Australian Government

Department of Finance

Annual Report

2019–20

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About this report

This is the Secretary's report to the Minister for Finance on the performance of the Department of Finance (Finance) for the financial year 2019–20.

The report has been prepared in accordance with Resource Management Guide No. 135: *Annual reports for non-corporate Commonwealth entities*.

Accessing this report online

Further information about Finance and an online version of this report are available on the Finance website at finance.gov.au/publications.

The annual report can also be found at transparency.gov.au.

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Australian Government

Department of Finance

Rosemary Huxtable PSM
Secretary

Senator the Hon Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report of the Department of Finance for the financial year 2019-20.

This report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46 which requires that you table the report in parliament. The report reflects the matters dealt with and legislation administered by the Department as at 30 June 2020.

The report includes the Department's audited financial statements as required by section 43(4) of the PGPA Act.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that:

- the Department has prepared fraud risk assessments and fraud control plans
- the Department has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- I have taken all reasonable measures to appropriately deal with fraud relating to the Department.

Yours sincerely

Rosemary Huxtable

Secretary

2 October 2020

cc Senator the Hon Zed Seselja, Assistant Minister for Finance, Charities and Electoral Matters

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Secretary's review

Rosemary Huxtable PSM

The events of 2019–20 have coloured every aspect of government and, as a result, the organisational priorities and operations of the Department of Finance. The strength and adaptability of the Department's organisational structures and leadership cohort has supported our portfolio ministers, government entities, partners and stakeholders in designing and delivering critical response and recovery measures during this period of unprecedented events.

Our advisory role in the management of the Commonwealth's finances has been critical in supporting the Government's response to COVID-19. Working with colleagues in the Treasury, we have assisted the Government to design and deliver historic relief and recovery measures. We have ensured the necessary financing of essential government services, developed appropriation bills, delivered Advances to the Finance Minister for urgent and unforeseen expenditure and supported business through rent relief policy for commercial tenants in Commonwealth properties and updated procurement guidance.

We ensured Australians had access to essential information through the Commonwealth's COVID-19 advertising campaign, hosted the Department of Health and Smart Traveller websites, and enabled connectivity across government through our support of the National Telepresence System and GovTEAMS technology.

2019–20 has also meant continuing progress on APS reform and our own organisational transformation. The 2019 Independent Review of the Australian Public Service (the APS Review) commits to developing the professionalism, capability and governance of the APS.

Finance has important roles leading and contributing to initiatives arising from the Government's response to the APS Review. This includes advancing joined-up approaches to the enabling services of government such as the whole-of-government Enterprise Resource Planning (GovERP) project and the relative prioritisation of capital expenditure projects. Finance has also established a small team to work across the APS to enhance evaluation capacity. The work leverages the Commonwealth performance framework requirement for entities to measure and assess performance in achieving their purposes, and to report performance expectations and outcomes in their corporate plans and annual performance statements.

An initial outcome of the APS Review was the establishment of a Chief Operating Officers' Committee. This includes Chief Operating Officers (COOs) from all departments and major agencies, chaired in the reporting period by a Finance Deputy Secretary. The Committee was tasked with achieving an enterprise-wide approach to APS operations and management. With the onset of COVID-19, the Chief Operating Officers' Committee quickly evolved to support the Government's response, focusing on managing whole-of-APS operations.

The role of the APS was highlighted in 2019–20 as it supported the Australian community to grapple with the challenges of drought, bushfires and a worldwide pandemic. I commend the voluntary surge of many Finance staff in 2019–20 to entities under significant pressure, such as Services Australia, to support the delivery of emergency assistance to Australians in need.

This aligns with our transformation goal to be a high-performing, modern and efficient public sector organisation, able to respond to emerging priorities.

The Department will continue transforming, capturing the lessons learned and taking up the opportunities of a changed operating environment in support of the Government's priorities. This will inform our future priorities and resource investments. The challenges will continue and we will remain responsive and committed to supporting the government and the Australian people.

I am pleased to present the *Department of Finance 2019–20 Annual Report*.

Our performance and achievements

Finance's deliverables in 2019–20 have been achieved or substantially achieved against the backdrop of the Government response to national emergencies and the impacts of a global pandemic.

As a central agency, Finance's ability to influence whole-of-government outcomes has enabled us to deliver ongoing value and improvements for the Government and the Australian community in line with our purpose in the 2019-20 Corporate Plan. This is outlined in the following highlights.

Fiscal management

During the first six months of 2020, the Department provided policy and financial advice on spending proposals as the Government responded to the summer bushfires and the COVID-19 pandemic, lodging 158 Green Briefs for the Expenditure Review Committee of Cabinet.

Finance delivered the 2018–19 Final Budget Outcome in September 2019 and Consolidated Financial Statements in November 2019, earlier than usual, along with the 2019–20 Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2019. Following the decision of the Government to defer the 2020–21 Budget to 6 October 2020, we supported the introduction and passage of three sets of extraordinary annual appropriation bills.

Additional funding was allocated through seven Advance to the Finance Minister (AFM) determinations, with $94 million provided to industry for fuel security purposes and $1,880 million provided to the Department of Health for personal protective equipment.

Finance supported the Government's fiscal management of the COVID-19 pandemic through accurate and timely financial reporting of major COVID-19 expenditure programs including the Government's COVID-19 response for health, aged care and social services payments as well as business support and child care.

Delivering for government and the community

In 2019–20, Finance fast-tracked consideration of grant initiatives that supported bushfire-affected communities to recover from the last fire season, responded to the COVID-19 pandemic and improved responsiveness into the future.

The Department established a new property and governance arrangement to promote and facilitate discussion on whole-of-government property matters and completed the transition of the majority of non-corporate Commonwealth entities into the Whole-of-Government Property Services Arrangements.

We monitored the operational and financial impacts of the pandemic on Government Business Enterprises (GBEs) and provided advice on steps to support the continued delivery of critical services to Australians through:

- NBN Co helping end users stay online when connectivity was needed and offering free speed upgrades to healthcare providers for telehealth services
- Australia Post reacting quickly to an unprecedented increase in parcel deliveries—in the eight weeks following the official declaration of the pandemic, e-commerce grew by 80 per cent
- Snowy Hydro Limited taking early steps to mitigate risks to business continuity and safe operation of its assets, enabling system reliability and energy security to the National Electricity Market
- advising and supporting the Government on the voluntary administration of Virgin Australia in a rapidly evolving aviation sector.

Providing accessible funding

We implemented key reforms to modernise Commonwealth cash management through the Near Real-time Funds (NeRF) project. Automation of the daily payment function enabled Commonwealth entities to access appropriations on a near real-time basis, including outside of normal banking hours, providing flexibility in the way entities deliver services and implement government policies.

Finance became the first entity to adopt e-invoicing through the Service Delivery Office (SDO) Shared Services Hub. E-invoicing improves productivity and data quality and reduces fraud.

Reducing administrative processes and working more efficiently through shared services is a priority for the Australian Government. The Shared Services Transformation Initiative is four years into the transformation of the shared service model for government and is driving productivity by reducing system duplication, enabling improved data collation and providing consistent customer experiences.

Enhancing information technology capability

A whole-of-government cybersecurity program provided funding for the migration of 25 websites to the GovCMS SaaS (software as a service) platform, a project that forms part of the Department's commitment to mitigating against cyber-attacks across government.

In support of staff seconded to Services Australia during the COVID-19 pandemic, the SDO released a new cloud-based service called HUB Cloud supporting secure and flexible access for staff to view payslips and enter attendance times when located within another entity, without the need to log into their home agency network.

Finance successfully implemented a new payment and information technology (IT) system to administer the pension schemes for former parliamentarians, federal judges and governors-general. The new system is cloud-based and provides modern capabilities to administer the defined benefit pension schemes within a secure operating environment.

We enhanced our internal capability to optimise business processes by removing inefficient and/or ineffective activities, ensuring consistency and standardisation. In the process automation space, 15 automations (or digital workers) have been implemented resulting in an annualised return of more than 6,000 hours to the Department.

Capability and enablers

The Department's enabling factors in relation to people, financials, facilities, business continuity, and information and communications technology (ICT) remain central to our performance.

The events of 2019–20 highlighted the importance of a connected, mobile and responsive APS. These are key characteristics of Finance's approach to the work we do, our outward-facing stewardship activities and how we operate internally.

To ensure Finance staff are able to respond as needed, the Department provided access to a highly functional IT platform through the 'One Desktop' project completed in December 2019. Use of common agile devices supported the rapid and successful transition to remote working arrangements for staff under Finance's business continuity planning in response to COVID-19. In addition, Finance's GovTEAMS platform, through its innovative videoconferencing functionality, has enabled staff to continue to work effectively in teams from various locations under flexible and remote working arrangements.

Finance's experience during the COVID-19 pandemic has emphasised the importance of continued investment in workforce planning and capability to remain skilled, flexible and responsive to meet government priorities. The successful surge to areas of need across the APS, for which Finance staff volunteered at all levels, highlights the Department's workforce flexibility and commitment to the values of stewardship across the public service. Underpinning this effort, a focus on business continuity has ensured continued delivery of departmental priorities, while business areas were supported to assess, identify and surge resources to wider APS-critical functions.

Our People Capability Framework, launched in 2019, is helping to drive operational efficiencies and achieve an uplift in performance. It clearly defines the performance expectations and required core capabilities. Finance is committed to supporting staff deliver to a high standard against emerging priorities and business-as-usual functions in a connected, collaborative and flexible way.

Outlook

In 2020–21, Finance's focus will be on delivering the multiple budget updates required in the financial year. These include the deferred 2020–21 Federal Budget, the 2020–21 Mid-Year Economic and Fiscal Outlook and the 2021–22 Federal Budget. In addition to budget and financial reporting, the Department will continue to respond to significant economic headwinds as they impact GBEs and other private sector partners.

While COVID-19 does not come with an 'end date', we are looking at what work in Finance looks like on the other side of the pandemic. The Government's priority for the future will be on economic recovery. Finance's portfolio, with its diverse and influential responsibilities across the whole of government, will play a central role. We will continue assessing how best to embed the recent learnings from the COVID-19 response, including responses to future emerging priorities, enhancing the use of digital technology and building on flexible work practices, while ensuring the delivery of critical functions.

There will be a focus on maturing the way resources are mobilised to priorities and ensuring strong alignment of programs, outcomes and operations as we review Finance's operating model in 2020–21. Collaboration across the APS and with the private sector to improve outcomes for the Australian public and support ongoing recovery efforts of the Government will continue. The Department's role in essential whole-of-government service delivery in the areas of ICT and shared services will remain a key focus to support efficient and effective ongoing operations of the APS.

Finance's ongoing leadership will be critically important through the economic recovery that lies ahead. As a central agency, we will focus on the external stewardship of core policy frameworks which set the parameters for effective and accountable decision-making in support of government policy. The Department will continue to build capability in advising on value in government expenditure and through fit-for-purpose governance frameworks, investment funds, GBEs and budget work.

Acknowledgements

I would like to thank the Minister for Finance, Senator the Hon Mathias Cormann, and the Assistant Minister for Finance, Charities and Electoral Matters, Senator the Hon Zed Seselja, and their offices for the support that they have provided during 2019–20.

In July 2020, the Minister for Finance, Senator the Hon Mathias Cormann, announced his intention to step down from the ministry at the end of the year. I would particularly like to acknowledge the very significant contribution of Minister Cormann to the Finance portfolio over his more than seven years as Finance Minister and the highly collaborative and positive engagement that the Department has had with the Minister and his staff during this time.

The Department will support a successful ministerial transition in the portfolio to continue delivering for government on our purpose through 2020–21.

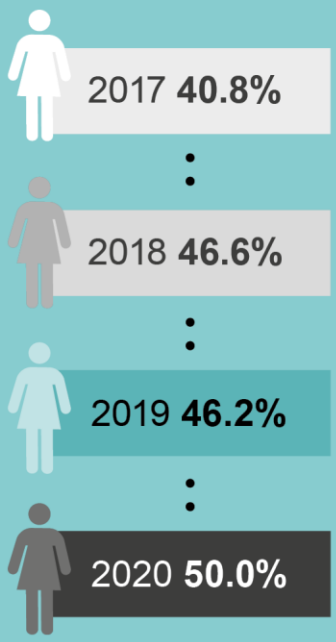
I would also like to acknowledge and thank all Finance staff for their commitment and constant professionalism in delivering the priorities and achievements outlined in this report, especially in an uncertain and challenging environment.

People of Finance

Our workforce

Number of staff including casuals

Women in leadership (Finance SES)



55.8%

Women

3.0%

Aboriginal and Torres Strait Islander

10.0%

Part-time staff

4.7%

Staff with a disability

Note: Percentages refer to ongoing staff.

Finance staff

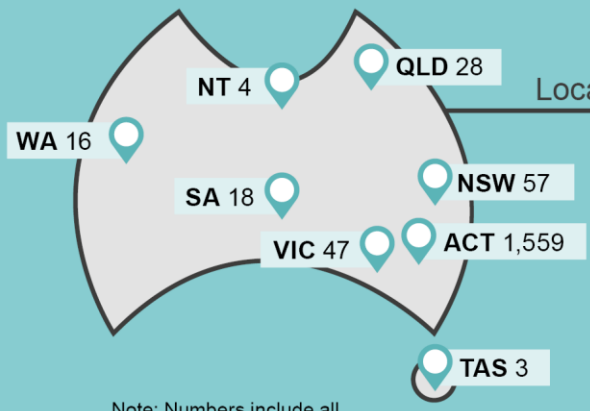
Male 868

Female 862

Indeterminate 2

Total 1,732

Location of staff



Note: Numbers include all employment types

Things we did well in 2019–20

Management

Communication

Health and wellbeing

Source: Pulse Survey on the Department's COVID-19 response

Business of Finance

Commercial and Government Services

Governance and Resource Management

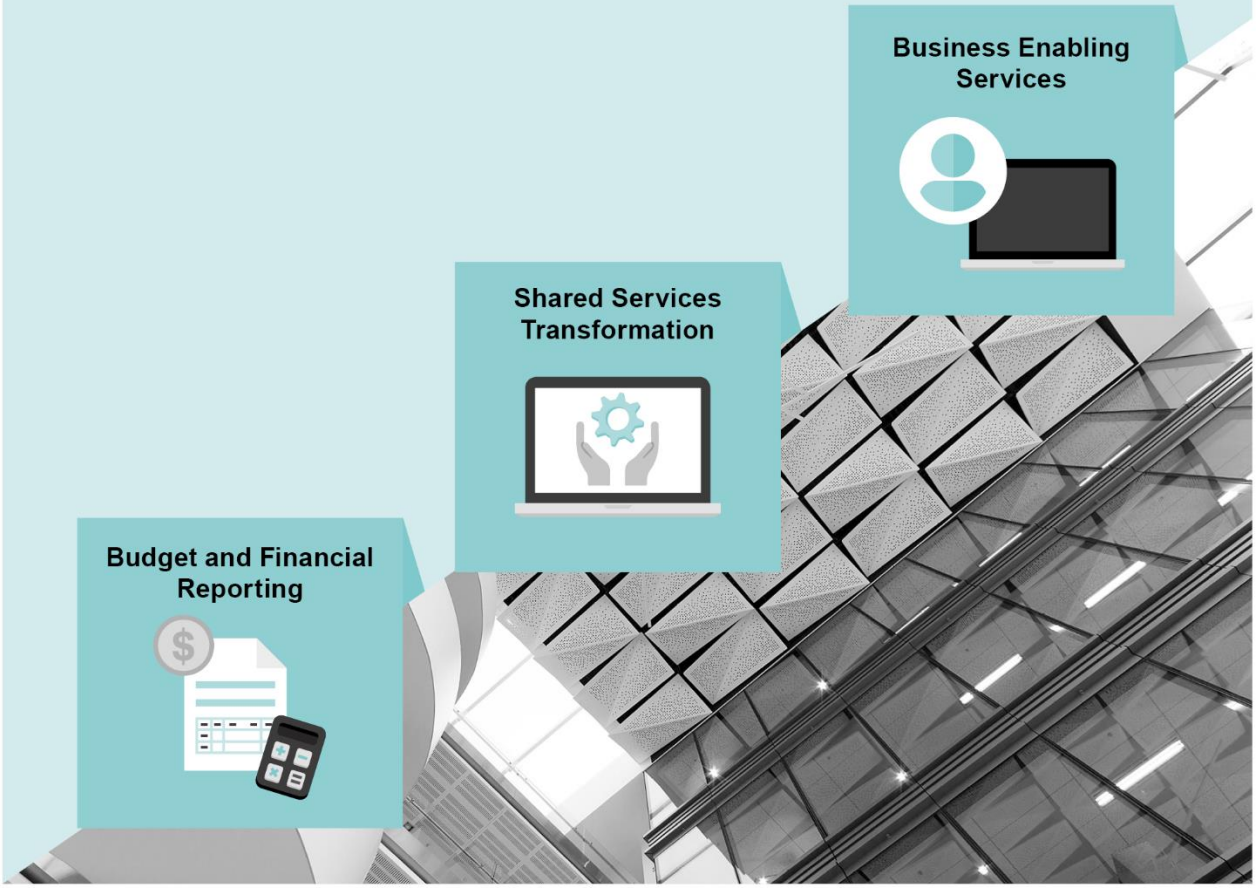
Priorities for 2019–20

1

Advising on expenditure and managing sustainable public sector resourcing to assist the Government to achieve its fiscal and policy objectives.

2 Driving public sector transformation and managing public sector frameworks and governance mechanisms across the whole-of-government, ensuring the sector is operating efficiently and has the organisational capability to respond to changing priorities.

3 Delivering cost-effective, productive and better-quality services to citizens and businesses.



Part 1: Overview

The portfolio

Role and functions

Purpose

Operating environment

Outcomes and programs

Finance executive

Organisational structure

The portfolio

The following details provide an overview of the Finance portfolio and a summary of changes that occurred within the portfolio in 2019–20.

Portfolio ministers
These ministers were responsible for the Finance portfolio and its agencies during the reporting period 2019–20:

Senator the Hon Mathias Cormann
Minister for Finance

Senator the Hon Zed Seselja
Assistant Minister for Finance, Charities and Electoral Matters

Portfolio structure

The portfolio structure at 30 June 2020:

Department of State

Department of Finance
Secretary: Rosemary Huxtable PSM

Non-corporate Commonwealth entities

Australian Electoral Commission
Electoral Commissioner: Tom Rogers

Future Fund Management Agency
Chair: The Hon Peter Costello AC
Chief Executive Officer (Acting): Cameron Price

Independent Parliamentary Expenses Authority
Chair: Jillian Segal AO
Chief Executive Officer: Annwyn Godwin

Corporate Commonwealth entity

Commonwealth Superannuation Corporation
Chair: Patricia Cross
Chief Executive Officer: Peter Carrigy-Ryan

Commonwealth companies

ASC Pty Ltd
Chair: Bruce Carter
Chief Executive Officer: Stuart Whiley

Australian Naval Infrastructure Pty Ltd
Chair: Lucio Di Bartolomeo
Chief Executive Officer: Andrew Seaton

Changes to the portfolio in 2019–20

There have been no changes to the portfolio in 2019–20.

Role and functions

As a central agency of the Australian Government, the Department of Finance has an influential role with responsibilities that span the whole of government. Finance works closely with the other central agencies, the Department of the Prime Minister and Cabinet and the Treasury, to provide support to government in its deliberations in Cabinet and its committees.

Finance's leadership in the Budget process and for the finances of the Commonwealth enables us to assist the Government shape and deliver its fiscal and policy objectives, with a particular focus on ensuring public expenditure programs are effective and sustainable and deliver the best value to the Australian community.

Our responsibility for public sector frameworks and governance mechanisms is critical for the efficient operation of government. As stewards, Finance must ensure these frameworks are fit-for-purpose and deliver the desired outcomes for our stakeholders, both now and in the future.

The Department plays a key role in managing the Commonwealth's commercial interests, supporting financial sustainability and economic growth through the delivery of significant projects, and supporting the Minister for Finance as shareholder minister for Government Business Enterprises (GBEs).

Finance has a diverse range of responsibilities that span the full range of public administration functions, from the earliest points of developing policy through to implementing and reviewing programs and delivering services. These responsibilities include:

- budget and economic updates and budget transparency
- GBE shareholder responsibilities
- insurance, investment funds and superannuation
- Resource Management Frameworks
- public sector productivity
- Commonwealth procurement, property and risk management
- whole-of-government ICT services
- shared services transformation
- supporting parliamentarians and their staff
- electoral policy
- discretionary compensation payments
- campaign advertising.

Purpose

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, government.

Values

Underpinning our work and our interactions are the Australian Public Service Values:

- Impartial
- Committed to service
- Accountable
- Respectful
- Ethical

Operating environment

In an environment of increasing complexity, uncertainty and change, it is more important than ever that the Department is well equipped to support the Government to deliver on its priorities.

Finance's operating context was fundamentally altered through the course of 2019–20. Against the backdrop of the 2020 national bushfires, the COVID-19 pandemic presented significant challenges—government decision-making on health and economic matters demanded fast-paced and adaptive advice and the environment in which many of our partners operate dramatically altered.

Notwithstanding these significant events, we pursued further innovation and transformation during 2019–20 while managing risks associated with rapid change. The bar remains high for policy and service delivery in a context where discipline, good process and quality are rightly demanded by governments and those they represent.

Finance’s ability to be agile and responsive, supporting the needs of our partners in the public and the private sectors, has contributed to our success in 2019–20. This involves embracing evolving technology and anticipating shifting stakeholder needs. Building on and embedding the Department's internal transformation remained a priority in 2019–20 as was Finance’s stewardship role.

Outcomes and programs

Figure 1: Outcome and program structure, 2019–20

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, government.

1

Support sustainable Australian Government finances through providing high-quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.

Program

1.1 Budget and financial management

Contributing business areas:
Budget and Financial Reporting, Governance and Resource Management

2

Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.

