website. The intention is to publish the Regulator Performance Framework Report 2020–21 in December 2021.</p>

Legislation

Performance measure	Legislation – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	The legislative program is delivered within the required timeframe and the quality of legislation implemented meets a satisfactory standard, in line with Government priorities.
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>A total of 26 Bills containing 84 measures across our portfolio were introduced into the Parliament during 2020–21 in line with Government priorities, and within required timeframes. Treasury also implemented 188 regulations and other legislative instruments.</p> <p>Treasury provided 66 responses to requests from Parliamentary committees concerning legislation.</p> <p>In addition, Treasury also assisted the progress of legislation across the Australian Government and received requests for assistance regarding 50 measures from other portfolios, 41 of which were finalised in 2020–21.</p> <p>We ensured the ongoing quality and appropriateness of our legislation. We reviewed our own analysis and stakeholder engagement, including identifying opportunities for simplification and rationalisation of Treasury portfolio legislation.</p> <p>The Minor and Technical Amendments process saw 108 amendment proposals for Treasury portfolio legislation introduced into the Parliament or considered by the Executive Council in 2020–21.</p> <p>Lastly, in 2020–21 we established an Instruments Review Unit to further develop relationships with secretariats of relevant Parliamentary Committees to understand and resolve issues early and to develop principles to address key concerns across Treasury instruments.</p>

Delivery of the Budget

Performance measure	Delivery of the Budget – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Delivery of the Budget, in line with the <i>Charter of Budget Honesty Act 1998</i> (the Charter).
Source	PBS Program 1.1 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>Treasury prepared and released the following Australian Government Budget documents in 2020–21, in accordance with the Charter:</p> <ul style="list-style-type: none">• the Final 2019–20 Budget Outcome, released on 25 September 2020• the deferred 2020–21 Budget, released on 6 October 2020• the 2020–21 Mid-Year Economic and Fiscal Outlook, released on 17 December 2020• the 2021–22 Budget, released on 11 May 2021• the 2021 Intergenerational Report was released on 28 June 2021. <p>One additional Debt Statement (under clause 33 of the Charter) was also released on 26 August 2020. The release of the deferred 2020–21 Budget was also consistent with the requirements of the Charter.</p> <p>In addition to the Budget documents released under the Charter, the Government released an Economic and Fiscal Update on 23 July 2020 in consideration of the impact of COVID-19 on the Australian economy.</p>

Payments

Performance measure	Payments – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Payments to international financial institutions are facilitated in accordance with relevant legislation and agreements.
Source	PBS Program 1.2 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>Eighteen payments were made to international financial institutions during 2020–21, in accordance with the <i>International Monetary Agreements Act 1947</i>.</p> <p>Treasury payments included:</p> <ul style="list-style-type: none">• approximately A\$649 million to the International Monetary Fund (IMF) in maintenance of value payments• 2 New Arrangements to Borrow repurchases (approximately A\$79.5m)• 7 Special Drawing Rights sales (about A\$140m)• 3 quota calls (about A\$600m). <p>A payment of US\$84.46 million was also made to the World Bank in exchange for additional capital shares in the International Bank of Reconstruction and Development and the International Finance Corporation.</p> <p>Promissory notes (valued at A\$279.96 million) were also lodged with the Reserve Bank of Australia to cover Australia’s contributions to the nineteenth replenishment of the International Development Association and the twelfth replenishment of the Asian Development Fund.</p> <p>All transactions were completed on time.</p>

Performance measure	Payments – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Payments to the Hub are made in accordance with the new Commonwealth Grant Agreement.
Source	PBS Program 1.3 Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>The performance target has been met.</p> <p>Treasury facilitated a payment of \$7.5 million to the Global Infrastructure Hub in 2020–21, in accordance with relevant authority and legislative requirements. This payment was made on time, including a review of the agreement and consideration of the delivery of the Global Infrastructure Hub’s obligations prior to payment.</p> <p>This payment enabled the Global Infrastructure Hub to continue supporting the G20’s objectives of increasing the quality and quantity of infrastructure globally by working collaboratively with governments, the private sector and other international organisations.</p>

Performance measure	Payments – Delivery of the Government’s economic agenda, through efficient, effective and timely administration of Treasury’s functions including legislation and administration of payments.
Target	Payments to the states and territories are made in accordance with the Intergovernmental Agreement on Federal Financial Relations.
Source	PBS Program 1.4 to 1.9 Corporate Plan 2020–21
Performance achieved	Achieved*
Analysis	<p>The performance target has been met.</p> <p>In accordance with the <i>Intergovernmental Agreement on Federal Financial Relations</i> Treasury made payments to state and territory governments of \$132 billion in 2020–21, compared to \$125.8 billion in 2019–20. This work included:</p> <ul style="list-style-type: none"> • 12 specific purpose payment rounds made each month • 3 extraordinary specific purpose payment rounds made on 21 July 2020, 21 October 2020 and 30 June 2021, totalling \$66.1 billion in 2020–21 • 12 General Revenue Assistance payments made on the twenty-first of each month (or the closest working day after), totalling \$66 billion. <p>During 2020–21, Treasury also successfully implemented the new Federal Payments Management System to automate agency payments to the states and territories under the <i>Intergovernmental Agreement on Federal Financial Relations and COAG Reform Fund Act 2008</i> supporting efficient and timely administration.</p> <p>*While all payments were made in accordance with the <i>Intergovernmental Agreement on Federal Financial Relations</i>, a review was undertaken in 2021 of payment milestones authorised by Commonwealth officials to ensure there was written authorisation. Under the <i>Intergovernmental Agreement on Federal Financial Relations</i>, it is the role of Australian Government senior officials to certify that milestones have been achieved and that appropriate ministerial authorisation is in place for Treasury to make payments. For six national partnership payments totalling \$26.1 million (out of a total of \$11.5 billion) it was established that entities responsible for administering the agreements could not locate written evidence of ministerial authorisation for senior officials to approve payments on the minister’s behalf. Treasury has implemented additional controls to ensure Commonwealth agencies have written authorisation from their minister for officials approving payment milestones.</p> <p>Treasury has taken into consideration the outcomes of the review and assessed this performance measure as achieved against the target.</p>

Infrastructure and Project Financing Agency

Period of Annual Performance Statements

The Infrastructure and Project Financing Agency (IPFA) annual performance statements covers the period 1 July 2020 to 30 June 2021 for the targets set in the Portfolio Budget Statements 2020–21 and IPFA Corporate Plan 2020–21.

IPFA was subject to a Machinery of Government change in 2020–21. IPFA was abolished as an executive agency and became a distinct division of Treasury effective 1 May 2021.

From 2021–22, IPFA's performance information will be incorporated into reporting undertaken by the Treasury, as outlined in the Treasury Corporate Plan 2021–22 and Portfolio Budget Statements (available at www.treasury.gov.au).

Infrastructure and Project Financing Agency's purposes

IPFA supports the Australian Government in making commercially astute decisions on nationally significant infrastructure projects and programs. IPFA's purposes are to:

- provide independent commercial and financial advice to support the delivery of Australian Government infrastructure projects and programs
- build the Australian Government's capability to deliver its infrastructure priorities
- strengthen confidence in the Australian Government's investment through better-informed decisions, and improved governance and investment management arrangements.

Three core activities support IPFA to deliver its purposes, vision and strategic goals. These are:

- providing valued and independent commercial and financial advisory services
- delivering specialist infrastructure project governance and program management services
- arranging high quality knowledge sharing forums and capability building activities.

Portfolio Budget Statement outcome

IPFA worked to a single program outcome, as described in the Portfolio Budget Statements 2020–21:

To leverage additional private sector investment in infrastructure and secure better returns from the Commonwealth's investment by assisting the Government identify, assess, and broker financing opportunities for infrastructure and projects, including through engagement with Commonwealth entities, State and Territory governments and the private sector.

Results and analysis

Analysis of performance against purposes

IPFA is the only whole-of-government, commercial capability within the Australian Government that provides a breadth of infrastructure, specialist commercial advisory and program management services. The work IPFA has achieved during 2020–21 has facilitated investment in infrastructure activities across a number of sectors of the economy. IPFA has demonstrated that it has performed and delivered against the 3 purposes.

Provide independent commercial and financial advice to support the delivery of Australian Government infrastructure projects and programs

IPFA increased its client base for infrastructure and investment advice over the reporting period. IPFA exceeded its target with 81 per cent of its advice proactively sought by government and agencies in unsolicited approaches for assistance. IPFA's engagement with government agencies has improved infrastructure and investment outcomes. Feedback from stakeholders was positive, with 98 per cent of respondents indicating they were satisfied that we are improving outcomes and providing valued advice. This confirms that IPFA's advice is sought after and strengthens Government's decision-making across an expanded range of sectors.

Build the Australian Government's capability to deliver its infrastructure priorities

IPFA delivered advice and activities to a range of stakeholders during 2020–21 to increase confidence in the Australian Government's infrastructure investment decisions. Assurance activities and advisory work were delivered in the agreed timeframes. Feedback from external parties on our participation in discussions and events on a variety of infrastructure and project financing topics was positive. This marked a 100 per cent achievement against the 85 per cent target.

Strengthen confidence in the Australian Government's investment through better-informed decisions, and improved governance and investment management arrangements

IPFA worked to strengthen the commercial and financial capability of the Australian Government's investment through better informed decisions in 2020–21. IPFA expanded and further embedded its knowledge sharing through the delivery of 17 knowledge sharing events for colleagues across the Australian Government. Three IPFA team members participated in secondments with other departments and agencies. A 100 per cent satisfaction rating was achieved for the quality of IPFA engagements.

Infrastructure and Project Financing Agency performance summary

Figure 4: Infrastructure and Project Financing Agency performance summary 2020–21

Performance Measure	2020–21 Target	Performance Achieved
Our advice is proactively sought by government and agencies	60 per cent of our work is sought proactively through unsolicited approaches from agencies and/or government	Achieved Result: 81%
Stakeholders are satisfied with our advice and involvement	85 per cent of our stakeholders are satisfied that we are improving outcomes and provide valued advice	Achieved Result: 98%
Delivery of agreed activities and positive stakeholder/market regard for our contribution	100 per cent of committed activities completed within timeframes	Achieved Result: 100%
	85 per cent of feedback from external parties regarding our contribution is positive	Achieved Result: 100%
Facilitation of quality knowledge sharing and development programs, events and forums	10 knowledge sharing activities	Achieved Result: 17
	85 per cent satisfaction with quality of the activity	Achieved Result: 100%

The IPFA Corporate Plan 2020–21 included two internally focussed performance measures:

- IPFA is a great place for people to work and develop
- IPFA has best practice corporate and governance arrangements.

As the two internal performance measures do not contribute to IPFA’s overall purpose and outcome, the results will not be reported in the Annual Performance Statements.

1. Providing valued and independent commercial and financial advisory services

Performance measure	Our advice is proactively sought by government and agencies
Target	60 per cent of our work is sought proactively through unsolicited approaches from agencies and/or government
Source	PBS Program 1.1 (Infrastructure and Project Financing Agency chapter – pages 251 to 266) Infrastructure and Project Financing Agency Corporate Plan 2020–21
Performance achieved	Achieved – 81 per cent of IPFA advice was proactively sought by government and agencies through unsolicited approaches for assistance.
Analysis	<p>This performance target has been met.</p> <p>IPFA has provided independent commercial and financial advice to strengthen the Government’s decision making across a range of infrastructure projects and policy areas.</p> <p>In 2020–21, IPFA continued to experience growth in the demand for its commercial and advisory services across its client base. IPFA provided services to departments and agencies over the financial year including: the Department of Finance; Department of the Treasury; Department of Infrastructure, Transport, Regional Development and Communications; Department of Industry, Science, Energy and Resources; Department of Health; Department of Agriculture, Water and the Environment; Department of Home Affairs; Department of Foreign Affairs and Trade; Digital Transformation Agency; and Infrastructure Australia.</p> <p>Clients accessed a range of services including commercial advice, financial analysis, negotiation, program governance, oversight and design, business case review, probity advice, and independent assurance.</p> <p>IPFA advice has strengthened confidence in the Government’s investment through better informed decisions, improved governance and investment management arrangements, and by providing tailored advice across infrastructure and investment activities.</p> <p>IPFA achieved its purpose of providing independent advice to support the design and delivery of the government’s infrastructure and economic projects and programs.</p>

Performance measure	Stakeholders are satisfied with our advice and involvement
Target	85 per cent of our stakeholders are satisfied that we are improving outcomes and provide valued advice
Source	PBS Program 1.1 (Infrastructure and Project Financing Agency chapter – pages 251 to 266) Infrastructure and Project Financing Agency Corporate Plan 2020–21
Performance achieved	Achieved – 98 per cent

Analysis

This performance target has been met.

Ninety-eight per cent of stakeholders provided positive feedback that IPFA contributed to improving outcomes, through the delivery of its services during the period. This feedback was received through solicited and unsolicited channels. The satisfaction received and value that stakeholders ascribed to IPFA services is indicative of the quality of IPFA's advice.

In one example, IPFA received positive feedback for its work as an independent financial assessor of applications under the Arts Sustainability Fund. This program was designed to assist the sustainability of significant Australian Arts organisations deemed at risk due to impacts of the COVID-19 pandemic.

IPFA also received positive feedback for its involvement in the Western Sydney and Geelong City Deals, including business case reviews.

IPFA's 2020–21 results were 2 per cent below its performance in 2019–20. IPFA works closely with its clients to respond to feedback.

2. Delivering specialist infrastructure project governance and program management services

Performance measure

Delivery of agreed activities and positive stakeholder/market regard for our contribution

Target

100 per cent of committed activities completed within time frames

Source

PBS Program 1.1
(Infrastructure and Project Financing Agency chapter – pages 251 to 266)
Infrastructure and Project Financing Agency Corporate Plan 2020–21

Performance achieved

Achieved – 100 per cent

Analysis

This performance target has been met.

IPFA delivered 100 per cent of its activities within agreed timeframes in 2020–21. IPFA's services are delivered in a dynamic environment in which external factors can change delivery. Delivery timeframes for IPFA's advice are agreed in advance with clients, and any challenges to delivery against the agreed scopes and timetables identified, discussed and mitigated in a timely manner.

IPFA's service delivery included:

- assurance activities on loan proposals for the Board of the Australian Infrastructure Financing Facility for the Pacific
- assurance assessments as part of the COVID-19 Regional Airlines Funding Assistance program
- commercial and financial advisory work for the Australian Institute of Sport campus redevelopment project, Inland Rail project, Marinus Link project, and Priority Transmission Taskforce.

Delivering advice and services on time contributes to IPFA's core activities and purpose by strengthening confidence in the quality of advice provided.

IPFA'S 2020–21 result demonstrates a 2 per cent increase in performance against this metric since 2019–20.

Performance measure	Delivery of agreed activities and positive stakeholder/market regard for our contribution
Target	85 per cent of feedback from external parties regarding our contribution is positive
Source	PBS Program 1.1 (Infrastructure and Project Financing Agency chapter – pages 251 to 266) Infrastructure and Project Financing Agency Corporate Plan 2020–21
Performance achieved	Achieved – 100 per cent
Analysis	<p>This performance target has been met.</p> <p>IPFA has received positive feedback from external parties beyond its direct client base. These external stakeholders include the media, business, finance and advisory sector participants, discussion panels and conference events. This achievement demonstrates wider market confidence in IPFA as an expert adviser working with and informing the delivery of the Australian Government’s infrastructure and economic program.</p> <p>Throughout the reporting period IPFA was invited to participate in discussion panels and conference events on a variety of infrastructure and project financing topics. Events included a roundtable with Credit Suisse to discuss the role of infrastructure in the COVID-19 economic rebuild and recovery, and the Critical Infrastructure Summit.</p> <p>IPFA participated in events that included Regional Development Australia’s National Forum on infrastructure and financing, and Sydney Business Chamber’s online forum series on Sydney’s infrastructure projects.</p> <p>IPFA’S 2020–21 result demonstrates a 9 per cent increase in performance against this metric since 2019–20.</p>

3. Arranging high quality knowledge sharing forums and capability building activities

Performance measure Facilitation of quality knowledge sharing and development programs, events and forums

Target 10 knowledge sharing activities

Source PBS Program 1.1
(Infrastructure and Project Financing Agency chapter – pages 251 to 266)
Infrastructure and Project Financing Agency Corporate Plan 2020–21

Performance achieved Achieved – 17 knowledge sharing activities held

Analysis This performance target has been met.

IPFA works to strengthen commercial and financial capability across the Australian Government, through its program of PrActice knowledge sharing events and its secondment program with client departments.

In 2020–21, IPFA delivered 17 knowledge sharing events for colleagues across the Australian Government. Topics included infrastructure delivery, value capture, project planning, assurance processes, and general presentations on IPFA's service offerings. Representatives from the Australian and state governments, the public and private sectors discussed experiences of best practice infrastructure project delivery at the IPFA flagship event, the Project Delivery Symposium.

IPFA's secondment program provides the opportunity for knowledge sharing across the Australian Government as well as capability building and professional development opportunities for all participants. Three team members participated in secondments and were embedded into specific project teams across the departments and agencies in 2020–21. These team members provided an external perspective and expertise that informed departmental thinking beyond the duration of their secondments.

Target 85 per cent satisfaction with quality of the activity

Source PBS Program 1.1
(Infrastructure and Project Financing Agency chapter – pages 251 to 266)
Infrastructure and Project Financing Agency Corporate Plan 2020–21

Performance achieved Achieved – 100 per cent

Analysis This performance target has been met.

IPFA seeks feedback from participants on the quality and value of each knowledge sharing event. One hundred per cent of solicited and unsolicited online surveys and data collection feedback in 2020–21 demonstrated satisfaction with the quality of events hosted by IPFA. Performance against this metric supports IPFA in its program of continuous improvement to build the skills and capabilities across government to deliver infrastructure and related economic priorities.

IPFA's 2020–21 result demonstrates stable performance against this metric since 2019–20.

Small and Family Business Annual Performance Statement

Period of Annual Performance Statement

The Small and Family Business Division (the Division) in the Department of Industry, Science, Energy and Resources (DISER) was subject to a Machinery of Government change. SFBD was transferred from DISER to Treasury effective 15 April 2021, including responsibility for performance reporting.

The annual performance statements cover the 2020–21 period (1 July 2020 to 30 June 2021) and provide a clear read of the Division's performance over the 2020–21 financial year, aligned to the targets set in the Portfolio Budget Statements 2020–21 and the DISER Corporate Plan 2020–21.

The Division's performance information will be incorporated into reporting undertaken by the Treasury from 2021–22 as outlined in the Treasury Corporate Plan 2021–22 and Portfolio Budget Statements (available at www.treasury.gov.au).

Small and Family Business Division Purpose

DISER's purpose for Small and Family Business Division (Purpose 5 of the DISER Corporate Plan 2020–21) is to **build a sustainable and productive small business sector by facilitating the growth of small and family business.**

Portfolio Budget Statement outcome

As described in the Department of Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21, Outcome 4 for SFPD is to **facilitate the growth of small and family business.**

Results and analysis

Small and family businesses are essential to the Australian economy and the bedrock of local communities. The Australian Government is working to create the right economic conditions for small and family businesses across Australia and to build a productive and sustainable small business sector.

The Australian Small Business Advisory Services – Digital Solutions program is an Australian Government initiative that provides low cost, high quality advice to small businesses with fewer than 20 employees.

The program was enhanced and expanded to an additional 10,000 small businesses as part of the 2020–21 Budget measures. The program provided 42,002 instances of service to small businesses during 2020–21, exceeding the target of 17,129. Services to small businesses included webinars, workshops and one-to-one mentoring on how digital technology assists businesses.

The Small Business Wellbeing Team in the Division works with Commonwealth, state and territory government departments and agencies, small business peak bodies and organisations, mental health organisations and academia, to promote mental health in the small business sector. The Small Business Wellbeing Team fosters collaboration, and informs and supports national initiatives and programs accessed by small businesses.

Small and Family Business Performance Summary 2020–21

Figure 5: Small and Family Business performance summary 2020–21

Performance Measure	2020–21 Target	Performance Achieved
Instances of assistance provided to small businesses.	Year-on-year increase.	Achieved
Continued advocacy and promotion of mental health support for small business operators.	Year-on-year maintenance.	Achieved

Purpose 5 supporting small businesses

Achieving this purpose empowers small and family businesses to thrive by building capability and improving mental health and wellbeing, making it easier for businesses to get paid, employ and look after staff, and encouraging productivity and business investment (DISER Corporate Plan 2020–21).

Performance measure	Instances of assistance provided to small businesses
Target	Year-on-year increase
Source	PBS Program 1.1 (Treasury) PBS Program 4.1 (Department of Industry, Science, Energy and Resources chapter) Department of Industry, Science, Energy and Resources Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>This performance target has been met.</p> <p>The Australian Small Business Advisory Services – Digital Solutions program provided 42,002 service instances to small businesses. Service instances covered topics such as advice to small businesses about initiating or improving websites, selling online, social media and digital marketing, small business software and online security and data privacy and were delivered through one-to-one mentoring sessions and group workshops or webinars.</p> <p>The target number of service instances was 17,129. This was exceeded because the program received funding for an additional 10,000 small businesses (up from 7,000). This additional funding was not reflected in revised and increased targets due to uncertainties associated with businesses accessing support during COVID-19 lockdowns.</p> <p>Digital Solutions participants were surveyed and asked what changes they observed in their business after implementing the advice. Fifty four per cent of respondents increased their efficiency, 39 per cent increased their productivity and 28 per cent increased sales.</p> <p>The performance result is based on the Australian Small Business Advisory Services – Digital Solutions program to the end of March 2021. The assessment of performance based on data from quarters one to three only has not impacted on the achievement of the performance target.</p>

Performance measure	Continued advocacy and promotion of mental health support for small business operators
Target	Year-on-year maintenance
Source	PBS Program 1.1 (Treasury) PBS Program 4.1 (Department of Industry, Science, Energy and Resources chapter) Department of Industry, Science, Energy and Resources Corporate Plan 2020–21
Performance achieved	Achieved
Analysis	<p>This performance target has been met.</p> <p>The Small Business Wellbeing Team continues to communicate and share mental health support for small business owners across a wide range of stakeholders, including Commonwealth, state and territory departments and agencies, small business peak bodies and organisations, mental health organisations and academia.</p> <p>The meetings have a variety of purposes, including ensuring the BusinessBalance projects with Deakin University and Beyond Blue were meeting their targets. Meetings with Everymind were to ensure the Ahead for Business program was on track, and to extend arrangements for the Ahead for Business digital hub for a further 3 years.</p> <p>Outcomes included sharing small business support and resources, progress updates on key initiatives, ideas for future policy development, avoiding duplication across government services, and advocating for a small business perspective in the development of Government frameworks and policies.</p> <p>This work has included:</p> <ul style="list-style-type: none"> • providing advice to the National Mental Health Commission’s National Workplace Initiative on meeting the needs of small business owners, including a focus on mental health • stakeholder engagement to broaden the uptake of Counting on U training, resulting in provision of training to state and territory small business agencies, Australian Government program providers for the New Enterprise Incentive Scheme, and small business legal advisers • facilitating introductions between key stakeholders, including members of Everymind’s Ahead for Business team, state and territory agencies and other service providers, enabling them to better link resources and explore opportunities for further collaboration • working with the New Zealand Ministry of Business, Innovation and Employment to co-sponsor a workshop as part of Asia-Pacific Economic Cooperation 2021 focussing on Small to Medium Enterprise wellbeing • regular engagement with Financial Counselling Australia, to share and gain insights on small business wellbeing issues to contribute to future policy development. <p>Key initiatives that are a direct outcome of our stakeholder engagement include Ahead for Business and the BusinessBalance programs Counting on U and New Access for Small Business.</p> <p>Between March 2019 and June 2021, the Ahead for Business digital hub reached over 12,700 small business owners. On average, 44 small business owners accessed the digital hub each day. Ahead for Business was implemented in 6 geographical sites and at three industry sites, with over 1,919 small business owners engaged.</p>

Financial performance

Treasury has a sound financial position, meeting its debt obligations as and when they fall due. Treasury reported an operating surplus of \$5.9 million in 2020–21 excluding depreciation, amortisation, changes in asset revaluation reserves and leasing adjustments. The result was driven by recruitment delays and employee provision revaluations due to changes in Australian bond rates and other provision parameters.

This compares with an operating surplus of \$3.6 million in 2019–20 after adjusting for depreciation and amortisation, changes in asset revaluation reserves and leasing adjustments. Treasury's administered expenses in 2020–21 were \$160.389 billion compared with \$139.2 billion in 2019–20.

Figure 6: Treasury portfolio outcome and program structure as at 30 June 2021

Portfolio Minister – Treasurer	
The Hon Josh Frydenberg MP	
Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and Community Housing	
The Hon Michael Sukkar MP	
Minister for Superannuation, Financial Services and the Digital Economy, Minister for Women's Economic Security	
Senator the Hon Jane Hume	
Minister for Employment, Workforce, Skills, Small and Family Business	
The Hon Stuart Robert MP	

Department of the Treasury	
Secretary, Dr Steven Kennedy PSM	
Outcome 1:	Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.
Program 1.1:	Department of the Treasury
Program 1.2:	Payments to International Financial Institutions
Program 1.3:	Support for Markets and Business
Program 1.4:	General Revenue Assistance
Program 1.5:	Assistance to the States for Healthcare Services
Program 1.6:	Assistance to the States for Skills and Workforce Development
Program 1.7:	Assistance to the States for Disability Services
Program 1.8:	Assistance to the States for Affordable Housing
Program 1.9:	National Partnership Payments to the States

Australian Bureau of Statistics

Australian Statistician, Dr David Gruen

Outcome 1: Decisions on important matters made by Governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.

Program 1.1: Australian Bureau of Statistics

Australian Competition and Consumer Commission

Chair, Mr Rod Sims

Outcome 1¹: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

Program 1.1: Australian Competition and Consumer Commission

Program 1.2: Australian Energy Regulator

Australian Office of Financial Management

Chief Executive Officer, Mr Robert Nicholl

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

Program 1.1: Australian Office of Financial Management

Australian Prudential Regulation Authority

Chair, Mr Wayne Byres

Outcome 1: Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation that balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.

Program 1.1: Australian Prudential Regulation Authority

Australian Reinsurance Pool Corporation

Chief Executive Officer, Dr Christopher Wallace

Purpose: To protect Australia from economic losses caused by terrorism catastrophe.

Australian Securities and Investments Commission

Chair, Mr Joseph Longo

Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

Program 1.1: Australian Securities and Investments Commission

Program 1.2: *Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts*

¹ The Australian Competition and Consumer Commission's Outcome 1 has been superseded following the 2021-22 Budget, the statement presented here was applicable during the 2020-21 financial year. An updated Outcome 1 appears in the 2021-22 Treasury Portfolio Budget Statements.

Australian Taxation Office

Commissioner, Mr Chris Jordan AO

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.

- Program 1.1: Australian Taxation Office
- Program 1.2: Tax Practitioners Board
- Program 1.3: Australian Business Register
- Program 1.4: Australian Charities and Not-for-profits Commission
- Program 1.5: Australian Screen Production Incentive
- Program 1.6: Junior Minerals Exploration Incentive
- Program 1.7: Fuel Tax Credits Scheme
- Program 1.8: National Rental Affordability Scheme
- Program 1.9: Product Stewardship for Oil
- Program 1.10: Research and Development Tax Incentive
- Program 1.11: Low Income Superannuation Tax Offset
- Program 1.12: Private Health Insurance Rebate
- Program 1.13: Superannuation Co-contribution Scheme
- Program 1.14: Superannuation Guarantee Scheme
- Program 1.15: Targeted Assistance through the Taxation System
- Program 1.16: Interest on Overpayment and Early Payments of Tax
- Program 1.17: Bad and Doubtful Debts and Remissions
- Program 1.18: Seafarer Tax Offset
- Program 1.19: Economic Response to the Coronavirus

Commonwealth Grants Commission

Secretary, Mr Jonathan Rollings

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue

- Program 1.1: Commonwealth Grants Commission

Financial Adviser Standards and Ethics Authority Limited

Chief Executive Officer, Mr Stephen Glenfield

Purpose: Strengthen the professional and ethical standards of financial advisers through enhancing educational and training requirements and ethical standards to improve consumer outcomes.

Inspector-General of Taxation

Inspector-General, Ms Karen Payne

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to government and its relevant entities.

- Program 1.1: Inspector-General of Taxation
-

National Competition Council

President, Ms Julie-Anne Schafer

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of, and investment in infrastructure.

Program 1.1: National Competition Council

National Housing Finance and Investment Corporation

Chair, Mr Brendan Crotty

Outcome 1: Improved housing outcomes for Australians, including through financial and other assistance to improve the efficiency and scale of the community housing sector, as well as for critical infrastructure that increases housing supply.

Office of the Auditing and Assurance Standards Board

Chair, Mr Bill Edge

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.

Program 1.1: Auditing and Assurance Standards Board

Office of the Australian Accounting Standards Board

Chair, Dr Keith Kendall

Outcome 1: The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions.

Program 1.1: Australian Accounting Standards Board

Productivity Commission

Chair, Mr Michael Brennan

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

Program 1.1: Productivity Commission

Reserve Bank of Australia

Governor, Mr Philip Lowe

Purpose: In its role as Australia's central bank, the Reserve Bank of Australia determines and implements monetary policy, fosters financial stability, undertakes a range of activities in financial markets, acts as a banker to the Australian Government, issues Australia's banknotes and has policy, supervisory and operational roles in the payments system.

Royal Australian Mint

Chief Executive Officer, Mr Leigh Gordon AO CSM

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.

Program 1.1: Royal Australian Mint

Part 3

Management and accountability

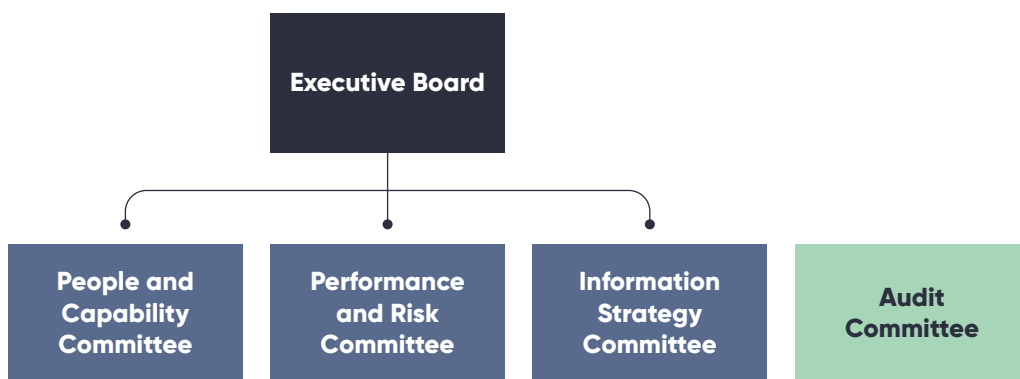
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Corporate Governance

Treasury's corporate governance structures are designed to promote the achievement of our purpose, the proper use and management of public resources, our systems of risk and control, and the department's financial sustainability.

In addition to the Information Strategy Committee, Treasury established the People and Capability Committee and the Performance and Risk Committee this financial year. Both committees report to the Secretary through the Executive Board.

Figure 7: Treasury's enterprise governance committee structure



Governance committees

Executive Board

The Executive Board comprises the Secretary and Deputy Secretaries. The Executive Board supports the Secretary to fulfil his obligations as the Accountable Authority under the *Public Governance, Performance and Accountability Act 2013*.

People and Capability Committee

The People and Capability Committee is an advisory and decision-making group. It has responsibility for ensuring the department's workforce is safe, effective and engaged, and that the department has the workforce capacity and capability required to deliver on its purpose. The Committee also has specific responsibilities for work health and safety, and for receiving regular reports from key internal consultation forums related to work health and safety and workplace relations.

Performance and Risk Committee

The Performance and Risk Committee is an advisory and decision-making group with responsibility for ensuring the consistent and integrated running of Treasury. The Committee's remit incorporates business planning and continuity, performance monitoring and reporting, enterprise risk management and systems of internal control, security, cybersecurity and asset management.

Information Strategy Committee

The Information Strategy Committee provides an enterprise view on information management and supports the department's digital capability in line with the objectives in our corporate plan.

Consultation committees

Our enterprise governance committees are supported by two consultation committees.

Health and Safety Committee

The Health and Safety Committee assists the Secretary in carrying out his statutory obligations in accordance with the *Work Health and Safety Act 2011*. The Committee facilitates cooperation between Treasury management and employees to develop and review health and safety policies, procedures and initiatives, and manage health and safety risks in the workplace.

