Australian Government

The Treasury

Annual Report 2021–22

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Acknowledgement of Country

The Treasury acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures and to elders both past and present.

Australian Government

The Treasury

Annual Report 2021–22

treasury.gov.au

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Australian Government
The Treasury

6 October 2022

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

TREASURY ANNUAL REPORT 2021–22

I present the Treasury annual report for the year ended 30 June 2022.

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 Julie Collins MP
Minister for Housing
Minister for Homelessness
Minister for Small Business

The Hon Stephen Jones MP
Assistant Treasurer
Minister for Financial Services

The Hon Dr Andrew Leigh MP
Assistant Minister for
Competition, Charities
and Treasury

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Introduction and guide to the report

The Treasury Annual Report 2021–22 outlines performance against outcomes, program and performance information contained in the Portfolio Budget Statements 2021–22, Portfolio Additional Estimates Statements 2021–22 and the Treasury Corporate Plan 2021–22.

More comprehensive performance reporting for the Foreign Investment Review Board and Takeovers Panel 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.

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.

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Part 1
Overview

I am pleased to present my third annual report as Secretary and report on Treasury's achievements during another extraordinary year of economic upheaval.

Steven Kennedy PSM
Secretary to the Treasury

Secretary's review

Overview

The global and domestic economic environment has again shifted significantly since our last report. Attention has turned from securing economic recovery and driving down unemployment post-pandemic to limiting inflationary pressures arising from an array of shocks. This shift has been further complicated by increased global security challenges.

Australia's economic recovery from the COVID-19 pandemic was stronger than expected. The economy rebounded as lockdowns were phased out, vaccination targets were achieved, and international and state borders reopened. Across Australia people returned to work, school and leisure activities. In June 2022, the unemployment rate fell to 3.5 per cent—the lowest level since the 1970s.

However, headwinds were gathering force. COVID-19's spread disrupted the labour market and supply chains due to illness and absenteeism. No business—public or private—was untouched by the Omicron variants which impacted the transport, building, healthcare, education, agricultural, arts and hospitality sectors.

Compounding international shocks destabilised the global and domestic economies.

- The Russian invasion of Ukraine caused a sharp increase in energy and food prices.
- China's continued commitment to a zero COVID-19 strategy increased pressure on global supply chains, particularly for manufactured goods.
- COVID-19 continued to affect global trade with elevated demand for goods, congestion at ports and increased shipping costs.

The most significant impact on the home front was a surge in inflation commencing during 2021. Consumer inflation reached 6.1 per cent in the June quarter of 2022 — the highest annual rate in more than two decades. The Reserve Bank of Australia has acted by lifting the cash rate target from a record low of 0.1 per cent in April to 0.85 per cent at the end of June 2022 and have continued to raise rates in the months since. Treasury played a vital role advising the Government on these economic developments, including the impact of rising energy prices, the labour market, workforce shortages and supply chain blockages.

Treasury continued to deliver on its commitments by producing the Mid-Year Economic and Fiscal Outlook in December, an early Budget in March 2022, a Pre-election Economic and Fiscal Outlook, and Incoming Government Briefs during the caretaker period.

The full Albanese Ministry was sworn in by the Governor General on 1 June 2022 following the first change of government in nearly a decade. Treasury welcomed the new ministers and has established respectful and productive working relationships with the offices.

The work we did in 2021–22

Over the past 2 years Treasury has been called on to provide more frequent economic analysis and forecasts than ever before. In 2021–22 we continued to demonstrate our strong capability, adaptability and agility in responding to COVID-19, along with our ability to work effectively across the department and the Australian Public Service. An example of collaboration was our work with the Doherty Institute estimating the direct economic costs of COVID-19 management strategies such as lockdowns.

Treasury undertook analysis of the potential impact of the Omicron outbreak on staff absences and supported delivery of over $6.7 billion in jointly funded business support through the Delta outbreak with a series of federal funding agreements with all states and territories.

We have continued to assess the effects of the pandemic on Australia's population growth and analyse long-term demographic trends in an annual Population Statement.

We progressed changes to the financial and superannuation systems. We led changes to Australia's insolvency regime and built on new capabilities in our Foreign Investment Division.

Twenty-five Treasury-related Bills made up of 83 measures were introduced in 2021–22.

Among them the *Corporations Amendment (Meetings and Documents) Act 2022* gave companies the permanent ability to hold virtual meetings and to sign and send documents electronically. These were measures that were first introduced temporarily in response to COVID-19.

The *Treasury Laws Amendment (Modernising Business Communications) Bill 2022* contained reforms allowing documents to be sent electronically in a greater range of circumstances, facilitating use of electronic payments and modernised existing requirements to publish notices in newspapers. The Bill was the first phase of a multiyear project to modernise business communications across Treasury laws.

Seven years of Treasury work was finalised with legislation implementing a new retirement income covenant requiring super funds to have a dedicated retirement strategy for members. Legislation was passed enabling the removal of the minimum $450 per month wage threshold before super needs to be paid, making the super system more equitable. The new Your Future, Your Super regulations were introduced, and implementation of the *Better Advice Act 2021* serves to strengthen consumer protections and streamline oversight of the financial advice industry. On the international front we continued strong engagement through the G20, the International Monetary Fund, the Pacific Forum Economic Ministers Meeting and the multilateral development banks. Treasury engaged in a series of bilateral meetings with international counterparts on a broad range of issues including the global economic recovery, international digital economy taxation challenges and enhanced regional engagement.

Our work on the Consumer Data Right (CDR) and News Media and Digital Platforms Mandatory Bargaining Code, attracted international interest. The CDR will be expanding further to add financial services and telecommunications sectors to open banking and energy.

People and performance

Treasury's effectiveness is underpinned by the capability of our staff. We welcomed 63 new graduates to Treasury in February 2022. I was very pleased to see Treasury rated among the top graduate employers nationally for 2022 by the Australian Association of Graduate Employers.

On multiple occasions, and sometimes for many months, we went into lockdown in 2021, juggling work commitments, home learning and caring responsibilities, living in isolation and, for many, dealing with COVID-19 itself. Then Treasury, like elsewhere, had to adjust to the spread of Omicron. I would like to express my thanks and gratitude to all staff who lived and worked so productively through such uncertain times.

The easing of health restrictions in 2022 meant that we could transition back into the office while adhering to medical advice, ensuring teams could reconnect in person and new staff members could meet their colleagues and managers face to face. I would like to stress that the welfare of our staff remains top of mind at Treasury.

I am proud that through all the challenges we continued to celebrate the diversity of our workplace and respect in our community, and that Treasury moved forward on our reconciliation journey. We continued to focus on gender equality, pride, disability, First Nations, and culturally and linguistically diverse issues.

In March 2022 we learnt of the sudden passing of David Irvine AO, the Chair of the Foreign Investment Review Board (FIRB). David was one of Australia's most respected public servants and a trusted adviser.

He led FIRB through a period of significant change in the global foreign investment landscape amid geopolitical developments and technological change. His insights were critical in helping foreign investors and business leaders understand these challenges. He is greatly missed.

In conclusion

The year ahead will be busy for Treasury as we work to provide quality economic advice and deliver the new Government's priorities.

The Government's Jobs and Skills Summit held in September 2022 started a national conversation about Australia's labour market and Treasury now turns its attention to preparing the Employment White Paper.

We will be supporting the review of the Reserve Bank of Australia.

Treasury will also support the Government's plans to improve housing affordability and ownership.

Treasury will return to modelling climate risks and opportunities for the Australian economy for the first time since 2013.

I would like to express my thanks and gratitude to Treasury's staff members who delivered so well in 2021–22 in an environment of major changes in the way we live and work.

I would like to acknowledge our many partners and stakeholders across Australian, state and territory 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 significant agenda.

Dr Steven Kennedy PSM
Secretary to the Treasury

Departmental overview

Treasury is the Government's lead economic adviser

Treasury provides economic analysis and authoritative policy advice on issues such as: the economy, budget, taxation, financial sector, foreign investment, structural policy, superannuation, small business, housing affordability and international economic policy.

We anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances, and respond rapidly to changing events and directions. Treasury also works with state and territory governments on key policy areas, as well as managing federal financial relations.

In 2021-22 we continued developing advice and analysis to support the Government's economic agenda. The shifting economic environment presented short and long-term challenges. Treasury played an important role in advising the Government on these challenges particularly the impact of increasing energy prices, the labour market, workforce shortages and supply chain blockages as well as the response to COVID-19.

Our purpose under the Treasury Corporate Plan 2021-22 is to:

> Provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

At the end of 2021–22 there were several leadership changes as senior public service appointments were announced by Prime Minister Albanese.

On 21 June 2022, the Treasury Secretary announced that after 40 years in the public service — mostly at Treasury — Deputy Secretary, Revenue Group, Maryanne Mrakovcic would retire in July 2022. On 29 June 2022, the Secretary announced Diane Brown would be re-joining Treasury in July from the Department of Infrastructure, Transport, Regional Development and Communications to take up the role of Deputy Secretary, Revenue Group.

On 22 June 2022, the Prime Minister announced that Jenny Wilkinson PSM was appointed as the Secretary of the Department of Finance. On 1 July 2022, the Secretary announced that Sam Reinhardt would be re-joining Treasury from the Productivity Commission to take up the role of Deputy Secretary, Fiscal Group. After the reporting period but prior to publication of this report, the Prime Minister announced in August 2022 that Meghan Quinn PSM, Deputy Secretary, Markets Group, was appointed as the Secretary of the Department of Industry, Science and Resources.

Figure 1 shows the department's organisational structure at 30 June 2022. The accountable authority of the department is Dr Steven Kennedy, PSM, Secretary, who has occupied the position for all of 2021-22.

Figure 1: Treasury Group senior management at 30 June 2022

Department of the Treasury

Secretary
Dr Steven Kennedy PSM

Corporate and foreign investment group

Deputy Secretary
Roxanne Kelley PSM

Corporate Division
First Assistant Secretary: Hamish McDonald

Foreign Investment Division
First Assistant Secretary: Simon Writer PSM

Stakeholder Liaison Unit
First Assistant Secretary: Robert Raether

State Offices
Sydney Office Head: Tim Baird
Melbourne Office Head: Damian Mullaly
Perth Office Head: Aidan Storer

Fiscal group

Deputy Secretary
Jenny Wilkinson PSM

Budget Policy Division
First Assistant Secretary: Brenton Goldsworthy

CommonwealthState and Population Division
First Assistant Secretary: Damien White

Labour Market, Environment, Industry and Infrastructure Division
First Assistant Secretary: Philippa Brown

Office of Infrastructure and Commercial Advice
First Assistant Secretary: David Webster

Social Policy Division
First Assistant Secretary: Lisa Elliston

Macroeconomic group

Deputy Secretary
Luke Yeaman

International Economics and Security Division
First Assistant Secretary: Vicki Wilkinson

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: John Swieringa

Tokyo: David Lowe (A/g)

Beijing: Rachel Thompson

Jakarta: Cosimo Thawley (A/g)

India: Percy Bell (A/g)

Indonesia Ministry of Finance: Kristy Baker

Markets group

Deputy Secretary
Meghan Quinn PSM

Australian Government Actuary
First Assistant Secretary: Guy Thorburn

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

Financial System Division
First Assistant Secretary: James Kelly

Market Conduct Division
First Assistant Secretary: Robert Jeremenko

Retirement Advice and Investment Division
First Assistant Secretary: Lynn Kelly

Small and Family Business Division
First Assistant Secretary: Peter Cully

Australian Small Business and Family Enterprise
Ombudsman: Bruce Billson

Revenue group

Deputy Secretary
Maryanne Mrakovcic

Board of Taxation Secretariat
Assistant Secretary: Christina Sahyoun

Corporate and International Tax Division
First Assistant Secretary: Marty Robinson

Individuals and Indirect Tax Division
First Assistant Secretary: Laura Berger-Thomson

Law Division
First Assistant Secretary: Anthony Seebach

Tax Analysis Division
First Assistant Secretary: Katrina Di Marco

Portfolio overview

The Treasury portfolio undertakes a range of activities aimed at achieving Treasury's Portfolio Budget Statement outcome of supporting and implementing informed decisions on policies focussed on achieving strong sustainable economic growth. This entails providing advice to Treasury Ministers and the efficient administration of Treasury's portfolio functions.

As of 30 June 2022, the Treasury portfolio comprised 16 entities in the general government sector, including:

- 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
- 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

Annual Performance Statements 2021–22

Statement of Preparation

I, as the Accountable Authority of the Department of the Treasury, present the Annual Performance Statements 2021–22 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 2022, assessed against the purpose, key activities and performance measures relevant to the Treasury published in:

- The Department of the Treasury 2021–22 Corporate Plan (Corporate Plan 2021–22)
- 2021–22 Portfolio Budget Statements – The Department of the Treasury (PBS 2021–22)
- 2021–22 Portfolio Additional Estimates Statements – The Department of the Treasury

Dr Steven Kennedy PSM
Secretary to the Treasury

4 October 2022

Changes to activities and performance measures

Treasury has made amendments to performance information published in the Corporate Plan 2021–22. The amendments to the published performance measures are a non-significant variation and are summarised below. The performance measure statements provide more detail.

Performance measure 1

Percentage of feedback from Treasury ministers, key government entities and stakeholders that indicate our advice was impactful

Performance measure 1	Informal qualitative feedback mechanisms, reviews and evaluations were not used to assess performance in the 2021–22 reporting period. It was found that the varied data from these sources could not be quantified into percentages required to set a baseline in performance measure results. The methodology was revised and data sources focused on structured key stakeholder surveys and ministerial feedback questionnaires.
Published methodology	Assessment of formal and informal feedback mechanisms, reviews, evaluations, and key stakeholder surveys.
Amended methodology	Assessment of formal feedback mechanisms through the key stakeholder survey and ministerial feedback questionnaires.

Performance measure 2

Quality of engagements or consultations with stakeholders to inform policy advice and analysis

Performance measure 2	Treasury has removed the assessment of the number of engagements or consultations from the performance measure and focussed on the quality of Treasury's consultations and engagements. The records of and data on consultations and engagements have been removed from the methodology. This included public consultations on exposure draft legislation and initiatives conducted via Treasury's website and activities. The records and data were not reliable enough to develop an accurate performance result. Treasury is, instead, using the key stakeholder survey as the methodology and the survey results as a reliable data source for assessing quality.
Published performance measure	Number and quality of engagements or consultations with stakeholders to inform policy advice and analysis.
Amended performance measure	Quality of engagements or consultations with stakeholders to inform policy advice and analysis.
Published methodology	Assessment of engagement and consultation records, data, and stakeholder surveys.
Amended methodology	Assessment of engagement and consultation through stakeholder surveys.

Performance measure 5

Percentage of payments administered within agreed requirements and timeframes

Performance measure 5	Treasury is using the delivery of payments to the intended recipients within the required timeframes and, in accordance with relevant legislation and agreements, as an assessment of timeliness and a proxy efficiency measure. The decision to use this measure as the proxy efficiency measure occurred after publication of the Corporate Plan 2021–22.

Performance measure 7

Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the number actually delivered

Performance measure 7	An amendment has been made to include the reprioritisation of legislative measures during the sitting period in response to Government priorities. Reprioritisation involves the removal and addition of legislative measures during the sitting periods under assessment. This amendment is necessary to reflect the dynamic nature of the legislative program in response to changing priorities of Government business. The inclusion of the reprioritised measures in the calculation provides an accurate result of what was agreed for delivery in the sitting period.
Published performance measure	Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period compared to the number actually introduced.
Amended performance measure	Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the number actually delivered.

Activity 6 – Deliver measures focused on small businesses

Performance measure 11

Number of small businesses assisted

Performance measure 11	Treasury amended Activity 6 to remove the wording and reduce the regulatory burden on business as the performance measure did not address that component of the activity. Treasury was not able to assess the regulatory burden on small businesses as outlined in the original Activity 6 during the 2021–22 reporting period. Performance measure 11 assesses the number of small businesses assisted and Treasury addressed regulation that applies to small business through policy advice to the Government.
Published activity	Deliver measures focused on small businesses and reduce the regulatory burden on business.
Amended activity	Deliver measures focused on small businesses.

Treasury's purpose

We provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

As set out in the Corporate Plan 2021–22, Treasury achieves our purpose through our activities:

- **Activity 1:** Provide informed, influential, and impactful policy advice and analysis
- **Activity 2:** Ensure effective government spending arrangements
- **Activity 3:** Deliver programs associated with the Government's economic priorities, including COVID-19 economic response programs
- **Activity 4:** Delivery of the Government's legislative agenda associated with the Treasury portfolio
- **Activity 5:** Administer Treasury's regulator functions
- **Activity 6:** Deliver measures focused on small businesses
- **Activity 7:** Deliver infrastructure and project financing advice and actuarial services.

Treasury's outcome

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.

Results and analysis

Analysis of performance against Treasury's purpose

Treasury's annual performance statements report on the period from 1 July 2021 to 30 June 2022. The statements provide a clear read of Treasury's performance over the financial year against the activities and performance measures in the Corporate Plan 2021–22 and Portfolio Budget Statements (PBS) 2021–22. Treasury updated the performance measures in the PBS to align with the Corporate Plan through the Portfolio Additional Estimates Statements 2021–22.

In 2021–22, Treasury had 12 performance measures to assess performance against the 7 activities that were undertaken to achieve our purpose.

There were 8 performance measures that Treasury achieved, substantially achieved, or partly achieved. Performance measures 4, 6 and 7 were achieved. Performance measures 3, 5, 10, 11 and 12 were achieved, substantially achieved, or partly achieved.[1] Performance measures 8 and 9 were not achieved. Treasury has established baselines for future reporting of performance measures 1 and 2.

A summary of achievement against the activities and performance measures is provided on pages 28 to 30. A detailed assessment of achievement and analysis for individual performance measures is presented on pages 31 to 61.

The Corporate Plan 2021–22 included a revised purpose statement and new performance measures, targets, and methodologies for assessing performance. This meant performance results could not be compared with previous years or trends over time.

This has been a transitional year for Treasury as we have matured our performance framework. Treasury's mid-cycle performance review — in February and March 2022 — has informed the performance framework, methodologies and changes to the Corporate Plan 2021–22. Treasury's annual performance statements and performance framework are being audited as part of an Australian National Audit Office annual performance statements audit program.

In 2021–22, Treasury established the structured ministerial feedback questionnaire and stakeholder feedback survey as reliable methodologies for 7 of our performance measures. Treasury has used 2021–22 as a baseline year for measuring the impact of policy advice and analysis (performance measure 1) and the quality of our engagement and consultations (performance measure 2).

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1 Performance measures 3, 5, 8, 9, 10 and 12 have multiple components that were assessed individually. In the case of performance measures 5, 10 and 12, the subcomponents were assessed differently. Performance measure 5 and 12 had results of achieved and substantially achieved, and performance measure 10 had results of achieved and partially achieved.

The results of the ministerial feedback questionnaire and stakeholder feedback survey have informed the targets for 2022–23 and the forward years in our Corporate Plan 2022–23.

Treasury has provided ongoing economic and fiscal advice to support the Government's response to the COVID-19 pandemic and rapid changes in the global economy. Treasury provided advice to portfolio ministers on a range of significant policy matters for the 2021–22 Mid-Year Economic and Fiscal Outlook and the 2022–23 March Budget.

Treasury provided policy advice on the overarching fiscal strategy and individual measures to ease the cost-of-living pressures on households and businesses. This included the temporary increase to the Low and Middle Income Tax Offset and a 6-month reduction in fuel excise. Treasury received positive responses in the feedback questionnaire completed by Treasury ministers or their chiefs of staff.

Consultation in preparation for the 2022–23 Budget was a key focus for Treasury. Stakeholder relationships are maintained with Treasury portfolio agencies; Commonwealth, state and territory government agencies; and representatives external to government, including industry peak bodies and businesses.

Treasury's engagement and consultation activities included: working with the Australian Taxation Office and a range of government stakeholders on the Tax Treaties Steering Committee; working with agencies across government, industry, and peak bodies on the impacts of COVID-19 and related restrictions. Treasury consulted on the impacts of bank branch closures and how Australians are accessing banking services in regional areas. There was a strong response to the 2021–22 stakeholder survey with Australian Government entities and key external stakeholders providing positive results on Treasury's engagements and consultations.

Treasury has continued to deliver programs associated with the Government's economic priorities during the reporting period. This includes the continuation of the HomeBuilder program and Open Banking through the Consumer Data Right. Treasury ministers or their chiefs of staff responded very positively in the feedback questionnaire on Treasury's program delivery.

Survey responses on Treasury's regulatory functions provided challenging feedback with 2 performance measures not achieved. There has been significant regulatory changes and reform in the foreign investment review framework over the past 2 years, which has resulted in a more challenging environment for stakeholders. In administering the foreign investment review framework, Treasury engaged with stakeholders to ensure understanding about the reforms and to strike the right balance between supporting investment and protecting the national interest. Treasury is actively working with government and other stakeholders to increase transparency and timeliness in relation of the foreign investment regulatory processes.

The *Payment Times Reporting Act 2020* commenced on 1 January 2022 following a 12-month transition period. The regulator of the scheme is relatively new. In the first year of operation the regulator received 16,801 reports from 8,885 large business and government enterprises.

There were positive results from stakeholders for both the foreign investment review framework and the Payment Times Reporting Scheme about the regulator's services, engagement and consultation. Treasury acknowledges there is more work to do in our regulator functions in response to our stakeholder's feedback.

During the reporting period, the Australian Government Actuary in Treasury provided specialist services and advice to Australian Government departments. Infrastructure and Commercial Advisory, formerly the Infrastructure and Project Financing Authority, advised on the commercial and financial aspects of Australian Government infrastructure priorities. The survey responses from clients of these specialist services indicated mostly favourable levels of satisfaction.

Treasury's forecasting on population, macroeconomics and revenue informed advice to the Government and provided a significant contribution to the 2022–23 Budget. Macroeconomic forecasting was informed by meetings with 44 business stakeholders in August 2021 ahead of the 2021–22 Mid-Year Economic and Fiscal Outlook and 17 organisations took part in the February 2022 business liaison round in preparation for the 2022–23 Budget.

The Government requires timely delivery of budget documents. Treasury prepared and released 4 budget documents within the required timeframes including the 2020–21 Final Budget Outcome (30 September 2021), the 2021–22 Mid-year Economic and Fiscal Outlook (16 December 2021), the 2022–23 Budget (29 March 2022) and the 2022 Pre-Election Economic and Fiscal Outlook (20 April 2022).

All transfers to international financial institutions were administered within requirements, timeframes, legislation and agreements. Payments were made to the Global Infrastructure Hub supporting the G20 infrastructure agenda. Treasury also administered payments under Commonwealth Grant Agreements. Payments were administered to states and territories in accordance with the Intergovernmental Agreement on Federal Financial Relations.

Treasury administered the Digital Solutions — Australian Small Business Advisory Services program. Advice and support in response to the impacts of COVID-19 were provided to 11,725 small businesses through the program.

The Treasury legislation program is a key mechanism for delivering the Government's priorities. The legislative program continued to be responsive and adapt to the Government's evolving priorities in 2021–22. Treasury delivered 94% of the legislative measures within the agreed sitting periods.

Performance summary 2021–22

Key activity	Performance measure	2021–22 Target	Performance achieved
Activity 1 Provide informed, influential, and impactful policy advice and analysis.	**Performance measure 1** Percentage of feedback from Treasury ministers, key government entities and stakeholders that indicate our advice was impactful.	Baseline established	**Baseline has been established at 80%** Treasury achieved an effectiveness result[2] of 95% from Treasury ministers or their chief of staff, and effectiveness result of 85% from key stakeholders.
	Performance measure 2 Quality of engagements or consultations with stakeholders to inform policy advice and analysis.	Baseline established	**Baseline has been established at 70%** Treasury achieved an effectiveness result of 77% for the quality of engagement or consultation from stakeholders.
	Performance measure 3 Forecasting activities are based on best practice and deliver outcomes that inform our economic policy advice.	Positive assessment and identified areas for improvement are actioned	Population forecasting **Substantially achieved** Macroeconomic forecasting **Substantially achieved** Revenue forecasting **Substantially achieved**

2 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Key activity	Performance measure	2021–22 Target	Performance achieved
Activity 2 Ensure effective Government spending arrangements	**Performance measure 4** Delivered within the required timeframes in line with the *Charter of Budget Honesty Act 1998.*	100%	**Achieved**
	Performance measure 5 Percentage of payments administered within agreed requirements and timeframes.	100%	Payments to International Financial Institutions **Achieved** Payments administered under Commonwealth Grant Agreements **Substantially achieved** Payments to the States under the *Intergovernmental Agreement on Federal Financial Relations* **Substantially achieved**
Activity 3 Deliver programs associated with the Government's economic priorities, including COVID-19 economic response programs	**Performance measure 6** Treasury ministers confirm that our program delivery is timely and in line with the Government's economic priorities.	Delivery is aligned to Government priorities	Treasury's program delivery was aligned with Government priorities. **Achieved**
Activity 4 Delivery of the Government's legislative agenda associated with the Treasury portfolio.	**Performance measure 7** Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the number actually delivered.	90%	**Achieved**

Key activity	Performance measure	2021–22 Target	Performance achieved
Activity 5 Administer Treasury's regulator functions.	**Performance measure 8** Percentage of key stakeholders agree that regulator activities are responsive to the environment and builds trust.	70%	Foreign Investment Review Framework **Not achieved** Payment Times Reporting Scheme **Not achieved**
	Performance measure 9 Percentage of key stakeholders agree that regulatory activities are risk based and data driven.	70%	Foreign Investment Review Framework **Not achieved** Payment Times Reporting Scheme **Not achieved**
	Performance measure 10 Percentage of key stakeholders who have a high level of satisfaction with regulator services, engagement and consultation.	70%	Foreign Investment Review Framework **Partially achieved** Payment Times Reporting Scheme **Achieved**
Activity 6 Deliver measures focused on small businesses.	**Performance measure 11** Number of small businesses assisted.	17,000[3]	**Partially achieved**
Activity 7 Deliver infrastructure and project financing advice and actuarial services.	**Performance measure 12** Proportion of clients that are satisfied with the delivery of specialist services and advice.	80%	Australian Government Actuary **Achieved** Infrastructure and Project Financing Authority (known as the Infrastructure and Commercial Advisory) **Substantially achieved**

3 Target involves additional funding allocated to support small businesses during the COVID-19 pandemic. The targets for future years are based on the standard funding allocation.

Activity 1

Provide informed, influential, and impactful policy advice and analysis

Performance measure 1	Percentage of feedback from Treasury ministers, key government entities and stakeholders that indicate our advice was impactful.
Methodology	Assessment of formal feedback mechanisms through the key stakeholder survey and ministerial feedback questionnaires.
Target	Baseline established. The baseline has been established at 80%.
Data sources	Feedback by Treasury ministers or their staff provided in the ministerial questionnaire results and key stakeholders[4] survey results.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Baseline has been established at 80%.** Treasury achieved an effectiveness result[5] of 95% from Treasury ministers or their chiefs of staff and 85% from key stakeholders.
Analysis	Treasury has revised the methodology for this performance measure as published in the Corporate Plan 2021–22. Structured key stakeholder surveys and ministerial feedback questionnaires are now the data sources used to assess the impact of our advice. The survey and questionnaire are supported by a framework to accurately assess feedback from defined stakeholders. This is a more systematic approach to assessment, including assessment over time. The informal mechanisms, reviews and evaluations were removed from the methodology and are not used to assess performance for the 2021–22 reporting period. These data sources could not be quantified to present a consolidated result as performance results in the form of percentages are required to set a baseline. An external provider was engaged to develop the survey and ministerial questionnaire. The provider conducted and reported on the survey. Each ministerial interview was conducted by a Treasury Deputy Secretary. The external provider also attended as an objective observer and note taker.

4 Key stakeholders for this performance measure are Australian Government entities involved in the policy process. Key stakeholders do not include stakeholders external to government.

5 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis	The Corporate Plan 2021–22 indicated that Treasury will establish a baseline in 2021–22 with targets to be determined in forward years. Treasury has used the first year of stakeholder surveys and ministerial feedback questionnaire as a baseline year to inform setting an achievable target for 2022–23 and forward years. Treasury had not previously conducted a department-wide survey with stakeholders for the purpose of performance reporting so relevant data was not available to set a target. Treasury has relied on the Australian government guidance *Corporate Plans for Commonwealth entities (RMG 132)* which requires that an entity be satisfied all targets are attainable and do not promote adverse results or perverse incentives. It was not reasonably practicable for Treasury to set a structured stakeholder survey-based target without the benefit of a baseline measure which was necessary to inform the setting of an appropriate level for the target. Without baseline measures, Treasury could not reasonably satisfy itself that its targets were attainable. A baseline target for 2022–23 has been established using the performance results from the stakeholder survey and questionnaire results. A target of 80% has been established for 2022–23. This will progress to 85% for the forward years. As the survey matures the target will be reviewed against progressive survey results. A total of 253 Australian Government entity stakeholders were invited to participate in the survey. All had substantial involvement[6] with Treasury engagements or consultations to inform policy advice and analysis. The survey had a response rate of 38%[7]. This response rate was considered high by the survey provider for an Australian Government stakeholder survey[8]. The survey achieved an effectiveness result of 85%. The majority of Australian Government entity stakeholders rated Treasury's advice, analysis and forecasting activities as being impactful in supporting Australian Government decision-making: 60% agreed and 25% strongly agreed. Treasury also used structured interviews with ministers or their chiefs of staff to complete a ministerial feedback questionnaire. Participating chiefs of staff provided feedback in consultation with their minister where ministers were not available.

6 Substantially involved stakeholders are officials from the Department of Finance and Department of the Prime Minister and Cabinet or other Australian Government entities who are a position to provide an informed assessment of the quality of Treasury's policy advice and analysis.

7 A response rate of 20% was established as a valid response for the survey.

8 The Treasury survey was similar to a benchmarking group of 29 government agency stakeholder surveys (for both Commonwealth and State Government agencies) that the provider conducted between 2012 and 2021. Among this benchmarking group, response rates ranged from 15% to 43%, with an average of 28%.

Analysis	The Minister for Superannuation, Financial Services and the Digital Economy participated in the interview in person. The Treasurer, Assistant Treasurer and Minister for Employment, Workforce, Skills, Small and Family Business were represented by their chiefs of staff. The Assistant Treasurer signed-off on their chief of staff's responses. The ministerial interviews achieved a 100% response rate and an effectiveness result of 95%. Most of the responses agreed that Treasury's advice, analysis and forecasting activities supported Australian Government decision-making. Two-thirds (67%) 'strongly agreed' that Treasury has been impactful in supporting decision-making aimed at delivering a strong economy. In line with Government priorities, Treasury provided quality advice to inform fiscal and economic policy outcomes. A range of significant policy matters were addressed through the 2021–22 Mid-Year Economic and Fiscal Outlook and the 2022–23 March Budget. Treasury provided policy advice and analysis on the economic outlook, productivity, labour market, and impact of fiscal measures on the economy. Treasury's policy advice has supported Australia's COVID-19 response and recovery, and informed measures to support Australians with the cost of living. Treasury's advice during 2021–22 included the establishment of a cyclone and related flood damage reinsurance pool to improve insurance affordability in cyclone-prone areas, and addressing tax challenges arising from the digitalisation of the economy. Treasury contributed to policy that enhances the adequacy, sustainability, equity, and cohesion of the retirement income system. Treasury was involved in fostering improved governance in the financial system through impactful advice on retirement, investment and financial adviser regulation. Given the relative importance of the Treasurer as the senior Treasury Minister, the survey ratings of the Treasurer's delegate have been given 3 times the weight of other ministers in calculating aggregate performance metrics. The Treasurer's responses therefore account for 50% of the aggregate performance result. The operational rules in the Treasury Stakeholder Feedback Measurement Framework requires ministers to have been in office for a minimum of 90 days. This ensures a good understanding of Treasury's performance before participating in the ministerial questionnaire. These rules mean that the current Government's Treasury ministers were not interviewed.

Performance measure 2	Quality of engagements or consultations with stakeholders to inform policy advice and analysis.
Methodology	Assessment of engagement and consultation through stakeholder surveys.
Target	Baseline established The baseline has been established at 70%.
Data sources	Feedback on Treasury's engagement and consultation activities with Australian Government entities, state and territory government entities and stakeholders provided in survey results.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Baseline has been established at 70%.** Treasury achieved an effectiveness result[9] of 77% for the quality of engagement or consultation from stakeholders.
Analysis	Treasury has changed the performance measure as published in the Corporate Plan 2021–22 by removing the assessment of the number of engagements or consultations from the performance measure. The records and data of consultations and engagements have been removed from the methodology. This includes public consultations on exposure draft legislation and initiatives conducted via Treasury's website and activities. The records and data were not sufficiently reliable to develop an accurate performance result. Treasury has changed the methodology for this performance measure to use structured key stakeholder surveys as the methodology and the survey results as a reliable data source to assess quality. An external provider was engaged to develop the survey and reported on the survey results. The Corporate Plan 2021–22 indicated that Treasury will establish a baseline in 2021–22 with targets to be determined in forward years. Treasury has used the first year of stakeholder surveys as a baseline year to inform setting an achievable target for 2022–23 and forward years. Treasury had not previously conducted a department wide survey with stakeholders for the purpose of performance reporting and the relevant data was not available to set a target.