Programs

2.1 Public sector governance

2.2 Transforming government

2.3 Property and construction

2.4 Insurance and risk management

2.5 Technology and procurement services

2.6 Service Delivery Office

2.7 Public Sector superannuation

2.8 Australian Government investment funds

Contributing business areas:
Business Enabling Services, Commercial and Government Services, Governance and Resource Management

3

Support for parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.

Program

3.1 Ministerial and parliamentary services

Contributing business area:
Business Enabling Services

Finance executive

Secretary Rosemary Huxtable PSM

Rosemary Huxtable has led Finance since October 2016 and was appointed Secretary in February 2017. As Secretary, Rosemary is responsible for all functions and services delivered by the Department, including supporting the delivery of the Australian Government Budget, overseeing the financial framework of Australian Government entities, providing shareholder oversight of GBEs, managing the Australian Government's non-Defence domestic property portfolio and aspects of public sector modernisation.

Rosemary joined Finance in June 2013 as Deputy Secretary of Budget and Financial Reporting. Before that, Rosemary was a Deputy Secretary in the Department of Health and Ageing and was responsible for driving significant health and aged care reforms, particularly in the areas of Medicare, the Pharmaceutical Benefits Scheme, hospital financing, mental health and aged care.

Rosemary has worked extensively in the areas of budget management and health and community services across both public and private sectors. Rosemary has more than 28 years' experience in Commonwealth administration.

Rosemary received a Public Service Medal for her work on the Medicare program in 2005.

Deputy Secretary Matt Yannopoulos PSM

Matt Yannopoulos took up the role of Deputy Secretary Budget and Financial Reporting on 3 February 2020. Prior to this, he was the Chief Operating Officer in the Department of Health responsible for finance, legal, corporate services, the Department's state network, human resources, communications and information technology. Mr Yannopoulos has held significant roles, including Senior Responsible Officer for the Child Care Reform Implementation at the Department of Education, Chief Information Officer at the Departments of Health and Immigration and Border Protection and as the Department of Defence's first Chief Technology Officer.

Mr Yannopoulos was awarded a Public Service Medal in January 2019 for his substantial achievements in the implementation of the government's child care reforms across the Departments of Education, Human Services and Social Services.

Budget and Financial Reporting

Budget and Financial Reporting provides policy and financial advice on government expenditure and non-taxation revenue matters to the Minister for Finance, other senior ministers and the Expenditure Review Committee of Cabinet.

Budget and Financial Reporting supports the Government in its preparation, delivery and ongoing management of the Budget and assists agencies in meeting their financial management and reporting obligations. It aims to ensure that the analysis, policy advice and costing information provided to government support informed decision-making and that economic updates are delivered within timeframes and meet their legislative requirements.

Deputy Secretary Stein Helgeby

Dr Stein Helgeby was appointed Deputy Secretary of Governance and Resource Management in July 2019. Dr Helgeby joined Finance in February 2010 as the Deputy Secretary of the former Financial Management Group. Before this, Dr Helgeby worked in the Victorian Department of Treasury and Finance where he was responsible for budget and financial management, long-term policy research, taxation, business tax reform and intergovernmental relations. He also worked in the Department of Premier and Cabinet on national reform and climate change issues. Prior to joining the Victorian Public Service he held various Budget and corporate services senior executive positions within the then Commonwealth Department of Finance and Administration.

Governance and Resource Management

Governance and Resource Management develops policy and advises on the resource management and governance frameworks for public sector agencies, accounting policy, the Government's investment funds and superannuation arrangements for members of parliament and Commonwealth employees. It also advises on and coordinates government information and advertising campaigns.

Additionally, Governance and Resource Management consolidates budget updates, contributes to the preparation of the budget statements and prepares the Commonwealth's monthly and annual consolidated financial statements. It also provides policy and program leadership on initiatives aimed at modernising and increasing the public sector's productivity, including major departmental investment, ICT budget advice and grants administration.

Deputy Secretary Andrew Jaggers

Andrew Jaggers was appointed Deputy Secretary of Commercial and Government Services in December 2018. He was previously the First Assistant Secretary of the Commercial Division in Finance where he was responsible for oversight of government businesses and major commercial transactions and scoping studies. Prior to that he was the Executive Director of the Infrastructure Investment Division at the Department of Infrastructure and Regional Development and was responsible for delivering the Infrastructure Investment Program including major road and rail projects and regional support programs.

Commercial and Government Services

Commercial and Government Services plays an important role in managing the Australian Government's commercial interests with respect to property, government procurement, risk management and GBEs.

Commercial and Government Services works with entities across the Commonwealth to deliver value-for-money outcomes. It does this by managing the domestic non-Defence property portfolio, including coordinating whole-of-government service delivery, providing data and analysis and supporting government decision-making. The Group develops and maintains the Australian Government's procurement policy framework and manages the Australian Government's special claims, insurance and risk management operations. It also supports the analysis and delivery of government investment through GBEs and other entities and provides oversight of GBEs delivering some of Australia's largest infrastructure projects including the National Broadband Network (NBN), Inland Rail, Western Sydney Airport and shipbuilding infrastructure.

Acting Deputy Secretary David De Silva

David De Silva was the acting Deputy Secretary of Business Enabling Services as at 30 June 2020, following the promotion of Katherine Jones to the Department of Defence. David joined Finance in January 2019 as the First Assistant Secretary of the Ministerial and Parliamentary Services Division. Prior to that David held a range of senior executive positions in both the Australian and Victorian governments spanning education and training, child care, workplace relations and family violence and homelessness.

Business Enabling Services

Business Enabling Services works with the Secretary, Executive Board and other business groups within the Department to enhance, promote and sustain Finance's role as a trusted and professional adviser to the government. Business Enabling Services provides corporate services and information, technology and workplace support, and leads the implementation of Finance’s internal transformation program.

The Group also provides current parliamentarians, their staff and former senators and members with a range of facilities and services.

For the reporting period until 13 June 2020, the Deputy Secretary of Business Enabling Services was Ms Katherine Jones PSM.

Acting Deputy Secretary Lucelle Veneros

Lucelle Veneros joined the Department of Finance in 2017 and was appointed acting Deputy Secretary of Shared Services Transformation in December 2019. Prior to this appointment, Lucelle was Head of the Service Delivery Office (SDO), where she was responsible for the transformation of corporate transactional services for a range of Commonwealth entities.

Lucelle has more than 20 years' experience working across a number of agencies in Commonwealth and state government in the areas of health, ageing, social services and disability.

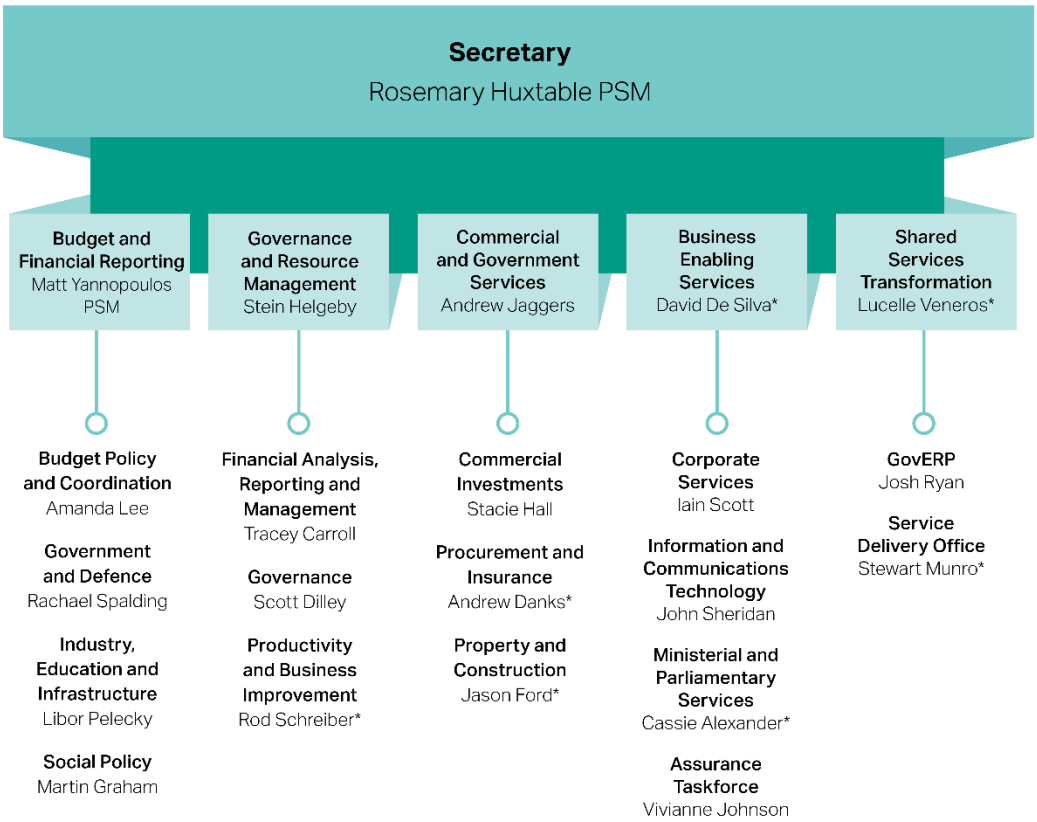
Shared Services Transformation

Shared Services Transformation provides whole-of-government leadership for shared services, which aims to support a more efficient, innovative and collaborative APS. As part of the shared services program, the group is responsible for progressing GovERP, a whole-of-government Enterprise Resource Planning capability that is aiming to deliver more effective ways and means of achieving back office functions across the APS.

Additionally, within Shared Services Transformation, the SDO is one of the providers of shared services, providing corporate transactional and technical services to 15 Australian Government entities. To prepare for the future, process automation capability is being developed through the SDO's Productivity and Automation Centre of Excellence (PACE).

Organisational structure

Figure 2: Organisational structure, at 30 June 2020



* Denotes acting.

Part 2: Performance

Priorities for 2019–20

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Annual performance statements

Financial performance

Part 2 reports on the results achieved in 2019–20 against the purpose and performance information published in the Department's Corporate Plan 2019–20, the Portfolio Budget Statements 2019–20 and the Portfolio Additional Estimates Statements 2019–20. It includes Finance's key priorities, activities and achievements during 2019–20 including our primary areas of focus in response to significant events including the COVID-19 pandemic.

Priorities for 2019–20

Finance's purpose is to achieve fiscal and policy objectives through advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, government.

Supporting our achievements in 2019–20, the Department advanced its internal transformation agenda in four key areas of *people*, *stewardship*, *making business better* and *integrated business planning*. These efforts supported our delivery of key priorities by enabling efficient management and prioritisation of human and financial resources, enhancing stewardship through greater self-service functionality and facilitating improved internal processes through process redesign, business optimisation and automation opportunities.

During 2019–20, Finance's key priorities and deliverables were:

1. advising on expenditure and managing sustainable public sector resourcing to assist the Government to achieve its fiscal and policy objectives

The Department provided policy and financial advice, management and reporting as mandated by the *Charter of Budget Honesty Act 1998* and the *Public Governance, Performance and Accountability Act 2013.*

During the first six months of 2019–20, Finance provided advice on a range of significant spending proposals as the Government responded to the ongoing drought and the summer bushfires. From early 2020, we worked collaboratively with other portfolios to advise the Government on its response to the COVID-19 pandemic. Efforts included:

- 158 Green Briefs lodged for the Expenditure Review Committee of Cabinet to assist its policy deliberations
- working with the Treasury to manage both the Government's decision to delay the annual federal Budget and deliver the *July 2020 Economic and Fiscal Update* (the EFU), as announced by the Government in April 2020.

In response to the emerging impact of the COVID-19 pandemic and following the parliament resolving on 23 March 2020 to adjourn both houses, Finance supported the introduction and passage of three sets of extraordinary annual appropriation bills over March and April 2020. In addition, our budget and cash management activities were supported by reforms implemented through the Near Real-time Funds (NeRF) project in 2019–20 which have transformed the way Commonwealth entities access their appropriations. NeRF has been instrumental in ensuring the business continuity of Commonwealth cash management, particularly during the rapid transition to remote work arrangements in the context of COVID-19.

2. driving public sector transformation and managing public sector frameworks and governance mechanisms across the whole-of-government, ensuring the sector is operating efficiently and has the organisational capability to respond to changing priorities

In 2019–20, the Department provided fit-for-purpose frameworks to empower entities and other stakeholders to deliver the desired outcomes for government including in response to the COVID-19 pandemic. Finance's stewardship model is integral to this work as our success is dependent on the quality of our relationships through:

- management of the Commonwealth's commercial interests and supporting financial sustainability and economic growth through the delivery of significant projects
- support to the Minister for Finance as shareholder minister for GBEs to support the continued delivery of critical services to Australians
- Finance's Transparency Portal which began hosting the annual reports of all Commonwealth entities and companies commencing with the 2018–19 reporting cycle, providing an avenue to easily search and compare data and share information and analysis into the future
- the Productivity and Automation Centre of Excellence (PACE) which builds capacity for value-added work by streamlining manual processes, optimising business processes and supporting process automation in Finance and across government
- a range of secure telecommunications and ICT infrastructure such as the fibre optic Intra-government Communications Network (ICON) for government entities and GovLINK, which enabled secure communication between entities.

3. delivering cost-effective, productive and better-quality services to citizens and businesses

Finance has played a key role in supporting government services directed to those affected by the COVID-19 pandemic and natural disasters including through:

- GovTEAMS, Finance's collaboration and communication platform for government
- GovCMS, Finance's web-hosting platform, which proved its value during this period by ensuring Australians had access to key and up-to-date information relating to the pandemic, published on federal and state health and service delivery websites
- introduction of an automation to provide immediate payment terms for small and medium-sized enterprises (SMEs).

During 2019–20, the Department supported shared services provider hubs through:

- ongoing whole-of-government leadership for bringing together the capabilities required to deliver shared corporate service functions for non-corporate Commonwealth entities
- development of common corporate ICT platforms, including GovERP, to support a one-APS way of working
- supporting hubs with their adoption of e-invoicing capability to enable five-day payment terms for SMEs.

Finance continued to support parliamentarians and staff employed under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act) through:

- frameworks that administer remuneration, work expenses and other public resources, including the Parliamentary Expenses Management System (PEMS), a modern and streamlined solution allowing parliamentarians and their staff to claim and manage expenses on their computer or mobile device
- successful implementation of a new payment and administration IT system to administer the pension schemes for former parliamentarians, federal judges and governors-general providing Finance with higher levels of assurance and efficiencies due to common processes and functionalities from a single system
- implementation of the COMCAR Automated Resource System (CARS), the booking and dispatch system used to manage COMCAR's car-with-driver and other ground transport services across Australia, which allows clients to manage their bookings using a mobile app or a web portal.

IN FOCUS
Finance's response to COVID-19

In February 2020, as the scale of the disruption emerged due to the spread of the COVID-19 pandemic, Finance reacted quickly to ensure continued delivery of the Department's core functions and support for the Government's emerging priorities related to the COVID-19 response.

The Department supported the delivery of the Government's COVID-19 response and recovery—the $289 billion package (as at the *July Economic and Fiscal Update*) which focused on individuals, households and business, equating to around 14.6 per cent of 2019–20 GDP. Finance delivered, in rapid succession, three sets of appropriation bills to ensure that Commonwealth money was available where needed. We worked with the Department of Defence to establish a procurement hub to assist entities to streamline procurements and contract processes in support of government priorities.

Additionally, Finance worked closely with portfolio departments to support rigorous, consistent and centralised approaches to commercial investment decision-making during the COVID-19 pandemic. For example, Finance was part of the working group advising the Government on the voluntary administration of Virgin Australia. Support was provided for whole-of-government activities in the delivery of urgent grants initiatives as and when announced by the Government. More than 30 grant opportunities were stood up, at a total value of over $3 billion, including packages to support the aviation, freight, arts, aged care, tourism, health and health research sectors.

Internally, the Department quickly mobilised its senior level Business Continuity Planning Taskforce and established a COVID-19 Management Group responsible for implementing our COVID-19 Pandemic Response Plan. In consultation with the Australian Public Service Commission (APSC) and in line with the APS Commissioner's direction, the Department introduced preventative hygiene initiatives and signage across all its tenancies to ensure the safety of staff.

The foundational work that Finance had done to support flexible work, including rollout of laptops to all staff and investment in online collaboration tools like GovTEAMS, enabled the Department to quickly and effectively adapt to the changed circumstances.

As the far-reaching impacts of COVID-19 became more apparent, the Prime Minister directed all Commonwealth entities to focus their efforts on assisting with the delivery of health and financial support to Australians. Finance undertook a review of critical functions enabling the potential release of up to 400 staff for surge into the APS Workforce Management Taskforce. Ultimately, the Department seconded 140 staff, including graduates, COMCAR drivers and Senior Executive Service (SES) officers, to Services Australia, the APSC and the COVID-19 Coordination Commission.

As a central agency, Finance leveraged its leadership and led by example in our *stewardship* approach—connecting and collaborating with internal and external stakeholders in support of Australian communities and businesses.

Support to the private sector through COVID-19

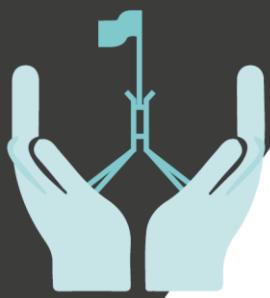
Appropriation Bills, Supply Bills and extraordinary AFMs

Monthly Financial Statements in a COVID-19 context

COVID-19 expenditure reporting

HUB Cloud

Support for parliamentarians and MOP(S) Act employees during COVID-19



Commercial - NBN, Australia Post, Snowy, Virgin

Support to the private sector through COVID-19

The COVID-19 pandemic has had wide-reaching personal, employment and economic impacts across Australian communities, business and industry sectors. The industry sector has had to respond and adapt quickly from a human, health and economic perspective.

The Government responded to the impact of COVID-19 through a number of assistance packages. This included providing immediate temporary fee and rent relief, decisions which acknowledge the particular concerns for some industries.

As the owner and steward of whole-of-government Resource Management Framework and relevant policy, Finance received a number of requests from entities for assistance for their stakeholders, including relief from charging arrangements. Industry bodies also sought advice on freezing government regulatory fees and charges.

The Department developed guidance and a support tool, released by the Minister for Finance, to assist Commonwealth entities and ministers to determine whether temporary fee relief was appropriate and, if so, for how long. The guidance supported appropriate fee relief to encourage economic recovery.

The key principles underpinning this guidance included:

- appropriateness—relief proportionate to the specific impact on the industry sector caused by the coronavirus pandemic
- authority—relevant policy and legislative authorities to implement fee relief
- fiscal impact—assess the fiscal impact to inform budget planning
- recovery pathway—a plan to return to normal charging arrangements.

Along with fee relief assistance, the Minister for Finance announced that, as of 24 March 2020, all non-corporate Commonwealth entities (NCEs) would provide rent relief to SMEs and not-for-profit tenants and licensees to provide further support to businesses impacted by the COVID-19 restrictions. The rent relief policy will remain in place until government-imposed restrictions are lifted.

Finance played a key role in the implementation of this policy by collaborating with entities through the Property Engagement Group and Property Reference Group, as well as through internal consultation to provide the most appropriate advice. This included written guidance outlining how to implement the policy and monitoring of implementation through regular reporting and information sessions for entities.

Finance demonstrated this policy in action by providing rent relief to 11 occupants. As at 30 June 2020, NCEs had supported over 85 eligible occupants by reducing rent to zero. In addition, due to our role in encouraging corporate Commonwealth entities to support the policy, 345 occupants were provided support.

To assist the Government to keep money flowing to businesses, the Service Delivery Office (SDO), a shared services provider hub within Finance, ensured SMEs received more immediate payment terms by reducing payment runs, from 20 days to immediate, for all invoices paid through its Enterprise Resource Planning (ERP) system.

To support the reduced payment terms, the SDO's PACE team built an automated process in under a week. The speed in which this automation was delivered reflects the capability within the SDO, which is now able to share this automation with other government departments using the same ERP technology.

Appropriation Bills, Supply Bills and extraordinary AFMs

On 23 March 2020, the *Appropriation (Coronavirus Economic Response Package) Acts (Nos. 1 and 2) 2019–20* were introduced and passed through both the House of Representatives and the Senate. These Acts provided funding to deliver key elements of the Government's COVID-19 economic and health response. Additionally, given the unique and evolving nature of the COVID-19 pandemic and the associated uncertainty around the Government's necessary response, parliament supported Advance to the Finance Minister (AFM) provisions of $2 billion across these Acts. AFM provisions enable urgently required funding allocations to be issued to entities during the year.

In parallel, given the deferral of the 2020–21 Budget and to ensure funding for the ongoing business of government from 1 July 2020, *Supply Acts (Nos. 1 and 2) 2020–21* and *Supply (Parliamentary Departments) Act 2020–21* were introduced and passed by parliament on 23 March 2020. Through the Supply Acts, extraordinary AFM provisions of $40 billion were made available to the Government for the 2020–21 financial year. The extraordinary AFM provisions were established to address the risk that parliament may not be able to meet to consider urgent expenditure required for emerging health and economic impacts arising from the pandemic.

On 8 April 2020, to provide further urgently needed funding for the Government's COVID-19 response, parliament passed *Appropriation Acts (Nos. 5 and 6) 2019–20*. AFM provisions totalling $40 billion were made available across these Acts, with any expenditure against these AFM provisions reducing the AFM available under the Supply Acts 2020–21.

During the final quarter of 2019–20, we supported the Minister for Finance to issue seven AFM determinations totalling $1.974 billion, providing critically needed funding for the purchase of medical and health equipment for the National Medical Stockpile and to meet Australia's fuel security obligations.

The extraordinary AFM provisions are supported by strengthened accountability and transparency arrangements. The Australian National Audit Office (ANAO) reviewed each AFM determination made in 2019–20 and confirmed in a series of monthly reports to parliament that Finance's AFM processes and controls were effective.

Monthly Financial Statements in a COVID-19 context

The Australian Government General Government Sector Monthly Financial Statements (MFS) are an important tool in supporting government to deliver fiscal targets and policy objectives by reporting how government is performing against budget estimates. To ensure that timely information is reported to the Minister, Finance commits to provide the MFS on average within 21 days of the end of the month after the release of the Final Budget Outcome.