Workplace Relations Committee

The Workplace Relations Committee is Treasury's primary staff consultation body, convened in accordance with the *Treasury Enterprise Agreement 2018–2021*. The Committee consults with our officials on issues affecting their working environment and employment conditions.

Audit Committee

The Treasury's Audit Committee has been established in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013*. The Audit Committee provides independent advice to the Secretary on Treasury's governance, risk, control and performance arrangements, including the department's financial and annual performance statements. The *Audit Committee Charter* is available on the Treasury website at www.treasury.gov.au/the-department/corporate-publications/Audit-Committee-Charter.

The Audit Committee has 3 members – an independent chair and 2 independent members.

The Audit Committee met 5 times in 2020–21 and received regular briefings from Treasury's management on priorities, operations and risks, as well as the outcomes of risk and audit activities. A Financial Statements Sub Committee supports the Audit Committee by providing advice on the preparation of Treasury's financial statements.

This section also includes information on the IPFA Audit Committee which ceased operation due to the MoG effective 1 May 2021.

Table 1 provides details of the Treasury Audit Committee members, their qualifications, attendance and remuneration.

Table 2 provides details of the IPFA Audit Committee members, their qualifications, attendance and remuneration.

Table 1: Audit Committee members – qualifications, attendance and remuneration

Name	Position	Qualifications	Experience	Date of Commencement	Date of Cessation	Attendance	Remuneration
Mr Don Cross	External Member Audit Committee Chair	Fellow of the Institute of Chartered Accountants and a Certified Practising Accountant Numerous qualifications and professional memberships in accounting, fraud control, business, and auditing	Chair or member of several audit committees and subcommittees Former Senior Partner at KPMG and Lead Partner for KPMG's key strategic government accounts Experience in government program delivery and reform, financial statements audit and internal audit for policy, regulatory and service	1 August 2019	-	5/5	\$ 28,600
Dr Philippa Ryan	External Member	PhD (Law) Master of Education Bachelor of Laws (Hons) Bachelor of Arts	Barrister, NSW Bar Associate Professor in Law, College of Law, ANU Non-Executive Director, WAM Capital and Lander & Rogers Member, ISO Technical Committees and Standards Australia Blockchain Technical Committee Experience in fiduciary obligations, governance, risk, privacy, technology	1 November 2019	-	5/5	\$ 25,000

Name	Position	Qualifications	Experience	Date of Commencement	Date of Cessation	Attendance	Remuneration
Mr Carl Murphy	External Member	Master of Public Administration Practising Accountant Graduate of the Australian Institute of Company Directors Bachelor of Arts (Hons)	Member, Risk and Audit Committee, Department of Infrastructure, Transport and Regional Development and Communications Senior Moderator, The Cranlana Centre for Ethical Leadership Consultancy Practice to Government and NFPs in governance and organisational change Previously Chief Operating Officer, Department of Infrastructure, Regional Development and Cities First Assistant Secretary, Corporate Services Division, Department of Finance Assistant Secretary, HR, Department of the Environment Head of Human Resources, Medicare Australia	2 November 2020	-	3/5*	\$ 6,625

Name	Position	Qualifications	Experience	Date of Commencement	Date of Cessation	Attendance	Remuneration
Ms Elizabeth Montano	External Member	Fellow of the Australian Institute of Company Directors Solicitor admitted NSW and Commonwealth Bachelor of Arts / Bachelor of Laws (UNSW)	Chair, Deputy Chair and member of boards and audit committees across a range of Government and not for profit entities (20 years) Broad ranging experience in governance and the machinery of government, including in financial and performance reporting, risk, assurance, and program and project management and oversight Former CEO in the Australian Government Senior financial services lawyer, King & Wood Mallesons.	1 October 2015	30 September 2020	2/5 [^]	\$ 9,400

*Appointed as a member partway through 2020–21

[^]Term ended partway through 2020–21

Table 2: Audit Committee members – qualifications, attendance and remuneration for the Infrastructure and Project Financing Agency

Name	Position	Qualifications	Experience	Date of Commencement	Date of Cessation*	Attendance	Remuneration
Ms Josephine Schuman	Chair	Graduate of the Australian Institute of Company Directors Master of Arts (Urban Geography)	Over 30 years' public sector experience across the Commonwealth, ACT Government and for the Government of Canada Expertise across risk management, governance and assurance, finance, human resources, information technology, media and communications Independent Chair of the Climate Change Authority Audit Committee	21 February 2019	*	3/3	\$3,150
Ms Dina Glass	Member		Senior executive and corporate counsel advising government and private sector organisations on strategic direction, governance, compliance, risk management, establishment of corporate functions, project management, transactional matters, litigation and dispute resolution and regulation	22 November 2017	*	3/3	\$5,500

Name	Position	Qualifications	Experience	Date of Commencement	Date of Cessation*	Attendance	Remuneration
Ms Liz Caelli	Member	Professional Member of the Institute of Internal Auditors Australia Certified Internal Auditor Certification in Risk Management Assurance Bachelor of Commerce	Over 20 years' experience in the Australian Public Service, including over 13 years in audit and risk related roles A/g Assistant Secretary, Assurance and Risk and Chief Risk Officer at the Department of Infrastructure, Transport, Regional Development and Communications	6 April 2018	*	3/3	Not Applicable

* IPFA was subject to a Machinery of Government change and became a division within Treasury effective 1 May 2021.

Risk management

Risk management provides Treasury officials with a common approach to understand and manage uncertainties as we deliver on our purpose.

Treasury has established risk management frameworks, tools and plans based on the *Commonwealth Risk Management Policy* and the *AS/NZS ISO 31000:2018 Risk Management Guidelines*. We seek to continuously improve and embed our planning and risk management processes, including reviewing our enterprise risks, published in the Corporate Plan.

During 2020–21, Treasury established the Performance and Risk Committee, with representatives from across the department. The Committee reports to the Executive Board and oversees the delivery of our risk management obligations and progress on managing the department's key risks.

Fraud prevention and control

Treasury has a fraud and corruption control plan in place, as well as processes and systems for the prevention and detection of fraud and response to and reporting of incidents in accordance with section 10 of the *Public Governance, Performance and Accountability Rule 2014*.

Treasury is continually looking at ways to strengthen our fraud and corruption control arrangements. This includes considering the integrity and fraud risks arising from the rapid implementation of the Government's economic response to the COVID-19 pandemic.

Treasury reports fraud information annually to the Treasurer and the Australian Institute of Criminology. Treasury's 2020–21 fraud certification can be found in the Letter of Transmittal.

Internal audit arrangements

Internal audits provide independent advice and assurance to the Secretary on the effectiveness of Treasury's governance, risk, compliance and performance arrangements, and our financial and operational controls.

Treasury's internal auditors prepare and deliver an annual internal audit plan. The plan is developed in consultation with the Executive Board and other key departmental stakeholders, so that it reflects our risk profile and assurance concerns. Delivery of the plan is viewed as an important mechanism to assist Treasury in the delivery of our purpose and priorities, and to support continuous improvement.

In 2020–21, our internal audit function delivered compliance, performance and management-initiated reviews, with a focus on Treasury's response to the COVID-19 pandemic, corporate enabling services and our corporate performance reporting.

Ethical standards

As the Government's lead economic adviser, Treasury expects the highest standard of behaviour and ethical conduct from our staff. We have policies and procedures in place to ensure appropriate ethical standards, including the Australian Public Service Code of Conduct and Values, are upheld in accordance with the *Public Service Act 1999*.

SES remuneration

SES remuneration is determined under section 24(1) of the *Public Service Act 1999*. Further information is provided in Part 3 – Management and accountability section of the annual report.

Significant non-compliance issues with relevant finance laws

There were no significant instances of non-compliance with the finance law reported to the responsible minister in 2020–21.

External scrutiny

External audit

The Australian National Audit Office (ANAO) conducts financial statements and performance audits of Treasury. The ANAO did not table any performance audit reports involving the department during 2020–21.

Management of human resources

The People and Organisational Strategy Branch sits within Corporate and Foreign Investment Group. The branch has primary responsibility for Treasury's people framework, including strategic workforce planning, performance management, workplace relations, learning and development, inclusion and diversity, recruitment and payroll services. Treasury's approach to human resources is guided by the Treasury Workforce Plan.

Performance management

Treasury manages the ongoing development of its employees in a high-performance work culture through the Performance Development System. The objectives of the system include:

- continuously improving organisational performance to enable the department to achieve its strategic outcomes and priorities
- providing a framework for individual and organisational performance, including supporting development and career planning
- providing an approach to ensure regular and meaningful feedback and the recognition and reward of sustained high performance
- providing mechanisms for managing declines in performance and underperformance.

APS staff are formally assessed biannually with Executive Level (EL) and Senior Executive Service (SES) staff having one formal appraisal each year. The APS Integrated Leadership System provides the behavioural framework for assessing performance for APS and EL staff. The expectations and behaviours expected of Treasury SES officers are aligned to the APS leadership capability framework used by the Secretaries Talent Council.

Workplace relations

Remuneration and employment conditions for Treasury's APS and Executive Level officers are determined under the Treasury *Enterprise Agreement 2018–2021*. The enterprise agreement operates in conjunction with Commonwealth legislation and is supported by internal policies and guidelines. The department occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs. At 30 June 2021, there were no individual flexibility arrangements in place.

Learning and development

Treasury's learning and development program focuses on building resilience, agility and innovation. During our continued response to the COVID-19 pandemic, the use of technology was further integrated into the delivery of our programs to enable flexible delivery and engagement.

Treasury continued to facilitate external learning opportunities for employees, including:

- Australian Public Service Commission leadership programs
- PhD study at the Australian National University through the Sir Roland Wilson Scholarship Program
- Australia and New Zealand School of Government's Executive Master of Public Administration
- National Security College development programs
- talent development programs
- supporting employees through the study assistance program.

Entry level programs

Treasury's entry level programs remain key workforce initiatives for Treasury.

Fifty-two participants commenced the Graduate Development Program in 2021. One participant was recruited through an Indigenous affirmative measures process and one through the RecruitAbility scheme. Graduates were supported through hybrid working arrangements and virtual delivery of learning opportunities during 2020–21.

Two participants completed the Indigenous Australian Government Development Program in May 2021.

Two participants participated in the Career Starter Program (aimed at school leavers) during 2020 and completed a Certificate IV in Government.

Staffing information

At 30 June 2021, Treasury had 1,291 employees, a 23 per cent increase from 1,048 employees at 30 June 2020.² The corresponding full-time equivalent figure was 1,250.3.

The growth in staffing numbers can be partly attributed to 121 employees who were transferred to Treasury as a result of Machinery of Government changes during the financial year. Treasury gained the functions of the Consumer Data Right, infrastructure and project financing, small and family business policy and the Australian Small Business and Family Enterprise Ombudsman.

The average staffing level across 2020–21 was 1,097.2.

Just over half (51 per cent) of Treasury's workforce are women, 78.5 per cent are 45 years of age or under, 3 per cent identify as having disability and 1.7 per cent identify as Aboriginal and/or Torres Strait Islander.

At 30 June 2021, women comprised 44 per cent of the operative SES cohort, inclusive of higher duties arrangements. Treasury's target for female representation in the SES is gender parity.

Treasury's geographic footprint extends beyond Canberra, with offices in Sydney, Melbourne and Perth, and officers posted or deployed overseas.

² Figures exclude the Secretary as they are not an employee under the *Public Service Act 1999*. Figures also exclude 101 inoperative employees who are attached to Treasury. An employee is deemed 'inoperative' if they are on long term leave (paid or unpaid) or on temporary transfer or secondment to another agency for a period of 12 weeks or more.

Table 3: All ongoing employees current report period (2020–21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	48	-	48	44	7	51	-	-	-	99
Qld	1	-	1	4	1	5	-	-	-	6
SA	1	-	1	3	-	3	-	-	-	4
Tas	-	-	-	-	-	-	-	-	-	-
Vic	32	2	34	17	6	23	-	-	-	57
WA	5	-	5	1	-	1	-	-	-	6
ACT	469	32	501	450	96	546	-	-	-	1,047
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	6	1	7	5	-	5	-	-	-	12
Total	562	35	597	524	110	634	-	-	-	1,231

Table 4: All ongoing employees previous report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	24	2	26	22	3	25	-	-	-	51
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	22	-	22	15	2	17	-	-	-	39
WA	2	-	2	-	-	-	-	-	-	2
ACT	424	24	448	389	69	458	-	-	-	906
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	5	-	5	5	-	5	-	-	-	10
Total	477	26	503	431	74	505	-	-	-	1,008

Table 5: All non-ongoing employees current report period (2020–21)³

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	5	1	6	4	1	5	-	-	-	11
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	1	-	1	3	-	3	-	-	-	4
WA	-	-	-	-	-	-	-	-	-	-
ACT	20	6	26	13	6	19	-	-	-	45
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
Total	26	7	33	20	7	27	-	-	-	60

Table 6: All non-ongoing employees previous report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	-	-	-	1	-	1	-	-	-	1
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	1	1	4	-	4	-	-	-	5
WA	-	-	-	-	2	2	-	-	-	2
ACT	13	6	19	7	6	13	-	-	-	32
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
Total	13	7	20	12	8	20	-	-	-	40

³ Non-ongoing data includes two casual employees. That is, at 30 June 2021 Treasury has 58 non-ongoing (specific-term) employees and two casual employees for a total of 60.

Table 7: Australian Public Service Act ongoing employees current report period (2020–21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	1	-	1	4	-	4	-	-	-	5
SES 2	17	1	18	8	3	11	-	-	-	29
SES 1	40	1	41	30	1	31	-	-	-	72
EL 2	97	10	107	96	28	124	-	-	-	231
EL 1	174	13	187	153	36	189	-	-	-	376
APS 6	132	7	139	112	28	140	-	-	-	279
APS 5	52	-	52	68	10	78	-	-	-	130
APS 4	21	3	24	25	4	29	-	-	-	53
APS 3	27	-	27	27	-	27	-	-	-	54
APS 2	1	-	1	1	-	1	-	-	-	2
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	562	35	597	524	110	634	-	-	-	1,231

Table 8: Australian Public Service Act ongoing employees previous report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	1	-	1	4	-	4	-	-	-	5
SES 2	19	1	20	10	3	13	-	-	-	33
SES 1	35	1	36	25	2	27	-	-	-	63
EL 2	99	11	110	75	20	95	-	-	-	205
EL 1	141	9	150	117	18	135	-	-	-	285
APS 6	89	2	91	99	20	119	-	-	-	210
APS 5	36	1	37	64	6	70	-	-	-	107
APS 4	33	1	34	20	5	25	-	-	-	59
APS 3	23	-	23	16	-	16	-	-	-	39
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	1	-	1	1	-	1	-	-	-	2
Other	-	-	-	-	-	-	-	-	-	-
Total	477	26	503	431	74	505	-	-	-	1008

Table 9: Australian Public Service Act non-ongoing employees current report period (2020–21)⁴

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	5	4	9	1	-	1	-	-	-	10
EL 1	7	1	8	6	1	7	-	-	-	15
APS 6	8	-	8	4	1	5	-	-	-	13
APS 5	4	-	4	8	3	11	-	-	-	15
APS 4	1	1	2	-	1	1	-	-	-	3
APS 3	1	-	1	1	1	2	-	-	-	3
APS 2	-	1	1	-	-	-	-	-	-	1
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	26	7	33	20	7	27	-	-	-	60

Table 10: Australian Public Service Act non-ongoing employees previous report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	2	4	6	1	1	2	-	-	-	8
EL 1	5	2	7	3	2	5	-	-	-	12
APS 6	5	1	6	1	-	1	-	-	-	7
APS 5	-	-	-	4	2	6	-	-	-	6
APS 4	1	-	1	1	1	2	-	-	-	3
APS 3	-	-	-	1	-	1	-	-	-	1
APS 2	-	-	-	1	2	3	-	-	-	3
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	13	7	20	12	8	20	-	-	-	40

⁴ Non-ongoing data includes two casual employees. That is, at 30 June 2021 Treasury has 58 non-ongoing (specific-term) employees and two casual employees for a total of 60.

Table 11: Australian Public Service Act employees by full-time and part-time status current report period (2020–21)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total Non-Ongoing	
SES 3	5	-	5	-	-	-	5
SES 2	25	4	29	-	-	-	29
SES 1	70	2	72	-	-	-	72
EL 2	193	38	231	6	4	10	241
EL 1	327	49	376	13	2	15	391
APS 6	244	35	279	12	1	13	292
APS 5	120	10	130	12	3	15	145
APS 4	46	7	53	1	2	3	56
APS 3	54	-	54	2	1	3	57
APS 2	2	-	2	-	1	1	3
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	1,086	145	1,231	46	14	60	1,291

Table 12: Australian Public Service Act employees by full-time and part-time status previous report period (2019–20)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total Non-Ongoing	
SES 3	5	-	5	-	-	-	5
SES 2	29	4	33	-	-	-	33
SES 1	60	3	63	-	-	-	63
EL 2	174	31	205	3	5	8	213
EL 1	258	27	285	8	4	12	297
APS 6	188	22	210	6	1	7	217
APS 5	100	7	107	4	2	6	113
APS 4	53	6	59	2	1	3	62
APS 3	39	-	39	1	-	1	40
APS 2	-	-	-	1	2	3	3
APS 1	2	-	2	-	-	-	2
Other	-	-	-	-	-	-	-
Total	908	100	1,008	25	15	40	1,048

Table 13: Australian Public Service Act employment type by location current report period (2020–21)

	Ongoing	Non-Ongoing	Total
NSW	99	11	110
Qld	6	-	6
SA	4	-	4
Tas	-	-	-
Vic	57	4	61
WA	6	-	6
ACT	1,047	45	1,092
NT	-	-	-
External Territories	-	-	-
Overseas	12	-	12
Total	1,231	60	1,291

Table 14: Australian Public Service Act employment type by location previous report period (2019–20)

	Ongoing	Non-Ongoing	Total
NSW	51	1	52
Qld	-	-	-
SA	-	-	-
Tas	-	-	-
Vic	39	5	44
WA	2	2	4
ACT	906	32	938
NT	-	-	-
External Territories	-	-	-
Overseas	10	-	10
Total	1,008	40	1,048

Table 15: Australian Public Service Act Indigenous employment current report period (2020–21)

	Total
Ongoing	21
Non-Ongoing	1
Total	22

Table 16: Australian Public Service Act Indigenous employment previous report period (2019–20)

	Total
Ongoing	21
Non-Ongoing	-
Total	21

SES remuneration

SES remuneration and employment conditions are determined under section 24(1) of the *Public Service Act 1999*. These are supported by a remuneration model that determines pay levels within each SES level based on performance. Treasury does not offer performance pay. An SES remuneration package is in recognition of all hours worked, including any reasonable additional hours. SES staff are not entitled to overtime payments, penalty rates or time off in lieu.

SES staff did not receive a pay increase (including performance advancement) in 2020–21 due to the Government stay on senior executive remuneration, in recognition of the current economic circumstances caused by the COVID-19 pandemic.

Table 17: Australian Public Service Act Employment Salary Ranges by SES Classification Level (Minimum/Maximum) Current Report Period (2020–21)

	Minimum salary	Maximum salary
SES 3	\$332,785	\$389,742
SES 2	\$256,792	\$300,561
SES 1	\$209,518	\$243,507

Non-SES remuneration

APS and Executive Level remuneration and employment conditions are determined under the *Treasury Enterprise Agreement 2018–2021*. APS and Executive Level staff received a deferred 2 per cent salary increase on 5 May 2021, in line with the Government's 6 month pay pause requirement.

Table 18: Non-SES remuneration

	Minimum salary	Maximum salary
EL 2	\$143,149	\$164,286
EL 1	\$117,195	\$134,435
APS 6	\$89,846	\$108,848
APS 5	\$79,648	\$84,748
APS 4	\$70,842	\$74,548
APS 3	\$63,426	\$67,130
APS 2	\$56,011	\$59,720
APS 1	\$48,594	\$52,769
Other	\$ -	\$ -

Employment arrangements

Table 19: Australian Public Service Act employment arrangements current report period (2020–21)

	SES	Non-SES	Total
Enterprise Agreement	-	1,195	1,195
Section 24(1) Determination	89	-	89
Australian Workplace Agreement	7	-	7
Individual Flexibility Arrangement	-	-	-
Total	96	1,195	1,291

Asset management

Management of Treasury's assets is governed by the Accountable Authority Instructions on asset management and aligns with government best practice. Treasury's asset management framework includes an asset register, an asset management plan and a capital management plan. The asset register records details of all assets held by Treasury. An annual stocktake of assets keeps the register accurate and up to date. The department's fixed assets include office fit-out, right-of-use assets, purchased and internally developed software, computer equipment, infrastructure and library materials.

Purchasing

Treasury's procurement activities were undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules, and the Commonwealth Government's Indigenous Procurement Policy. Treasury applies these requirements through its internal financial and procurement policies.

Information on all Treasury contracts awarded with a value of \$10,000 (including GST) or more is available on AusTender at www.tenders.gov.au.

No contracts of \$100,000 or more (including GST) were entered into during 2020–21 that did not have provision for the Auditor-General to access the contractor's premises.

Treasury's procurement practices support small and medium enterprises participating in procurement opportunities. This includes the mandatory use of the Commonwealth Contracting Suite for low risk procurements up to \$200,000 (including GST) and the use of credit cards as a payment mechanism for low value procurements under \$10,000 (including GST). Participation statistics are available on the Department of Finance website at www.finance.gov.au.

Treasury is e-invoice enabled for receipt of supplier invoices. E-invoices are paid in accordance with the Australian Government Pay on Time Policy.

Treasury recognises the importance of ensuring small businesses are paid on time. The results of the survey of Australian Government Payments to Small Businesses are available on the Department of the Treasury website at www.treasury.gov.au.

Treasury supports the Indigenous Procurement Policy to significantly increase the rate of purchasing from Indigenous enterprises. The 2020–21 financial year targets for the Treasury Portfolio were 136 contracts (volume) and \$12,761,704.88 (value). For 2020–21, the Treasury Portfolio reported 228 contracts at a value of \$30,822,169.47.

The portfolio has met its Government-set purchasing target to ensure Indigenous employment and business opportunities continue to grow.

Consultants and non-consultants

Treasury engages consultants where specialist skills are required but are not available in-house. Consultancies are individuals, partnerships or corporations that provide professional, independent, expert advice and services.

Consultants are engaged in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and Treasury's internal policies.

During 2020–21, 34 new consultancy contracts were signed involving total actual expenditure of \$3,320,746 (including GST). In addition, 29 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$2,867,670 (including GST)⁵.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of individual contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Table 20: Expenditure on reportable consultancy contracts current report period (2020–21)

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	34	\$3,320,746
Ongoing contracts entered into during a previous reporting period	29	\$2,867,670
Total	63	\$6,188,416

Table 21: Expenditure on reportable non-consultancy contracts current report period (2020–21)

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	470	\$67,677,659
Ongoing contracts entered into during a previous reporting period	312	\$55,197,842
Total	782	\$122,875,501

Table 22: Organisations receiving a share of reportable consultancy contract expenditure current report period (2020–21)

Name of Organisation	ABN	Expenditure \$ (GST inc.)
Partners in Performance International Pty Ltd	48095941263	\$1,106,521
Deloitte Touche Tohmatsu	74490121060	\$904,594
MXA Consulting Pty Ltd	16233295918	\$618,750
Nous Group	66086210344	\$503,800
Accenture Australia Pty Limited	49096776895	\$495,000
PricewaterhouseCoopers Consulting Pty Ltd	20607773295	\$490,000

⁵ These figures include contract expenditure for functions that were transferred into Treasury via Machinery of Government changes during the financial year.

Table 23: Organisations receiving a share of reportable non-consultancy contract expenditure current report period (2020–21)

Name of Organisation	ABN	Expenditure \$ (GST inc)
Mediabrand Australia Pty Ltd	19002966001	\$31,356,874
Ventia Property Pty Ltd	16618028676	\$8,174,666
Sparke Helmore	78848387938	\$5,342,055
Projex Building Group Pty Ltd	77109570863	\$5,281,648
A23 Pty Ltd	81612329781	\$4,192,365

Executive remuneration

Introduction

The categories of officials covered by the disclosures include:

- Key management personnel
- Senior executives remuneration
- Other highly paid staff

Remuneration policies and practices

The Secretary to the Treasury's remuneration is set by a Remuneration Tribunal Determination.

SES remuneration and employment conditions are determined under section 24(1) of the *Public Service Act 1999*. These are supported by a remuneration model that determines pay levels within each SES level based on performance. SES are subject to annual performance appraisals.

Remuneration and employment conditions for the Treasury's non-SES officers are determined under the *Treasury Enterprise Agreement 2018–2021*. The enterprise agreement operates in conjunction with applicable Commonwealth legislation and the Treasury's policies and guidelines to define the terms and conditions of employment for staff. The department occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs, which are governed by the *Treasury Enterprise Agreement 2018–2021*.

In determining the appropriate conditions and rates for overseas posts, the Treasury is guided by the conditions of service extended to the Department of Foreign Affairs and Trade.

Key management personnel

During the reporting period ended 30 June 2021, Treasury had 6 executives who met the definition of key management personnel (KMP). Their names and length of term as KMP are summarised below:

Name	Position	Term as KMP
Dr Steven Kennedy PSM	Secretary	Full year
Roxanne Kelley PSM	Deputy Secretary	Full year
Maryanne Mrakovic	Deputy Secretary	Full year
Meghan Quinn PSM	Deputy Secretary	Full year
Jennifer Wilkinson PSM	Deputy Secretary	Full year
Luke Yeaman	Deputy Secretary	Full year

In accordance with the PGPA Rule, this information needs to be disaggregated in the annual report as follows:

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Base salary ¹	Bonuses	Other benefits and allowances ²		Superannuation contributions ³	Long service leave ⁴			Other benefits
							\$			\$
Dr Steven Kennedy PSM	Secretary	779,008	-	2,448	117,878	22,688	-	-	922,022	
Roxanne Kelley PSM	Deputy Secretary	416,259	-	2,664	69,412	10,806	-	-	499,141	
Maryanne Mrakovcic	Deputy Secretary	400,052	-	18,671	62,661	11,188	-	-	492,572	
Meghan Quinn PSM	Deputy Secretary	398,821	-	2,232	64,727	10,587	-	-	476,367	
Jennifer Wilkinson PSM	Deputy Secretary	389,724	-	576	58,465	11,128	-	-	459,893	
Luke Yeaman	Deputy Secretary	413,062	-	1,380	69,599	5,499	-	-	489,540	

1. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

2. Other benefits and allowances include monetary benefits such as housing allowances and non-monetary benefits such as provision of a car park.

3. For individuals in a defined contribution scheme (for example, PSSAp and super choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example CSS and PSS), superannuation includes the relevant National Employer Contribution Rate and Employer Productivity Superannuation Contribution.

4. Long service leave comprises the amount of leave accrued and taken in the period and excludes the bond rate impact on long service leave.

Senior executive remuneration

During the reporting period ended 30 June 2021, Treasury had 130 senior executives. The following table provides the average remuneration by band for senior executives during the reporting period.

Total remuneration bands	Number of senior executives ¹	Short-term benefits		Post-employment benefits		Other long-term benefits		Average Termination benefits \$	Average Total remuneration ⁵ \$
		Average Base salary ² \$	Average Bonuses \$	Average other benefits and allowances ³ \$	Average Superannuation contributions \$	Average Long service leave ⁴ \$	Average other long-term benefits \$		
\$0 - \$220,000	46	67,947	-	587	10,516	8,833	-	-	87,883
\$220,001 - \$245,000	7	184,571	-	945	28,994	4,129	-	14,417	233,056
\$245,001 - \$270,000	22	210,853	-	1,156	32,890	6,168	-	6,153	257,220
\$270,001 - \$295,000	18	236,419	-	1,413	35,816	7,975	-	-	281,623
\$295,001 - \$320,000	11	251,777	-	3,018	38,784	9,783	-	-	303,362
\$320,001 - \$345,000	10	270,553	-	1,563	40,743	9,475	-	10,837	333,171
\$345,001 - \$370,000	5	296,780	-	3,264	51,654	8,382	-	-	360,080
\$370,001 - \$395,000	1	221,700	-	126,232	36,274	6,444	-	-	390,650
\$395,001 - \$420,000	1	299,870	-	1,884	91,661	8,566	-	-	401,981
\$420,001 - \$445,000	1	276,198	-	106,603	48,295	7,318	-	-	438,414
\$445,001 - \$470,000	1	169,494	-	1,092	27,530	(4,405)	-	271,759	465,470
\$470,001 - \$495,000	3	224,957	-	208,779	39,990	4,154	-	-	477,880
\$495,001 - \$520,000	1	233,829	-	220,278	39,493	6,015	-	-	499,615
\$520,001 - \$595,000	2	252,346	-	291,277	40,505	3,470	-	-	587,598
\$595,001 - \$620,000	1	237,308	-	319,474	36,274	6,491	-	-	599,547

Notes

1. Includes acting arrangements greater than 3 months.
2. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.
3. Includes, but is not limited to, allowances and benefits received whilst on overseas post.
4. Long service leave comprises the amount of leave accrued and taken in the period and excludes the bond rate impact on long service leave.
5. The table includes the part year impact of senior executives who either commenced or separated during the year.

Other highly paid staff

The following table provides the average remuneration by band for other highly paid staff during the reporting period.

Total remuneration bands	Number of other highly paid staff	Short-term benefits		Post-employment benefits		Other long-term benefits		Average Termination benefits \$	Average Total remuneration \$
		Average Base salary ¹ \$	Average Bonuses \$	Average other benefits and allowances ² \$	Average Superannuation contributions \$	Average Long service leave ³ \$	Average other long-term benefits \$		
\$270,001 - \$295,000	1	152,233	-	91,155	22,575	9,593	-	-	275,556
\$420,001 - \$445,000	2	159,134	-	250,131	26,314	5,986	-	-	441,565

Notes

1. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.
2. Includes, but is not limited to, allowances and benefits received whilst on overseas post.
3. Long service leave comprises the amount of leave accrued and taken in the period and excludes the bond rate impact on long service leave.

Part 4

Financial statements

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Independent Auditor's Report

To the Treasurer

Opinion

In my opinion, the financial statements of the Department of the Treasury (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Key audit matter**Accuracy and Occurrence of Grants Expense**

Refer to Note 6.1C: Special Appropriations

The Entity administers a number of grants including, grant payments to State and Territory Governments under the *Federal Financial Relations Act 2009* (the Act).

Accuracy and occurrence of grants expense is a key audit matter due to:

- the significant value of the grants paid and the complex eligibility criteria set out in agreements for a number of the grant programs; and
- the Entity's reliance on other Australian Government entities and State and Territory Governments to provide information to support payments and confirm that eligibility criteria have been met.

For the year ended 30 June 2021, the value of grants paid by the Entity under the Act was \$92.37 billion.

How the audit addressed the matter

The audit procedures I applied to address the matter included:

- testing, on a sample basis, the design and operating effectiveness of controls within other Australian Government entities to support the information provided to the Entity that substantiates the eligibility and grant payment amounts; and
- testing, on a sample basis, the accuracy and occurrence of payments processed by the Entity by testing the design and operating effectiveness of controls supporting the Treasurer's determination and agreeing payments to supporting documentation.

Key audit matter**Completeness and Valuation of the Natural Disaster Relief and Recovery Arrangements (NDDRA) and the Disaster Relief Funding Arrangements (DRFA) Provision**

Refer to Note 5.4A: Provisions

The Entity manages payments to State and Territory Governments to assist with relief and recovery costs following a natural disaster.

The completeness and valuation of the provision is a key audit matter due to the complexities in the judgements involved in estimating the provision. The Entity relies upon estimated eligible reconstruction cost information provided by State and Territory Governments to estimate the future value and timing of payments under disaster arrangements. Also, due to the nature of disasters, there is uncertainty at the time of the disaster of the estimated costs to restore State and Territory infrastructure to its original condition. The Entity applies judgement to determine whether the cost estimates are sufficiently reliable to be included in the provision at the time of the preparation of the financial statements.

For the year ended 30 June 2021, the provision for costs associated with natural disaster arrangements was valued at \$1.62 billion.

How the audit addressed the matter

The audit procedures I applied to address the matter included:

- examining the assessment of the eligibility of costs estimated under the arrangements. On a sample basis, I tested whether the estimate of eligibility costs had been calculated in accordance with the arrangements;
- testing, on a sample basis, information provided by State and Territory Governments supporting the movement in quarterly estimates data to assess whether the Entity's reliance on the data was a reasonable basis to estimate future cash flows;
- assessing the adequacy of the quality assurance processes over project level data from the State and Territory Governments that supports the provision estimate;
- assessing the completeness of declared disasters included in the provision; and
- assessing the adequacy of the reliability assessments performed by the Entity to support the accuracy of the provision.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'M Vial', written in a cursive style.