9 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis	Treasury has relied on the Australian government guidance *Corporate Plans for Commonwealth entities (RMG 132)* which requires that an entity be satisfied all targets are attainable and do not promote adverse results or perverse incentives. It was not reasonably practicable for Treasury to set a structured stakeholder survey-based target without the benefit of a baseline measure which was necessary to inform the setting of an appropriate level for the target. Without baseline measures, Treasury could not reasonably satisfy itself that its targets were attainable. A baseline target for 2022–23 has been established using the performance results from the stakeholder survey. A target of 70% has been established for 2022–23. This will progress to 75% for 2023–24 and 80% for the forward years. As the survey matures the targets will be reviewed against progressive survey results. A total of 472 Australian Government entity and key external stakeholders who had substantial involvement[10] with Treasury engagements or consultations to inform policy advice and analysis participated in the key stakeholder survey. The survey had a response rate of 41% and achieved a result of 77% for the quality of engagement or consultation. Key external stakeholders were generally positive about the quality of engagements with Treasury to inform policy advice and analysis. On average, around 3-quarters of stakeholders rated aspects of Treasury's engagement favourably. Around 3-quarters (76%) of Australian Government entity stakeholders agreed that Treasury worked effectively with them to support the development of advice, analysis and forecasts. Amongst all stakeholders (Australian Government entity and external stakeholders) who engaged with Treasury in relation to policy advice and analysis, agreement was strongest in relation to Treasury staff engaging with them in a respectful manner (94% agreed). Lower ratings were received in terms of the sufficiency (69%) and timeliness (65%) of information that Treasury provided to organisations. Treasury engaged with relevant stakeholders in industry, government, peak bodies, and through working groups, consultations, workshops, and roundtable events to support our analysis and policy advice to Government. Treasury's Stakeholder Liaison Unit undertook extensive and targeted engagement and consultations with stakeholders to inform policy advice and played a role in building stakeholder engagement capacity in other areas of Treasury.

10 Substantially involved stakeholders are officials from Australian Government entities and senior executive level stakeholders from organisations external to government who have had dealings with Treasury at least 4 times in the past 12 months to inform policy advice and analysis.

Performance measure 3	Forecasting activities are based on best practice and deliver outcomes that inform our economic policy advice.
Methodology	Assessment of forecasts against outcomes and peer review.
Target	Positive assessment and identified areas for improvement are actioned.
Data sources	Forecast outcomes data and peer review.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Population forecasting: Substantially achieved** **Macroeconomic forecasting: Substantially achieved** **Revenue forecasting: Substantially achieved** Substantially achieved means Treasury's forecasting activities were based on best practice and most areas for improvement were actioned. High levels of volatility and uncertainty associated with the COVID-19 pandemic, the unprecedented fiscal and monetary policy response and the war in Ukraine have made forecasting challenging and resulted in larger variances between forecasts and actual outcomes in some areas.
Analysis	While Treasury's forecasting activities are based on best practice and informed by peer review processes, global economic circumstances evolved rapidly over 2021–22. The COVID-19 pandemic continued to strain global supply chains and the war in Ukraine significantly affected global food and energy markets, with flow on effects to inflation. This higher than usual uncertainty had an impact on the accuracy of macroeconomic and revenue forecasts. Treasury has well established peer review processes and a high-level of transparency on forecasting outcomes through publication in the Budget Statements and economic updates. Treasury has had detailed discussions with forecasting and modelling experts during the reporting period. This performance measure mainly focusses on the use of peer review processes to assess that Treasury's forecasting activities are based on best practice. These vary across the 3 forecasting activities. The peer review processes are established to inform and improve forecasting activities and outcomes. They are not set-up to assess performance. The variation of peer review processes makes this a complex performance measure to report against in totality. Details on the approach for each component of this measure are contained within this statement.

Analysis	It has been determined that this performance measure and target as published in the Corporate Plan 2021–22 do not provide an effective measure of forecasting outcomes or assessment for performance reporting. This performance measure has been replaced with two new measures in the Corporate Plan 2022–23: ▪ Variance between actual real Gross Domestic Product (GDP) and forecast real GDP. ▪ Variance between actual Total Tax Receipts (excluding Company Tax) and forecast. Treasury published the performance of the economic and tax receipt forecasts against actual outcomes as part of Budget Statement 7 contained in Budget Paper 1, of the 2022–23 Budget in March 2022. Treasury has assessed forecasting activities based on the available data of peer review processes and the actioning of improvements. The results are reported separately for each forecasting activity.
	Population forecasting The performance target has been substantially achieved. Treasury's population forecasts were informed by regular engagement with population experts and key stakeholders. ▪ Bilateral consultations with Data and Forecasting Working Group members, including all states and territories, Australian Bureau of Statistics and Australian Local Government Association, between 29 September 2021 and 26 October 2021, involving more than 30 external stakeholders. ▪ Consultation with subject matter experts in preparation of forecasts including: Professor Dr Edith Gray, Head of the School of Demography, Australian National University; Professor Peter McDonald, Melbourne School of Population and Global Health, University of Melbourne on the fertility assumptions; Dr Tom Wilson, Melbourne School of Population and Global Health on fertility and net internal migration. Dr Wilson also provided guidance on model development and production for Greater Capital City Statistical Areas fertility, mortality, and Net Overseas Migration. ▪ Technical and demographic advice from the Population Expert Panel on modelling approaches and broader contextual information that relates to forecasting, such as assumption setting.

Analysis	**Macroeconomic forecasting** The performance target has been substantially achieved, notwithstanding the divergence between forecasts and actual outcomes in some areas. In 2021–22, Treasury delivered regular assessments of economic conditions and forecasts including the impact of the COVID-19 pandemic. These included: ▪ the 2021–22 Mid-Year Economic and Fiscal Outlook in December 2021, the 2022–23 Budget in March 2022, and the Pre-election Economic and Fiscal Outlook in April 2022 ▪ a report in August 2021 on the economic impact of the National Plan to Transition Australia's National COVID-19 Response, which estimated the direct economic costs of the COVID-19 management strategies ▪ analysis of the impact of the Omicron COVID-19 outbreak in January 2022 to inform the work of National Cabinet. During 2021–22, Treasury continued to review its forecasting methodology by ensuring its economic forecasts were prudent and align with best practice by convening the Joint Economic Forecasting Group with the Reserve Bank of Australia, Department of the Prime Minister and Cabinet, Department of Finance and Australian Bureau of Statistics. Treasury presented to the September 2021 and March 2022 Joint Economic Forecasting Group meetings to elicit views and feedback on the Treasury's assumptions and forecasts. Based on these presentations and feedback from the other experts in the meetings, Treasury actively considered and reviewed the assumptions and judgements that underpinned the 2022–23 Budget forecasts. Treasury presented its modelling methodologies to an Expert Panel to challenge ideas and ensure modelling approaches are robust, including the Expert Panel meeting in September 2021 to review the operation of the Treasury's Industry Model.

Analysis	**Revenue forecasting** The performance target has been substantially achieved. Treasury regularly met and built relationships with colleagues in the Australian Taxation Office and Department of Home Affairs. This included collaborating to provide 2 economic updates during the reporting period and create monthly revenue profiles. In response to economic changes in Australia during 2021–22, Treasury made a number of adjustments to forecasting models to include parameter changes, tax data compilation and a methodology review to capture the most up to date information. While Treasury made significant revisions to tax receipt forecasts at the 2021–22 Mid-Year Economic and Fiscal Outlook and 2022–23 Budget, this is not unprecedented. Treasury's forecasting accuracy has fluctuated in line with unexpected changes to the economy such as the COVID-19 pandemic and the war in Ukraine.

Activity 2

Ensure effective Government spending arrangements

Performance measure 4	Delivered within the required timeframes in line with the Charter of Budget Honesty.
Methodology	Assessment against established timeframes.
Target	100%
Data sources	Documents released for the Budget, Final Budget Outcome, Mid-Year Economic and Fiscal Outlook, and the Pre-Election Economic and Fiscal Outlook.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Achieved** Achieved means all 4 deliverables (100%) were released within the timeframes as required under the *Charter of Budget Honesty Act 1998*.[11]
Analysis	The performance target has been achieved. Treasury works with the Treasurer's Office, across the Australian Public Service and within Treasury to ensure detailed planning and risk management processes are in place to support timely delivery of budget updates. In 2021–22, Treasury prepared and released all Australian Government Budget documents, in accordance with the required timeframes in line with the *Charter of Budget Honesty Act 1998*: ▪ the 2020–21 Final Budget Outcome on 30 September 2021 ▪ the 2021–22 Mid-Year Economic and Fiscal Outlook report on 16 December 2021 ▪ the 2022–23 Budget on 29 March 2022 ▪ the 2022 Pre-Election Economic and Fiscal Outlook on 20 April 2022. These deliverables are the outcome of Treasury's policy advice, analysis, consultation, and forecasting conducted through *Activity 1 - Provide informed, influential, and impactful policy advice and analysis.*

11 Treasury's performance has been assessed against the 4 deliverables relating to the Final Budget Outcome, Mid-Year Economic and Fiscal Outlook, Budget and Pre-Election Economic and Fiscal Outlook, and not against other items in the *Charter of Budget Honesty Act 1998*.

Performance measure 5	Percentage of payments administered within agreed requirements and timeframes.
Methodology	Assessment against relevant legislation and agreements, Commonwealth Grant Agreement, and Intergovernmental Agreement on Federal Financial Relations.
Target	100%
Data sources	Administrative data of payments.
Source	PBS Programs 1.2, 1.3 and 1.4 to 1.9 Corporate Plan 2021–22
Performance achieved	**Payments to international financial institutions: Achieved** The performance target has been achieved against the requirements and timeframes. Twenty-one payments (100%) were administered to international financial institutions within agreed requirements and timeframes. Achieved means 100% of payments are administered within agreed requirements and timeframes. **Payments administered under Commonwealth Grant Agreements: Substantially achieved** The performance target has been substantially achieved against the requirements and timeframes. Twenty Commonwealth Grant Agreements payments (100%) were administered within agreed requirements. Eighteen Commonwealth Grant Agreements payments (90%) were administered within agreed timeframes. Substantially achieved means 90% to 99% of payments are administered within agreed requirements and timeframes. **Payments to the states and territories under the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR): Substantially achieved** The performance target has been substantially achieved against the requirements and timeframes. There were 639 (99.5%) payments administered within the requirements. There were 642 (100%) payments administered within the required timeframes. Substantially achieved means 90 to 99% of payments are administered within agreed requirements and timeframes.

Analysis	The performance measure is comprised of 3 payment types that have a common target. The assessment of performance against the 3 payment types are reported separately within this analysis. As the 3 payment types have different requirements and timeframes, Treasury is not reporting an overall performance result. Treasury is using the delivery of payments to the intended recipients within the required timeframes, and in accordance with relevant legislation and agreements, as an assessment of timeliness and a proxy efficiency measure. This is an assessment of Treasury's efficiency to deliver payments as required within established resources. The development of the proxy efficiency measure occurred after publication of the Corporate Plan 2021–22 to meet reporting requirements.
	Payments to international financial institutions[12] The performance target has been achieved against the requirements and timeframes. Over the reporting period, 16 payments were made to the International Monetary Fund in accordance with the *International Monetary Agreements Act 1947* totalling A$17.9 million. Payments to the International Monetary Fund were: ▪ four quarterly payments to cover charges on our Special Drawing Right allocation (totalling approximately A$17.6 million) ▪ one Annual Assessment Charge of approximately A$232,000 ▪ eleven administrative payments (totalling approximately A$35,000). Payments were also made to the World Bank, International Bank for Reconstruction and Development, International Finance Corporation, and the Asian Development Bank. All transactions were completed in collaboration with the Reserve Bank of Australia.

12 Payments to international financial institutions refers to a one-way transfer of funds from Australia to the relevant financial institution. It does not include two-way exchanges or one-way receipts of funds.

Analysis

Payments administered under Commonwealth Grant Agreements

The performance target has been substantially achieved against the requirements and timeframes.

Treasury administered 20 payments under Commonwealth Grant Agreements. All payments were made within agreed requirements and 18 payments were made within agreed timeframes[13].

Treasury administers grant payments made under a Commonwealth Grant Agreement through the Business Grants Hub in the Department of Industry, Science and Resources.

Treasury's administered grant payments included:

- Digital Solutions program
- Ahead for Business Extension program
- NewAccess for Small Business Owners program
- Small Business Bushfire Financial Support Line
- Go Local First
- Support for Markets and Business Program.

There were 2 payments for the Digital Solutions program that were made after the scheduled payment date that did not meet the required timeframes.

Treasury facilitated 2 grant payments to the Global Infrastructure Hub, 2 grant payments to the Financial Adviser Standards and Ethics Authority, and a single grant payment to Super Consumers Australia.

13 The Digital Solutions program has payment dates scheduled in the funding agreement, other programs have funding agreements with anticipated payment dates, and the funding agreement for the Small Business Bushfire Financial Support Line program requires payments within the financial year. Treasury has assessed payments within timeframes based on the requirements of individual funding agreements.

Analysis

Payments to the states and territories (the states) under the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR)

The performance target has been substantially achieved against the requirements and timeframes.

Treasury has used the payment timing as prescribed under the IGAFFR to determine if timeframes are met as payments are only made when agreement milestones have been achieved.

Under the IGAFFR, payments are made to the states on the 7th and 21st of the month and by exception as required. In 2021–22 there were 27 payment rounds, including 3 extraordinary rounds.

In accordance with the IGAFFR, Treasury made payments to the states of $159.9 billion in 2021–22, compared to $132 billion in 2020–21. This work included:

- Twelve specific purpose payment rounds made on the 7th of each month (or the closest working day after)
- Three extraordinary specific purpose payment rounds made on 22 November, 17 March and 30 June
- Twelve general revenue assistance payment rounds made on the 21st of each month (or the closest working day after).

In total, these 27 payment rounds comprised of 642 individual payments to the states.

All payment data sources have been reconciled to ensure that what Commonwealth agencies requested was paid to the states, what officials in the Treasury approved as payments to the states, and what was actually paid to the states resulted in zero variances. All payments were made on time.

Throughout the financial year, Treasury identified 3 instances of overpayment to the states due to administrative errors by Commonwealth agencies. These represented a small fraction of total payments made – $15.3 million out of a total of $18.5 billion in national partnership payments in 2021–22. Two of these overpayments were recovered in 2021–22 with the third to be fully recovered in early 2022–23. Treasury has strengthened controls to minimise the chance of reoccurrence of such errors and strengthened its payment approval controls for these programs.

Activity 3

Deliver programs associated with the Government's economic priorities, including COVID-19 economic response programs

Performance measure 6	Treasury ministers confirm that our program delivery is timely and in line with the Government's economic priorities.
Methodology	Assessment of data collected through structured interviews with Treasury ministers on the delivery of programs.
Target	Delivery is aligned to Government priorities.
Data sources	Records of interview collected at the end of the reporting period.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Achieved** Treasury achieved an effectiveness result[14] of 100% from Treasury ministers or their chiefs of staff. Achieved means 100% of Treasury ministers or their chiefs of staff confirmed that our program delivery is timely and in line with the Government's economic priorities.
Analysis	The performance target was achieved. Treasury utilised a ministerial questionnaire through structured interviews to measure the department's timely delivery of programs in line with the Government's priorities. An external provider was engaged to develop the ministerial questionnaire and report the results. Each ministerial interview was conducted by a Treasury Deputy Secretary. The external provider also attended as an objective observer and note taker. The Minister for Superannuation, Financial Services and the Digital Economy participated in the interview in person. The Treasurer, Assistant Treasurer and Minister for Employment, Workforce, Skills, Small and Family Business were represented by their chiefs of staff.

14 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis

The chiefs of staff who participated in the interviews provided feedback in consultation with their minister. The Assistant Treasurer signed-off on their chief of staff's interview responses.

The ministerial interviews achieved a response rate of 100% and an effectiveness result of 100%. The Minister for Superannuation, Financial Services and the Digital Economy and the chiefs of staff provided favourable ratings of the effectiveness of Treasury's program delivery. While overall agreement for both program delivery aspects, ministerial stakeholders agreed most strongly that Treasury's program delivery was in line with the Government's economic priorities (50% strongly agreed and 50% agreed). All Ministerial stakeholders agreed that Treasury's program delivery was timely (17% strongly agreed and 83% agreed).

The ministerial feedback specifically identified Treasury's engagement with the states and territories on the HomeBuilder program. Treasury continued to work with state and territory policy and delivery agencies to support the delivery of the HomeBuilder program in line with Government objectives. Treasury commenced the review of the National Partnership Agreement on HomeBuilder and is working closely with delivery agencies on winding up the program on 30 June 2023.

Treasury's collaborative work on the Consumer Data Right was also specifically identified in the ministerial feedback. Treasury leads the program management of the Consumer Data Right and worked closely with the Data Standards Body in Treasury, the Australian Competition and Consumer Commission and the Office of the Australian Information Commissioner. Treasury continued to work with agencies to support participants in meeting key deadlines and the implementation of the banking sector (also known as Open Banking). Treasury also continued to provide advice to Government on revisions to the Consumer Data Right regulatory frameworks that will enable the program to expand across the economy and expand its functionality in line with the Government's priorities.

Given the relative importance of the Treasurer as the senior Treasury Minister, the survey ratings of the Treasurer's delegate have been given 3 times the weight of those of other ministers (or their chiefs of staff) in calculating aggregate performance metrics. This has the effect of the Treasurer's responses accounting for 50% of the aggregate performance result.

The operational rules in the Treasury Stakeholder Feedback Measurement Framework requires ministers who participate in the ministerial questionnaire to have been in office for a minimum of 90 days to ensure a good understanding of Treasury's performance. These rules mean that the Treasury ministers for the current Government were not interviewed.

Activity 4

Delivery of the Government's legislative agenda associated with the Treasury portfolio

Performance measure 7	Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the number actually delivered.
Methodology	Assessment of the legislative agenda against the legislative program.
Target	90%
Data sources	Administrative data for legislative agenda.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Achieved** Treasury delivered an average of 94% of measures committed for delivery across the sitting periods. Achieved means 90% or greater of legislative measures delivered as committed with adjustment for reprioritisation.
Analysis	The performance target has been achieved. Treasury achieved its 2021–22 performance target for the delivery of the legislative agenda, delivering an average of 94% of measures committed for delivery across the relevant Parliamentary sitting periods (from July 2021 in Winter 2021 through Spring 2021, Autumn 2022 to the months of May and June 2022 in Winter 2022)[15]. The Treasury legislation program is a key mechanism for delivering on the Government's economic agenda. Treasury works closely with portfolio agencies and the Office of Parliamentary Counsel to ensure the timely development and delivery of legislation to implement Government policy.

15 Only legislative measures that were committed, reprioritised and delivered from 1 July 2021 to 30 June 2022 were included in the calculation.

Analysis	Treasury has amended the performance measure to include the reprioritisation of legislative measures during the sitting period in response to Government priorities. Reprioritisation involves the removal and addition of legislative measures during the sitting periods in the assessment. This amendment is necessary to accommodate the dynamic nature of the legislative program to changing priorities of Government business. The inclusion of the reprioritised measures in the calculation produces an accurate result of what was agreed for delivery in the sitting period. The legislative program during the 2021–22 reporting period was dynamic in nature, as in other years, with the program requiring frequent change in response to evolving Government priorities. Treasury acknowledges there were some limitations with recording evidence for the reprioritisation of legislative measures, however Treasury considers it is important to report against this activity because it is a significant portion of the Commonwealth's legislation program each year.

Activity 5

Administer Treasury's regulator functions

Performance measure 8	Percentage of key stakeholders agree that regulator activities are responsive to the environment and builds trust.
Methodology	Survey of key stakeholders[16] of performance against principles of regulator best practice.
Target	70%
Data sources	Survey data of regulator functions.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Foreign Investment Review Framework: Not achieved** Treasury achieved an effectiveness result[17] of 42% from stakeholders surveyed. **Payment Times Reporting Scheme: Not achieved** Treasury achieved an effectiveness result of 42% from stakeholders surveyed. Not achieved means that less than 60% of survey respondents provided a rating of agree or strongly agree for applicable questions.
Analysis	Treasury used structured key stakeholder surveys as a new approach this year to measure the department's administration of regulator functions. An external provider was engaged to develop, conduct and report on the regulator surveys. This is a reliable and verifiable method of performance reporting. The surveys aligned with the 3 principles of the Regulator Performance Guide[18]. This performance measure is aligned to Principle 1: Continuous improvement and building trust. A separate survey was conducted for each of Treasury's regulators and reported separately within this analysis.

16 Key stakeholders for this survey are knowledgeable observers who are senior officers from Australian Government entities and senior executives from other organisations, but does not include applicants or regulated entities.
17 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.
18 deregulation.pmc.gov.au/priorities/regulator-best-practice-and-performance/regulator-performance-guide

Analysis	**Foreign Investment Review Framework**

Analysis

Foreign Investment Review Framework

The performance target has not been achieved.

Over the past 2 years, the Foreign Investment Review Framework (the framework) has experienced significant change with the implementation of zero dollar threshold (29 March 2020 to 31 December 2020) and introduction of national security and compliance reforms on 1 January 2021. These reforms required significant changes to the way the framework is administered and also required those regulated under the framework to make adjustments. The stakeholder survey has been undertaken in the context of the implementation of these regulatory changes and reforms.

A total of 76 stakeholders of the framework were asked to participate in a survey. The survey received a response rate of 26% and achieved an effectiveness result of 42%.

Overall, 42% of stakeholders provided positive assessments of the environmental responsiveness and trust-building capacity of Treasury's regulatory processes.

Close to three-quarters (71%) agreed that Treasury's understanding of the foreign investment operating environment is adequate. However, less than half (44%) felt Treasury seeks to minimise the regulatory burden of the foreign investment review framework on business and the community. The results were lowest in relation to timeliness (33%) and transparency (22%) of Treasury's regulatory processes. This was partly due to a greater proportion of neutral responses, more than half (56%) 'neither agreed nor disagreed' that Treasury has transparent regulatory processes.

Treasury engages with foreign investors and their advisers in response to enquiries about the foreign investment framework and applications to ensure it keeps pace with industry developments.

Since the implementation of significant legislative reforms on 1 January 2021, Treasury has increased its responsiveness to investors and the independent auditors they engage. Treasury has enhanced engagement with auditors by improving its understanding of their operational context and needs.

Treasury is actively working to increase transparency and build trust in the foreign investment regulatory process. This includes establishing procedures to improve transparency with government stakeholders and investors, and to provide a basis for better education about the role of compliance in the foreign investment review framework.

Analysis

Payment Times Reporting Scheme

The performance target has not been achieved.

A total of 9 stakeholders[19] of the Payment Times Reporting Scheme (the scheme) were asked to participate in the survey. The survey received a response rate of 56% and an effectiveness result of 42%.

The stakeholders of the scheme provided mixed ratings with 42% agreeing to questions about the environmental responsiveness and trust-building capability of Treasury's regulatory activities.

The stakeholders of the scheme were most likely to agree that the Payment Times Reporting Regulator (the regulator) seeks to minimise the regulatory burden of the scheme on regulated entities (67%) and half (50%) agreed the regulator has transparent processes. A quarter (25%) of the stakeholders agreed that the regulator has timely regulatory processes and an adequate understanding of regulated entities' operating environments.

The scheme aims to improve the payment performance of large businesses and government enterprises (known as reporting entities) in relation to their small business suppliers. This is done by creating transparency around payment times and practices. Reporting entities must report their payment terms and times for small businesses to the Regulator. These are then published on the Payment Times Reports Register, accessible from the Payment Times website.

In responding to environmental factors and stakeholder feedback over 2021– 22, the regulator has:

- allowed extensions of time for reporting entities to meet their reporting obligations, particularly those affected by COVID-19.
- enhanced the range of regulatory resources to assist reporting entities, including information sheets and comprehensive guidance notes that were open for public consultation between July and September 2022.
- established the *Regulator's Update,* a biannual publication accessible on the Payment Times website, and a follow-up stakeholder liaison forum for ongoing discussions with stakeholders.

19 The *Payment Times Reporting Act 2020* commenced on 1 January 2021. The scheme had a 12-month transition period and came into full effect on 1 January 2022 with the commencement of compliance and enforcement powers. Entities surveyed were knowledgeable observers and external stakeholders involved with the scheme in a substantial way but were not regulated entities.

Performance measure 9	Percentage of key stakeholders agree that regulatory activities are risk based and data driven.
Methodology	Survey of key stakeholders[20] of performance against principles of regulator best practice.
Target	70%
Data sources	Survey data of regulator functions.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Foreign Investment Review Framework: Not achieved** Treasury achieved an effectiveness result[21] of 32% from stakeholders surveyed. **Payment Times Reporting Scheme: Not achieved** Treasury achieved an effectiveness result of 25% from stakeholders surveyed. Not achieved means less than 60% of survey respondents provided a rating of agree or strongly agree for applicable questions.
Analysis	Treasury used structured key stakeholder surveys as a new approach this year to measure the department's administration of regulator functions. An external provider was engaged to develop, conduct and report on the regulator surveys to support this reliable and verifiable method of performance reporting. The surveys aligned with the 3 principles of the Regulator Performance Guide.[22] This performance measure is aligned to Principle 2: Risk based and data driven. A separate survey was conducted for each of Treasury's regulators and reported separately in this analysis.

20 Key stakeholders for this survey are knowledgeable observers who are senior officers from Australian Government entities and senior executives from other organisations, but does not include applicants or regulated entities.

21 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

22 deregulation.pmc.gov.au/priorities/regulator-best-practice-and-performance/regulator-performance-guide

Analysis

Foreign Investment Review Framework

The performance target has not been achieved.

Over the past 2 years, the Foreign Investment Review Framework (the framework) has experienced significant change with the implementation of zero dollar threshold (29 March 2020 to 31 December 2020) and introduction of national security and compliance reforms on 1 January 2021. These reforms required significant changes to the way the framework is administered and also required those regulated under the framework to make adjustments. The stakeholder survey has been undertaken in the context of the implementation of these regulatory changes and reforms.

A total of 76 stakeholders of the framework were asked to participate in a survey. The survey received a response rate of 26% and achieved an effectiveness result of 32%.

Around one-third (32%) of stakeholders provided favourable ratings that Treasury's regulator activities are risk based and data driven.

Close to half (44%) agreed Treasury's approach to its regulatory activities is proportionate, risk based, and seeks to minimise regulatory burden while maintaining compliance with legislation. Just under one-fifth (19%) agreed that Treasury makes effective use of data to inform these activities. Sizeable proportions provided neutral responses for both factors, particularly regarding Treasury making effective use of data (56% 'neither agreed nor disagreed'), whereas 26% disagreed.

Over the reporting period, Treasury has looked to mature its risk based and data driven activities, including through:

- proactive campaigns used to systematically analyse data sources to identify suspected risks of non-compliance
- education campaigns using targeted email communications to prompt investor compliance
- risk-focused methods including implementation of an 'audit outcome recording tool' to better inform our risk monitoring and assurance activities.

Additionally, Treasury has worked collaboratively across government to provide advice on sectoral assessments to improve whole-of-government understanding of national security risks related to foreign investment.

Analysis

Payment Times Reporting Scheme

The performance target has not been achieved.

A total of 9 stakeholders[23] of the Payment Times Reporting Scheme (the scheme) were asked to participate in the survey. The survey received a response rate of 56% and an effectiveness result of 25%.

Overall, one-quarter (25%) of stakeholders responded positively that Treasury's regulator activities were risk based and data driven.

Half (50%) of stakeholders agreed that the Payment Times Reporting Regulator (the regulator) takes a proportionate, risk based approach to its regulatory activities and seeks to minimise regulatory burden. The remaining half disagreed. All ratings for the effectiveness of the regulator's use of data were neutral, contributing to the lower overall effectiveness result.

The scheme aims to improve the payment performance of large businesses and government enterprises (known as reporting entities) in relation to their small business suppliers by creating transparency around payment times and practices. Reporting entities must report their payment terms and times for small businesses to the Regulator. The results are published on the Payment Times Reports Register accessible from the Payment Times website.

In 2021–22, regulatory activities have focussed on the collection and publication of reports and responding to enquiries and applications by reporting entities. The regulator has not used its compliance and enforcement powers, which were delayed until 1 January 2022, in accordance with section 37 of the *Payment Times Reporting Act 2020.* The regulator has released policies to ensure there is an escalating approach to compliance and enforcement that is based on risk and driven by data collected from reporting entities and by other government agencies.

23 The *Payment Times Reporting Act 2020* commenced on 1 January 2021. The scheme had a 12-month transition period and came into full effect on 1 January 2022 with the start of compliance and enforcement powers. Entities surveyed were knowledgeable observers and external stakeholders involved with the scheme in a substantial way but were not regulated entities.

Performance measure 10	Percentage of key stakeholders who have a high level of satisfaction with regulator services, engagement and consultation.
Methodology	Survey of key stakeholders[24] of performance against principles of regulator best practice.
Target	70%
Data source	Survey data of regulator functions.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Foreign Investment Review Framework: Partially achieved** Treasury achieved an effectiveness result[25] of 62% from stakeholders surveyed. Partially achieved means 60% to 64% of survey respondents provided a rating of agree or strongly agree for applicable questions. **Payment Times Reporting Scheme: Achieved** Treasury achieved an effectiveness result of 71% from stakeholders surveyed. Achieved means more than 70% of survey respondents provided a rating of agree or strongly agree for applicable questions.
Analysis	Treasury used structured key stakeholder surveys as a new approach this year to measure the department's administration of regulator functions. An external provider was engaged to develop, conduct and report on the regulator surveys to support this reliable and verifiable method of performance reporting. The surveys aligned with the 3 principles of the Regulator Performance Guide.[26] This performance measure is aligned to Principle 3: Collaboration and engagement. A separate survey was conducted for each of Treasury's regulators and reported separately within this analysis.

24 Key stakeholders for this survey are knowledgeable observers who are senior officers from Australian Government entities and senior executives from other organisations, but does not include applicants or regulated entities.

25 The effectiveness result is survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

26 deregulation.pmc.gov.au/priorities/regulator-best-practice-and-performance/regulator-performance-guide

Analysis	**Foreign Investment Review Framework** The performance target has been partially achieved. Over the past 2 years, the Foreign Investment Review Framework (the framework) has experienced significant change with the implementation of zero dollar threshold (29 March 2020 to 31 December 2020) and introduction of national security and compliance reforms on 1 January 2021. These reforms required significant changes to the way the framework is administered and also required those regulated under the framework to make adjustments. The stakeholder survey has been undertaken in the context of the implementation of these regulatory changes and reforms. A total of 76 stakeholders of the framework were asked to participate in a survey. The survey received a response rate of 26% and achieved an effectiveness result of 62%. Overall, around 6 in 10 (62%) stakeholders of the framework indicated they were satisfied with Treasury's regulator services, engagement and consultation. Stakeholders provided the most favourable ratings (82%) for the accessibility of Treasury's guidance and information about the foreign investment review framework. Around two-thirds agreed that Treasury is receptive to feedback (68%) and engages sufficiently with external stakeholders (67%). Stakeholders were least likely to agree (41%) that Treasury provides sufficient guidance and information. Evaluation of the 2021 foreign investment reforms released on 14 February 2022 found that in the first year of operation, the legislative reforms achieved the Government's intentions by enabling scrutiny of investments that may pose national security risks and that Treasury struck the appropriate balance between supporting foreign investment into Australia and protecting the national interest. However, submissions to the evaluation raised issues regarding the framework and its administration. Treasury is focused on implementing continuous improvement of the framework in response to feedback particularly around transparency and timeliness. As part of commitment to continuous improvement and efficiency, Treasury has commenced a project to reform the independent audit program to streamline the approach to independent audits. Treasury has also improved stakeholder satisfaction with regulator services, engagement and consultation by increasing outreach with other government departments and agencies, including with the Department of Defence and the Australian Taxation Office.

Analysis

Payment Times Reporting Scheme

The performance target has been achieved.

A total of 9 stakeholders[27] of the Payment Times Reporting Scheme (the scheme) were invited to participated in the survey. The survey received a response rate of 56% and an effectiveness result of 71%.

Most stakeholders of the scheme rated the Payment Times Reporting Regulator's (the regulator) services, engagement and consultation positively, with 71% overall providing positive ratings in relation to this measure.

All stakeholders (100%) agreed that the regulator provides clear guidance and information about the scheme. Agreement was lower in relation to the sufficiency and timeliness of guidance and information provided by the regulator, with half (50%) indicating they were satisfied.