During COVID-19, the timely delivery of the MFS took on greater importance as it became a primary reporting mechanism of the Government's response to the crisis. This took on more significance when the Government announced that the 2020–21 Budget would be delayed until 6 October 2020.

In the early stages of COVID-19, the Department invoked our contingency plan to determine if reporting processes could be performed, including considering alternative reporting options. We liaised with entities and determined the challenges being faced as a result of the COVID-19 pandemic and how they could be addressed. As a result of the positive and influential relationships that Finance has developed with reporting entities, we were able to work with them to assist in adapting and providing high-quality financial information within the required timeframes. Despite the challenges and obstacles faced during this time, with the support of entities, the MFS as well as additional COVID-19 reporting to government were provided within the agreed timeframes.

COVID-19 expenditure reporting

In 2019–20, Finance supported the Government's fiscal management of the COVID-19 pandemic through accurate and timely financial reporting of major COVID-19 expenditure programs. This helped ensure that the Government could plan for and allocate financial resources to support Australia's COVID-19 response.

The Department reported consolidated financial information to provide a picture of fiscal expenditure trends and variances across major policy areas integral to the Government's COVID-19 response including health, aged care, social services payments, business support and child care. This included overall expenditure trends in programs such as Medicare and pathology and other payments not directly impacted by the Government's response, such as the age pension.

To support this work, we engaged collaboratively across government, including using its data analytics capability, to collect, present and interpret relevant data. This involved leveraging existing processes and the establishment of additional data collection from agencies, building on the monthly expenditure data collection process.

HUB Cloud

During the COVID-19 pandemic, the APS has exemplified the way it can respond most effectively and support Australians when they need it the most.

In support of staff seconded to Services Australia, and to provide continuity, the SDO released a new cloud-based service called HUB Cloud. HUB Cloud provides flexible access (via a URL on any computer or mobile phone) to the system that staff use to view payslips and enter attendance times, without the need to log into their home agency network.

HUB Cloud has enabled business continuity and connectivity for Finance staff during their secondments to other agencies, as well as for over 200 users from the Department of Education, Skills and Employment.

To ensure continuity, governance and security through a professional service that is accessible and flexible, the SDO will be progressing the release of this as an improved user experience for its clients. Once all client agency staff have onboarded, HUB Cloud will have over 7,000 users.

Commercial investment advice

Finance oversees the Commonwealth's nine GBEs in partnership with joint shareholder departments and provides commercial investment advice to government and its entities.

COVID-19 has had a significant direct impact on a number of GBEs. The Department has closely monitored the operational and financial impacts of the pandemic on these businesses and provided advice to government on steps to support the continued delivery of critical services to Australians.

Broadband demand increased significantly during COVID-19 with community and business adoption of social distancing and working-from-home arrangements. NBN Co helped end users stay online when connectivity was needed and supported customers by providing additional capacity to retailers for free and offering free speed upgrades for healthcare providers providing telehealth services. The company released $150 million worth of relief and assistance packages to connect low-income families with school-aged children, support SMEs, and enable households to maintain connection while experiencing financial hardship.

Australia Post reacted quickly to an unprecedented increase in parcel deliveries. In the eight weeks following the official declaration of the pandemic, e-commerce grew by 80 per cent year on year. To provide Australia Post with the flexibility needed to meet the increased demand, the Government announced temporary regulatory relief for Australia Post's letters business.

Further, through an agreement with The Pharmacy Guild of Australia and Woolworths, Australia Post has been able to offer community support by delivering medication and basic groceries to vulnerable Australians impacted by COVID-19.

Snowy Hydro Limited (SHL) took steps early to mitigate the risks associated with COVID-19 and to ensure business continuity and safe operation of its assets. These steps allowed SHL to continue providing system reliability and energy security to the National Electricity Market. SHL's retail businesses, Red Energy and Lumo Energy, supported customers experiencing financial hardship as a result of the pandemic and bushfires.

Finance worked closely with portfolio departments to support rigorous, consistent and centralised approaches to commercial investment decision-making during the COVID-19 pandemic. We were part of the working group advising the Government on the voluntary administration of Virgin Australia. Finance contributed commercial advice to support the Government in a rapidly evolving aviation sector, ultimately meeting the Government's objective to achieve a market-led solution to Virgin's administration and maintain a competitive domestic aviation market in Australia. Bain Capital's acquisition of Virgin Australia, and commitment to honour all prepaid tickets and protect employee entitlements, demonstrated the benefit of this approach.

Support for parliamentarians and MOP(S) Act employees during COVID-19

Finance, in collaboration with other agencies, provided a range of supports and services to ministers, parliamentarians and their staff located right across Australia so their work could continue uninterrupted throughout the COVID-19 pandemic. From March to June 2020, the National Telepresence System hosted 430 meetings and 4,417 calls were made. This represents an increase of 309 and 211 per cent respectively, over the same period in 2019.

At the beginning of the COVID-19 pandemic, Finance established a COVID-19 taskforce to support 227 parliamentarians and around 2,000 MOP(S) Act staff during the pandemic. This included:

- developing a suite of materials and FAQs focused on health, COVID-safe practices and social distancing, wellbeing and support advice services
- implementing new arrangements, including working-from-home support and additional leave options for MOP(S) Act staff affected by COVID-19
- Work Health and Safety (WHS) training and assistance, including ergonomic assessments and additional mental health support
- additional support to electorate offices impacted by COVID-19, including additional cleaning in all offices and assisting with the temporary closure of offices
- expanded Help Desk functions to assist parliamentarians and MOP(S) Act employees to use GovTEAMS to assist with remote working capability
- regular updates and information as health advice changed.

We have continued to provide the full range of services to ministers, parliamentarians and their staff, including:

- access to Commonwealth Parliament Offices and COMCAR services which have operated, throughout the pandemic, in line with health guidelines and WHS requirements
- payroll and leave administration, including pay increments and retention payments
- processing office expense claims, including increased use of PEMS.

IN FOCUS
Finance's emergency response

The Department's frameworks, underpinning multiple service delivery mechanisms across the Commonwealth, played a key role in the provision of emergency support for Australians impacted by the 2019–20 national bushfires and other emergency events.

Bushfire and COVID-19 grants guidelines reviews

Finance provides support and guidance to Australian Government entities in delivering hundreds of grants programs each year in accordance with the *Commonwealth Grants Rules and Guidelines*.

In 2019–20, we prioritised all COVID-19 and bushfire initiatives while managing other day-to-day grants activities within normal timeframes. Consideration of grant initiatives that supported bushfire-affected communities to recover from the last fire season were fast-tracked, as well as initiatives to respond to the COVID-19 pandemic and to improve responsiveness to such events in the future.

Finance worked with a number of Australian Government entities that play a role in the delivery of grant in order to streamline the process, identify challenges and risks to rapid implementation as well as comply with existing frameworks. This cross-portfolio collaboration included relevant policy departments, the Australian Government Solicitor and the grants hubs. The resulting cooperation and streamlined process enabled faster turnaround of grants advice and onboarding of programs to ensure immediate support to bushfire-affected areas.

This approach has since been further refined to support whole-of-government activities in the delivery of urgent grants initiatives as and when announced by the Government, particularly in relation to COVID-19. Over 30 grant opportunities have been stood up, at a total value of over $3 billion, including packages to support the aviation, freight, arts, aged care, tourism, health and health research sectors. Many of these have been delivered in record time. Finance reduced the timeframe for grant guidelines to be assessed, without compromising the quality of work completed.

For example, on 28 March 2020, the Government announced funding for Regional Airlines (Network Support Program). We received the draft guidelines on 1 April and reviewed and provided advice on the guidelines on the same day. Guidelines were publicly available within six days (on 3 April 2020).

During 2019–20, 86 per cent of all grant guideline review processes were completed within 10 business days. In response to the events of 2019–20, Finance was able to deliver 91 per cent of bushfire and COVID-19-related review processes within five business days, with 50 per cent of these grant guidelines reviewed in less than 24 hours.

All grant opportunity guidelines, including for bushfire relief and recovery and COVID-19, are published on GrantConnect. To provide ease of access to all those impacted, Finance placed a quick access link to COVID-19 specific grants on www.australia.gov.au a centralised location for all COVID-19-related information.

These tailored arrangements provide ongoing assurance and can be activated for critical and urgent events as required.

Bushfires and drought response

Throughout 2019–20, we worked closely and collaboratively with entities to provide policy and financial advice to inform the Government's response to natural disasters, including the 2019–20 bushfires, the current drought and flood events.

Areas across Finance, in particular budget advice, appropriations, procurement and grants teams, worked collaboratively with counterparts across the Commonwealth, including the National Bushfire Recovery Agency (NBRA) and Emergency Management Australia, to streamline processes and enable rapid access to support for bushfire relief and recovery efforts. This work included advising on options to fund and distribute the Government's $2 billion National Bushfire Recovery Fund.

The Department worked closely with 10 Commonwealth entities on the development of a range of measures which provided an additional $3.5 billion over five years from 2019–20 to support farmers and communities in drought, including supporting the establishment of the National Drought and North Queensland Flood Relief and Recovery Agency. We were a trusted adviser to the Department of Agriculture, Water and the Environment on the final design and costing of a range of programs and activities funded through the Future Drought Fund and concessional loan products through the Regional Investment Corporation. These commenced in 2020–21 and will enhance drought resilience, preparedness and response across Australia. In addition, two Finance Senior Executive Service (SES) staff have been seconded to the NBRA.

IN FOCUS
Finance's ongoing business

In 2019–20, Finance delivered, in line with its purpose, the following reforms and initiatives in support of the Government and the APS.

Delivering the Economic and Fiscal Update

During the first six months of 2020, the Department provided policy and financial advice on a range of spending proposals as the Government responded to the 2019–20 bushfires and the COVID-19 pandemic, lodging 158 Green Briefs for the Expenditure Review Committee of Cabinet to assist its policy deliberation.

Finance's advisory and technical support encompassed working with the Treasury to manage both the Government's decision to delay the annual Budget, and the delivery of the EFU, announced by the Government in April 2020.

The July EFU reported 105 measures announced since the 2019–20 Mid-Year Economic and Fiscal Outlook (MYEFO), mainly related to the pandemic and the response to the 2019–20 bushfires. It also provided an update on the 2019–20 and 2020–21 budget estimates.

To support all entities to meet the challenges posed by the pace and scope of Government decision-making while maintaining the remote work arrangements necessitated by COVID-19, Finance:

- issued guidance on the requirements and timeframes for delivering the EFU
- streamlined, where possible, the work necessary to prepare the two-year estimates published therein.

The upfront communication and avoidance of unnecessary complexity enabled Commonwealth entities to remain focused on the response to the pandemic and immediate service delivery rather than the economic update process.

In June 2020, the Treasurer and the Minister for Finance deferred the EFU until 23 July 2020, meaning the publication would be released following the end of the 2019–20 financial year. We engaged with all portfolio entities to ensure the 2019–20 estimate was as robust and closely aligned to the final outcome as possible and ensured decisions and estimates up to the EFU's publication date were captured and reconciled. During this time, preparations also continued for the 2020–21 Budget, the 2019–20 Final Budget Outcome and the 2019–20 Consolidated Financial Statements.

Commonwealth Investment Framework

To support the Government in ensuring realisation of the benefit of investments that utilise the Commonwealth balance sheet for Australian citizens, businesses and communities, Finance published the Commonwealth Investment Framework (CIF) in February 2020. The Framework includes a Resource Management Guide and a Toolkit of practical guidance materials and supporting resources. The CIF brings together policy and best practice guidance on different types of commercial investment and financing options, such as equity, guarantees, and loans, and when they could be used by Government to enable the delivery of a project or policy over the lifecycle of the investment, including:

- developing an investment proposal Business Case and Cabinet Submission
- implementing investment decisions
- managing investments, including exit
- reporting on investments.

The Department will continue the ongoing development of the CIF to assist the Government in the consideration, development and management of investments.

Implementation of a modern cloud-based IT superannuation administration system (Capital 11)

In 2019–20, in collaboration with Syncsoft Pty Ltd, Finance successfully implemented a new payment and administration IT system to administer the pension schemes for former parliamentarians, federal judges and governors-general. The new system is cloud-based and provides modern capabilities to administer the defined benefit pension schemes within a secure operating environment. As part of its implementation, the core product was customised to incorporate the requirements of the defined benefit schemes.

The new system provides integrated member and pensioner modules and automates core administration functions. This includes benefit payment calculations and processing and mandatory reporting to regulators including real-time reporting of member information to the Australian Taxation Office. In particular, the new system automates components which, under the previous system, required high levels of manual intervention and calculation. The use of a single system to administer all of the pension schemes provides Finance with higher levels of assurance and efficiencies due to common processes and functionalities across the schemes and direct interfaces with relevant institutions.

The new system will assist the Department to better meet its obligations as administrators of the superannuation schemes, as well as continuing to deliver efficient and reliable services to the 750 members in the schemes.

Implementation of Phase 1 of the Near Real-time Funds project

In 2019–20, Finance implemented key reforms to modernise Commonwealth cash management, through the NeRF project. These reforms included automation of the daily Official Public Account bank reconciliation in January 2020 *(as noted in the section on page 47 on Business Optimisation)* and automation of the daily payment function using the New Payments Platform (NPP) in March 2020.

Automation of the daily payment function has enabled Commonwealth entities to access their appropriations on a near real-time basis, including outside of normal banking hours, providing flexibility in the way entities deliver services and implement government policies.

On 11 March 2020, the Department of Health was able to draw funds from the Official Public Account using the NPP to access urgently required funding for the purchase of emergency health and medical equipment. Since this time, all payments from the Official Public Account to Commonwealth entities, including for COVID-19 responses, have been made in near real-time using the NPP.

GovERP

Reducing administrative process and working more efficiently through shared services is a priority for the Australian Government and the APS. The Shared Services Transformation Initiative is transforming the shared service model for government. This will drive productivity by reducing system duplication, enabling improved data collation and providing consistent user experiences.

Over the next eight years, most Commonwealth entities will need upgrades to their enabling corporate technologies. Collectively, these technologies comprise Enterprise Resource Planning (ERP) systems. The required upgrades represent a significant and unavoidable cost to government.

In recognition of this, the Government required shared services provider hubs to coordinate their investments in underlying platforms and software, reducing the number of platforms and hubs and achieving scale more quickly. Secretaries are working together to develop the ‘GovERP’ platform. GovERP provides the opportunity to design and invest once to a high standard and in a shareable way so that all entities are using a similar solution.

GovERP is managed by Finance, in collaboration with service provider hubs and consumer entities across the Commonwealth.

With Australia facing the devastating impacts and disruption of bushfires and COVID-19, the GovERP team is using lessons learned to meet future needs of the public service as it prepares itself to respond to the potential emerging priorities of government, including the evolving cybersecurity environment.

e-invoicing

To ensure delivery of the best outcomes for government and the community and, in support of the work of entities, the SDO has delivered a fully automated electronic invoicing (e-invoicing) solution that maximises public service productivity.

On 16 December 2019, Finance was the first entity to adopt e-invoicing through the SDO's Shared Services Hub. E-invoicing improves productivity and data quality and reduces fraud. It enriches business-to-business, business-to-government and government-to-government interactions. E-invoicing also improves business cash flow through faster payment times and reduces the transaction costs and handling errors.

Finance and Services Australia were the first Commonwealth entities enabled to receive e-invoices from suppliers, making payments within five days as per the revised payments policy.

On 22 February 2019, the Australian and New Zealand Prime Ministers made a joint announcement of the intention to adopt the Pan-European Public Procurement On line (PEPPOL) interoperability framework for e-invoicing. PEPPOL e-invoicing is the ability to send an invoice digitally between the accounting systems of business suppliers and buyers, even if the buyer and supplier are using different systems, as long as both systems are PEPPOL e-invoicing-enabled.

In the first quarter of 2020–21, the Department of Education, Skills and Employment will become the second entity to adopt e-invoicing through the SDO.

Business optimisation

In 2019–20, the Department further enhanced its capability to optimise business processes. Along with digitising manual, paper-based processes and implementing process automation, this work is providing a 'digital workforce' that can be used for rules-based, repetitive activities.

The business optimisation function partnered with business areas across Finance to identify optimisation opportunities. Fifteen automations (or digital workers) were implemented resulting in an annualised return of more than 6,000 hours to the Department. This efficiency allows our staff to focus on more strategic and complex activities.

The automation of the daily Official Public Account reconciliation, implemented in January 2020 as part of the NeRF, reduced reliance on manual intervention and has increased accuracy. This efficiency has enabled resources to be redirected to key priorities including data analysis to support the Government's COVID-19 response and improvements in whole-of-government just-in-time cash management.

Automation was also used to streamline aspects of machinery-of-government (MoG) changes. The MoG process previously required operators to manually identify and create cash data transfers, run data-intensive reports and toggle between interfaces while entities were locked out of the Central Budget Management System (CBMS) for extended periods. Automating these processes has significantly improved completion timeframes, reduced reliance on manual intervention, removed the CBMS lockout and decreased the risk of errors.

The benefits of this automation were evident in processing the significant MoG changes announced on 5 December 2019, which involved the transfer of 30 programs across 21 entities. Manually, these transfers took an estimated 20 days of person effort; however, through the use of a digital worker, this was reduced to a five-day person effort.

GovCMS: cybersecurity uplift

GovCMS, Finance's web-hosting platform for government, is used by 91 entities as of 30 June 2020 and hosts 328 websites, with 44 still in development. GovCMS provides cost savings to entities by reducing duplication of effort, providing a security-accredited platform, managing procurement, platform maintenance and centrally hosting website defences.

In 2019–20, a whole-of-government cybersecurity program provided funding for the migration of 25 websites to the GovCMS SaaS (software as a service) platform. This project was part of the Department's commitment to mitigating against cyber-attacks across government. GovCMS provides web-protection services, security patching and 24/7 monitoring for all sites hosted on the SaaS platform. This project significantly increased the security of websites belonging to the 13 non-corporate Commonwealth entities that took part.

The willingness of entities to migrate their websites to GovCMS was high and the Department prioritised entities with:

- high-traffic websites that represented a greater reputational risk to government in the event of a cyber-incident
- websites that support service delivery to citizens
- websites hosted on end-of-life or unsupported content management systems
- infrastructure not patched against known security vulnerabilities.

The entities involved in the migration project joined a community that shares their expertise, collaborates to deliver shared features and solve common problems. Through GovCMS, Finance created a transferable set of skills across government. This breaks down barriers to collaboration and empowers entities to form surge teams when required, such as during the COVID-19 pandemic response.

The project was delivered in December 2019, within six months of its commencement and involved 10 suppliers coming in under budget at $2.4 million.

Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2019–20 annual performance statements of the Department of Finance, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the Department, and comply with subsection 39(2) of the PGPA Act.

Rosemary Huxtable
Secretary

30 September 2020

Purpose

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, government.

Overarching analysis of performance against Finance's purpose

The 2019–20 annual performance statements detail how Finance has delivered against its purpose to achieve value in government expenditure and administration while supporting the Government's and APS priorities. The wide ranging nature of Finance's activities is highlighted in our achievements which span robust budget costing and assurance processes, policy and financial advice, fit-for-purpose operating frameworks, effective and efficient service delivery including to other government entities and parliamentarians, and whole-of-government ICT platforms.

Attention and investment over recent years in organisational capability ensured that Finance was well positioned to respond promptly and effectively to the 2019–20 bushfires and COVID-19 pandemic in circumstances which demanded a faster pace of advice and decision-making.

This preparedness and responsiveness is evidenced in our achievements against each of the 19 performance measures published in the 2019–20 Corporate Plan, with 13 out of 19 results assessed as fully achieved, four substantially achieved and two partially achieved.

Necessary reprioritisations of resources in response to the COVID-19 pandemic; government responses to the national drought and bushfires; and the impact on Commonwealth entities of the Canberra hailstorm did impact a number of measures assessed as partially or substantially achieved. Despite this, for most key activities a significant contribution towards our purpose was achieved because of the Department's earlier work to anticipate and respond to emerging issues.

Finance's accomplishments in 2019–20 can also be attributed to a strong culture and clear expectations of leadership. Significant investment in relationships through a *stewardship* agenda over recent years has been a further key contributor to the results achieved over this reporting period. Finance's work in modernising and maturing the frameworks and processes that support government and the public sector has been impactful, including through a range of interdepartmental and cross-sectoral governance networks, such as the Chief Operating Officers' Committee. This has included leveraging commercial practices and expertise working in partnership with Government Business Enterprises.

An important aspect of our investment in organisational capability has been ensuring our workforce has access to modern ICT platforms that support collaboration and flexibility, reflecting an ongoing commitment to the Department's transformation goals including *making business better*. Inclusive in this approach has been work to build maturity in the use of data, systems and other innovations, such as support for e-invoicing, real-time cash management and financial reporting. Not only has this improved decisions and advice to government, in some instances it has contributed to improved direct support to businesses and the community.

These annual performance statements provide an accurate assessment of Finance’s delivery against the measures established in the 2019–20 Corporate Plan and the supporting mechanisms enabling achievement towards the Department’s overall purpose.