Mark Vial
Acting Executive Director
Delegate of the Auditor-General

Canberra

16 September 2021

The Treasury

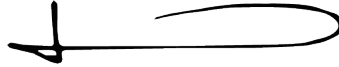
Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements of the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Treasury will be able to pay its debts as and when they fall due.



Dr Steven Kennedy PSM
Secretary to the Treasury
16 September 2021



Tarnya Gersbach
Chief Financial Officer
16 September 2021

Statement of comprehensive income

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	172,771	152,138
Suppliers	1.1B	80,818	57,411
Grants	1.1C	554	609
Finance costs	1.1D	1,830	1,664
Depreciation and amortisation	2.2A	20,377	17,188
Write-down and impairment of assets	2.2A	1,141	740
Other expenses	1.1E	72	220
Net foreign exchange losses		-	8
Total expenses		277,563	229,978
Own-source income			
Own-source revenue			
Revenue from contracts with customers	1.2A	8,158	9,750
Other revenue	1.2B	3,898	6,016
Total own-source revenue		12,056	15,766
Gains			
Other gains	1.2C	102	96
Total gains		102	96
Total own-source income		12,158	15,862
Net cost of services		(265,405)	(214,116)
Revenue from Government	1.2D	259,082	206,298
Surplus/(Deficit)		(6,323)	(7,818)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		1,667	-
Total other comprehensive income		1,667	-
Total Comprehensive income / (loss)		(4,656)	(7,818)

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

Statement of financial position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	760	651
Trade and other receivables	2.1B	87,191	80,052
Total financial assets		87,951	80,703
Non-financial assets¹			
Buildings	2.2A	153,352	137,650
Plant and equipment	2.2A	11,773	11,447
Intangibles	2.2A	16,734	13,163
Prepayments		6,446	5,264
Total non-financial assets		188,305	167,524
Total assets		276,256	248,227
LIABILITIES			
Payables			
Suppliers	2.3A	10,602	10,775
Other payables	2.3B	3,984	2,920
Total payables		14,586	13,695
Interest bearing liabilities			
Leases	2.4A	136,513	122,800
Total interest bearing liabilities		136,513	122,800
Provisions			
Employee provisions	3.1A	68,345	63,174
Provision for restoration	2.5A	5,510	4,229
Total provisions		73,855	67,403
Total liabilities		224,954	203,898
Net assets		51,302	44,329
EQUITY			
Asset revaluation reserve		14,343	12,676
Contributed equity		109,519	97,890
Retained earnings		(72,560)	(66,237)
Total equity		51,302	44,329

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

1. Right-of-use assets are included in the following line items: Buildings and Plant and equipment.

Statement of changes in equity

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000
CONTRIBUTED EQUITY		
Opening balance	97,890	86,274
Transactions with owners		
Contributions by owners		
Equity injection appropriation	342	1,456
Restructuring ¹	(261)	-
Departmental capital budget appropriation	11,548	10,160
Total transactions with owners	11,629	11,616
Closing balance as at 30 June	109,519	97,890
RETAINED EARNINGS		
Opening balance	(66,237)	(58,770)
Adjustment to opening balance	-	2
Adjustment on initial application of AASB 15/AASB 1058	-	54
Adjustment on initial application of AASB 16	-	295
Total opening balance	(66,237)	(58,419)
Comprehensive income		
Surplus/(Deficit) for the period	(6,323)	(7,818)
Total comprehensive income	(6,323)	(7,818)
Contributions by owners		
Total transactions with owners	-	-
Closing balance as at 30 June	(72,560)	(66,237)
ASSET REVALUATION RESERVE		
Opening balance	12,676	12,676
Comprehensive income		
Other comprehensive income	2,337	-
Changes in provision for restoration	(670)	-
Total comprehensive income	1,667	-
Closing balance as at 30 June	14,343	12,676
TOTAL EQUITY		
Opening balance	44,329	40,180
Adjustment to opening balance	-	2
Adjustment on initial application of AASB 15/AASB 1058	-	54
Adjustment on initial application of AASB 16	-	295
Total opening balance	44,329	40,531
Comprehensive income		
Other comprehensive income	1,667	-
Surplus/(Deficit) for the period	(6,323)	(7,818)
Total comprehensive income	(4,656)	(7,818)
Transactions with owners		
Contributions by owners		
Equity injection appropriation	342	1,456
Departmental capital budget appropriation	11,548	10,160
Restructuring ¹	(261)	-
Total transactions with owners	11,629	11,616
Closing balance as at 30 June	51,302	44,329

This statement should be read in conjunction with the accompanying notes

1. Refer to Note 8.2 Restructuring.

Accounting Policy

Equity injections

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

Other distributions to owners

The Financial Reporting Rule (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

Cash flow statement

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES		
Cash received		
Appropriations	273,761	214,885
Sale of goods and rendering of services	9,035	6,783
GST received	7,729	5,690
Other	1,747	2,227
Total cash received	292,272	229,585
Cash used		
Employees	169,503	141,734
Suppliers	77,840	47,988
Interest payments on lease liabilities	1,743	1,579
Grants	554	609
Section 74 receipts transferred to OPA	29,005	23,877
GST paid	7,909	5,659
Total cash used	286,554	221,446
Net cash from/(used by) operating activities	5,718	8,139
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of plant and equipment	67	-
Total cash received	67	-
Cash used		
Purchase of buildings	4,595	5,974
Purchase of plant and equipment	3,582	2,321
Purchase of intangibles	5,003	6,797
Total cash used	13,180	15,092
Net cash from/(used by) investing activities	(13,113)	(15,092)
FINANCING ACTIVITIES		
Cash received		
Contributed equity - departmental capital budget	11,832	10,160
Contributed equity - equity injections	327	1,942
Restructuring - s75 cash transfer in	5,210	-
Total cash received	17,369	12,102
Cash used		
Principal payments of lease liabilities	9,865	7,270
Total cash used	9,865	7,270
Net cash from/(used by) financing activities	7,504	4,832
Net increase/(decrease) in cash held	109	(2,121)
Cash at the beginning of the reporting period	651	2,772
Cash at the end of the reporting period	760	651

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

Administered schedule of comprehensive income

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
NET COST OF SERVICES			
Expenses			
Grants	4.1A	117,803,920	100,458,412
Interest		4,381	37,577
Medicare Guarantee Fund	4.1B	41,448,516	37,961,055
Payments to corporate Commonwealth entities	4.1C	59,004	61,762
Suppliers	4.1D	344,497	158,365
Concessional loan discount	4.1E	728,434	-
Total expenses		160,388,752	138,677,171
Income			
Revenue			
Non-taxation revenue			
Revenue from contracts with customers	4.2A	623,625	649,062
Interest	4.2B	20,262	15,597
Dividends	4.2C	2,682,987	3,071,501
COAG revenue from government agencies	4.2D	1,810,356	1,592,278
Other revenue	4.2E	94,553	112,511
Unwinding of concessional loan discount	4.2F	38,564	-
Total non-taxation revenue		5,270,347	5,440,949
Total revenue		5,270,347	5,440,949
Gains			
Foreign exchange	4.2G	570,235	(548,488)
Total gains		570,235	(548,488)
Total income		5,840,582	4,892,461
Net (cost of)/contribution by services		(154,548,170)	(133,784,710)
Surplus/(Deficit)		(154,548,170)	(133,784,710)
OTHER COMPREHENSIVE INCOME			
Items subject to subsequent reclassification to net cost of services			
Restructuring		(20)	-
Changes in asset revaluation surplus		(7,120,710)	1,297,692
Total comprehensive income		(7,120,730)	1,297,692
Total comprehensive income/(loss)		(161,668,900)	(132,487,018)

The above schedule should be read in conjunction with the accompanying notes.

Administered schedule of assets and liabilities

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5.1A	797,269	449,817
Loans and other receivables	5.1B	5,860,276	8,119,663
Investments	5.1C	38,525,891	46,312,169
Total assets administered on behalf of Government		45,183,436	54,881,649
LIABILITIES			
Payables			
Grants	5.2A	3,910,671	126,753
Other payables	5.2B	5,862,196	6,862,715
Unearned income	5.2C	1,406	3,658
Financial guarantees	5.2D	407,167	93,385
Total payables		10,181,440	7,086,511
Financial liabilities			
Promissory notes	5.3A	10,110,131	10,051,022
Total financial liabilities		10,110,131	10,051,022
Provisions			
Provisions	5.4A	1,652,833	1,887,388
Total provisions		1,652,833	1,887,388
Total liabilities administered on behalf of Government		21,944,404	19,024,921
Net assets/(liabilities)		23,239,032	35,856,728

The above schedule should be read in conjunction with the accompanying notes.

Administered reconciliation schedule

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000
Opening assets less liabilities as at 1 July	35,856,728	28,657,114
Net (cost of)/contribution by services		
Income	5,840,582	4,892,461
Expenses		
Payments to entities other than corporate Commonwealth entities	(160,329,748)	(138,615,409)
Payments to corporate Commonwealth entities	(59,004)	(61,762)
Other comprehensive income		
Revaluations transferred to reserves	(7,120,710)	1,297,692
Restructuring	(20)	-
Transfers (to)/from Australian Government		
Appropriation transfers from OPA		
Administered assets and liabilities appropriations	165,000	165,000
Annual appropriation for administered expenses		
Payments to entities other than corporate Commonwealth entities	51,389	52,144
Payments to corporate Commonwealth entities	59,004	61,762
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	4,778	-
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	95,528,774	93,695,081
Special accounts - COAG Reform Fund	16,153,748	10,970,048
Special accounts - Medicare Guarantee Fund	41,448,516	37,961,055
Special accounts - NHFIC	478,213	522,000
Refunds of receipts (s77 PGPA)	2	14
Appropriation transfers to OPA		
Transfers to OPA - appropriations	(2,823,248)	(1,936,194)
Transfers to OPA - special accounts	(2,014,972)	(1,804,278)
Closing assets less liabilities as at 30 June	23,239,032	35,856,728

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by the Treasury for use by the Government rather than the Treasury is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of the Government. These transfers to and from the OPA are adjustments to administered cash held by the Treasury on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Administered cash flow statement

for the period ended 30 June 2021

Notes	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES		
Cash received		
Sale of goods and rendering of services	2,201	2,572
Interest	15,186	17,709
Dividends	2,576,987	1,694,718
Net GST received	4,532	1,556
HIH Group liquidation proceeds	-	19,196
COAG receipts from government agencies	1,806,759	1,592,278
Other receipts from government agencies ¹	23,505,302	23,744,980
Other	94,555	93,313
Total cash received	28,005,522	27,166,322
Cash used		
Grant payments	149,992,511	142,080,517
Other grants to the States and Territories ¹	23,505,302	23,744,980
Interest	4,589	48,178
Other	40,435	50,201
Total cash used	173,542,837	165,923,876
Net cash from/(used by) operating activities	(145,537,315)	(138,757,554)
INVESTING ACTIVITIES		
Cash received		
Repayment of IMF NAB loans	79,506	106,790
Repayment of NHFIC AHBA Loan	208,213	212,000
Repayment of International Loan	50,000	-
Total cash received	337,719	318,790
Cash used		
Settlement of IMF Promissory notes	584,040	320,025
Settlement of international financial institution's obligations	115,942	240,843
Purchase of administered investments	169,777	165,000
Settlement of loans to other government agencies	180,761	311,860
Settlement of IMF loans- PRGT	396,113	-
Settlement of international assistance loans	2,057,523	-
Total cash used	3,504,156	1,037,728
Net cash from/(used by) investing activities	(3,166,437)	(718,938)
Net increase (decrease) in cash held	(148,703,752)	(139,476,492)
Cash and cash equivalents at the beginning of the reporting period	449,817	239,677
Cash from Official Public Account		
Appropriations	95,808,947	93,974,001
Special accounts	58,080,477	49,453,103
Total cash from Official Public Account	153,889,424	143,427,104
Cash to Official Public Account		
Appropriations	2,823,248	1,936,194
Special accounts	2,014,972	1,804,278
Total cash to Official Public Account	4,838,220	3,740,472
Net cash from/(to) Official Public Account	149,051,204	139,686,632
Cash and cash equivalents at the end of the reporting period²	797,269	449,817

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

1. These balances reflect the payments that are facilitated by the Treasury to the States and Territories for education services and the Water for the Environment Special Account. Refer to Note 6.1D.

2. The Cash and cash equivalents balance reflects the balance of the NHFIC Special Account and COAG Special Account held by the Treasury. Refer to Note 6.2 Special Accounts for more information.

Notes to and forming part of the financial statements

for the period ended 30 June 2021

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Overview

Objectives of the Department of the Treasury

The Department of the Treasury is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the Department of the Treasury, known as 'the Treasury', is to support and implement informed decisions on policies for the good of the Australian people, consistent with achieving strong, sustainable economic growth and fiscal settings.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and
- Australian Accounting Standards and interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Treasury has applied the Reduced Disclosure Requirements issued by the AASB with the exception of disclosures for administered activities prepared under the following accounting standards, as required under Subsection 18(3) of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*:

- AASB 7 Financial Instruments: Disclosure;
- AASB 12 Disclosure of Interests in Other Entities; and
- AASB 13 Fair Value Measurement.

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

Reporting of administered activities

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

Except where otherwise stated, 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.

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

Impact of Restructuring 2020–21

On 15 April 2021, an Executive Order was made to abolish the Infrastructure and Project Financing Agency (IPFA) as an Executive Agency from the completion of 30 April 2021.

Financial reporting and accounting disclosures have been prepared in accordance with the requirements of the Public Governance, Performance and Accountability Rule 2014, which details the reporting and disclosure requirements when a restructure occurs. Accordingly, the Treasury has prepared a single set of financial statements as if IPFA was part of the Treasury for the entire 2020–21 reporting period, including the financial results attributable to the IPFA function from 1 July 2020 to 30 April 2021. Refer to IPFA’s 2019–20 Annual Report for IPFA comparative information.

Details of assets and liabilities transferred are included at note 8.2B.

New accounting standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

All new standards that were issued prior to the signing of the statement by the Departmental Secretary and Chief Financial Officer, and are applicable to the current reporting period did not have a material effect on the Treasury’s financial statements:

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	<p>AASB 1059 became effective from 1 July 2020.</p> <p>The new standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from a grantor’s perspective.</p> <p>Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnerships (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: <i>Service Concession Arrangements: Grantor</i>.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 1059 Service Concession Arrangements: Grantors

The Treasury has adopted AASB 1059 using the modified retrospective approach at 1 July 2020.

For arrangements within the scope of AASB 1059, on transition and at initial recognition a public sector grantor is required to record the asset(s) used in the service concession arrangement at current replacement cost in accordance with the cost approach to Fair Value under AASB 13 Fair Value Measurement, with a related liability, which could be a financial liability, an accrued revenue liability or a combination of both.

After initial recognition, service concession assets are measured applying the Treasury’s property, plant and equipment and intangible assets subsequent measurement accounting policies.

The Treasury has reviewed all arrangements (including leasing arrangements) that are controlled and administered by the Treasury to assess whether AASB 1059 applies. The Treasury identified no arrangements within the scope of AASB 1059.

Taxation

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

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.

Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

During 2020–21 Treasury reviewed its exposure to the risk of not complying with statutory conditions on payments from appropriations, namely section 83 of the Constitution. To minimise potential breaches, Treasury continues to monitor and adapt its verification procedures as necessary, particularly in relation to payments under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008*.

Treasury identified that 25 potential technical payments made between 7 August 2019 and 9 November 2020, totalling \$85.5 million (\$59.4 million in 2019–20 and \$26.1 million in 2020–21, out of total National Partnership Payments of \$6.8 billion in 2019–20 and \$11.5 billion in 2020–21) were potentially in breach of section 83 of the Constitution. The payments relate to eight Commonwealth-State funding agreements administered by four Commonwealth agencies. After milestones in project agreements were achieved, Commonwealth agency senior officials certified that they had been met and provided representations to Treasury that appropriate ministerial authorisations existed for payment. However, it was subsequently identified that these senior officials did not have written ministerial authorisation to exercise this function.

The potential technical breaches were identified following Treasury's recent review of authorisations for all payments made in 2019–20 and 2020–21. Treasury has worked with the relevant Commonwealth agencies to ensure that there is now written ministerial authorisation in place for senior officials to assess the achievement of project milestones on the minister's behalf. Treasury has also strengthened its controls over payment authorisations and commenced a review of its risk assessment framework for Commonwealth-State funding agreements to safeguard against future potential breaches. Treasury will continue to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible.

Events After the Reporting Period

There are no known events occurring after the reporting period that could impact on the financial statements.

Glossary of abbreviations

The following abbreviations are standardised throughout the financial statements:

- ACCC – Australian Competition and Consumer Commission
- ASBFEO – Australian Small Business and Family Enterprise Ombudsman
- ATO – Australian Taxation Office
- COAG – Council of Australian Governments
- CSIRO – The Commonwealth Scientific and Industrial Research Organisation
- DRFA – Disaster Recovery Funding Arrangements (applicable to events after 1 November 2018)
- IMF – International Monetary Fund
- IPFA – Infrastructure and Project Financing Agency
- MOV – Maintenance of Value
- NDRRA – Natural Disaster Relief and Recovery Arrangements (applicable to events prior to 1 November 2018)
- NHFIC – National Housing Finance and Investment Corporation
- PRGT – Poverty Reduction and Growth Trust
- SME – Small and Medium Enterprises
- SDR – Special Drawing Rights

1. Departmental Financial Performance

This section analyses the financial performance of the Treasury for the year ended 2021.

1.1. Expenses

	2021 \$'000	2020 \$'000
Note 1.1A: Employee benefits		
Wages and salaries	131,799	112,640
Superannuation		
Defined contribution plans	14,612	11,448
Defined benefit plans	9,343	8,069
Redundancies	973	533
Leave and other entitlements	12,504	16,469
Other	3,540	2,979
Total employee benefits	172,771	152,138

Accounting Policy

Accounting policies for employee related expenses are contained in Note 3: People and Relationships.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Consultants, secondees and contractors	35,450	19,064
Information communication technology	12,530	14,937
Property operating expenses	16,774	6,430
Travel	1,322	4,378
Legal	3,876	3,642
Publications and subscriptions	2,998	2,152
Fees - audit, accounting, bank and other	1,696	1,480
Conferences and training	2,502	1,413
Insurance	354	339
Printing	499	156
Other	1,431	1,727
Total goods and services supplied or rendered	79,432	55,718
Goods supplied	6,197	7,557
Rendering of services	73,235	48,161
Total goods and services supplied or rendered	79,432	55,718

Other suppliers

Workers compensation premiums	1,212	826
Short-term leases	171	840
Low value leases	3	27
Total other suppliers	1,386	1,693
Total suppliers	80,818	57,411

The Treasury has short-term lease commitments of \$0.4 million as at 30 June 2021.

The above lease disclosure should be read in conjunction with the accompanying notes 1.1D Finance costs, 1.1E Other expenses, 2.2 Non-financial assets and 2.4A Leases.

Accounting Policy**Short-term leases and leases of low-value assets**

The Treasury has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The Treasury recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021	2020
	\$'000	\$'000
Note 1.1C: Grants		
Private sector:		
Non-profit organisations	554	609
Total grants	554	609
Note 1.1D: Finance costs		
Interest on lease liabilities ¹	1,743	1,579
Unwinding of discount	87	85
Total finance costs	1,830	1,664

1. The above lease disclosures should be read in conjunction with the accompanying notes 1.1B Suppliers, 1.1E Other expenses, 2.2 Non-financial assets and 2.4A Leases.

Accounting Policy

All borrowing costs are expensed as incurred.

Note 1.1E: Other expenses		
Net losses arising from lease modifications ¹	18	-
Act of Grace payments	54	220
Total other expenses	72	220

1. The above lease disclosures should be read in conjunction with the accompanying notes 1.1B Suppliers, 1.1D Finance costs, 2.2 Non-financial assets and 2.4A Leases.

1.2. Own-Source Revenue and Gains

	2021	2020
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Rendering of services	8,158	9,750
Total revenue from contracts with customers	8,158	9,750
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Actuarial services	3,681	3,383
Shared services	2,951	3,161
Cost recoveries	1,038	1,597
Research services	-	915
Legislative and Governance Forum on Consumer Affairs contributions	88	374
Income from subleasing ¹	360	279
Other	40	41
	8,158	9,750
Type of customer:		
Australian Government entities (related parties)	7,994	9,220
State and Territory Governments	88	374
Non-government entities	76	156
	8,158	9,750

1. The Treasury sub-leases accommodation to the Australian Office of Financial Management.

Maturity analysis of operating lease commitments receivable:

	2021	2020
	\$'000	\$'000
Within 1 year	350	338
1-2 years	361	350
2-3 years	373	361
3-4 years	383	373
4-5 years	217	383
More than 5 years	219	436
Total undiscounted lease payments receivable	1,903	2,241

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Treasury expects to be entitled in exchange for those goods or services. The Treasury has concluded that it is the principal in all of its revenue arrangements because it controls the goods or services before transferring them to the customer.

Actuarial Services

This revenue stream relates to services performed by the Australian Government Actuary division to other Commonwealth entities. The Treasury recognises revenue upon the completion of the services (that is, at a point in time) as defined by the underlying contract as this is when the customer obtains the ability to direct the use of, and obtain substantially all of the benefits from the services (typically a report or other deliverable). Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Shared Services

This revenue stream relates to the Treasury providing finance, payroll and IT function services to other Commonwealth entities. The Treasury recognises revenue on the basis of expenses incurred to complete the service (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Treasury uses the input method in measuring progress of the services because there is a direct relationship between the Treasury's effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Cost Recoveries

This revenue stream relates to cost recovery contributions received from Commonwealth and State government entities as well as other entities to support the Treasury's facilitation of various grant programs, forums and/or councils. These arrangements are underpinned by enforceable agreements that are sufficiently specific to allow the Treasury to determine when the obligations are satisfied in return for consideration. The Treasury recognises revenue on the basis of expenses incurred to complete the service (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Treasury uses the input method in measuring progress of the services because there is a direct relationship between the Treasury's effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Research Services

This revenue stream relates to economic modelling and policy services to other Commonwealth entities. The Treasury recognises revenue on the basis of expenses incurred to complete the service (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Treasury uses the input method in measuring progress of the services because there is a direct relationship between the Treasury's effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Legislative and Governance Forum on Consumer Affairs

This revenue stream relates to contributions from States and Territories to fund the operations and projects of the Legislative and Governance Forum on Consumer Affairs (CAF). The operational contributions are based on the Commonwealth committing 30 per cent of funding with the remaining 70 per cent shared between the States and Territories. There are no sufficiently specific obligations related to these contributions, therefore the Department recognises revenue uniformly over time within the financial period in which the funds relate to. The Department recognises project revenue on the basis of expenses incurred to deliver the project (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Department uses the input method in measuring progress of the services delivered because there is a direct relationship between the Departments effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying State and Territories agreements and can be in advance or arrears. Payment is generally due within 30 days upon issue of invoice.

Income from Subleasing Right-of-use assets

The Treasury sublets a portion of office space to the Australian Office of Financial Management. The Treasury does not transfer substantially all the risks and rewards incidental to ownership of its lease through this sublease and therefore classifies this sublease as an operating lease. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue from contracts with customers due to its operational nature.

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

	2021	2020
	\$'000	\$'000
Note 1.2B: Other revenue		
ANAO audit services received free of charge	539	490
Secondment services received free of charge	3,303	5,349
IPFA revenue received free of charge	56	-
Other	-	177
Total other revenue	3,898	6,016
Note 1.2C: Other gains		
Gains from sale of assets	67	-
Reversal of restoration provision	-	96
Net foreign exchange gains	35	-
Total other gains	102	96

Accounting Policy

Resources received free of charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government entity as a consequence of a restructuring of administrative arrangements.

Sale of assets

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

Note 1.2D: Revenue from Government

Appropriations¹

Departmental appropriations	257,620	206,298
Supplementation	1,462	-
Total revenue from Government	259,082	206,298

1. 2020-21 Revenue from Government has been adjusted for unspent funding relating to two terminated programs that was required to be returned to the Consolidated Revenue Fund. A formal reduction under section 51 of the PGPA Act will quarantine \$2.754 million in the 2021-22 financial year.

Accounting Policy

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

2. Departmental Financial Position

This section analyses the Treasury assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1. Financial Assets

	2021 \$'000	2020 \$'000
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	760	651
Total cash and cash equivalents	760	651

Note 2.1B: Trade and other receivables

Goods and services receivables

Contract assets	1,805	1,195
Total goods and services receivables	1,805	1,195

The contract assets are shared services and cost recoveries provided not invoiced at 30 June.

Appropriations receivable	80,625	72,956
Supplementation receivable	1,462	-
Goods and services receivables	1,191	3,785
Net GST receivable from the ATO	1,462	1,298
Other receivables	648	820
Total trade and other receivables (gross)	85,388	78,859
Less impairment loss allowance	(2)	(2)
Total trade and other receivables (net)	87,191	80,052

Credit terms for goods and services were within 30 days (2020: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows, where the cash flows are solely payments for principal and interest that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and computer software (2020-21)

	Buildings \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2020					
Gross book value	152,021	18,977	26,268	9,222	206,488
Accumulated depreciation / amortisation and impairment	(14,371)	(7,530)	(13,712)	(8,615)	(44,228)
Total value as at 1 July 2020	137,650	11,447	12,556	607	162,260
Additions					
Purchased	25,211	3,582	5,517	29	34,339
Internally developed	4,595	3,582	-	29	8,206
Right-of-use assets	-	-	5,517	-	5,517
Adjustment to the ROU recognised in net cost of services	20,616	-	-	-	20,616
Revaluations recognised in other comprehensive income	(65)	-	-	-	(65)
From restructuring (ROU) ¹	2,336	1	-	-	2,337
Depreciation and amortisation	2,263	-	-	-	2,263
Disposal of right-of-use assets	(3,151)	(3,007)	(3,951)	(259)	(10,368)
Impairments recognised in net cost of services	(9,997)	(12)	-	-	(10,009)
Disposals	(669)	-	-	-	(669)
From restructuring ¹	(2)	(203)	(90)	-	(295)
	(811)	(35)	-	-	(846)
	587	-	2,325	-	2,912
Total as at 30 June 2021	153,352	11,773	16,357	377	181,859
Total as at 30 June 2021 represented by:					
Gross book value	172,044	12,487	31,208	7,958	223,697
Fair value	20,035	11,345	-	-	31,380
At cost	149,233	34	25,083	7,958	182,308
Under construction	2,776	1,108	6,125	-	10,009
Accumulated depreciation / amortisation and impairment	(18,692)	(714)	(14,851)	(7,581)	(41,838)
Total as at 30 June 2021	153,352	11,773	16,357	377	181,859
Carrying amount of right-of-use assets	130,588	15	-	-	130,603

1. The above disclosure should be read in conjunction with the accompanying note 8.2 Restructuring.

\$0.295 million in discontinued projects with no expected future economic benefits were found to be impaired as at 30 June 2021.

No significant non-financial assets are expected to be sold or disposed within the next 12 months.

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 7.5 Fair Value Measurement.

The fair value of property, plant and equipment has been taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer.

Contractual commitments¹ for the acquisition of property, plant and equipment and intangible assets.

Commitments are payable as follows:	2021	2020
	\$'000	\$'000
Within 1 year	947	889
Between 1 to 5 years	25	2,891
Total commitments	972	3,780

1. Commitments are GST inclusive where relevant.

Accounting Policy

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.

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

Asset recognition threshold

Purchases of plant and equipment and computer software are recognised initially at cost in the statement of financial position, except for purchases costing less than \$10,000 (building – leasehold improvements and internally developed software \$50,000) which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration provisions in property leases taken up by the Treasury where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Treasury's leasehold improvements with a corresponding provision for the restoration recognised.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition.

Revaluations

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

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

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

Depreciation and Amortisation

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

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Software is amortised on a straight-line basis.

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

	2021	2020
Buildings - leasehold improvements	5-25 years	5-25 years
Plant and equipment:		
Plant and equipment	3-10 years	3-10 years
Motor vehicles	4 years	4 years
Office equipment	5 years	5 years
Computer software	3-5 years	3-5 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2021. 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.

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

Derecognition

An item or property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Treasury's intangible assets comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

All software assets were assessed for indications of impairment as at 30 June 2021, including the impact of factors such as project cessation and platform changes. No indication of impairment for intangible assets were identified as at 30 June 2021, therefore nil impairment losses for intangible assets were recognised (2020: nil).

Accounting Judgement and Estimates

The fair value of buildings – leasehold improvements and plant and equipment has taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer.

Refer to section 7.5 Fair Value Measurement - Accounting Policy.

2.3. Payables

	2021	2020
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	9,096	9,950
Contract liabilities	1,506	825
Total suppliers	10,602	10,775

Settlement was usually made within 20 days.

The contract liabilities are associated with the performance obligations not yet met at 30 June for the Australian Government Actuary, the Australian Consumer Survey Project and the Department of Foreign Affairs and Trade.

Note 2.3B: Other payables		
Salaries and wages	3,118	2,234
Superannuation	493	330
Other creditors	373	356
Total other payables	3,984	2,920

Other payables are expected to be settled in no more than 12 months.

Accounting Policy

Financial liabilities

Other financial liabilities include trade creditors and accruals are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Settlement is usually made net 20 days.

2.4. Interest Bearing Liabilities

	2021	2020
	\$'000	\$'000
Note 2.4A: Leases		
Lease liabilities		
Buildings	136,497	122,773
Plant and equipment	16	27
Total leases	136,513	122,800

Total cash outflow for leases for the year ended 30 June 2021 was \$11.608 million (\$9.865 million in principal payments and \$1.743 million in interest payments).

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	10,865	9,917
Between 1 to 5 years	41,990	42,225
More than 5 years	98,463	108,697
Total leases	151,318	160,839

The Treasury in its capacity as lessee has committed to two significant operating leases that have not yet commenced.

Future committed outflows for leases not yet commenced		
Within 1 year	1,467	
Between 1 to 5 years	7,534	
More than 5 years	-	
Total leases	9,001	

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B Suppliers, 1.1D Finance costs, 1.1E Other expenses and 2.2 Non-financial assets.

Accounting Policy

For all new contracts entered into, the Treasury considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

2.5. Other Provisions

Note 2.5A: Provision for restoration	\$'000	Total \$'000
Carrying amount 1 July 2020	4,229	4,229
Additional provisions made	901	901
Amounts transferred due to restructuring	295	295
Amounts used	-	-
Amounts reversed	(2)	(2)
Unwinding of discount or change in discount rate	87	87
Closing balance 30 June 2021	5,510	5,510

The Treasury has 5 (2020: 3) lease agreements containing provisions to restore the premises to their original condition at the conclusion of the lease. The Treasury has made a provision to reflect the present value of this obligation. The value of the provision has been estimated by an independent valuer based on occupied floor space as per the leasing agreements.

3. People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

3.1. Employee Provisions

	2021 \$'000	2020 \$'000
Note 3.1A: Employee provisions		
Leave	68,345	63,174
Total employee provisions	68,345	63,174

Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts.

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, 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.

In 2020-21, the Treasury engaged the Australian Government Actuary to undertake a triennial actuarial assessment of its leave provisions, taking into account the likely tenure of existing staff, patterns of leave claims, payouts and future salary movements. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and general pay increases.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Treasury recognises a provision for termination of employment when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Treasury are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

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

The liability for superannuation recognised as at 30 June 2021 represents outstanding contributions.

3.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Treasury. The Treasury has determined the key management personnel to be the Treasurer and other Portfolio Ministers, the Secretary and Deputy Secretaries. Key management personnel remuneration is reported in the table below:

	Treasury ¹	IPFA ²	Treasury ¹
	2021	2021	2020
	\$'000	\$'000	\$'000
Short-term employee benefits	2,825	329	2,883
Post-employment benefits	443	16	404
Other long-term employee benefits	72	(28)	73
Termination benefits	-	-	224
Total key management personnel remuneration expenses³	3,340	317	3,584

1. The total number of key management personnel that are included in the above table for Treasury in 2021 is 6 (2020: 12, including acting arrangements).

2. The total number of key management personnel that are included in the above table for IPFA in 2021 is 1, being the CEO. IPFA operated as a separate Executive Agency until 30 April 2021. From 1 May 2021, IPFA has continued as a separately branded activity within Treasury, however, IPFA's key management personnel did not transfer into Treasury. IPFA comparative data is available in IPFA's 2019-20 Annual Report.

3. The above key management personnel remuneration excludes the remuneration and other benefits of the Treasurer and other Portfolio Ministers. Their remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Treasury.

3.3. Related Party Disclosures

Related party relationships:

The Treasury is an Australian Government controlled entity. Related parties to the Treasury are key management personnel including the Portfolio Minister and Executive and other Australian Government entities.