The scheme aims to improve the payment performance of large businesses and government enterprises (known as reporting entities) in relation to their small business suppliers by creating transparency around their payment times and practices. Reporting entities must report their payment terms and times for small businesses to the regulator. They are then published on the Payment Times Report Register accessible from the Payment Times website.

Reporting entities and stakeholders can access information and assistance through a dedicated enquiries mailbox and a call centre, open from 8am to 8pm Australia-wide, Monday to Friday. During the reporting period, the regulator actioned over 4,000 emails. Over 3,000 enquiries were made through the call centre, including web chat and phone calls.

The regulator released comprehensive guidance notes that were open for public consultation between July and September 2022. It committed to releasing of additional regulatory resources to assist regulated entities to meet their obligations.

27 The *Payment Times Reporting Act 2020* commenced on 1 January 2021. The scheme had a 12-month transition period and came into full effect on 1 January 2022 with the commencement of compliance and enforcement powers. Entities surveyed were knowledgeable observers and external stakeholders involved with the scheme in a substantial way but were not regulated entities.

Activity 6

Deliver measures focused on small businesses

Performance measure 11	Number of small businesses assisted.
Methodology	Assessment of Digital Solutions – Australian Small Business Advisory Services provider data.
Target	17,000[28]
Data sources	Administrative data for Digital Solutions – Australian Small Business Advisory Services.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Partially achieved** 11,725 small business (68% of the target) were assisted through the Digital Solutions – Australian Small Business Advisory Services program. Partially achieved means 8,500 (50% of the target) to 12,750 (75% of the target) of small businesses assisted against the target of 17,000.
Analysis	The performance target has been partially achieved. This year's target of 17,000 small businesses to be assisted through the program was based on the previous year's performance result. Funding was allocated to support an additional 10,000 small business, an increase from 7,000. The services involve advice on digital tools and broader advice specific to small businesses. The additional funding for 2021–22 offered support to small business in response to the impacts of COVID-19. Providers have experienced difficulty in attracting new clients since the introduction of the nationally consistent approach in the form of requiring clients to sign up for a 7-hour package.

28 Target involves additional funding allocated to support small businesses during the COVID-19 pandemic. The targets for future years are based on the standard funding allocation.

Analysis	Targets were set with the expectation that a significant national advertising campaign would run during 2021–22, raising the profile of the program and driving demand from small businesses for digitalisation advice. However, there was a shift in priorities and the campaign did not run. This left providers without the support they had expected. Other factors contributing to targets not being achieved included the new 7-hour package rolled out in December 2021 that made it difficult for providers to attract new clients in the busy pre-Christmas and January holiday period. The reinstatement of a fee to participate which was temporarily waived due to COVID-19 may have also impacted service delivery. Despite the partial achievement of the primary target of the number of small businesses serviced, providers did exceed the overall target of 1:1 contact hours of service delivered. There were 47,896 contact hours of service against a target of 42,648 hours. This indicates a greater level of service to each client than anticipated. Treasury also amended Activity 6 to remove the wording on the reduction of regulatory burden on business as the performance measure did not address that component of the activity. Treasury addressed regulation that applies to small business through policy advice to the Government. Treasury was not able to assess the regulatory burden on small businesses as outlined in the original Activity 6 during the 2021–22 reporting period. Treasury relies on third party data reported by the Digital Solutions service providers to the Department of Industry, Science and Resources Business Grants Hub. The program data is consolidated by Business Grants Hub as the grants administrator from program reports submitted by the service providers. There are limitations to Treasury's ability to assure the reliability of the program data.

Activity 7

Deliver infrastructure and project financing advice and actuarial services

Performance measure 12	Proportion of clients that are satisfied with the delivery of specialist services and advice.
Methodology	Assessment of delivery as agreed with clients and client feedback.
Target	80%
Data sources	Administrative data of specialist services and advice provided to clients and client feedback.
Source	PBS Program 1.1 Corporate Plan 2021–22
Performance achieved	**Australian Government Actuary: Achieved** Australian Government Actuary achieved a client satisfaction result[29] of 96%. Achieved means more than 80% of survey respondents provided ratings of agree or strongly agree to the survey questions. **Infrastructure and Commercial Advisory: Substantially achieved** Infrastructure and Commercial Advisory achieved a client satisfaction result of 77%. Substantially achieved means between 75 to 79% of survey respondents provided ratings of agree or strongly agree to the survey questions.
Analysis	Treasury engaged an external provider to develop, conduct and report on the client surveys to measure client satisfaction with the delivery of specialist services and advice provided by the Australian Government Actuary (AGA) and the Infrastructure and Commercial Advisory (ICA). ICA is the updated title for the Infrastructure and Project Financing Authority (IPFA), which was the title of the function, when the client survey was conducted in May 2022.

29 The client satisfaction result is survey respondents' rating of Treasury against set questions as an indicator of satisfaction. The client satisfaction result is calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis	**Australian Government Actuary (AGA)** The performance target has been achieved. AGA achieved a client satisfaction result of 96%. Seventy-three clients were asked to participate in the survey, including 11 clients internal to Treasury, with a response rate of 34%. Removing internal Treasury clients from the survey result (24% of total responses) achieved a client satisfaction result of 95%. The survey results indicated 76% of clients strongly agreed that the AGA demonstrated a high-level of expertise and 72% strongly agreed that high-quality services and advice were provided. Around 6 in 10 clients strongly agreed that the AGA added value in informing decision making (64%) and provided timely services and advice (56%). During the reporting period, AGA provided specialist actuarial services and advice to clients including the Australian Taxation Office, National Disability Insurance Agency, and other Australian Government departments, including the Department of Defence, Department of Education, Skills and Employment, Department of Health, Department of Social Services and Department of Veterans' Affairs. Additionally, actuarial services and advice was provided to the Treasury-led Cyclone Reinsurance Pool Taskforce and the Tuition Protection Service within the former Department of Education, Skills and Employment.
	Infrastructure and Commercial Advisory (ICA) The performance target has been substantially achieved. ICA achieved a client satisfaction result of 77%. A total of 52 clients who received specialist commercial and financial advisory services were asked to participate in a survey with a response rate of 21%[30 31]. The majority (82%) of clients agreed that ICA provided timely services, including 64% who strongly agreed, and the large majority (82%) of clients also agreed ICA demonstrated a high-level of expertise. Nearly 3-quarters (72%) of clients felt that ICA provided high-quality services and advice and they added value in informing decision making. ICA provided advice on the commercial and financial aspects of Australian Government infrastructure priorities and project to client agencies and departments. In 2021–22, the recipients of the majority (around 78%) of ICA's client advice were the Department of Infrastructure, Transport, Regional Development and Communications, and the Department of Industry, Science, and Resources. Over this period, ICA delivered 59 instances of specialist advice, 13 assessments under the Budget Process Operational Rules and 8 knowledge sharing events to clients and key stakeholders. ICA are actively taking steps to refresh relationships with its clients to ensure they are satisfied with the delivery of specialist services and advice.

30 A response rate of 20% was established as a valid response for the survey.
31 The client survey results only include ICA external clients.

Financial performance

Treasury has a sound financial position, meeting its debt obligations as and when they fall due. Treasury reported an operating deficit of $0.3 million in 2021-22 excluding depreciation, amortisation, changes in asset revaluation reserves and leasing adjustments. The result was driven by the reclassification of cloud-based software projects to operating expenditure, including prior year work-in-progress balances, partly offset by employee provision revaluations due to changes in Australian bond rates and other provision parameters.

This compares with an operating surplus of $5.9 million in 2020-21 after adjusting for depreciation and amortisation, changes in asset revaluation reserves and leasing adjustments. Treasury's administered expenses in 2021-22 were $180.643 billion compared with $160.389 billion in 2020-21.

Figure 3: Treasury portfolio outcome and program structure at 30 June 2022

Portfolio Minister — Treasurer

The Hon Dr Jim Chalmers MP

Minister for Housing | Minister for Homelessness | Minister for Small Business

The Hon Julie Collins MP

Assistant Treasurer | Minister for Financial Services

The Hon Stephen Jones MP

Assistant Minister for Competition, Charities and Treasury

The Hon Dr Andrew Leigh 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 AO
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, Ms Gina Cass-Gottlieb
Outcome 1	Enhanced welfare of Australians through enforcing laws that promote competition and protect consumers, as well as taking other regulatory and related actions including monitoring and market analysis, public education, determining the terms of access to infrastructure services, and discharging regulatory responsibilities governing energy markets and networks.
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 which 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	
	Chair, Mr Ian Carson AM
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

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 and Digital Game 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 & Ethics Authority Limited[1]	
	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

1 The Financial Adviser Standards and Ethics Authority Ltd ceased operations in December 2021

National Housing Finance and Investment Corporation	
	Chair, Mr Adrian Harrington
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 accounting 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.

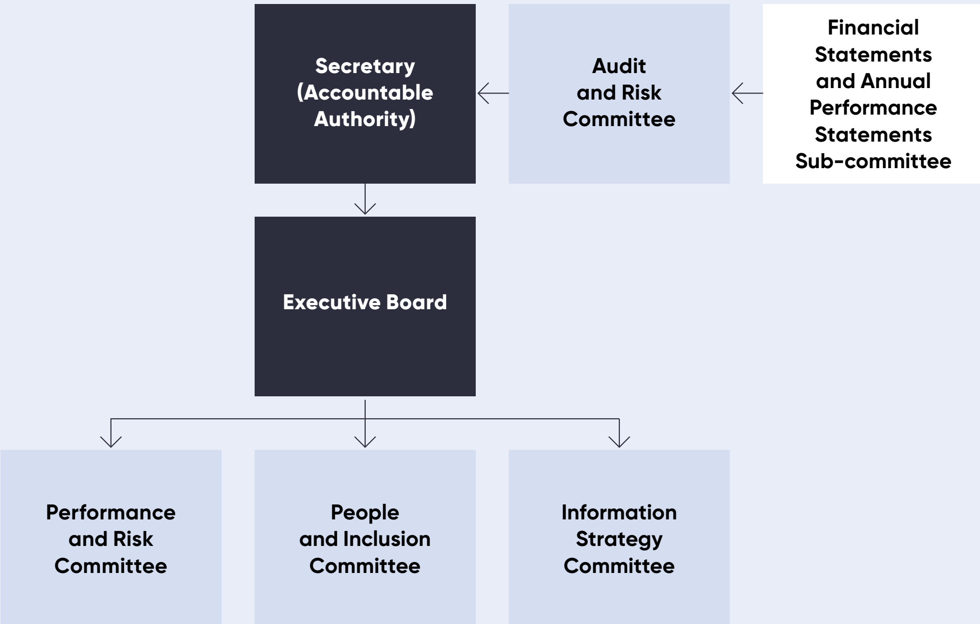
Royal Australian Mint	
	Chief Executive Officer, Mr Leigh Gordon AO CSM
Outcome 1	The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.
Program 1.1	Royal Australian Mint

Part 3 – Management and accountability

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.

Figure 4: 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 Inclusion Committee

The People and Inclusion Committee (formerly 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.

Audit and Risk Committee

The Treasury's Audit and Risk Committee has been established in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013*. The Audit and Risk 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 and Risk Committee Charter is available on the Treasury website at: treasury.gov.au/the-department/corporate-publications/Audit-Committee-Charter.

The Financial Statements and Annual Performance Statements Sub-Committee, provides advice to the Audit and Risk Committee on the preparation and sign-off of the Treasury's financial statements and Annual Performance Statement. The Financial Statements and Annual Performance Statements Sub-Committee is directly accountable to the Audit and Risk Committee for the performance of its functions.

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

The Audit and Risk Committee met 5 times in 2021–22 and received regular briefings from Treasury management on priorities, operations and risks, as well as the outcomes of risk and audit activities.

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

Audit and Risk Committee

Don Cross
External Member
Audit & Risk Committee Chair

Date of commencement: 1 August 2019

Cessation: NA

Attendance: 5/5

Remuneration: $40,150

Experience

- Chair or member of several audit committees and sub-committees
- 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

Qualifications

- Fellow of the Institute of Chartered Accountants
- Certified Practising Accountant
- Numerous qualifications and professional memberships in accounting, fraud control, business, and auditing

Carol Lilley
External Member

Date of commencement: 28 October 2021

Cessation: NA

Attendance: 3/5*

Remuneration: $24,684

Experience

- Independent board director and chair or member of Commonwealth Government audit committees
- Previous Partner at PricewaterhouseCoopers and has over 20 years' experience in financial statement audit, internal audit and project and risk management, with a particular focus on government

Qualifications

- Bachelor of Commerce
- Graduate, Australian Institute of Company Directors
- Fellow of Chartered Accountants Australia and New Zealand
- Certified internal auditor, registered company auditor

Carl Murphy
External Member

Date of commencement: 2 November 2020

Cessation: NA

Attendance: 5/5

Remuneration: $12,251

Experience

- Member, Risk and Audit Committee, Department of Infrastructure, Transport, 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

Qualifications

- Master of Public Administration
- Practising Accountant
- Graduate of the Australian Institute of Company Directors
- Bachelor of Arts (Hons)

Dr Philippa Ryan
External Member

Date of commencement:
1 November 2019

Cessation: 31 October 2021

Attendance: 2/5^

Remuneration: $5,000

Experience

- 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

Qualifications

- PhD (Law)
- Master of Education
- Bachelor of Laws (Hons)

[1] Where applicable remuneration is GST inclusive and covers preparation for and attendance at meetings of the Audit and Risk Committee, as well as meeting preparation and attendance at sub-committees (where relevant) and other meetings as required by the member's role.

* Appointed as a member partway through 2021–22

^ Term ended partway through 2021–22

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 Workplace Relations Committee plays an important role in facilitating ongoing, open and transparent consultation between Treasury and its employees in relation to issues affecting the working environment and employment conditions.

Risk management

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

In 2021–22 Treasury developed a new risk management policy and framework, along with supporting tools, based on the 2014 Commonwealth Risk Management Policy, the new draft Commonwealth Risk Management Policy and relevant standards. The new policy and framework will provide the basis for continued improvement and embedding of our risk management processes.

As part of continuously improving our approach to risk management, we enhanced our reporting on enterprise and group level risks to Treasury's Enterprise Governance Committees. These committees work together to provide effective oversight and direction on the management of risk with the:

- Executive Board, overseeing the delivery of our risk management obligations and management of the department's enterprise risks
- Performance and Risk Committee, overseeing our management of enterprise and operational risks
- Audit and Risk Committee, providing independent advice to the Secretary on Treasury's systems of internal control, including our risk management systems.

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. During 2021–22, Treasury conducted the biennial fraud and corruption risk assessment and updated the fraud and corruption control plan.

Treasury reports fraud information annually to the Treasurer and the Australian Institute of Criminology. Treasury's 2021–22 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. The internal audit program is important in assisting Treasury in the delivery of our purpose and priorities and encourages continuous improvement.

Treasury's internal auditors deliver against an annual internal audit plan (the plan). The plan is developed by our internal auditors in consultation with the Audit and Risk Committee, Performance and Risk Committee, the Executive Board and other key departmental stakeholders, to ensure the plan reflects our risk profile and assurance concerns.

In 2021–22, our internal audit function delivered compliance, performance and management-initiated reviews, with a focus on effective governance for rapidly delivered government programs. The focus was also on legislative compliance relating to our financial assurance and corporate performance and reporting frameworks, and assurance of cyber resilience and information management transformation initiatives.

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, that align with the Australian Public Service Code of Conduct and Values, to ensure ethical standards 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.

Significant non-compliance issues with finance law

There were no significant instances of non-compliance with the finance law reported to the responsible minister in 2021-22.

External scrutiny

Treasury operations are subject to oversight by a number of external bodies, including Parliamentary committees, the Commonwealth Ombudsman, Australian National Audit Office, Administrative Appeals Tribunal and Office of the Australian Information Commissioner.

External audit

The ANAO tabled two performance audit reports involving Treasury during 2021–22. Auditor-General Report No.22 *Administration of the JobKeeper Scheme* assessed the effectiveness of administration of the scheme. No recommendations were made to Treasury as a result of the audit. Treasury was subject to a cross-agency audit assessing the effectiveness of the Department of Finance's and selected entities' implementation of the Australian Government's campaign advertising framework.

Auditor-General Report No.17 *Australian Government Advertising* made one recommendation relevant to the Treasury relating to audit objective 'Were selected campaigns compliant with the Australian Government's campaign advertising framework?'

It was recommended that the Treasury establish performance targets and report against them as part of campaign evaluation. The Department of Finance manages the Whole-of-Government Evaluation Framework for advertising Campaigns. Treasury informed the Department of Finance that it would welcome the opportunity to actively participate in any review of the Whole-of-Government Evaluation Framework. The recommendation has been formally closed.

In November 2021, Treasury was advised that it had been selected by the ANAO for inclusion in the ANAO Annual Performance Statements Audit program for 2021-2024. At 30 June 2022, no Audit Report had been published on the Treasury Annual Performance Statements for 2021-22.

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 and the SES Talent, Performance and Development Framework. 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 EL 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 in addition to a determination made under subsection 24(1) of the *Public Service Act 1999* to provide pay increases in 2021, 2022 and 2023. The department occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs. At 30 June 2022, there was one individual flexibility arrangement in place.

Learning and development

In 2021–22, Treasury continued to deliver training programs online and in person as COVID-19 restrictions eased. Our focus continued to be on building the skills and capability of our staff and enhancing the leadership practice of the SES and EL cohort.

Treasury employees continued to supplement their professional development with APS Academy courses, LinkedIn Learning, coaching services, and our study assistance program. Employees also accessed external opportunities, including:

- 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
- APS talent development programs
- Jawun secondments.

Entry level programs

Entry level programs remain key workforce initiatives for Treasury. Treasury provides graduate opportunities through the Treasury Graduate Development Program and leads the recruitment for the Australian Government Graduate Program (AGGP) Economist Stream for participating APS agencies.

The Treasury Graduate Development Program is a two year program involving placements, on the job training and a structured learning and development program. In February 2022, 63 participants commenced the Program. In 2022, Treasury was ranked 24 in the Top 75 Graduate Employers as voted by graduates.

Treasury also participates in whole-of-government entry-level programs, including the Australian Government Graduate Program Digital Stream and Human Resources Stream, taking one graduate from each of these specialist streams.

Two employees commenced the Career Starter Program (aimed at school leavers) in early 2022. They are completing a Certificate IV in Government.

Staffing information

At 30 June 2022, Treasury had 1,503 employees, a 16 per cent increase from 1,291 employees at 30 June 2021. The growth in staffing numbers is attributed to additional resources for functions, both existing and new. The more significant changes include:

- major new policy initiatives including Strengthening Australia's Foreign Investment Framework and an enhanced payments policy function following the 2021 Payment System Review;
- expansion of the Consumer Data Right initiative, including to add new sectors

The average staffing level across 2021–22 was 1,341.4.[2] Just over half (52 per cent) Treasury's workforce are women, 78.5 per cent are 45 years of age or under, 4.5 per cent identify as having disability and 1.3 per cent identify as Aboriginal and/or Torres Strait Islander. At 30 June 2022, 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.

Table 2: All ongoing employees current report period (2021–22)

	Male			**Female**			**Indeterminate**			**Total**
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	75	2	77	62	13	75	0	0	0	**152**
Qld	1	0	1	1	0	1	0	0	0	**2**
SA	1	0	1	0	0	0	0	0	0	**1**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	42	1	43	42	5	47	0	0	0	**90**
WA	2	0	2	4	0	4	0	0	0	**6**
ACT	525	31	556	537	96	633	0	0	0	**1,189**
NT	0	0	0	0	0	0	0	0	0	**0**
External territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	8	0	8	5	0	5	0	0	0	**13**
Total	**654**	**34**	**688**	**651**	**114**	**765**	**0**	**0**	**0**	**1,453**

2 The average staffing level is a method of counting that recognises the average number of full-time equivalent employees over the period.

Table 3: All ongoing employees previous report period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	48	0	48	44	7	51	0	0	0	**99**
Qld	1	0	1	4	1	5	0	0	0	**6**
SA	1	0	1	3	0	3	0	0	0	**4**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	32	2	34	17	6	23	0	0	0	**57**
WA	5	0	5	1	0	1	0	0	0	**6**
ACT	469	32	501	450	96	546	0	0	0	**1,047**
NT	0	0	0	0	0	0	0	0	0	**0**
External territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	6	1	7	5	0	5	0	0	0	**12**
Total	**562**	**35**	**597**	**524**	**110**	**634**	**0**	**0**	**0**	**1,231**

Table 4: All non-ongoing employees current report period (2021–22)[3]

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1	1	2	4	1	5	0	0	0	**7**
Qld	0	0	0	0	0	0	0	0	0	**0**
SA	0	0	0	0	0	0	0	0	0	**0**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	3	0	3	0	2	2	0	0	0	**5**
WA	0	0	0	0	0	0	0	0	0	**0**
ACT	16	8	24	11	3	14	0	0	0	**38**
NT	0	0	0	0	0	0	0	0	0	**0**
External territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	0	0	0	0	0	0	0	0	0	**0**
Total	**20**	**9**	**29**	**15**	**6**	**21**	**0**	**0**	**0**	**50**

3 Non-ongoing data includes 5 casual employees. At 30 June 2022 Treasury has 45 non-ongoing (specific-term) employees and 5 casual employees for a total of 50.

Table 5: All non-ongoing employees previous report period (2020-21)[4]

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	5	1	6	4	1	5	0	0	0	**11**
Qld	0	0	0	0	0	0	0	0	0	**0**
SA	0	0	0	0	0	0	0	0	0	**0**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	1	0	1	3	0	3	0	0	0	**4**
WA	0	0	0	0	0	0	0	0	0	**0**
ACT	20	6	26	13	6	19	0	0	0	**45**
NT	0	0	0	0	0	0	0	0	0	**0**
External territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	0	0	0	0	0	0	0	0	0	**0**
Total	**26**	**7**	**33**	**20**	**7**	**27**	**0**	**0**	**0**	**60**

Table 6: Australian Public Service Act ongoing employees current report period (2021–22)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	1	0	1	5	0	5	0	0	0	**6**
SES 2	15	1	16	9	0	9	0	0	0	**25**
SES 1	38	2	40	30	2	32	0	0	0	**72**
EL 2	105	12	117	111	26	137	0	0	0	**254**
EL 1	223	12	235	201	42	243	0	0	0	**478**
APS 6	143	5	148	135	24	159	0	0	0	**307**
APS 5	57	1	58	93	17	110	0	0	0	**168**
APS 4	29	1	30	39	3	42	0	0	0	**72**
APS 3	41	0	41	28	0	28	0	0	0	**69**
APS 2	0	0	0	0	0	0	0	0	0	**0**
APS 1	2	0	2	0	0	0	0	0	0	**2**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**654**	**34**	**688**	**651**	**114**	**765**	**0**	**0**	**0**	**1,453**

4 Non-ongoing data includes 2 casual employees. At 30 June 2021 Treasury had 58 non-ongoing (specific-term) employees and 2 casual employees for a total of 60.

Table 7: Australian Public Service Act ongoing employees previous report period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	1	0	1	4	0	4	0	0	0	**5**
SES 2	17	1	18	8	3	11	0	0	0	**29**
SES 1	40	1	41	30	1	31	0	0	0	**72**
EL 2	97	10	107	96	28	124	0	0	0	**231**
EL 1	174	13	187	153	36	189	0	0	0	**376**
APS 6	132	7	139	112	28	140	0	0	0	**279**
APS 5	52	0	52	68	10	78	0	0	0	**130**
APS 4	21	3	24	25	4	29	0	0	0	**53**
APS 3	27	0	27	27	0	27	0	0	0	**54**
APS 2	1	0	1	1	0	1	0	0	0	**2**
APS 1	0	0	0	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**562**	**35**	**597**	**524**	**110**	**634**	**0**	**0**	**0**	**1,231**

Table 8: Australian Public Service Act non-ongoing employees current report period (2021–22)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	0	0	0	0	0	0	0	0	0	**0**
SES 2	1	0	1	0	0	0	0	0	0	**1**
SES 1	2	0	2	1	0	1	0	0	0	**3**
EL 2	1	1	2	3	1	4	0	0	0	**6**
EL 1	2	2	4	0	2	2	0	0	0	**6**
APS 6	6	1	7	3	0	3	0	0	0	**10**
APS 5	4	3	7	3	0	3	0	0	0	**10**
APS 4	1	0	1	4	1	5	0	0	0	**6**
APS 3	2	0	2	1	0	1	0	0	0	**3**
APS 2	1	2	3	0	2	2	0	0	0	**5**
APS1	0	0	0	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**20**	**9**	**29**	**15**	**6**	**21**	**0**	**0**	**0**	**50**

Table 9: Australian Public Service Act non-ongoing employees previous report period (2020-21)[5]

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	0	0	0	0	0	0	0	0	0	**0**
SES 2	0	0	0	0	0	0	0	0	0	**0**
SES 1	0	0	0	0	0	0	0	0	0	**0**
EL 2	5	4	9	1	0	1	0	0	0	**10**
EL 1	7	1	8	6	1	7	0	0	0	**15**
APS 6	8	0	8	4	1	5	0	0	0	**13**
APS 5	4	0	4	8	3	11	0	0	0	**15**
APS 4	1	1	2	0	1	1	0	0	0	**3**
APS 3	1	0	1	1	1	2	0	0	0	**3**
APS 2	0	1	1	0	0	0	0	0	0	**1**
APS 1	0	0	0	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**26**	**7**	**33**	**20**	**7**	**27**	**0**	**0**	**0**	**60**

Table 10: Australian Public Service Act employees by full-time and part-time status current report period (2021–22)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	6	0	6	0	0	0	**6**
SES 2	24	1	25	1	0	1	**26**
SES 1	68	4	72	3	0	3	**75**
EL 2	216	38	254	4	2	6	**260**
EL 1	424	54	478	2	4	6	**484**
APS 6	278	29	307	9	1	10	**317**
APS 5	150	18	168	7	3	10	**178**
APS 4	68	4	72	5	1	6	**78**
APS 3	69	0	69	3	0	3	**72**
APS 2	0	0	0	1	4	5	**5**
APS 1	2	0	2	0	0	0	**2**
Other	0	0	0	0	0	0	**0**
Total	**1,305**	**148**	**1,453**	**35**	**15**	**50**	**1,503**

5 Non-ongoing data includes 2 casual employees. At 30 June 2021 Treasury has 58 non-ongoing (specific-term) employees and 2 casual employees for a total of 60.

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

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	5	0	5	0	0	0	**5**
SES 2	25	4	29	0	0	0	**29**
SES 1	70	2	72	0	0	0	**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	0	54	2	1	3	**57**
APS 2	2	0	2	0	1	1	**3**
APS 1	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	**0**
Total	**1,086**	**145**	**1,231**	**46**	**14**	**60**	**1,291**

Table 12: Australian Public Service Act employment type by location current report period (2021–22)

	Ongoing	Non-Ongoing	Total
NSW	152	7	**159**
Qld	2	0	**2**
SA	1	0	**1**
Tas	0	0	**0**
Vic	90	5	**95**
WA	6	0	**6**
ACT	1,189	38	**1,227**
NT	0	0	**0**
External territories	0	0	**0**
Overseas	13	0	**13**
Total	**1453**	**50**	**1,503**

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

	Ongoing	Non-Ongoing	Total
NSW	99	11	**110**
Qld	6	0	**6**
SA	4	0	**4**
Tas	0	0	**0**
Vic	57	4	**61**
WA	6	0	**6**
ACT	1,047	45	**1,092**
NT	0	0	**0**
External Territories	0	0	**0**
Overseas	12	0	**12**
Total	**1,231**	**60**	**1,291**

Table 14: Australian Public Service Act Indigenous employment current report period (2021–22)

	Total
Ongoing	**20**
Non-Ongoing	**0**
Total	**20**

Table 15: Australian Public Service Act Indigenous employment previous report period (2020-21)

	Total
Ongoing	**21**
Non-Ongoing	**1**
Total	**22**

SES remuneration

SES remuneration and employment conditions are determined under section 24(1) of the *Public Service Act 1999*. These determinations 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 received a 1.7 per cent increase effective 8 July 2021.

Table 16: Australian Public Service Act Employment Salary Ranges by SES classification level (minimum/maximum) current report period (2021–22)

	Minimum salary	Maximum salary
SES 3	$338,442	$396,368
SES 2	$261,157	$305,671
SES 1	$213,080	$247,647

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 1.9 per cent salary increase effective 5 November 2021, through a determination made under subsection 24(1) of the *Public Service Act 1999*.

Table 17: Non-SES remuneration by classification level (minimum/maximum) current report period (2021–22)

	Minimum salary	Maximum salary
EL 2	$145,869	$167,407
EL 1	$119,422	$136,989
APS 6	$91,553	$110,916
APS 5	$81,161	$86,358
APS 4	$72,188	$75,964
APS 3	$64,631	$68,405
APS 2	$57,075	$60,855
APS 1	$49,517	$53,772
Other	$0	$0

Employment arrangements

Table 18: Australian Public Service Act employment arrangements current report period (2021–22)

	SES	Non-SES	Total
Enterprise Agreement	0	1,404	1,404
Section 24(1) Determination	92	0	92
Australian Workplace Agreement	6	0	6
Individual Flexibility Arrangement	0	1	1
Total	**98**	**1,405**	**1,503**

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.

Procurement

Performance against the Commonwealth Procurement Rules

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.

Exempt contracts

No contracts in excess of $10,000 (inclusive of GST) or standing offers were exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

No contracts valued at $100,000 or more (including GST) were entered into during 2021-22 that did not have provision for the Auditor-General to access the contractor's premises.

Initiatives to support small and medium-sized enterprises and Indigenous business

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. Treasury recognises the importance of ensuring small businesses are paid on time. E-invoices are paid in accordance with the Australian Government Pay on Time Policy. The results of the survey of Australian Government Payments to Small Businesses are available on 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 2021–22 financial year targets for the Treasury Portfolio were 143 contracts (volume) and $12,506,422 (value). For 2021–22, the Treasury Portfolio reported 443 contracts at a value of $23,231,659.

The portfolio has met its purchasing target set by Government 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 selected and engaged in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and Treasury's internal policies.

During 2021–22, 63 new consultancy contracts were signed involving total actual expenditure of $5,121,622 (including GST). In addition, 30 ongoing consultancy contracts were active during the period, involving total actual expenditure of $2,050,868 (including GST). Information on the value of individual contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Table 19: Expenditure on reportable consultancy contracts current report period (2021–22)

	Number	**Expenditure $** (GST inc.)
New contracts entered into during the reporting period	63	$5,121,622
Ongoing contracts entered into during a previous reporting period	30	$2,050,868
Total	**93**	**$7,172,490**

Table 20: Expenditure on reportable non-consultancy contracts current report period (2021–22)

	Number	**Expenditure $** (GST inc.)
New contracts entered into during the reporting period	426	$68,024,301
Ongoing contracts entered into during a previous reporting period	332	$43,039,041
Total	**758**	**$111,063,342**

Table 21: Organisations receiving a share of reportable consultancy contract expenditure current report period (2021–22)

Name of Organisation	**ABN**	**Expenditure $** (GST inc.)
The Boston Consulting Group	70007347131	$1,078,000
Finity Consulting Pty Ltd	89111470270	$670,093
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	20607773295	$591,765
The University of New South Wales	57195873179	$551,050
Deloitte Touche Tohmatsu	74490121060	$500,136

Table 22: Organisations receiving a share of reportable consultancy contract expenditure current report period (2021–22)

Name of Organisation	**ABN**	**Expenditure $** (GST inc.)
Universal McCann	19002966001	$11,626,832
Ventia Property Pty Ltd	16618028676	$9,127,788
A23 Pty Ltd	81612329781	$5,464,634
Deloitte Touche Tohmatsu	74490121060	$4,867,635
Hays Specialist Recruitment Australia	47001407281	$3,292,332

Executive remuneration

Introduction

The categories of officials covered by the disclosures include:

- key management personnel
- senior executive remuneration
- other highly paid staff.

Remuneration policies and practices

The Secretary's remuneration is determined by the Remuneration Tribunal.

For SES employees, remuneration and employment conditions are determined under subsection 24(1) of the *Public Service Act 1999*. Determinations are supported by a remuneration model that determines pay levels within each SES classification level based on performance. SES employees are subject to annual performance appraisals. SES employees received a pay increase based on the Wage Price Index – Private Sector on 8 July 2021.

Non-SES employee remuneration and employment conditions are determined under the *Treasury Enterprise Agreement 2018–2021*. In addition, on 5 November 2021 a determination was made under subsection 24(1) of the Public Service Act 1999 to provide a pay increase for non-SES employees based on the Wage Price Index – Private Sector.

For Treasury employees at overseas posts, Treasury is guided by the conditions of service that are maintained by the Department of Foreign Affairs and Trade.

Key management personnel

During the reporting period ended 30 June 2022, Treasury had 6 executives who met the definition of key management personnel (KMP). Their names and length of term as KMP are summarised below.