Advising on expenditure

Measure	Budget updates and appropriation bills Budget papers, related updates (e.g. the Mid-Year Economic and Fiscal Outlook) and appropriation bills are accurate, consistent with relevant accounting standards, delivered within required timeframes and meet the government's fiscal and policy objectives and legislative obligations.
Source	2019–20 Corporate Plan, pg 29–30
Result	Substantially Achieved Budget papers and related updates were produced in accordance with the timeframes and other requirements under the *Charter of Budget Honesty Act 1998*, including relevant accounting standards ● the 2018–19 Final Budget Outcome (FBO) was released on 19 September 2019 ● the 2019–20 Mid-Year Economic and Fiscal Outlook (MYEFO) was released on 16 December 2019. On 20 March 2020, the Government announced the 2020–21 Budget would be deferred until 6 October 2020 due to the COVID- 19 pandemic and the subsequent challenges in developing accurate economic and fiscal estimates. Fiscal estimates for 2019–20 and 2020–21 were next updated in the *July 2020 Economic and Fiscal Update,* delivered on 23 July 2020. Appropriation bills were introduced into Parliament at times determined by the Government and in accordance with legislative requirements: ● *Appropriation Bill (No. 1) 2019–2020*, *Appropriation Bill (No. 2) 2019–2020* and *Appropriation (Parliamentary Departments) Bill (No. 1) 2019–2020* were introduced in the House of Representatives on 25 July 2019 ● *Appropriation Bill (No. 3) 2019–2020* and *Appropriation Bill (No. 4) 2019–2020* were introduced in the House of Representatives on 13 February 2020 ● *Appropriation (Coronavirus Economic Response Package) Bill (No. 1) 2019–2020* and *Appropriation (Coronavirus Economic Response Package) Bill (No. 2)* 2019–2020 were introduced in the House of Representatives on 23 March 2020 ● *Supply Bill (No. 1) 2020–2021*, *Supply Bill (No.2) 2020–2021* and *Supply (Parliamentary Departments) Bill (No. 1) 2020–2021* were introduced in the House of Representatives on 23 March 2020 ● *Appropriation Bill (No. 5) 2019–2020* and *Appropriation Bill (No. 6) 2019–2020* were introduced in the House of Representatives on 8 April 2020. Budget estimates were based on external reporting standards and any departures from external reporting standards were identified, consistent with requirements set out in the *Charter of Budget Honesty Act 1998*. In relation to the accuracy of budget estimates, Finance reports the following results: ● the difference between first forward-year estimated expenses and the 2019–20 FBO was 1.0 per cent on an accrual basis (target of less than 2.0 per cent difference) ● the difference between Budget estimated expenses and the FBO was 0.1 per cent on an accrual basis (target of less than 1.5 per cent difference) ● the difference between revised estimated expenses at MYEFO and FBO was 0.2 per cent on an accrual basis (target of less than 1.0 per cent difference). Finance is not able to report a result for the target of a 0.5 per cent difference between the 2019–20 estimates at budget time and Final Budget Outcome for the current year, due to the deferral of the 2020–21 Budget. In determining the accuracy of budget estimates at a particular update, Finance measures the changes to program budget estimates for expenditure between each update. Finance does not include the effect of government decisions and economic parameter updates made at future updates, as these cannot be reasonably predicted by Finance.

Analysis	Advising on expenditure through the Budget process and related economic and fiscal updates is a core activity undertaken by Finance in the context of our purpose of supporting the Government to achieve its policy and fiscal objectives. Together with the preparation of budget estimates and appropriation bills, these activities are critical for ensuring supply for the ongoing delivery of government programs and services. In 2019–20, the Australian bushfires and the COVID-19 pandemic further tested what is already a high-pressure and fast-paced business process. Some significant achievements of the Department reflected a high level of engagement across the APS to support the Government's response including advising on the largest economic stimulus packages and government programs in Australia's history. This included: ● providing advice outside of usual budget processes, to support rapid decision-making by the Government—agile and responsive support from Finance ensured modified timeframes and processes continued to be underpinned by a rigorous approach that enshrined the principles of accountability and transparency ● delivering three sets of additional annual appropriation bills in record time to ensure entities had access to funds when they were needed, including for urgent delivery of the Government's response to the COVID-19 pandemic ● supporting seven Advance to the Finance Minister allocations, enabling urgently required funding to be made available for the purchase of emergency medical and health equipment and to support Australia's fuel security. Business continuity and the ability to ensure delivery during such a challenging period is attributed to: ● the strength and responsiveness of Finance's network managers in setting direction and clearly identifying critical functions ● the dedication of staff across the APS who recognised the critical importance of this work for the Australian community ● an enduring commitment within Finance to support a rigorous and disciplined budget decision-making process ● robust existing processes and systems that could be leveraged and hastened to meet the needs of government during the pandemic.

Measure	Financial statements The Government's financial statements, including monthly statements, are complete, accurate and released publicly on timeframes agreed with the Government.
Source	2019–20 Corporate Plan, pg 30
Result	Achieved All of the Government's financial statements were prepared in accordance with publicly agreed timeframes: ● the 2018–19 Final Budget Outcome (FBO) was released on 19 September 2019 ● the 2019–20 monthly financial statements were provided to the Minister for Finance on average within 21 days of the end of each month since the release of the FBO. The Government's 2018–19 Consolidated Financial Statements (CFS) were signed by the Minister for Finance and received an unmodified report from the Auditor-General on 14 November 2019.
Analysis	The timely public release of complete and accurate government financial statements is a critical component of Finance's performance, and our achievements in this area underpin our ability to provide robust advice to the Government on expenditure matters. Finance uses well-established and robust business processes to prepare the financial statements, working in close collaboration with all government entities, to produce the following key reporting outputs: ● monthly financial statements, which show how actual financial performance is tracking against monthly profiles and full-year estimates ● the FBO, which reports on full-year outcomes against budget by sector, including for the general government sector, public non-financial corporations sector and the public corporations sector ● the CFS, which presents consolidated and audited whole-of-government financial statements for the financial year. Collectively, these statements are integral to the Commonwealth's accrual budgeting and reporting framework and complement the budget process by providing outcomes against Budget estimates. In the 2019–20 reporting cycle, there was a heightened level of interest in the monthly financial statements, initially to track the Government's projected return to a budget surplus in 2019–20, and subsequently to understand the impact on government finances of the Australian bushfires and the COVID-19 pandemic. Ensuring continuity of this critical business function was a key priority for Finance following the transition to remote working arrangements for many staff across the APS from March 2020 due to the COVID-19 pandemic. Through effective engagement and cooperation with entities across the Commonwealth, and Finance's stewardship work on the Chief Operating Officers' Committee, all entities recognised the critical importance of robust, timely financial reporting to support the Government's response to the COVID-19 pandemic. This is reflected in the achievement of this result, despite significant challenges in the operating environment in the last quarter of the reporting period.

Measure	Daily disbursement of cash Commonwealth entities have access to cash on a daily basis.
Source	2019–20 Corporate Plan, pg 31
Result	Achieved Since 1 July 2019, daily cash disbursement has been successful every business day. Arrangements were put in place to ensure entities had access to cash during implementation of Phase 1 of the Near Real-time Funds (NeRF) project in March 2020. Since implementation of the NeRF project, entities have been accessing their funds in near real-time. Cash management business continuity plans are current and continue to be tested twice a year.
Analysis	Finance administers robust financial systems and frameworks to support the disbursement of cash through the Central Budget Management System (CBMS), which, through enabling the activities of all Commonwealth entities, is critical to achieving our purpose of supporting the Government to achieve its fiscal and policy objectives. In 2019–20, Finance progressed significant work to transform the way Commonwealth entities access their appropriations and automate the daily whole-of-government payment run and reconciliation processes. Recognising the criticality of an effective transition, extensive due diligence and testing occurred in advance of the NeRF project being rolled out in March 2020. The benefits of this work have included: ● enabling Commonwealth departments to access their appropriations on a near real-time basis ● increasing government efficiency and reducing business continuity risk for Commonwealth cash management ● contributing to the Australian Public Service innovation and transformation agenda through the adoption of new technology. In the context of supporting the Government's response to the COVID-19 pandemic, operational benefits of the NeRF project were immediately apparent. System outages due to uneven remote IT access across the Commonwealth from March 2020, which previously would have impacted business continuity due to cash disbursements needing to occur in specific windows of time, were overcome by the flexibility introduced by the NeRF project, enabling cash to be drawn down outside of standard business hours. Finance's ability to leverage these system improvements to support the Government achieve its objectives reflects our ongoing commitment to *making business better*.

Public sector resourcing and transformation

Measure	Shared services policy-corporate services Corporate service functions (e.g. financial, human resources and associated IT systems) for non-corporate Commonwealth agencies are provided through a shared services provider hub arrangement on common platforms and software.
Source	2019–20 Corporate Plan, pg 32
Result	Achieved During 2019–20, uptake of shared service arrangements for non-corporate Commonwealth entities has increased, with the Department of Industry, Science, Energy and Resources (DISER) Hub onboarding two entities for payroll services. The DISER Hub has also undertaken a number of projects to increase efficiency in delivering corporate service functions including the: ● Aurion Standardisation Project to reduce administrative effort for clients and the Hub ● TechnologyOne OneGov Project to gain efficiencies across government and enhance the Financial Management Information System (FMIS) experience. The Services Australia Hub has increased efficiency by extending 'Mysupport' functionality to include some corporate services requests. Provider hubs have continued to contribute to the design and development of a common Government Enterprise Resource Planning (GovERP) platform for the APS, with the Service Delivery Office (SDO) supporting clients with the adoption of e-invoicing capabilities.
Analysis	Shared services for corporate services across the APS aims to drive efficiencies through standardising common back office functions and is a long-term priority for the Australian Government. Finance has responsibility for the shared services program from a policy perspective, as well as the development of a whole-of-government enterprise resource platform, GovERP, and shared service delivery responsibilities through the SDO Hub. In 2019–20: ● the establishment of the Shared Services Transformation Initiative (SSTI) brought together the Shared Services Program, the SDO Hub and GovERP to consolidate efforts and expertise under a single business group within Finance ● Finance continued to work with entities to develop the core underpinning technology and streamlined business processes necessary to support further advances in shared services, which will include adoption of common corporate systems, standardised processes and a skilled digital workforce ● Finance entered the preparation and planning phase for the GovERP platform, which has involved engaging with hubs and consulting with non-corporate Commonwealth entities and industry to confirm the best approach to deliver a user-friendly platform that addresses whole-of-government business needs, underpinned by good governance, the principles of co-design, and detailed consideration of related whole-of-government initiatives, including cybersecurity. The COVID-19 pandemic has changed the way Australians work, putting mobility, online collaboration and the portability of data at the centre of discussions within the public service. The SSTI highlights the need for technologies that support the achievement of government priorities and drive efficiencies through standardisation and single investments that can be reused to reduce ongoing costs. Finance's ongoing work on GovERP—including initiatives to consolidate ERP platforms, reuse a standardised technology solution across each hub, and create common business processes that enable smoother staff movements across the APS—aims to achieve a generational shift in how the APS jointly uses ERP capabilities to deliver a consistent, one-APS way of doing business.

Measure	Data analytics to inform public policy Finance participation in the Data Integration Partnership for Australia (DIPA) contributes to an increase in Commonwealth public sector analytics capability and use of data to inform public policy.
Source	2019–20 Corporate Plan, pg 32
Result	Substantially Achieved The DIPA initiative ended on 30 June 2020. The Government Business Analytical Unit (GBAU) is delivering six projects under DIPA. Three of these are complete and will inform decision-makers in relation to: ● the drivers of public sector productivity based on analysis of available whole-of-government data (Productivity Pilot) ● an analysis of the patterns of APS workforce movements ● a geospatial view of Commonwealth owned, leased, and licensed landholdings. Work is nearing completion to finalise the remaining three analytical projects (delays were caused by shifting government priorities in response to COVID-19) namely: ● estimating the cost of additional procurement processes ● maintaining a searchable dataset of Commonwealth bodies and companies ● mapping existing expenditure data by government functions. The Government Protected Data Exchange (GovPDX) was delivered under the Modernisation Fund and improves the ability of Commonwealth entities to share protected data and reporting. The GBAU is using GovPDX to share results of agency comparisons of productivity survey results. Four agencies are onboarded to the platform, with an engagement plan developed to roll out to other agencies over the next three to six months.
Analysis	The GBAU was established in Finance in 2017 under the auspices of the DIPA, a three-year investment and whole-of-government collaboration to maximise the use and value of the Government's data assets from 1 July 2017 to 30 June 2020. Finance's contributions to the outcomes of the DIPA are illustrated through the following key projects. The Productivity Pilot ('Pilot') investigated the drivers of public sector productivity using available whole-of-government data held by Finance (procurement, property, travel and Comcover) and data from the APS employee census. A key component of the Pilot is the development of a data model of 'teams' to provide for a more nuanced analysis of APS employee census data as it helps to account for the considerable variation within agencies as experiences can differ between teams undertaking different functions (such as accounting or service delivery). The Pilot has delivered important insights into how productivity can be measured in the APS and confirmed employee engagement as the best available proxy measure for workforce productivity. In total, 45 entities participated in the Pilot representing over 90 per cent of APS staff and covering a broad cross-section of functions. Finance collated the results from across the Pilot and shared the data set and visualisation tool with all participating entities to enable access to comparative data and facilitate their own internal analysis using the GBAU 'teams' model. The findings of the Pilot informed recent additional survey work to understand workforce productivity factors to support the Chief Operating Officers' Committee. The GBAU 'teams' model also allows high-scoring teams to be identified across the APS to explore what traits they might share. In addition, analysis of the characteristics associated with the mobility of APS staff, including job roles, classification and geography, was undertaken by analysing approximately 50,000 staff movements over a five-year period. This included analysing promotions, transfers at level, and temporary transfers, across and within entities and their functions. The analysis supports senior leaders to better understand the current state of the APS workforces and to consider long-term workforce strategies to develop APS capability. One of the GBAU's other projects expanded the existing Commonwealth-owned land dataset to incorporate additional data on land that is leased or licensed by the Commonwealth.

	This data has enhanced the Australian Government Property Register, a central database of information related to the Commonwealth's property interests (including office space and land interests), and provides a more complete geospatial view of Commonwealth land for the first time. This work supports Finance's role as owner and steward of the Commonwealth Property Management Framework. This expanded dataset can be linked to other Australian Government spatial datasets to provide comprehensive information including property boundaries and proximity to matters of national significance to assist in policy and decision-making. The work of the GBAU illustrates Finance's commitment to *making business better*. Through building and leveraging internal analytics capabilities, enhancing the value of existing information, and sourcing new data for policy and decision-making, Finance has supported a range of entities to achieve their policy and delivery outcomes in more efficient and effective ways.

Measure	Governance and accountability Finance ensures the Resource Management Framework is maintained as a fit-for-purpose framework for the proper use of public resources, under which Commonwealth entities and companies understand their governance and accountability obligations, and are equipped and supported to meet them.
Source	2019–20 Corporate Plan, pg 32–33
Result	Achieved The 2019 PGPA Entity Survey (the survey) was undertaken between November and December 2019. Feedback on the operation of the Resource Management Framework was provided by 89 entities. Some of the main findings of the survey include: ● *Flexible framework*—99 per cent of respondents believed the PGPA Act provides a flexible framework enabling appropriate controls for their operating context ● *High monitoring compliance*—99 per cent of entities monitor their compliance with the PGPA Act ● *General duties of officials*—94 per cent of entities considered the general duties of officials in the PGPA Act are useful to promote the proper use of public resources and accountability ● *Level of support provided to entities by Finance*—85 per cent of entities rate the general support by Finance regarding the Commonwealth Resource Management Framework as good or satisfactory. The results and comments from surveys also provide insights into entities' views on the Resource Management Framework, such as financial delegations, risk, audit, performance and communication by Finance to support entities to meet their obligations. These responses have been analysed and Finance has progressively enhanced its support to entities in 2019–20.
Analysis	The Resource Management Framework governs how officials in the Commonwealth public sector use and manage public resources. It is an important feature of an accountable and transparent public sector and informs the Australian people of the daily work of Commonwealth entities and their employees. With the framework now well-established, Finance's work in the 2019–20 reporting period continued to focus on initiatives that maintain and strengthen existing arrangements, as well as addressing emerging issues. The PGPA Entity Survey is one measure of how well Commonwealth entities and companies understand their obligations under the PGPA Act and are supported by Finance to meet these obligations. The 2019 survey findings show similar trends to the 2018 PGPA Entity Survey, and reflect a number of the recommendations of the *Independent Review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule* (PGPA Review). Consistent themes include entities working to increase the maturity of their performance information and

the need for ongoing assistance from Finance to meet performance framework requirements. Entities also reconfirmed the value of ongoing support from Finance to meet the requirements of the Commonwealth Resource Management Framework in general.

The survey findings also show that Commonwealth entities and companies are evolving their management practices and internal controls, within the devolved framework. The results and comments from the survey show specific opportunities for Finance to enhance its support to entities, including:

Ongoing improvements to Finance's guidance and tools—as part of Finance's *stewardship* role and commitment to *making business better*, work was undertaken in 2019–20 to improve the quality and accessibility of guidance on Finance's website. A new client-focused Finance website launched in November 2019 provides user-centred, evidence-driven insights to meet the needs of clients, stakeholders and departmental staff. It champions the principles of web best practice and self-service as a means for the right information to be easily accessible. Entity feedback will be used to develop new tools and interactive elements.

Practical guidance for the performance framework—a refresh of Finance's guidance on corporate plans and performance measurement was completed in May 2020, which included better practice examples to provide more practical support to entities.

Management of audit committee—Finance undertook work in 2019–20 to:

- scope the delivery of an induction program for new audit committee members
- revise existing guidance for Commonwealth entities on audit committees
- support amendments to the PGPA Rule in relation to the composition and operation of audit committees (more detail provided against the PGPA Act and Rule performance measure)
- leverage the redeveloped website to produce a dedicated webpage for audit committee members, which consolidates relevant guidance and tools, PGPA legislation and information related to the requirements of their role, and complements existing Finance support and advisory services.

In the 2019–20 period, there was an increase in demand for Finance's support across all elements of the Resource Management Framework as entities worked through the implications of the COVID-19 pandemic on their business operations and sought to contribute to the Government's response. While specific achievements in individual policy areas are detailed against the relevant performance measures, overwhelmingly the various whole-of-government policy frameworks that make up the Resource Management Framework stood up well to the unprecedented demands. The capacity of these collective elements, administered and supported by Finance, to meet the operational needs of Commonwealth entities through a global crisis is a testament to the framework being fit-for-purpose.

Measure	Confidence in the quality and accessibility of performance reporting across the Commonwealth The Government and key parliamentary committees have confidence that public resources are used efficiently, effectively, economically and ethically, including through better performance information.
Source	2019–20 Corporate Plan, pg 33
Result	Substantially Achieved In 2019–20, the Joint Committee of Public Accounts and Audit (JCPAA) did not inquire into or release a report relating to the Commonwealth performance framework. The Auditor-General tabled 42 Performance Audit Reports in 2019–20. One was specific to the performance framework, and 16 referred to and/or made commentary on the application of the performance framework by audited entities. In ANAO Report No. 14 of 2019–20, the Auditor-General found Finance's design and selected entities' implementation of the 'clear read principle' (summarised here as the extent to which performance information is presented clearly and consistently within and across reporting documents and cycles, and is comparable between entities) to be partially effective.

	The recommendations specific to Finance's responsibilities related to amending requirements and guidance, and monitoring advice provided to entities to improve implementation of the clear read principle. Finance agreed to these recommendations and has implemented them in full. All involve Finance activities aligned with ongoing efforts to improve the quality of performance information published by Commonwealth entities and companies. The implementation of one recommendation relating to reciprocal reporting of linked programs would require government agreement and the amending of legislation. Finance noted this recommendation, and is considering its policy implications in light of recent amendments to the PGPA Rule that require cooperative arrangements used to achieve an entity's purpose to be discussed in corporate plans. It is noted that the Auditor-General is undertaking a pilot of an assurance audit of 2019–20 annual performance statements.
Analysis	Reporting on the allocation and use of public resources, and the results being achieved is a critical feature of accountable government. There have been improvements in the quality of performance information under the PGPA framework, but ongoing work is needed to achieve consistently high standards across the Commonwealth. Amendments to the PGPA Rule, tabled in February 2020, introduced a number of changes to requirements for corporate plans. These changes were designed to strengthen the quality of performance reporting published by Commonwealth entities and companies, and to support greater comparability and a clear read across reporting documents and reporting cycles. Changes take effect in the 2020–21 reporting year and require entities to: ● discuss key activities undertaken to achieve their purposes ● more fully discuss the context in which they operate, including the specific risks they manage and how they manage these ● discuss who they cooperate with to achieve their purposes. The amendments also codified characteristics of performance information, providing certainty for entities when developing performance information. Enhancements were based on Finance's assessments of the first four years of reporting under the framework, the Independent Review of the PGPA Act and Rule, and the recommendations of the JCPAA reports and Auditor-General performance audits over that period. Amendments were developed in consultation with all Commonwealth entities and companies, the JCPAA and the ANAO. Guidance was refreshed and updated and better practice examples were introduced to reflect the amendments. In 2019–20, a pilot assessment of the maturity of the 2017–18 reporting cycle was completed. Learnings from the pilot informed amendments to the PGPA Rule in relation to requirements for corporate plans and performance measurement. As these amendments take effect in 2020–21 and set a new baseline for performance reporting in the Commonwealth, Finance will reconsider its approach to the ongoing assessment of the framework when reporting documents are available for the 2020–21 performance cycle. Other initiatives undertaken in 2019–20 as part of Finance's efforts to free up entity resources to focus on the Government's response to the COVID-19 pandemic included: ● amending the PGPA Rule to allow entities impacted by the pandemic to delay publication of their 2020–21 corporate plans ● providing advice on existing legislative capacity to delay provision of 2019–20 annual reports to the responsible minister ● working to enhance the capacity of the Digital Annual Reporting Tool to produce 2019–20 annual reports in a more efficient way ● providing advice to enable rapid and effective responses to emerging issues related to performance reporting.