Transactions with related parties:

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Treasury, it has been determined that one related party transaction is to be separately disclosed in 2021 (2020: one).

2020-21

During the reporting period, Treasury purchased shares totalling \$4.778 million in the Australian Business Growth Fund (ABGF). One of the key management personnel was a government-appointed director of ABGF during 2020-21.

2019-20

During the reporting period, Treasury paid \$2.0 million (GST inclusive) in administered grant funding to the Australian Housing and Urban Research Institute Limited (AHURI). One of the key management personnel was a government-appointed director of AHURI during 2019-20.

4. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the Treasury does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered – Expenses

	2021 \$'000	2020 \$'000
Note 4.1A: Grants		
Public sector		
State and Territory Governments ¹	115,979,788	98,864,309
Payment of COAG receipts from Government agencies	1,810,356	1,592,278
Overseas entities		
Grants to IFRS	2,000	-
Private sector		
Grants to private sector	11,776	1,825
Total grants	117,803,920	100,458,412

1. 2020-21 Grants expenses includes the recovery of overpayments made in 2019-20 under the National Health Reform Agreement (NHRA). In April 2021, the Treasurer determined the final entitlements for 2019-20 NHRA funding in accordance with advice from the Administrator of the National Health Funding Pool. The final 2019-20 entitlements exceeded the advance payments made for that year.

Accounting Policy

The Treasury administers a number of grants on behalf of the Government. With the exception of the accounting treatment of payments to State and Territories under DRFA and NDRRA detailed below, 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.

Grants to States and Territories

Under the Federal Financial Relations Framework, the Treasurer is responsible for payments to the States and Territories. An overview of these arrangements is available on the Council for Federal Financial Relations' website.

There are five main types of payments under the framework:

- General revenue assistance, including GST revenue payments – a financial contribution to a State or Territory which is available for use for any purpose.
- National Specific Purpose Payments (National SPPs) – a financial contribution to support a State or Territory to deliver services in a particular sector.
- National Health Reform (NHR) payments – a financial contribution to a State or Territory to improve health outcomes for all Australians and ensure the sustainability of Australia's health system. Payments are made on the condition that the financial assistance is spent in accordance with the National Health Reform Agreement.
- National Housing and Homelessness Agreement (NHHA) payments – a financial contribution to a State or Territory to improve access to affordable, safe and sustainable housing, including to prevent and address homelessness and support social and economic participation.
- National Partnership (NP) payments – a financial contribution in respect of a funding agreement with a State or Territory to support the delivery of specific projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements. Portfolio Ministers are accountable for government policies associated with NP payments.

National SPPs, NHHA, NHR and GST are paid monthly in advance under the *Federal Financial Relations Act 2009*. After the end of the financial year, the Treasurer determines the amounts that should have been paid and any adjustments are made in respect of advances that were paid during the financial year.

NP and other general revenue assistance payments are paid under the *Federal Financial Relations Act 2009* which allows the Treasurer (or the delegated Minister within the Treasury Portfolio) to determine an amount to be paid to a State or Territory for the purpose of making a grant of financial assistance. Once determined, this amount must be credited to the COAG Reform Fund special account. The Treasurer must ensure that, as soon as practicable after the amount is credited, the COAG Reform Fund is debited for the purposes of making the grant. In addition, the Treasurer must have regard to the Intergovernmental Agreement on Federal Financial Relations.

The Treasury has established a risk assessment framework for managing NP payments to the States and Territories. Senior officials of Commonwealth agencies that have policy and program responsibility for NPs are required to provide written representations to Treasury that the terms and conditions of the NP have been met prior to making a payment. This includes certification that appropriate ministerial authorisation is in place if a senior official has approved the achievement of a milestone for payment on behalf of a Minister. The Treasury undertakes its own quality assurance checks, including the review of supporting documents based on a risk profile, before advising the Treasurer on the amounts to be determined for payment to the States and Territories.

Disaster Recovery Funding Arrangements (DRFA) and Natural Disaster Relief and Recovery Arrangements (NDRRA)

The Treasury accounts for payments made to States and Territories under DRFA and NDRRA by recognising a liability equal to the discounted value of estimated future payments to States and Territories regardless of whether or not a State or Territory has completed eligible disaster reconstruction work or submitted an eligible claim to the Commonwealth. States and Territories were requested to provide to the Department of Home Affairs (Home Affairs) an estimate of costs expected to be incurred for disasters affecting States and Territories that occurred prior to 1 July 2021 which would be eligible for assistance. The signed representations from the States and Territories are quality assured by Home Affairs, which in turn provides a certification of the expenditure estimates to the Treasury. On 1 July 2021, policy and program responsibility for the DRFA and NDRRA transferred from Home Affairs to the National Recovery and Resilience Agency.

Payments to the States and Territories through the COAG Reform Fund special account

Payments are made by other Commonwealth agencies into the COAG Reform Fund special account as detailed below.

- Department of Social Services (DSS) – Commonwealth’s share of the wage increases arising from Fair Work Australia’s decision on 1 February 2012 to grant an Equal Remuneration Order in the Social and Community Services sector.

- DSS – payments to States and Territories in relation to the DisabilityCare Australia Fund.

- Department of Agriculture, Water and Environment – payments to States and Territories in relation to the Future Drought Fund.

- Home Affairs – payments to States and Territories in relation to the Emergency Response Fund.

The Treasury receives funds from the relevant Commonwealth agency and pays the amount to the States and Territories. These amounts are recorded as ‘COAG receipts from Government Agencies’ to recognise the income and a corresponding grant expense for the payment to the States and Territories when entitled to be paid.

Mirror taxes collected by State Governments

On behalf of the States, the Government imposes mirror taxes which replace State taxes that may be constitutionally invalid in relation to Government places. 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.

	2021 \$'000	2020 \$'000
Note 4.1B: Medicare Guarantee Fund		
Medicare Guarantee Fund	41,448,516	37,961,055
Total Medicare Guarantee Fund	41,448,516	37,961,055

Accounting Policy

Medicare Guarantee Fund

The purpose of the *Medicare Guarantee Act 2017* (the Act) is to secure ongoing funding of the Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS).

The Act establishes the Medicare Guarantee Fund (MGF), which consists of the Medicare Guarantee Fund (Treasury) Special account (Treasury Special Account) and the Medicare Guarantee Fund (Health) Special Account (Health Special Account). The Treasury Special Account is administered by the Department of the Treasury and the Health Special Account is administered by the Department of Health.

Under the Act, the Treasurer must credit the Treasury Special Account with an amount that is sufficient to cover the estimated costs of the MBS and PBS for the next financial year. The Treasury is reliant on advice from the Department of Health in determining the estimated costs. The sole purpose of the Treasury Special Account is to ensure that amounts are available for transfer to the Health Special Account to fund the MBS and PBS.

The MGF funding payment is recorded in Treasury Administered expenses to reflect the payment into the Health Special Account from the Treasury Special Account. Refer to Note 6.2 Special accounts.

	2021 \$'000	2020 \$'000
Note 4.1C: Payments to corporate Commonwealth entities		
NHFIC operating funding	24,004	26,762
NHFIC grants payment	35,000	35,000
Total payments to corporate Commonwealth entities	59,004	61,762

Accounting Policy

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the Treasury is disclosed in Note 6 Funding.

Refer to Notes 5.1B Loans and other receivables, 5.1C Investments and 7.2 Administered Contingent Assets and Liabilities for more information on the National Housing Finance and Investment Corporation (NHFIC).

Note 4.1D: Suppliers

Small & Medium Enterprises Guarantee Scheme – claims ¹	314,364	93,385
AFCA disputes payments ²	504	31,447
Advertising campaigns	29,615	26,354
NHFIC First Home Loan Deposit Scheme – claims provision ¹	(3,053)	6,735
NHFIC New Home Guarantee – claims provision ¹	1,325	-
General supplier expenses	1,742	444
Total suppliers	344,497	158,365

1. Refer to Note 5.2D Accounting Policy for further details on the Small & Medium Enterprises Guarantee Scheme and Note 5.4A Accounting Policy for further details on the NHFIC First Home Loan Deposit Scheme and New Home Guarantee.

2. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry presented its final report to the Governor-General on 1 February 2019. As part of its response, the Government expanded the remit of the Australian Financial Complaints Authority (AFCA) to accept applications for external disputes dating back to 1 January 2008 that relate to misconduct, which AFCA, its predecessor schemes, or the courts have not yet dealt with. AFCA disputes payments were finalised in 2020-21.

	2021 \$'000	2020 \$'000
Note 4.1E: Concessional loan discount		
Concessional loan discount - PNG loan	253,169	-
Concessional loan discount - Indonesia loan	422,526	-
Concessional loan discount - IMF PRGT loan	52,739	-
Total concessional loan discount	728,434	-

4.2. Administered – Income

Revenue	2021 \$'000	2020 \$'000
Non-Taxation Revenue		
Note 4.2A: Revenue from contracts with customers		
GST administration fees - external entities	621,500	646,600
Guarantee of State and Territory borrowing fee	2,125	2,462
Total revenue from contracts with customers	623,625	649,062
Note 4.2B: Interest		
Gross IMF remuneration	1,983	9,954
Less: burden sharing	-	(35)
Net IMF remuneration	1,983	9,919
Interest on loan to IMF under New Arrangements to Borrow	141	2,259
Interest on loans to States and Territories	2,162	2,168
Interest on NHFIC AHBA loans	278	1,216
Interest on IMF PRGT loan	2	-
Interest on international assistance loans	15,696	-
Total interest	20,262	15,597
Note 4.2C: Dividends		
Reserve Bank of Australia	2,672,987	2,562,718
Australian Reinsurance Pool Corporation ¹	10,000	10,000
International Finance Corporation	-	498,783
Total dividends	2,682,987	3,071,501
Note 4.2D: COAG revenue from Government		
DisabilityCare Australia Fund revenue (DSS) ²	1,688,921	1,550,529
Emergency Respond Fund revenue (ERF) ²	50,000	-
Future Drought Fund revenue (FDF) ²	25,818	-
Social and Community Services Sector (DSS) ²	45,617	41,749
Total COAG receipts from government agencies	1,810,356	1,592,278
Note 4.2E: Other revenue		
HIH Group liquidation proceeds	-	19,196
Australian Reinsurance Pool Corporation fee ¹	90,000	90,000
Other revenue	4,553	3,315
Total Other revenue	94,553	112,511
Note 4.2F: Unwinding concessional loan discount		
Unwinding of concessional loan discount - PNG loan	12,484	-
Unwinding of concessional loan discount - Indonesia loan	22,773	-
Unwinding of concessional loan discount - IMF PRGT loan	3,307	-
Total unwinding of concessional loan discount	38,564	-

Gains	2021 \$'000	2020 \$'000
Note 4.2G: Net Foreign exchange gains		
IMF SDR allocation	347,046	(87,235)
IMF Maintenance of Value	1,178,400	(648,787)
IMF quota revaluation	(739,797)	185,958
IFIs revaluation	(205,853)	(6,536)
IMF NAB and PRGT	(9,561)	8,112
Other	-	-
Total foreign exchange gains³	570,235	(548,488)

1. Australian Reinsurance Pool Corporation Dividend and Service fee are agreed in advance as part of the Budget process and finalised once the appropriate determination is provided under Section 38(2) of the *Terrorism Insurance Act 2003*.

2. COAG revenue from Government – refer to Note 4.1A Grants - Accounting Policy for further details.

3. The comparative figures were classified as Net foreign exchange losses in the 2019-20 financial statements.

Accounting Policy

Administered revenue

All administered revenue relate to ordinary activities performed by the Treasury on behalf of the Australian Government. As such, administered appropriations are not revenue of the individual entity that oversees distribution or expenditure of the funds as directed.

Reserve Bank of Australia dividend

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

The Treasury recognise the dividend revenue and a corresponding receivable in the year the Reserve Bank of Australia reports a net profit available to the Commonwealth, subject to reliable measurement. This does not affect the timing of the dividend receipt in the Cash Flow Statement, only the timing of the accrued revenue in the Statement of Comprehensive Income. Dividends are measured at nominal amounts.

Australian Reinsurance Pool Corporation dividend and fee

The dividend and fee from the Australian Reinsurance Pool Corporation (ARPC) are recognised when the relevant Minister signs the legislative instrument and thus control of the income stream is established. These are measured at nominal amounts.

International Monetary Fund remuneration

Remuneration is interest paid by the International Monetary Fund (IMF) to Australia for the use of its funds. Remuneration is paid on a portion of Australia's IMF quota commitment. This money is lent by Australia under the IMF's Financial Transaction Plan, under which members in a strong external position provide quota resources to support IMF lending to borrowing member countries.

Where the IMF's holdings of Australian dollar's fall below a specified level, it pays remuneration on Australia's average remunerated reserve tranche position. The rate of remuneration is based on the SDR interest rate. The SDR interest rate is the market interest rate computed by the IMF, which is based on a weighted average of representative interest rates on short-term government debt instruments (generally 3 month bond rates) of the five entities whose currencies make up the SDR basket: the United States, United Kingdom, European Union, Japan and China. This rate is then adjusted to account for the financial consequences of overdue obligations to the IMF which are shared between members and reflected at Note 4.2B as 'burden sharing'.

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

International Monetary Fund New Arrangements to Borrow (NAB)

Australia also receives interest on amounts lent to the IMF under the New Arrangements to Borrow (NAB). Amounts lent to the IMF under the NAB accrue interest daily at the SDR interest rate (or such other rate as agreed by 85 per cent of NAB participants). The IMF pays interest on NAB amounts quarterly.

The IMF must repay amounts lent through the NAB five years after each call is made. Amounts can be repaid earlier at the IMF's discretion.

IMF Poverty Reduction and Growth Trust

Australia also receives interest on amounts lent to the IMF under the Poverty Reduction and Growth Trust (PRGT). Amounts lent to the IMF under the PRGT accrue interest daily at the SDR interest rate (or such other rate as agreed by 85 per cent of PRGT lenders). The IMF pays interest on PRGT amounts quarterly.

The IMF must repay amounts lent through the PRGT in line with the pass-through loan arrangement, this is usually ten years. Amounts can be repaid earlier if the pass-through loan is repaid early.

International Finance Corporation

On 16 April 2020, the Board of Governors of the International Finance Corporation passed Resolution 270 - Conversion of Retained Earnings and General Capital Increase. Following the passage of the Resolution, retained earnings converted to 16,999,998 additional shares with a par value of \$1,000 USD each. Australia was allocated 313,535 shares valued at \$498.783 million. This is treated as a non-cash dividend.

The Guarantee of State and Territory Borrowing

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

Financial guarantee contracts

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

5. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result, which the Treasury does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

5.1. Administered – Financial Assets

	2021 \$'000	2020 \$'000
Note 5.1A: Cash and cash equivalents		
Cash held in the OPA - NHFIC Special Account	747,269	449,817
Cash held in the OPA - COAG Special Account	50,000	-
Total cash and cash equivalents	797,269	449,817

Accounting Policy

The Treasury's administered cash and cash equivalents relate to special account balances held in the OPA. Refer to Note 6.2 Special accounts for more information.

	2021 \$'000	2020 \$'000
Note 5.1B: Loans and other receivables		
Loans		
Loans to States and Territories	47,855	47,855
International assistance loans	1,367,085	-
Loans to NHFIC	87,731	115,183
IMF New Arrangements to Borrow loan	120,471	213,060
IMF PRGT loan	378,812	-
Total loans	2,001,954	376,098
Other receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	-	-
IMF Maintenance of Value receivable	1,178,400	-
Borrowing contractual fee receivable ¹	1,406	3,658
Guarantee of State and Territory		
Borrowing fee receivable	112	188
Net GST receivable from the ATO	358	1,397
IMF related moneys owing	248	320
Dividends receivable	2,669,000	2,563,000
Accrued interest - loans to NHFIC	50	53
Accrued interest - international loans	5,150	-
Accrued interest - IMF PRGT loan	1	-
GST revenue allocation and COAG receivable	3,597	5,174,947
Other receivables	-	2
Total other receivables	3,858,322	7,743,565
Total loans and other receivables (gross)	5,860,276	8,119,663
Receivables are expected to be recovered in		
No more than 12 months	3,957,682	7,742,101
More than 12 months	1,902,594	377,562
Total receivables (gross)	5,860,276	8,119,663
Receivables (gross) are aged as follows		
Not overdue	5,860,276	8,119,663
Total receivables (gross)	5,860,276	8,119,663

1. Refer to Note 5.2C Unearned income for corresponding liability.

Note 5.1B: Concessional loans carrying amounts

	Loan to PNG \$'000	Loan to Indonesia \$'000	IMF PRGT loan \$'000	Total \$'000
As at 1 July 2020	-	-	-	-
Gross funded loans and advances	557,523	1,500,000	396,112	2,453,635
Less: concessional loan discount on drawn loans	(253,169)	(422,526)	(20,823)	(696,518)
Less: repayment of principal and interest	-	(50,000)	-	(50,000)
Add: unwinding of concessional loan discount (income)	12,484	22,773	-	35,257
Add: foreign exchange movement	-	-	3,523	3,523
Less: impairment allowance	-	-	-	-
Total as at 30 June 2021	316,838	1,050,247	378,812	1,745,897

Accounting Policy

Except for financial guarantee contracts, all loans and receivables are classified as amortised cost under AASB 9. Refer to Note 7.4 Administered financial instruments for further details on accounting treatment.

Loans to NHFIC

Loans to NHFIC relate to the Affordable Housing Bond Aggregator (AHBA), which was established by NHFIC to provide loans to registered Community Housing Providers (CHPs). In accordance with the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*, each loan allocated to the AHBA must relate to a particular loan to a CHP unless approved by the Treasurer and Minister for Finance. Interest is to be charged on each loan at a rate that covers the Commonwealth's cost of borrowing over the life of the loan. The interest has been accrued as earned and disclosed in Notes 4.2B and 5.1B.

IMF New Arrangements to Borrow

Australia lent to the IMF under the New Arrangements to Borrow (NAB). NAB is a set of credit arrangements between the IMF and 38 member countries and Institutions, including a number of emerging market countries. The NAB is used in circumstances in which the IMF needs to supplement its quota resources for lending purposes. The NAB is covered by general activation periods of up to six months, with each activation periods subject to a specified maximum level of commitments.

The IMF must repay amounts lent through the NAB five years after each call is made. Amounts can be repaid earlier at the IMF's discretion.

IMF Poverty Reduction and Growth Trust

Australia lent to the IMF under the Poverty Reduction and Growth Trust (PRGT). The IMF is the Trustee of the PRGT, which is used to provide concessional lending to low-income countries. When the IMF makes a loan through the PRGT, it draws on its credit arrangements.

The IMF must repay amounts lent through the PRGT in line with the pass-through loan arrangement, this is usually ten years. Amounts can be repaid earlier if the pass-through loan is repaid early.

International Assistance Loans to PNG

On 22 November 2020, the Commonwealth of Australia agreed to lend A\$558 million to the Independent State of Papua New Guinea (PNG). This agreement was made to provide budget support to PNG and to support its reform actions under the International Monetary fund (IMF) Staff-Monitored Program (SMP).

The funds will be used to provide budgetary support to help address the deteriorating fiscal position that PNG has been facing in recent years. The deterioration in fiscal position has been further exacerbated by the COVID-19 pandemic. Additionally, the funds were used to refinance a US\$300 million loan that PNG had with Export Finance Australia.

The interest rate on the loan is fixed to match the yield on 10-year Australian Government Securities as at the date of drawdown by PNG, with an additional 0.5 per cent margin to cover administrative costs associated with the loan. Instalments on the loan principal and interest are repayable over fifteen years every six months in Australian dollars.

International Assistance Loans to Indonesia

On 12 November 2020, the Commonwealth of Australia agreed to lend A\$1.5 billion to the Republic of Indonesia. This agreement is part of a multilateral action to support Indonesia led by the Asian Development Bank and including the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency and the German state-owned development bank. The funds were used to support Indonesia's COVID-19 response, including social protection initiatives and health system development.

The interest rate on the loan is fixed to match the yield on 10-year Australian Government Securities as at the date of drawdown by the Indonesian Government, with an additional 0.5 per cent margin to cover administrative costs associated with the loan. Instalments on the loan principal and interest are repayable over fifteen years every six months in Australian dollars.

GST Revenue allocation and COAG receivable

Under the COAG arrangements, the Treasury separately discloses grants payable (grants not paid prior to year-end) and receivable (primarily GST revenue allocations and other COAG grants receivable) based on information provided by Commonwealth Agencies for each COAG grant. The current year's COAG receivable relates to the future drought funding due from the Department of Agriculture, Water and Environment for payments to the States and Territories.

GST is paid to the State and Territories based on estimated figures provided in the Budget and revisited in the Mid-Year Economic and Fiscal Outcome (MYEFO) round. The key driver of the calculation of the distribution of GST is population and actual collections. At the end of each financial year, the Australian Bureau of Statistics provides population data and the ATO provides the actual GST collection figures. The difference between the estimated State and Territory payments is recorded as GST revenue allocation. Current year GST revenue allocation is \$nil (2020: \$5,174.9 million). Refer to Note 5.2A Grants for further details.

	2021 \$'000	2020 \$'000
Note 5.1C: Investments		
International financial institutions		
Asian Development Bank	582,976	617,551
Asian Infrastructure & Investment Bank	981,910	1,075,623
European Bank for Reconstruction and Development	99,051	102,438
International Bank for Reconstruction and Development	368,269	340,014
International Finance Corporation	534,469	525,811
Multilateral Investment Guarantee Agency	8,248	9,035
Total international financial institutions	2,574,923	2,670,472
Australian Government entities		
Reserve Bank of Australia	22,466,000	29,601,000
Australian Reinsurance Pool Corporation	595,429	520,526
NHFIC	411,047	305,225
Total Australian Government entities	23,472,476	30,426,751
Commonwealth companies		
Financial Adviser Standards and Ethics Authority Ltd	-	1,436
Total Commonwealth companies	-	1,436
Other investments		
Australian Business Growth Fund	4,778	-
IMF quota	12,473,714	13,213,510
Total other investments	12,478,492	13,213,510
Total investments	38,525,891	46,312,169

Investments are expected to be recovered in more than 12 months.

Accounting Policy

Administered investments

Investments are classified as fair value through other comprehensive income. Refer to Note 7.4 Administered Financial Instruments for further details on the Treasury's accounting policy.

Development banks

Australia holds shares in the World Bank Group (WBG), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and the Asian Infrastructure Investment Bank (AIIB).

Principal activities:

The World Bank was established in 1944 and comprises the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank, alongside the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID), form the WBG.

The IBRD provides financing and technical assistance to middle income countries and creditworthy poor countries. The IDA provides grants, concessional finance and technical assistance to low income countries. The IFC supports the development of the private sector by providing direct finance to private sector operations. MIGA provides guarantee services for projects, which reduce the risks for other co-financing partners including the private sector. ICSID provides international facilities for conciliation and arbitration of investment disputes.

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

The EBRD was established in 1991 to assist former communist eastern European countries committed to the principles of multi-party democracy, pluralism and market economies, to develop their private sector and capital markets. The EBRD currently operates in more than 30 countries from Central and Eastern Europe to Central Asia and the Southern and Eastern Mediterranean region. 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 AIIB was established on 25 December 2015. The AIIB focuses on the development of infrastructure and other productive sectors in Asia. The AIIB also aims to promote interconnectivity and economic integration in the region by working in close collaboration with other multilateral and bilateral development institutions.

International Monetary Fund

The IMF is an organisation with 189 member countries, working to ensure the stability of the international monetary system - the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other. The IMF does this through: surveillance, including annual economic assessments of member countries; technical assistance to member countries; and by making resources available (with adequate safeguards) to members experiencing balance of payments difficulties.

Quota subscriptions which are denominated in SDRs represent a member's shareholding in the IMF and generate most of the IMF's financial resources.

Australian Government entities

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

The Reserve Bank of Australia is Australia's central bank. Its duty is to contribute to the maintenance of price stability, full employment and the economic prosperity and welfare of the Australian people. It does this by setting the cash rate to meet a medium-term inflation target, working to maintain a strong financial system and efficient payments system and issuing the nation's banknotes. The Bank provides selected banking services to the Australian Government and its agencies and to a number of overseas central banks and official institutions. Additionally, it manages Australia's gold and foreign exchange reserves.

The Australian Reinsurance Pool Corporation (ARPC) is a Commonwealth public financial corporation established by the *Terrorism Insurance Act 2003* to administer the terrorism reinsurance scheme, providing primary insurers with reinsurance for commercial property and associated business interruption losses arising from a declared terrorist incident.

The National Housing Finance and Investment Corporation (NHFIC) was established under the *National Housing Finance and Investment Corporation Act 2018* in June 2018. NHFIC's purpose is to improve housing outcomes for Australians by providing funding to eligible housing projects through two key financing mechanisms: the National Housing Infrastructure Facility (NHIF), which provides loans, investments and grants for enabling infrastructure to support new housing; and the Affordable Housing Bond Aggregator (AHBA), which provides low-cost, long-term finance to community housing providers.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) is a Commonwealth entity that was established in April 2017 to set standards for the ethical conduct, educational qualifications and ongoing training of licensed financial advisers in Australia.

The Commonwealth, as represented by the Assistant Minister for Superannuation, Financial Services and Financial Technology, is the sole shareholder. FASEA is funded by contributions from participating financial institutions under FASEA's Funding agreement. All revenue and any subsequent profits are to be used to fund the operations of FASEA and cannot be distributed to the Commonwealth. Upon winding up, any surplus is returned to the contributing financial institutions and the shareholder is required to contribute \$10.00.

Australian Business Growth Fund

The Australian Business Growth Fund (ABGF) provides patient equity funding to eligible small and medium-sized enterprises (SMEs). The Commonwealth, authorised by the *Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020*, is a shareholder in the ABGF alongside ANZ, the Commonwealth Bank, the National Australia Bank, Westpac, HSBC and Macquarie Bank. The ABGF operates commercially and is independent of both the Government and the participating banks.

5.2. Administered – Payables

	2021 \$'000	2020 \$'000
Note 5.2A: Grants		
COAG grants payable	3,908,150	126,753
Other grants payable	2,521	-
Total grants	3,910,671	126,753
Grants are expected to be settled in no more than 12 months.		
Note 5.2B: Other payables		
GST appropriation payable	10,161	6,668
IMF SDR allocation	5,851,530	6,198,575
IMF related monies owing	485	693
IMF Maintenance of Value	-	648,787
Suppliers	20	7,992
Total other payables	5,862,196	6,862,715
Other payables expected to be settled		
No more than 12 months	10,666	15,353
More than 12 months	5,851,530	6,847,362
Total other payables	5,862,196	6,862,715
Note 5.2C: Unearned income		
Guarantee of State and Territory borrowing contractual guarantee service obligation ¹	1,406	3,658
Total unearned income	1,406	3,658
Total unearned income expected to be settled		
No more than 12 months	766	2,194
More than 12 months	640	1,464
Total unearned income	1,406	3,658

1. Refer Note 5.1B Loans and other receivables for corresponding receivable.

IMF Special Drawing Right Allocation

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

Note 5.2D: Financial guarantees

	SME Loan Guarantee Scheme \$'000	Show Starter Loan Scheme \$'000	SME Recovery Loan Scheme \$'000	Total \$'000
As at 1 July 2020	93,385	-	-	93,385
Add: new accruals	300,621	872	12,871	314,364
Less: payment of claims	(582)	-	-	(582)
Add: revaluation	-	-	-	-
Total as at 30 June 2021	393,424	872	12,871	407,167
Total financial guarantees to be settled				
No more than 12 months	17,323	-	-	17,323
More than 12 months	376,101	872	12,871	389,844
Total financial guarantees	393,424	872	12,871	407,167

Accounting Policy

Financial guarantees are financial liabilities measured initially at fair value, then subsequently measured at the higher of the amount of the loss allowance and the initial amount recognised.

Small & Medium Enterprises (SME) Guarantee Scheme (SMEGS)

The liability associated with this Scheme was recognised as a provision in 2019-20, but has been re-classified as a financial guarantee contract from 2020-21.

The Australian Government is supporting SMEs access to finance by providing a Guarantee to eligible lenders through the Coronavirus SME Guarantee Scheme, Show Starter Loan Scheme, and SME Recovery Loan Scheme.

Coronavirus SME Guarantee Scheme Phase 1

From 23 March 2020 to 30 September 2020, eligible lenders were offering SMEs with up to \$50 million annual turnover, including sole traders and not-for-profits, guaranteed loans of up to \$250,000 on the following terms:

- Loan terms up to three years, with a mandatory repayment holiday for the first six months.
- Unsecured finance.

The Government will guarantee 50 per cent of eligible loans issued under Phase 1 of the Coronavirus SME Guarantee Scheme.

Coronavirus SME Guarantee Scheme Phase 2

From 1 October 2020 until 30 June 2021, eligible lenders were offering loans on the same terms as the Phase 1 Scheme with the following enhancements:

- Loans can be used for a broader range of business purposes, including to support investment. This includes refinancing from loans written under Phase 1 of the Scheme.

- Maximum loan limit of \$1 million per borrower.

- Loan term up to 5 years and the option of a six month repayment holiday at the discretion of the lender.

• A loan can be either unsecured or secured (excluding commercial or residential property) The Government will guarantee 50 per cent of eligible loans issued under Phase 2 of the Coronavirus SME Guarantee Scheme.

Show Starter

From 4 December 2020 until 30 June 2021, eligible lenders were able to offer guaranteed loans (up to \$90 million of loans) to eligible existing arts and entertainment entities with an annual turnover of up to \$120 million on the following terms:

- Loans must be used to deliver a new arts and entertainment activity for a live audience, commencing within 24 months.
- Maximum loan limit of \$5 million.
- Loan term up to 5 years, including a mandatory repayment holiday for the first twelve months.
- Unsecured finance.

The Australian Government will guarantee 100 per cent of loans issued under the Show Starter Loan Scheme.

Small & Medium Enterprises (SME) Recovery Loan Scheme (SMERLs - Flood and Job Keeper)

Through the SME Recovery Loan Scheme, the Government is supporting the economic recovery of, and provide continued assistance to, firms that received JobKeeper payments during the March 2021 quarter or are eligible flood-affected businesses.

From 1 April 2021 until 31 December 2021, eligible lenders are offering guaranteed loans on the following terms:

- Lenders are allowed to offer borrowers a repayment holiday of up to 24 months.
- Loans can be used for a broad range of business purposes, including to support investment. Loans may be used to refinance any pre-existing debt of an eligible borrower, including those from the SME Guarantee Scheme.
- Borrowers can access up to \$5 million in total, in addition to the Phase 1 and Phase 2 loan limits.
- Loans are for terms of up to 10 years, with an optional repayment holiday period.
- Loans can be either unsecured or secured (excluding residential property).
- The interest rate on loans will be determined by lenders, but will be capped at around 7.5 per cent, with some flexibility for interest rates on variable rate loans to increase if market interest rates rise over time.

The Government guarantee will be 80 per cent of the loan amount to eligible SMEs, including self-employed individuals and non-profit organisations, with an annual turnover of up to \$250 million and have been either:

- recipients of the JobKeeper payment between 4 January 2021 and 28 March 2021; or
- located or operating in a local government area that has been disaster declared as a result of the March 2021 New South Wales floods and were negatively economically impacted.

Contingent liabilities

Refer to Note 7.2 Administered Contingent Assets and Liabilities

5.3. Administered – Financial Liabilities

	2021 \$'000	2020 \$'000
Note 5.3A: Promissory notes		
IMF promissory notes ¹	10,051,064	9,986,317
Other promissory notes ¹	59,067	64,705
Total promissory notes	10,110,131	10,051,022
Promissory notes expected to be settled		
Within 1 year	1,304,449	-
Between 1 to 5 years	-	-
More than 5 years	8,805,682	10,051,022
Total promissory notes	10,110,131	10,051,022

1. Promissory notes held by the Treasury are at face value and have no interest rate.

Accounting Policy

Promissory notes

Promissory notes have been issued to the IMF, the International Bank for Reconstruction and Development, 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 relate to the undrawn paid-in capital subscriptions and Maintenance of Value adjustments under the direction of the Treasurer. Foreign currency gains and losses are recognised where applicable.