Table 23: Key management personnel

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

Table 24: Key management personnel remuneration

Name	Position title	Short-term benefits			Employment benefits				Total
		Base salary[1]	Bonuses	Other benefits and allowances[2]	Superannuation contributions[3]	Long service leave[4]	Other long-term benefits	Termination benefits	
Dr Steven Kennedy PSM	Secretary	775,193	0	2,736	117,878	(86,312)	0	0	809,496
Roxanne Kelley PSM	Deputy Secretary	416,493	0	2,736	69,412	(23,162)	0	0	465,479
Maryanne Mrakovcic	Deputy Secretary	410,890	0	20,483	63,633	(47,493)	0	0	447,513
Meghan Quinn PSM	Deputy Secretary	416,481	0	2,736	66,117	(15,769)	0	0	469,566
Jennifer Wilkinson PSM	Deputy Secretary	415,744	0	2,736	63,013	(8,891)	0	0	472,601
Luke Yeaman	Deputy Secretary	434,539	0	2,736	69,599	(4,272)	0	0	502,601

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 Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.
4. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.

Table 25: Senior executive remuneration

During the reporting period ended 30 June 2022, Treasury had 135 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		Termination benefits	**Total**
		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	Average termination benefits	Average total remuneration[5]
$0 - $220,000	46	85,232	0	3,942	15,262	(4,874)	0	0	99,561
$220,001 - $245,000	10	208,109	0	584	30,531	(4,966)	0	0	234,259
$245,001 - $270,000	22	219,063	0	4,246	33,050	3,794	0	0	260,153
$270,001 - $295,000	19	240,945	0	1,484	36,698	(2,866)	0	0	276,262
$295,001 - $320,000	10	261,258	0	691	41,169	1,327	0	0	304,446
$320,001 - $345,000	7	291,381	0	1,229	45,320	(4,006)	0	0	333,924
$345,001 - $370,000	8	287,980	0	1,321	52,114	13,731	0	0	355,146
$370,001 - $395,000	3	237,376	0	109,067	35,732	(2,051)	0	0	380,123
$395,001 - $420,000	1	190,770	0	188,237	36,524	881	0	0	416,412
$420,001 - $445,000	2	218,157	0	177,241	37,251	3,013	0	0	435,661
$445,001 - $470,000	2	264,556	0	90,995	39,778	65,522	0	0	460,851
$470,001 - $495,000	1	264,405	0	185,266	49,144	(16,462)	0	0	482,354
$495,001 - $520,000	1	213,973	0	254,022	39,685	(4,300)	0	0	503,381
$520,001 - $545,000	3	268,854	0	89,888	42,302	139,783	0	0	540,828

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 while on overseas post.
4. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.
5. The table includes the part year impact of senior executives who either commenced or separated during the year.

Table 26: Other highly paid staff remuneration

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		Termination benefits	**Total**
		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	Average termination benefits	Average total remuneration
$245,001 - $270,000	1	234,982	0	0	21,675	0	0	0	256,657
$295,001 - $320,000	2	153,075	0	100,538	25,131	27,455	0	0	306,200
$320,001 - $345,000	1	140,875	0	154,004	27,934	105	0	0	322,918
$370,001 - $395,000	1	347,866	0	0	22,537	4,752	0	0	375,156
$520,001 - $545,000	1	162,180	0	335,809	23,208	(122)	0	0	521,075

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 while on overseas post.
3. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.

4

Part 4
Financial statements

For the period ended 30 June 2022

Australian National
Audit Office

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 2022:

(a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 and for the year then ended:

- Statement by the Secretary and Chief Finance 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.

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Key audit matter	How the audit addressed the 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). For the year ended 30 June 2022, the value of grants paid by the Entity under the Act was $109.2 billion. 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.	The audit procedures I applied to address this key audit matter included: • Testing, on a sample basis, the design, implementation 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, implementation and operating effectiveness of controls such as delegate sign off for all payments, and agreeing payments to supporting documentation.

Key audit matter	How the audit addressed the matter
Completeness and Valuation of the Disaster Relief Funding Arrangements (DRFA) and the Natural Disaster Relief and Recovery Arrangements (NDRRA) 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. This is administered in accordance with the Disaster Recovery Funding Arrangements 2018 (for DRFA) and the NDRRA Determination 2017. These payments apply to declared disaster events where a multi-agency response is required, and state expenditure exceeds a specified threshold. 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 2022, the provision for costs associated with natural disaster arrangements was valued at $5.5 billion.	The audit procedures I applied to address this key audit 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 relevant disaster arrangements; • Testing, on a sample basis, information provided by State and Territory Governments supporting the movement in quarterly estimates to evaluate the reliability of data 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; and • Assessing the completeness of declared disasters included in 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 – Simplified Disclosures 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

Mark Vial
Executive Director

Delegate of the Auditor-General

Canberra

14 September 2022

The Treasury

Statement by the Secretary and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 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
14 September 2022

Tarnya Gersbach
Chief Finance Officer
14 September 2022

Statement of Comprehensive Income

for the period ended 30 June 2022

	Notes	2022 $'000	2021 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	**208,866**	172,771
Suppliers	1.1B	**114,460**	80,818
Grants	1.1C	**2,295**	554
Finance costs	1.1D	**1,869**	1,830
Depreciation and amortisation	2.2A	**23,601**	20,377
Write-down and impairment of assets	2.2A	**126**	1,141
Other expenses	1.1E	**-**	72
Net foreign exchange losses		**4**	-
Total expenses		**351,221**	277,563
Own-source income			
Own-source revenue			
Revenue from contracts with customers	1.2A	**8,373**	8,158
Other revenue	1.2B	**3,590**	3,898
Total own-source revenue		**11,963**	12,056
Gains			
Other gains	1.2C	**6**	102
Total gains		**6**	102
Total own-source income		**11,969**	12,158
Net cost of services		**(339,252)**	(265,405)
Revenue from Government	1.2D	**325,706**	259,082
Surplus/(Deficit)		**(13,546)**	(6,323)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		**(250)**	1,667
Total Comprehensive income/(loss)		**(13,796)**	(4,656)

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

Statement of Financial Position

as at 30 June 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	**424**	760
Trade and other receivables	2.1B	**115,232**	87,191
Total financial assets		**115,656**	87,951
Non-financial assets[1]			
Buildings	2.2A	**152,341**	153,352
Plant and equipment	2.2A	**11,220**	11,773
Intangibles	2.2A	**8,420**	16,734
Prepayments		**4,655**	6,446
Total non-financial assets		**176,636**	188,305
Total assets		**292,292**	276,256
LIABILITIES			
Payables			
Suppliers	2.3A	**15,095**	10,602
Other payables	2.3B	**5,211**	3,984
Total payables		**20,306**	14,586
Interest bearing liabilities			
Leases	2.4A	**140,241**	136,513
Total interest bearing liabilities		**140,241**	136,513
Provisions			
Employee provisions	3.1A	**72,192**	68,345
Provision for restoration	2.5A	**5,704**	5,510
Total provisions		**77,896**	73,855
Total liabilities		**238,443**	224,954
Net assets		**53,849**	51,302
EQUITY			
Asset revaluation reserve		**14,093**	14,343
Contributed equity		**120,335**	109,519
Retained earnings		**(80,579)**	(72,560)
Total equity		**53,849**	51,302

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

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

Statement of changes in equity

for the period ended 30 June 2022

	2022 $'000	2021 $'000
CONTRIBUTED EQUITY		
Opening balance	**109,519**	97,890
Contributions by owners		
Equity injection appropriation	**301**	342
Restructuring	**253**	(261)
Departmental capital budget appropriation	**10,262**	11,548
Total transactions with owners	**10,816**	11,629
Closing balance as at 30 June	**120,335**	109,519
RETAINED EARNINGS		
Opening balance	**(72,560)**	(66,237)
Comprehensive income		
Surplus/(Deficit) for the period	**(13,546)**	(6,323)
Total comprehensive income	**(13,546)**	(6,323)
Contributions by owners		
Restructuring	**5,527**	-
Total transactions with owners	**5,527**	-
Closing balance as at 30 June	**(80,579)**	(72,560)
ASSET REVALUATION RESERVE		
Opening balance	**14,343**	12,676
Comprehensive income		
Other comprehensive income	**-**	2,337
Changes in provision for restoration	**(250)**	(670)
Total comprehensive income	**(250)**	1,667
Closing balance as at 30 June	**14,093**	14,343

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.

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

Cash flow statement

for the period ended 30 June 2022

	2022 $'000	2021 $'000
OPERATING ACTIVITIES		
Cash received		
Appropriations	**338,613**	273,761
Sale of goods and rendering of services	**5,493**	9,035
GST received	**9,769**	7,729
Other	**3,335**	1,747
Total cash received	**357,210**	292,272
Cash used		
Employees	**204,530**	169,503
Suppliers	**96,839**	77,840
Interest payments on lease liabilities	**1,837**	1,743
Grants	**2,295**	554
Section 74 receipts transferred to OPA	**33,962**	29,005
GST paid	**9,815**	7,909
Total cash used	**349,278**	286,554
Net cash from/(used by) operating activities	**7,932**	5,718
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of plant and equipment	**6**	67
Total cash received	**6**	67
Cash used		
Purchase of buildings	**2,547**	4,595
Purchase of plant and equipment	**2,618**	3,582
Purchase of intangibles	**1,382**	5,003
Total cash used	**6,547**	13,180
Net cash from/(used by) investing activities	**(6,541)**	(13,113)
FINANCING ACTIVITIES		
Cash received		
Contributed equity - departmental capital budget	**5,103**	11,832
Contributed equity - equity injections	**538**	327
Restructuring - s75 cash transfer in	**5,780**	5,210
Total cash received	**11,421**	17,369
Cash used		
Principal payments of lease liabilities	**13,148**	9,865
Total cash used	**13,148**	9,865
Net cash from/(used by) financing activities	**(1,727)**	7,504
Net increase/(decrease) in cash held	**(336)**	109
Cash at the beginning of the reporting period	**760**	651
Cash at the end of the reporting period	**424**	760

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

Administered Schedule of Comprehensive Income

for the period ended 30 June 2022

	Notes	2022 $'000	2021 $'000
NET COST OF SERVICES			
Expenses			
Grants	4.1A	**135,103,320**	117,803,920
Interest		**37,357**	4,381
Medicare Guarantee Fund	4.1B	**44,867,877**	41,448,516
Payments to corporate Commonwealth entities	4.1C	**39,939**	59,004
Suppliers and provisions	4.1D	**290,918**	344,497
Concessional loan discount	4.1E	**303,892**	728,434
Total expenses		**180,643,303**	160,388,752
Income			
Revenue			
Non-taxation revenue			
Revenue from contracts with customers	4.2A	**593,408**	623,625
Interest	4.2B	**71,951**	20,262
Dividends	4.2C	**1,965**	2,682,987
COAG[1] revenue from government agencies	4.2D	**1,432,659**	1,810,356
Other revenue	4.2E	**113,321**	94,553
Unwinding of concessional loan discount	4.2F	**86,248**	38,564
Total non-taxation revenue		**2,299,552**	5,270,347
Total revenue		**2,299,552**	5,270,347
Gains			
Foreign exchange	4.2G	**147,409**	570,235
Total gains		**147,409**	570,235
Total income		**2,446,961**	5,840,582
Net (cost of)/contribution by services		**(178,196,342)**	(154,548,170)
Surplus/(Deficit)		**(178,196,342)**	(154,548,170)
OTHER COMPREHENSIVE INCOME			
Items subject to subsequent reclassification to net cost of services			
Restructuring		**-**	(20)
Changes in asset revaluation surplus		**(22,308,742)**	(7,120,710)
Total comprehensive income		**(22,308,742)**	(7,120,730)
Total comprehensive income/(loss)		**(200,505,084)**	(161,668,900)

1. COAG is the Council of Australian Governments.

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

Administered Schedule of Assets and Liabilities

as at 30 June 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	5.1A	**1,165,521**	797,269
Loans and other receivables	5.1B	**2,218,278**	5,860,276
Investments	5.1C	**29,063,993**	38,525,891
Total financial assets		**32,447,792**	45,183,436
Total assets administered on behalf of Government		**32,447,792**	45,183,436
LIABILITIES			
Payables			
Grants	5.2A	**1,252,274**	3,910,671
Other payables	5.2B	**18,354,128**	5,862,196
Unearned income	5.2C	**553**	1,406
Financial guarantees	5.2D	**655,093**	407,167
Total payables		**20,262,048**	10,181,440
Financial liabilities			
Promissory notes	5.3A	**8,657,222**	10,110,131
Total financial liabilities		**8,657,222**	10,110,131
Provisions			
Provisions	5.4A	**5,572,180**	1,652,833
Total provisions		**5,572,180**	1,652,833
Total liabilities administered on behalf of Government		**34,491,450**	21,944,404
Net assets/(liabilities)		**(2,043,658)**	23,239,032

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

Administered Reconciliation Schedule

for the period ended 30 June 2022

	2022 $'000	2021 $'000
Opening assets less liabilities as at 1 July	**23,239,032**	35,856,728
Net (cost of)/contribution by services		
Income	**2,446,961**	5,840,582
Expenses		
Payments to entities other than corporate Commonwealth entities	**(180,603,364)**	(160,329,748)
Payments to corporate Commonwealth entities	**(39,939)**	(59,004)
Other comprehensive income		
Revaluations transferred to reserves	**(22,308,742)**	(7,120,710)
Restructuring	-	(20)
Transfers (to)/from Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered assets and liabilities appropriations	**165,000**	165,000
Annual appropriation for administered expenses		
Payments to entities other than corporate Commonwealth entities	**59,644**	51,389
Payments to corporate Commonwealth entities	**39,939**	59,004
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	**45,868**	4,778
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**110,204,105**	95,528,774
Special accounts - COAG Reform Fund	**24,237,889**	16,153,748
Special accounts - Medicare Guarantee Fund	**44,867,877**	41,448,516
Special accounts - National Housing Finance and Investment Corporation	**303,614**	478,213
Refunds of receipts (s77 PGPA)	-	2
Appropriation transfers to OPA		
Transfers to OPA - appropriations	**(3,091,672)**	(2,823,248)
Transfers to OPA - special accounts	**(1,609,870)**	(2,014,972)
Closing assets less liabilities as at 30 June	**(2,043,658)**	23,239,032

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.

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

Administered Cash Flow Statement

for the period ended 30 June 2022

	Notes	2022 $'000	2021 $'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		**1,064**	2,201
Interest		**45,671**	15,186
Dividends		**2,670,965**	2,576,987
Net GST received		**4,431**	4,532
HIH Group liquidation proceeds		**18,280**	-
COAG revenue from government agencies		**1,436,256**	1,806,759
Other receipts from government agencies	6.1D	**26,682,327**	23,505,302
Other		**95,013**	94,555
Total cash received		**30,954,007**	28,005,522
Cash used			
Grant payments		**178,173,113**	149,992,511
Other grants to the States and Territories		**26,682,327**	23,505,302
Interest		**17,833**	4,589
Other		**23,800**	40,435
Total cash used		**204,897,073**	173,542,837
Net cash from/(used by) operating activities		**(173,943,066)**	(145,537,315)
INVESTING ACTIVITIES			
Cash received			
Repayment of IMF NAB loans		**64,111**	79,506
IMF maintenance of value		**5,950**	-
Repayment of NHFIC AHBA Loan		**138,614**	208,213
Repayment of International Loans		**136,162**	50,000
Total cash received		**344,837**	337,719
Cash used			
Settlement of IMF Promissory notes		**285,852**	584,040
Settlement of international financial institutions’ obligations		**57,292**	115,942
Purchase of administered investments		**177,407**	169,777
Settlement of loans to other government agencies		**85,362**	180,761
Settlement of IMF loans - PRGT		**-**	396,113
Settlement of international assistance loans		**650,000**	2,057,523
Total cash used		**1,255,913**	3,504,156
Net cash from/(used by) investing activities		**(911,076)**	(3,166,437)
Net increase/(decrease) in cash held		**(174,854,142)**	(148,703,752)
Cash and cash equivalents at the beginning of the reporting period		**797,269**	449,817
Cash from Official Public Account			
Appropriations		**110,514,556**	95,808,947
Special accounts		**69,409,380**	58,080,477
Total cash from Official Public Account		**179,923,936**	153,889,424
Cash to Official Public Account			
Appropriations		**3,091,672**	2,823,248
Special accounts		**1,609,870**	2,014,972
Total cash to Official Public Account		**4,701,542**	4,838,220
Net cash from/(to) Official Public Account		**175,222,394**	149,051,204
Cash and cash equivalents at the end of the reporting period	5.1A	**1,165,521**	797,269

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

Notes to and forming part of the Financial Statements
for the period ended 30 June 2022

Overview

The Department of the Treasury (the Treasury) conducts the following principal activities on behalf of the Government: provides policy advice, analysis and the delivery of economic policies and programs, including legislation and administrative payments that support the effective management of the Australian economy.

The Treasury is a not-for-profit, Australian Commonwealth Government entity. The Treasury's primary place of operation is Canberra with offices located in Sydney, Melbourne and Perth. The Treasury also has a number of staff posted to locations overseas.

The Basis of Preparation

The financial statements 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 (FRR)*; and
- Australian Accounting Standards and interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Treasury has applied the simplified disclosure 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.

Significant Accounting Judgements and Estimates

During the 2021-22 financial year, the Treasury made a number of judgements and applied estimates that had an impact on the amounts recorded in the financial statements. Judgements and estimates that are material to the financial statements are found in the following notes:

- Fair value measurements (note 7.5A), this should be read in conjunction with note 2.2: Non-Financial Assets
- Financial guarantees (note 5.2D)
- Administered provisions (note 5.4)

New Accounting Standards

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

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

No new standards that were issued prior to the signing of the statements by the Department's Secretary and Chief Finance Officer, and that are applicable to the current reporting period, had a material effect on the Treasury's financial statements.

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 2021-22 the Treasury reviewed its exposure to the risk of not complying with statutory conditions on payments from appropriations. The Treasury continues to monitor and adapt its verification procedures for payments made under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008*.

The Treasury identified three potential breaches resulting in a total overpayment to States of $15.3 million in 2021-22. These relate to Public Dental Services for Adults (two payments totalling $14.8 million) and Farm Forestry, Private Native Forestry and Indigenous Forestry (one payment totalling $0.5 million) National Partnership payments. The potential breaches were due to administrative errors by the Commonwealth agencies responsible for administering the funding agreements.

A review found no evidence of systemic issues and the agencies have taken action to prevent reoccurrence of such errors. The overpayments were offset against subsequent National Partnership payments. $15.0 million was recovered in 2021-22 and the remaining $0.3 million recovered in early 2022-23.

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:

- ASBFEO - Australian Small Business and Family Enterprise Ombudsman
- ATO - Australian Taxation Office
- COAG - Council of Australian Governments
- DRFA - Disaster Recovery Funding Arrangements (applicable to events after 1 November 2018)
- ICA - Infrastructure and Commercial Advisory Office (formally Infrastructure and Project Financing Authority (IPFA))
- IFI - International Financial Institutions
- IMF - International Monetary Fund
- NAB - New Arrangements to Borrow
- 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
- SDR - Special Drawing Right
- SME - Small and Medium Enterprises

1. Departmental Financial Performance

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

1.1. Expenses

	2022 $'000	2021 $'000
Note 1.1A: Employee benefits		
Wages and salaries	**161,602**	131,799
Superannuation		
Defined contribution plans	**18,731**	14,613
Defined benefit plans	**8,923**	9,342
Redundancies	**180**	973
Leave and other entitlements	**15,364**	12,504
Other	**4,066**	3,540
Total employee benefits	**208,866**	172,771

Accounting Policy

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

	2022 $'000	2021 $'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	**9,369**	6,408
Contractors and secondees	**52,643**	29,042
Information communication technology	**15,617**	12,530
Property operating expenses	**15,953**	16,774
Travel	**2,234**	1,322
Legal	**4,244**	3,876
Publications and subscriptions	**2,827**	2,998
Fees - audit, accounting, bank and other	**1,617**	1,696
Conferences and training	**4,548**	2,502
Insurance	**526**	354
Printing	**294**	499
Other	**2,396**	1,431
Total goods and services supplied or rendered	**112,268**	79,432
Goods supplied	**5,684**	6,197
Rendering of services	**106,584**	73,235
Total goods and services supplied or rendered	**112,268**	79,432
Other suppliers		
Workers compensation premiums	**1,263**	1,212
Short-term leases	**929**	171
Low value leases	**-**	3
Total other suppliers	**2,192**	1,386
Total suppliers	**114,460**	80,818

The Treasury has short-term lease commitments of $1.05 million as at 30 June 2022.

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.

	2022 $'000	2021 $'000
Note 1.1C: Grants		
Australian Government Entities (related entities)	**1,740**	-
Non-profit organisations	**555**	554
Total grants	**2,295**	554

Accounting Policy

The entity administers a number of grant schemes. 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. When the Government enters into an agreement to make these grants and services, but services have not been performed or criteria satisfied, this is considered a commitment.

	2022 $'000	2021 $'000
Note 1.1D: Finance costs		
Interest on lease liabilities[1]	**1,837**	1,743
Unwinding of discount	**32**	87
Total finance costs	**1,869**	1,830

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.

	2022 $'000	2021 $'000
Note 1.1E: Other expenses		
Net losses arising from lease modifications[1]	-	18
Act of Grace payments	-	54
Total other expenses	-	72

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

Own-Source Revenue	2022 $'000	2021 $'000
Note 1.2A: Revenue from contracts with customers		
Rendering of services	**8,373**	8,158
Total revenue from contracts with customers	**8,373**	8,158
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Actuarial services	**3,615**	3,681
Shared services	**1,585**	2,951
Cost recoveries	**2,198**	1,038
Legislative and Governance Forum on Consumer Affairs contributions	**-**	88
Income from subleasing[1]	**933**	360
Other	**42**	40
	8,373	8,158
Type of customer:		
Australian Government entities (related parties)	**8,331**	7,994
State and Territory Governments	**-**	88
Non-government entities	**42**	76
	8,373	8,158

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

Maturity analysis of operating lease commitments receivable:

	2022 $'000	2021 $'000
Within 1 year	**1,069**	350
1-2 years	**1,104**	361
2-3 years	**402**	373
3-4 years	**237**	383
4-5 years	**83**	217
More than 5 years	**210**	219
Total undiscounted lease payments receivable	**3,105**	1,903

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 for 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.

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. 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 Department's 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 and the Australian Taxation Office. 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.

The transaction price is the total amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

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.

	2022 $'000	2021 $'000
Note 1.2B: Other revenue		
Resources received free of charge		
Remuneration of auditors - ANAO	**490**	539
Secondment services	**3,000**	3,303
ICA revenue	**-**	56
Other	**100**	-
Total other revenue	**3,590**	3,898
Note 1.2C: Other gains		
Gains from sale of assets	**6**	67
Net foreign exchange gains	**-**	35
Total other gains	**6**	102

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.

	2022 $'000	2021 $'000
Note 1.2D: Revenue from Government		
Appropriations		
Departmental appropriations	**325,706**	257,620
Supplementation	**-**	1,462
Total revenue from Government	**325,706**	259,082

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

	2022 $'000	2021 $'000
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	**424**	760
Total cash and cash equivalents	**424**	760

	2022 $'000	2021 $'000
Note 2.1B: Trade and other receivables		
Goods and services receivables		
Contract assets from contracts with customers	**2,552**	1,805
Goods and services	**1,924**	1,191
Total goods and services receivables	**4,476**	2,996
Appropriation receivables		
Appropriations receivable	**108,064**	80,625
Supplementation receivable	**-**	1,462
Total appropriation receivables	**108,064**	82,087
Other receivables		
Net GST receivable from the ATO	**1,659**	1,462
Other receivables	**1,035**	648
Total other receivables	**2,694**	2,110
Total trade and other receivables (gross)	**115,234**	87,193
Less impairment loss allowance	**(2)**	**(2)**
Total trade and other receivables (net)	**115,232**	87,191

Credit terms for goods and services were within 30 days (2021: 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 (2021-22)

	Buildings $'000	Plant and equipment $'000	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2021					
Gross book value	**172,044**	**12,487**	**31,208**	**7,958**	**223,697**
Accumulated depreciation / amortisation and impairment	**(18,692)**	**(714)**	**(14,851)**	**(7,581)**	**(41,838)**
Total value as at 1 July 2021	**153,352**	**11,773**	**16,357**	**377**	**181,859**
Additions	**15,032**	**2,640**	**893**	**489**	**19,054**
Purchase or internally developed	2,547	2,618	893	489	**6,547**
Right-of-use assets	12,485	22	-	-	**12,507**
Adjustment to the ROU asset recognised in net cost of services	**(38)**	-	-	-	**(38)**
Depreciation and amortisation	**(3,425)**	**(3,151)**	**(4,217)**	**(311)**	**(11,104)**
Depreciation on right-of-use assets	**(12,483)**	**(14)**	-	-	**(12,497)**
Other movements[1]	-	-	**(5,168)**	-	**(5,168)**
Disposal of right-of-use assets	**(28)**	-	-	-	**(28)**
Disposals	**(69)**	**(28)**	-	-	**(97)**
Reclassification	-	-	**315**	**(315)**	-
Total as at 30 June 2022	**152,341**	**11,220**	**7,865**	**555**	**171,981**
Total as at 30 June 2022 represented by:					
Gross book value	**186,266**	**15,028**	**25,099**	**3,023**	**229,416**
Fair value	**171,726**	**10,762**	-	-	**182,488**
At cost	**14,540**	**1,130**	**24,142**	**3,023**	**42,835**
Under construction	-	**3,136**	**957**		**4,093**
Accumulated depreciation / amortisation and impairment	**(33,925)**	**(3,808)**	**(17,234)**	**(2,468)**	**(57,435)**
Total as at 30 June 2022	**152,341**	**11,220**	**7,865**	**555**	**171,981**
Carrying amount of right-of-use assets	**130,524**	**23**	-	-	**130,547**

1. Other movements relates to the reclassification of cloud based projects to operating expenditure, this included prior year work-in-progress (WIP) balances for intangibles.

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 commitments[1] for the acquisition of property, plant and equipment and intangible assets.		
Commitments are payable as follows:	**2022**	2021
	$'000	$'000
Within 1 year	**296**	947
Between 1 to 5 years	**550**	25
Total commitments	**846**	972

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.

Leased 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. Leased 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:

	2022	**2021**
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 2022. 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 of 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 2022, 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 2022, therefore nil impairment losses for intangible assets were recognised (2021: nil).

Accounting Judgement and Estimates

The fair value of buildings – leasehold improvements and plant and equipment has been 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

	2022 $'000	2021 $'000
Note 2.3A: Suppliers		
Trade creditors and accruals	**11,717**	9,096
Contract liabilities from contracts with customers	**3,378**	1,506
Total suppliers	**15,095**	10,602

Settlement was usually made within 20 days (2021: 20 days).

The contract liabilities from contracts with customers are associated with 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.

	2022 $'000	2021 $'000
Note 2.3B: Other payables		
Salaries and wages	**4,431**	3,118
Superannuation	**701**	493
Other creditors	**79**	373
Total other payables	**5,211**	3,984

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 and 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).

2.4. Interest Bearing Liabilities

	2022 $'000	2021 $'000
Note 2.4A: Leases		
Lease liabilities		
Buildings	**140,218**	136,497
Plant and equipment	**23**	16
Total leases	**140,241**	136,513

Total cash outflow for leases for the year ended 30 June 2022 was $14.985 million ($13.148 million in principal payments which also includes $0.929m in short term lease payments and $1.837 million in interest payments).

	2022 $'000	2021 $'000
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	**12,838**	10,865
Between 1 to 5 years	**48,578**	41,990
More than 5 years	**90,229**	98,463
Total leases	**151,645**	151,318

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		**Total**
	$'000	**$'000**
Carrying amount 1 July 2021	**5,510**	**5,510**
Additional provisions made	**250**	**250**
Provisions made against Right-Of-Use assets	**(88)**	**(88)**
Unwinding of discount or change in discount rate	**32**	**32**
Closing balance 30 June 2022	**5,704**	**5,704**

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

	2022 $'000	2021 $'000
Note 3.1A: Employee provisions		
Leave	**72,192**	68,345
Total employee provisions	**72,192**	68,345

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. The next assessment will be completed in the 2023-24 financial year.

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 2022 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:

	2022	2021
	$'000	$'000
Short-term employee benefits	**2,903**	3,154
Post-employment benefits	**450**	459
Other long-term employee benefits[1]	**(186)**	44
Total key management personnel remuneration expenses[2]	**3,167**	3,657

1. Long service leave has been affected by the movement in the 10 year bond rate from 1.49% in 2020-21 to 3.66% in 2021-22. This has reduced the present value of the leave balances, resulting in negative movement this financial year.
2. 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.

The total number of key management personnel that are included in the above table for Treasury in 2022 is 6 (2021: 7, including IPFA CEO).

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 2022 (2021: one).

2021-22
During the reporting period, Treasury purchased shares totalling $12.407 million in the Australian Business Growth Fund (ABGF). One of the key management personnel was a government-appointed director of ABGF during 2021-22.

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.

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

	2022 $'000	2021 $'000
Note 4.1A: Grants		
Public sector		
State and Territory Governments	**133,756,572**	115,979,788
Payment of COAG receipts from Government agencies	**1,307,659**	1,810,356
Overseas entities		
Grants to International Financial Reporting Standards	**1,000**	2,000
Private sector		
Grants to private sector	**38,089**	11,776
Total grants	**135,103,320**	117,803,920

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 Disaster Recovery Funding Arrangements (DRFA) and Natural Disaster Relief and Recovery Arrangements (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. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

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:

(i) General revenue assistance, including GST revenue payments – a financial contribution to a State or Territory which is available for use for any purpose.

(ii) National Specific Purpose Payments (National SPPs) – a financial contribution to support a State or Territory to deliver services in a particular sector.

(iii) 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 NHR Agreement.

(iv) 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.

(v) 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 Councils of Australian Government (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 National Recovery and Resilience Agency (NRRA) an estimate of costs expected to be incurred for disasters affecting States and Territories that occurred prior to 1 July 2022 which would be eligible for assistance. The signed representations from the States and Territories are quality assured by the NRRA, which in turn provides a certification of the expenditure estimates to the Treasury. Refer to note 5.4A Administered provisions for additional information.

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

- Department of Finance – payments to States and Territories in relation to the Emergency Response Fund.

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

- 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.

The Treasury receives funds from the relevant Commonwealth agency and pays the amount to the States and Territories. These amounts are recorded as 'COAG revenue 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.

	2022 $'000	2021 $'000
Note 4.1B: Medicare Guarantee Fund		
Medicare Guarantee Fund	**44,867,877**	41,448,516
Total Medicare Guarantee Fund	**44,867,877**	41,448,516

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.

	2022 $'000	2021 $'000
Note 4.1C: Payments to corporate Commonwealth entities		
National Housing Finance and Investment Corporation (NHFIC)		
Operating funding	**4,939**	24,004
Grants payment	**35,000**	35,000
Total payments to corporate Commonwealth entities	**39,939**	59,004

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).

	2022 $'000	2021 $'000
Note 4.1D: Suppliers and provisions		
Suppliers		
Advertising campaigns	**16,562**	29,615
AFCA disputes payments[1]	**-**	504
General supplier expenses	**1,532**	1,742
Total suppliers	**18,094**	31,861
Provisions		
NHFIC First Home Loan Deposit Scheme – claims provision[2]	**11,992**	(3,053)
NHFIC New Home Guarantee – claims provision[2]	**4,104**	1,325
NHFIC Family Home Guarantee – claims provision[2]	**2,205**	-
Small and Medium Enterprises Guarantee Scheme – claims[2]	**254,523**	314,364
Total provisions	**272,824**	312,636
Total suppliers and provisions	**290,918**	344,497

1. The Australian Financial Complaints Authority (AFCA) disputes payments were finalised in 2020-21.
2. Refer to Note 5.4A (NHFIC) and Note 5.2D (Small and Medium Enterprises) Accounting Policies for further details.

	2022 $'000	2021 $'000
Note 4.1E: Concessional loan discount		
Concessional loan discount - PNG loans	**321,929**	253,169
Concessional loan discount - Indonesia loan[1]	**(18,037)**	422,526
Concessional loan discount - IMF PRGT loan	**-**	52,739
Total concessional loan discount	**303,892**	728,434

1. The Indonesia loan was recalculated due to a revision of the interest rate used in 2020-21; resulting in a negative adjustment of $18 million in 2021-22.

Accounting Policy

All borrowing costs are expensed as incurred.