Measure	Independent Review of the PGPA Act The PGPA Act and Rule provisions, and Finance's support services, enable achievement of the objectives of the PGPA Act.
Source	2019–20 Corporate Plan, pg 34
Result	Substantially Achieved Finance has actioned the 52 recommendations of the Independent Review into the operation of the PGPA Act and Rule (PGPA Review), which was completed in September 2018. As at 30 June 2020, the Government response is under consideration. In 2019–20, Finance registered two key amendments to the PGPA Rule, implementing multiple recommendations of the PGPA Review. Extensive consultation with all relevant Commonwealth entities was conducted prior to finalising both amendments. Entity feedback informed the content of final amendments and shaped the guidance and assistance provided by Finance in support of the new requirements. The *Public Governance, Performance and Accountability Amendment (2020 Measures No. 1) Rules* was registered on 27 February 2020. The amendment implements six recommendations from the PGPA Review, covering disclosure of audit committee information in the annual report, changes to audit committee membership, access to financial books by former directors, new requirements for granting indemnities, and improvements to performance statements and corporate plans. The changes have varying application dates between 2019 and 2021. Finance is providing ongoing support to entities to meet the new requirements. The *Public Governance, Performance and Accountability Amendment (Consultancy and Non-Consultancy Contract Expenditure Reporting) Rules 2020* was registered on 3 June 2020. The amendment implements Recommendation 38 of the PGPA Review and requires non-corporate Commonwealth entities to disclose information about consultancy and non-consultancy contract expenditure in annual reports. Based on feedback received during consultation and the disruptions caused by the COVID-19 pandemic, the JCPAA and the Minister for Finance agreed to delay the effect of the requirements until 1 July 2020.
Analysis	The PGPA framework came into effect progressively from 1 July 2014. It was designed to support high-quality resource management and performance, immediately and into the future, and it represented a significant reform to the way that the Commonwealth operates. At its core, the PGPA Act signified a shift from a dual system of public sector management and accountability, where compliance and process were largely the focus, to a single, principles-based framework within which all Commonwealth entities have the flexibility to develop their own systems and processes to support their operations. Built into the PGPA legislation was a requirement for an independent review to be undertaken three years post-implementation to ensure that the framework was fit-for-purpose and achieving the objects of the PGPA Act, and that Finance's support to Commonwealth entities was adequate. This informed use of evaluation focused on identifying any legislative, policy or other changes that could enhance public sector productivity, governance, performance and accountability arrangements covered by the PGPA Act. The PGPA Review found that the PGPA Act and Rule established a coherent, principles-based system of governance and accountability and a performance framework for the Commonwealth. It compares favourably with similar frameworks in other countries. The PGPA Review made 52 recommendations to further enhance the framework, and these have been progressively actioned since 2018. The legislative amendments implemented in the 2019–20 reporting period effectively conclude a significant body of work managed by Finance over the last three years to further enhance and refine the PGPA framework, with residual matters to be managed as part of Finance's ongoing continual improvement processes.

Measure	Investment funds and civilian superannuation schemes 1. Investment mandates are set for each Australian Government Investment Fund which assists in achieving the financial and risk objectives and are consistent with the policy, regulatory and legislative framework. 2. The Commonwealth Government's civilian superannuation schemes are administered effectively, in accordance with the applicable regulatory and legislative requirements.
Source	2019–20 Corporate Plan, pg 34
Result	1. Achieved The Future Fund Portfolio Updates confirm that the benchmark rate of return for the Future Fund, the Medical Research Future Fund and the DisabilityCare Australia Fund managed by the Future Fund Board of Guardians have been met since inception of the Funds and within agreed risk tolerances. 2. Achieved In 2019–20, Finance: ● provided advice to the Government on policy, legislative, governance and other matters relevant to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation Accumulation Plan (PSSap) and the pension schemes for former parliamentarians, federal judges and governors-general administered in-house ● processed pension payments on schedule during the year to around 650 retired parliamentarians, federal judges and governors-general or reversionary beneficiaries of deceased members in line with the schemes' rules implemented a new superannuation system, Capital 11, to administer the pension schemes for former parliamentarians, federal judges and governors-general in line with the schemes' rules and other legislative obligations.
Analysis	1. Finance supports the Government through implementing a policy and legislative framework that assists in achieving the financial and risk objectives of the investment funds managed by the Future Fund Board of Guardians. These investment funds are designed to strengthen the Commonwealth's long-term financial position by making investments that benefit future generations of Australians. In 2019–20, Finance contributed to the following key initiatives: ● establishing the Future Drought Fund on 1 September 2019, which enhances the Government's ability to make arrangements with, and grants to, persons and bodies in relation to drought resilience, preparedness and response by allowing $100 million to be drawn from the Fund each financial year ● establishing the Emergency Response Fund on 12 December 2019, which allows the Government to draw up to $200 million in any financial year beyond what is already available to fund emergency response and natural disaster recovery and preparedness, where it determines the existing recovery and resilience-building programs are insufficient to provide an appropriate response to natural disasters. 2. Finance supports the Government to maintain a policy and legislative framework for the Commonwealth civilian superannuation schemes that is consistent with the Government's broader superannuation prudential requirements. The CSS, PSS, and PSSap are regulated superannuation schemes, and their legislation is reviewed, as needed, to ensure compliance with regulatory and legislative requirements. In 2019–20, Finance provided advice to the Government assisting in the drafting of a number of legislative amendments designed to provide eligible individuals with greater choice and flexibility over their superannuation savings, simplify the transition of employees impacted by machinery-of-government changes, and allow early release of superannuation to eligible members who were affected by the COVID-19 pandemic.

	This included work on the: ● Superannuation Amendment (PSSap Membership) Bill 2020 ● Superannuation Amendment (PSSap Trust Deed—Superannuation Salary) Instrument 2020 ● Parliamentary Contributory Superannuation (Early Release) Regulations 2020. In 2019–20, Finance also: ● provided advice to the Minister for Finance on six appointments to the Board of CSC, which is the trustee and administrator of the CSS, PSS and PSSap ● successfully implemented a new superannuation administration system, Capital 11, for the Finance-administered pension schemes for former parliamentarians, federal judges and governors-general.

Measure	Stewardship over procurement systems and policies Finance works with external stakeholders to: ● provide stewardship over systems and policies to support a fair, efficient and transparent procurement framework ● implement and maintain Whole-of-Australian-Government (WoAG) procurement arrangements for non-ICT services (e.g. travel bookings and major office equipment) to generate price savings and operating efficiencies.
Source	2019–20 Corporate Plan, pg 35
Result	Achieved Engagement continues with various stakeholders through: ● the Secretary's Procurement Consultative Roundtable, Centre of Procurement Excellence Steering Group and Senior Procurement Officials Reference Group ● regular engagement with states and territories through multiple fora including membership of the Australasian Procurement and Construction Council ● continuous improvement program for self-help tools (e.g. contract templates) to take account of changes to legislative, policy and reporting requirements. AusTender and associated data availability key performance indicators were met, with the system uptime during business hours available 99.9 per cent of the time. Diners Club Pty Ltd, in collaboration with Citigroup Pty Limited, was appointed as the Australian Government’s provider of travel payment services and procurement payment services following a competitive, open approach to market process undertaken by Finance with assistance from a number of entities. Extensions to the following WoAG coordinated procurement arrangements were exercised following reviews that confirmed that the arrangements are meeting their objectives and delivering value for money, and that the benefits of extending outweighed the costs and risks associated with approaches to market: ● travel management services ● accommodation management services ● stationery and office supplies ● major office machines.
Analysis	The Commonwealth Procurement Rules govern how entities buy goods and services and are designed to ensure the Government and taxpayers get value for money. Finance looks after the Commonwealth Procurement Framework and assists both government and business through advice, support and services. Procurement is strategically important to all government entities because it supports the delivery of government policies, programs and services. To give some context for the

magnitude of this work, in 2019–20 approximately 80,000 contracts and 1,700 approaches to market were published on AusTender, equating to approximately one transaction every minute during business hours.

The AusTender Help Desk responded to 10,775 enquiries in 2019–20. Volume is decreasing as the continuous improvement program delivers enhanced user experience and discoverability of information. There are currently over 66,000 registered public users.

As part of Finance's work to support public sector resource management, we develop, implement and maintain systems and policies to support a fair, efficient and transparent procurement framework for the Australian Government and its suppliers.

In 2019–20, Finance's activities included:

- supporting entities through the Commonwealth Procurement Rules and Finance's support and advisory services to ensure that their business operational needs could be met
- further development of self-help procurement tools to take account of changes to legislation and policy, to improve usability and to streamline the procurement process
- regular communication with procurement officers across the APS through a monthly Procurement Bulletin
- participation in a number of small business trade fairs
- regular engagement with entities through the Centre of Procurement Excellence.

During the reporting period, there was an increased demand for support from Finance as a result of the COVID-19 pandemic, including supporting colleagues in entities undertaking procurements. Finance received numerous queries from suppliers of personal protective equipment which were triaged quickly and appropriately, ensuring all suppliers were treated transparently and equitably.

In June 2020, Finance also released a policy note to assist entities when undertaking procurements in the COVID-19 environment and which addressed contractual matters impacting affected suppliers, including payment times.

Measure	Treatment of insurable risks and claims management Comcover is effectively managed to ensure the fund is financially sustainable, insurable risks are appropriately managed and there is a consistent, WoAG approach to the management of claims.
Source	2019–20 Corporate Plan, pg 35
Result	Achieved As at 30 June 2020, Finance, had a claims liability of $588.0 million, with cash reserves of $672.3 million in the Comcover Special Account. It is anticipated that Finance will be able to meet the liabilities generated through the operation and management of Comcover when they fall due, with the cash balance adequate to cover at least four years of normal claims payment experience. Information on the financial performance and position of the scheme is included in Finance's financial statements. There were no breaches of the Model Litigant Obligations of the Commonwealth in 2019–20. As at 30 June 2020, 1,749 people had completed Finance's eLearning program with 76 people attending face-to- face workshops. To support ongoing learning during the COVID-19 pandemic, Finance developed four additional micro bites (short, online videos) that addressed important risk topics across the Commonwealth. These were viewed by over 2,000 people across the APS.
Analysis	Comcover is the Australian Government's self-managed insurance fund. It is mandatory for all Commonwealth entities that are subject to the PGPA Act and classified in the General Government Sector to be members of the fund.

	Finance achieved its performance in line with expectations in 2019–20. It has performed in a challenging environment, particularly as a result of natural disaster events and emergency management response required throughout the 2019–20 reporting period. This environment has driven a higher claims liability result as at 30 June 2020, reflecting the impacts of the national summer bushfires and the January 2020 Canberra hailstorm event. Finance supports entities to obtain the knowledge, skills and expertise they need to successfully implement and integrate risk management in their organisations. Finance has adapted to the environment created by the COVID-19 pandemic by introducing a new and innovative approach to educating APS officials on managing risk. With face-to-face learning no longer possible, Finance developed a series of microbites to communicate and educate APS staff on risk management. Microbite learning is a way of educating people by delivering content in small, very specific bursts that are accessible online at any time. Finance developed five microbites on: ● risk management in a crisis ● organisational resilience in a crisis ● risk appetite and tolerance—supporting effective decision-making in times of crisis ● building risk management capability ● embedding an active risk culture. These topics were identified through Finance's liaison with APS entities. Each of the microbites has been designed to be presented differently to ensure continued engagement with the end users. They vary from being short learning pieces covering key principles, to an in-depth and detailed two-part interview-style approach. Feedback on these online offerings has been positive, with statistics indicating that more than 95 per cent of people surveyed found this form of communication informative. Take-up reflects an ongoing commitment from staff across the Commonwealth to strengthening the risk management approaches used by their entity.

Measure	Commonwealth property initiatives are efficient and effective The management of Commonwealth property delivers efficiencies in relation to leasing and facilities management for non-corporate Commonwealth entities. The footprint of the non-Defence property portfolio is reduced where appropriate.
Source	2019–20 Corporate Plan, pg 36
Result	Achieved The Commonwealth is continuing to better utilise leased office space, including through implementation of the whole-of-government Leasing Strategy and the coordinated procurement arrangements for leasing and property services. As at 30 June 2020, 89 per cent of non-corporate Commonwealth entities (NCEs), representing 99 per cent of properties, have transitioned to the coordinated arrangements. The 2019 Australian Government Office Occupancy Report, published in June 2020, showed the APS reduced its leased office footprint from 17.1 square metres in 2017 to 16.1 square metres in 2019, with a continued trajectory towards the 14 square metre government target as inefficient leases expire and are replaced with more efficient leases. The divestment program is ongoing. Since 1 January 2015, 149 properties have been sold, with gross proceeds of over $264.9 million. A further 28 properties are on the program for divestment.
Analysis	Finance provides oversight, management and support to Commonwealth entities in relation to property management, including through policy advice on the Commonwealth Property Management Framework, coordinated procurement arrangements and the National Divestment Program. The reform of Commonwealth property asset management and

operations, led by Finance, has made a significant contribution to achieving public sector resourcing and transformation.

In 2019–20, Finance continued to:

- work with entities to manage their lease holdings effectively and efficiently—with 99 per cent of properties now transitioned to the coordinated procurement arrangements, Finance is demonstrating how this approach leads to more efficient utilisation of office space and is showcasing the benefits to other entities
- manage a significant and strategically important non-Defence property portfolio and the construction and delivery of domestic non-Defence major capital works projects
- reduce Commonwealth property holdings and related ongoing maintenance costs by divesting properties that are surplus to requirements.

Finance leveraged the Property Services Governance Network (a forum to support collaboration on whole-of-government policy initiatives) to quickly identify and respond to emerging critical issues during the severe 2019–20 bushfire season, the Canberra hailstorm in January 2020, and the COVID-19 pandemic.

Finance developed guidance materials and provided advice on managing office accommodation in a post COVID-19 context. This guidance provides advice on how entities should manage office accommodation to support a safe transition back into the office, and on issues such as additional hygiene measures, design of office fit-outs (and implementation of appropriate social distancing requirements), lift capacity, and managing shared spaces.

Finance consulted with partner entities, including Safe Work Australia, the APSC, and the Department of Health, and worked closely with entities with significant property portfolios, to ensure that guidance is fit-for-purpose. Through these multi-layered governance forums, Finance has provided strong leadership and policy support to entities so they can continue to meet the property management-related challenges presented by the COVID-19 pandemic and other natural disasters.

Measure	Promote efficient, financially sustainable and sound governance arrangements for all Government Business Enterprises (GBEs) Continue to encourage ongoing efficiency and financial sustainability in GBEs, including to facilitate and monitor GBE delivery of the Government's key infrastructure priorities, including Western Sydney Airport, Inland Rail, Snowy Hydro and Naval Shipbuilding.
Source	2019–20 Corporate Plan, pg 36
Result	Achieved Finance continues to oversee GBEs' financial and operational performance to ensure GBEs maintain a commercial focus. Corporate plans provided by GBEs comply with the GBE guidelines. This is attributable to Finance's collaboration with GBEs and shareholder departments, which included secondments into GBEs to get a detailed understanding of GBEs' financial performance, and to shareholder departments to ensure ministerial briefing is aligned. Advice is provided on a regular basis to shareholder ministers on the compliance and performance of the GBEs based on information provided in corporate plans, quarterly reports and annual reports, as well as regular interactions with the GBEs. Key infrastructure projects that will support the Australian economy and communities are being delivered by GBEs. In 2019–20, WSA Co Ltd achieved key milestones for the construction of Western Sydney International (Nancy-Bird Walton) Airport, including completion of early earthworks, commencement of bulk earthworks, completion of the Experience Centre and continued progress on procurements for key contracts. Construction of the first section of Inland Rail, Parkes to Narromine, is largely complete, and delivery of the remaining sections is progressing. Snowy Hydro Limited recently received shareholder approval to commence main works for Snowy 2.0, following final environmental approvals in June 2020. Australian Naval Infrastructure Pty Ltd's (ANI's) greenfield works at

	the Osborne South Shipbuilding Yard are complete. Remaining brownfield works for Osborne South are scheduled for completion over 2020–21 to 2022–23.

Analysis	Government's involvement in certain commercial enterprises, such as GBEs, aims to support the delivery of essential services and infrastructure to the Australian community. Currently there are nine GBEs prescribed under the PGPA Act (two corporate Commonwealth entities and seven Commonwealth companies).
	
	Finance's governance and oversight of GBEs contributes significantly to achievement of the public sector resourcing and governance element of our purpose. By executing these responsibilities, Finance assists the Government to achieve its fiscal and policy objectives.
	
	Through 2019–20, Finance's effective ongoing governance continued, including through regular reporting and accountability arrangements, set out in legislation, regulations and policy guidance and targeted stakeholder forums and engagement. Finance's relationships with shareholder departments have been strengthened through these ongoing engagements. Some specific examples include:
	
	● leading an Intergovernmental Community of Practice with state, territory and New Zealand government officials
	● organising a biannual GBE Forum to promote shared learnings and experiences between GBEs
	● a professional education program for Finance and shareholder departments
	● secondments with GBEs and shareholder departments to strengthen professional relationships, enhance knowledge transfer and support well-informed reporting to government. Short-term secondments in 2019–20, with officers remaining attached to their departments, included:
	  – commercial analysts from Finance seconded to Defence Housing Australia in Quarter one 2019–20 and Moorebank Intermodal Company in Quarter three 2019–20
	  – an officer from the Department of Infrastructure, Transport, Regional Development and Communications, was seconded to Finance in Quarter three 2019–20.
	
	The release in February 2020 of the Commonwealth Investment Framework brings together the underpinning policy and best practice guidance for entities to consider in the development, implementation and management of investment proposals. The Framework was developed to support the Australian Government realise the benefit of investments that utilise the Commonwealth balance sheet for Australian citizens, businesses and communities. This is an example of Finance's *stewardship* approach.
	
	Recognising the significant contribution of major infrastructure projects to the Government's balance sheet, Finance provides oversight to GBEs responsible for these activities. This includes detailed financial analysis to support the Minister for Finance's role as a shareholder minister.
	
	In the context of the COVID-19 pandemic, Finance assisted the Government to temporarily adjust Australia Post's performance standards to reflect the operating constraints and limitations that have resulted from the significantly changed environment in 2019–20. These adjustments provide Australia Post with flexibility to meet increased demand for online ordering and delivery as people practice social distancing.

Delivering effective services to, and for, government

Measure	Shared services hub meets clients' needs As a Shared Service hub, the Service Delivery Office (SDO) provides quality and efficient services to client entities.
Source	2019–20 Corporate Plan, pg 37
Result	Achieved The SDO continued to deliver on its agreed service outcomes for clients during 2019–20. The SDO: ● managed 1,282 credit cards per month, with 100 per cent service level achievement ● processed 5,953 payments received and debts per month, with 100 per cent service level achievement ● made 2,547 payments per month, with 95 per cent service level achievement ● had 7,300 active users of SDO's technology platform per month, with 100 per cent service level achievement ● managed 14,285 pays per pay period, with 99.9 per cent service level achievement. In 2019–20, the volume of corporate and financial services provided by the SDO to its clients increased from the previous year. On average, there were 7,300 active users of SDO's technology platform per month, compared to an average of 5,919 users per month in the same period in 2018–19. The SDO continues to work with the GovERP program by: ● contributing to scope and defining business requirements to help inform the design of the GovERP solution ● adopting the common language and framework for end-to-end corporate business processes. In 2019–20, the SDO implemented a new comprehensive internal controls framework ensuring transparency and accountability against the agreed service outcomes.
Analysis	The SDO directly contributes to Finance's delivery of efficient and cost-effective services to, and for, government, and to the transformation of the public sector through the shared use of common, standard and sustainable technologies and processes. As one of the six service delivery hubs, the SDO continues to be a centre of excellence for shared services, developing innovative service delivery arrangements across entities. The SDO supports the whole-of-government agenda for standardising business systems and processes across the APS by consolidating service provision and increasing the use of automation. During the 2019–20 reporting period, the SDO: ● continued to focus on building economies of scale by commencing the onboarding of the Bureau of Meteorology ● established a new service desk to better support clients and manage requests as a service provider to multiple entities ● developed an e-invoicing capability, with the Department of Finance being the first SDO client to adopt e-invoicing in December 2019—through 2020–21, the SDO will progress the on-boarding of its other clients to this capability to improve payment times and cash flows for small to medium-sized businesses ● engaged with clients to facilitate their transition to the Expense and Travel Management Service as part of the on-boarding to common business processes. The Department of Finance was fully transitioned in 2019–20, with other clients to be transitioned by 30 December 2020.

In March 2020, in response to the COVID-19 pandemic and to ensure entities were well supported, the SDO:

- enacted its Business Continuity Plan to ensure critical staff and processes were enabled including undertaking, bilateral meetings with individual clients using the online GovTEAMS platform to support shared business continuity outcomes—this tailored engagement, reflecting Finance's *stewardship* and commitment to *making business better*, has assisted with maintaining open communication, transparency and engagement with SDO's clients through the disruption of the COVID-19 pandemic
- provisioned new technologies to support cross entity mobility at short notice—this was an important enabling element for the surge of secondments from across the Commonwealth to Services Australia in response to the level of demand for services during this period
- implemented further automation in finance invoice payment runs for client departments from 20 days to daily—this ensured small and medium-sized businesses received payments in a timely manner during the COVID-19 pandemic and further supported economic outcomes.

Measure	GovTEAMS improves public sector productivity Commonwealth entities and companies have access to GovTEAMS, a new generation platform to provide a single environment for both internal and external collaboration across government to improve public sector productivity.
Source	2019–20 Corporate Plan, pg 37–38
Result	Achieved GovTEAMS continues to rapidly increase its registered user count since commencing in January 2019. The platform reached over 87,000 registered users by 30 June 2020. This is more than double the original target of 40,000 users for the 2019–20 reporting period. The system is regularly used by senior departmental leaders. GovTEAMS usage peaked during the reporting period at 1.7 million messages, 67,000 meetings and 46,000 calls. Secretaries Board has regularly convened during the pandemic using PROTECTED GovTEAMS.
Analysis	GovTEAMS substantially contributed to the achievement of Finance's purpose in 2019–20, specifically in relation to delivering effective services to, and for, government. GovTEAMS supports Finance's role as a steward of the public service, by providing an essential whole-of-government service, with diverse clients across the spectrum of government. Utilising the latest onshore cloud technology, GovTEAMS is a modern collaboration tool, which has proven highly valuable for government employees and their industry partners, especially over the course of the COVID-19 pandemic through this reporting period. In a time where social distancing is required, GovTEAMS has allowed users to continue working remotely in a virtual, secure, and stable environment. Having launched successfully prior to the reporting period, 2019–20 began with a sustained increase in usage, culminating in a surge of demand onto the platform at the onset of the COVID-19 pandemic as the APS shifted to large-scale remote working. To support the demand, Finance's workload increased significantly to respond to queries from across the APS with more than 10,000 new users registering each week at the height of the crisis. While an expected increase in the use of online collaborative platforms across the public sector was expected over time, the exponential increase in the rate of adoption in this reporting period, driven by necessity, will significantly impact the operations of the APS moving forward. The regular use of PROTECTED GovTEAMS to support Secretaries Board meetings, for example, has contributed to a broad awareness among senior APS leaders that online collaboration platforms provide a legitimate alternative to traditional face-to-face approaches.