5.4. Administered – Provisions

	2021 \$'000	2020 \$'000
Note 5.4A: Provisions		
NHFIC First Home Loan Deposit Scheme (FHLDS)	3,682	6,735
NHFIC New Home Guarantee	1,325	-
Provision for PRGT loan commitment	28,609	-
DRFA and NDRRA provision	1,619,217	1,880,653
<i>Queensland</i>	741,223	872,428
<i>New South Wales</i>	678,724	686,071
<i>Victoria</i>	86,318	37,066
<i>Western Australia</i>	58,416	138,906
<i>Northern Territory</i>	7	37,582
<i>Tasmania</i>	1,788	51,180
<i>South Australia</i>	52,637	56,586
<i>Australian Capital Territory</i>	104	834
Total provisions	1,652,833	1,887,388
Provisions expected to be settled		
No more than 12 months	781,301	1,194,080
More than 12 months	871,532	693,308
Total provisions	1,652,833	1,887,388

	PRGT loan commitment \$'000	NHFIC FHLDS \$'000	NHFIC New Home Guarantee \$'000	DRFA and NDRRA \$'000	Total \$'000
As at 1 July 2020	-	6,735	-	1,880,653	1,887,388
Additional provisions made	52,739	-	1,325	341,759	395,823
Amounts used	(20,823)	-	-	(752,416)	(773,239)
Amounts reversed	-	(3,053)	-	-	(3,053)
Unwinding of discount or change in discount rate	(3,307)	-	-	149,221	145,914
Total as at 30 June 2021	28,609	3,682	1,325	1,619,217	1,652,833

Accounting Judgements and Estimates

Disaster Recovery Funding Arrangements (DRFA) and the Natural Disaster Relief and Recovery Arrangements (NDRRA)

Provisions

The DRFA and NDRRA liability represents the Treasury's best estimate of payments expected to be made to States and Territories as at balance date. The DRFA 2018 arrangement applies from 1 November 2018 in respect of eligible events that occur on or after that date. All eligible events occurring up to and including 31 October 2018 are governed by the NDRRA Determination. No change to the method of accounting for the provision arises from the change in arrangements.

The estimate is based on information provided by the States and Territories to the Department of Home Affairs (Home Affairs), the Commonwealth agency that was responsible for the administration of the program up to 30 June 2021. The estimates provided by the States and Territories are based on their assessment of the costs incurred, or expected to be incurred, that would be eligible for assistance under the applicable arrangement. Home Affairs has implemented a comprehensive assurance framework in order to assess the reasonableness of estimates provided by the States and Territories with regard to estimates eligibility under DRFA and NDRRA. This includes assurance activities undertaken by the Commonwealth for expenditure submitted in Claims to the Commonwealth not yet paid, as well as quality assurance procedures over the estimates submitted by States and Territories. This is in addition to assurance activities completed by State-appointed auditors.

The Treasury reviews the quality assured estimates to ensure they are consistent with government decisions and then calculates the provision by discounting the future cash flows. Given the nature of disasters, there is a level of uncertainty in the estimated reconstruction costs at the time of a disaster. This uncertainty decreases as relief and recovery projects progress to completion.

Contingent liabilities

The DRFA and NDRRA provision at 30 June 2021 includes estimated payments for disaster events that occurred prior to 1 July 2021, except for new events that occurred during the 2020-21 financial year for which costs cannot yet be quantified reliably. There were nine such events that are included in the DRFA and NDRRA contingent liability. These are:

- Flinders Ranges Council Storm Event (October 2020);
- NSW Storms (28 November 2020 onwards) - South West Slopes, Central West, Illawarra and Southern Tablelands Regions;
- NSW Storms and Floods (2 January 2021 onwards) - North West Slopes, New England, Northern Tablelands, Northern Rivers and Mid North Coast Regions;
- NSW Storms (2 December 2020 onwards) - Orana and New England regions;
- NT February - March 2021 Floods (February 2021);
- Eurobodalla Storms (26 December 2020 onwards);
- Thunderstorms and Associated Flooding in the Shire of Wiluna (16-18 February 2021);
- Wellington Storms and Floods (commencing 23 March 2021); and
- Snowy Valleys Storms (3 February 2021 onwards).

Estimates of all natural disasters are regularly reviewed and revised when new information becomes available.

NHFIC First Home Loan Deposit Scheme (FHLDS) and New Home Guarantee (NHG)

Provision

The FHLDS and NHG provision represents the Treasury's best estimate of claims expected from NHFIC as at balance date. FHLDS is an Australian Government initiative launched on 1 January 2020, administered by NHFIC. Under FHLDS, NHFIC guarantees up to 15 per cent of a purchased property's value to eligible first home buyers, capped at 10,000 loans each financial year. The Minister is able to determine that any unissued guarantees may be rolled over to the following financial year. The NHG is a temporary expansion of the FHLDS, providing 10,000 guarantees in both 2020-21 and 2021-22 to eligible first home buyers seeking to build a new home or purchase a newly built home. The Treasury funds valid claims under the *National Housing Finance and Investment Corporation Act 2019* and the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*.

Each guarantee is issued and tracked by NHFIC, with the lenders entering the data in line with the requirements under the Schemes, into a NHFIC database. This include the purchase price, location/postcode, maturity date and the portion of the purchased property's value being guaranteed. Expected claims are estimated using an assumed default and capital growth (house price) rate and are discounted by Commonwealth Treasury Bond rates with a comparative duration. The assumed default rate is informed by a combination of default data from Lenders Mortgage Insurers (LMI) and the banking industry. The assumed capital growth rate has been calculated using market data according to the location and type of property and factoring-in the consumer price index (CPI) over the forward years.

Since commencement, as at 30 June 2021, 19,993 FHLDS places were used with 19,322 guarantee certificates issued for loans which were settled or pending settlement. 671 places were reserved and pending a property purchase or approvals. In addition, as at 30 June 2021, 6,727 NHG places were used with 4,781 guarantee certificates issued for loans which were settled or pending settlement. 1,946 places were reserved and pending a property purchase or approvals.

Contingent liabilities

Refer to Note 7.2 Administered Contingent Assets and Liabilities

6. Funding

This section identifies the Treasury funding structure.

6.1. Appropriations

Note 6.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2021

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
DEPARTMENTAL							
Ordinary annual services	255,164	-	29,005	5,209	289,378	(273,652)	15,726
Capital Budget ³	11,548	-	-	-	11,548	(11,548)	-
Other services	-	-	-	-	-	-	-
Equity	-	-	-	237	237	(222)	15
Total departmental	266,712	-	29,005	5,446	301,163	(285,422)	15,741
ADMINISTERED							
Ordinary annual services							
Administered items	133,686	-	-	4,762	138,448	(110,390)	28,058
Other services							
Administered assets and liabilities	165,000	-	-	-	165,000	(165,000)	-
Total administered	298,686	-	-	4,762	303,448	(275,390)	28,058

1. Includes IPFA appropriations of \$5.754 million; and unspent funds of \$2.754 million in relation to two programs that terminated during 2020-21 that are required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and are therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2021.

2. The variance in Ordinary annual services is largely driven by the timing of cash payments.

3. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No.1 and No.3). They form part of the ordinary annual services and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2020

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance \$'000
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000			
DEPARTMENTAL							
Ordinary annual services	210,135	-	23,877	-	234,012	(211,316)	22,696
Capital Budget	10,160	-	-	-	10,160	(10,160)	-
Other services							
Equity	1,456	-	-	-	1,456	(1,234)	222
Total departmental	221,751	-	23,877	-	245,628	(222,710)	22,918
ADMINISTERED							
Ordinary annual services							
Administered items	108,399	-	-	14,150	122,549	(113,906)	8,643
Other services							
Administered assets and liabilities	165,000	-	-	-	165,000	(165,000)	-
Total administered	273,399	-	-	14,150	287,549	(278,906)	8,643

Note 6.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2021 \$'000	2020 \$'000
Departmental		
Appropriation Act (No. 1) 2019-20 ¹	-	56,923
Appropriation Act (No. 1) 2019-20 - DCB	-	-
Appropriation Act (No. 2) 2019-20 - Equity	-	222
Appropriation Act (No. 3) 2019-20	-	16,462
Supply Act (No. 1) 2020-21	1,771	-
Supply Act (No. 2) 2020-21 - Equity	237	-
Appropriation Act (No. 1) 2020-21 ^{1, 2}	75,827	-
Appropriation Act (No. 3) 2020-21	6,303	-
Total departmental	84,138	73,607

Authority	2021 \$'000	2020 \$'000
Administered		
Appropriation Act (No. 1) 2017-18 ³	-	7
Appropriation Act (No. 2) 2017-18 ³	-	60,000
Appropriation Act (No. 2) 2018-19	44,850	44,850
Appropriation Act (No. 3) 2018-19	131	131
Appropriation Act (No. 1) 2019-20	959	7,939
Appropriation Act (No. 3) 2019-20	4,682	5,682
Appropriation (Coronavirus Economic Response Package) Act (No. 1) 2019-2020 - Operating	-	5,030
Supply Act (No. 1) 2020-21	524	-
Appropriation Act (No. 1) 2020-21	38,001	-
Appropriation Act (No. 3) 2020-21	2,544	-
Total administered	91,691	123,639

1. Cash held amounts (2021: \$0.760 million, 2020: \$0.651 million) are included in Appropriation Act (No.1) for the relevant year.

2. Appropriation Act (No. 1) 2020-21 includes unspent funds of \$2.754 million in relation to two programs that terminated during 2020-21 that are required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and are therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2021.

3. 2017-18 Appropriation Acts have been repealed on 1 July 2020.

Note 6.1C: Special Appropriations ('Recoverable GST exclusive')

The following table lists current special appropriations contained in legislation that the Treasury is responsible for administering.

Authority	Appropriation applied	
	2021 \$'000	2020 \$'000
<i>Asian Development Bank (Additional Subscription) Act 1972, s7</i>	-	-
<i>Asian Development Bank (Additional Subscription) Act 1977, s7</i>	-	-
<i>Asian Development Bank (Additional Subscription) Act 1983, s6</i>	-	-
<i>Asian Development Bank (Additional Subscription) Act 1995, s6</i>	-	-
<i>Asian Development Bank (Additional Subscription) Act 2009, s6</i>	-	(25,467)
<i>Asian Development Bank Act 1966, s4</i>	-	-
<i>Asian Infrastructure Investment Bank Act 2015, s7</i>	-	(215,376)
<i>Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020, s18</i>	(4,778)	-
<i>Banking Act 1959, s69(8)</i>	-	-
<i>Commonwealth Places (Mirror Taxes) Act 1998, s23(4)</i>	(610,340)	(593,240)
<i>European Bank for Reconstruction and Development Act 1990, s4</i>	-	-
<i>Federal Financial Relations Act 2009, s22</i>	(92,369,988)	(93,086,036)
<i>Financial Agreements (Commonwealth Liability) Act 1932, s4(3)</i>	-	-
<i>Guarantee of State and Territory Borrowing Appropriation Act 2009, s5</i>	-	-
<i>Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020, s6</i>	(582)	-
<i>Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008, s5</i>	-	-
<i>International Bank for Reconstruction and Development (General Capital Increase) Act 1989, s6</i>	-	-
<i>International Bank for Reconstruction and Development (Share Increase) Act 1988, s5(1)</i>	-	-
<i>International Finance Corporation Act 1955</i>	(56,211)	-
<i>International Financial Institutions (Share Increase) Act 1982, s7(1)</i>	-	-
<i>International Financial Institutions (Share Increase) Act 1986, s7(1)</i>	-	-
<i>International Monetary Agreements Act 1947, s5a(6)</i>	-	-
<i>International Monetary Agreements Act 1947, s7(3)</i>	(584,000)	(320,000)
<i>International Monetary Agreements Act 1947, s7(4)</i>	-	-
<i>International Monetary Agreements Act 1947, s8</i>	(4,629)	(48,204)
<i>International Monetary Agreements Act 1947, s8A</i>	-	-
<i>International Monetary Agreements Act 1947, s8B(2)</i>	-	-
<i>International Monetary Agreements Act 1947, s8C(3)</i>	(2,453,635)	-
<i>International Monetary Agreements Act 1947, s8CAA(2)</i>	-	-
<i>International Monetary Agreements Act 1947, s8CA(4)</i>	-	-
<i>International Monetary Agreements Act 1947, s9</i>	(59,729)	-
<i>International Monetary Agreements Act 1960, s4</i>	-	-
<i>International Monetary Agreements Act 1974, s6</i>	-	-
<i>Medicare Guarantee Act 2017, s18¹</i>	-	-
<i>Multilateral Investment Guarantee Agency Act 1997, S4</i>	-	-
<i>National Housing Finance and Investment Corporation Act 2018, s48A¹</i>	-	-
<i>Papua New Guinea Loans Guarantee Act 1975, s4</i>	-	-
<i>Public Governance, Performance and Accountability Act 2013, s77</i>	(2)	(14)
<i>State Grants Act 1927, s7</i>	-	-
<i>Superannuation Industry (Supervision) Act 1993, s231(4)</i>	-	-
<i>Terrorism Insurance Act 2003, s37, s42(3)</i>	-	-
Total	(96,143,894)	(94,288,337)

1. Refer to note 6.2 Special Accounts for payments made under the *Medicare Guarantee Act 2017* and the *National Housing Finance and Investment Corporation Act 2018*. These were previously included in the above table.

Note 6.1D: Disclosure by agent in relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Education and Training	Department of Agriculture and Water Resources
	Payments to the States and Territories: education services	Payments to the States and Territories: Water for the Environment Special Account
	\$'000	\$'000
2021		
Total receipts	23,464,612	40,690
Total payments	23,464,612	40,690
<hr/>		
	Department of Education and Training	Department of Agriculture and Water Resources
	Payments to the States and Territories: education services	Payments to the States and Territories: Water for the Environment Special Account
	\$'000	\$'000
2020		
Total receipts	23,739,808	5,172
Total payments	23,739,808	5,172

Total receipts and Total payments are made through the Treasury on behalf of other Commonwealth entities to State and Territory Treasuries under the COAG Arrangements.

6.2. Special Accounts

Note 6.2A: Special Accounts ('Recoverable GST exclusive')

	NHFC Special Account ¹		Medicare Guarantee Fund (Treasury) Special Account ²		Fuel Indexation Special Account ³		COAG Reform Fund Special Account ⁴	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance brought forward from previous period	449,817	239,677	-	-	-	-	-	-
Increases								
Appropriation for reporting period	270,000	310,000	41,448,516	37,961,055	887,000	730,000	13,509,990	8,647,666
Other receipts	208,213	212,000	-	-	-	-	2,693,758	2,322,278
Total increases	478,213	522,000	41,448,516	37,961,055	887,000	730,000	16,203,748	10,969,944
Available for payments	928,030	761,677	41,448,516	37,961,055	887,000	730,000	16,203,748	10,969,944
Decreases								
Administered								
Payments made to States and Territories	-	-	-	-	-	-	(16,153,748)	(10,969,944)
Payments made to other entities	(180,761)	(311,860)	-	-	-	-	-	-
Transfers made to Medicare Guarantee Fund (Health) Special Account	-	-	(41,448,516)	(37,961,055)	-	-	-	-
Transfer made to COAG Reform Fund Special Account	-	-	-	-	(887,000)	(730,000)	-	-
Total administered	(180,761)	(311,860)	(41,448,516)	(37,961,055)	(887,000)	(730,000)	(16,153,748)	(10,969,944)
Total decreases	(180,761)	(311,860)	(41,448,516)	(37,961,055)	(887,000)	(730,000)	(16,153,748)	(10,969,944)
Total balance carried to the next period	747,269	449,817	-	-	-	-	50,000	-
Balance represented by								
Cash held in Official Public Account	747,269	449,817	-	-	-	-	50,000	-
Total balance carried to the next period	747,269	449,817	-	-	-	-	50,000	-

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *National Housing Finance and Investment Corporation Act 2018*, section 47.A

Purpose: To secure funding for the establishment and operation of NHFIC's Affordable Housing Bond Aggregator (AHBA), which is to improve housing outcomes by providing cheaper and longer-term secured loan finance for community housing providers. NHFIC can access this funding through submitting a Utilisation Request to gain access to the funding at the Commonwealth cost of borrowing rate (up to the annual limit as outlined below).

The Commonwealth must credit the Account amounts equal to the following:

- a. (a) \$105 million, to be credited on the day this section commences;
- b. (b) \$310 million, to be credited on 1 July 2019;
- c. (c) \$270 million, to be credited on 1 July 2020;
- d. (d) \$165 million, to be credited on 1 July 2021; and each amount paid to the Commonwealth by the NHFIC (principal), on or after the day this section commences, that:
 - i. (i) is a repayment of money debited from the Account, or of other money lent by the Commonwealth to the NHFIC; and
 - ii. (ii) is paid in accordance with the Investment Mandate.

Any principal repayment to the Commonwealth through this Account, may be "recycled" and the amount re-issued. Interest is used to cover the Commonwealth's cost of borrowing and cannot be 'recycled'.

2. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *Medicare Guarantee Act 2017*, section 6.

Purpose: *The Medicare Guarantee Act 2017* (the Act) is to secure ongoing funding of the Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS).

The Act establishes the Medicare Guarantee Fund (MGF), which consists of the Medicare Guarantee Fund (Treasury) Special account (Treasury Special Account) and the Medicare Guarantee Fund (Health) Special Account (Health Special Account). The Treasury Special Account is administered by

the Department of the Treasury and the Health Special Account is administered by the Department of Health.

3. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *Fuel Indexation (Road Funding) Special Account Act 2015*, subsection 8(1).

Purpose: To ensure that amounts equal to the net revenue from indexation on customs and excise duties on fuel are transferred to the COAG Reform Fund in order to provide funding to the States and Territories for expenditure in relation to Australian road infrastructure investment.

4. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *COAG Reform Fund Act 2008*, section 5.

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

Note: The Treasury makes payments to the States and Territories from the COAG Reform Fund special account based on information provided by other Government departments that have policy and program implementation responsibility.

5. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *Establishment of SOTEM Special Account – Treasury Determination 2012/09*.

Purpose: To disburse amounts held on trust for the benefit of a person other than the Commonwealth or in connection with services performed on or behalf of other governments and bodies.

Note: Receipt relates to funding received and held on trust for the Global Infrastructure Hub.

Financial System Stability Special Account (Administered)

The Treasury's 'Financial System Stability' special account established under section 70E of the *Banking Act 1959* for the making of payments authorised under specified sections of the *Banking Act 1959*, the *Insurance Act 1973* and the *Life Insurance Act 1995* and to meet expenses of administering the special account. For the years ended 30 June 2020 and 30 June 2021 this special account had nil balances and no transactions were credited or debited to the account.

6.3. Net Cash Appropriation Arrangements

	2021 \$'000	2020 \$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(4,656)	(7,818)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	10,370	8,741
Plus: depreciation of right-of-use assets ²	10,007	8,447
Less: lease principal repayments ²	(9,865)	(7,270)
Total comprehensive income/(loss) less expenses previously funded through revenue appropriations	5,856	2,100
Changes in asset revaluation reserve	(1,667)	-
Net cash Operating Surplus/(Deficit)	4,189	2,100

1. From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity injections. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

7. Managing uncertainties

This section analyses how the Treasury manages financial risks within its operating environment.

7.1. Departmental Contingent Assets and Liabilities

Quantifiable Contingencies

Contingent liabilities are nil in 2021 (2020: nil). There were no quantifiable contingent assets in 2021 (2020: nil).

Contingent liabilities and contingent assets

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

7.2. Administered Contingent Assets and Liabilities

Quantifiable administered contingencies

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

Commitments under expanded IMF New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. This is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. The value of Australia's NAB credit arrangement stands at approximately 4.44 billion Special Drawing Rights (SDR, the IMF's unit of account) (approximately A\$8.43 billion at 30 June 2021) (2020: SDR2.22 billion). In January 2021, the NAB was renewed for an additional five year period until 31 December 2025.

The Fund does not publish annual estimates of the amount it expects to call under the NAB facility. However, to be drawn upon, the NAB needs to be activated by the IMF Executive Board. The last NAB activation period was terminated in February 2016 and the IMF is currently relying on its quota resources to fund new lending (although the NAB can be called upon to fund IMF programs that were approved under previous activations). The IMF did not call on Australia's NAB facility in 2020-21 and, as at the completion of these statements, has not done so in the current year.

IMF Bilateral Borrowing Arrangement (BBA)

In addition to the NAB credit line as part of a broad international effort to increase the resources available to the IMF, Australia has made available an SDR1.986 billion (approximately A\$3.77 billion at 30 June 2021) contingent bilateral loan to the IMF (2020: SDR4.61 billion). The contingent loan is on terms consistent with separate bilateral loan and note purchase agreements between the IMF and all contributing countries. It will be drawn upon by the IMF only if needed to supplement the IMF's quota and NAB resources and any loans would be repaid in full with interest. Australia's three-year bilateral borrowing arrangement with the IMF was created in 2021 and will conclude on 31 December 2023, with the option to extend by one year.

Poverty Reduction and Growth Trust (PRGT)

To help the IMF provide concessional finance and support low-income countries to achieve, maintain, or restore a stable and sustainable macroeconomic position, Australia has made available a SDR500 million (approximately A\$949 million at 30 June 2021) line of credit to the Poverty Reduction and Growth Trust (PRGT), which the IMF is the Trustee of. This contingent loan is on terms consistent with other PRGT loan agreements between the IMF and all contributing countries. It will be drawn by the IMF as they provide new loans through the PRGT and any loans will be repaid in full with interest. Australia's 10-year loan agreement with the PRGT was created in 2020 and will conclude on 31 December 2029.

International financial institutions — uncalled capital subscriptions

The Australian Government has held an uncalled capital subscription to the International Bank for Reconstruction and Development (IBRD) since 1947. Australia's uncalled capital subscription to the IBRD totals US\$3.9 billion (estimated value A\$5.2 billion as at 30 June 2021).

The Australian Government has also held an uncalled capital subscription to the European Bank for Reconstruction and Development (EBRD) since 1991. Australia's uncalled capital subscription to the EBRD totals EUR237.5 million (estimated value A\$375.8 million as at 30 June 2021).

The Australian Government has further held an uncalled capital subscription to the Asian Development Bank (ADB) since 1966. Australia's uncalled capital subscription to the ADB totals US\$8.3 billion (estimated value A\$11.1 billion as at 30 June 2021).

The Australian Government has further held an uncalled capital subscription to the Multilateral Investment Guarantee Agency of US\$26.5 million (estimated value A\$35.2 million as at 30 June 2021).

The Asian Infrastructure Investment Bank (AIIB) was established on 25 December 2015. The Australian Government has subscribed to shares in the AIIB, which includes an uncalled capital subscription. Australia's uncalled capital subscription to the AIIB totals US\$3.0 billion (estimated value A\$3.9 billion as at 30 June 2021).

None of these international financial institutions have ever drawn on Australia's uncalled capital subscriptions.

Australian Business Growth Fund

The Australian Government holds an uncalled capital subscription to the Australian Business Growth Fund. The uncalled capital subscription to the ABGF totals \$95.22 million as at 30 June 2021. The Commonwealth committed \$100 million in total to the Australian Business Growth Fund but drawdown is capped at 20% per year of its total commitment.

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

The Commonwealth has agreed to lend up to \$160 million to the State Government of New South Wales (NSW) to support the loan facility to top up the James Hardie Asbestos Injuries Compensation Fund. Draw down on the loan is subject to the James Hardie Asbestos Injuries Compensation Fund requiring funds to meet its liabilities and is contingent on NSW meeting a number of conditions under the loan agreement with the Australian Government. The timing and amounts that may be drawn down by NSW cannot be determined accurately. No new loans were provided to the State Government of NSW in respect of the loan facility in 2020-21 (2019-20: nil).

Unquantifiable administered contingencies

Contingent Liabilities

Housing Loans Insurance Corporation (HLIC)

The Australian Government sold HLIC on 12 December 1997 and has assumed all residual contingencies. The contingent liability relates to the HLIC's contracts of mortgage insurance to the time of sale. Any potential economic outflow cannot be determined accurately given the complexity of any estimation calculation of the economic outflow would be reliant upon numerous unquantifiable variables. Only at the time of the event, can the amount of economic outflow be determined accurately.

Terrorism insurance — Australian Reinsurance Pool Corporation

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

Guarantee by Commonwealth — NHFIC

NHFIC was established under the *National Housing Finance and Investment Corporation Act 2018* to perform the functions under Section 8 of the Act. NHFIC's operations are funded by the Commonwealth (refer to Notes 4.1.C, 5.1A and 5.1C) and by raising finance through the issuance of social housing bonds into the debt capital market. The Commonwealth Government has provided a guarantee of NHFIC's liabilities capped

at \$3 billion to encourage the development of the market for social housing bonds. The Minister for Housing may, by legislative instrument, set a date that the guarantee is effective to, but not earlier than, 1 July 2023. Under the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*, the Minister for Housing and Minister for Finance may also make adjustments to the cap.

Loans to NHFIC's Affordable Housing Bond Aggregator (AHBA)

The Commonwealth has agreed to make available amounts up to \$1 billion to NHFIC's AHBA via a loan, as outlined in Note 6.2 Special accounts. Under the AHBA Loan Agreement with the Treasury, NHFIC can access the funds by completing a Utilisation Request and providing this to Treasury. Interest is to be charged on each individual loan at the Commonwealth's cost of borrowing.

The timing and amounts of potential drawdowns by NHFIC cannot be determined accurately. An additional complexity is the 'recycling' of funds repaid or prepaid by NHFIC, which can be re-borrowed by NHFIC.

The closing balance of AHBA loan drawdown is disclosed in Note 5.1B and any unused amount available at 30 June 2021 has been recorded in Note 5.1A Cash and cash equivalents and Note 6.2 Special accounts.

Disaster Recovery Funding Arrangements (DRFA) and Natural Disaster Relief and Recovery (NDRRA)

The Australian Government provides funding to States and Territories through the DRFA and NDRRA to assist with natural disaster relief and recovery costs. A State or Territory may claim NDRRA funding if a natural disaster occurs and State or Territory relief and recovery expenditure for that event meets the requirements set out in the respective DRFA and NDRRA Determinations. This combined liability represents the Treasury's best estimate of payments expected to be made to States and Territories as at balance date. In the event where a natural disaster has occurred but the associated costs cannot be quantified reliably, the event is disclosed as a contingent liability. For a list of natural disasters that are included in the DRFA and NDRRA contingent liability, refer to Note 5.4 Administered – Provisions.

Indemnities for specialised external advisers during the COVID-19 pandemic

The Government has provided indemnities for certain external specialised advisers engaged to provide advice on emerging markets issues related to COVID-19. Indemnities were provided to mitigate personal risk and provide coverage for costs related to any legal proceedings that may arise in relation to the provision of that advice.

The indemnities apply for the period of engagement as advisers and for claims that are notified within 12 years after cessation of the advisers' engagement. Until the indemnity agreements are varied or expire, they will remain as contingent and unquantifiable liabilities.

Small & Medium Enterprises (SME) Guarantee Scheme (SMEGS) and Small & Medium Enterprises (SME) Recovery Loan Scheme (SMERLS- Flood and Job Keeper)

The Australian Government is supporting SMEs access to finance by providing a Guarantee to eligible lenders through the Coronavirus SME Guarantee Scheme, Show Starter Loan Scheme, and SME Recovery Loan Scheme.

The Australian Government provides a Guarantee to eligible lenders to enhance lenders' willingness and ability to provide credit, supporting many otherwise viable SMEs to access additional funding to continue operating through the outbreak of COVID-19. As the impact of COVID-19 evolves, so does the economic response. Refer to Note 5.2D Financial guarantees.

Contingent Assets

HIH Claims Support Scheme (HCSS)

As an insured creditor in the liquidation of the HIH Group, the Australian Government is entitled to payments arising from the HCSS's position in the Proof of Debt of respective HIH companies. The Treasury has received payments from the HIH Estate during 2019-20; however the timing and amount of future payments are unknown and will depend on the outcome of the estimation process and the completion of the liquidation of the HIH Group.

Burden sharing in the International Monetary Fund remuneration

Since 1986, the IMF has used its burden sharing mechanism to make up for the loss of income from unpaid charges on the loans of debtor members. Under burden sharing, temporary financing in equal amounts is obtained from debtor and creditor members by increasing the rate of charge and reducing the rate of

remuneration, respectively, to (1) cover shortfalls in the IMF's regular income from unpaid charges ("deferred charges") and (2) accumulate precautionary balances against possible credit default in a contingent account, the Special Contingent Account (SCA-1). SCA-1 accumulations were suspended effective November 1, 2006.

On 29 June 2021, Australia contributed its full share of resources in the SCA-1 and deferred charges adjustments in the amount of SDR8.81 million (approximately A\$16.72 million) to help finance the IMF's debt relief to Sudan. Since Sudan was the last protracted arrears case in the IMF, the SCA-1 has been terminated.

Due to the inherent uncertainty around shortfalls in IMF income, burden sharing contributions represent a contingent asset that cannot be reliably measured and as such is recorded as an unquantifiable contingent asset.

7.3. Financial Instruments

	2021	2020
	\$'000	\$'000
Note 7.3A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	760	651
Trade and other receivables - Goods and services receivables	2,996	4,980
Trade and other receivables - Other receivables	648	820
Total financial assets at amortised cost	4,404	6,451
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	10,602	10,775
Other payables	3,984	2,920
Total financial liabilities measured at amortised cost	14,586	13,695
Total financial liabilities	14,586	13,695

Accounting Policy

Financial assets

The Treasury classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the Treasury's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Treasury becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets classified as at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

7.4. Administered - Financial Instruments

	2021 \$'000	2020 \$'000
Note 7.4A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	797,269	449,817
IMF related monies owing	248	320
IMF New Arrangements to Borrow loan	120,471	213,060
IMF PRGT loan	378,812	-
International assistance loans	1,367,085	-
Loans to States and Territories	47,855	47,855
Loans to NHFIC	87,731	115,183
IMF Maintenance of Value	1,178,400	-
Dividends receivable	2,669,000	2,563,000
Accrued interest - loans to NHFIC	50	53
Accrued interest - international loans	5,150	-
GST revenue allocations and COAG receivable	3,597	5,174,947
Other receivables	112	190
Total assets at amortised cost	6,655,780	8,564,425
Financial assets at fair value through other comprehensive income		
International financial institutions	2,574,923	2,670,472
Australian Government entities	23,472,476	30,426,751
Commonwealth companies	-	1,436
Australian Business Growth Fund	4,778	-
IMF Quota	12,473,714	13,213,510
Total assets at fair value through other comprehensive income	38,525,891	46,312,169
Financial assets at fair value through profit or loss		
Guarantee of State and Territory Borrowing contractual fee receivable	1,406	3,658
Total assets at fair value through profit or loss	1,406	3,658
Total financial assets	45,183,077	54,880,252
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Promissory notes	10,110,131	10,051,022
Grant liabilities	3,910,671	126,753
IMF SDR allocation liability	5,851,530	6,198,575
Other payables	505	8,685
IMF Maintenance of Value	-	648,787
Total financial liabilities measured at amortised cost	19,872,837	17,033,822
Financial liabilities measured at fair value through profit or loss:		
Guarantee of State and Territory Borrowing contractual guarantee service obligation	1,406	3,658
Financial guarantees	407,167	93,385
Total financial liabilities measured at fair value through profit or loss	408,573	97,043
Total financial liabilities	20,281,410	17,130,865

	2021	2020
	\$'000	\$'000
Note 7.4B: Net Gains and Losses on Financial Assets		
Financial assets at amortised cost		
Interest revenue	2,581	5,643
Exchange gains/(loss)	(9,560)	8,112
Net gains/(losses) on financial assets at amortised cost	(6,979)	13,755
Financial assets at fair value through other comprehensive income		
Interest revenue	1,983	9,954
Exchange gains/(loss)	(945,650)	179,422
Net gains/(losses) on financial assets at fair value through other comprehensive income	(943,667)	189,376
Financial assets at fair value through profit and loss		
Guarantee of State and Territory Borrowing fee	2,125	2,462
Net gains/(losses) on financial assets at fair value through other comprehensive income	2,125	2,462
Net gains/(losses) on financial assets	(948,521)	205,593

	2021	2020
	\$'000	\$'000
Note 7.4C: Net Gains and Losses on Financial Liabilities		
Financial liabilities measured at amortised cost		
IMF Charges	4,381	37,577
Exchange gains/(loss)	1,525,446	(736,022)
Net gains/(losses) on financial liabilities measured at amortised cost	1,529,827	(698,445)
Net gains/(losses) on financial liabilities	1,529,827	(698,445)

Note 7.4D: Credit risk

The maximum exposure to credit risk of the Treasury's administered financial assets is the carrying amount of 'loans and receivables' (2021: \$5.9 billion and 2020: \$8.1 billion) and the carrying amount of 'equity accounted instruments' (2021: \$38.5 billion and 2020: \$46.3 billion – 'available for sale' financial assets).

The Treasury has performed assessments using historical data, financial statement data (audited and unaudited) and forward-looking data, including credit ratings, for transactions with other entities within the Commonwealth Government, other State and Territories governments and international financial institutions including the IMF. Based on the assessments, there is no indication that a significant increase in expected credit loss over next 12 months, or the lifetime of these transactions, will occur.