4.2. Administered – Income

Revenue	2022 $'000	2021 $'000
Non-Taxation Revenue		
Note 4.2A: Revenue from contracts with customers		
GST administration fees - external entities	**592,400**	621,500
Guarantee of State and Territory borrowing fee	**1,008**	2,125
Total revenue from contracts with customers	**593,408**	623,625
Note 4.2B: Interest		
Net International Monetary Fund (IMF) remuneration	**6,787**	1,983
Interest on IMF Special Drawing Right (SDR) Holdings	**24,627**	-
Interest on IMF NAB loans	**165**	141
Interest on IMF PRGT loans	**927**	2
Interest on international assistance loans	**36,886**	15,696
Interest on loans to States and Territories	**2,164**	2,162
Interest on loans to NHFIC	**395**	278
Total interest	**71,951**	20,262
Note 4.2C: Dividends		
Reserve Bank of Australia	**1,965**	2,672,987
Australian Reinsurance Pool Corporation	**-**	10,000
Total dividends	**1,965**	2,682,987
Note 4.2D: COAG revenue from government agencies		
DisabilityCare Australia Fund revenue	**1,232,659**	1,688,921
Emergency Response Fund revenue	**200,000**	50,000
Future Drought Fund revenue	**-**	25,818
Social and Community Services Sector	**-**	45,617
Total COAG revenue from government agencies	**1,432,659**	1,810,356

Note 4.2E: Other revenue	2022 $'000	2021 $'000
HIH Group liquidation proceeds	**18,280**	-
Australian Reinsurance Pool Corporation fee[1]	**90,000**	90,000
Other revenue	**5,041**	4,553
Total other revenue	**113,321**	**94,553**

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.*

Note 4.2F: Unwinding concessional loan discount		
Unwinding of concessional loan discount - PNG loans	**35,536**	12,484
Unwinding of concessional loan discount - Indonesia loan	**44,059**	22,773
Unwinding of concessional loan discount - IMF PRGT loan	**6,653**	3,307
Total unwinding of concessional loan discount	**86,248**	38,564

Gains		
Note 4.2G: Net Foreign exchange gains/(losses)		
IMF SDR allocation	**159,167**	347,046
IMF SDR holdings	**(272,371)**	-
IMF Maintenance of Value	**(168,136)**	1,178,400
IMF quota revaluation	**241,318**	(739,797)
International Financial Institutions (IFI) revaluation	**178,649**	(205,853)
IMF NAB loans	**1,051**	(13,083)
IMF PRGT loans	**7,731**	3,522
Total foreign exchange gains/(losses)	**147,409**	570,235

Accounting Policy

Administered revenue

All administered revenue relates 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.

Interest revenue

Interest revenue is recognised using the effective interest method.

Reserve Bank of Australia dividend

The Treasurer is able to determine what portion of the Reserve Bank of Australia's (RBA) 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 RBA 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 dollars fall below a specified level, it pays remuneration on Australia's average remunerated reserve tranche position. The rate of remuneration is based on the Special Drawing Right (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'. No adjustment for 'burden sharing' has been made in either the current or prior years.

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.

IMF 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 ten years after each call is made. Amounts can be repaid earlier at the IMF's discretion.

IMF Poverty Reduction and Growth Trust (PRGT)

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.

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

	2022 $'000	2021 $'000
Note 5.1A: Cash and cash equivalents		
Cash held in the OPA - NHFIC Special Account	**965,521**	747,269
Cash held in the OPA - COAG Special Account	**200,000**	50,000
Total cash and cash equivalents	**1,165,521**	797,269

Accounting Policy

The Treasury's administered cash and cash equivalents relate to special account balances held in the Official Public Account (OPA). Refer to Note 6.2 Special Accounts for more information.

	2022 $'000	2021 $'000
Note 5.1B: Loans and other receivables		
Loans		
Loans to States and Territories	**47,858**	47,855
International assistance loans	**1,656,627**	1,367,085
Loans to NHFIC	**34,479**	87,731
IMF NAB loans	**57,412**	120,471
IMF PRGT loans	**389,345**	378,812
Total loans	**2,185,721**	2,001,954
Other receivables		
IMF Maintenance of Value receivable	-	1,178,400
Borrowing contractual fee receivable[1]	**553**	1,406
Guarantee of State and Territory Borrowing fee receivable	**56**	112
Net GST receivable from the ATO	**123**	358
IMF related moneys owing	**17,029**	248
Dividends receivable	-	2,669,000
Accrued interest - loans to NHFIC	**124**	50
Accrued interest - international loans	**13,987**	5,150
Accrued interest - IMF PRGT loans	**523**	1
Accrued interest - IMF NAB loans	**63**	-
GST revenue allocation and COAG receivable	-	3,597
Other receivables	**99**	-
Total other receivables	**32,557**	3,858,322
Total loans and other receivables (gross)	**2,218,278**	5,860,276
Receivables are expected to be recovered in		
No more than 12 months	**217,417**	3,957,682
More than 12 months	**2,000,861**	1,902,594
Total receivables (gross)	**2,218,278**	5,860,276
Receivables (gross) are aged as follows		
Not overdue	**2,218,278**	5,860,276
Total receivables (gross)	**2,218,278**	5,860,276

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

Note 5.1B: Concessional loans carrying amounts

	Loans to PNG $'000	Loan to Indonesia $'000	IMF PRGT loan $'000	Total $'000
As at 1 July 2021	**316,838**	**1,050,247**	**378,812**	**1,745,897**
Gross funded loans and advances	**650,000**	**-**	**-**	**650,000**
Less: concessional loan discount on drawn loans	**(321,929)**	**18,037**	**-**	**(303,892)**
Less: repayment of principal	**(36,162)**	**(100,000)**	**-**	**(136,162)**
Add: unwinding of concessional loan discount (income)	**35,536**	**44,059**	**2,802**	**82,397**
Add: foreign exchange movement	**-**	**-**	**7,731**	**7,731**
Total as at 30 June 2022	**644,283**	**1,012,343**	**389,345**	**2,045,971**

	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	-	(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
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.

GST Revenue allocation and Council of Australian Government (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.

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 and actual State and Territory payments is recorded as GST revenue allocation.

Current year GST revenue allocation is $nil (2021: $nil). Refer to Note 5.2A Grants for further details.

Loans to National Housing Finance and Investment Corporation (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.

International Monetary Fund (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. There are also two member countries that are prospective NAB participants. 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 period subject to a specified maximum level of commitments.

The IMF must repay amounts lent through the NAB ten 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 Papua New Guinea

On 22 November 2020, the Commonwealth of Australia agreed to lend approximately 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 before 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.

The Australian Government agreed with PNG to temporarily suspend principal and interest repayments for the loan until 31 December 2021; consistent with the Debt Service Suspension Initiative of G20 nations to support low-income nations during the COVID-19 pandemic.

On 10 December 2021, the Commonwealth of Australia agreed to lend A$650 million to the Independent State of Papua New Guinea (PNG). The loan provides support to PNG to meet its 2021 Budget financing shortfall, help it respond to the ongoing health and economic impact of the COVID-19 pandemic, and for continued progress on economic reforms under the second IMF SMP.

The interest rate on the loan is fixed to match the yield on 10-year Australian Government Securities ten business days prior to 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 twenty years every six months in Australian dollars.

International Assistance Loan 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.

	2022 $'000	2021 $'000
Note 5.1C: Investments		
International financial institutions		
Asian Development Bank	**594,254**	582,976
Asian Infrastructure and Investment Bank	**1,071,563**	981,910
European Bank for Reconstruction and Development	**95,007**	99,051
International Bank for Reconstruction and Development	**433,442**	368,269
International Finance Corporation	**612,989**	534,469
Multilateral Investment Guarantee Agency	**9,001**	8,248
Total international financial institutions	**2,816,256**	2,574,923
Australian Government entities		
Reserve Bank of Australia	**-**	22,466,000
Australian Reinsurance Pool Corporation	**707,473**	595,429
NHFIC	**624,132**	411,047
Total Australian Government entities	**1,331,605**	23,472,476
Other investments		
Australian Business Growth Fund	**14,314**	4,778
IMF Quota	**12,715,032**	12,473,714
IMF SDR holdings	**12,186,786**	-
Total other investments	**24,916,132**	12,478,492
Total investments	**29,063,993**	38,525,891

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. The note should be read in conjunction with notes 7.2 Administered Contingent Assets and Liabilities and 7.6: Administered - Fair Value Measurement.

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 is 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 (IMF)

The IMF is an organisation with 190 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 Special Drawing Rights (SDRs) represent a member's shareholding in the IMF and generate most of the IMF's financial resources.

IMF SDR Holdings

The IMF Board of Governors approved a new general allocation of SDRs to member countries on 2 August 2021. Australia's share of the new allocation was SDR6.3 billion (A$12.5 billion) received on 23 August 2021. The SDR holdings were revalued downwards at 30 June 2022 as the AUD was stronger against the SDR than at the 23 August 2021 allocation date. The additional allocation is reflected as both an asset and a liability (refer to Note 5.2B for the liability IMF SDR Allocation).

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 (RBA) 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.

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

	2022 $'000	2021 $'000
Note 5.2A: Grants		
COAG grants payable	**1,251,361**	3,908,150
Other grants payable	**913**	2,521
Total grants	**1,252,274**	3,910,671
Grants are expected to be settled in no more than 12 months.		
Note 5.2B: Other payables		
GST appropriation payable	**14,463**	10,161
IMF SDR allocation	**18,151,520**	5,851,530
IMF related monies owing	**20,009**	485
IMF Maintenance of Value	**168,136**	-
Suppliers	**-**	20
Total other payables	**18,354,128**	5,862,196
Other payables expected to be settled		
No more than 12 months	**202,608**	10,666
More than 12 months	**18,151,520**	5,851,530
Total other payables	**18,354,128**	5,862,196
Note 5.2C: Unearned income		
Guarantee of State and Territory borrowing contractual guarantee service obligation[1]	**553**	1,406
Total unearned income	**553**	1,406
Total unearned income expected to be settled		
No more than 12 months	**553**	766
More than 12 months	**-**	640
Total unearned income	**553**	1,406

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

International Monetary Fund (IMF) Special Drawing Right (SDR) 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 2021	393,424	872	12,871	407,167
Add: new accruals	-	-	436,555	436,555
Less: payments of claims to lenders	(6,597)	-	-	(6,597)
Add: revaluation	(173,717)	111	(8,426)	(182,032)
Total as at 30 June 2022	213,110	983	441,000	655,093
Total financial guarantees to be settled				
No more than 12 months	28,528	113	17,609	46,250
More than 12 months	184,582	870	423,391	608,843
Total financial guarantees	213,110	983	441,000	655,093

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.

The Australian Government Actuary (AGA) has provided a valuation of the Small and Medium Enterprise (SME) loan schemes as at 30 June 2022. The key assumptions used by the AGA are:

- average default rate of 15 per cent applicable to all loans;
- an average rate of recovery of 20 per cent applies to the proportion of loans where a guarantee exists;
- loans will default at their maturity date having paid all interest but unable to refinance; and
- claim applications pending decision at 30 June 2022 will result in a payment.

Small and Medium Enterprises Guarantee Scheme (SMEGS)

The Australian Government is supporting SMEs access to finance by providing a Guarantee to eligible lenders through the Coronavirus SME Loan 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 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 residential property). The Government will guarantee 50 per cent of eligible loans issued under Phase 2 of the Coronavirus SME Guarantee Scheme.

Show Starter Loan Scheme

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 and Medium Enterprises Recovery Loan Scheme (SMERLs – Flood, JobKeeper and COVID affected)

Through the SME Recovery Loan Scheme, the Government is supporting the economic recovery of, and providing continued assistance to, firms that received JobKeeper payments during the March 2021 quarter, are an eligible flood-affected business or have been adversely economically affected by COVID-19.

From 1 April 2021 until 31 December 2021, eligible lenders were 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; or
- adversely economically affected by COVID-19.

The SME Recovery Loan Scheme was extended with loans available from 1 January 2022 until 30 June 2022. Loans will have the same terms as the first round; however the Government guarantee will be 50 per cent of the loan amount.

5.3. Administered – Financial Liabilities

	2022 $'000	2021 $'000
Note 5.3A: Promissory notes[1]		
IMF promissory notes	**8,592,762**	10,051,064
Other promissory notes	**64,460**	59,067
Total promissory notes	**8,657,222**	10,110,131
Promissory notes expected to be settled		
Within 1 year	**-**	1,304,449
More than 5 years	**8,657,222**	8,805,682
Total promissory notes	**8,657,222**	10,110,131

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 International Monetary Fund (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

	2022 $'000	2021 $'000
Note 5.4A: Provisions		
Provision for PRGT loan commitment	**24,758**	28,609
NHFIC Home Guarantee Schemes	**23,308**	5,007
First Home Loan Deposit Scheme (FHLDS)	***15,674***	3,682
New Home Guarantee (NHG)	***5,429***	1,325
Family Home Guarantee (FHG)	***2,205***	-
DRFA and NDRRA provision	**5,524,114**	1,619,217
Australian Capital Territory	***411***	*104*
New South Wales	***2,600,426***	*678,724*
Northern Territory	***-***	*7*
Queensland	***2,495,427***	*741,223*
South Australia	***53,343***	*52,637*
Tasmania	***1,372***	*1,788*
Victoria	***171,923***	*86,318*
Western Australia	***201,212***	*58,416*
Total provisions	**5,572,180**	**1,652,833**
Provisions expected to be settled		
No more than 12 months	**1,891,306**	781,301
More than 12 months	**3,680,874**	871,532
Total provisions	**5,572,180**	1,652,833

	PRGT loan commitment $'000	NHFIC Home Guarantee Schemes $'000	DRFA and NDRRA $'000	Total $'000
As at 1 July 2021	**28,609**	**5,007**	**1,619,217**	**1,652,833**
Additional provisions made	**-**	**18,301**	**3,543,976**	**3,562,277**
Amounts used	**-**	**-**	**(652,377)**	**(652,377)**
Revaluation of prior year estimates	**-**	**-**	**1,006,537**	**1,006,537**
Unwinding of concessional loan discount	**(3,851)**	**-**	**-**	**(3,851)**
Unwinding of discount	**-**	**-**	**6,761**	**6,761**
Total as at 30 June 2022	**24,758**	**23,308**	**5,524,114**	**5,572,180**

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 National Recovery and Resilience Agency (NRRA). 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. NRRA 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.

The DRFA and NDRRA provision at 30 June 2022 includes estimated payments for disaster events that occurred prior to 1 July 2022, except for new events that occurred during the 2021-22 financial year for which costs cannot yet be quantified reliably.

Contingent liabilities

For a list of natural disasters that are included in the DRFA and NDRRA contingent liability, refer to Note 7.2 Administered Contingent Assets and Liabilities.

National Housing Finance and Investment Corporation (NHFIC) Home Guarantee Schemes

Provision

The NHFIC Home Guarantee Schemes (HGS) provision represents the Treasury's best estimate of claims expected from NHFIC as at balance date. The NHFIC HGS comprises the First Home Loan Deposit Scheme (FHLDS), New Home Guarantee (NHG) and Family Home Guarantee (FHG) schemes.

FHLDS is an Australian Government initiative launched on 1 January 2020. 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.

FHG commenced on 1 July 2021. Under the FHG, NHFIC guarantees up to 18 per cent of a purchased property's value to eligible single parents with at least one dependent child. 10,000 loans are available over four years from 2021-22.

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 includes 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. The Australian Government Actuary has provided the valuation of the NHFIC HGS as at 30 June 2022.

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 2022

	Annual Appropriation $'000	Adjustments to Appropriations: Section 74 Receipts $'000	Adjustments to Appropriations: Section 75 Transfers $'000	Total appropriation $'000	Appropriation applied in 2022 (current and prior years) $'000	Variance[1,2] $'000
DEPARTMENTAL						
Ordinary annual services	327,957	33,962	-	361,919	(344,139)	17,780
Capital Budget[3]	10,262	-	-	10,262	(5,103)	5,159
Other services						
Equity	301	-	-	301	(791)	(490)
Total departmental	338,520	33,962	-	372,482	(350,033)	22,449
ADMINISTERED						
Ordinary annual services						
Administered items	138,915	-	-	138,915	(99,583)	39,332
Other services						
Administered assets and liabilities	165,000	-	-	165,000	(165,000)	-
New Administered Outcomes	6,153	-	-	6,153	-	6,153
Total administered	310,068	-	-	310,068	(264,583)	45,485

1. Unspent funds of $0.789 million in 2021-22 relate to the wind up of the Financial Adviser Standards and Ethics Authority Ltd (FASEA) and $2.754 million in 2020-21 relate 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 2022.

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

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

Annual Appropriations for 2021

	Annual Appropriation $'000	*Adjustments to Appropriations* Section 74 Receipts $'000	Section 75 Transfers $'000	Total appropriation $'000	Appropriation applied in 2021 (current and prior years) $'000	Variance[1,2] $'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 ICA 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 ordinary annual services and are not separately identified in the Appropriation Acts.

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

Authority	2022 $'000	2021 $'000
Departmental		
Supply Act (No. 1) 2020-2021	**-**	1,771
Supply Act (No. 2) 2020-2021 - Equity	**-**	237
Appropriation Act (No. 1) 2020-2021[1, 2]	**2,754**	75,067
Appropriation Act (No. 3) 2020-2021	**-**	6,303
Appropriation Act (No. 1) 2021-2022[3]	**100,018**	-
Appropriation Act (No. 1) 2021-2022 - DCB	**5,159**	-
Appropriation Act (No. 3) 2021-2022	**3,676**	-
Cash at Bank	**424**	760
Total departmental	**112,031**	84,138

Authority	2022 $'000	2021 $'000
Administered		
Appropriation Act (No. 2) 2018-2019[4]	**-**	44,850
Appropriation Act (No. 3) 2018-2019[4]	**-**	131
Appropriation Act (No. 1) 2019-2020	**959**	959
Appropriation Act (No. 3) 2019-2020	**4,682**	4,682
Supply Act (No.1) 2020-2021	**524**	524
Appropriation Act (No. 1) 2020-2021[5]	**45,156**	38,001
Appropriation Act (No. 3) 2020-2021	**2,544**	2,544
Appropriation Act (No. 1) 2021-2022	**3,730**	-
Appropriation Act (No. 3) 2021-2022	**38,037**	-
Appropriation Act (No. 4) 2021-2022	**6,153**	-
Cash at Bank	**-**	-
Total administered	**101,785**	91,691

1. Appropriation Act (No. 1) 2020-2021 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 2022.

2. Appropriation Act (No.1) 2020-2021 includes a s75 adjustment of $2.587 million from the 2021 Small Business and ASBFEO restructure.

3. Appropriation Act (No.1) 2021-2022 includes unspent funds of $0.789 million in relation to unspent grant funding that is required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and is therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2022.

4. 2018-2019 Appropriation Acts were repealed on 1 July 2021.

5. Appropriation Act (No.1) 2020-2021 includes a s75 adjustment of $9.589 million from the 2021 Small Business and ASBFEO restructure.

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

Authority	Appropriation applied 2022 $'000	Appropriation applied 2021 $'000
Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020, s18	**(12,407)**	(4,778)
Commonwealth Places (Mirror Taxes) Act 1998, s23(4)	**(648,522)**	(610,340)
Federal Financial Relations Act 2009, s22	**(109,220,904)**	(92,369,988)
Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020, s6	**(5,685)**	(582)
International Finance Corporation Act 1955	**(27,776)**	(56,211)
International Monetary Agreements Act 1947, s7(3)	**-**	(584,000)
International Monetary Agreements Act 1947, s7(4)	**(285,852)**	-
International Monetary Agreements Act 1947, s8	**(17,833)**	(4,629)
International Monetary Agreements Act 1947, s8C(3)	**(650,000)**	(2,453,635)
International Monetary Agreements Act 1947, s9	**(29,516)**	(59,729)
Public Governance, Performance and Accountability Act 2013, s77	**-**	(2)
Total	**(110,898,495)**	(96,143,894)

The following special appropriations were not drawn upon in the current or prior year:

Asian Development Bank (Additional Subscription) Act 1972, s7	*International Financial Institutions (Share Increase) Act 1986, s7(1)*
Asian Development Bank (Additional Subscription) Act 1977, s7	*International Monetary Agreements Act 1947, s5a(6)*
Asian Development Bank (Additional Subscription) Act 1983, s6	*International Monetary Agreements Act 1947, s8A*
Asian Development Bank (Additional Subscription) Act 1995, s6	*International Monetary Agreements Act 1947, s8B(2)*
Asian Development Bank (Additional Subscription) Act 2009, s6	*International Monetary Agreements Act 1947, s8CA(4)*
Asian Development Bank Act 1966, s4	*International Monetary Agreements Act 1947, s8CAA(2)*
Asian Infrastructure Investment Bank Act 2015, s7	*International Monetary Agreements Act 1960, s4*
Banking Act 1959, s69(8)	*International Monetary Agreements Act 1974, s6*
European Bank for Reconstruction and Development Act 1990, s4	*Medicare Guarantee Act 2017, s18*
Financial Agreements (Commonwealth Liability) Act 1932, s4(3)	*Multilateral Investment Guarantee Agency Act 1997, s4*
Guarantee of State and Territory Borrowing Appropriation Act 2009, s5	*National Housing Finance and Investment Corporation Act 2018, s48A*
Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008, s5	*Papua New Guinea Loans Guarantee Act 1975, s4*
International Bank for Reconstruction and Development (General Capital Increase) Act 1989, s6	*State Grants Act 1927, s7*
International Bank for Reconstruction and Development (Share Increase) Act 1988, s5(1)	*Superannuation Industry (Supervision) Act 1993, s231(4)*
International Financial Institutions (Share Increase) Act 1982, s7(1)	*Terrorism Insurance Act 2003, s37, s42(3)*

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

2022	**Department of Education, Skills and Employment** Payments to the States and Territories: Education services **$'000**	**Department of Agriculture, Water and the Environment** Payments to the States and Territories: Water for the Environment Special Account **$'000**
Total receipts	**26,563,631**	**118,696**
Total payments	**26,563,631**	**118,696**

2021	**Department of Education, Skills and Employment** Payments to the States and Territories: Education services $'000	**Department of Agriculture, Water and the Environment** Payments to the States and Territories: Water for the Environment Special Account $'000
Total receipts	23,464,612	40,690
Total payments	23,464,612	40,690

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

6.2. Special Accounts

	NHFIC Special Account[1]		Medicare Guarantee Fund (Treasury) Special Account[2]		Fuel Indexation Special Account[3]		COAG Reform Fund Special Account[4]	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**747,269**	449,817	**-**	-	**-**	-	**50,000**	-
Increases								
Appropriations	**165,000**	270,000	**44,867,877**	41,448,516	**1,001,000**	887,000	**21,715,633**	13,509,990
Other receipts	**138,614**	208,213	**-**	-	**-**	-	**2,472,256**	2,693,758
Total increases	**303,614**	478,213	**44,867,877**	41,448,516	**1,001,000**	887,000	**24,187,889**	16,203,748
Available for payments	**1,050,883**	928,030	**44,867,877**	41,448,516	**1,001,000**	887,000	**24,237,889**	16,203,748
Decreases								
Payments made to States and Territories	**-**	-	**-**	-	**-**	-	**(24,037,889)**	(16,153,748)
Payments made to other entities	**(85,362)**	(180,761)	**-**	-	**-**	-	**-**	-
Transfers made to Medicare Guarantee Fund (Health) Special Account	**-**	-	**(44,867,877)**	(41,448,516)	**-**	-	**-**	-
Transfer made to COAG Reform Fund Special Account	**-**	-	**-**	-	**(1,001,000)**	(887,000)	**-**	-
Total decreases	**(85,362)**	(180,761)	**(44,867,877)**	(41,448,516)	**(1,001,000)**	(887,000)	**(24,037,889)**	(16,153,748)
Balance represented by								
Cash held in Official Public Account	**965,521**	747,269	**-**	-	**-**	-	**200,000**	50,000
Total balance carried to the next period	**965,521**	747,269	**-**	-	**-**	-	**200,000**	50,000

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing instrument: *National Housing Finance and Investment Corporation Act 2018*, section 47A
Purpose: To secure funding for the establishment and operation of National Housing Finance and Investment Corporation's (NHFIC) 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) $105 million, to be credited on the day this section commences;
(b) $310 million, to be credited on 1 July 2019;
(c) $270 million, to be credited on 1 July 2020;
(d) $165 million, to be credited on 1 July 2021; and
(e) each amount paid to the Commonwealth by the NHFIC, on or after the day this section commences, that:
(i) is a repayment of money debited from the Account, or of other money lent by the Commonwealth to the NHFIC; and
(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*, section 7.
Purpose: To ensure that amounts equal to the net revenue from indexation on customs and excise duties on fuel are transferred to the Council of Australian Governments (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.

Financial System Stability Special Account
The Treasury's Financial System Stability special account was 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 2022 and 30 June 2021 this special account had nil balances and no transactions were credited or debited to the account.

Services for Other Entities and Trust Monies Special Account (SOETM)
The Treasury's SOETM special account was established under the *Public Governance, Performance and Accountability Act 2013*, section 80 by the establishing instrument, *Establishment of SOTEM Special Account — Treasury Determination 2012/09*.
The SOETM's purpose is 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. For the years ended 30 June 2022 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

	2022	2021
	$'000	$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	**(13,796)**	(4,656)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)[1]	**11,102**	10,370
Plus: depreciation of right-of-use (ROU) assets[2]	**12,499**	10,007
Less: lease principal repayments[2]	**(13,148)**	(9,865)
Total comprehensive income/(loss) less expenses previously funded through revenue appropriations	**(3,343)**	5,856
Changes in asset revaluation reserve	**250**	(1,667)
Net cash Operating Surplus/(Deficit)	**(3,093)**	4,189

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 appropriation. 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 2022 (2021: nil). There were nil quantifiable contingent assets in 2022 (2021: 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.

Contingent Liabilities

Commitments under expanded International Monetary Fund (IMF) New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the IMF under its 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 SDR4.44 billion (Special Drawing Right (SDR) is the IMF's unit of account) (approximately A$8.59 billion at 30 June 2022) (2021: SDR4.44 billion, A$8.43 billion). In January 2021, the NAB was renewed for an additional five year period until 31 December 2025.

The IMF 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 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 a SDR1.986 billion (approximately A$3.84 billion at 30 June 2022) contingent bilateral loan to the IMF (2021: SDR1.986 billion, A$3.77 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 most recent three-year bilateral borrowing arrangement with the IMF commenced in January 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 line of credit to the 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. As at 30 June 2022, the undrawn balance on the line of credit is SDR289.4 million (approximately A$560 million) (2021: SDR289.4 million, A$549 million).

On 13 October 2021, the Government announced that it intended to provide an additional SDR250 million (A$483.7 million as at 30 June 2022) to the PRGT.

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$4.0 billion (estimated value A$5.9 billion as at 30 June 2022).

The Australian Government has 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$360.5 million as at 30 June 2022).

The Australian Government has held an uncalled capital subscription to the Asian Development Bank (ADB) since 1966. Australia's uncalled capital subscription to the ADB totals US$7.0 billion (estimated value A$10.2 billion as at 30 June 2022).

The Australian Government holds an uncalled capital subscription to the Multilateral Investment Guarantee Agency of US$26.5 million (estimated value A$38.4 million as at 30 June 2022).

The Australian Government holds an uncalled capital subscription to the Asian Infrastructure Investment Bank (AIIB) of US$3.0 billion (estimated value A$4.3 billion as at 30 June 2022).

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 (ABGF). The uncalled capital subscription to the ABGF totals $82.8 million as at 30 June 2022. The Commonwealth committed $100 million in total to the ABGF, but drawdown is capped at 20% per year of its total commitment.

Guarantee by Commonwealth – Reserve Bank of Australia (RBA)

As at 30 June 2022, the RBA's liabilities exceeded its assets by $12.9 billion. The net liability position reflects unrealised valuation losses recorded on the RBA's holding of bonds issued by the Australian Government and the state and territory borrowing authorities, which resulted from the significant rise in bond yields during 2021-22. These bonds were purchased as part of the RBA's response to the COVID-19 pandemic, including under the Bond Purchase Program and as part of achieving a target for the yield on the 3-year Australian Government bond.

The RBA as a central bank, is unique in its ability to create liquidity to meet its liabilities as and when they fall due. The Commonwealth, under s77 of the *Reserve Bank of Australia Act 1959* (RBA Act) guarantees the RBA's liabilities. The Reserve Bank Board considered the case for a capital injection by the Australian Government in its July 2022 meeting, however it concluded that given the RBA's equity can be restored over time through the retention of future earnings that a capital injection by the Australian Government was not needed. The majority of the RBA's domestic bonds are now carried on the balance sheet at a discount to their par value, so that capital gains are expected to be realised as these assets mature. This will add to the RBA's distributable earnings in future periods. The RBA also has substantial liabilities (in the form of banknotes on issue) which have a zero funding cost.

The Treasury's view is informed by the Reserve Bank Board advice that it is important there is a credible path to restoring the RBA's equity position over time. The expectation is that future distributable earnings will first be applied to offsetting accumulated losses and then to restoring the Reserve Bank Reserve Fund to target, before paying any dividends to the Australian Government. Consistent with the RBA Act, any transfers from the RBA's earnings in the future will be formally determined by the Treasurer after consulting the Reserve Bank Board each year.

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 — National Housing Finance and Investment Corporation (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 4.1C, 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 2022 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 Arrangements (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.

The DRFA and NDRRA provision at 30 June 2022 includes estimated payments for disaster events that occurred prior to 1 July 2022, except for new events that occurred during the 2021-22 financial year for which costs cannot yet be quantified reliably. There were seven such events that are included in the DRFA and NDRRA contingent liability. These are:

- Flooding in the midwest and Gascoyne Regions (WA) (26 March to 3 April 2022);
- South East Victoria Storms (commencing 6 June 2022);
- Storms and flooding in the South Coastal District (WA) (11 to 14 April 2022);
- Tropical Cyclone Anika (WA) (26 February to 4 March 2022);

- NSW Severe weather and flooding (27 June 2022 onwards);

- North-west Tasmania storm (11 to 12 June 2022); and

- Wingecarribee Severe Storm (19 April 2022).

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

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 and Medium Enterprises Guarantee Scheme (SMEGS), Small and Medium Enterprises Recovery Loan Scheme (SMERLS) and Show Starter Loan Scheme

The Australian Government is supporting small and medium enterprises (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 2021-22. The HIH companies scheme of arrangement terminated in June 2022 with the completion of the liquation of the HIH group. The deregistration of the remaining companies and the release of the liquidators is expected to be finalised in the third quarter of 2022.

Burden sharing in the International Monetary Fund (IMF) 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.

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

	2022	2021
	$'000	$'000
Note 7.3A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	**424**	760
Trade and other receivables - Goods and services receivables	**4,476**	2,996
Trade and other receivables - Other receivables	**1,035**	648
Total financial assets at amortised cost	**5,935**	4,404
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	**15,095**	10,602
Other payables	**5,211**	3,984
Total financial liabilities measured at amortised cost	**20,306**	14,586
Total financial liabilities	**20,306**	14,586

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 don'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

	2022 $'000	2021 $'000
Note 7.4A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	**1,165,521**	797,269
IMF related monies owing	**17,029**	248
IMF NAB loans	**57,412**	120,471
IMF PRGT loans	**389,345**	378,812
International assistance loans	**1,656,627**	1,367,085
Loans to States and Territories	**47,858**	47,855
Loans to NHFIC	**34,479**	87,731
IMF Maintenance of Value	**-**	1,178,400
Dividends receivable	**-**	2,669,000
Accrued interest - loans to NHFIC	**124**	50
Accrued interest - international loans	**13,987**	5,150
Accrued interest - IMF NAB loans	**63**	-
Accrued interest - IMF PRGT loans	**523**	1
GST revenue allocations and COAG receivable	**-**	3,597
Other receivables	**155**	112
Total assets at amortised cost	**3,383,123**	6,655,781
Financial assets at fair value through other comprehensive income		
International financial institutions	**2,816,256**	2,574,923
Australian Government entities	**1,331,605**	23,472,476
Australian Business Growth Fund	**14,314**	4,778
IMF Quota	**12,715,032**	12,473,714
IMF SDR holdings	**12,186,786**	-
Total assets at fair value through other comprehensive income	**29,063,993**	38,525,891
Financial assets at fair value through profit or loss		
Borrowing contractual fee receivable	**553**	1,406
Total assets at fair value through profit or loss	**553**	1,406
Total financial assets	**32,447,669**	45,183,078
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Promissory notes	**8,657,222**	10,110,131
Grant liabilities	**1,252,274**	3,910,671
IMF SDR allocation liability	**18,151,520**	5,851,530
Other payables	**20,009**	505
IMF Maintenance of Value	**168,136**	-
Total financial liabilities measured at amortised cost	**28,249,161**	19,872,837
Financial liabilities measured at fair value through profit or loss:		
Guarantee of State and Territory Borrowing contractual guarantee service obligation	**553**	1,406
Financial guarantees	**655,093**	407,167
Total financial liabilities measured at fair value through profit or loss	**655,646**	408,573
Total financial liabilities	**28,904,807**	20,281,410

	2022 $'000	2021 $'000
Note 7.4B: Net Gains and Losses on Financial Assets		
Financial assets at amortised cost		
Interest revenue[1,2]	**122,934**	53,536
Concessional Loan Discount Expense[2]	**(303,892)**	(728,434)
Exchange gains/(loss)	**8,782**	(9,561)
Net gains/(losses) on financial assets at amortised cost	**(172,176)**	(684,459)
Financial assets at fair value through other comprehensive income		
Gains / (losses) recognised in Equity[2]	**(22,308,742)**	(7,120,710)
Interest revenue	**31,414**	1,983
Exchange gains/(loss)	**147,596**	(945,650)
Net gains/(losses) on financial assets at fair value through other comprehensive income	**(22,129,732)**	(8,064,377)
Financial assets at fair value through profit and loss		
Guarantee of State and Territory Borrowing fee	**1,008**	2,125
Net gains/(losses) on financial assets at fair value through profit and loss	**1,008**	2,125
Net gains/(losses) on financial assets	**(22,300,900)**	(8,746,711)

1. Includes unwinding of the concessional loan discount. Prior year values have been adjusted to include the unwinding of the concessional loan discount and interest revenue on international loans.
2. Included in the note in 2021-22, prior year values have been included for comparative purposes.