	The post-pandemic steady state for GovTEAMS users is yet to be determined, noting reflection on future optimal business processes and working arrangements is already underway. However, it is clear that Finance's contribution to supporting online collaboration across government is vital for driving public sector productivity improvements.

Measure:	GovCMS supports creation of websites that better connect government with people Commonwealth entities and companies have access to the GovCMS management and website hosting support platform to assist in the creation of modern, affordable and responsive websites that better connect government with people.
Source	2019–20 Corporate Plan, pg 38
Result	Achieved Platform availability continues to exceed target service level agreement even during increased load associated with the Government's COVID-19 pandemic response. Twelve NCEs joined GovCMS in the reporting period and four left the platform, of which three were disestablished as part of machinery-of-government changes. This brought the total number to 56, as at 30 June 2020. Seventeen other Commonwealth entities use GovCMS for hosting, with the total equating to 39 per cent of entities in the APS. In 2019–20, 92 new NCE websites went live on the platform and 46 NCE websites ceased being hosted on the platform over the same period. Sites primarily ceased as a result of consolidation from machinery-of-government changes, beta websites being replaced by their finished live projects, and sites updating to the most recent version of the platform tools.
Analysis	GovCMS provides a common platform for hosting and management of government websites. It continues to demonstrate significant benefits and a return on investment for government as a key element of Finance's achievement of 'delivering services to, and for, government'. During 2019–20, a priority for Finance was the deployment of GovCMS as part of the 'cybersecurity uplift' project, funded in the 2019–20 Federal Budget. In addition to its business as usual activities, Finance transitioned 25 websites in six months through a collaborative and scaled approach, involving 13 different NCEs and multiple external suppliers. The centrally coordinated approach within Finance used consistent tools and methodologies, allowed for efficient procurements and flexible resourcing allocation across the different elements of the project. During the COVID-19 pandemic, Finance's GovCMS platform met and exceeded expectations, ensuring stability and resilience of high-traffic government websites (including the Department of Health, Services Australia, Smart Traveller and Safe Work Australia) during a period of unprecedented demand. During this event, the GovCMS platform experienced spikes of approximately 100,000 page views per minute. Finance was well positioned to respond, having recently upgraded the underpinning technology. Finance anticipated and responded proactively to the needs of clients through this period, identifying which sites were likely to be heavily affected, initiating discussions with entities regarding upgrades that would be needed to infrastructure, and identifying and surging platform resources to their websites to support demand. The GovCMS team also supported entities by forming 'surge teams' to assist entities publish information relating to the COVID-19 pandemic, particularly in anticipation of major government announcements.

Measure	Services meet client needs Services meet the needs of parliamentarians, their employees and others as required by the Australian Government.
Source	2019–20 Corporate Plan, pg 39
Result	Achieved Service standards set out in the 2019–20 Corporate Plan were met or exceeded for the full year period as follows: ● 96.1 per cent of client contacts were acknowledged within 24 hours and responded to within agreed timeframes (compared to the service standard of 95 per cent) ● 99.8 per cent of payments (including payroll) were made within agreed timeframes (compared to the service standard of 95 per cent) ● 100 per cent of office establishment and relocation projects were delivered in accordance with the National Fitout Standards (compared to 100 per cent) ● 99.7 per cent of COMCAR reservations were completed without service failure (compared to 99 per cent).
Analysis	Finance's delivery of timely and efficient services, within our set standards to support current parliamentarians and former prime ministers and their employees under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act) is crucial to achieving our purpose. Ministerial and Parliamentary Services (MaPS) oversees the provision of non-travel related expenses and services to parliamentarians and their respective employees. MaPS also provides high-quality, secure and confidential car-with-driver services (COMCAR) to a range of eligible clients, including the Governor-General, the Prime Minister's Office, federal parliamentarians, the federal judiciary and heads of Commonwealth entities. COMCAR also facilitates delivery of transport services for Guest of Australian Government visits and major events. Finance's strong performance against this measure during the 2019–20 reporting period included managing the flow-on impact of the federal election held on 18 May 2019 which resulted in an increase in demand for payroll services, office establishments and general enquiries to support new parliamentarians. The COVID-19 pandemic also had a significant impact, with Finance experiencing an increased number of enquiries. Finance continued to undertake significant outreach and provide knowledge management services online to MOP(S) Act staff during the pandemic. Conversely, there was a significant reduction of demand on COMCAR reservations as a result of the suspension of parliamentary sittings and overall reduced travel for parliamentarians during the pandemic. Finance responded to this situation by surging impacted COMCAR staff and drivers into other ongoing high-demand areas of work and emerging priority activities. This included providing outreach and services to support greater uptake of the Parliamentary Expenses Management System (PEMS—see below) and assisting Services Australia to support the Government's response to COVID-19. In addition, Finance provided enhanced learning and development for both COMCAR staff and drivers to develop their capability, as well as for MOP(S) Act employees through the transition of the MOP(S) Professional Development Program (PDP) to provide online seminars/webinars and digital on-demand training to supporting MOP(S) Act employees working from home.

Measure	Improve administration of parliamentary work expenses The timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses is improved.
Source	2019–20 Corporate Plan, pg 40
Result	Partially Achieved During the 2019–20 reporting period, Parliamentary Expenses Management System (PEMS) portal access was delivered, allowing parliamentarians and their staff to access PEMS from any computer or mobile device, to lodge, monitor and certify expense claims, anywhere, anytime. SMS two-factor authentication was delivered in 2019–20 in response to client feedback, further enhancing the client experience. A targeted support campaign was delivered in 2019–20 to all parliamentarians' offices to better understand current usage patterns and how to tailor ongoing support and education material. The campaign further encouraged the adoption of a digital system that supports a flexible and often remote working environment. This is particularly timely in response to the COVID-19 pandemic. End-of-year results showed that adoption continues to increase in response to the campaign and ongoing engagement with the PEMS User Reference Group, with: ● 61 per cent of parliamentarians having personally used PEMS to certify claim (office and travel) ● 84 per cent of parliamentarians' offices having used PEMS to certify at least one claim (office and travel) ● the proportion of claims processed through PEMS (relating only to claims where PEMS functionality is available) reaching 59 per cent for office expenses ● the proportion of claims processed through PEMS (relating only to claims where PEMS functionality is available) reaching 37 per cent for travel expenses (noting that the Independent Parliamentary Expenses Authority has responsibility for travel claims).
Analysis	The delivery of PEMS has been a high-priority activity for Finance over a number of reporting periods, recognising the importance of achieving improvements in timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses. PEMS is a key element of the reforms to the parliamentary work expenses framework which have been delivered in response to the recommendations of the report: 'An Independent Parliamentary Entitlements System: Review'. The portal release during 2019–20 provides increased efficiencies and reduces the administrative burden on parliamentarians' offices, while also allowing continued efficient operations in a changing environment impacted by COVID-19 restrictions. The full PEMS functionality is expected to be delivered in mid-2021. The revised timeline will ensure the PEMS solution is tested and available to users with supporting education and training. While the progress of the project has been impacted by a range of factors, including finalising design issues and the deferral of user acceptance testing during the COVID-19 pandemic, significant milestones have been reached in 2019–20. Moreover, adoption levels went beyond that anticipated at the start of the year, attributable to Finance's enhanced and targeted campaign coinciding with the COVID-19 pandemic. This recognised the broader context of remote technologies being more in demand and also utilised available COMCAR staff, surging to provide direct engagement and ongoing support for all parliamentarians' offices.

Measure	Efficient management of Finance tenancies Finance tenancies are managed efficiently.
Source	2019–20 Corporate Plan, pg 40
Result	Partially Achieved Finance exceeded the 14 square metre occupational density target at 30 June 2020. This is a consequence of: ● requiring staff to largely work from home under the COVID-19 Departmental Response Plan including in the last quarter of the reporting period to ensure adequate social distancing ● the return of 3,210 square metres of sub-leased office space in One Canberra Avenue being vacated and returned to Finance from the Department of Human Services on 27 April 2020. Previously in the reporting period, Finance was on track as at December 2019 to meet this target with: ● its primary tenancy, One Canberra Avenue, recording a density of 13.71 square metres per occupied work point ● Government Network Services Branch (GNSB) at Symonston, recording a density of 13.66 square metres per occupied work point, noting GNSB have a requirement for the co-location of light industrial and office accommodation due to the nature of their business. The broader efficient management of Finance's tenancies throughout this period is demonstrated through the introduction of a range of property management initiatives in the last quarter of the reporting period to directly address Finance's response to COVID-19. These initiatives included an enhanced social distancing strategy (where only every second work point can be occupied), a range of additional hygiene measures and ongoing support for remote working arrangements. These arrangements continue to be regularly monitored.
Analysis	The efficient management of Finance tenancies is an important component of the Department's business enabling services, which, together with corporate services, information technology and workplace support, ensures Finance continues to meet its operational requirements. It is important to view these results in the context of the impacts that COVID-19 has had on all aspects of Finance's business operations. The unique characteristics of a pandemic, require that essential functions continue to operate while measures are taken to protect staff safety and resources are potentially redeployed, as appropriate. The occupational density—captured by the accommodation stocktakes undertaken throughout the year to assess achievement of this measure—confirmed Finance was on track to meet these property targets prior to the final quarter of the reporting period. However, with occupational density for Finance tenancies being above the Government's target (14 square metres) at the end of the reporting period, this result is reported as partially achieved. Importantly, Finance's response to COVID-19 was managed in line with the Australian Government's phases regarding response to a pandemic. Finance's robust business continuity arrangements supported swift implementation of alternative working arrangements, ensuring staff health, safety and wellbeing and continued delivery of critical functions. Finance also redeployed staff to agencies including Services Australia which was delivering high-priority services to Australians as part of the Government's COVID-19 response, further reducing its office footprint. Overall, these efforts together demonstrate the focus Finance maintained throughout this reporting cycle of ongoing efficient management of its tenancies and facilities with a strong view to the priority of staff health on premises supported by appropriate property initiatives.

Financial performance

Finance's financial statements are presented in Part 5 of this report with the Australian National Audit Office issuing an unmodified audit opinion on 28 August 2020.

A summary of Finance's financial performance for Departmental and Administered activities are provided below.

Departmental activities

The Department manages a diverse range of activities that are delivered for whole-of-government purposes and supported through special accounts. These activities are subject to external factors that can significantly impact the operating result in any given year. The 2019–20 operating deficit of $65.7 million (2018–19: surplus of $16.5 million) is primarily due to general insurance activities provided to Australian Government entities which were impacted by insurance claims arising from recent adverse weather events including the bushfires and Canberra hailstorm. This was partially offset with gains from the revaluation of investment properties.

Whilst the Department recognised an operating deficit in 2019–20 under the statement of comprehensive income, the statement of financial position remains strong. As at 30 June 2020, the Department held net assets of $2.3 billion which largely comprised the non-Defence property portfolio. Total assets increased by $0.6 billion mainly from the implementation of the new accounting standard *AASB 16 Leases* which capitalised operating leases as 'right-of-use' assets. Cash held by the Comcover Special Account also increased as a result of an equity injection to address the insurance claims. Total liabilities had a corresponding increase of $0.6 billion to provide for expected lease obligations and outstanding insurance claims still to be paid.

Administered activities on behalf of the Australian Government

In 2019–20, Finance administered four programs on behalf of the Australian Government with expenses of $11.4 billion including:

- $8.3 billion in member benefits for Commonwealth defined benefit superannuation schemes
- $2.6 billion relating to the investment funds including distributions to portfolio special accounts
- $0.5 billion for ministerial and parliamentary services including entitlements, salaries for staff employed under the *Members of Parliament (Staff) Act 1984*, and COMCAR services.

Administered income of $2.4 billion comprises $1.2 billion of superannuation contributions and $1.2 billion of interest, dividends and distributions and gains from the investment funds.

At 30 June 2020, administered assets were $49.9 billion which largely consists of the investment funds and investments in Commonwealth entities and companies. Total assets increased 21.8 per cent from 2018–19, mainly due to government contributions to the investment funds.

Administered liabilities of $244.8 billion largely consist of member benefits for the Commonwealth defined benefit superannuation schemes. Superannuation liabilities increased by $8.7 billion from the previous year primarily as a result of changes to the discount rate used to value the liabilities.

Part 3: Management and accountability

Corporate governance

External scrutiny

Reports on the operations of the entity

Parliamentary committees

Asset management

The Central Advertising System

Procurement

Environmental performance

Corporate governance

This section discusses Finance's support services and governance structures, which provide a framework to promote accountability and overall effectiveness.

Enabling services

The Corporate Services and Information and Communications Technology divisions, under the Department's Business Enabling Services, provide high-quality and efficient services to Finance. In addition to delivering these services, in line with compliance requirements and service standards, there is a strong focus on best practice delivery and looking ahead strategically to ensure services and technology remain fit-for-purpose for our clients.

The Department's internal transformation agenda provides direction for how we can improve service delivery with innovative and forward-looking initiatives.

Specifically, the Corporate Services Division provides strategic advice to the Secretary and Executive Board on corporate governance and departmental administration. The Division connects its operational delivery of corporate services with strategic organisational planning and reporting activities through the *integrated business planning* framework. The Division provides a range of services to the Department and our ministers including:

- parliamentary coordination and liaison
- human resource services
- financial advice and support
- in-house legal services
- facilities management and security
- corporate engagement (including communications) and media
- corporate planning and reporting
- advice and knowledge management.

The Information and Communications Technology Division delivers business services to the Department and other government entities. The Division supports the Chief Information Officer and Chief Information Security Officer functions of IT security, architecture, service and program delivery, as well as online, technical and government network services.

In 2019–20, the Division provided services to approximately 1,700 users to support Finance's operations. It provided a range of whole-of-government services that enhanced collaboration and connection by government entities. These services:

- provided online workspaces for over 86,000 people, 187 organisations and 12,865 communities
- hosted over 320 government websites
- enabled over 1,000 meetings via secure video for ministers and senior government officials.

Governance

Finance's governance framework promotes the principles of good governance and supports our performance in line with government and organisational priorities. This is achieved through engaging with staff on risk management and accountability, and the transparent operation of the Executive Board and its committees. The framework incorporates *integrated business planning* to ensure decision-making on resourcing is aligned with Finance's priorities and management of risk and supports the Secretary in discharging her duties under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Service Act 1999.*

Figure 3 (see page 79) shows Finance's governance structure at 30 June 2020.

Executive Board

The Executive Board is the chief advisory and decision-making body in Finance. It supports the Secretary in discharging her duties under the PGPA Act. Members of the Board provide strategic leadership to ensure the Department delivers its purpose in keeping with the Government's policy objectives. The Board also monitors performance and maintains accountability.

In addition to its decision-making role, the Board structures its business to ensure that it undertakes key strategic discussions, considers emerging risks and receives regular updates from the chairs of the subcommittees. The Board sets the direction of, and oversees progress made against, the Department's transformation agenda to ensure we are a high-performing, modern, efficient and continuously improving public sector organisation delivering better and more efficient services to government and citizens.

The Secretary chairs the Executive Board, supported by the five Deputy Secretaries of the Department as permanent members. In addition, membership of the Board is offered for a period of nine months on a rotating basis to two senior members of staff—a First Assistant Secretary and an Assistant Secretary from across the Department.

These arrangements reflect the Executive's commitment to encouraging a wide range of perspectives in Board deliberations and developing leadership capability among the Senior Executive Service (SES), including through exposure to robust decision-making at the highest level within the Department.

Finance's Executive Board model is flexible to support the pace and approach required for effective decision-making. During 2019–20, this was reflected in a significant increase in the frequency of meetings during the initial phases of the COVID-19 pandemic to ensure the Board could be responsive and make decisions in a timely fashion. The Board moved to a virtual meeting environment during the pandemic—ensuring its ability to continue to conduct business during a period of enhanced remote working arrangements—and this has been well supported by Finance's ICT infrastructure.

Executive Board subcommittees

In 2019–20, the Executive Board had three standing subcommittees:

- Senior Leadership Committee
- Risk Subcommittee
- Leadership and Remuneration Subcommittee.

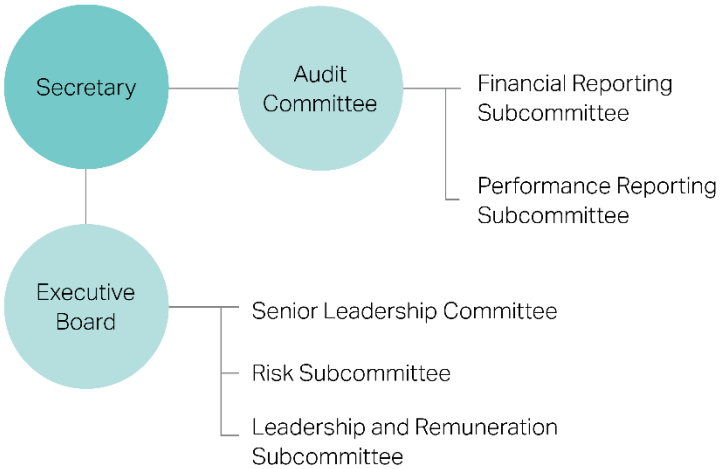
The Senior Leadership Committee (SLC) consists of all Deputy Secretaries, all First Assistant Secretaries and those Assistant Secretaries who have organisational responsibility for human resources, internal budgets and the transformation agenda. The SLC is chaired by the Deputy Secretary of Business Enabling Services. The SLC ensures that the entire senior leadership cohort plays an active and collaborative role in shaping operational and strategic departmental issues including resourcing, people, communication and culture, business improvement and transformation issues.

The Risk Subcommittee is responsible for ensuring the Department has an effective (practical and adequate) risk management framework in place, together with the necessary capability to effectively manage its risks. The Risk Subcommittee is chaired by a Deputy Secretary and consists of officers across the Department from a range of levels and all business groups.

The Leadership and Remuneration Subcommittee is chaired by the Secretary and includes all the Deputy Secretaries. It is responsible for overseeing and providing advice on people management matters.

Additionally, the terms of reference of the Executive Board allow for the ad hoc creation of the Policy Working Group which is a topic-specific working group able to work flexibly to address emerging topical issues as required. The membership of the Policy Working Group is flexible based on the identified issue and would draw upon a diverse membership to enable strong engagement from leaders across the Department, harnessing their diverse policy expertise and experience.

Figure 3: Finance's governance structure, at 30 June 2020



Audit Committee

The Audit Committee provides independent advice and assurance to the Secretary on the appropriateness of the Department's accountability and control framework—particularly those aspects concerning performance and financial reporting and systems relating to risk and control. It provides assurance on the adequacy of the Australian Government's consolidated financial statements production and risk planning process in Finance. The Audit Committee's functions are set out in its Charter www.finance.gov.au/publications/charter.

In 2019–20, the Audit Committee had four external members (including the independent Chair) and two departmental members. Mr Geoff Knuckey's term as independent Chair and external member concluded on 1 January 2020. Mr Brendan Sargeant commenced as independent Chair and external member on 2 January 2020. The Audit Committee met five times during the year.

The Audit Committee has two subcommittees, chaired by external members, to support it in performing its functions.

- The Financial Reporting Subcommittee (FRSC) maintains an ongoing review of the process for preparing the Department's annual financial statements. The FRSC met five times in 2019–20.
- The Performance Reporting Subcommittee (PRSC) assists the Audit Committee in meeting its performance reporting responsibilities under the PGPA Act. The PRSC met three times in 2019–20.

The Audit Committee works closely with the Risk Subcommittee on oversight of the Department's risk management framework, with the Audit Committee Chair attending the meetings of that subcommittee as an observer.

Table 1 shows Audit Committee membership during 2019–20 and the number of meetings attended by each member during the year.

Table 1: Audit Committee membership, 2019–20

Name and position	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Meetings attended in 2019–20		Membership details
Mr Brendan Sargeant (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee (FRSC)	Mr Sargeant previously held the role of Associate Secretary, Department of Defence. In this role, Mr Sargeant was responsible for a major reform of Defence organisation and enterprise governance, planning, performance and risk management.	Audit Committee	2/2	Mr Sargeant joined the Audit Committee as Chair in January 2020.
		FRSC	2/2	
Mr Geoff Knuckey (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee (FRSC)	Mr Knuckey has extensive experience as a Director and serves on boards and audit committees of multiple private sector and government entities. Mr Knuckey has been a full-time company director and audit committee member since 2009 following a 32-year career with Ernst & Young, specialising in audit and assurance services in both public and private sectors across a range of industries.	Audit Committee	3/3	Mr Knuckey joined the Audit Committee in October 2010 and was appointed as the Chair in January 2017. Mr Knuckey's term on the Committee concluded in January 2020.
		FRSC	3/3	
Ms Jennifer Clark (external member) Deputy Chair, Audit Committee Chair, Performance Reporting Subcommittee (PRSC)	Ms Clark has an extensive background in business, finance and governance through her career as a Non-Executive Director and investment banker. She has been the Chair or member of over 20 audit, risk and finance committees in the Commonwealth and private sectors over the past 30 years.	Audit Committee	5/5	Ms Clark joined the Audit Committee in December 2015 and was appointed as the Deputy Chair in March 2017.
		PRSC	3/3	
Ms Gayle Ginnane (external member)	Ms Ginnane was the Chief Executive Officer of the Private Health Insurance Administration Council with regulatory responsibility for the private health insurance industry until May 2008. Ms Ginnane is also a member of a range of other boards and audit committees.	Audit Committee	5/5	Ms Ginnane joined the Audit Committee in January 2017.
Mr Ian McPhee AO PSM (external member)	From 2005 to 2015, Mr McPhee was the Auditor-General for Australia. Mr McPhee was responsible for discharging the responsibilities of the *Auditor-General Act 1997* including the audits of the financial statements of all Australian Government controlled entities and a program of some 50 performance audits annually.	Audit Committee	5/5	Mr McPhee joined the Audit Committee in January 2017. He is a member of the PRSC.
		PRSC	3/3	
Dr Stein Helgeby (departmental member)	Dr Helgeby joined the Audit Committee in July 2012. He is the Deputy Secretary, Governance and Resource Management.	Audit Committee	5/5	Dr Helgeby, Deputy Secretary, Governance and Resource Management, joined the Audit Committee in July 2012. He is a member of the PRSC.
		PRSC	3/3	
Ms Amanda Lee (departmental member)	Ms Lee joined the Audit Committee in January 2019. She is the First Assistant Secretary, Budget Policy and Coordination.	Audit Committee	5/5	Ms Lee, First Assistant Secretary, Budget Policy and Coordination, joined the Audit Committee in January 2019. She is a member of the FRSC.
		FRSC	2/5	

Integrated business planning framework

Finance's *integrated business planning* framework ensures alignment across domains of enterprise decision-making, including:

- Strategic Review and prioritisation
- enterprise risk framework
- corporate planning
- divisional business planning
- budgeting
- investment and resource planning.