International financial institutions (including the IMF), the Australian Business Growth Fund, NHFIC and other Commonwealth entities that the Treasury holds its financial assets with, have a minimum AAA credit rating. The contractual fee receivable from the Guarantee of State and Territory Borrowing relates to State and Territory governments. These entities hold a minimum AA credit rating. Therefore, the Treasury does not consider any of its financial assets to be at risk of default. Further detail is provided in the Accounting Policy for Administered Financial Instruments.

Note 7.4E: Liquidity risk

The Treasury's administered financial liabilities are promissory notes, grant liabilities, the IMF SDR allocation and liabilities associated with the SME Guarantee Scheme and Loan Recovery Scheme. The contractual guarantee service obligation arising from the guarantee scheme for State and Territory borrowing is not included as there is no liquidity risk associated with this item. It is contingent on the value of the associated contractual fee receivable. The exposure to liquidity risk is based on the notion that the Treasury will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding through special appropriations and non-lapsing capital appropriations as well as internal policies and procedures put in place to ensure there are appropriate resources for the Treasury to meet its financial obligations.

The following tables illustrate the maturities for non-derivative financial liabilities:

Maturities for financial liabilities in 2021

	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Promissory notes	-	1,304,449	-	-	8,805,682	10,110,131
Grant liabilities	-	3,910,671	-	-	-	3,910,671
IMF SDR allocation liabilities	-	-	-	-	5,851,530	5,851,530
Financial guarantees	-	17,323	99,339	87,122	203,383	407,167
Other payables	-	485	-	-	-	485
Total	-	5,232,928	99,339	87,122	14,860,595	20,279,984

Maturities for financial liabilities in 2020

	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Promissory notes	-	-	-	-	10,051,022	10,051,022
Grant liabilities	-	126,753	-	-	-	126,753
IMF SDR allocation liabilities	-	-	-	-	6,198,575	6,198,575
Financial guarantees	-	-	-	-	93,385	93,385
Other payables	649,480	-	-	-	-	649,480
Total	649,480	126,753	-	-	16,342,982	17,119,215

Note 7.4F: Market risk

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

The following table details the effect on profit and equity as at 30 June 2021 from a 7.9 per cent (30 June 2020 from a 8.4 per cent) favourable/unfavourable change in AUD against the Treasury with all other variables held constant. The change in the risk variable has been determined by reference to standard parameters provided by the Department of Finance.

Sensitivity analysis of the risk that the entity is exposed to for 2021

Risk Variable	Risk variable	Change in risk variable %	Effect on	
			Net cost of services 2021 \$'000	Net assets 2021 \$'000
IFI Investments	Exchange rate	7.9	(188,304)	(188,304)
IFI investments	Exchange rate	(7.9)	220,564	220,564
IMF Remuneration and Interest Receivable	Exchange rate	7.9	(18)	(18)
IMF Remuneration and Interest Receivable	Exchange rate	(7.9)	21	21
IMF new arrangements to borrow loan	Exchange rate	7.9	(8,810)	(8,810)
IMF new arrangements to borrow loan	Exchange rate	(7.9)	10,319	10,319
IMF PRGT	Exchange rate	7.9	(29,225)	(29,225)
IMF PRGT	Exchange rate	(7.9)	34,232	34,232
IMF Quota	Exchange rate	7.9	(912,203)	(912,203)
IMF Quota	Exchange rate	(7.9)	1,068,479	1,068,479
Promissory notes	Exchange rate	7.9	(4,320)	(4,320)
Promissory notes	Exchange rate	(7.9)	5,060	5,060
IMF SDR allocation liability	Exchange rate	7.9	(427,923)	(427,923)
IMF SDR allocation liability	Exchange rate	(7.9)	501,233	501,233
IMF Charges Payable	Exchange rate	7.9	(35)	(35)
IMF Charges Payable	Exchange rate	(7.9)	42	42

Sensitivity analysis of the risk that the entity is exposed to for 2020

Risk Variable	Risk variable	Change in Risk variable %	Effect on	
			Net cost of services 2020 \$'000	Net assets 2020 \$'000
IFI Investments	Exchange rate	8.4	(207,164)	(207,164)
IFI investments	Exchange rate	(8.4)	245,209	245,209
IMF Remuneration Receivable	Exchange rate	8.4	(25)	(25)
IMF Remuneration Receivable	Exchange rate	(8.4)	29	29
IMF new arrangements to borrow loan	Exchange rate	8.4	(16,528)	(16,528)
IMF new arrangements to borrow loan	Exchange rate	(8.4)	19,564	19,564
IMF Quota	Exchange rate	8.4	(1,025,050)	(1,025,050)
IMF Quota	Exchange rate	(8.4)	1,213,294	1,213,294
Promissory notes	Exchange rate	8.4	(5,020)	(5,020)
Promissory notes	Exchange rate	(8.4)	5,941	5,941
IMF SDR allocation liability	Exchange rate	8.4	(480,860)	(480,860)
IMF SDR allocation liability	Exchange rate	(8.4)	569,167	569,167
IMF Charges Payable	Exchange rate	8.4	(54)	(54)
IMF Charges Payable	Exchange rate	(8.4)	64	64

Accounting Policy

Administered financial instruments

AASB 9 identifies three classifications for financial instruments - those measured at (a) amortised cost; (b) fair value through other comprehensive income (FVOCI); and (c) fair value through profit or loss (FVPL).

A financial asset shall be classified as at amortised cost if the financial asset is held within a business model to collect contractual cash flows and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With the exception of dividends receivable, which is measured at fair value, financial assets at amortised cost are initially recognised at fair value and subsequently measured using the effective interest method. Financial assets at amortised cost include:

- IMF-related monies receivable;
- Loans to the IMF under the New Arrangements to Borrow;
- Loans to the IMF under the Poverty Reduction and Growth Trust;
- Loans to NHFIC;
- Loans to States and Territories
- International assistance loans; and
- Dividends receivable.

A financial asset shall be classified as at FVOCI when the financial asset is held within a business model to collect contractual cash flows and to sell the financial asset. In addition, the Department of Finance has mandated that all equity instruments must be recorded as FVOCI.

Financial assets recorded at FVOCI are initially measured at cost and subsequently measured at fair value and include:

- Investments in development banks;
- The IMF quota;
- Investment in the Australian Business Growth Fund; and
- Investments in Government entities.

Financial liabilities shall be classified as at amortised cost except for financial guarantee contracts.

Financial liabilities at amortised cost are initially measured at fair value and subsequently measured using the effective interest rate method. Financial liabilities at amortised cost include:

- SDR allocation;
- Promissory notes; and
- IMF related monies payable.

The contractual terms of promissory notes are non-interest bearing making the effective interest rate nil. Therefore, the measurement would be the initial value less any repayments plus or minus movements in exchange rates as a result of translation on the balance date.

The Treasury's administered financial guarantee contracts relate to the Small and Medium Enterprises Guarantee Scheme (SMEGS), Show Starter Loan Scheme (SLS), the Small and Medium Enterprises Loan Recovery Scheme (SMERLS) and components of the Guarantee of State and Territory Borrowings. They are classified as financial liabilities at fair value through profit or loss. They are not treated as contingent liabilities, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The amounts recognised for the SMEGS, SLS and SMERLS financial guarantee contracts are the expected losses on the total loan balance discounted to reporting date for these Schemes.

Recognition of the amounts for the Guarantee of State and Territory Borrowings only relate to fee revenue aspects of the financial guarantee contracts. These amounts do not reflect any expected liability under the Guarantee Scheme itself as these are considered remote and unquantifiable. Administered contingent liabilities and assets are disclosed at Note 7.2 Administered Contingent Assets and Liabilities.

7.5. Fair Value Measurement

Note 7.5A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2021 \$'000	2020 \$'000
Non-financial assets¹		
Property, plant and equipment - AUC ²	1,108	2,404
Property, plant and equipment ²	9,884	8,077
Library ²	764	939
Buildings - AUC ²	2,776	920
Buildings ²	19,988	18,290
Total non-financial assets	34,520	30,630

1. The Treasury's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

2. No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2021.

Accounting Policy

Comprehensive valuations are carried out once every three years. In the intervening years, an annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. The Treasury appointed Jones Lang LaSalle (JLL) to undertake a full revaluation of all tangible property, plant and equipment assets as at 30 June 2021.

Where possible, asset valuations are based upon observable inputs to the extent they are available. Where this information is not available, valuation techniques rely upon unobservable inputs. The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

All Asset Classes - Physical Depreciation and Obsolescence

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Library - Replacement cost

The value of the library was determined on the basis of the average cost for items within each collection. The replacement cost has considered purchases over recent years and these have been evaluated for reasonableness against current market prices.

The Treasury's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There have been no transfers between level 1 and level 2 of the hierarchy during the year.

7.6. Administered - Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 Level 3: Unobservable inputs for the asset or liability.

Note 7.6A: Fair Value Measurements, Valuation Techniques and Inputs Used Recurring fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2021

	Fair value measurements at the end of the reporting period using		Valuation technique(s) and inputs used ^{1,2}
	2021 \$'000	2020 \$'000	
			Category (Level 1, 2 or 3)
Financial assets:			
International financial institutions:			
Asian Development Bank	2,574,923	2,670,472	3
Asian Infrastructure and Investment Bank	582,976	617,551	
European Bank for Reconstruction and Development	981,910	1,075,623	
International Bank for Reconstruction and Development	99,051	102,438	
International Finance Corporation	368,269	340,014	
Multilateral Investment Guarantee Agency	534,469	525,811	
	8,248	9,035	
Australian Government entities:			
Reserve Bank of Australia	23,472,476	30,426,751	3
Australian Reinsurance Pool Corporation	22,466,000	29,601,000	
NHFIC	595,429	520,526	
	411,047	305,225	
Commonwealth companies:			
Financial Adviser Standards and Ethics Authority Ltd	-	1,436	
	-	1,436	
Other investments:			
Australian Business Growth Fund	12,478,492	13,213,510	
IMF quota	4,778	-	
Total financial assets	12,473,714	13,213,510	3
	38,525,891	46,312,169	
Total fair value measurements	38,525,891	46,312,169	

1. No change in valuation techniques occurred during the period.

2. Significant observable inputs only.

Fair value measurements

The highest and best use of Treasury's investments in Australian Government entities does not differ because the fair value is based on the net asset position of the entity.

The highest and best use of Treasury's investments in International Financial Institutions does not differ because the fair value is based on the value of shares held in the relevant institution.

Note 7.6B: Level 1 and Level 2 transfers for recurring fair value measurements

No assets were transferred between Level 1 and Level 2.

Note 7.6C: Reconciliation for recurring Level 3 fair value measurements**Recurring Level 3 fair value measurements - reconciliation for assets**

	Financial assets			
	Investments		Total	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
As at 1 July	46,312,169	43,954,514	46,312,169	43,954,514
Opening adjustment for AASB 9	-	-	-	-
Total gains/(losses) recognised in other comprehensive income	(7,120,710)	1,297,692	(7,120,710)	1,297,692
Total gains/(losses) recognised in net cost of services	(739,797)	185,958	(739,797)	185,958
IMF Quota foreign exchange gain/(loss)	(211,490)	(5,154)	(211,490)	(5,154)
International Financial Institutions foreign exchange gain/(loss)				
Share Purchases	4,778	-	4,778	-
Increase in investments in Australian Business Growth Fund	165,000	165,000	165,000	165,000
Increase in investments in NHFIC	115,941	714,159	115,941	714,159
Increase in investments in the International Financial Institutions				
Sales				
IMF general review Quota Payments	-	-	-	-
Issues	-	-	-	-
Settlements	-	-	-	-
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Total as at 30 June	38,525,891	46,312,169	38,525,891	46,312,169
Changes in unrealised gains/(losses) recognised in net cost of services for the year ended 30 June	(7,786,278)	2,357,655	(7,786,278)	2,357,655

8. Other Information

8.1. Current/Non-current Distinction for Assets and Liabilities

	2021	2020
	\$'000	\$'000
Note 8.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	760	651
Trade and other receivables	87,112	79,959
Prepayments	4,593	3,433
Total no more than 12 months	92,465	84,043
More than 12 months		
Land and buildings	153,352	137,650
Plant and equipment	11,773	11,447
Intangibles	16,734	13,163
Trade and other receivables	79	93
Prepayments	1,853	1,831
Total more than 12 months	183,791	164,184
Total assets	276,256	248,227
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers		
Suppliers	10,602	10,775
Other payables	3,984	2,920
Leases	9,966	7,090
Employee provisions	16,259	13,519
Provision for restoration	162	-
Total no more than 12 months	40,973	34,304
More than 12 months		
Loans		
Leases	126,547	115,710
Employee provisions	52,086	49,655
Provision for restoration	5,348	4,229
Total more than 12 months	183,981	169,594
Total liabilities	224,954	203,898

	2021 \$'000	2020 \$'000
Note 8.1B: Administered - Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	797,269	449,817
Trade and other receivables	3,857,682	7,742,101
Loans	100,000	-
Total no more than 12 months	4,754,951	8,191,918
More than 12 months		
Trade and other receivables	640	1,464
Loans	1,901,954	376,098
Investments	38,525,891	46,312,169
Total more than 12 months	40,428,485	46,689,731
Total assets	45,183,436	54,881,649
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	20	7,992
Grants	3,910,671	126,753
Other payables	10,646	7,361
Unearned income	766	2,194
Promissory notes	1,304,449	-
Financial guarantees	17,323	-
Other provisions	781,301	1,194,080
Total no more than 12 months	6,025,176	1,338,380
More than 12 months		
Other payables	5,851,530	6,847,362
Unearned income	640	1,464
Promissory notes	8,805,682	10,051,022
Financial guarantees	389,844	93,385
Other provisions	871,532	693,308
Total more than 12 months	15,919,228	17,686,541
Total liabilities	21,944,404	19,024,921

8.2. Restructuring

Note 8.2A

On 28 February 2021, following the announcement of the *Treasury Laws Amendment (2020 Measures No.6) Act 2020*, Schedule 6, Part 6, the Consumer Data Right rules and sectors assessment function transferred from the Australian Competition and Consumer Commission to the Treasury.

On 28 February 2021, the Data Standards Body function transferred from the Commonwealth Scientific and Industrial Research Organisation to the Treasury as agreed at the 2020-21 Budget.

On 15 April 2021, the Governor-General made amendments to the Administrative Arrangements Order made on 18 March 2021 including the transfer of the responsibility for the small business functions from the Department of Industry, Science, Energy and Resources to the Treasury.

	2021	2021	2021
	CDR ¹	DSB ²	Small business and ASBFEO ³
	\$'000	\$'000	\$'000
Note 8.2A: Departmental restructuring			
FUNCTIONS ASSUMED			
Assets recognised			
Trade and other receivables	46	-	-
Property, plant and equipment	-	-	714
Intangibles	-	-	2,325
Total assets recognised	46	-	3,039
Liabilities recognised			
Payables	-	-	131
Leases	-	-	312
Employee provisions	46	55	2,939
Other provisions	-	-	147
Total liabilities recognised	46	55	3,529
Net assets/(liabilities) assumed	-	(55)	(490)
Income assumed			
Recognised by the losing entity	-	-	14,744
Total Income	-	-	14,744
Expenses assumed			
Recognised by the losing entity	2,451	2,165	12,215
Total Expenses assumed	2,451	2,165	12,215

There were no departmental restructures in 2019-20.

1. Consumer Data Rights (CDR) rules and sectors assessment function transfer from the Australian Competition and Consumer Commission.
2. Data Standards Body (DSB) function transfer from the Commonwealth Scientific and Industrial Research Organisation.
3. Small Business and Australian Small Business and Family Enterprise Ombudsman (ASBFEO) function transfer from the Department of Industry, Science, Energy and Resources.

Note 8.2B

On 15 April 2021, the Governor-General made an Executive Order to abolish the Infrastructure and Project Financing Agency (IPFA) as an Executive Agency commencing from the end of 30 April 2021. IPFA will continue as a separately branded activity within the Treasury.

IPFA	1/07/2020 ¹ \$'000	1/05/2021 ² \$'000
Note 8.2B: Departmental Restructuring - Balance Sheet		
FUNCTIONS ASSUMED		
Assets recognised		
Financial assets		
Cash and cash equivalents	505	-
Trade and other receivables	1,448	1,580
Total financial assets	1,953	1,580
Non-financial assets		
Buildings	2,198	1,802
Prepayments	63	93
Total non-financial assets	2,261	1,895
Total assets recognised	4,214	3,475
Liabilities recognised		
Payables		
Suppliers	1,034	111
Other payables	135	959
Total payables	1,169	1,070
Interest bearing liabilities		
Leases	1,896	1,578
Total interest bearing liabilities	1,896	1,578
Provisions		
Employee provisions	613	778
Provision for restoration	148	148
Total provisions	761	926
Total liabilities recognised	3,826	3,574
Net assets/(liabilities) assumed	388	(99)
Equity recognised		
Contributed equity	105	105
Retained earnings	283	(204)
Total equity recognised	388	(99)

1. In accordance with the requirements of the *Public Governance, Performance and Accountability Rule 2014*, the Treasury has reported the IPFA function as if it was part of the Treasury for the entire 2020-21 reporting period. IPFA comparative data is available in IPFA's 2019-20 Annual Report.

2. The Treasury assumed all of the functions of IPFA from 1 May 2021.

	2021
	Small business and ASBFEO the Department of Industry, Science, Energy and Resources
	\$'000
Note 8.2C: Administered restructuring	
FUNCTIONS ASSUMED	
Liabilities Recognised	
Payable	20
Total Liabilities Recognised	20
Net assets/(liabilities) Recognised	(20)

The were no administered restructures in 2019-20.

9. Budgetary Reports and Explanation of Major Variances

9.1. Departmental Budgetary Reports

Statement of Comprehensive Income for the period ended 30 June 2021

	Treasury		IPFA	Variance to Original Budget ² 2021 \$'000
	Actual	Original Budget ¹	Original Budget ¹	
	2021 \$'000	2021 \$'000	2021 \$'000	
NET COST OF SERVICES				
Expenses				
Employee benefits	172,771	174,638	4,268	(6,135)
Suppliers	80,818	78,993	1,135	690
Grants	554	958	-	(404)
Depreciation and amortisation	20,377	13,694	481	6,202
Write-down and impairment of assets	1,141	-	-	1,141
Finance costs	1,830	1,949	18	(137)
Other expenses	72	-	-	72
Total expenses	277,563	270,232	5,902	1,429
Own-source income				
Own-source revenue				
Sale of goods and rendering of services	8,158	10,251	-	(2,093)
Other revenues	3,898	4,905	49	(1,056)
Total own-source revenue	12,056	15,156	49	(3,149)
Gains				
Other gains	102	-	-	102
Total gains	102	-	-	102
Total own-source income	12,158	15,156	49	(3,047)
Net cost of services	(265,405)	(255,076)	(5,853)	(4,476)
Revenue from Government	259,082	246,499	5,754	6,829
Surplus / (Deficit)	(6,323)	(8,577)	(99)	2,353
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	1,667	-	-	1,667
Total other comprehensive income	1,667	-	-	1,667
Total comprehensive income/(loss) attributable to the Australian Government	(4,656)	(8,577)	(99)	4,020

1. The Treasury's and IPFA's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's and IPFA's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 million) are provided below.

Explanations of major variances	Affected line items
Depreciation and amortisation is \$6.2 million (44%) more than the original budget as a result of the recognition of additional ROU assets and leasehold improvements that had not been budgeted for.	Depreciation and amortisation
Write-down and impairment of assets is \$1.141 million (100%) more than the original budget, primarily due to the write-off of superseded fitout works.	Write-down and impairment of assets
Sale of goods and rendering of services is \$2.093 million (20%) less than the original budget, due to the reduction in revenue from a number of sources, including shared services income, as a result of the reduction in services provided by Treasury to portfolio agencies; contribution income, associated with the decision to disband the Legislative and Governance Forum on Consumer Affairs (CAF) during 2020-21; and DFAT funding recognition, due to the impact of COVID on the delivery of aid projects.	Sale of goods and rendering of services
Other revenues is \$1.056 million (21%) less than the original budget, due to a reduction in secondments received free of charge this year.	Other revenues

Statement of Financial Position
as at 30 June 2021

	Treasury		IPFA	Variance to Original Budget ²
	Actual	Original Budget ¹	Original Budget ¹	
	2021	2021	2021	
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	760	651	530	(421)
Trade and other receivables	87,191	80,322	1,424	5,445
Total financial assets	87,951	80,973	1,954	5,024
Non-financial assets				
Buildings	153,352	132,439	1,568	19,345
Plant and equipment	11,773	11,234	150	389
Intangibles	16,734	15,466	-	1,268
Prepayments	6,446	5,264	63	1,119
Total non-financial assets	188,305	164,403	1,781	22,121
Total assets	276,256	245,376	3,735	27,145
LIABILITIES				
Payables				
Suppliers	10,602	10,775	1,035	(1,208)
Other payables	3,984	2,929	136	919
Total payables	14,586	13,704	1,171	(289)
Interest bearing liabilities				
Leases	136,513	117,683	1,513	17,317
Total interest bearing liabilities	136,513	117,683	1,513	17,317
Provisions				
Employee provisions	68,345	63,435	613	4,297
Provision for restoration	5,510	4,229	148	1,133
Total provisions	73,855	67,664	761	5,430
Total liabilities	224,954	199,051	3,445	22,458
Net assets	51,302	46,325	290	4,687
EQUITY				
Asset revaluation reserve	14,343	12,676	-	1,667
Contributed equity	109,519	108,463	105	951
Retained earnings	(72,560)	(74,814)	185	2,069
Total equity	51,302	46,325	290	4,687

1. The Treasury's and IPFA's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's and IPFA's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 million) are provided below.

Explanations of major variances	Affected line items
Buildings were \$19.345 million (14%) more than the original budget, due to the addition of two new ROU assets - an additional level at 530 Collins St in Melbourne and the IPFA lease in Sydney; a modification to the Treasury Building lease; market reviews on existing leases; and a revaluation increment following the formal valuation of property, plant and equipment at 30 June 2021.	Buildings
Prepayments were \$1.119 million (21%) more than the original budget due to the upfront payment for a 3-year Cisco Webex Enterprise agreement that commenced on 30 June 2021 and the change in the timing of the payment of TechOne annual licence fees from December to April, commencing in 2021.	Prepayments
Leases were \$17.317 million (15%) more than the original budget, which can be explained by the addition of two new lease liabilities - an addition level at 530 Collins St in Melbourne and the IPFA lease in Sydney - as well as a modification to the Treasury Building lease, and market reviews on existing leases.	Leases
Suppliers were \$1.208 million (10%) less than the original budget, due to the timing of payments to suppliers.	Suppliers
Other provisions were \$1.133 million (26%) more than the original budget, due to the revaluation of the makegood provision at 30 June 2021, and the recognition of new make good provisions for the additional level at 530 Collins Street, Melbourne, and those associated with MoG transfers (IPFA - 60 Castlereach St, Sydney and ASBFEO - 15 Moore St, Canberra City).	Provision for restoration
Asset Revaluation Reserves were \$1.667 million (13%) more than the original budget, as a result of the increase in the fair value of Treasury's property, plant and equipment following a formal revaluation at 30 June 2021, partially offset by the revaluation of the makegood provision, which also increased in value.	Asset revaluation reserve

**Statement of Changes in Equity
for the period ended
30 June 2021**

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity							
	Treasury Original Budget ¹		IPFA Original Budget ¹	Treasury Original Budget ¹		IPFA Original Budget ¹	Treasury Original Budget ¹		IPFA Original Budget ¹	Treasury Original Budget ¹		IPFA Original Budget ¹					
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000					
Opening balance as at 1 July	(66,237)	(66,237)	284	(284)	12,676	12,676	-	-	97,890	97,890	105	(105)	44,329	44,329	389	(389)	
Adjustments to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in provision for restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus (Deficit) for the period	(6,323)	(8,577)	(99)	2,353	-	-	-	-	-	-	-	-	-	(6,323)	(8,577)	(99)	2,353
Total comprehensive income	(6,323)	(8,577)	(99)	2,353	1,667	1,667	-	-	1,667	-	-	-	-	(4,656)	(8,577)	(99)	4,020
Transactions with owners																	
Contributions by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	342	342	-	342
Departmental capital budget appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	11,548	10,573	-	975
Restructuring ²	-	-	-	-	-	-	-	-	-	-	-	-	-	(261)	(261)	-	(261)
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-	11,629	10,573	-	1,056
Closing balance as at 30 June	(72,560)	(74,814)	185	2,069	14,343	12,676	-	-	1,667	109,519	108,463	105	951	51,302	46,325	290	4,687

1. The Treasury's and IPFA's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's and IPFA's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 million) are provided below.

Explanations of major variances

Decrease in deficit of \$2,353 million (27%) relates directly to the Statement of Comprehensive Income variances

Affected line items

Surplus/(Deficit) for the period

Cash Flow Statement

for the period ended 30 June 2021

	Treasury		IPFA	Variance to Original Budget ²
	Actual	Original Budget ¹	Original Budget ¹	
	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations	273,761	246,229	5,779	21,753
Sale of goods and rendering of services	9,035	10,251	-	(1,216)
GST received	7,729	-	-	7,729
Other	1,747	772	-	975
Total cash received	292,272	257,252	5,779	29,241
Cash used				
Employees	169,503	174,368	4,268	(9,133)
Suppliers	77,840	74,860	1,086	1,894
Grants	554	-	-	554
Section 74 receipts transferred to OPA	29,005	-	-	29,005
GST paid	7,909	-	-	7,909
Interest payments on lease liabilities	1,743	1,949	17	(223)
other	-	958	-	(958)
Total cash used	286,554	252,135	5,371	29,048
Net cash from/(used by) operating activities	5,718	5,117	408	193
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of plant and equipment	67	-	-	67
Total cash received	67	-	-	67
Cash used				
Purchase of Buildings	4,595	-	-	4,595
Purchase of plant and equipment	3,582	10,573	1	(6,992)
Purchase of intangibles	5,003	-	-	5,003
Total cash used	13,180	10,573	1	2,606
Net cash from/(used by) investing activities	(13,113)	(10,573)	(1)	(2,539)
FINANCING ACTIVITIES				
Cash received				
Contributed equity - departmental capital budget	11,832	10,573	-	1,259
Contributed equity - equity injections	327	-	-	327
Restructuring - s75 cash transfer in	5,210	-	-	5,210
Total cash received	17,369	10,573	-	6,796
Cash used				
Principal payments of lease liabilities	9,865	5,117	382	4,366
Total cash used	9,865	5,117	382	4,366
Net cash from/(used by) financing activities	7,504	5,456	(382)	2,430
Net increase/(decrease) in cash held	109	-	25	84
Cash at the beginning of the reporting period	651	651	505	(505)
Cash at the end of the reporting period	760	651	530	(421)

1. The Treasury's and IPFA's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's and IPFA's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 million) are provided below.

Explanations of major variances	Affected line items
<p>The original budget cash flow statement did not split the purchases of property, plant and equipment (PP&E) and intangibles between each asset class, but presented the purchases at an aggregate level and has been analysed as such. The net cash used during 2020-21 of \$13.2 million was driven by:</p> <ul style="list-style-type: none"> - \$8.6 million used for the development of the Federal Payments Management System, the FID compliance system, Treasury's desktop modernisation project and other information technology systems and infrastructure upgrades; - \$4.6 million invested on the continued Treasury Building Block and Stack projects and other fitouts. 	<p>Net Cash from/(used by) investing activities</p>
<p>The contributors to the variance in Financing activities include the restructuring cash transfers received as a result of the MoGs (unknown when the original budget was set), and the additional principal payments on leases associated with new leases entered into this year, and modifications to, and market reviews of, existing leases.</p>	<p>Net Cash from/(used by) financing activities</p>

9.2. Administered Budgetary Reports

Statement of Comprehensive Income <i>for the period ended 30 June 2021</i>			
	Actual	Budget estimate	
		Original¹	Variance²
	2021	2021	2021
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Grants	117,803,920	106,619,834	11,184,086
Medicare Guarantee Fund	41,448,516	41,024,052	424,464
Interest	4,381	43,406	(39,025)
NHFIC operating funding	59,004	67,727	(8,723)
Suppliers	344,497	20,915	323,582
Concessional loan discount	728,434	65,537	662,897
Total expenses	160,388,752	147,841,471	12,547,281
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	623,625	623,850	(225)
Interest	20,262	23,779	(3,517)
Dividends	2,682,987	2,184,000	498,987
COAG revenue from government agencies	1,810,356	2,426,070	(615,714)
Other	94,553	94,952	(399)
Unwinding of concessional loan discount	38,564	3,170	35,394
Total non-taxation revenue	5,270,347	5,355,821	(85,474)
Total revenue	5,270,347	5,355,821	(85,474)
Gains			
Foreign exchange	570,235	(58,770)	629,005
Total gains	570,235	(58,770)	629,005
Total income	5,840,582	5,297,051	543,531
Net cost of (contribution by) services	(154,548,170)	(142,544,420)	(12,003,750)
Surplus/(Deficit)	(154,548,170)	(142,544,420)	(12,003,750)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Interagency Transfer	(20)	-	(20)
Changes in asset revaluation surplus	(7,120,710)	-	(7,120,710)
Total comprehensive income	(7,120,730)	-	(7,120,730)
Total comprehensive income/(loss)	(161,668,900)	(142,544,420)	(19,124,480)

1. Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 billion) are provided below.

Explanations of major variances	Affected line items
Grants expense is \$11.2 billion more than the original budget primarily as a result of GST collections being higher than anticipated, as well as increased demand for COVID19-related financial support such as homebuilder and COVID public health initiatives.	Grants
Decrease in asset revaluation surplus for 2020-21 totalled \$7.1 billion. The changes are mainly driven by the movement in the net asset position of the Reserve Bank of Australia.	Changes in asset revaluation surplus

Administered Schedule of Assets and Liabilities

as at 30 June 2021

	Actual	Budget estimate	
	2021	Original ¹	Variance ²
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	797,269	684,935	112,334
Loans and other receivables	5,860,276	3,554,691	2,305,585
Investments	38,525,891	46,547,292	(8,021,401)
Total financial assets	45,183,436	50,786,918	(5,603,482)
Non-financial assets			
Other	-	-	-
Total non-financial assets	-	-	-
Total assets administered on behalf of Government	45,183,436	50,786,918	(5,603,482)
LIABILITIES			
Payables			
Grants	3,910,671	34,676	3,875,995
Other payables	5,862,196	6,205,338	(343,142)
Financial Guarantee	407,167	93,385	313,782
Unearned income	1,406	1,566	(160)
Total payables	10,181,440	6,334,965	3,846,475
Interest bearing liabilities			
Promissory notes	10,110,131	10,264,016	(153,885)
Total interest bearing liabilities	10,110,131	10,264,016	(153,885)
Provisions			
NDRRA Provisions	1,619,217	992,284	626,933
Other provisions	33,616	21,882	11,734
Total provisions	1,652,833	1,014,166	638,667
Total liabilities administered on behalf of government	21,944,404	17,613,147	4,331,257
Net assets	23,239,032	33,173,771	(9,934,739)

1. Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2020-21 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2021. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- \$1 billion) are provided below.

Explanations of major variances	Affected line items
Loans and other receivables is \$2.3 billion (65%) more than the original budget primarily due to the IMF maintenance of value foreign exchange gain of \$1.1 billion, IMF PRGT loan drawdown and RBA proposed dividend for 2020-21 being higher than the budget estimate.	Loans and other receivables
Investments decrease of \$8.0 billion (17%) is mainly driven by the change in the net asset position of the Reserve Bank of Australia, and other investments in international financial institutions as a result of changes in foreign exchange rates.	Investments
Grants payable is \$3.9 billion more than the original budget primarily due to the recognition of \$3.3 billion in GST payable to the States and Territories as at 30 June 2021.	Payables - Grants

Part 5

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Advertising and market research

Treasury is required to report on all payments to advertising agencies, market research organisations, polling organisations, media advertising organisations and direct mail organisations.

Treasury delivered the following campaigns in 2020–21:

- COVID-19 Economic Response COVID-Safe Campaign
- COVID-19 Economic Response Campaign (Phase 2)
- Economic Recovery Plan Campaign (Phase 1)
- Economic Recovery Plan Campaign (Phase 2).

COVID-19 economic response campaigns

The COVID-safe economy phase of the COVID-19 Economic Response Campaign supported implementation of the Government's 3-step roadmap to economic recovery. It encouraged businesses to develop operational plans to keep employees safe and help restart the economy.

The second phase of the COVID-19 Economic Response Campaign continued to inform Australian businesses about the Economic Response package and how it supported individuals and families.

Economic recovery plan campaigns

The first phase of the Economic Recovery Plan Campaign focused on key economic measures to help individuals and businesses recover from the COVID-19 pandemic.