	2022 $'000	2021 $'000
Note 7.4C: Net Gains and Losses on Financial Liabilities		
Financial liabilities measured at amortised cost		
IMF Charges	**37,357**	4,381
Exchange gains/(loss)	**(8,969)**	1,525,446
Net gains/(losses) on financial liabilities measured at amortised cost	**28,388**	1,529,827
Net gains/(losses) on financial liabilities	**28,388**	1,529,827

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' (2022: $2.2 billion and 2021: $5.9 billion) and the carrying amount of equity accounted instruments (2022: $29.1 billion and 2021: $38.5 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 Territory governments, foreign governments and international financial institutions including the International Monetary Fund (IMF). Based on the assessments, there is no indication that a significant increase in expected credit loss over the next 12 months, or the lifetime of these transactions, will occur.

International financial institutions (including the IMF), the Australian Business Growth Fund, National Housing Finance and Investment Corporation (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 International Monetary Fund (MF) Special Drawing Right (SDR) allocation and liabilities associated with the Small and Medium Enterprise (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 2022

	On demand $'000	**Within 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**> 5 years $'000**	**Total $'000**
Promissory notes	**-**	**-**	**-**	**-**	**8,657,222**	**8,657,222**
Grant liabilities	**-**	**1,252,274**	**-**	**-**	**-**	**1,252,274**
IMF SDR allocation liabilities	**-**	**-**	**-**	**-**	**18,151,520**	**18,151,520**
Financial guarantees	**-**	**46,250**	**33,650**	**243,910**	**331,283**	**655,093**
Other payables	**-**	**188,145**	**-**	**-**	**-**	**188,145**
Total	**-**	**1,486,669**	**33,650**	**243,910**	**27,140,025**	**28,904,254**

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

Note 7.4F: Market risk

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Treasury is exposed to interest rate risk from loans and other receivables.

The Treasury considers it's interest rate risk to be not significant. Interest rate risk is primarily attributable to the international assistance loans and loans to state and territory governments, which have fixed interest rates applied.

Foreign currency 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 2022 from an 8.3 per cent (30 June 2021 from a 7.9 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 2022

			Effect on	
	Risk variable	Change in risk variable %	Net cost of services 2022 $'000	Net assets 2022 $'000
IFI Investments	Exchange rate	8.3	(216,075)	(216,075)
IFI investments	Exchange rate	(8.3)	255,242	255,242
IMF SDR Holdings Asset	Exchange rate	8.3	(935,022)	(935,022)
IMF SDR Holdings Asset	Exchange rate	(8.3)	1,104,506	1,104,506
IMF Remuneration and Interest Receivable	Exchange rate	8.3	(1,352)	(1,352)
IMF Remuneration and Interest Receivable	Exchange rate	(8.3)	1,597	1,597
IMF NAB loans	Exchange rate	8.3	(4,405)	(4,405)
IMF NAB loans	Exchange rate	(8.3)	5,203	5,203
IMF PRGT loans	Exchange rate	8.3	(29,872)	(29,872)
IMF PRGT loans	Exchange rate	(8.3)	35,287	35,287
IMF Quota	Exchange rate	8.3	(975,551)	(975,551)
IMF Quota	Exchange rate	(8.3)	1,152,382	1,152,382
Promissory notes	Exchange rate	8.3	(4,946)	(4,946)
Promissory notes	Exchange rate	(8.3)	5,842	5,842
IMF SDR allocation liability	Exchange rate	8.3	(1,392,661)	(1,392,661)
IMF SDR allocation liability	Exchange rate	(8.3)	1,645,099	1,645,099
IMF Charges Payable	Exchange rate	8.3	(1,535)	(1,535)
IMF Charges Payable	Exchange rate	(8.3)	1,813	1,813

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

	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 NAB loans	Exchange rate	7.9	(8,810)	(8,810)
IMF NAB loans	Exchange rate	(7.9)	10,319	10,319
IMF PRGT loans	Exchange rate	7.9	(29,225)	(29,225)
IMF PRGT loans	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

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:

- International Monetary Fund (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 National Housing Finance and Investment Corporation (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 and Special Drawing Right (SDR) holdings;
- 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:
- Special Drawing Right (SDR) allocation;
- Promissory notes; and
- International Monetary Fund (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 (SSLS), 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, SSLS 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.

The carrying amount of financial instruments is a reasonable approximation of fair value.

7.5. Fair Value Measurement

Note 7.5A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2022	2021
	$'000	$'000
Non-financial assets[1]		
Property, plant and equipment - Assets Under Construction (AUC)[2]	**3,136**	1,108
Property, plant and equipment[2]	**7,297**	9,884
Library[2]	**764**	764
Buildings - AUC[2]	**-**	2,776
Buildings[2]	**21,817**	19,988
Total non-financial assets	**33,014**	34,520

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 2022.

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 materiality review of all tangible property, plant and equipment assets as at 30 June 2022.

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:

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.

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 account 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.

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 2022

	Fair value measurements at the end of the reporting period using			
	2022 **$'000**	2021 $'000	**Category (Level 1, 2 or 3)**	**Valuation technique(s) and inputs used[1,2]**
Financial assets:				
International financial institutions:	**2,816,256**	2,574,923	**3**	**Value of shares held**
Asian Development Bank	***594,254***	*582,976*		
Asian Infrastructure and Investment Bank	***1,071,563***	*981,910*		
European Bank for Reconstruction and Development	***95,007***	*99,051*		
International Bank for Reconstruction and Development	***433,442***	*368,269*		
International Finance Corporation	***612,989***	*534,469*		
Multilateral Investment Guarantee Agency	***9,001***	*8,248*		
Australian Government entities:	**1,331,605**	23,472,476	**3**	**Net assets**
Reserve Bank of Australia	-	*22,466,000*		
Australian Reinsurance Pool Corporation	***707,473***	*595,429*		
NHFIC	***624,132***	*411,047*		
Other investments:	**14,314**	4,778	**3**	**Net assets**
Australian Business Growth Fund (ABGF)	***14,314***	*4,778*		
Other investments:	**24,901,818**	12,473,714	**3**	**Value of quota held**
IMF Quota	***12,715,032***	*12,473,714*		
IMF SDR holdings	***12,186,786***	-		
Total financial assets	**29,063,993**	38,525,891		
Total fair value measurements	**29,063,993**	38,525,891		

1. The valuation technique used for ABGF was changed to Net Assets in 2021-22 from value of quota (shares) held.
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**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
As at 1 July	**38,525,891**	46,312,169	**38,525,891**	46,312,169
Total gains/(losses) recognised in other comprehensive income	**(22,308,742)**	(7,120,710)	**(22,308,742)**	(7,120,710)
Total gains/(losses) recognised in net cost of services				
IMF Quota foreign exchange gain/(loss)	**241,318**	(739,797)	**241,318**	(739,797)
IMF SDR holdings foreign exchange gain/(loss)	**(272,371)**	-	**(272,371)**	-
International Financial Institutions (IFI) foreign exchange gain/(loss)	**184,042**	(211,490)	**184,042**	(211,490)
Share Purchases				
Increase in investments in ABGF	**12,407**	4,778	**12,407**	4,778
Increase in investments in NHFIC	**165,000**	165,000	**165,000**	165,000
Increase in investments in the IFI	**57,292**	115,941	**57,292**	115,941
Sales	**-**	-	**-**	-
Issues				
IMF SDR holdings allocation	**12,459,156**	-	**12,459,156**	-
Settlements	**-**	-	**-**	-
Transfers into Level 3	**-**	-	**-**	-
Transfers out of Level 3	**-**	-	**-**	-
Total as at 30 June	**29,063,993**	38,525,891	**29,063,993**	38,525,891
Changes in unrealised gains/(losses) recognised in net cost of services for the year ended 30 June	**(9,461,898)**	(7,786,278)	**(9,461,898)**	(7,786,278)

8. Other Information

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

	2022 $'000	2021 $'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	**424**	760
Trade and other receivables	**115,159**	87,112
Prepayments	**3,799**	4,593
Total no more than 12 months	**119,382**	92,465
More than 12 months		
Land and buildings	**152,341**	153,352
Plant and equipment	**11,220**	11,773
Intangibles	**8,420**	16,734
Trade and other receivables	**73**	79
Prepayments	**856**	1,853
Total more than 12 months	**172,910**	183,791
Total assets	**292,292**	276,256
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers		
Suppliers	**15,095**	10,602
Other payables	**5,211**	3,984
Leases	**11,097**	9,966
Employee provisions	**17,489**	16,259
Provision for restoration	**-**	162
Total no more than 12 months	**48,892**	40,973
More than 12 months		
Loans		
Leases	**129,144**	126,547
Employee provisions	**54,703**	52,086
Provision for restoration	**5,704**	5,348
Total more than 12 months	**189,551**	183,981
Total liabilities	**238,443**	224,954

	2022 $'000	2021 $'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	**1,165,521**	797,269
Trade and other receivables	**27,249**	3,857,682
Loans	**190,168**	100,000
Total no more than 12 months	**1,382,938**	4,754,951
More than 12 months		
Trade and other receivables	**5,308**	640
Loans	**1,995,553**	1,901,954
Investments	**29,063,993**	38,525,891
Total more than 12 months	**31,064,854**	40,428,485
Total assets	**32,447,792**	45,183,436
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	**-**	20
Grants	**1,252,274**	3,910,671
Other payables	**202,608**	10,646
Unearned income	**553**	766
Promissory notes	**-**	1,304,449
Financial guarantees	**46,250**	17,323
Provisions	**1,891,306**	781,301
Total no more than 12 months	**3,392,991**	6,025,176
More than 12 months		
Other payables	**18,151,520**	5,851,530
Unearned income	**-**	640
Promissory notes	**8,657,222**	8,805,682
Financial guarantees	**608,843**	389,844
Provisions	**3,680,874**	871,532
Total more than 12 months	**31,098,459**	15,919,228
Total liabilities	**34,491,450**	21,944,404

8.2. Restructuring

Note 8.2A: Departmental restructuring – 2022

There were no departmental restructures in 2021-22. However due to the delays in the processing of section 75 transfers a total of $5.527 million in operating appropriations and $0.253 million in equity injections were transferred from the Department of Industry, Science, Energy and Resources to the Treasury in the 2021-22 financial year.

Note 8.2B: Departmental restructuring - 2021

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.

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. In June 2022 IPFA changed its name to the Infrastructure and Commercial Advisory Office (ICA)

Note 8.2B: Departmental restructuring - 2021 (continued)

	2021	2021	2021	2021
	CDR[1]	DSB[2]	ICA[3]	Small business and ASBFEO[4]
	$'000	$'000	$'000	$'000
Note 8.2A: Departmental restructuring				
FUNCTIONS ASSUMED				
Assets recognised				
Trade and other receivables	46	-	1,580	-
Property, plant and equipment	-	-	1,802	714
Intangibles	-	-	-	2,325
Prepayments	-	-	93	-
Total assets recognised	46	-	3,475	3,039
Liabilities recognised				
Payables	-	-	1,070	131
Leases	-	-	1,578	312
Employee provisions	46	55	778	2,939
Other provisions	-	-	148	147
Total liabilities recognised	46	55	3,574	3,529
Net assets/(liabilities) assumed	-	(55)	(99)	(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

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. The Treasury assumed all of the functions of the ICA from 1 May 2021.
4. Small Business and Australian Small Business and Family Enterprise Ombudsman (ASBFEO) function transfer from the Department of Industry, Science, Energy and Resources.

Note 8.2C: Administered Restructuring - 2022

There were no administered restructures in 2021-22.

Note 8.2C: Administered Restructuring - 2021

	2021 Small business and ASBFEO the Department of Industry, Science, Energy and Resources $'000
FUNCTIONS ASSUMED	
Liabilities Recognised	
Payable	20
Total Liabilities Recognised	20
Net assets/(liabilities) Recognised	(20)

9. Budgetary Reports and Explanation of Major Variances

9.1. Departmental Budgetary Reports

Statement of Comprehensive Income
for the period ended 30 June 2022

	Actual 2022 $'000	Original Budget[1] 2022 $'000	Variance to Original Budget[2] 2022 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	**208,866**	**208,050**	816
Suppliers	**114,460**	**132,682**	(18,222)
Grants	**2,295**	**958**	1,337
Depreciation and amortisation	**23,601**	**14,551**	9,050
Write-down and impairment of assets	**126**	**-**	126
Finance costs	**1,869**	**1,852**	17
Foreign exchange losses	**4**	**-**	4
Total expenses	**351,221**	**358,093**	(6,872)
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	**8,373**	**21,251**	(12,878)
Other revenues	**3,590**	**4,905**	(1,315)
Total own-source revenue	**11,963**	**26,156**	(14,193)
Gains			
Other gains	**6**	**49**	(43)
Total gains	**6**	**49**	(43)
Total own-source income	**11,969**	**26,205**	(14,236)
Net cost of services	**(339,252)**	**(331,888)**	(7,364)
Revenue from Government	**325,706**	**322,819**	2,887
Surplus / (Deficit)	**(13,546)**	**(9,069)**	(4,477)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	**(250)**	**-**	(250)
Total other comprehensive income	**(250)**	**-**	(250)
Total comprehensive income/(loss) attributable to the Australian Government	**(13,796)**	**(9,069)**	(4,727)

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2021-22 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2022. 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
Supplier expenses were $18.222 million under budget, which consisted of the following; $5m underspend due to delays in the delivery of the capability and other training courses, lower than budgeted legal fees and an underspend in the budget publications and promotions budget. The scheduling of work for various programs changed during 2021-22 which also resulted in underspends for contractors and consultants resulting in a $19.1m reduction in funding for 2021-22 at the Additional Estimates budget round. There was a $1.6m underspend due to reduced overseas travel compared to what was budgeted for. These underspends were partially offset by the $10.5m additional operating expenses for cloud based projects as a result of a change in accounting treatment during 2021-22.	Suppliers
A one off grant was paid to the Financial Adviser Standards and Ethics Authority Ltd (FASEA) for $1.74m in this financial year.	Grants
Depreciation and amortisation is $9.1 million (62%) more than the original budget as a result of the recognition of additional right-of-use (ROU) assets and leasehold improvements that had not been budgeted for.	Depreciation and amortisation
Sale of goods and services were $12.878 million under budget, this was mainly a result of $11 million in protective services funding which was allocated incorrectly to this line at Budget. There was also a contribution from the ATO of $0.6 million for the fit-out of office space in the Sydney office which was not budgeted for.	Sale of goods and rendering of services
Other revenues are $1.315 million (27%) less than the original budget, due to a reduction in secondments received free of charge this year compared to budget.	Other revenues

Statement of Financial Position
as at 30 June 2022

	Actual	Original Budget[1]	Variance to Original Budget[2]
	2022	2022	2022
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	**424**	**1,181**	(757)
Trade and other receivables	**115,232**	**77,270**	37,962
Total financial assets	**115,656**	**78,451**	37,205
Non-financial assets			
Buildings	**152,341**	**125,024**	27,317
Plant and equipment	**11,220**	**14,985**	(3,765)
Intangibles	**8,420**	**20,800**	(12,380)
Prepayments	**4,655**	**5,327**	(672)
Total non-financial assets	**176,636**	**166,136**	10,500
Total assets	**292,292**	**244,587**	47,705
LIABILITIES			
Payables			
Suppliers	**15,095**	**12,166**	2,929
Other payables	**5,211**	**2,816**	2,395
Total payables	**20,306**	**14,982**	5,324
Interest bearing liabilities			
Leases	**140,241**	**113,714**	26,527
Total interest bearing liabilities	**140,241**	**113,714**	26,527
Provisions			
Employee provisions	**72,192**	**60,844**	11,348
Provision for restoration	**5,704**	**4,377**	1,327
Total provisions	**77,896**	**65,221**	12,675
Total liabilities	**238,443**	**193,917**	44,526
Net assets	**53,849**	**50,670**	3,179
EQUITY			
Asset revaluation reserve	**14,093**	**12,676**	1,417
Contributed equity	**120,335**	**122,813**	(2,478)
Retained earnings	**(80,579)**	**(84,819)**	4,240
Total equity	**53,849**	**50,670**	3,179

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2021-22 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2022. 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
Trade and other receivables were $37.962 million over budget due to the following factors; an increase in appropriations after budget of $38.1 million which includes Machinery of Government (MoG) appropriations received of $5.5m, additional funding from PAES of $3.6m, an underspend of Departmental Capital Budget funding worth $5.2m, the difference in Section 74 receipts to budget of $7 million and finally due to an underspend in suppliers expenses for the Department of $18.2m. This was partially offset by the trade debtors being under budget by $0.6 million.	Trade and other receivables
Buildings were $27.317 million (22%) over budget due to the completion of fit-out works within the Canberra, Sydney and Melbourne offices. There was also 9 new right of use (ROU) assets created and 3 further ROU assets were remeasured during the financial year.	Buildings
Intangibles were $12.130 million (60%) less than budget due to a change in accounting treatment for IT projects which were utilising cloud based arrangements. This has resulted in a movement of $10.524 million to expense this financial year.	Intangibles
Suppliers were $2.929 million (24%) over budget due the balance of unearned income $3.378 million which relates to the timing of when invoices have been raised and services provided by the Australian Government Actuary (AGA) and the on-going work between The Treasury and the Department of Foreign Affair and Trade (DFAT) for various overseas programs.	Suppliers
Leases were $26.527 (23%) million over budget due to the addition of 9 new leases and the remeasurement of 3 leases during the 2021-22 financial year was not included in the original budget.	Leases
Employee provisions were $11.348 million (19%) over budget due to a number of factors including the increase in Average Staffing Level (ASL) from 1108 in 2020-21 to 1372 in 2021-22 and the 1.9% increase in salaries. This was partially offset by the increase in the 10 year Australian Government bond rate between 2020-21 to 2021-22.	Employee Provisions
Restoration provision was $1.327 million (30%) over budget due to a makegood revaluation as at 30 June 2022 and the addition of four makegood balances taken up since budget.	Provision for restoration
Asset Revaluation Reserves were $1.417 million (11%) over 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 2022

	Retained earnings			Asset revaluation surplus			Contributed equity/capital		
	Actual	Original Budget[1]	Variance[2]	Actual	Original Budget[1]	Variance[2]	Actual	Original Budget[1]	Variance[2]
	2022	2022	2022	2022	2022	2022	2022	2022	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 July	**(72,560)**	**(75,750)**	3,190	**14,343**	**12,676**	1,667	**109,519**	**112,250**	(2,731)
Comprehensive income									
Changes in provision for restoration		-	-	**(250)**	-	(250)		-	-
Surplus (Deficit) for the period	**(13,546)**	**(9,069)**	(4,477)	-	-	-	-	-	-
Total comprehensive income	**(13,546)**	**(9,069)**	(4,477)	**(250)**	-	(250)	-	-	-
Transactions with owners									
Contributions by owners									
Equity injection appropriation	-	-	-	-	-	-	**301**	**301**	-
Departmental capital budget appropriation	-	-	-	-	-	-	**10,262**	**10,262**	-
Restructuring	**5,527**	-	5,527	-	-	-	**253**	-	253
Total transactions with owners	**5,527**	-	5,527	-	-	-	**10,816**	**10,563**	253
Closing balance as at 30 June	**(80,579)**	**(84,819)**	4,240	**14,093**	**12,676**	1,417	**120,335**	**122,813**	(2,478)

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2021-22 Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2022. 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
Increase in deficit of $4.477 million (49%) relates directly to the Statement of Comprehensive Income variances	Surplus/(Deficit) for the period

Cash Flow Statement
for the period ended 30 June 2022

	Actual	Original Budget[1]	Variance to Original Budget[2]
	2022	**2022**	2022
	$'000	**$'000**	$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	**338,613**	**327,364**	11,249
Sale of goods and rendering of services	**5,493**	**21,251**	(15,758)
GST received	**9,769**	**-**	9,769
Other	**3,335**	**772**	2,563
Total cash received	**357,210**	**349,387**	7,823
Cash used			
Employees	**204,530**	**212,588**	(8,058)
Suppliers	**96,839**	**128,508**	(31,669)
Grants	**2,295**	**958**	1,337
Section 74 receipts transferred to OPA	**33,962**	**-**	33,962
GST paid	**9,815**	**-**	9,815
Interest payments on lease liabilities	**1,837**	**1,851**	(14)
Total cash used	**349,278**	**343,905**	5,373
Net cash from/(used by) operating activities	**7,932**	**5,482**	2,450
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of plant and equipment	**6**	**-**	6
Total cash received	**6**	**-**	6
Cash used			
Purchase of Buildings	**2,547**	**-**	2,547
Purchase of plant and equipment	**2,618**	**10,563**	(7,945)
Purchase of intangibles	**1,382**	**-**	1,382
Total cash used	**6,547**	**10,563**	(4,016)
Net cash from/(used by) investing activities	**(6,541)**	**(10,563)**	4,022
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget	**5,103**	**10,262**	(5,159)
Contributed equity - equity injections	**538**	**301**	237
Restructuring - s75 cash transfer in	**5,780**	**-**	5,780
Total cash received	**11,421**	**10,563**	858
Cash used			
Principal payments of lease liabilities	**13,148**	**5,482**	7,666
Total cash used	**13,148**	**5,482**	7,666
Net cash from/(used by) financing activities	**(1,727)**	**5,081**	(6,808)
Net increase/(decrease) in cash held	**(336)**	**-**	(336)
Cash at the beginning of the reporting period	**760**	**1,181**	(421)
Cash at the end of the reporting period	**424**	**1,181**	(757)

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2021-22 Portfolio Budget Statements (PBS)).
2. Between the actual and total original budgeted amounts for 2022. 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
Operating activities were $2.450 million over budget which is due to a combination of GST and Section 74 not being budgeted for in the cashflow which is partially offset by the underspend in supplier expenses due to delays in the delivery of programs.	Net cash from/(used by) operating activities
Investing activities were $4.022 million under budget, this is largely due to the change in accounting treatment for intangible asset projects which had a cloud component. Under the new accounting standards these should be treated as operating expenditure when control of the asset cannot be demonstrated. This was not factored into the budget at the time. A total of $10.524 million was moved to supplier expenses during 2021-22.	Net Cash from/(used by) investing activities
Financing activities were $6.808 million over budget, as there was 9 new leases entered into and 3 further leases were remeasured during the financial year.	Net Cash from/(used by) financing activities

9.2. Administered Budgetary Reports

Statement of Comprehensive Income
for the period ended 30 June 2022

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2022	2022	2022
	$'000	$'000	$'000
NET COST OF SERVICES			
Expenses			
Grants	135,103,320	107,678,477	27,424,843
Interest	37,357	6,758	30,599
Medicare Guarantee Fund	44,867,877	55,957,914	(11,090,037)
Payments to corporate Commonwealth entities	39,939	39,939	-
Foreign exchange losses	-	582,336	(582,336)
Suppliers and Provisions	290,918	490,197	(199,279)
Concessional loan discount	303,892	-	303,892
Total expenses	180,643,303	164,755,621	15,887,682
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	593,408	683,748	(90,340)
Interest	71,951	33,769	38,182
Dividends	1,965	3,521,000	(3,519,035)
COAG revenue from government agencies	1,432,659	1,380,952	51,707
Other revenue	113,321	95,849	17,472
Unwinding of concessional loan discount	86,248	69,052	17,196
Total non-taxation revenue	2,299,552	5,784,370	(3,484,818)
Total revenue	2,299,552	5,784,370	(3,484,818)
Gains			
Foreign exchange	147,409	230,215	(82,806)
Total gains	147,409	230,215	(82,806)
Total income	2,446,961	6,014,585	(3,567,624)
Net (cost of)/contribution by services	(178,196,342)	(158,741,036)	(19,455,306)
Surplus/(Deficit)	(178,196,342)	(158,741,036)	(19,455,306)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	(22,308,742)	-	(22,308,742)
Total comprehensive income	(22,308,742)	-	(22,308,742)
Total comprehensive income/(loss)	(200,505,084)	(158,741,036)	(41,764,048)

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 2021-22 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2022. 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
Grant expenses are $27.4 billion (25%) higher than the original budget estimate. Payments to the States and Territories for GST ($5 billion) and demand driven COVID-19 measures ($12.1 billion) were more than anticipated at budget. The revaluation of the Natural Disaster Relief and Recovery Arrangements provision to include current year disasters was $3.2 billion more than in 2020-21 due to the severity and number of disasters in 2021-22, which was not anticipated at budget. Grant expenses were revised upwards to $132.2 billion at the 2021-22 Additional Estimates update which is more reflective of the 2021-22 position.	Grants Expenses
The Medicare Guarantee expense is $11.1 billion (20%) less than the original budget. The expense is based on advice from the Department of Health and the decrease reflects the lower costs of both the Medical Benefits Schedule and the Pharmaceutical Benefits Scheme this year. At the 2021-22 Additional Estimates update, the Medicare Guarantee expense was revised downwards to $44.8 billion.	Medicare Guarantee Fund Expense
Dividend revenue is $3.5 billion less than the original budget estimate. There was no dividend payable to the Commonwealth for 2021-22 from the RBA.	Dividend Revenue
The decrease in the asset revaluation surplus of $22.3 billion is the result of revaluing the net assets of the Reserve Bank of Australia to $0 which was not anticipated in the budget.	Changes in asset revaluation surplus

Administered Schedule of Assets and Liabilities
as at 30 June 2022

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2022	2022	2022
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	**1,165,521**	**905,639**	259,882
Loans and other receivables	**2,218,278**	**5,029,220**	(2,810,942)
Investments	**29,063,993**	**45,517,815**	(16,453,822)
Total financial assets	**32,447,792**	**51,452,674**	(19,004,882)
Total assets administered on behalf of Government	**32,447,792**	**51,452,674**	(19,004,882)
LIABILITIES			
Payables			
Grants	**1,252,274**	**30,212**	1,222,062
Other payables	**18,354,128**	**5,740,726**	12,613,402
Unearned income	**553**	**708**	(155)
Financial Guarantee	**655,093**	**946,623**	(291,530)
Total payables	**20,262,048**	**6,718,269**	13,543,779
Financial liabilities			
Promissory notes	**8,657,222**	**9,932,502**	(1,275,280)
Total financial liabilities	**8,657,222**	**9,932,502**	(1,275,280)
Provisions			
NDRRA Provision	**5,524,114**	**422,601**	5,101,513
Other provisions	**48,066**	**44,884**	3,182
Total provisions	**5,572,180**	**467,485**	5,104,695
Total liabilities administered on behalf of Government	**34,491,450**	**17,118,256**	17,373,194
Net assets/(liabilities)	**(2,043,658)**	**34,334,418**	(36,378.076)

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2. Between the actual and original budgeted amounts for 2022. 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 $2.8 billion (56%) less than the original budget. This is primarily due to the decrease in dividends receivable of $2.7 billion as there is no dividend receivable from the Reserve Bank of Australia (RBA) for 2021-22 compared to the budget.	Loans and other receivables
Investments are $16.5 billion (36%) less than the original budget primarily due to the revaluation of the RBA to $0, a decrease of $22.4 billion. This is offset by an increase in investment in International Financial Institutions ($241 million) due to the weaker Australian dollar against the US dollar and the Special Drawing Right (SDR) and additional share purchases during the year.	Investments
Grants payable are $1.2 billion more than the original budget estimate primarily due to the recognition of $983 million in GST payable to the States and Territories as at 30 June 2022.	Grants Payable
Other payables are $12.6 billion more than the original budget estimate. The increase relates to the additional SDR 6.3 billion (A$12.5 billion) allocation received from the International Monetary Fund (IMG) in August 2021.	Other Payables
Promissory notes are $1.3 billion (13%) less than the original budget estimate. The movement primarily relates to the cancellation of an IMF promissory note of $1.2 billion as partial settlement of the 2020-21 maintenance of value receivable which was not anticipated in the budget.	Promissory Notes
The Natural Disaster Relief and Recovery Arrangements (NDRRA) Provision is $5.1 billion more than the original budget. The variance is due to the number and severity of natural disasters during 2021-22, in particular the flooding in NSW and Queensland which could not be estimated in the budget.	NDRRA Provision

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Part 5 – Appendices

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.

During 2021–22 Treasury delivered the following campaigns:

- Economic Recovery Plan campaign (Phase 2)
- Your Future, Your super campaign
- Economic Plan campaign (Economic Recovery Plan campaign – Phase 3)
- Financial Capability campaign.

The second phase of the Economic Recovery Plan campaign focused on informing Australians about the continuation of the Government's plan for economic recovery and building consumer and business confidence in response to the economic challenges caused by the COVID-19 pandemic.

The Your Future, Your Super campaign aimed to raise awareness of the Government's reforms and what actions business and individuals could take to understand their options and obligations under the reforms.

The Economic Plan campaign ran as a third phase of the Economic Recovery Plan campaign. The campaign continued to inform Australians of the help and assistance they could access in response to the challenges of the COVID-19 pandemic. It aimed to reassure Australians and the business communities that there was an adaptable and future-focused plan in place for the economy.

The Financial Capability campaign was targeted at young Australians and their parents. It aimed to engage them on the importance of financial capability, guide them to an online resource to support informed financial decisions and navigate a range of 'financial firsts', and connect them to other relevant government resources.

Campaign expenditure for advertising agencies, market research organisations and media advertising organisations is outlined in the Table 27.

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. Department of Finance reports provide details of campaigns for which expenditure was greater than $250,000 (including GST). 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 2021–22.

Table 27: Advertising expenditure 2021–22

Provider	Service Provided	Cost ($) ^
Ogilvy Pty Ltd	Creative Services (Your Future, Your Super campaign)	$1,225,469
Ogilvy Pty Ltd	Creative Services (Financial Capability campaign)	$777,551
Clemenger Pty Ltd	Creative Services (Economic Recovery Plan campaign, Phase 3)	$627

^ All figures include GST, head hour and production costs

Table 28: Market research organisations

Provider	Service Provided	Cost ($) ^
Fifty-Five5	Creative Services (Your Future, Your Super campaign)	$633,289
Fifty-Five5	Creative Services (Financial Capability campaign)	$492,219
WhereTo	Creative Services (Economic Recovery Plan campaign, Phase 2 and Phase 3)	$556,820
Hall & Partners Pty Ltd*	Creative Services (Your Future, Your Super campaign)	$141,052
Hall & Partners Pty Ltd	Creative Services (Financial Capability campaign)	$95,619
Hall & Partners Pty Ltd	Creative Services (Economic Recovery Plan campaign, Phase 2)	$289,600
Hall & Partners Pty Ltd	Creative Services (Economic Recovery Plan campaign, Phase 3)	$172,066

^ All figures include GST
* Hall & Partners is the evaluation research agency for all Commonwealth Government advertising

Table 29: Media advertising

Provider	Service Provided	Cost ($) ^
Universal McCann Australia*	Creative Services (Your Future, Your Super campaign)	$2,821,953
Universal McCann Australia	Creative Services (Financial Capability campaign)	$882,054
Universal McCann Australia	Creative Services (Economic Recovery Plan campaign, Phase 2)	$302,305
Universal McCann Australia	Creative Services (Economic Recovery Plan campaign, Phase 3)	$7,401,282
Universal McCann Australia	Advertising for recruitment services	$106,790

^ All figures include GST
* Universal McCann Australia is the master media agency for all Commonwealth Government advertising

Grants

Information on grants awarded by Treasury for 2021–22 is available on GrantConnect at www.grants.gov.au.

Disability reporting

Australia's Disability Strategy 2021–2031 (the Strategy) is a national framework signed by all governments in Australia. It sets out a plan for continuous improvement in the lives of people with disability in Australia. The Strategy replaces and builds on the first National Disability Strategy 2010–2021.

The Strategy's vision is for an inclusive Australia that ensures people with disability can fulfil their potential as equal members of the society. The Strategy sets out practical changes to assist people with disability.

In line with Australia's commitments under the United Nations Convention on the Rights of Persons with Disabilities, the Strategy helps in protecting, promoting and realising the human rights of people with disability.