Strategic reviews

The Strategic Review cycle comprises three stages—Reset, Reflect and Review—and is the Department's key business planning mechanism to guide prioritisation and resource allocation.

In 2019–20, the Strategic Review cycle provided the Executive Board with a comprehensive understanding of emerging priorities, risks and opportunities to inform departmental investment. The Executive Board engaged with divisions on immediate and future priorities, workforce management and opportunities for improvement and deregulation to enhance delivery of advice and services. Informed by the Strategic Review process, the Executive Board agreed that understanding and enhancing the Department's data maturity and further investing in business process optimisation were priorities.

The Strategic Review cycle has enhanced collaboration across the Department, ensuring that activities undertaken in divisions are aligned and integrated and take into account broader departmental strategy. The process has strengthened departmental governance, providing the Executive Board with regular insights in order to respond to emerging priorities and adapt accordingly to position Finance for the future.

Planning and performance reporting framework

Finance has an integrated performance cycle, and the corporate plan is our pre-eminent planning document. The corporate plan brings together the core elements which allow us to deliver against our purpose. This is complemented by performance planning that occurs through regular budgeting processes and Finance's Portfolio Budget Statements, and performance reporting in the annual report. Integrated business planning and governance processes, including strategic reviews, direct individual and teamwork activities to achieve our purpose. The relationship between elements included in Finance's performance is illustrated in Figure 4.

Figure 4: Finance's planning and performance reporting cycle

Managing risk

Finance's risk management framework sets out the Department's risk management policy and guides how we identify, manage and report risks where they may impact the achievement of our purpose. The Secretary and the Executive Board (through the Risk Subcommittee) oversee the framework.

The framework supports the Secretary to meet her duties under section 16 of the PGPA Act and complies with the Commonwealth Risk Management Policy.

In 2019–20, Finance continued to integrate risk considerations across our governance structures and business planning. Mr Andrew Jaggers, Deputy Secretary, Commercial and Government Services, continued his role as Chief Risk Officer and Chair of the Risk Subcommittee, supporting strategic consideration of opportunity, risk and innovation by the Executive Board and its subcommittees. Risk discussions were also integrated with our Strategic Review cycle, allowing prioritisation and deployment of resources in line with appropriate management of risk.

We continue to support a positive risk culture. We have developed educational materials dealing with transformation, innovation and risk and continued to support enhanced risk management capability across the Department through the Risk Engagement Group comprising representatives from each division. In particular, the Risk Engagement Group's involvement in preparation for the Department's Strategic Review process has strengthened the line of sight between strategic risk governance and everyday risk management by staff at all levels.

Business continuity management

Business continuity management (BCM) is a key element of the Department's enterprise risk management arrangements. The BCM process in Finance involves development of comprehensive plans and procedures to enable the continuation or timely resumption of critical functions and eventual restoration to normal business operations following a business interruption event.

Under the BCM framework, if a business interruption occurs, a Central Control Team (CCT) is convened by the Deputy Secretary, Business Enabling Services. The CCT is the central point of communications and coordination for the Department's response and recovery.

Business continuity plans are reviewed and tested annually to ensure that they meet business requirements.

The importance of effective business continuity arrangements has been highlighted in 2019–20 in response to a number of business interruption events including:

- air quality issues in Canberra-based tenancies resulting from bushfires surrounding the ACT from November 2019 through to February 2020
- damage to the Department's One Canberra Avenue tenancy caused by a severe hailstorm in January 2020
- the COVID-19 pandemic.

In February 2020, as the risks of COVID-19 became apparent, Finance reviewed its readiness to respond to a pandemic and developed a COVID-19 Departmental Response Plan (Response Plan) focused on the safety and wellbeing of staff and the continued delivery of critical functions.

In March 2020, the Department activated its business continuity plans in line with the Response Plan and advice/instructions from the relevant authorities.

In preparation for an eventual return to normal business operations, the CCT developed a business-focused Recovery Strategy and Transition Plan aligned with the Government's Roadmap to a COVIDSafe Australia, to safely return staff to the office.

The foundational work and preparedness of the Department enabled us to act quickly and confidently, ensuring the uninterrupted delivery of critical functions and normal operations over a prolonged period.

Fraud and risk certification

The Department has zero tolerance for fraud and takes all reasonable measures to deal with fraud matters.

The Department's Fraud Control Framework aligns with the Commonwealth Fraud Control Framework. It includes a fraud control plan, the assessment of fraud risk and the mechanisms for the prevention, detection, monitoring, evaluation and reporting of fraud matters for the Department.

To support the system of internal control, the Department recognises the importance of being vigilant in relation to fraud risk and communicates expectations of fraud awareness and prevention to staff.

Significant non-compliance issues with finance law

In 2019–20, the Department reported one instance of significant non-compliance with the finance law to the Minister for Finance under paragraph 19(1)(e) of the PGPA Act. In response to the instance of non-compliance, the Department has established an Assurance Taskforce to review our approach to procurement governance and assurance and the way in which organisational values and behaviours are embedded. The Department is working with relevant parties in relation to contracts affected by the matter.

External scrutiny

Finance's operations are subject to scrutiny from a number of external bodies, among them the Australian National Audit Office, various parliamentary committees, the courts and administrative tribunals, the Australian Information Commissioner and Privacy Commissioner and the Commonwealth Ombudsman. This section reports on audits, inquiries, reviews and legal actions relevant to Finance in 2019–20.

Judicial and administrative decisions

Commonwealth of Australia v. Davis Samuel Pty Ltd & Ors

This matter relates to civil proceedings to recover $8.725 million that was fraudulently transferred from the Commonwealth in 1998 and subsequently distributed to several third parties. All criminal proceedings were completed in 2006.

The Commonwealth has been successful in its claims against 13 defendants (judgment for up to $18.6 million plus interests and costs) and has recovered more than $8.289 million as at 30 June 2020. The Commonwealth is continuing its recovery action against the remaining interest in land.

Recovery action has been taken against all judgment debtors who, except for one individual, are now under insolvent administration. The Commonwealth commenced fresh bankruptcy proceedings against four judgment debtors and three have been made bankrupt. The hearing of the bankruptcy petition for the remaining individual is pending.

Liverpool City Council and Canterbury-Bankstown City Council v. Commonwealth of Australia

On 8 February 2017, Liverpool City Council and Canterbury-Bankstown City Council commenced proceedings in the Supreme Court of New South Wales listing the Commonwealth as the defendant in relation to a dispute involving the Voyager Point footbridge project.

The project concerned the design and construction of a new footbridge across the Georges River from East Hills to Voyager Point to replace the previous footbridge which was closed because of safety issues. On completion, responsibility for the new footbridge was to be transferred to Liverpool City Council and Canterbury-Bankstown City Council. The matter was resolved in September 2019.

Administrative tribunal decisions

In 2019–20, there were no decisions of an administrative tribunal that had a significant effect on the operations of the Department.

Australian Information Commissioner decisions

In 2019–20, there were no decisions by the Australian Information Commissioner that involved the Department or that had, or might have, a significant impact on the Department's operations.

Australian Privacy Commissioner decisions

In 2019–20, there were no decisions by the Australian Privacy Commissioner that involved the Department or that had, or might have, a significant impact on the Department's operations.

Reports on the operations of the entity

Reports by the Auditor-General

In 2019–20, the Australian National Audit Office tabled 11 reports in Parliament that involved the Department—six performance audits, two financial statements audits, two assurance reviews and one information report:

- ANAO Report No. 7: *Government Advertising: June 2015 to April 2019*
- ANAO Report No. 14: *Commonwealth Resource Management Framework and the Clear Read Principle*
- ANAO Report No. 16: *Western Sydney Airport Procurement Activities*
- ANAO Report No. 20: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2019*
- ANAO Report No. 23: *Award of Funding Under the Community Sport Infrastructure Program*
- ANAO Report No. 27: *Australian Government Procurement Contract Reporting Update*
- ANAO Report No. 31: *Management of Defence Housing Australia*
- ANAO Report No. 36: *Advances to the Finance Minister for the Period 1 July 2019 to 24 April 2020*
- ANAO Report No. 38: *Interim Report on Key Financial Controls of Major Entities*
- ANAO Report No. 40: *Advances to the Finance Minister for the Period 25 April 2020 to 29 May 2020*
- ANAO Report No. 41: *Design and Establishment of the Regional Investment Corporation*

Parliamentary committees

Senate Standing Committees on Finance and Public Administration

The Senate Standing Committees on Finance and Public Administration cover the Prime Minister and Cabinet and Finance portfolios. The work is divided between two committees—the Legislation Committee and the References Committee.

Legislation Committee

Finance appeared before the Legislation Committee at its Senate Estimates hearings of 22 October 2019 and 3 March 2020.

On 25 September 2019, Finance and Emergency Management Australia within the Department of Home Affairs provided a joint submission to the inquiry into the Emergency Response Fund Bill 2019 and the Emergency Response Fund (Consequential Amendments) Bill 2019.

On 10 March 2020, Finance provided a submission to the inquiry into the Public Governance, Performance and Accountability Amendment (Tax Transparency in Procurement and Grants) Bill 2019.

References Committee

Finance did not appear at the References Committee in 2019–20.

Joint Committee of Public Accounts and Audit

The *Public Accounts and Audit Committee Act 1951* constitutes the Joint Committee of Public Accounts and Audit (JCPAA). The JCPAA initiates inquiries into public administration matters and can conduct inquiries into matters referred to it by either house of Parliament.

During 2019–20, Finance had a series of engagements with the JCPAA as detailed below. Finance provided information to the Committee as part of its ongoing relationship, including responses to questions taken on notice during public hearings and provided in writing.

- On 20 September 2019, a Joint Executive Minute from the Secretary and the Australian Public Service Commissioner addressing Recommendation 15 of Report 472: Commonwealth Procurement—Second Report was provided to the JCPAA.
- On 7 February 2020, Finance attended the inquiry of the Review of the Operations of the Parliamentary Budget Office 2019-20.
- On 6 March 2020, Finance provided a submission to the inquiry into the Administration of Government Grants: Auditor-General's Reports No. 5, 12 and 23 (2019-20).
- On 20 May 2020, Finance attended the inquiry into the 2018-19 Defence Major Projects Report and the Future Submarine Project—Transition to Design: Auditor-General's Reports 19 and 22 (2019-20).

The Department has an active relationship with the JCPAA in its general oversight role of the PGPA Act. The JCPAA is consulted on amendments to the rules under the PGPA Act and has a specific role in approving amendments that relate to the annual report rule under the PGPA Act.

Other committees

Finance also attended hearings or provided submissions to the following parliamentary committees during 2019–20:

- Joint Standing Committee on Treaties: inquiry into the Free Trade Agreement between Australia and Hong Kong, China (A-HKFTA) (attended 9 September 2019)
- Senate Economics References Committee: inquiry into Australia's sovereign naval shipbuilding capability (submission provided 29 November 2019)
- Senate Standing Committees on Rural and Regional Affairs and Transport: inquiry into the Management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government (submission provided 29 November 2019)
- Parliamentary Joint Committee on Human Rights: Emergency Response Fund Bill 2019 and Emergency Response Fund (Consequential Amendments) Bill 2019 (submission provided 2 October 2019)
- Senate Select Committee on Financial Technology and Regulatory Technology: inquiry into Financial Technology and Regulatory Technology (attended 26 February 2020)
- Senate Select Committee on COVID-19: inquiry into the Australian Government's response to the COVID-19 pandemic (submission provided 11 May 2020)
- Joint Standing Committee on the National Broadband Network: inquiry into the business case for the NBN and the experiences of small businesses (attended 26 June 2020)
- Joint Standing Committee on Foreign Affairs, Defence and Trade: inquiry into the implications of the COVID-19 pandemic for Australia's foreign affairs, defence and trade (submission provided 30 June 2020).

Finance's submissions, responses to questions taken on notice (written and taken during hearings) and the transcripts of committee hearings are available on the Parliament of Australia website.

In addition to attending scheduled hearings, the Department participated in a number of private briefings with parliamentary committees during the reporting period.

Reports by the Commonwealth Ombudsman

In 2019–20, the Commonwealth Ombudsman did not release any reports that involved the Department or that had, or might have, a significant impact on the Department's operations.

Asset management

Non-Defence domestic property portfolio

Finance manages 61 properties and National Land interests in the Government's non-Defence domestic property portfolio, including office buildings, law courts and other special-purpose facilities, heritage assets, vacant land and contaminated sites, with a value of approximately $1.9 billion at 30 June 2020. Finance, with its private sector property services providers, manages these assets to ensure they are efficient and able to meet the Government's needs.

The portfolio is managed in accordance with the legislative framework for environment and heritage matters, including the *Environment Protection and Biodiversity Conservation Act 1999*. Finance considers potential environmental and heritage impacts when making decisions about each property, including maintenance, retention and divestment.

To improve the performance of the portfolio and in accordance with relevant asset management plans, Finance undertakes works in the buildings it manages to improve building and environmental performance and to meet leasing obligations.

As at 30 June 2020, 89 per cent of non-corporate Commonwealth entities had transitioned to the Whole-of-Government Property Services Coordinated Procurement arrangements, representing 99 per cent of the total properties to be transitioned.

In 2019–20, Finance continued the divestment of properties from the Finance property portfolio, with total sale proceeds of $42.4 million (exclusive of GST).

The Central Advertising System

Administration of the Central Advertising System

Finance administers the Central Advertising System, which consolidates the Government's buying power to support the proper use of public resources. A total of $160.1 million was expended across campaign and non-campaign advertising media through the Central Advertising System in 2019–20.

- Total campaign advertising media expenditure was $144.6 million, comprising $127.9 million by non-corporate Commonwealth entities and $16.7 million by corporate Commonwealth entities, Commonwealth companies and other bodies.
- Total non-campaign advertising media expenditure was $15.6 million, comprising $13.9 million by non-corporate Commonwealth entities and $1.7 million by corporate Commonwealth entities, Commonwealth companies and other bodies.

Procurement

Performance assessment against the Commonwealth Procurement Rules

The Department's approach to procuring goods and services, including consultancies, is consistent with the principles of the Commonwealth Procurement Rules. These rules are applied to activities through the Department's accountable authority instructions, supporting operational guidelines and procurement framework. Information on significant procurements expected to be undertaken in 2020–21 is in the Department's annual procurement plan, available on the AusTender website, 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 of $100,000 or more (inclusive of GST) were entered into during 2019–20 that did not provide for the Auditor-General to have access to the contractor's premises.

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

The Department supports small business participation in the Australian Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics are available on the Department's website.

The Department's measures to support SMEs include:

- complying with the Commonwealth Procurement Framework
- using standardised contracts for low-risk procurements valued under $200,000
- implementing the Indigenous Procurement Policy, noting that many Indigenous businesses are also SMEs
- using the Australian Industry Participation policies and programs to encourage SME engagement opportunities
- using credit cards for procurements valued below $10,000
- complying with the Government's Supplier Pay On-Time or Pay Interest Policy.

The Department recognises the importance of ensuring that small businesses are paid on time.

The Pay On-Time survey performance report for 2019 is available on the Department of Industry website. This report shows that, for invoices under $1,000,000, Finance paid 94.8 per cent within 30 days and 67.9 per cent within 20 days in 2018–19.

The Department supports the goals of the Indigenous Procurement Policy (IPP). This is reflected in the IPP procurement statistics, which show Finance met its 2019–20 IPP target. Further details are available on the National Indigenous Australians Agency website niaa.gov.au.

Consultancies

Consultancy summary statement

The Department engages consultants when it requires specialist expertise or when independent research, review or assessment is required. Decisions to engage consultants during 2019–20 were made in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and related regulations, including the Commonwealth Procurement Rules and relevant internal policies. Finance uses consultants to manage discrete one-off projects when specialist expertise is required for a limited time.

As shown in Table 2, during 2019–20, 168 new reportable consultancy contracts were entered into valued at $13.9 million (see tenders.gov.au) with actual expenditure against these of $7.6 million (GST inclusive). In addition, 72 reportable consultancy contracts were ongoing from a previous period with actual expenditure of $3.4 million (GST inclusive).

Table 3 below shows the top five consultants (by value of spend) with Finance during 2019–20.

Table 2: Reportable consultancy contract expenditure 2019–20

Reportable Consultancy Contracts		
	Number of contracts	**2019–20 expenses ($, including GST)**
New contracts entered into during the period	168	7,609,185.02
Ongoing contracts entered into during a previous period	72	3,376,183.40
Total	**240**	**10,985,368.42**

Table 3: Top five consultants in 2019–20

Top Five Consultants in 2019–20		
Company	**Actual 2019–20 spend ($, including GST)**	**Proportion of 2019–20 total spend (%)**
Deloitte Touche Tohmatsu	1,585,701	15.9
SAP Australia P/L	1,216,931	12.2
KPMG Australia	948,464	9.5
Bevington Group	521,641	5.2
Australian Government Solicitor	497,717	5.0
Total of top five consultants	**4,770,455**	**47.8**

Non-consultancy contracts

During 2019–20, 899 new reportable non-consultancy contracts were entered into valued at $243.3 million (see tenders.gov.au) with actual expenditure of $67.4 million (GST inclusive). In addition, 397 reportable non-consultancy contracts were ongoing from a previous period with actual expenditure of $116.7 million (GST inclusive).

Table 5 below shows the top five non-consultancy contracts (by value of spend) with Finance during 2019–20.

Table 4: Reportable non-consultancy contract expenditure in 2019–20

Reportable Non-Consultancy Contracts		
	Number of contracts	**2019–20 expenses ($, including GST)**
New contracts entered into during the period	899	67,441,024.56
Ongoing contracts entered into during a previous period	397	116,668,269.06
Total	**1,296**	**184,109,293.62**

Table 5: Top five non-consultancy contracts entered into by Finance in 2019–20

Top Five Non-Consultancy Contracts in 2019–20		
Company	**Actual 2019–20 spend ($, including GST)**	**Proportion of 2019–20 total spend (%)**
Willemsen Property Corporation Pty Ltd	14,959,469	8.1
Universal McCann	11,918,414	6.5
Gallagher Bassett Services Pty Ltd	10,878,958	5.9
ASG Group Limited	9,573,452	5.2
Broadspectrum Property Pty Ltd	9,050,267	4.9
Total of top five non-consultancy contracts	**56,380,560**	**30.6**

Environmental performance

This section describes the Department's environmental performance, its management of the non-Defence domestic portfolio in line with environmental legislation, and other cross-government environmental activities. The Department activated its business continuity plans in response to COVID-19 in March 2020. This disrupted normal business operations which is reflected in the Department's environmental performance indicators.

Departmental activities

During 2019–20, Finance undertook environmental initiatives in areas such as office energy use, transport, resource efficiency and waste management. Table 6 summarises the Department's environmental performance in 2019–20 as compared with 2018–19.

Office energy use

The Department reduces its consumption of office energy wherever possible, including by using automated light switching and the power management features of ICT equipment. The Department’s primary tenancy, One Canberra Avenue, uses 10 per cent GreenPower, which is sourced through a cooperative government arrangement.

Transport

Finance employees are authorised to travel only when there is a demonstrated business need and when alternative communication tools, such as teleconferencing and videoconferencing, are an ineffective option. The Finance vehicle fleet is made up of departmental pool vehicles and executive vehicles. A subscription to Greenfleet offsets the associated vehicle emissions.

Resource efficiency and waste

Finance provides a number of recycling streams (including co-mingled, cardboard and paper) in all of its tenancies.

Organic waste bins were introduced to Finance’s ACT tenancies in November 2016. This initiative has diverted almost 17 tonnes of general waste from landfill. The organic waste is collected by a worm-farming company to be recycled into organic fertiliser.

The Finance printing system is designed to purge print jobs that are not completed within a set timeframe. Print jobs totalling more than 351,000 pages of paper were automatically purged in 2019–20. The printer fleet’s default settings automatically print in grayscale on both sides of the page and all spent printer cartridges are recycled.

Depending on site requirements, Finance uses a mix of different types of flow restriction and water-efficient dual-flush toilets to minimise water use across its tenancies.

Cross-government activities

Finance contributes to environmental outcomes in a number of additional areas in line with government policy and relevant legislation. This includes managing the COMCAR vehicle fleet and providing electorate office accommodation for parliamentarians. These activities are additional to those listed in Table 6.

COMCAR

In 2019–20, COMCAR continued to deliver on its strategy of ensuring an environmentally responsible fleet of vehicles. As at 30 June 2020, COMCAR has 37 petrol-powered sedans, 84 diesel-powered sedans, 10 petrol/hybrid-powered sedans and 17 diesel-powered people movers/vans in its fleet of 148 vehicles.