The second phase focused on continuation of the Government's plan for economic recovery and building consumer and business confidence.

Campaign expenditure for advertising agencies, market research organisations and media advertising organisations is outlined in the tables below.

Campaign compliance information is available at www.treasury.gov.au and in the reports on government advertising prepared by the Department of Finance and published at www.finance.gov.au/advertising. These Department of Finance reports provide details of campaigns for which expenditure was greater than \$250,000 (including GST).

Treasury was granted an exemption from compliance with the Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities due to the urgency of the COVID-19 economic response.

Other market research was undertaken as part of Treasury's commitment to work effectively with stakeholders and to inform policy responses.

Treasury did not make any payments to polling organisations or direct mailing organisations in 2020–21.

Table 24: Advertising agencies (creative advertising agencies which have developed advertising campaigns)

Provider	Service Provided	Cost (\$)
DDB Sydney Pty Ltd	Creative Services	\$15,000.00
Clemenger BBDO Pty LTD	Creative Services	\$15,000.00
TBWA Melbourne Pty Ltd	Creative Services (Economic Recovery Plan campaign, Phase 1)	\$1,093,745.40
TBWA Melbourne Pty Ltd	Creative Services (Economic Recovery Plan campaign, Phase 2)	\$707,407.00

Note: all figures include GST.

Note: these figures include head hour and production costs.

Table 25: Market research organisations

Provider	Service Provided	Cost (\$)
Consumer Policy Research Pty Ltd	Market Research	\$79,700.00
Cutthru Pty Ltd T/as Pollinate	Market Research	\$210,100.00
Hall & Partners Pty Ltd	Market Research (Economic Response COVID-Safe campaign)	\$81,182.20*
Hall & Partners Pty Ltd	Market Research (Economic Response campaign, Phase 2)	\$355,592.60*
Hall & Partners Pty Ltd	Market Research (Economic Recovery Plan campaign, Phase 1)	\$265,944.49*
Hall & Partners Pty Ltd	Market Research (Economic Recovery Plan Campaign, Phase 2)	\$72,765.00*
Kantar Public Pty Ltd	Market Research (Economic Recovery Plan Campaign, Phase 1)	\$140,800.00
Kantar Public Pty Ltd	Market Research (Economic Recovery Plan Campaign, Phase 2)	\$73,333.70
Kantar Public Pty Ltd	Market Research	\$171,930.00
Reed, James Alan T/as Resolve Strategic	Market Research (Economic Response campaign)	\$331,925.00

Note: all figures include GST.

Note: Hall & Partners is the evaluation research agency for all Commonwealth Government advertising.

Table 26: Media advertising (Universal McCann Australia – the master media agency for all Commonwealth Government advertising)

Provider	Service Provided	Cost (\$)
Universal McCann Australia	Campaign advertising (Economic Response Phase 1)	\$147,479.67*
Universal McCann Australia	Campaign advertising (Economic Response COVID-Safe Campaign)	\$2,885,645.28*
Universal McCann Australia	Campaign advertising (Economic Response campaign Phase 2)	\$13,293,636.04*
Universal McCann Australia	Campaign advertising (Economic Recovery Plan Campaign Phase 1)	\$12,611,169.50
Universal McCann Australia	Campaign advertising (Economic Recovery Plan Campaign Phase 2)	\$1,991,486.48
Universal McCann Australia	Advertising for recruitment services	\$142,395.00

Note: all figures include GST.

Note: the Universal McCann Australia advertising figure includes \$28,263.79 for creative services for the first phase of the Economic Response, \$9,934.00 for creative services for the Economic Response COVID-Safe and \$333,046.70 for the second phase of the Economic Response campaigns.

Grants

Information on grants awarded by Treasury for 2020–21 is available on GrantConnect at www.grants.gov.au.

Disability reporting

The *National Disability Strategy 2010–2020* is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. A key initiative of the Strategy is a periodic high-level report tracking progress against each of the 6 outcome areas in the Strategy. The report is available on the Department of Social Services website.

In December 2020, disability ministers issued a Statement of Continued Commitment to the Strategy. The statement is a commitment to continue efforts between expiry of the current National Disability Strategy and finalisation of the new National Disability Strategy in 2021.

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available on the Australian Public Service Commission's website.

Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the *Freedom of Information Act 1982*. Each agency must display a plan on its website showing what information it publishes in accordance with the Information Publication Scheme requirements.

The Information Publication Scheme plan is on the Treasury website at www.treasury.gov.au.

Work health and safety

The health and wellbeing of Treasury employees was a top priority for Treasury in 2020–21. Treasury responded to COVID-19 by supporting the health and wellbeing of employees with tailored initiatives, guidance and information. Our response included the development and implementation of a *Working Well, Keeping Well* resource pack, developed in response to specific challenges employees and managers raised through an internal survey.

Leaders and staff were provided with ongoing support and information as they navigated hybrid working arrangements in response to the COVID-19 pandemic throughout 2020–21. Staff were regularly informed about the application of state and territory restrictions and better practice approaches to hybrid working. Externally facilitated workshops providing the opportunity for staff and managers to connect with each other, check-in and share their experiences, and learn techniques to manage their wellbeing were run in Canberra and our State offices. To further support the wellbeing of staff, Treasury implemented initiatives to ensure that excess working hours were actively managed with time off, and planned leave was taken to ensure staff could rest and recuperate.

Support for hybrid remote working arrangements was implemented with the distribution of secure laptops to all staff and implementation of Cisco WebEx videoconferencing. Information and guides to assist staff make the best use of technology and communications tools was disseminated to ensure individuals and teams were able to connect with each other and maintain high levels of productivity in a hybrid working environment.

The Treasury's *COVID-safe Transition Plan: return to work following restrictions* was approved by the Executive Board in June 2020 and updated regularly throughout the year. QR check in codes were implemented in the Canberra office in April 2021 and state offices in May 2021 for contact tracing, if required.

A COVID-19 site inspection was conducted in July 2020 under Comcare's Regulatory Operations – ACT Regional Engagement Program. The inspection was to determine whether the Treasury was complying with its obligations under the *Work Health and Safety Act 2011* in management COVID-19 risks in the workplace. The Comcare report confirmed Treasury was complying with its obligations.

An SES forum on wellbeing was led by Professor Ian Hickie from the University of Sydney in April 2021. Insights from the forum are being used to develop a comprehensive wellbeing strategy for the Treasury.

In accordance with the *Work Health and Safety Act 2011*, the Health and Safety Committee met quarterly in 2020–21. Two additional meetings were held for further consultation on COVID-19 issues. Treasury has 13 health and safety representatives, 18 workplace harassment contact officers, 24 first aid officers and 88 emergency officers to assist in maintaining work health and safety standards.

Twenty-four work health and safety incident reports were received in 2020–21. The majority related to muscular skeletal injuries, followed by slips, trips and falls. Two incidents were reported to Comcare which advised no further investigation was required. No investigations were conducted and no notices given in 2020–21.

Treasury continued to invest in personal wellbeing with resilience and good mental health in the workplace training, mental health first aid training, resilience coaching, domestic and family violence training for managers, involvement in the RU OK Day, APS values in practice training, flu vaccinations, health checks, defibrillator training, and allergy and anaphylaxis response training.

Employees experiencing an illness or injury that may impact their work were supported with an early intervention program. This enabled them to remain at work or return to work as soon as practicable.

Treasury offers professional counselling and support for employees through the Employee Assistance Program. This service is available to all employees, their immediate family members, and others with whom they share a close relationship.

Carer support

Treasury supports the equal rights, choices and opportunities of carers regardless of age, race, gender, disability, sexuality, religious or political beliefs, cultural or linguistic heritage and socio-economic status or locality.

Treasury's carer support framework enabled practical and active support for employees, particularly during the COVID-19 pandemic in 2020–21.

Treasury's carer support framework includes:

- a non-discriminatory definition of family in the *Treasury Enterprise Agreement 2018–2021* which recognises relatives by blood, marriage, strong traditional or ceremonial affinity and genuine domestic or household relationships
- flexible working arrangements to assist employees in balancing work and family responsibilities including, home-based work, flexible hours, purchased leave, part-time work and job-sharing
- carer's rooms available to employees to assist in caring responsibilities in instances when care is temporarily and unexpectedly unavailable
- being an accredited Breastfeeding Friendly Workplace, supporting employees who wish to breastfeed in the workplace and is committed to ensuring work and breastfeeding can be combined
- access to accumulated personal leave to care for sick family and household members, or people for whom employees have caring responsibilities
- access to unpaid carer's leave to care for or support family or household members, or if an unexpected family or household emergency arises
- access to the Employee Assistance Program for free, professional and confidential counselling for employees, their immediate family members and people with whom they are in a close relationship.

Ecologically sustainable development and environmental performance

Treasury remains committed to the principles of ecologically sustainable development consistent with relevant Commonwealth, state and territory environmental legislation, regulations, policies and initiatives.

We minimised our impact on the environment through energy efficiency, waste and water use in 2020–21 by:

- installing a new energy efficient heating, ventilation and air-conditioning plant and machinery as part of base building works by the building owner
- installing new bathroom hand dryers in a new office fit-out as part of base building works by the building owner
- installing new water efficient sensor tapware 4.5L/min, 6-star WELS rating in bathrooms in new office fit-out as part of base building works by the building owner
- installing a light harvesting system and introduction of LED lighting in new office fit-out
- reducing paper consumption by defaulting office printers to black-and-white and two-sided printing, supporting use of electronic document management and collaboration, and utilising digital and mobile technology solutions for staff
- using energy saver mode for most equipment when not in use across all office locations
- using teleconferencing and video conferencing for meetings with interstate and overseas colleagues when appropriate
- purchasing 5-star energy rated electrical appliances (where available)
- participating in Earth Hour on 27 March 2021
- providing waste recycling stations, segregating waste into approved recycling streams (including waste to landfill, commingled waste and compost), engaging waste management providers to recycle used paper and secure paper materials
- establishing a fit-out and furniture recycling strategy that reuses the department's existing office fit-out infrastructure, including workstations
- recycling toner cartridges, fluorescent light tubes and batteries
- using water flow restriction controls and water efficient appliances in kitchens and bathrooms across the Treasury building tenancy.

Australia and the international financial institutions

Program 1.2 outlined various payments made by Treasury to the Asian Development Bank, the Asian Infrastructure Investment Bank, the European Bank for Reconstruction and Development, the International Monetary Fund (IMF) and the World Bank Group (WBG). This appendix addresses the legislation that requires further reporting on the IMF and the WBG for 2019–20. In particular:

- Section 10 of the *International Monetary Agreements Act 1947*, which requires reporting on the operations of the Act and of the operations, insofar as they relate to Australia, of the Articles of Agreement of the IMF and the International Bank for Reconstruction and Development during each financial year
- Section 7 of the *International Bank for Reconstruction and Development (General Capital Increase) Act 1989*, which requires reporting on the operations of the Act during each financial year.

Treasury is responsible for managing the Australian Government's shareholdings with the International Financial Institutions. The Department of Foreign Affairs and Trade (DFAT) has further interactions relating to the Government's aid program (see DFAT annual report for information).

The IMF and the WBG publish annual reports on their operations and provide information at www.imf.org and www.worldbank.org.

Australia and the International Money Fund

Mandate

The purposes of the IMF (set out in Article I of its Articles of Agreement) are to:

- promote international monetary cooperation
- facilitate the expansion and balanced growth of trade, contributing to high levels of employment and real income
- promote exchange rate stability and avoid competitive devaluation
- assist in the establishment of a multilateral system of payments and in the elimination of foreign exchange restrictions that hamper the growth of world trade
- make resources available to members to reduce the costs of balance of payments adjustments.

Australia's representation at the International Monetary Fund

Australia interacts with the International Monetary Fund through:

- the International Monetary Fund Board of Governors
- the International Monetary and Financial Committee
- the IMF Executive Board
- the IMF's Article IV consultation on Australia's economic developments and policy.

Board of Governors

The Board of Governors is the highest authority within the IMF. It consists of one governor and one alternate governor for each of the 189 member countries. Australia is represented on the Board of Governors by the Treasurer of the Commonwealth of Australia. The Secretary to the Treasury is Australia's Alternate Governor. Governors' votes on IMF resolutions during 2020–21 are noted in Table 27.

Table 27: Australian Governor's votes on International Monetary Fund 2020–21 resolutions

Resolution title	Date	Australian Governor's vote
2020 Regular Election of Executive Directors	9 July 2020	Approved
Membership for the Principality of Andorra	19 August 2020	Approved
2020 Annual Meeting of the Board of Governors	24 August 2020	Approved
Remuneration and Benefits of Executive Directors and Alternate Executive Directors	24 August 2020	Approved
2020 Regular Election of Executive Directors	8 October 2020	Approved
Report on Audit, Financial Statements, Administrative and Capital Budgets, Amendment of the Rules and Regulations, and Officers of the Board of Governors and Joint Procedures Committee	30 October 2020	Approved

International Monetary and Financial Committee

The International Monetary and Financial Committee advises the Board of Governors on the functioning and performance of the international monetary and financial system but does not have a decision-making role.

International Monetary Fund Executive Board, Executive Director and constituency office

The IMF Executive Board conducts the day-to-day business of the IMF and determines matters of policy under the overall authority of the Board of Governors.

Australia belongs to a constituency which, in 2020–21, also included Kiribati, the Republic of Korea, the Marshall Islands, the Federated States of Micronesia, Mongolia, the Republic of Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu and Vanuatu.

As at 30 June 2021, Australia held around 1.38 per cent of the total voting power at the IMF. The constituency as a whole held around 3.78 per cent.

By agreement between constituency members, the staffing of Australia's constituency office rotates among constituency members. As at 30 June 2021, the constituency's Executive Director position was held by Mr Chang Huh of Korea.

Australia's Article IV consultation

In accordance with Article IV of its Articles of Agreement, the IMF conducts regular consultations with the authorities of member countries on economic policies and conditions. The IMF's Article IV consultation with Australia returns in a virtual format for 2021 with consultations expected to take place during September. In preparation for the Article IV consultations, the IMF conducted a virtual staff visit including consultation with stakeholders from across government, the private sector, and think tanks. The 2021 staff visit took place from 8–11 June 2021.

Australia's quota in the International Monetary Fund and financial transactions

Australia's quota in the International Monetary Fund

A member's 'quota' is its allocated shareholding in the IMF, which broadly reflects its weight in the global economy. Australia's quota at 30 June 2021 was 6,572.4 million Special Drawing Rights (equivalent to approximately A\$12,473.7 million at 30 June 2021). Part of Australia's quota is held in reserve by the IMF in Special Drawing Right and gold. Part is held in Australia by the Reserve Bank of Australia (RBA) in a combination of non-interest bearing promissory notes and cash amounts in Australian dollars.

Australia's financial transactions with the International Monetary Fund

Australia conducts a range of financial transactions to manage its obligations with the IMF. Transactions in 2020–21 were all completed in a timely and efficient manner. They are described in the following sections, on a cash basis.

Special Drawing Right charges, interest and assessment fee

The Special Drawing Right is an international reserve asset created by the IMF to supplement the official reserves of member countries. Its value is based on a basket of 5 international currencies (the US dollar, the Japanese yen, the British pound sterling, the Chinese renminbi and the euro).

Australia's cumulative allocation of Special Drawing Rights at 30 June 2021 was around Special Drawing Right 3.08 billion while our actual Special Drawing Right holdings were around Special Drawing Right 3.09 billion. Australia's Special Drawing Right allocation is held by the RBA, having been sold to the RBA by the Commonwealth in exchange for Australian dollars. The IMF levies charges on the Special Drawing Rights that have been allocated to each member and pays interest on the Special Drawing Rights that are held by each member.⁶ In 2020–21, the Australian Government paid charges of Special Drawing Right 2,365,210 (approx. A\$4.49 million) on net cumulative allocations. During this period the RBA received Special Drawing Right 2,400,105 (approx. A\$4.56 million) in interest from the IMF on Australia's Special Drawing Right holdings.

In addition, the IMF levies an annual assessment fee to cover the cost of operating the Special Drawing Right department at the IMF. This is determined according to participants' net cumulative Special Drawing Right allocations. Australia's annual assessment fee for the IMF financial year ending 30 April 2021 was Special Drawing Right 51,768 (approx. A\$96,080).

⁶ Charges and interest payments are accrued daily and paid quarterly. The Special Drawing Right interest rate is the primary rate from which other rates are derived and is based on a weighted average of representative interest rates on short term debt in the money markets of the Special Drawing Right basket of currencies. The basic rate of charge is equal to the Special Drawing Right interest rate, plus a margin. Additional burden sharing adjustments, for the financial consequences of protracted arrears, is also applied (when applicable) to the basic rate of charge.

Remuneration

Remuneration is interest earned on quota resources held by the IMF, excluding gold. In 2020–21 Australia received Special Drawing Right 1,083,924 (approx. A\$2.05 million) in remuneration.

Maintenance of value

The Special Drawing Right value of the part of Australia's IMF quota held in Australian dollars changes as the exchange rate between the Australian dollar and the Special Drawing Right fluctuates throughout the year.

Under the IMF Articles of Agreement, members are required to maintain the Special Drawing Right value of their quota through a 'maintenance of value' adjustment (that is, a payment or receipt as necessary) following the close of the IMF financial year on 30 April. For the IMF 2019–20 financial year, the Australian dollar depreciated against the Special Drawing Right. As a result, the maintenance of value adjustment involved a payment from Australia to the IMF of around A\$648.79 million. Payment for the 2019–20 maintenance of value adjustment was made in July 2020. For the IMF 2020–21 financial year, the Australian dollar appreciated against the Special Drawing Right. As a result, the 2020–21 maintenance of value adjustment will involve a payment from the IMF to Australia of around A\$1,178.39 million, with settlement required by July 2021.

Table 28: Transactions with the IMF in 2020–21 (Cash basis)

	Amount in SDRs	Amount in A\$
Total interest received on Australia's SDR holdings(a)	2,400,105	4,560,196
Total remuneration received for Australian holdings at the IMF	1,083,924	2,055,086
Total charges paid on Australia's SDR allocation	2,365,210	4,493,054
Annual Assessment Fee paid to SDR department	51,768	96,080
Maintenance of Value transaction for 2019–20 payment made in July 2020		648,786,765.24

(a) Interest on Special Drawing Right holdings is paid to the RBA, not to Treasury.

Lending-related transactions and Australia's reserve position in the International Monetary Fund

The IMF manages its lending of quota resources through the Financial Transactions Plan (FTP). This is the mechanism through which the IMF selects the currencies to be used in IMF lending transactions. It also allocates the financing of lending transactions among members. Only currencies of IMF members with sufficiently strong balance of payments and reserve positions – such as Australia – are selected for use in the Financial Transactions Plan.

Table 29 provides details of individual Financial Transactions Plan transactions and the resulting reserve position at the IMF.

Table 29: Australia's reserve tranche position in the IMF, 2020–21

Date	Description	Debit (SDRs)	Debit (A\$)	Credit (SDRs)	Credit (A\$)
Reserve tranche position as at 30 June 2020(a)				1,430,759,410	2,872,370,636
FTP payments					
15 Sep 2020	FTP Loan to Costa Rica			164,400,000	319,719,953
2 Oct 2020	FTP Loan to Ecuador			68,000,000	135,157,965
6 Apr 2021	FTP Loan to Namibia			77,000,000	143,737,166
FTP receipts				0	0
Total Repayments					
Reserve tranche position as at 30 June 2021(a)				1,740,159,410	3,470,985,720

(a) Because Australia's reserve tranche position is denominated in Special Drawing Rights and AUD/Special Drawing Right exchange rates vary during the year, when expressed in Australian dollars the closing position does not exactly equal the summation of the opening position and transactions during the year.

Financial Transactions Plan transactions (and any transfers for administrative purposes) directly impact on Australia's reserve position at the IMF. In 2020–21 the amount of Australia's reserves held by the IMF increased from around Special Drawing Right 1,431 million to around Special Drawing Right 1,740 million.

Through the New Arrangements to Borrow, Australia and 39 other member countries have committed to lend additional resources to the IMF. The New Arrangements to Borrow constitutes a second line of funding defence to supplement IMF resources to forestall or cope with an impairment of the international monetary system. The New Arrangements to Borrow is used in circumstances in which the IMF needs to supplement its quota resources for lending purposes. The New Arrangements to Borrow is covered by general activation periods of up to six months, with each activation period subject to a specified maximum level of commitments. Australia has received New Arrangements Borrow repayments following past New Arrangements to Borrow lending; however, the New Arrangements to Borrow is not currently active or being called upon.

In 2020–21, Australia received total New Arrangements to Borrow repayments of Special Drawing Right 42,500,000 (approx. A\$79,506,273 million).

Table 30: Australia's New Arrangements to Borrow Transactions in 2020–21

Description	Debit (SDRs)	Debit (A\$)	Credit (SDRs)	Credit (A\$)
Total NAB loans (payments)			0	0
Total NAB receipts (repayments)	42,500,000	79,506,273		
Net NAB payments for 2020–21	42,500,000	79,506,273		

The Australian Government earns interest on any money lent under the New Arrangements to Borrow⁷. In 2020–21, the Australian Government received interest payments on its New Arrangements to Borrow loans of Special Drawing Right 73,961 (approx. A\$140,749).

⁷ Interest is calculated using the Special Drawing Right interest rate, accrued daily and paid quarterly.

Australia entered into an agreement with the IMF to lend to the Poverty Reduction and Growth Trust (PRGT) on 23 October 2020. The Poverty Reduction and Growth Trust provides concessional financial support to help low-income countries to achieve, maintain or restore a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

Table 31: Australia’s Poverty Reduction and Growth Trust Transactions In 2020–21

Description	Debit (SDRS)	Debit (A\$)	Credit (SDRs)	Credit (A\$)
Total PRGT loans (payments)			210,567,714	396,112,152
Total PRGT receipts (repayments)				
Net PRGT payments for 2020–21			210,567,714	396,112,152

The Australian Government earns interest on any money lent under the Poverty Reduction and Growth Trust⁸. In 2020–21, the Australian Government received interest payments on its Poverty Reduction and Growth Trust loans of Special Drawing Right 155 (approx. A\$287).

Australia and the World Bank Group

Australia’s shareholding and relations with the World Bank Group

Mandate

The World Bank Group (WBG) is a multilateral development bank charged with providing financial services, through advice, direct loans, grants, and brokerage to support stable and inclusive growth within countries and across and between regions. It works closely with the IMF, which is responsible for ensuring the stability of the international monetary system.

The WBG’s twin goals are ending extreme poverty and building shared prosperity.

World Bank strategic priorities

The WBG is committed to collaborating with multilateral institutions, sovereigns and the private sector to mobilise financing and leverage knowledge to ensure assistance is harmonised and effective. It is also committed to working with the private sector and is implementing an overarching strategy to substantially increase the volume of private sector funds invested in developing and emerging market economies.

⁸ Interest is calculated using the Special Drawing Right interest rate, accrued daily and paid quarterly.

Institutions of the World Bank Group

- International Bank for Reconstruction and Development (IBRD)
- International Development Association (IDA)
- International Finance Corporation (IFC)
- Multilateral Investment Guarantee Agency (MIGA)
- International Centre for Settlement of Investment Disputes (ICSID).

The International Bank for Reconstruction and Development and International Development Association make up the core of the World Bank. The International Bank for Reconstruction and Development lends to governments of middle-income and credit-worthy low-income countries, while IDA provides grants and interest-free or concessional loans to governments of poorer countries.

The International Finance Corporation is the largest global development institution focused exclusively on the private sector. It helps developing countries achieve sustainable growth by financing, in association with private investors, the establishment, improvement and expansion of productive private enterprises which will contribute to the development of its member countries.

The Multilateral Investment Guarantee Agency promotes foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders. The International Centre for Settlement of Investment Disputes provides international facilities for conciliation and arbitration of investment disputes.

Australia's membership of the International Bank for Reconstruction and Development, International Finance Corporation and Multilateral Investment Guarantee Agency requires the Australian Government to hold shares in these institutions. Australia's shareholdings as at 30 June 2021 are set out in Table 32.

Table 32: Australian shareholdings at the World Bank Group as at 30 June 2021

	IBRD	IFC	MIGA
Shares	34,576	401,814	3,019
Price per share (US\$)	120,635	1,000	10,820
Value of total capital (US\$ millions)	4,171.08	401.81	32.67
<i>Value of paid-in capital (US\$ millions)</i>	276.86	401.81	6.20
<i>Value of callable capital (US\$ millions)</i>	3,894.22	0.00	26.46
Value of total capital (A\$ millions)	5,548.12	534.47	43.46

Australia's shareholding and voting power is listed in Table 33.

Table 33: Australia's shareholding and voting power in the World Bank Group

	IBRD	IDA	IFC	MIGA
Shareholding (per cent of total)	1.41	-	2.00	1.70
Voting power (per cent of total)	1.36	1.25	1.92	1.49

Note: Shareholdings and voting power as at 30 June 2021. Shareholding and voting power differ in International Bank for Reconstruction and Development, International Finance Corporation and Multilateral Investment Guarantee Agency due to the allocation of basic votes across countries. At International Centre for Settlement of Investment Disputes, the Administrative Council comprises a representative from each contracting state with equal voting power.

Each arm of the WBG has its own arrangement for allocating votes and shares among members. The Board of Governors and Executive Directors continue to work towards ensuring the WBG has adequate resources to complete its mission and that its shareholding reflects changes in the world economy.

In addition to the shareholdings managed by Treasury, DFAT contributes to replenishments to International Development Association and funds for joint activities through Australia's country, regional and global programs. The DFAT annual report provides information on Australia's aid program.

Australia's cooperation with the World Bank Group

Australia is actively involved in WBG strategy, supporting efforts to strengthen its governance and optimise its effectiveness. Membership also enables Australia to pursue economic development outcomes for our region as well as promote the benefits of an open global economy. The rationale for Australia's active participation in the WBG and how it aligns closely with our national interests and aid priorities is highlighted in the Foreign Policy White Paper.

Australia has also been a strong voice calling for optimal use of the WBG's balance sheet and crowding in private sector finances, both at the WBG and in the G20 forums.

Australia's representation at the World Bank Group

Board of Governors

The highest decision-making body of the WBG is the Board of Governors, comprising one governor from each of the 189 member countries. In 2020–21, Australia's Governor was the Treasurer, the Hon Josh Frydenberg MP. Australia's Alternate Governor was the Assistant Treasurer, the Hon Michael Sukkar MP.

Table 34 outlines the Australian Governor's votes for the 2020–21 financial year.

Table 34: Australian Governor's votes on World Bank Group resolutions in 2020–21

Institution	Resolution title	Date	Australian Governors' Vote
IBRD	2020 Regular Election of Executive Directors	31 July 2020	Approved
MIGA	2020 Regular Election of Executive Directors	31 July 2020	Approved
IBRD	Direct Remuneration of Executive Directors and their Alternates	24 August 2020	Approved
IBRD	Parental Leave for Executive Directors and their Alternates	24 August 2020	Approved
IBRD	Transfer from Surplus to the IBRD Fund for Innovative Global Public Goods Solutions	24 August 2020	Approved
MIGA	2020 Regular Election of Bank Executive Directors	8 October 2020	Voted for Mr Nigel Ray
MIGA	2020 Regular Election of MIGA Directors	8 October 2020	Voted for Mr Nigel Ray
IBRD	Transfer from Surplus to the International Development Association	25 January 2021	Approved
IBRD	Amendment to the By-Laws of IBRD	13 May 2021	Approved
IFC	Amendment to the By-Laws of IFC	13 May 2021	Approved
MIGA	Amendment to the By-Laws of MIGA	13 May 2021	Approved
ICSID	Amendment of Regulation 7(2) of the ICSID Administrative and Financial Regulations	13 May 2021	Approved

Executive Director and Constituency Office

The World Bank Group's Executive Boards (International Bank for Reconstruction and Development, International Development Association, International Finance Corporation and Multilateral Investment Guarantee Agency) conduct the day-to-day business of the WBG and determine matters of policy under the overall authority of the Board of Governors.

Australia belongs to a constituency of countries from the Asia-Pacific region that includes Cambodia, Kiribati, the Republic of Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu. The constituency is represented by one Executive Director on the Board of Executive Directors. By agreement, Australia and Korea rotate this role. Until 31 October 2020, the Executive Director was Mr Kunil Hwang from Korea and the Alternate Executive Director was Mr Gerry Antioch from Australia. Since 1 November 2020, the Executive Director has been Mr Nigel Ray from Australia and the Alternate Executive Director has been Dr Boosung Kang from Korea. Australia also has an adviser in the constituency office.

Payment Times Reporting

Payment Times Reporting Scheme

This report has been prepared in accordance with the requirement under Section 56 of the *Payment Times Reporting Act 2020* which states that the Payment Times Reporting Regulator must publish a report on the operation of the Act to be included in the department's annual report.

Long and late payment times (after 30 days) for small business have significant and negative impacts, placing pressure on cash flow, revenue and financing. The Payment Times Reporting Scheme (the Scheme) has been introduced to improve payment times to small businesses by creating transparency around the payment practices of large entities in Australia.

The Scheme commenced on 1 January 2021 and requires large businesses to report twice yearly on payment practices to small business suppliers. This will enable small businesses and the public to make more informed decisions and for large businesses to improve payment practices.

Establishment of the Scheme

The Prime Minister announced the policy objective of improving payment times to small businesses on 21 November 2018. Design and development of the scheme involved consultation with over 400 large and small businesses, industry organisations and government agencies. Consultations included 4 discussion papers, multiple workshops, a survey of small business stakeholders, targeted meetings and an exposure draft of the legislation and subordinate legislation.

The Payment Times Reporting Bill 2020 was introduced into Parliament on 13 May 2020, passed both houses on 6 October 2020, and received Royal Assent on 14 October 2020. The *Payment Times Reporting Rules 2020* (the Rules) were registered on 25 November 2020 and commenced, at the same time as the Act, on 1 January 2021. The Rules provide necessary definitions, technical and administrative details on how certain provisions of the *Payment Times Reporting Act 2020* operate.

Regulated entities have a 12-month implementation transition period until compliance activities commence on 31 December 2021.

The *Payment Times Reporting (Consequential Amendments) Act 2020* commenced on 1 January 2021 and amended the *Taxation Administration Act 1953* to enable the Commissioner of Taxation to disclose certain tax information to the Payment Times Reporting Regulator for the purposes of administering the Payment Times Reporting Scheme. This has enabled the Australian Taxation Office (ATO) to provide data to the Payment Times Reporting Regulator to identify businesses meeting the income threshold requirements to report under the Scheme.

Since July 2020, further consultation about the Scheme's implementation has been held with more than 150 representatives from business and industry groups. This has included consultation and user testing on the development of guidance material for reporting entities. Consultation was also held with large businesses on the design of the online reporting system and Payment Times Reporting Small Business Identification Tool.

The Payment Times Reporting Regulator

The Secretary of the Department of Industry, Science, Energy and Resources was designated the position of the Payment Times Reporting Regulator (the Regulator) within the department in December 2020. Following the move of the Small and Family Business Division to the Treasury in June 2021, the Secretary of the Treasury was re-designated the position of the Regulator within the Treasury in June 2021.

Establishment of the Payment Times Reporting Regulator's Office was a key focus in early 2021 and continues to be a priority for the Regulator. This includes allocating staff and resources to develop and deliver the regulatory functions, developing the suite of policies and procedures underpinning the regulatory governance framework, and education and guidance to raise awareness of the Scheme.

A communication campaign has, for 12 months, been notifying reporting entities about the Scheme and their legislative obligations. This has included guidance on the website, bulk emails, news articles on related websites and in newsletters, use of social media channels, webinars through industry associations, and responding to inquiries. As at 30 June 2021, the Payment Times Reporting Regulator's Office responded to 4841 inquiries through its public mailbox and contact centre.

Reporting system and the Small Business Identification Tool

In March 2021, the Regulator made a notifiable instrument setting out the form and manner for submitting payment times reports. This requires reports to be provided using templates that are available on the Payment Times Reporting Portal (the Portal).

The Portal is a secure website for registering business details, accessing the Small Business Identification Tool (the Tool), submitting reports and applying to volunteer for the Scheme. Between April and June 2021, businesses were able to upload a test report to the Portal before the window officially opened. Compliance information, including reporting instructions and templates, is published on the Scheme's website and Portal at www.treasury.gov.au/small-business/PTRS.

The Tool was developed to make it easier for reporting entities to identify their small business suppliers without increasing the regulatory burden on small business. Small businesses are identified by default through the Tool, however, a form is available on the Portal for those wishing to opt out of being identified.

The Regulator released a provisional Tool for testing and feedback in December 2020. The Tool was approved in June 2021 and made available to reporting entities from 1 July 2021.