In December 2020, the Australian Government released the *Australian Public Service Disability Employment Strategy 2020–2025*, which aims to increase employment of people with disability across the Australian Public Service to 7 per cent by 2025. 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 at www.apsc.gov.au.

Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act. 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 2021–22. Treasury continued to respond to the ongoing COVID-19 pandemic by supporting the health and wellbeing of employees with tailored initiatives, guidance and information. Our response further developed existing COVID-19 reporting, management of workplace contact tracing and providing enhanced advice and support to staff affected by COVID-19.

Treasury continued to promote its *Working Well, Keeping Well* resource pack, developed in response to specific challenges employees and managers raised through an internal survey. Regular advice and directions were provided to staff about the COVID-19 pandemic. Additional resources and training focused on sustaining and maintaining relationships, wellbeing, resilience and self-care.

Leaders and staff were provided with ongoing support and information as they navigated state-based lockdowns, working from home and hybrid working arrangements in response to the COVID-19 pandemic throughout 2021–22. Staff were regularly informed about the application of state and territory restrictions and better practice approaches to shifting between working remotely and safely transitioning back to the office as lockdowns and restrictions changed over time.

Video conferencing and communication technology were improved with the implementation of the Microsoft Teams suite to better enable hybrid and remote working arrangements.

Information and guides were provided so that staff could make the best use of technology and communications tools. This helped ensure individuals and teams could connect with each other and maintain high levels of productivity in a hybrid working environment.

Treasury's *COVID-safe Transition Plan: return to work following restrictions* was reviewed regularly as COVID-19 variants emerged and state-based lockdowns and working-from-home mandates were announced. Treasury's Crisis Management Team met regularly to manage emerging risks and update staff as part of Treasury's pandemic response.

The Health and Safety Committee met quarterly in 2021–22 in accordance with the *Work Health and Safety Act 2011*. There were 3 additional meetings to consult on COVID-19 issues and other matters. Treasury has 14 health and safety representatives, 22 workplace harassment contact officers, 37 first aid officers and 82 emergency officers to help maintain work health and safety standards.

There were 18 work health and safety incidents reported in 2021–22. The majority were muscular skeletal injuries, followed by slips, trips and falls. None of the incidents were notifiable and required no further reporting to Comcare. No investigations were conducted, and no notices issued in 2021–22.

Treasury continued to invest in a range of strategies to support personal wellbeing. This included resilience and good mental health in the workplace training, resilience coaching, regular promotion of key mental health events (including R U OK? Day and STEPtember), APS values in practice training and flu vaccinations.

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 its Employee Assistance Program. This service is available to all employees, their immediate family members, and others with whom they share a close relationship. Services were made available to staff both online and remotely via teleconferencing and video conferencing.

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 2021–22.

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
- 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. The Treasury Environmental Management Plan sets out our environmental policies and performance action plans, to meet environmental best practice wherever practicable. In 2021–22 we minimised our impact on the environment in the areas of energy efficiency, waste and water use through:

- installation of new energy efficient heating, ventilation and air-conditioning plant and machinery by the building owner
- reviewing the lighting control system and the introduction of LED lighting in new office fit-out
- reducing paper consumption by defaulting office printers to black-and-white and two-sided printing, and supporting the use of electronic document management and collaboration as well as digital and mobile technology solutions for staff (iPads and laptops)
- using energy saver mode for most office equipment when not in use across all office locations
- using technology such as teleconferencing and videoconferencing to facilitate meetings with interstate and overseas colleagues where appropriate
- purchasing 5-star energy rated electrical appliances (where available)
- participating in Earth Hour
- encouraging recycling by providing waste recycling stations, segregating waste into approved recycling streams (including waste to landfill, mingled waste and compost), engaging waste management providers to recycle used paper waste and secure paper materials
- establishing a fit-out and furniture recycling strategy that reuses the department's existing office fit-out infrastructure, including workstations; and sourcing redundant office fit-out and workstations from other government departments when available
- recycling toner cartridges, fluorescent light tubes and batteries
- using water flow restriction controls and water efficient appliances in kitchens and bathrooms to minimise use across the Treasury building tenancy.

Australia and the international financial institutions

Program 1.2: Payments to international financial institutions, outlines 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. This appendix addresses the legislation that requires further reporting on the IMF and the World Bank for 2021–22. 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 World Bank publish annual reports on their operations and provide information at www.imf.org and www.worldbank.org.

Australia and the International Monetary 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 190 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 2021–22 are noted below.

Table 30: Australian Governor's votes on International Monetary Fund 2021–22 resolutions

Resolution title	Date	Australian Governor's vote
Allocation of Special Drawing Rights for The Eleventh Basic Period	30 July 2021	Approved
2021 Annual Meeting of the Board of Governors	26 August 2021	Approved
Direct Remuneration of Executive Directors and their Alternates	26 August 2021	Approved
Report on Audit, Financial Statements, Administrative and Capital Budgets, and Officers of the Board of Governors and Joint Procedures Committee	8 October 2021	Approved
Official Business of the Fund	8 October 2021	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 2021–22, 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.

At 30 June 2021, Australia held around 1.33 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. At 30 June 2022, 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 an in-person format for 2022 with consultations expected to take place during November. In preparation for the Article IV consultations, the IMF conducted a virtual staff visit including consultation with stakeholders from across government and the private sector. The 2022 staff visit was scheduled for 20 to 22 July.

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$12,715 million at 30 June 2022). 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 2021–22 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 2022 was Special Drawing Right 9.38 billion while our actual Special Drawing Right holdings were around Special Drawing Right 9.60 billion. As a result of an IMF general allocation of Special Drawing Rights, Australia's Special Drawing Right cumulative allocation and holdings both increased by Special Drawing Right 6.30 billion on 23 August 2021. The Australian Government and the RBA each hold a portion of Australia's Special Drawing Right holdings, with the Australian Government owning Special Drawing Right 6.30 billion and the RBA owning Special Drawing Right 3.30 billion. The RBA Special Drawing Right holdings were previously sold to the RBA by the Australian Government in exchange for Australian dollars. Australia's cumulative Special Drawing Right allocation is the sole responsibility of the Australian Government.

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. In 2021–22, the Australian Government paid charges of Special Drawing Right 9.09 million (approximately A$17.60 million) on Australia's cumulative allocation. During this period Australia received a total of Special Drawing Right 9.29 million (approximately A$17.99 million) in interest from the IMF on Australia's Special Drawing Right holdings. Of this interest, the Australian Government received Special Drawing Right 5.78 million (approximately A$11.19 million) and the RBA received Special Drawing Right 3.51 million (approximately A$6.80 million).

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 2022 was Special Drawing Right 119,877 (approx. A$231,602).

Remuneration

Remuneration is interest earned on quota resources held by the IMF, excluding gold. In 2021–22 Australia received Special Drawing Right 1.78 million (approximately A$3.44 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 2020-21 financial year, the Australian dollar appreciated against the Special Drawing Right. As a result, the 2020-21 maintenance of value adjustment involved a payment from the IMF to Australia of around A$1,178.40 million, with settlement made in July 2021. For the IMF 2021–22 financial year, the Australian dollar depreciated against the Special Drawing Right. As a result, the 2021–22 maintenance of value adjustment will involve a payment from Australia to the IMF of around A$168.14 million. Payment for the 2021–22 maintenance value adjustment was scheduled to be made in July 2022. Table 31 provides details of individual Financial Transactions Plan transactions and the resulting reserve position at the IMF.

Table 31: Transactions with the IMF in 2021–22 (Cash basis)

	Amount in SDRs	Amount in A$
Total interest received on Australia's SDR holdings^	9,289,746	17,992,437
Total remuneration received for Australian holdings at the IMF	1,776,266	3,439,117
Total charges paid on Australia's SDR allocation	9,088,720	17,601,743
Annual Assessment Fee paid to SDR department	119,877	231,602
Maintenance of Value transaction for 2020-21 payment made in July 2021	-	1,178,399,640

^ Interest on Special Drawing Right holdings are shared proportionally between the RBA and 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 32: Australia's reserve tranche position in the IMF 2021–22

Date	Description	Debit (SDRs)	Debit (A$)	Credit (SDRs)	Credit (A$)
Reserve tranche position at 30 June 2021				**1,740,159,410**	**3,302,636,952**
FTP payments					
30-Jul-2021	FTP Loan to Costa Rica			68,340,000	132,097,536
21-Dec-2021	FTP Loan to Kenya			23,000,000	44,880,150
29-Mar-2022	FTP Loan to Costa Rica			22,000,000	40,322,728
28-Jun-2022	FTP Loan to Ecuador			35,000,000	67,689,225
FTP receipts					
16-Sep-2021	FTP Repayment from Ukraine	3,675,833	7,163,970		
Reserve tranche position at 30 June 2022^				**1,884,823,577**	**3,646,398,872**

^ 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 2021–22 the amount of Australia's reserves held by the IMF increased from around Special Drawing Right 1,740 million to around Special Drawing Right 1,885 million.

Through the New Arrangements to Borrow, Australia and 37 other member countries, as well as 2 prospective 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 6 months, with each activation period subject to a specified maximum level of commitments. Australia has received New Arrangements to Borrow repayments following past New Arrangements to Borrow lending. However, the New Arrangements to Borrow is not currently active or being called upon.

In 2021–22, Australia received total New Arrangements to Borrow repayments of Special Drawing Right 33.80 million (approximately A$64.11 million).

Table 33: Australia's New Arrangements to Borrow transactions in 2021–22

Description	Debit (SDRS)	Debit (A$)	Credit (SDRs)	Credit (A$)
Total NAB loans (payments)			0	0
Total NAB receipts (repayments)	33,800,000	64,110,848		
Net NAB payments for 2021–22	**33,800,000**	**64,110,848**		

^ The Australian Government earns interest on any money lent under the New Arrangements to Borrow. In 2021–22, the Australian Government received interest payments on its New Arrangements to Borrow loans of Special Drawing Right 52,637 (approx. A$101,919). 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^ 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 34: Australia's Poverty Reduction and Growth Trust transactions in 2021–22

Description	Debit (SDRS)	Debit (A$)	Credit (SDRs)	Credit (A$)
Total PRGT loans (payments)			0	0
Total PRGT receipts (repayments)	0	0		
Net PRGT payments for 2020-21			0	0

^ The Australian Government earns interest on any money lent under the PRGT. In 2021–22, the Australian Government received interest payments on its PRGT loans of Special Drawing Right 209,183 (approx. A$405,014). Interest is calculated using the Special Drawing Right interest rate, accrued daily and paid quarterly.

Australia and the World Bank

Australia's shareholding and relations with the World Bank

Mandate

The World Bank 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 World Bank's twin goals are ending extreme poverty and building shared prosperity.

World Bank strategic priorities

The World Bank is committed to collaborating with multilateral institutions, sovereign nations 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.

Institutions of the World Bank

- 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 at 30 June 2022 are set out below and Australia's shareholding and voting power is indicated in Table 36^.

Table 35: Australian shareholdings at the World Bank Group at 30 June 2022

	IBRD	IFC	MIGA
Shares	36,068	422,288	3,019
Price per share (US$)	120,635	1,000	10,820
Value of total capital (US$ millions)	4,351.06	422.288	32.67
Value of paid-in capital (US$ millions)	298.60	422.288	6.20
Value of callable capital (US$ millions)	4,052.46	0.00	26.46
Value of total capital (A$ millions)	**6,315.96**	**612.988**	**47.42**

Table 36: Australia's shareholding and voting power in the World Bank Group

	IBRD	IDA	IFC	MIGA
Shareholding (per cent of total)	1.42	0	1.94	1.70
Voting power (per cent of total)	1.37	1.24	1.86	1.47

^ Shareholdings and voting power at 30 June 2022. 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 World Bank has its own arrangement for allocating votes and shares among members. The Board of Governors and Executive Directors continue to work towards ensuring the World Bank 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

Australia is actively involved in World Bank 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 World Bank 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 World Bank's balance sheet and crowding in private sector finances, both at the World Bank and in the G20 forums.

Australia's representation at the World Bank

Board of Governors

The highest decision-making body of the World Bank is the Board of Governors, comprising one governor from each of the 189 member countries. In 2020-21, Australia's Governor was the Treasurer, and the Alternate Governor is the Assistant Treasurer. The table below outlines the Australian Governor's votes for the 2021–22 financial year.

Table 37: Australian Governor's votes on World Bank Group resolutions in 2021–22

Institution	Resolution title	Date	Australian Governors' Vote
IBRD	Direct Remuneration of Executive Directors and their Alternates	4 August 2021	Approved
IBRD	Transfer from Surplus to the IBRD Fund for Innovative Global Public Goods Solutions	4 August 2021	Approved
IBRD	Direct Remuneration of Executive Directors and their Alternates	26 August 2021	Approved
MIGA	Reclassification of the Republic of Estonia	20 September 2021	Approved
IBRD	Transfer from Surplus to Replenish the Trust Fund for Gaza and the West Bank	2 December 2021	Approved
MIGA	Reclassification of the Republic of Latvia	10 December 2021	Approved
MIGA	Reclassification of the Republic of Lithuania	10 December 2021	Approved
IDA	Additions to Resources: Twentieth Replenishment	18 March 2022	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 World Bank 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 every 2 years.

Payment Times Reporting

Payment Times Reporting Scheme

This report has been prepared in accordance Section 56 of the *Payment Times Reporting Act 2020* (the Act) which requires the Payment Times Reporting Regulator (the regulator) to 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) to small businesses have significant and negative impacts by placing pressure on cash flow and requiring adjustments to short-term financing.

The Payment Times Reporting Scheme (the scheme), which is administered by the regulator, commenced on 1 January 2021 to improve payment times for small businesses.

The regulator's role is to provide a reliable and transparent source of information about payment terms and performance of large businesses to their small business suppliers operating in Australia. The regulator publishes this information to allow small businesses to make informed decisions when supplying large businesses and to incentivise large businesses to improve their payment terms and practices. This is intended to lead to shorter and fairer payment terms for small businesses that can reduce cashflow pressures and support business planning.

Under the scheme, large businesses and government enterprises (collectively known as reporting entities) must submit payment times reports to the regulator every 6 months. The reports contain: standard payment terms, actual payment performance, and the use of supply chain financing arrangements for small businesses. Data from the reports are published on the register and are accessible for free on the scheme's website.

Administration of the Scheme

The scheme is enabled by the Act and the *Payment Times Reporting Rules 2020* (the Rules). The Rules provide definitions as well as technical and administrative details on how certain provisions of the Act operate.

Under the Act, reporting entities comprise large businesses and government enterprises with total individual income or total group income of more than $100 million. In some cases where an entity is part of a group with income of more than $100 million, subsidiaries in the group may also be required to report if its income is greater than $10 million. Entities may voluntarily report if their income is below these financial thresholds.

Reporting entities submit payment times reports to the regulator through the Payment Times Reporting Portal (the portal) accessible via the scheme's website. The website includes guidance and detailed instructions on reporting requirements, use of the portal and register, and the principles that guide the regulator in the administration of the scheme.

To allow time for reporting entities to meet their reporting obligations under the scheme, compliance and enforcement powers in the Act were delayed until 1 January 2022. Prior to the commencement of these powers, the regulator relied on reporting entities voluntarily complying with their obligations and compliance was focused on facilitation and the provision of assistance.

Technical amendments to the Act were passed by Parliament in February 2022. These amendments were operational in nature, addressing Regulator delegations, providing clarity and consistency for reporting requirements and remedy reporting restrictions for entities volunteering to report. Prior to these amendments, entities that volunteered to report could not commence reporting until the beginning of its next income year. The amendments allowed reporting to commence from the middle of an income year.

The Payment Times Reporting Regulator

The role of the regulator is to provide a reliable and transparent source of information about payment terms and performance of large businesses and government business enterprises to their small business suppliers. The regulator's core functions are to receive payment times reports from large businesses twice a year and to publish those reports on the register.

The regulator's objectives when regulating payment times reports are to:

- encourage voluntary compliance by making it easy to comply
- provide a Payment Times Reports Register that is accessible and complete
- provide a Payment Times Reports Register that is reliable
- promote improved payment times to small businesses
- ensure entities with obligations under the *Payment Times Reporting Act 2020* take those obligations seriously.

In undertaking core functions, the regulator must publish payment times reports and consider applications made by reporting entities, including applications for extensions of time to report and applications for a determination to cease to be a reporting entity.

At 30 June 2022, the regulator has published 8,353 reports. It has received 16,801 reports from 8,885 reporting entities. In July, the register will be refreshed to publish all available reports. In addition to the reports, the regulator has received:

- 1,249 applications for extensions of time to submit reports
- 133 revised report applications
- 49 applications to cease to be a reporting entity
- 49 notices to volunteer as reporting entities.

To support reporting entities in meeting their obligations, the regulator maintains an enquiry line to provide guidance and assistance. There were 4,054 enquiries actioned in 2021–22, with the majority relating to advice and guidance on the scheme and application requests.

Payment Times Reports Register

The register was launched on 30 November 2021 and a complementary interactive dashboard to help users search the register was launched on 23 December 2021. The regulator updates the register with new reports at the end of each major reporting period and makes minor updates from time to time as required.

There were 8,353 reports published to the register at 30 June 2022. A register update occurred in July 2022 when all available reports were published. An additional update will occur in August 2022 to publish all reports received in 2021–22.

Stakeholder Engagement

The regulator engages with stakeholders through a variety of communication channels to raise the profile of the scheme, report on data and receive feedback on planning and performance. The regulator provides stakeholder updates and notification of key events through news articles on its website and direct emails. Reporting entities and other interested parties can access information and assistance through a dedicated enquiries mailbox and a call centre which is open from 8am to 8pm across Australia, Monday to Friday. There is also an online contact form that provides options for enquiries, feedback, complaints and other matters.

To raise the profile of the scheme to small businesses, the regulator has provided communication packages to peak industry bodies and other small business associations for dissemination through stakeholder networks. In addition, the regulator has engaged with peak industry associations and other government departments and statutory agencies.

Based on stakeholder feedback and a review of enquiries and payment times reports received in 2021, the regulator identified a need for updated guidance materials including:

- publishing Payment Times Reporting Regulator: Our approach to regulation, on 21 January 2022 (subsequently relabelled Information sheet 1: Our approach to regulation, on 15 June 2022)
- publishing Information sheet 2: Regulator decisions – Your rights, on 20 June 2022
- preparing a suite of 3 guidance notes:
  - Guidance Note 1: Key concepts
  - Guidance Note 2: Preparing a payment times report
  - Guidance Note 3: Applications and notifications, that will be subject to external consultation in the second half of 2022.

The regulator will continue to work collaboratively with stakeholders to add to regulatory resources on the website. This will include publication of additional regulatory resources and commencement of regular liaison forums with stakeholders.

Compliance

Under the compliance and enforcement powers in the Act that commenced on 1 January 2022, reporting entities that do not comply with their obligations may be subject to compliance action, which can include financial penalties.

To ensure reporting entities are meeting their responsibilities, the regulator undertakes routine and targeted compliance programs or responds to intelligence and emerging trends of noncompliance. In 2021–22, compliance programs have focused on quality assurance of the Register, including the accuracy and completeness of reports, and reporting entities that have failed to submit a report.

A range of enforcement tools are available to the Regulator when non-compliance is detected, including:

- publishing non-compliance on the register
- requiring a reporting entity to undergo a compliance audit
- undertaking monitoring or investigation activities under the *Regulatory Powers Act 2014*
- issuing infringement notices
- commencing legal action for civil penalties.

The regulator takes an escalating approach to compliance and enforcement that is risk-based and data-driven. The regulator will facilitate compliance and remediation for reporting entities that act in good faith and demonstrate a willingness to comply. More serious action is considered when non-compliance is repeated, not remediated in a timely manner, the result of indifference or carelessness, or it is intentional. The regulator did not use its compliance and enforcement powers between 1 January 2022 and June 2022.

Competition and consumer

Consumer Data Right

The Consumer Data Right (CDR) is a significant economic reform aimed at empowering consumers, driving innovation, and increasing competition. It puts individuals and businesses in control of data held about them, enabling them to safely share that data and make more informed decisions. The CDR has a multi-agency delivery model. It involves Treasury (including the Data Standards Body), the Australian Competition and Consumer Commission (ACCC) and the Office of the Australian Information Commissioner (OAIC).

The CDR framework was designed to apply across the Australian economy, starting in the banking sector. Consumers can choose to securely and conveniently share their banking data with accredited and trusted recipients to access better value products and services, tailored to their individual circumstances. The CDR has also spurred the creation of new tech companies and innovative products and services. Treasury, the Data Standards Body, the ACCC and the OAIC engaged closely with the banking and tech sector, including through regular engagement forums.

Implementation of CDR by the 4 major banks is now complete, with support for business consumers, partnerships and secondary users provided in November 2021, and revised joint account rules came into effect on 1 July 2022. Implementation by the non-major banks progressed over 2021–22. All banking products have now been phased in for the non-major banks. The rollout of CDR for the banking sector will be complete in November 2022 when the non-major banks will also be required to support joint accounts, business consumers, partnerships and secondary users.

New rules were made in October 2021 to support increased participation in the CDR by businesses and empower consumers to share their data easily and securely. These rules introduced new pathways for industry participation by allowing accredited CDR participants to sponsor other parties to become accredited or to operate as their representative. They also enable consumers to share their data with certain trusted professional advisers such as their accountant, lawyer, tax agent, financial counsellor, financial adviser or mortgage broker. The new rules also enable consumers to disclose limited data insights to any person.

Work also progressed on the CDR in the energy sector. On 12 November 2021, following significant consultation, the CDR rules were extended to the energy sector. These amendments will enable consumer data-sharing in the energy sector from November 2022, starting with the 3 biggest energy retailers – AGL, Energy Australia and Origin. Bringing energy-related consumer and product information into the CDR will help households compare energy plans and access better deals.

A Government response to the final report of the Inquiry into Future Directions for the Consumer Data Right was released on 14 December 2021. Key recommendations included action and payment initiation reforms to enable a firm to send a consumer's instructions to another firm to perform actions. This effectively expands the opportunities of the CDR and delivers more services to consumers. Treasury progressed consultations with relevant stakeholders on these reforms.

Treasury also consulted widely on designating telecommunications as a CDR sector. It was designated on 24 January 2022. Treasury – including the Data Standards Body – continued engagement with stakeholders on draft telecommunications-specific rules and standards.

To inform the expansion of the CDR, Treasury conducted a Strategic Assessment that included extensive consultation and international engagement. The Strategic Assessment outcomes report, released on 24 January 2022, identified 'Open Finance' as the next priority area for the CDR. Open Finance includes service providers in non-bank lending, merchant acquiring services, general insurance and superannuation. The Strategic Assessment also highlighted that expanding the CDR to government datasets and government recipients has the potential to improve public and private sector services, as well as enhancing the user experience and utility of the scheme. As the first stage of Open Finance, Treasury consulted with stakeholders on non-bank lending as a CDR sector in March 2022. Treasury continues cross-government engagement on opportunities to increase government participation in the CDR for consumer benefit.

An independent Statutory Review of the CDR commenced in February 2022, initiated under section 56GH of the *Competition and Consumer Act 2010*. The Statutory Review examined the extent to which the CDR statutory framework supports CDR objectives of driving value for consumers, increasing competition and driving innovation. Ms Elizabeth Kelly PSM led the review with support from a Treasury secretariat team. Broad consultation was undertaken to inform the Review, including bilateral meetings, forums, and an issues paper with a public submissions process.

Treasury has been maturing CDR program governance and delivery frameworks. As the CDR program has continued to expand into additional sectors and take on new data sets, engagement forums and improved program management processes have been implemented. Treasury continues to work across government and with participating CDR sectors to improve tracking and measurement of program benefits and outcomes. With better governance arrangements in place, the CDR is well-positioned to manage and deepen its future expansion, maintenance and integration.

Data Standards Chair

Mr Andrew Stevens is the CDR Data Standards Chair (the Chair). Mr Stevens was re-appointed to this role on 14 August 2021 for 18 months, having been inaugural Chair since the role was created in 2018.

Over 2021–22, the Chair has issued 8 iterations of the Data Standards to support changes to the CDR Rules and the introduction of the energy sector. In addition, the Chair released 5 iterations of the consumer experience guidelines. The Chair is a significant source of general technical guidance material including a Knowledge Base that includes instructional videos.

The Chair merged the banking sector-focused Data Standards Advisory Committee, with the energy sector-focused Energy Data Standards Advisory Committee. This supports the realisation of an economy-wide CDR that interoperates consistently across sectors. The Chair convened 9 meetings of this reformed Data Standards Advisory Committee in 2021–22. Future sectors, such as the telecommunications sector (designated January 2022) and additional functionality, will be addressed by this committee. The annual membership renewal and terms of reference occurred in November 2021, enabling the Chair to reconsider appropriate representation and function.

The data standards are subject to consumer testing under the CDR Rules, as considered appropriate by the Chair. In 2021–22 consumer experience research paid special attention to vulnerable consumers. This assisted in the development of standards to provide strategic insights into issues such as usability and inclusivity. Further research commissioned for reports to the Chair included:

- accessibility obligations
- an independent health check of the Information Security Profile
- security risk management obligations for data standards
- reviews of the international standards on which Australia's data standards are based.

These reports support the Chair in making authentication standards that meet best-practice security requirements as required by the CDR's Rules.

The Chair recognises and acknowledges the contributions and dedication of the Data Standards Body in supporting him through the first 5 years of the CDR. The Chair notes his appreciation of the Data Standards Advisory Committee members who volunteer their time and expertise.

Foreign investment

Australia welcomes foreign investment. Foreign investment contributes to the prosperity of Australia's businesses, communities and economy. Our open economy and stable policy settings make Australia an attractive destination for foreign investment, and we have relied on foreign investment as an additional source of capital for much of our history.

Foreign investment supplements Australia's domestic savings and facilitates greater economic investment than would otherwise be sustainable. It creates skilled jobs, improves access to overseas markets, enhances overall export performance and increases income. It also promotes healthy competition among Australia's industries, driving innovation and productivity.

Foreign investment framework and regulation

Australia's foreign investment framework ensures that foreign investment is consistent with our national interest. The Treasurer is responsible for making decisions on foreign investment policy and investment proposals. Decisions are delegated to other ministers in the Treasury portfolio and to Treasury and ATO officers. Compliance and enforcement powers are exercised by the Treasurer and specifically appointed Treasury and ATO officers, acting under delegation.

The Foreign Investment Division is Australia's foreign investment regulator. It administers the foreign investment framework, assesses investment proposals, is responsible for fostering compliance and advises the Australian Government on all aspects of foreign investment policy. The Australian Taxation Office (ATO) is a co-regulator under the foreign investment framework and works closely with the Foreign Investment Division.

The Foreign Investment Division assesses investment proposals concerning business, agricultural and commercial land. The ATO considers investment proposals for residential real estate and the vacancy fee, and some commercial land applications received before December 2021.

Our regulatory functions and powers are set out in the *Foreign Acquisitions and Takeovers Act 1975* (FATA) and the *Foreign Acquisitions and Takeovers Fees Impositions Act 2015* and their associated regulations. Our approach to administering the legislative framework is set out in Australia's Foreign Investment Policy and Guidance Notes on the specific application of the law.

The Foreign Investment Review Board (FIRB) is a non-statutory advisory body which provides advice to the Treasurer on specific investment proposals and on foreign investment policy and issues.

Investment Review

In 2021–22 Australia remained an attractive destination for foreign investment. This is reflected in foreign direct investment inflows, which in the 4 years to 2021 averaged 2.7 per cent of gross domestic product (GDP) – compared with 1.3 per cent of GDP for the OECD and 1.4 per cent of GDP for the G20. Australia's inward stock of foreign direct investment totalled $1.1 trillion at 31 December 2021, a 2.89 per cent increase from 12 months earlier.

Tables 38 and 39 set out an overview of approved investment proposals during the reporting period, irrespective of when the proposal was submitted.

'Proposed investment' refers to the value of acquisitions (including securities, real estate or other assets) where the value is agreed between the transaction parties or, if not yet agreed, a reasonable estimate at the time the application is submitted.

The total value of investment approvals in 2021–22 was $338.1 billion. This represents a 45.1 per cent increase ($105.1 billion) from 2020-21 where the total value of investment was $233.0 billion. It is also an increase from 2019–20 where the total value of investment was $195.5 billion.

Table 38: Proposals decided 2018–19 to 2021–22 (value of proposed investment)

Outcome	2018-19	2019-20	2020-21	2021-22
	$b	$b	$b	$b
Approved without conditions	45.9	56.5	66.0	62.0
Approved with conditions	185.1	139.0	167.1	276.1
Total approved	231.0	195.5	233.0	338.1
Rejected	10.0	0*	0*	0*
Declined	0	0	0	0
Total decided	**241.0**	**195.5**	**233.0**	**338.1**

* Values significantly <1 billion have been rounded down to $0

Note: The decision 'Rejected' means that the proposal has been prohibited under the Foreign Acquisitions and Takeovers Act 1975 (the Act). The decision 'Declined' applies to Exemption Certificate proposals and variation applications.

The total number of proposed investments considered by the Foreign Investment Division and the ATO in 2021–22 was 7,407. The total number in in 2020–21 was 7,614. Of the 7,407 proposed investments, 6,992 were approved, 349 withdrawn, 65 were exempt, and one was rejected.

Table 39: Proposals considered 2018–19 to 2021–22 (number of proposals)

Outcome	2018–19	2019–20	2020–21	2021–22
	No.	No.	No.	No.
Approved without conditions	4,575	4,508	3,269	2,524
Approved with conditions	4,149	3,713	3,381	4,468
Total approved	8,724	8,221	6,650	6,992
Rejected	1	3	1	1
Declined	0	0	0	0
Total decided	8,725	8,224	6,651	6,993
Withdrawn	670	715	891	349
Exempt	71	65	72	65
Total considered	**9,466**	**9,004**	**7,614**	**7,407**

* The decision 'Rejected' means that the proposal has been prohibited under the Foreign Acquisitions and Takeovers Act 1975 (the Act). The decision 'Declined' applies to Exemption Certificate proposals and variation applications.

The United States continued to be the largest source country for approved investment by value in 2021–22, as it was in 2020–21 and 2019–20, 2018–19. It is followed in order by Canada, Singapore, China and Japan.

The value of investment from the United States was $118.9 billion in 2021–22. This represents an increase in the value of investment from $57.0 billion in 2020–21. Finance and insurance, and services were the highest value sectors, with total values of $81.1 billion and $18.2 billion. Canada became the second largest source country of approved investment in 2021–22, with the total value of investment increasing to $31.8 billion. The total number of approved investments increased in the reporting period to 428, up from 378 approved investments in 2020–21.

Table 40: Proposals considered 2021–22 (by country)

	Country	Number of approvals	Agriculture forestry and fishing	Finance and insurance	Manufacturing electricity and gas	Mineral exploration & development	Real estate	Services	Total
		No.	$m	$m	$m	$m	$m	$m	$m
1	United States	804	719.0	81,128.3	5,227.6	3,960.6	9,607.0	18,219.8	118,862.3
2	Canada	428	2,497.0	2,040.3	11,421.4	677.5	4,369.9	10,827.0	31,833.2
3	Singapore	565	1,430.4	1,957.3	1,113.0	10.4	11,795.3	7,873.9	24,180.2
4	China	2620	235.5	288.2	1,212.3	1,247.0	3,703.0	561.0	7,247.0
5	Japan	199	409.9	169.6	1,791.0	981.7	2,318.3	1,550.1	7,220.7
6	United Kingdom	425	168.7	285.1	523.7	1,421.0	2,571.8	1,577.0	6,547.3
7	United Arab Emirates	182	58.8	393.5	960.9	600.5	2,117.5	2,069.9	6,201.1
8	Germany	151	215.0	650.7	524.9	496.6	2,987.5	1,281.7	6,156.4
9	Hong Kong	791	20.1	8.8	9.4	346.9	4,454.3	645.8	5,485.3
10	Korea, Republic of (South Korea)	182	92.2	184.5	1,622.7	294.5	1,090.9	1,246.8	4,531.7
11	Netherlands	130	108.8	141.2	1,091.0	0	2,197.7	784.6	4,323.4
12	Sweden	46	23.3	2.9	134.7	0	14.1	3,357.0	3,531.9
13	Thailand	41	25.4	817.1	817.5	18.7	220.9	817.1	2,716.8
14	Switzerland	96	4.8	47.7	158.4	30.2	1,393.3	979.9	2,614.3
15	France	107	568.4	0.4	1,546.8	0.0	255.7	129.5	2,500.8
16	Indonesia	100	0	0	0	1,836.6	240.7	0	2,077.2
17	Spain	56	17.4	0.4	31.3	936.9	41.6	908.6	1,936.2
18	Luxembourg	86	0.9	53.0	12.5	0	1,151.3	686.6	1,904.3
	Other Countries	2523	1,024.8	774.1	1,845.8	460.3	5,427.7	4,508.7	14,041.4
	Widely Held	634	564.7	4,981.8	4,230.0	750.3	6,439.0	28,116.7	45,082.5
	New Dwelling EC	12	0	0	0	0	2,364.4	0	2,364.4
	Sub–total	**10,178**	**8,184.9**	**93,925.0**	**34,275.1**	**14,069.8**	**64,762.1**	**86,141.6**	**301,358.4**
	Australia	443	313.3	806.2	2,961.9	613.8	9,068.5	22,854.7	36,618.4
	Total	**10,621**[a]	**8,498.3**	**94,731.2**	**37,237.0**	**14,683.6**	**73,830.5**	**108,996.3**	**337,976.8**[b]

a The total number of approvals in Table 39 differs from the total number of approvals in Table 40 as the data is recorded by country. Approvals involving investments originating from more than one country which includes investments from foreign persons greater than 5 per cent or where there is shared control, are generally counted as one approval for each country, that is one application from 2 investor countries will be counted for both countries, that is reflected as 2 approvals.

b The total value is less than 338.1 (Table 38 value) as for companies, trusts or tenants, the total owned by the foreign entity (shareholders, separate 'tenants') may not add up to 100 per cent. Table 40 is client centric (while other tables are proposal centric), the discrepancy cannot be avoided if we are to accurately reflect the ownership split per country.

Foreign Investment Division's compliance activities

The Foreign Investment Division and the ATO are responsible for compliance and enforcement activities concerning investments within their respective areas of responsibility. Both adopt a risk-based approach to compliance, focusing efforts on areas of greatest risk to the national interest. The aim is to provide assurance that investors are complying with their obligations and to detect and address non-compliance, while encouraging and supporting investors to comply.

The Foreign Investment Division uses assurance activities to identify if regulated actions have occurred and provide information about a foreign person's level of compliance with any conditions imposed, and information about how compliance activities could be targeted in the future.

In cases where there are conditions on an acquisition, the investor is required to submit a condition-mandated report detailing information and evidence to show compliance. In 2021–22, the Foreign Investment Division received over 1,900 condition mandated reports, an increase of more than 200 reports on those received in 2020-21. Over 2,400 condition-mandated reports (covering multiple financial years) were assessed in 2021–22 for potential non-compliance.

From 1 January 2021, the FATA required all investors who received a no objection notification or an exemption certificate to notify the Treasurer of certain events or actions taken (such as acquiring an interest in land or a business or starting or ceasing a business). In 2021–22 — the first full financial year for this obligation — the Foreign Investment Division received over 1,200 statutory notification of action reports.

The Foreign Investment Division conducted campaigns in 2021–22 to remind foreign persons of their statutory reporting obligations under the FATA. Two campaigns (one of which was a pilot) were conducted to remind over 600 foreign persons and their agents of ongoing obligations. Both campaigns showed an immediate increase in statutory reporting over subsequent weeks.

Regulator audits have remained stable since 2020-21, with an increase in the identification of non-compliance. Completion of condition-imposed independent audits substantially increased in 2021–22, improving Foreign Investment Division's capacity to identify non-compliance.

Table 41: Audits completed 2020–21 to 2021–22

Activity	2020–21		2021–22	
	Audits completed*	Audits identifying non–compliance*	Audits completed*	Audits identifying non–compliance*
Regulator Audit	7	2	6	4
Independent Audit	11	6	45	24[a]

* No objection notifications or exemption certificates audited

a Excluding instances where non-compliance was limited to administrative matters, such as lateness or delay in the lodgement of an audit proposal and/or Audit Report

The Foreign Investment Division's assessment of potential non–compliance may be triggered by information received from members of the public when they suspect investor breaches of the FATA. The Foreign Investment Division also reviews investor notifications when they indicate non–compliance with the FATA. In 2021–22 we identified or received 80 reports of potential non–compliance.

A risk-based approach is used in assessing appropriate actions, including sending educational material to investors reminding them of their obligations and seeking explanations for non-notification. Investigations into non-compliance with the FATA are conducted when appropriate.

Table 42: Sources identifying potential non-compliance 2020–21 to 2021–22

Information source	2020–21	2021–22
Reports from the public[a]	75	48
Internal referral	14	15
Identified from other source	2	17

a Including self–reports and retrospective notifications received from investors

ATO's compliance activities

In 2021–22 the ATO identified 664 residential real estate compliance cases for investigation. The ATO completed 591 cases during the same year resulting in 220 outcomes. These included 125 disposals, 45 retrospective approvals and 49 variations. The ATO also issued 76 infringement penalty notices and raised over $8 million in vacancy fee liabilities as part of the annual vacancy return lodgement compliance program.

The ATO successfully litigated the first civil penalty case against a foreign investor found to have breached the rules by purchasing multiple properties without approval. The court imposed a civil penalty of $250,000.

Table 43: Residential real estate compliance investigations 2019–20 to 2021-22

Investigations[a]	2019-20	2020-21	2021-22
Identified[b]	746	487	664
Completed	620	404	591
Properties in breach	259	100	220

a This table includes 64 compliance activities identified and closed during the year using prompter campaigns.
b The total number of identified cases includes new cases identified in the prior financial year which remained open at the end of that financial year. 84 cases carried forward from 2019-20 into 2020-21. At the close of the 2020-21 year 127 cases were carried forward into 2021-22.

Table 44: Outcomes of residential real estate investigations that identified breaches 2019–20 to 2021–22

Compliance outcomes	2019-20		2020-21		2021-22	
	No.	%	No.	%	No.	%
Divestment [a]	70	27	57	57	125	56.82
Retrospective approval [b]	49	18.9	24	24	43	19.55
Change of conditions [c]	57	22	2	2	49	22.27
Retrospective approval during FIRB consideration [d]	62	23.9	17	17	2	0.91
Vacancy fee raised [e]	21	8.1	0	0	1	0.45
Total outcomes	259	99.9	100	100.00	220	100.00

a Includes a voluntary disposal of a property following an ATO investigation, and where a formal disposal order was issued under the Act.
b Approval is provided after the property has been purchased.
c In the course of an investigation, the ATO determines a foreign investor is in breach of their approval condition and works with the investor to remedy the breach. Where appropriate, an infringement notice is also issued in these situations for failure to comply with conditions.
d A foreign person seeking approval to acquire an interest in property, is identified during the foreign investment screening process as already having acquired an interest in the property in question, usually by entering into a contract. Where appropriate, an infringement notice is also issued.
e Refers to situations where a compliance review was undertaken following the lodgement of a vacancy fee return, and a vacancy fee liability was raised for a dwelling that was found to be occupied for fewer than 183 days during a vacancy year.

Evaluation of foreign investment reforms

On 9 December 2020, Parliament passed the most significant reforms to Australia's foreign investment framework since 1975. Given the scope of the reforms and the importance of foreign investment to the Australian economy, the *Foreign Investment Reform (Protecting Australia's National Security) Act 2020* included a requirement for the reforms to be evaluated over their first year of operation.

The Secretary to the Treasury conducted the evaluation, which considered submissions from a range of interested persons including investors and their advisers, peak bodies and the Foreign Investment Division's government consultation partners in the Australian and state and territory governments.

The Secretary submitted the evaluation to the Treasurer on 10 December 2021. Overall, the evaluation found that in their first year, the reforms achieved the Government's aims, particularly by ensuring investments which may raise national security considerations are assessed by the Government.

The evaluation made 7 findings concerning the implementation of the reforms, foreign investment inflows, national security, compliance and enforcement, streamlining measures and exemption certificates, and foreign investment fees.

The evaluation is available on the Treasury website.

Foreign investment digital transformation

To support the expanded remit flowing from the 2021 legislative reforms, the 2020-21 Budget measure Strengthening Australia's Foreign Investment Framework provided $86.3 million over 4 years (2021–2024) to deliver business and digital transformation programs to support the work of Foreign Investment Division and the ATO.

This digital transformation program will deliver an end-to-end integrated system for regulatory activities and enable investors, advisers and government consultation partners to more efficiently engage with the Foreign Investment Division. The new technology solution will deliver 5 new digital capabilities:

- a full-service case management system for the Foreign Investment Division to strengthen case and compliance management and deliver refined reporting tools
- an advanced analytics capability, which will provide timely and accurate data that supports our analysis, decision-making and reporting
- a new portal for investors and their agents to streamline the submission and management of foreign investment proposals
- a new portal for government consultation partners to improve engagement and interaction with the Foreign Investment Division on foreign investment matters
- an ATO-led Register of Foreign Ownership of Australian Assets to provide a consolidated view of foreign-owned assets in Australia.

In January 2022, Treasury announced Deloitte as the digital transformation delivery partner. The first release of the new system is scheduled in 2022–23.

The Foreign Investment Review Board

The Foreign Investment Review Board (FIRB) is a non-statutory body to advise the Treasurer and Government on foreign investment matters. FIRB's functions are advisory only and it does not make decisions on foreign investment proposals.

FIRB's members have deep knowledge and experience of foreign investment, including foreign affairs, national security, business, investment and specific sectors. Strong probity procedures are in place to ensure actual or potential conflicts of interest are managed appropriately.

The role of FIRB is to:

- examine proposed investments that are subject to the foreign investment framework (the framework), which encompasses the FATA and supporting legislation and regulations
- make recommendations through the Foreign Investment Division to the Treasurer and other Treasury portfolio ministers on the national interest implications of these proposals
- advise the Treasurer on the operation of the framework and the FATA.

Foreign Investment Review Board membership

On 30 June 2022, FIRB had 8 members, made up of 7 part–time members and one full–time executive member – the First Assistant Secretary of Treasury's Foreign Investment Division.

Ms Carolyn Kay was appointed to FIRB on 20 November 2021, increasing the number of members from 7 to 8.

On 31 March 2022, the longstanding chair of FIRB, Mr David Irvine AO, passed away. Mr Irvine was one of Australia's most respected public servants and a trusted adviser. He led FIRB through a period of significant change in the global foreign investment landscape amid geo-political developments and technological change. His insights were critical in helping foreign investors and business leaders understand these challenges, and the need for the Government to respond.

Mr Bruce Miller AO was appointed as the chair of FIRB on 6 April 2022.

Table 45: Members of the Foreign Investment Review Board at June 2022

Name	Qualifications and experience	Date of commencement
Mr Bruce Miller AO (Chair)	Mr Miller has had a distinguished career in international relations and intelligence occupying senior positions in the Department of Foreign Affairs and Trade, the Department of the Prime Minister and Cabinet, and the Office of National Assessments. He served as Australian Ambassador to Japan (2011–2017). He now has a number of private and public sector board roles.	Non-executive member since 6 April 2022
The Hon Cheryl Edwardes AM	Ms Edwardes is a lawyer and served as a minister in the Court Government (1993–2001) and was the member for Kingsley in the WA Parliament (1989–2005). She brings extensive legal and regulatory experience to FIRB.	Non-executive member since 14 August 2017
Ms Teresa Dyson	Ms Dyson is a non-executive director, serving on a range of listed, government and not for profit boards. She brings corporate and governance experience from a range of sectors to FIRB.	Non-executive member since 2 January 2018
The Hon Nick Minchin AO	Mr Minchin served as Minister for Industry, Science and Resources (1998–2001) and Minister for Finance and Administration (2001–2007). Mr Minchin also served as Australian Consul-General in New York (2014–2017) and brings wide ranging senior leadership credentials, public policy, industry and international experience to FIRB.	Non-executive member since 17 December 2018
Ms Margaret (Meg) McDonald	Ms McDonald has served as Australia's Deputy Ambassador to the United States (1998–2002), Ambassador for the Environment (1996–1998), Chief Operating Officer of the Clean Energy Finance Corporation and CEO of Low Carbon Australia Limited (LCAL). She has also held global leadership positions with resources and metals manufacturer Alcoa, bringing extensive experience in senior public and private sector roles, in Australia and internationally.	Non-executive member since 26 March 2019

Name	Qualifications and experience	Date of commencement
Mr Steven Skala AO	Mr Skala is the Vice Chairman, Australia of Deutsche Bank AG (since 2004), Chairman of Clean Energy Finance Corporation (since 2017) and an ex officio member of the Commonwealth's recently established Technology Investment Advisory Council. He is active beyond banking and commerce as the Chairman of the Heide Museum of Modern Art, Deputy Chairman of The General Sir John Monash Foundation, a Director of the Centre for Independent Studies and a Member of the International Council of the Museum of Modern Art (MoMA) in New York. He brings extensive experience in business and banking, as well as government-related and non-for-profit organisations.	Non-executive member since 18 September 2020
Ms Carolyn Kay	Ms Kay is a member of The Future Fund Board of Guardians and a non-executive director of Scentre Group, Myer Family Investments and Rothschild Australia. In the not-for-profit sector she is also a non-executive director of The General Sir John Monash Foundation and Sydney Grammar School. In 2001 she was awarded the Centenary Medal for services to Australian society in business leadership and brings extensive experience to FIRB as an executive and non-executive director with more than 30 years' experience in the finance sector.	Non-executive member since 20 November 2021
Mr Simon Writer PSM	The position of Executive Member is held by the First Assistant Secretary of Treasury's Foreign Investment Division. The Executive Member is the link between FIRB and the Division, which administers Australia's foreign investment regulatory framework and supports FIRB's work.	Executive member since 2 May 2022

Table 46: Foreign Investment Review Board meeting attendance during 2021–22

	No. of meetings attended	No. of meetings eligible to attend
Bruce Miller (Chair – from April 2022)	3	3
David Irvine (former Chair – to March 2022)	6	8
Cheryl Edwardes	11	11
Teresa Dyson	10	11
Nick Minchin	9	11
Margaret (Meg) McDonald	11	11
Steven Skala	11	11
Carolyn Kay (from November 2021)	4	6
Simon Writer (from May 2022)	2	2
Tom Hamilton (former First Assistant Secretary – to February 2022)	7	7
Peter Johnson (acting First Assistant Secretary – February to April 2022)	2	2

Australian National Contact Point

The Australian National Contact Point promotes responsible business conduct under the OECD Guidelines for Multinational Enterprises by engaging with stakeholders including business, government, civil society, unions and academics. The Australian National Contact Point also provides a free conciliation service within a non-judicial OECD framework to help resolve complaints against multinational enterprises where alleged non-observance of the guidelines are brought to the Australian Government.

The Market Conduct Division of Treasury contracts 3 independent examiners to assesses, conciliate and make recommendations on individual complaints through public statements. It also provides secretariat support, conducts promotional activities to raise awareness and contributes to policy development. A Governance and Advisory Board meets biannually and comprises representatives from government, civil society, business and unions.

In September 2021, the Australian National Contact Point underwent an OECD National Contact Point Peer Review, where the function was assessed on its complaint handling and engagement activity. Stakeholders of the Australian National Contact Point provided feedback through a public survey and virtual sessions. The Final Report is published on the OECD website.

In 2021–22, the Australian National Contact Point conducted 8 outreach activities and managed 10 complaints.

- Four complaints are in mediation or subject to a mediation offer.
- One complaint was closed.
- One complaint was rejected.
- Four complaints are still subject to initial assessment (whether to accept, reject or transfer).

The Australian National Contact Point reports annually to the OECD and complaint statements are available at www.AusNCP.gov.au.

Australian Small Business and Family Enterprise Ombudsman

The mission of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is to help Australia be the best place to start, grow and transform a business. Small business is a dynamic, fast-growing and exciting sector that allows people with an entrepreneurial spirit to pursue their dreams. We celebrate the vital and deeply personal commitment to our communities made by more than 2.3 million small and family businesses.

The Hon. Bruce Billson's 5-year tenure as the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) began on 11 March 2021. The Ombudsman is independent and is a statutorily appointed Public Office Holder. The activities of the ASBFEO are governed by the *Australian Small Business and Family Enterprise Ombudsman Act 2015* (the Act). The Act provides that the ASBFEO will deliver its functions for small businesses and family enterprises defined as businesses with fewer than 100 employees or revenue of less than $5 million per annum.

The ASBFEO has 3 clear functions – to assist small business and family enterprises, advocate for small business and family enterprises, and showcase 'better practice' among smaller enterprises and those dealing with them. The ASBFEO has helped nearly 30,000 small businesses principally by resolving disputes with other businesses or government agencies outside the costly legal system. It also provides access to mental health support and tools to help people start and grow a business and make better business decisions.

The ASBFEO acts as a trusted adviser and advocate, drawing its expertise to identify issues affecting small business and family enterprise. It helps promote small and family business interests to key decision makers. It supports policy makers and program designers by providing field evidence, problem-solving and stakeholder engagement. The ASBFEO economics and data analytics team conducts surveys and draws together public and private sector data to produce tailored and accessible information.

Small businesses have experienced rolling disasters in recent years. The ASBFEO has been on the ground with small businesses and their representatives to understand their issues first-hand, identify roadblocks to growth, and support their successes. This first-hand knowledge assists Minister-directed and self-initiated inquiries. This has included investigating the need for better natural disaster preparedness and resilience and the insurance crisis facing the amusement and leisure sector. We provided input to legislation, regulations, policies and program design for the Minister for Small Business.

The Ombudsman further assists small business by building relationships across business and government, including:

- the Ombudsman's Policy Forum draws together 37 industry and professional associations which also meet separately in working groups to progress key issues
- the Ombudsman chairs the Federal Regulatory Agency Group, which on a quarterly basis brings together the ASBFEO and several key Commonwealth level regulators – the Australian Competition and Consumer Commission, Australian Securities and Investments Commission, Australian Taxation Office, Australian Financial Complaints Authority and Fair Work Ombudsman
- the Small Business Commissioner's Group — which includes the Ombudsman and state representatives — meets quarterly. It also meets with the Federal Regulatory Agency Group at least twice annually to ensure good communication between the state commissioners and Commonwealth regulators
- the ASBFEO participates in and engages with various consultative groups including peak small business meetings held by the Australian Competition and Consumer Commission and the Australian Taxation Office
- the ASBFEO engages with various business forums, conferences and small business events (including with accounting and other industry bodies).

In 2021–22 the ASBFEO continued to raise awareness through its communications channels of issues impacting small business. The communications team supports ASBFEO activities, including promoting best practice engagement with small business, encouraging awareness of policy and regulatory changes, and seeking input directly from small businesses. Promotional activity includes media releases, speaking engagements, newsletters, social media channels and videos. The ASBFEO communications team has also been involved in:

- various Industry Code reviews — including the franchising and automotive industries — to help promote good commercial behaviour
- the implementation and operation of the payment times reporting framework to encourage prompt payments to small businesses
- discussions with industry organisations and international experts about best commercial practice.

The ASBFEO operates a Small Business Hub that provides free short-term office space for small and family business industry associations and policy advocates.

Advocacy

The ASBFEO conducted a broad range of research and inquiries in 2021-22. The research and inquiries were initiated by the Ombudsman and conducted under Ministerial referral. The ASBFEO provided quarterly updates to the Minister about operations of the Ombudsman's Office and relevant legislation, policies and practices affecting small business (available via asbfeo.gov.au).

Research and inquiries conducted by the ASBFEO included:

- an Inquiry into Small Business Natural Disaster Preparedness and Resilience referred by the former Minister for Small Business, the Hon Stuart Robert MP
- research into the barriers faced by small businesses owned and led by women
- a Review of the Discretionary Mutual Fund proposed for small businesses in the amusement, leisure and recreation sector which are unable to secure essential insurance cover
- research into Least Cost Routing for merchants across the small business sector.

Other areas of advocacy work included:

- input into the development of the automotive franchising industry's Memorandum of Understanding on an industry-led voluntary arbitration pathway to dispute resolution
- input into the design of new measures including the Payment Times Procurement Connected Policy
- reviewing implementation of changes to the Commonwealth Procurement Rules, continued work on government procurement activities and how these could better support domestic small businesses
- advocating for the introduction of a Small Business Division within the Fair Work Commission to assist small business operators with disputes
- fielding requests for advice on the inability to secure insurance in certain sectors
- providing input into policies supporting small business digital engagement and transformation.

The ASBFEO acts as a voice for small business on policy and legislation. In this role it has provided formal responses on 8 Regulation Impact Statements. It also provided informal feedback on regulations affecting small and family business. The Ombudsman made 102 submissions to entities including the following:

- ACT Government
- Attorney General's Department
- Australian Banking Association
- Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Communications and Media Authority
- Australian Finance Industry Association
- Australian National Audit Office
- Australian Prudential Regulation Authority
- Australian Retail Credit Association
- Australian Securities and Investments Commission
- Australian Taxation Office
- Banking Code Compliance Committee
- Board of Taxation
- Department of Agriculture, Water and the Environment
- Department of Defence
- Department of Foreign Affairs and Trade
- Department of Home Affairs
- Department of Industry, Science, Energy and Resources
- Department of Infrastructure, Transport, Regional Development and Communications
- Department of Prime Minister and Cabinet
- Digital Transformation Agency
- Fair Work Commission
- Food Standards Australia and New Zealand
- House of Representatives Infrastructure, Transport and Cities Committee
- Inspector General of Taxation and Taxation Ombudsman
- National Insurance Brokers Association
- National Transport Commission
- Productivity Commission
- Queensland Education, Employment and Training Committee
- Queensland Government
- Senate Economics Legislation Committee
- Senate Employment, Education and Training Committee
- Senate Legal and Constitutional Affairs Committee
- Senate Select Committee on Job Security
- Senate Select Committee on Social Media and Online Safety
- The Energy Charter
- Therapeutic Goods Administration
- The Treasury

Assistance

The Ombudsman received 6,316 contacts in 2021–22. Most requests for assistance came via the Infoline, an online form, direct emails and phone calls. There were 231,328 visits to the Ombudsman's website (www.asbfeo.gov.au).

There were 554 enquiries about Industry Codes and 105 about the Small Business Tax Concierge Service.[6] A lot of Small Business Tax Concierge Service enquiries continued to relate to the ATO administered JobKeeper and Cash Flow Boost Incentives. No formal requests for assistance about no adverse cost orders were received during the period.

Many requests for assistance were about the ongoing impact of COVID-19, natural disasters and supply chain blockages. The confluence of supply chain issues, rising costs, and resumption of deferred lease, loan and tax payments put financial pressure on small businesses.

The Ombudsman assisted with 547 franchise disputes including arranging 72[7] ADR processes under the Franchising Code of Conduct. The underlying issue in many cases was how franchisors and franchisees evaluated the sustainability of their businesses in light of recent changes to business models and current economic conditions.

The Ombudsman worked closely with Commonwealth, state and territory agencies on a wide variety of topics. Cooperation with the agencies during the reporting period did not require entry into any formal cooperative arrangements.

Of the 6,316 contacts with the Ombudsman, 5,065 were dispute related. This included 1,500 formal requests for assistance in accordance with the Act. The Ombudsman made 12 formal recommendations that the parties participate in Alternative Dispute Resolution. To date, 2 were resolved prior to the ADR process, 3 were resolved within the ADR process, one was withdrawn, one remains unresolved and 4 are ongoing. In one instance, a party refused to participate in Alternative Dispute Resolution and information relating to the refusal was published on the ASBFEO website in accordance with the Act.

6 This includes small businesses seeking assistance with negative decision letters received and inquiries about the service.

7 Of the 72 ADR processes, 51 have been finalised.

Table 47: Resolution of disputes received during 2021–22 financial year

Resolution	Count	Percentage of total
Referral to more appropriate agency		
▪ State Small Business Commissioners	396	8%
▪ Referred to appropriate agency (including Australian Financial Complaints Authority, Fair Work Ombudsman etc.)	1,075	21%
One-on-one assistance provided		
▪ Referred to case management and advocacy	798	16%
▪ Information on dispute resolution pathways provided	2,118	42%
▪ Resolved by Ombudsman direct action	269	5%
Case currently in progress with Ombudsman	342	7%
Referred to alternative dispute resolution (including under the Franchising, Horticulture, Oil and Dairy Codes)	51	1%
Referred to Small Business Tax Concierge Lawyer	16	0%
Total	**5,065**	**100%**

Annual child safety statement of compliance

Treasury is committed to promoting and maintaining a culture of child safety and wellbeing. In line with the Commonwealth Child Safe Framework (the Framework), Treasury has undertaken the child safety risk assessment for 2021–22 and determined the risk as low. The assessment determined the identification and evaluation of risks to the safety and protection of children and young people is thorough, and measures implemented to mitigate those risks are appropriate.

While Treasury's business activities and functions rarely involve direct interaction with children, we work to ensure departmental activities are child safe. We further develop our practices and policies through a continuous development approach and education to ensure Treasury provides a safe environment in which children's rights, needs and interests are met.

Treasury's interaction with children includes:

- responding to queries regarding work experience
- a third-party contractor designed and delivered a financial literacy survey which included children aged 14 to 17
- annual Christmas party for the children of Treasury employees, at which children have parental supervision.

Our employees understand the importance of ensuring the safety and wellbeing of the children taking part in programs or activities convened by Treasury. Education and training are important in creating a child-focused, transparent, and safe organisation. Treasury's Working with Vulnerable People Policy outlines employees' legal obligations to always act ethically and responsibly towards children and young people.

Treasury will continue to embed child safe initiatives into our culture and work practices. We will ensure that our employees remain aware of the requirements of the Commonwealth Child Safe Framework, including the National Principles for Child Safe Organisations. Employees undertaking a specific role in child-related programs or activities will participate in the necessary education and training.

Resource tables

Table 48: Summary resource statement

		Actual available appropriation	Payments made	Balance remaining
		2021-22 $'000 (a)	**2021-22** $'000 (b)	**2021-22** $'000 (a - b)
Ordinary annual services[1]				
Departmental				
Departmental appropriation[2]		460,849	349,242	111,607
Total		**460,849**	**349,242**	**111,607**
Administered expenses				
Outcome 1		138,915	99,583	39,332
Payment to Corporate entities		-	-	-
Total		138,915	99,583	39,322
Total ordinary annual services	**A**	**599,764**	**448,825**	**150,939**
Other services[3]				
Departmental non-operating				
Equity injections		791	791	-
Total		**791**	**791**	**-**
Administered non-operating				
Administered assets and liabilities				
Outcome 1		165,000	165,000	-
New administered outcomes				
Outcome 1		6,153	-	6,153
Total		171,153	165,000	6,153
Total other services	**B**	**171,944**	**165,791**	**6,153**
Total available annual appropriations and payments (A+B)		**771,708**	**614,616**	**-**

		Actual available appropriation	Payments made	Balance remaining
		2021-22 $'000 (a)	**2021-22** $'000 (b)	**2021-22** $'000 (a - b)
Special appropriations				
Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020		-	12,407	-
Federal Financial Relations Act 2009			109,220,904	
Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020		-	5,685	-
International Finance Corporation Act 1955		-	27,776	
International Monetary Agreements Act 1947		-	983,201	-
Total special appropriations	**C**		**110,249,973**	
Special accounts[4]				
Opening balance		797,269	-	-
Non-appropriation receipts to Special Accounts		70,360,380	-	-
Payments made		-	25,124,251	-
Transfers made to other entities		-	44,867,877	-
Total special account	**D**	**71,157,649**	**69,992,128**	**-**
Total resourcing and payments (A+B+C+D)[5]		71,929,357	180,856,717	-
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		**71,929,357**	**180,856,717**	**-**

1 *Appropriation Act (No. 1) 2021-22 and Appropriation Act (No. 3) 2021-22.* This may also include Prior Year departmental appropriation and section 74 relevant agency receipts.
2 Includes an amount of $10.262 million for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.
3 *Appropriation Act (No. 2) 2021-22 and Appropriation Act (No. 4) 2021-22*
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 49: 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	Actual expenses	Variation
	2021-22 $'000 (a)	**2021-22** $'000 (b)	**2021-22** $'000 (a - b)
Program 1.1: Department of the Treasury			
Departmental expenses			
Departmental appropriations[1]	341,651	324,130	17.521
Special accounts	–	–	–
Expenses not requiring appropriation	9,118	27,091	(17,973)
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	46,971	63,949	(16,978)
Special accounts	44,830,176	44,867,877	(37,701)
Expense not requiring appropriations	75,793	18,301	57,492
Total for Program 1.1	**45,303,709**	**45,301,348**	**2,361**
Program 1.2: Payments to International Financial Institutions			
Administered expenses			
Special appropriations	24,006	37,357	(13,351)
Expenses not requiring appropriation	370,691	753,836	(383,145)
Total for Program 1.2	**394,697**	**791,193**	**(396,496)**
Program 1.3: Support for Markets and Business			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	30,198	33,174	(2,976)
Expenses not requiring appropriation	1,512,869	254,523	1,258,346
Total for Program 1.3	**1,543,067**	**287,697**	**1,255,370**

	Budget	Actual expenses	Variation
	2021-22 $'000 (a)	**2021-22** $'000 (b)	**2021-22** $'000 (a - b)
Program 1.4: General Revenue Assistance			
Administered expenses			
Special appropriations	73,070,000	74,338,522	(1,268,522)
Special accounts	2,980,041	3,192,136	(212,095)
Total for Program 1.4	**76,050,041**	**77,530,658**	**(1,480,617)**
Program 1.5: Assistance to the States for Healthcare			
Services			
Administered expenses			
Special appropriations	24,828,090	24,059,543	768,547
Special accounts	318,687	170,308	148,379
Total for Program 1.5	**24,146,777**	**24,229,851**	**916,926**
Program 1.6: Assistance to the States for Skills and Workforce Development			
Administered expenses			
Special appropriations	1,577,500	1,577,500	-
Total for Program 1.6	**1,577,500**	**1,577,500**	**-**
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	1,616,171	1,616,171	-
Total for Program 1.8	**1,616,171**	**1,616,171**	**-**

	Budget	Actual expenses	Variation
	2021-22 $'000 (a)	2021-22 $'000 (b)	2021-22 $'000 (a - b)
Program 1.9: National Partnership Payments to the States			
Administered expenses			
Special appropriations	1,196,904	5,817,902	(4,620,998)
Special accounts	25,920,126	23,278,851	2,641,275
Expenses not requiring appropriation	684,400	1,013,299	(328,899)
Total for Program 1.9	**27,801,430**	**30,110,052**	**(2,308,622)**
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	77,169	97,123	(19,954)
Special appropriations	102,312,671	107,446,995	(5,134,324)
Special accounts	74,049,030	71,509,172	2,539,858
Expenses not requiring appropriation	2,643,753	2,039,959	603,794
Departmental expenses			
Departmental appropriations[1]	341,651	324,130	17,521
Special accounts	-	-	-
Expenses not requiring appropriation	9,118	27,091	(17,973)
Total expenses for Outcome 1	**179,433,392**	**181,444,470**	**(2,011,078)**
	2020-21	2021-22	-
Average staffing level (number)	1,097	1,341	-

* Full-year budget, including any subsequent adjustment made to the 2021-22 Budget at Additional Estimates.

1 Departmental Appropriation combines Ordinary annual services (Appropriation Act Nos. 1 and 3) and Revenue from independent sources (s74).

Information correcting the record

There are no corrections to information provided in Treasury's Annual Report 2020-21

Abbreviations and Acronyms

ACCC	Australian Competition and Consumer Commission
ADR	Administrative Dispute Resolution
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
APS	Australian Public Service
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
ATO	Australian Taxation Office
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
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	*Public Governance, 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
SFB	Small and Family Business
SME	Small and medium-sized enterprise
The Ombudsman	Australian Small Business and Family Enterprise Ombudsman
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 *Public Service Act 1999*.
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	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. 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.

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: ▪ 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.
Finance law	Refers to: ▪ The PGPA Act 2013; or ▪ rules issued under the PGPA Act 2013; or ▪ any instrument made under the PGPA Act; or ▪ an Appropriation Act.
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 *Public Governance, Performance and Accountability Rule 2014*.

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 *Public Service Act 1999*.
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 *Public Service Act 1999*.
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	The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) replaced the *Financial Management and Accountability Act 1997* and the *Commonwealth Authorities and Companies Act 1997* 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. 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/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-and-list
Public service care agency	A public service care agency is defined in section 4 of the *Carer Recognition Act 2010* to mean an agency as defined in the *Public Service Act 1999* 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 ccountable 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

PGPA Rule Reference	Part of Report	Description	Requirement
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
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

PGPA Rule Reference	Part of Report	Description	Requirement
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
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

PGPA Rule Reference	Part of Report	Description	Requirement
	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

PGPA Rule Reference	Part of Report	Description	Requirement
	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
17AG(4)(aa)	Management of Human Resources	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location.	Mandatory
17AG(4)(b)	Management of Human Resources	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: ▪ 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 Public Service Act 1999.	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

PGPA Rule Reference	Part of Report	Description	Requirement
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
	Purchasing		
17AG(6)	Purchasing	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	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 "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]".	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 "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."	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	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 "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."	Mandatory
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

PGPA Rule Reference	Part of Report	Description	Requirement
	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 "[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."	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 "[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."	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
17AD(f)	**Other Mandatory Information**		
17AH(1)(a)(i)	Advertising and market research	If the entity conducted advertising campaigns, a statement that "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."	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 "Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
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
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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