As at 30 June 2021, 4424 businesses had registered in the Portal and the Tool had been accessed 7672 times. Seventy-three small businesses opted out of being identified by the Tool and 4 volunteer applications were received to become a reporting entity under the Scheme.

A statutory declaration form is available to support continuous improvement to the Tool. By completing a statutory declaration, businesses can advise the Regulator if the Tool has incorrectly identified a business which has an annual turnover greater than \$10 million. As at 30 June 2021, the Regulator has received 8 statutory declarations.

Compliance

The Regulator's functions include monitoring and enforcing reporting entities' compliance with requirements under the *Payment Times Reporting Act 2020*.

The Regulator's monitoring and compliance functions support the broader regulatory objectives to:

- enable small businesses to make more informed decisions about potential customers
- create incentives for large businesses to improve their payment terms and practices.

In recognition of the need for reporting entities to familiarise themselves with the Scheme and ensure they are complying with their obligations under the *Payment Times Reporting Act 2020*, a 12-month transition period applies. This transition period lasts from the Scheme's commencement on 1 January 2021 until 1 January 2022 when enforcement and civil penalty provisions commence.

While the Scheme is in a transition period the Regulator's compliance approach in 2021 focuses on education, guidance and communicating the future compliance and enforcement approach.

The Regulator's intended approach to compliance with the *Payment Times Reporting Act 2020* includes 5 key principles:

- promoting high levels of voluntary compliance by engaging with and educating large businesses
- undertaking appropriate compliance and enforcement actions
- collaborating and sharing information with other government bodies
- providing transparency and reporting on actions
- undertaking activities with integrity and professionalism.

The application of compliance and enforcement powers under the *Payment Times Reporting Act 2020* (in accordance with the *Regulatory Powers (Standard Provisions) Act 2014*) takes effect from January 2022. The Regulator will adopt a graduated and proportionate approach to ensuring reporting entities comply with their obligations under the Act. This may include:

- outreach and education activities to raise awareness of requirements
- working with a reporting entity to address non-compliance before initiating compliance and/or enforcement action such as infringement notices or court proceedings for a civil penalty.

Competition and consumer

Consumer data right

The Consumer Data Right program seeks to give individuals and businesses the right to safely access certain data about themselves held by businesses, and direct that access to this data be given to accredited, trusted third parties of their choice. The Consumer Data Right is to be an initiative rolled out across the economy, starting with the banking and energy sectors. The telecommunications sector will be assessed and potentially designated in 2021.

The Consumer Data Right is a multi-functional delivery model, involving Treasury, the Australian Competition and Consumer Commission (ACCC), the Office of the Australian Information Commissioner and the Data Standards Body. On 17 December 2020, the *Treasury Laws Amendment (2020 Measures No. 6) Act 2020* received Royal Assent, transferring rulemaking, sectoral assessment and program governance and communications functions from the ACCC to the Treasury. The Data Standards Body was transferred from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to the Treasury on 28 February 2021. Treasury created a new Consumer Data Right Division to lead Treasury's work.

Treasury has continued to progress implementation of the Consumer Data Right through 2020–21. From 1 July 2020, consumers have been able to direct the 4 major banks to share usage information relating to specific data sets with accredited third parties, with further account types being included from 1 November 2020 and 1 February 2021. Non-major banks made product reference data available for specific account types from 1 October 2020 and commenced sharing consumer data with accredited third parties from 1 July 2021.

The ACCC made amendments to the *Competition and Consumer (Consumer Data Right) Rules 2020* in October 2020 to permit accredited intermediaries to collect Consumer Data Right data and, in December 2020, to further expand consumers participation and increase consumer experience functionality. In April 2021, the Treasury announced the development of additional draft rules to support new pathways to participation, new permitted disclosures of Consumer Data Right data, and undertook industry engagement on the data sharing settings for joint accounts.

Work is progressing to implement the energy sector since it was designated a Consumer Data Right sector on 26 June 2020. The Government changed the data access model in the energy sector from a gateway model (to be operated by Australian Energy Market Operator) to a peer-to-peer model in April 2021 following stakeholder feedback about drawbacks in the gateway model. Following this decision, Treasury (including the Data Standards Body) has continued engagement with energy sector stakeholders to develop draft energy-specific rules and standards.

The Government's Digital Economy Strategy committed \$111.3 million in the 2021–22 Budget to implementation of the Consumer Data Right. This includes continued implementation in banking and energy sectors plus accelerating the rollout by assessing and designating a new sector every year, commencing with telecommunications in 2021.

The Treasurer commissioned an Inquiry into Future Directions for the Consumer Data Right, led by Mr Scott Farrell, on 23 January 2020. The final report was published on 23 December 2020 and made 100 recommendations. Treasury is consulting with Consumer Data Right stakeholders about the recommendations to inform a Government response.

Data standards chair

Mr Andrew Stevens is the Data Standards Chair for the Consumer Data Right. Mr Stevens was re-appointed to this role on 14 August 2021, having been the Chair since the role was created under the *Competition and Consumer Act 2010*.

The Chair issued 7 iterations of the data standards during 2020–21 to support changes to the Consumer Data Right rules, together with supporting consumer experience and general guidance material.

The Chair maintained a banking sector Data Standards Advisory Committee, which held 10 meetings in 2020–21. An energy sector Data Standards Advisory Committee also held 10 meetings during the period. The Chair will merge these committees for an economy-wide CDR that operates across sectors.

In addition to the Chair's power to establish committees, he may also establish consultative groups. During 2020–21 the Chair convened groups to consult on:

- the Open Identity Foundation's conformance testing
- Joint Accounts, contributing towards a Treasury design paper
- energy sector data payloads which are also contributing to a Treasury design paper
- data quality standards and relevant conventions, and
- enhanced error handling.

As required by the Consumer Data Right rules, the Data Standards must be subject to consumer testing, as the Chair considers appropriate. Consequently, over 2020–21, 9 consumer experience standards consultations were conducted to inform standards development and provided strategic insights. Research was commissioned in 4 reports to the Data Standards Chair on:

- consumer trust
- joint accounts
- vulnerable consumers, and
- consent.

Data standards body

The Data Standards Body transitioned from the CSIRO to the Treasury effective 28 February 2021, joining the Chair who was already an official of the Treasury. The inclusion of the Data Standards Body into Treasury, along with the transfer of the Consumer Data Right rule-making function from the ACCC to Treasury, is intended to increase collaboration and efficiency.

Foreign investment

The Foreign Investment Division in Treasury is responsible for advising the Australian Government on all aspects of foreign investment policy. The division regulates foreign investment in Australia to ensure it is consistent with the national interest and supports a strong economy, jobs growth and raised living standards for Australians.

The foreign investment review framework is set by the legislative framework. The legislative framework includes the *Foreign Acquisitions and Takeovers Act 1975* and the *Foreign Acquisitions and Takeovers Fees Impositions Act 2015* (and their associated regulations). The legislative framework is supported by Australia's Foreign Investment Policy and Guidance Notes on the specific application of the law.

Reforms

Significant legislative reforms to the *Foreign Acquisitions and Takeovers Act 1975* commenced on 1 January 2021. The reforms expanded powers to screen cases on national security grounds and introduced new compliance and enforcement powers, similar to other Commonwealth regulators. They improve Treasury's regulatory capabilities under the *Regulatory Powers (Standard Provisions) Act 2014* to enter into enforceable undertakings, monitor to assess compliance, investigate potential non-compliance and issue infringement notices for a range of civil penalty provisions. The *Foreign Acquisitions and Takeovers Fees Impositions Act 2015* was also amended to update the fees framework.

The reforms will ensure the framework better protects the national interest (including national security) while facilitating the foreign investment needed to support our economic recovery.

Australian National Contact Point

The Australian Government promotes responsible business conduct through the Organisation for Economic Co-operation and Development Australian National Contact Point. The Australian National Contact Point also offers a free non-judicial conciliation service to individuals or groups who have a grievance against a multinational enterprise, with reference to the voluntary standards and principles set out in the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises .

The Market Conduct Division of Treasury contracts an independent examiner to assesses, conciliate and make recommendations on individual complaints through public statements. It also provides secretariat support, conducts promotional activities to raise awareness, contributes to policy development and convenes a Governance and Advisory Board, which meets twice annually. In 2021, the Australian National Contact Point will be peer reviewed.

In 2020–21, the Australian National Contact Point conducted 6 outreach activities and managed 5 complaints. All complaints were new submissions and underwent an initial assessment. Two were accepted and are in mediation. One was accepted but did not proceed to mediation. Two remain in initial assessment (one involving coordination with 4 other National Contact Points). No complaints were rejected and no requests for procedural review were received. Australian National Contact Point reports annually to the Organisation for Economic Co-operation and Development and complaint statements are available at www.AusNCP.gov.au.

Australian Small Business and Family Enterprise Ombudsman

The Office of the Australian Small Business and Family Enterprise Ombudsman (Ombudsman's Office) was established in March 2016 with the commencement of the *Australian Small Business and Family Enterprise Ombudsman Act 2015* (the Ombudsman Act).

The Ombudsman's Office was transferred with the small and family business function from the Department of Industry, Science, Energy and Resources to Treasury through a Machinery of Government change effective 15 April 2021.

The work of the Ombudsman's Office has continued to increase over the past 5 years as its public profile has grown. A new Ombudsman, the Hon Bruce Billson, was appointed in March 2021.

The Ombudsman's Office has dual functions to directly assist and advocate on behalf of small business and family enterprises.

Through direct and tailored assistance, the Ombudsman's Office supports small businesses and family enterprises in dispute with government or other businesses to access low-cost, efficient resolutions.

The Ombudsman's Office also uses its powers as an independent advocate to inform and advise lawmakers and regulators about issues affecting small businesses and their operations.

It has the power to conduct research and inquiries at the request of the Minister for Employment, Workforce, Skills, Small and Family Business. It can also independently initiate inquiries into issues affecting the small business sector.

The Ombudsman aims to inform government of the needs of small businesses and family enterprises and have these needs considered in policy development. To achieve this the Ombudsman maintains extensive relationships across business and government.

- The Ombudsman's Policy Forum draws together 32 industry and professional associations from across the sector, with key issues being progressed separately in working groups.
- The Ombudsman chairs the Federal Regulatory Agency Group which also includes key Commonwealth regulators: Australian Competition and Consumer Commission (ACCC), Australian Securities and Investments Commission, Australian Taxation Office (ATO), Australian Financial Complaints Authority and Fair Work Ombudsman. This group meets quarterly.
- The Small Business Commissioner's Group includes the Ombudsman and representatives from each of the states and meets quarterly. It also meets with the Federal Regulatory Agency Group at least twice annually to ensure good communication between state commissioners and Commonwealth regulators.
- The Ombudsman participates in and engages with various consultative groups including meetings held by the ACCC and the ATO with peak small business organisations.
- The Ombudsman engages with various business forums, conferences, and small business and other industry body events (including accounting).

The profile and work of the Ombudsman's Office was promoted in 2020–21 through:

- 101 media releases
- 5,607 media mentions
- 117 government meetings
- 239 key external stakeholders' meetings
- 61 speaking engagements
- 3152 newsletter subscribers
- 273,525 website visits
- 5800 followers and 320 posts on Facebook
- 253 followers and 96 posts on Instagram
- 3283 followers and 192 posts on ASBFEO's LinkedIn
- 3064 followers and 239 posts on the Ombudsman's LinkedIn
- 2032 followers and 293 posts on ASBFEO's Twitter
- 7386 followers and 269 posts on the Ombudsman's Twitter
- 435 subscribers and 44 videos on YouTube.

The Ombudsman's Office also supports small businesses, family enterprises and industry associations to engage with government and the public sector in Canberra by operating a small business hub with free desk and meeting spaces.

The My Business Health portal was relaunched in March 2021. The portal offers small and family business owners useful tips about running a business. The relaunch included improved functionality and links to Beyond Blue's NewAccess for Small Business Owners, a free and confidential mental health coaching program. The Ombudsman ran a national social media and radio marketing campaign to drive traffic to Beyond Blue and the My Business Health portal which achieved 57,549 visits in 2020–21.

Advocacy

The Ombudsman initiated and conducted broad-ranging research and inquiries into key issues affecting small business and family enterprise in 2020–21. The Minister for Employment, Workforce, Skills, Small and Family Business the Honourable Stuart Robert MP received quarterly updates about the operation of the Ombudsman's Office and relevant legislation, policies and practices affecting small business (available at www.asbfeo.gov.au).

Following are some of the major research projects and inquiries conducted by the Ombudsman during the reporting period.

- An inquiry into the affordability and availability of insurance launched on 28 July 2020 following reports small businesses were unable to access insurance. The initial small business survey received more than 800 responses.
- A review of the Personal Property Security Register found a need to improve its accessibility and useability by small businesses.
- A report on Small Business Access to Justice, released on 1 December 2020, called for amendments to the dispute resolution framework for small businesses.
- A number of recommendations in a COVID-19 Recovery Plan received support from peak bodies and think tanks.

Other areas of advocacy include:

- the Insolvency Practices Inquiry which proposed a suite of recommendations to simplify the system for small businesses working with state governments and Small Business Commissioners on eligibility and accessibility issues
- input into the design of new measures including the Payment Times Reporting Framework and Franchising Code amendments
- a report into a tax system better suited to small businesses, including a range of recommendations to streamline compliance
- requests for advice in relation an inability to secure insurance in certain sectors
- ongoing work on government procurement activities and how these could better support domestic small businesses, and
- producing fast fact sheets on efficient invoicing, domain names, resolving disputes and Single Touch Payroll.

The Ombudsman's Office provided 10 Regulation Impact Statement responses on policy and legislation and 116 submissions to various government and industry reviews, inquiries and consultations in 2020–21.

Assistance

The Ombudsman's Office received 7,204 requests for assistance via the Infoline, online form, direct emails and phone calls in 2020–21. There were 180,845 visits to the Ombudsman's website (www.asbfeo.gov.au).

The Ombudsman's Office received 496 inquiries about Industry Codes and 505 inquiries about our Small Business Tax Concierge Service. The Small Business Tax Concierge Service continues to receive inquiries about the ATO-administered JobKeeper and Cash Flow Boost Incentives. No formal requests were received for assistance regarding 'no adverse cost orders'.

Many requests concerned government COVID-19 support measures, payment or contract negotiations for affected parties and mental health issues. These included inquiries about commercial leases and franchising disputes. Issues often included the impact of government restrictions and lockdowns in response to the pandemic on a party's ability to meet financial commitments.

The Ombudsman worked closely with Australian Government, state and territory entities on a variety of requests for assistance. Cooperation with the agencies during the reporting period did not require any formal arrangements (as outlined in Section 70 of the Ombudsman Act).

Of the 7,204 requests for assistance, 5,783 concerned disputes including 478 formal requests for assistance in accordance with the Ombudsman Act. The Ombudsman made 15 formal recommendations that parties participate in Alternative Dispute Resolution. To date, 5 have been resolved within the Alternative Dispute Resolution process, one has been withdrawn, 3 unresolved at the Alternative Dispute Resolution process, and 6 remain ongoing.

Table 35: Resolution of disputes received in 2020–21

Resolution	Count	Percentage of total
Referral to more appropriate agency		
• State Small Business Commissioners	596	10%
• Australian Financial Complaints Authority, Fair Work Ombudsman, etc.	1,066	18%
One-on-one assistance provided		
• Referred to case management and advocacy	958	17%
• Information on dispute resolution pathways	2,688	47%
• Resolved by Ombudsman direct action	252	4%
Cases currently in progress with Ombudsman	149	3%
Referred to alternative dispute resolution (including under the Franchising, Horticulture, Oil and Dairy Codes)	55	1%
Referred to Small Business Tax Concierge Lawyer	19	0%
Total	5,783	100%

Resource tables

Table 36: Summary resource statement

	Actual available appropriation 2020–21 \$'000 (a)	Payments made 2020–21 \$'000 (b)	Balance remaining 2020–21 \$'000 (a - b)
Ordinary annual services¹			
Departmental			
Departmental appropriation ²	374,311	285,200	89,111
Total	374,311	285,200	89,111
Administered expenses			
Outcome 1	138,448	110,390	28,058
Payment to Corporate entities	-	-	-
Total	138,448	110,390	28,058
Total ordinary annual services	A 512,759	395,590	117,169
Other services³			
Departmental non-operating			
Equity injections	459	222	237
Total	459	222	237
Administered non-operating			
Administered assets and liabilities			
Outcome 1	165,000	165,000	-
Total	165,000	165,000	-
Total other services	B 165,459	165,222	237
Total available annual appropriations and payments (A+B)			
Special appropriations			
<i>Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020, s18</i>		4,778	
<i>Federal Financial Relations Act 2009</i>		92,369,988	
<i>Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020</i>		582	
<i>International Finance Corporation Act 1955</i>		56,211	
<i>International Monetary Agreements Act 1947</i>		3,101,993	
<i>Public Governance, Performance and Accountability Act 2013</i>		2	
Total special appropriations	C	95,533,554	
Special accounts⁴			
Opening balance	449,817		
Appropriation receipts	56,115,506		
Non-appropriation receipts to Special Accounts	2,901,971		
Payments made		17,221,509	
Transfers made to other entities		41,448,516	
Total special account	D 59,467,294	58,670,025	
Total resourcing and payments (A+B+C+D)⁵	60,145,512	154,764,391	
Less appropriation drawn from annual or special appropriations and/or Corporate entities through annual appropriations credited to special accounts	-	-	
Total net resourcing for the Treasury	60,145,512	154,764,391	

1. *Appropriation Act (No. 1) 2020–21* and *Appropriation Act (No. 3) 2020–21*. This may also include Prior Year departmental appropriation and section 74 relevant agency receipts.
 2. Includes an amount of \$11.548 million for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.
 3. *Appropriation Act (No. 2) 2020–21*.
 4. Does not include 'Special Public Money' held in accounts like Other Trust Monies account (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Moneys Special accounts (SOETM).
 5. Total resourcing excludes the actual available appropriation for all Special Appropriations.
- Note: Details of appropriations are disclosed in Note 6 of the Financial Statements.

Table 37: Resourcing for Outcome 1

Outcome 1: Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

	Budget 2020–21 \$'000 (a)	Actual expenses 2020–21 \$'000 (b)	Variation 2020–21 \$'000 (a – b)
Program 1.1: Department of the Treasury			
Departmental expenses			
Departmental appropriations ¹	267,409	253,288	14,121
Special accounts	-	-	-
Expenses not requiring appropriation	17,975	24,275	(6,300)
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	127,860	90,861	36,999
Special appropriation: <i>PGPA Act 2013-s77</i> repayments	1000	-	1,000
Special accounts	41,024,052	41,448,516	(424,464)
Expense not requiring appropriations	20,888	(1,728)	22,616
Total for Program 1.1	41,459,184	41,815,212	(356,028)
Program 1.2: Payments to International Financial Institutions			
Administered expenses			
Special appropriations	43,406	4,381	39,025
Expenses not requiring appropriation	133,825	728,434	(594,609)
Total for Program 1.2	177,231	732,815	(555,584)
Program 1.3: Support for Markets and Business			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	9,759	13,778	(4,019)
Special appropriation: <i>PGPA Act 2013-s77</i> repayments	-	2	(2)
Expenses not requiring appropriation	-	314,364	(314,364)
Total for Program 1.3	9,759	328,144	(318,385)
Program 1.4: General Revenue Assistance			
Administered expenses			
Special appropriations	59,920,000	73,072,682	(13,152,682)
Special accounts	2,006,218	2,024,454	(18,236)
Total for Program 1.4	61,926,218	75,097,136	13,170,918
Program 1.5: Assistance to the States for Healthcare Services			
Administered expenses			
Special appropriations	23,606,916	22,434,696	1,172,220
Special accounts	-	73,653	(73,653)
Total for Program 1.5	23,606,916	22,508,349	1,098,567
Program 1.6: Assistance to the States for Skills and Workforce Development			
Administered expenses			
Special appropriations	1,560,568	1,560,568	-
Total for Program 1.6	1,560,568	1,560,568	-

Program 1.7: Assistance to the States for Disability Services			
Administered expenses			
Special appropriations	-	-	-
Total for Program 1.7	-	-	-
Program 1.8: Assistance to the States for Affordable Housing			
Administered expenses			
Special accounts	1,594,523	1,594,524	(1)
Total for Program 1.8	1,594,523	1,594,524	(1)
Program 1.9: National Partnership Payments to the States			
Administered expenses			
Special appropriations	1,811,392	2,810,721	(999,329)
Special accounts	16,049,352	14,069,626	1,979,726
Expenses not requiring appropriation	-	149,220	(149,220)
Total for Program 1.9	17,860,744	17,029,567	831,177
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services	137,619	104,639	32,980
Special appropriations	88,537,805	101,477,574	(12,939,769)
Special accounts	59,079,622	57,616,249	1,463,373
Expenses not requiring appropriation	154,713	1,190,290	(1,035,577)
Departmental expenses			
Departmental appropriations ¹	267,409	253,288	14,121
Special accounts	-	-	-
Expenses not requiring appropriation	17,975	24,275	(6,300)
Total expenses for Outcome 1	148,195,143	160,666,315	(12,471,172)
	2019–20	2020–21	
Average staffing level (number)	926	1,097	

1. Departmental Appropriation combines Ordinary annual services (Appropriation Bill No. 1) and Revenue from independent sources (s74).

Information correcting the record

There are three identified corrections and clarifications to the Treasury Annual Report 2019–20 that have minor impact on the 2020–21 report.

Management of human resources

Staffing information > Table 5

Table 5: *Australian Public Service Act* Ongoing Employees Current Report Period (2019/20) had missing data in Column 3 for EL1 Male employees. Column 3 Total Male should have read: 150. All totals remain correct as the missing value had been incorporated at the bottom of the table.

Australia and the international financial institutions

Australia and the International Monetary Fund > Australia's quote in the International Monetary Fund and financial transactions > Maintenance of value > Table 22

International Monetary Fund – Maintenance of Value and associated disclosure in Table 22 have been amended from 2019–20 annual report. To provide clarity for the end user and consistency in reporting requirements in the annual report, the amount reflected in Table 22 going forward, will either be the transaction received/paid during the financial year. Further explanation is provided in the 2020–21 explanation for Monetary Fund – Maintenance of Value above Table 28.

Australia and the World Bank Group > Institutions of the World Bank Group > Table 26

World Bank Group–Multilateral Investment Guarantee Agency shareholding (Table 26) in AUD for 2019–20 reflects \$67.51 million as opposed to \$47.35 million. This was a typographical error. The underlying holding is in USD and the holdings in USD are correct, and as the 2019–20 figure is not re-published for comparison, no further action is required.

Abbreviations and acronyms

ACCC	Australian Competition and Consumer Commission
ANAO	Australian National Audit Office
APS	Australian Public Service
ATO	Australian Taxation Office
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
EL	Executive Level
FTP	Financial Transactions Plan
G20	The Group of Twenty
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IPFA	Infrastructure and Project Financing Agency
MIGA	Multilateral Investment Guarantee Agency
MoG	Machinery of Government
MP	Member of Parliament
NAB	New Arrangements to Borrow
OECD	Organisation for Economic Co-operation and Development
PBS	Portfolio Budget Statements
PGPA Act	Performance and Accountability Act 2013
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PRGT	Poverty Reduction and Growth Trust
PSM	Public Service Medal
RBA	Reserve Bank of Australia
SES	Senior Executive Service
SDR	Special Drawing Rights
SFBD	Small and Family Business Division
SME	Small and medium-sized enterprise
The Ombudsman	Australian Small Business and Family Enterprise Ombudsman
WBG	World Bank Group
WHS	Work, Health and Safety

Glossary

Accountable authority instructions	Instructions issued to manage the affairs of an entity to promote the efficient, effective, economical and ethical use of Commonwealth resources.
Activities	The actions/functions performed by agencies to deliver government policies.
Administered item	Items that are usually managed by an entity on behalf of the Government. Entities do not have control over these items which are normally related to activities governed by eligibility rules and conditions established by legislation (for example, grants, subsidies and benefit payments).
Annual performance statements	Commonwealth entities report, through their annual performance statements, on the extent to which they have fulfilled the purposes they articulate at the beginning of a reporting year in their corporate plan. They must also report on performance criteria in the portfolio budget statements, portfolio additional estimates statements or other portfolio estimates statements.
Appropriation	Public monies the Parliament authorises the Government to withdraw from the Consolidated Revenue Fund for a specified purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an Australian Public Service employee under section 72, of the <i>Public Service Act 1999</i> .
Budget	Sets out the fiscal and economic outlook for Australia, including expenditure and revenue estimates for the current financial year, the budget year and 3 forward financial years. It identifies the Government's social and political priorities and how they will be achieved.
Clear read principle	<p>Under the outcomes' arrangements, there is an essential clear link between the appropriation bills, the portfolio budget statements, the portfolio additional estimates statements, and annual reports of agencies. Information should be consistent across these and other budget documents, and, where possible, duplication of reporting within the portfolio budget statements should be avoided. This is called the clear read between the different documents.</p> <p>Under this principle, the planned performance in the portfolio budget statements is to be provided on the same basis as actual performance in the annual reports covering the same period, to permit a clear read across planning and actual performance reporting documents. Agencies should take this into account in designing their performance reporting arrangements.</p>
Consolidated Revenue Fund	The Consolidated Revenue Fund consists of all revenues and moneys raised or received by the executive government of the Commonwealth. The fund is self-executing in nature, which means that all money received by the Commonwealth automatically forms part of the fund.
Consultant	A person or organisation providing professional, independent, expert advice or services. The term is used to describe the application of expert skills to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist an entity in management decision-making.

Contractor	A person engaged by an agency, usually on a temporary basis. Treated as an employee of the agency for the purposes of program performance reporting.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Corporate plan	The primary planning document of a Commonwealth entity that sets out the objectives and strategies the entity intends to pursue in achieving its purposes over at least 4 reporting periods. A corporate plan explains: <ul style="list-style-type: none"> • what an entity's purposes are • what it will do to achieve its purposes • how it will know that it has achieved its purposes.
Departmental item	Departmental items are usually appropriations managed by an entity, and over which the entity has control. That is, the entity's accountable authority has discretion in delivering the activities and/or allocating resources. Typically, these items include the day-to-day operations and program support activities of an entity.
Enterprise agreement	An employment agreement made directly between an employer and employees.
Financial results	The results shown in the financial statements of an agency.
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means. Accountable authorities of Commonwealth entities must take all reasonable measures to prevent, detect and deal with fraud in accordance with section 10 of the <i>Public Governance, Performance and Accountability Rule 2014</i> .
Full-time equivalent	The effective number of full-time employees in an entity, where an FTE of 1.0 is the equivalent of one full-time person. Part-time employees are converted to full-time equivalents.
Grant	An arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth under which relevant money or other Consolidated Revenue Fund money is to be paid to a recipient other than the Commonwealth which is intended to assist the recipient achieve its goals to help to address one or more of the Government's policy objectives and under which the recipient may be required to act in accordance with specified terms or conditions.
Materiality	Considers the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
Mid-Year Economic and Fiscal Outlook	The Mid-Year Economic and Fiscal Outlook (MYEFO) provides an update of the Government's budget estimates by examining expenses and revenues in the year to date, as well as provisions for new decisions that have been taken since the budget. The report provides updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.
Non-ongoing APS employee	A person engaged as an Australian Public Service employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
Official Public Account	The Commonwealth's central bank account. The Official Public Account is one of a group of linked bank accounts, referred to as the Official Public Account Group of Accounts. Official Public Accounts are maintained by the Reserve Bank of Australia.

Ongoing APS employee	A person engaged as an ongoing Australian Public Service employee under section 22(2) (a) of the <i>Public Service Act 1999</i> .
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an entity.
Outcomes	The results, impacts or consequences of a purpose or activity, as defined in the annual appropriation acts and the portfolio budget statements, by a Commonwealth entity and company.
Performance information	Evidence about performance that is collected and used systematically, which may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention. While performance information may be quantitative (numerical) or qualitative (descriptive), it should be verifiable.
Portfolio Budget Statements	The portfolio budget statements inform parliamentarians and the public of the proposed allocation of resources to government outcomes. They also assist the Senate standing committees with their examination of the Government's budget. Portfolio budget statements are tabled in Parliament on budget night and published as budget related papers.
Programs	Commonwealth programs deliver benefits, services or transfer payments to individuals, organisations or the community as a whole, and/or policy advice to inform government decisions. A program is comprised of activities or groups of activities, as defined in the annual appropriation acts and portfolio budget statements, by a Commonwealth entity and company.
Public Governance, Performance and Accountability Act 2013	<p>The <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) replaced the <i>Financial Management and Accountability Act 1997</i> and the <i>Commonwealth Authorities and Companies Act 1997</i> on 1 July 2014. As the primary piece of Commonwealth resource management legislation, the PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting.</p> <p>The PGPA Act applies to all Commonwealth entities and Commonwealth companies. A list of Commonwealth entities and companies can be found at: www.finance.gov.au/sites/default/files/2021-05/Flipchart%206%20May%202021_0.pdf</p>
Public service care agency	A public service care agency is defined in section 4 of the <i>Carer Recognition Act 2010</i> to mean an agency as defined in the <i>Public Service Act 1999</i> that is responsible for the development, implementation, provision or evaluation of policies, programs or services directed to carers or the persons for whom they care.
Risk management	The systematic application of policies, procedures and practices to clearly identify, analyse, evaluate, treat and monitor risks associated with identified opportunities. Risk is broadly defined as the effect of uncertainty on objectives or the impacts of unforeseen events or undesirable outcomes.
Senate Estimates hearings	Senate standing committees hold hearings to scrutinise the appropriation bills and any explanatory documentation tabled to accompany them. Public servants are called as witnesses to hearings.
Specific Purpose Payments	Commonwealth payments to the States for specific purposes in order to pursue important national policy objectives in areas that may be administered by the States.

List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Table of contents	Mandatory
17AJ(b)	Index	Alphabetical index	Mandatory
17AJ(c)	Glossary	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	List of requirements	List of requirements	Mandatory
17AJ(e)	Introduction and guide to the report	Details of contact officer	Mandatory
17AJ(f)	Introduction and guide to the report	Entity's website address	Mandatory
17AJ(g)	Introduction and guide to the report	Electronic address of report	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Secretary's review	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Departmental overview	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Departmental overview	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Departmental overview	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Departmental overview	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Departmental overview	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Departmental overview	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Departmental overview	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(b)	Financial performance	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	Financial performance	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	Report on the Performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	Annual performance statements	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Resources table	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Resources table	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory
17AD(d)	Management and Accountability		
	Corporate governance		
17AG(2)(a)	Corporate governance	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating, or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory
Audit Committee			
17AG(2A)(a)	Corporate governance	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Corporate governance	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Corporate governance	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Corporate governance	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Corporate governance	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	External Scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	External Scrutiny	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	External Scrutiny	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	External Scrutiny	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
Management of Human Resources			
17AG(4)(a)	Management of Human Resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(aa)	Management of Human Resources	<p>Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:</p> <ul style="list-style-type: none"> • statistics on full-time employees • statistics on part-time employees • statistics on gender • statistics on staff location. 	Mandatory
17AG(4)(b)	Management of Human Resources	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> • Statistics on staffing classification level • Statistics on full-time employees • Statistics on part-time employees • Statistics on gender • Statistics on staff location • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Management of Human Resources	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Management of Human Resources	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Management of Human Resources	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Management of Human Resources	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Management of Human Resources	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	Management of Human Resources	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	Management of Human Resources	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	Management of Human Resources	Information on aggregate amount of performance payments.	If applicable, mandatory
Assets management			
17AG(5)	Assets management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Purchasing			
17AG(6)	Purchasing	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	Consultants and non-consultants	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Consultants and non-consultants	A statement that <i>"During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]."</i>	Mandatory
17AG(7)(c)	Consultants and non-consultants	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Consultants and non-consultants	A statement that <i>"Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."</i>	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	Consultants and non-consultants	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Consultants and non-consultants	A statement that <i>"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."</i>	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Consultants and non-consultants	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	Purchasing	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
Exempt contracts			
17AG(9)	Purchasing	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
Small business			
17AG(10)(a)	Purchasing	A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
17AG(10)(b)	Purchasing	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Purchasing	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Financial Statements			
17AD(e)	Financial statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	Executive remuneration	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
Other Mandatory Information			
17AD(f)			
17AH(1)(a)(i)	Advertising and market research	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, mandatory
17AH(1)(a)(ii)	Advertising and market research	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	Grants	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory
17AH(1)(c)	Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Information Publication Scheme	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Information correcting the record	Correction of material errors in previous annual report.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AH(2)	Work health and safety Ecologically sustainable development and environmental performance Australia and the International Financial Institutions Consumer data right Carer support	Information required by other legislation.	Mandatory

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