During the first half of 2020, COMCAR replaced 78 petrol-powered vehicles and 12 LPG-powered sedans with a mix of diesel-powered and petrol/hybrid vehicles. The changeover of the remaining petrol-powered sedans to the new vehicles is scheduled to be completed by early 2021.

The new diesel and petrol/hybrid-powered vehicles provide significant improvements in fuel economy and reduced CO2 outputs. In relation to the previous petrol variants, CO2 emissions have reduced by approximately 60 per cent. COMCAR continues to use E10 fuel for its petrol and petrol/hybrid-powered vehicles.

More than 60 per cent of the COMCAR fleet is regularly washed using harvested rainwater, which helps minimise potable water use.

Table 6: Environmental performance summary, 2018–19 and 2019–2020

Indicator	2018–19	2019–20
Office energy use [a, b]		
Total office tenant light and power energy consumption (kWh)	1,879,110	1,660,992
Total office tenant light and power energy consumption (MJ)	6,764,796	5,979,571
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	4,741	4,143
Office tenant light and power use per square metre (MJ/m2)	286	239
Base/central building energy consumption (MJ)	108,627,418	101,265,207
Base/central building energy consumption per square metre (MJ/m2)	1,330	1,240
Greenhouse emissions attributed to office tenant light and power and base/central building energy use (tonnes CO2-e)	22,193	19,552
GreenPower purchased (kWh)	741,014	664,786
Non-office energy use		
Greenhouse emissions attributed to non-office energy use (computer centres, other properties and uses) (tonnes CO2-e)	907	952
Vehicle fleet [c, d]		
Total number of fleet vehicles	20	24
Total fuel purchased (litres)	19,477	16,655
Total distance travelled (kilometres)	184,052	163,332
Average fuel consumption of fleet vehicles (litres/100 kilometres)	10.58	10.20
Total direct greenhouse emissions of fleet (tonnes CO2-e)	46.41	38.81
Greenhouse emissions		
Total greenhouse emissions (tonnes CO2-e)	23,147	20,513
Total greenhouse emissions per full-time equivalent (tonnes CO2-e/FTE)	16.22	14.21
Air travel [c]		
Total number of flights	3,690	3,287
Total distance of flights (kilometres)	3,712,352	2,939,100
Potable water consumption [b, e]		
Total potable water use (kilolitres) Finance Tenancies	11,877	9,004
Potable water use per full-time equivalent (kilolitres/FTE) Finance Tenancies	8.32	6.24
Potable water use per square metre (kilolitres/m2) Finance Tenancies	0.50	0.34
Potable water use (kilolitres) Finance Owned Estate	88,651	97,024
Potable water use per square metre (kilolitres/m2) Finance Owned Estate	0.45	0.49
Resource efficiency and waste		
Total office paper purchased per full-time equivalent (A4 reams/FTE)	5.48	3.04
Percentage of office paper purchased with recycled content (%)	96%	100%
Office paper recycled (tonnes)	38.68	33.28
Total waste produced (tonnes)	177.05	149.26
Total waste produced per full-time equivalent (kilograms/FTE)	124.10	103.42
Percentage of waste diverted from landfill (%)	45.80%	47.90%

kWh = kilowatt hour; MJ = megajoule; CO2-e = carbon dioxide equivalent.

[a]. In 2019–20, Finance's leased estate property footprint remained unchanged. Where Finance had a sub-tenant, that sub-tenant's energy usage was excluded from the figures above.

[b]. Where relevant, environmental performance data for 2018–19 has been restated to report on nine additional properties for electricity and gas and 10 additional properties for water, in line with the approach for the 2019–20 reporting period. These are properties for which Finance is the landlord and responsible for certain base building energy usage, but which were not included in the 2018–19 Annual Report.

[c]. The fleet and air travel data are for the period 1 April to 31 March in each year.

[d]. 24 vehicles were recorded in annual FBT reporting between 1 April 2019 to 31 March 2020 which included nine changeover or replacement vehicles. The Finance fleet totals 15 vehicles (excludes the COMCAR fleet).

[e]. Tenancy-specific water metering is not available in shared buildings, resulting in the use of estimates based on pro-rata calculations. The water data is also subject to adjustments for shortfalls in billing information where not yet available from the supplier at time of reporting.

Part 4: Our people

Finance Transformation

Workforce planning

Mobility

Workforce diversity and inclusion

Building capability

Workforce statistics

Employment arrangements

Work health and safety

Our people

In 2019–20, the Department managed the combined challenges that came from the early 2020 hailstorm in Canberra, bushfires around the country and a global pandemic. The pandemic, in particular, has significantly influenced Finance's approach to managing and supporting our people in 2020. As the pandemic progresses, we will prioritise ways to leverage and embed the positive organisational changes made to respond to COVID-19.

Underpinning our response to COVID-19 has been a strengthened focus on communication to keep staff informed and supported. We have a COVID-19 hotline, inbox and intranet page and regularly distributed all-staff messages from the Secretary and Chief Operating Officer. A new weekly newsletter focused on staff productivity, engagement and wellbeing helped us 'Keep Connected', as did regular live GovTEAMS events where all staff were able to hear from and engage directly with the Secretary, members of the Executive Board and Business Continuity Planning team.

Acknowledging the critical role of managers, we engaged directly with them, providing tools and information they could draw on to support their staff. We talked openly with staff about the impact of ongoing uncertainty and anxiety on mental health. The Department offered a range of sessions to support resilience and wellbeing and made additional services available through the employee assistance program.

As we continued operating in the context of COVID-19, we asked staff to reflect on their experience to understand how the environment and the Department's response had impacted their productivity and engagement. Almost 700 staff participated in the 2020 pulse survey where 90 per cent of respondents reported that Finance was adequately prepared for remote working from an IT perspective, and 80 per cent found remote working effective. Importantly, 82 per cent of respondents indicated their productivity was unchanged or increased. Overall, respondents were most positive about management (89 per cent positive), communication (87 per cent) and health and wellbeing (86 per cent). This suggests staff generally feel informed and supported during this challenging time.

In June 2020, the Executive Board considered how we could leverage learnings from COVID-19 in the context of budgeting, planning and driving organisational strategy.

Further feedback from the survey to inform the Executive Board's consideration included that the Department:

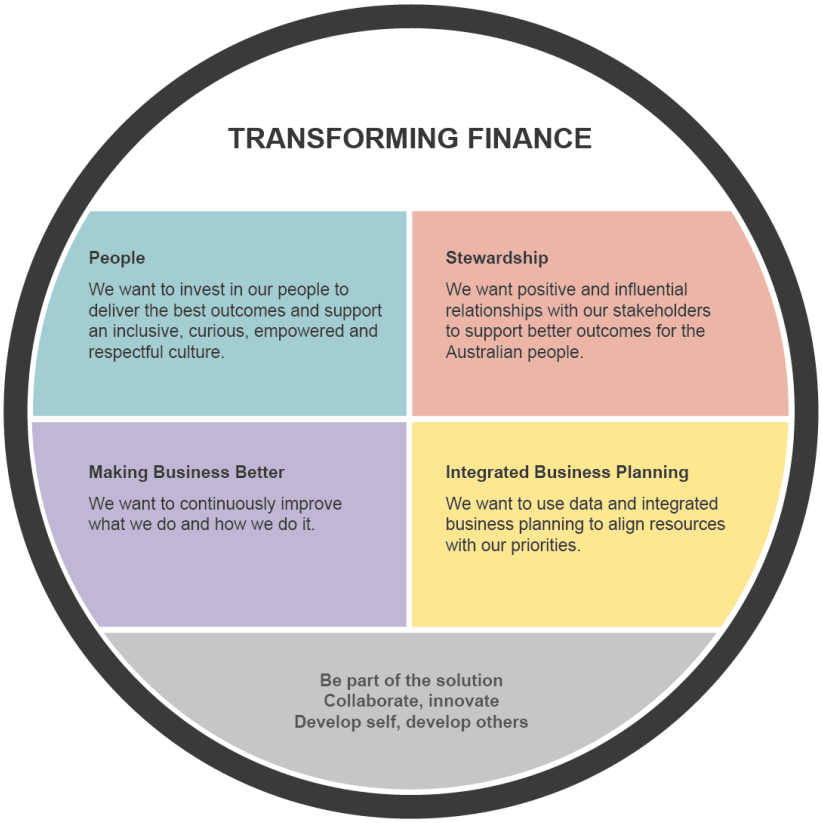
- responded with agility
- reconsidered processes and delegated decision-making
- collected and used new data to inform policy and services
- used technology to underpin our operations, building new capability as a result
- increased the focus on communication and culture
- focused on outputs/outcomes rather than hours worked
- enhanced productivity.

Finance Transformation

In 2019–20, Finance maintained its commitment to being a high-performing, modern, efficient and continuously improving public sector organisation—a transformative organisation that delivers government priorities more efficiently and effectively.

The Department's transformation agenda is consistent with the Government's deregulation agenda and its response to the APS Review. It focuses on four key elements—People, Stewardship, Making Business Better and Integrated Business Planning (see Figure 5). The Department's commitment to transformation is articulated in a Transformation Plan and is supported by a 12-month Action Plan that sets out practical initiatives to help deliver on our transformation objectives.

Figure 5: Transforming Finance



Through the 2019–20 Transformation Action Plan, Finance delivered a number of signature initiatives including:

- undertaking a departmental data maturity assessment to inform a strategy to guide improvements to the way we use data to inform policy and service advice
- redesigning the Finance website and content to enhance self-service functionality and better meet the needs of clients, stakeholders and departmental staff
- piloting a stakeholder feedback program with two stakeholder agencies to seek direct, qualitative feedback on our stewardship efforts, establish a benchmark, evaluate success and guide future improvements
- enhancing business processes through process redesign, digitisation and automation of core transactional workflows and processes
- implementing a refreshed People Capability Framework to articulate staff capability requirements and guide staff development in a simple, consistent and flexible way
- commencing a review of Finance's Operating Model to examine how we work, identify improvements to business processes, empower staff, build organisational capability and optimise alignment across Finance.

Workforce planning

Finance has driven its Workforce Plan further in the context of the COVID-19 pandemic, to align with the broader focus on APS reform and the need to operate differently in support of the Government's ongoing health and economic response.

The Department's Workforce Plan is built around four key strategy areas to create our optimum workforce. These are:

- Bring (attracting and recruiting the right people)
- Build (building capability)
- Balance (workforce composition)
- Bind (focused on retention and talent management).

Each strategy area has been impacted and drawn upon as part of our COVID-19 response. COVID-19 presented particular opportunities around the Build and Bind strategic areas, as the Department mobilised our staff internally and externally. This provided support to the Government's COVID-19 response and provided our staff with exposure to different work, including direct service delivery, that will enhance their policy and program advising capabilities into the future.

Workforce planning processes have been aligned to ensure an integrated approach to decision-making and prioritisation of resources. Our attention going forward will be to ensure our workforce planning is strategic and future-focused, particularly in supporting the Government's response to COVID-19. This aligns with the broader APS focus on understanding and capturing the APS's current workforce skill sets and capabilities. This will assist Finance and the broader APS to facilitate strategic mobility, particularly to support critical functions.

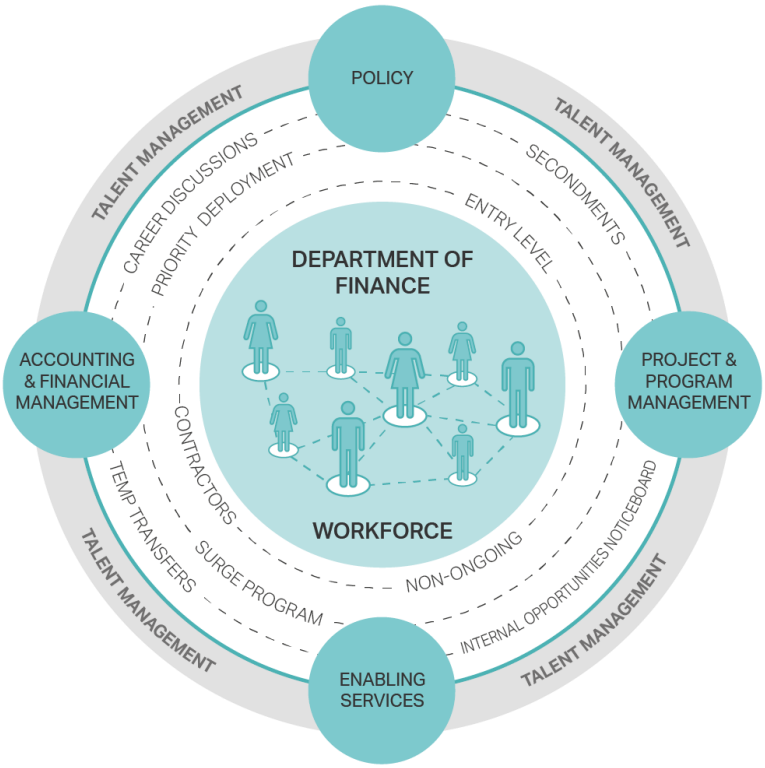
One mechanism to assist us in increasing understanding of our workforce's current skills and capabilities is the implementation of the APS Job Family Model. The Job Family Model provides a standardised system for classifying and comparing roles across the APS and associated organisations. The Job Family Model is one of the APS's key workforce planning tools and will allow us to better analyse and plan the Department's workforce. Job Family data will help to create a more mobile workforce—one that can 'surge' quickly and efficiently as capacity and capability demand. Better information on the composition of the workforce will also allow for more strategic workforce practices, such as a contingent workforce, to be used at times of peak demand.

Sourcing strategy

Finance's people Sourcing Strategy supports our approach to workforce planning. The Department uses a range of sourcing options to attract the right people with the right skills in a timely way. This supports the Bring component of our Workforce Plan, which focuses on sourcing new talent and includes specific initiatives to address identified workforce gaps.

While mobility has always been a central objective of our approach to sourcing, in 2020 the COVID-19 pandemic—and the Prime Minister's direction to redeploy staff on a temporary basis to support the delivery of critical services to the Australia public—placed greater focus on mobility in our Sourcing Strategy.

Figure 6: Finance's Sourcing Strategy



The Department's key objectives in its Sourcing Strategy are to:

- attract quality candidates and engage them early in their career through effective recruitment processes
- mobilise Finance staff in a timely manner and with streamlined processes
- bring quality people into the Department through Finance's registers, merit pools and specialist recruitment processes
- engage effectively with entities across the APS to access quality people from merit pools, through talent management strategies and secondments.

Mobility

The Department recognises that the key to a strong and sustainable workforce is giving staff the chance to build their skills and experience. Mobility gives staff the opportunity to develop capability in new areas and increases our overall capability. We provide opportunities for staff to gain different experiences through temporary or permanent moves within Finance and through secondments to other entities, and to undertake different types of work including project work, taskforces and surging to high-priority activities.

Business areas are assisted to identify the specific skills they need and to mobilise the right individuals to address their needs. Flexible sourcing strategies give business areas a range of options when filling vacant roles. This is particularly important to our ability to surge staff to support the Budget process. In 2020, given the changed budget timeline and the Government response to COVID-19, our ability to quickly and effectively mobilise staff to the Budget and Financial Reporting Group was critical.

The response to COVID-19, particularly in supporting the rollout of the JobSeeker payment through Services Australia, demonstrated the Department's, and the broader APS's ability to identify priority areas and rapidly deploy staff to these priorities. The Department contributed 140 staff to secondments across the APS, including 124 to Services Australia and others to the Australian Public Service Commission, the Department of Health and the COVID-19 Coordination Commission.

The management of human resources—and, in particular, the way the Department provides mobility opportunities for staff and undertakes recruitment—has resulted in a highly capable and committed workforce that is flexible and able to respond to priorities such as the COVID-19 pandemic.

The mechanisms that Finance uses to promote mobility are outlined below.

Internal Opportunities Noticeboard

The Internal Opportunities Noticeboard gives internal staff the opportunity to express their interest in short, medium, long-term or ongoing vacancies within the Department.

The Internal Opportunities Noticeboard was one way in which we identified interested staff with relevant skills and experience to deploy to critical functions within the APS during the COVID-19 pandemic. This initial expression of interest for mobility opportunities received a large number of applications and clearly demonstrated Finance staff's commitment to supporting the response to COVID-19.

Stream recruitment

Stream-based recruitment has changed the way the Department approaches recruitment to encompass broader resourcing needs and future workforce capability based on professional skills and experience. Stream recruitment focuses on the assessment of core capabilities and has improved the Department's effectiveness and efficiency in recruiting high-quality and talented candidates. To support workforce planning, stream recruitment continues to be tailored to encompass the existing and forecast resourcing needs of business areas, making recruitment more efficient.

During 2019–20, Finance conducted recruitment processes for the following professional streams:

- data
- policy
- accounting and financial management.

In 2020, the Department moved to a fully virtual assessment process for stream recruitment. The assessment process included online testing and video interviews. The COVID-19 pandemic meant that we had to quickly pivot our approach to the assessment process. This necessary change has presented an opportunity to increase our candidate pool, as we have shown we can deliver a successful recruitment assessment process regardless of a candidate's geographic location. The Department also moved to virtual information sessions as part of our attraction strategy, which again has increased the number and geographic location of candidates engaging in these sessions.

Surge Readiness Management Model

Finance's Surge Readiness Management Model supports the rapid mobilisation of staff to high-priority activities as and when required. It enables us to build capabilities and provides staff the opportunity to experience different, high-priority work within the Department for short periods.

In 2019–2020, the Surge Readiness Management Model supported additional work associated with the federal Budget, Finance's COVID-19 response and other critical priorities.

Secondment program

Finance's secondment program is designed to build the Department's capability and assist business areas fill specialist roles with staff from within the APS or through private sector arrangements.

In 2019–20, other APS entities seconded staff to Finance in support of the Shared Services Transformation Initiative, the delivery of the federal Budget and other critical priorities.

Consistent with our commitment to stewardship and support for Commonwealth entities, in 2019–20 the Department seconded officers to:

- the National Bushfire Recovery Agency
- the Office of the Pacific within the Department of Foreign Affairs and Trade
- the 2020 Parliament of Australia Graduate Program working in the Parliamentary Budget Office
- the National COVID-19 Coordination Commission
- the Australian Public Service Commission
- the Department of Health for the COVID-19 Pandemic Response
- Services Australia to support the JobSeeker program.

Workforce diversity and inclusion

Diversity and inclusion are critical to our organisational culture. As we progress through our COVID-19 Recovery Strategy and continue to support the Government's pandemic response, maintaining our focus on diversity and inclusion has been key. Recognising that different groups of staff have felt the impact of the COVID-19 pandemic in different ways, we have tailored support for staff, including through Finance's diversity networks. During this time, our networks have been a key support mechanism and have enhanced our staff's connection to each other and the broader Department. As well as our networks, managers have been provided with a range of resources and training to assist them to have conversations with their staff including those who are at higher risk or who have caring responsibilities.

During 2019–20, we have progressed a range of initiatives to improve the Department's diversity outcomes more broadly, including:

- seven staff networks that celebrate and support diversity across Finance—each network is championed by Senior Executive Service (SES) sponsors who provide strong leadership on diversity and inclusion
- various events to raise awareness of diversity, many of which were conducted online—for example, the Finance Network Market Day, National Reconciliation Week activities, Mental Health Week and International Women's Day
- development of the Indigenous employment framework which focuses on the development and progression of Aboriginal and Torres Strait Islander employees
- cultural awareness and immersion activities, language classes and diversity training as part of ongoing learning and development offerings to all staff—training was delivered both online and through face-to-face forums
- participation in diversity-related entry-level programs (such as Indigenous development programs, trainee/internship programs for people with disability and the Finance Career Starter Program)
- participation in Australian Network on Disability PACE Mentoring Program (Positive Action towards Career Engagement)
- affirmative measures in all stream recruitment processes to address the under-representation of people with disability and/or Aboriginal and Torres Strait Islander people in the APS.

Finance was the winner of the 2019 Graeme Innes Disability Employment Award at the Australian Human Resource Institute awards. The award recognises the Department's commitment to be an inclusive organisation where all staff can contribute to their full potential, particularly in relation to our initiatives to progress disability employment.

Throughout 2019–20, we collaborated with other APS entities to help develop the new APS-wide diversity and inclusion strategies, which include:

- the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–24
- the APS Disability Employment Strategy 2020–25
- the APS Gender Equality Strategy.

These strategies will inform the development of the new Finance Diversity and Inclusion Strategy.

Building capability

The response to COVID-19 by the Department and the APS has reaffirmed the importance of understanding and capturing our current workforce skill sets and capabilities. This understanding has been critical to the efficient and effective redeployment of staff to support the Government's response. The Department is drawing on mapping under the Job Family Model to better understand these skill sets and capabilities within our own workforce. From this, we continue to focus on building individual and organisational capability and enhancing performance. The Finance People Capability Framework is one mechanism to assist us to do this.

In 2019–20, we launched a refreshed **People Capability Framework**. The Framework is helping to drive operational efficiencies and achieve an uplift in performance by clearly defining the performance expectations and core capabilities required of our staff. It incorporates two elements:

1. core capabilities: Finance People Lead, Collaborate, Achieve, Think and Learn—a set of five capabilities defined by clear and consistent performance expectations for all classifications
2. professional/technical capabilities: Finance People Know—opportunity to incorporate the unique technical skills, professional qualifications and experience required of individual job roles.

Designed on the principle that it should be simple, consistent, futureproof and flexible, the Framework is providing a solid foundation for the design and implementation of capability development programs in the Department. It supports the work undertaken across the APS to enhance the professional skills of staff.

During the COVID-19 pandemic, we initiated a range of programs to support staff to adapt and remain healthy and productive. The Remote Ready program is an online program which supports managers and staff with training and tools to help them manage in the new working environment. Staff have also been provided with access to a series of resilience programs focused on equipping them with the tools to respond to change and proactively manage their mental health. These programs and other core skills development programs have been redesigned and are being delivered virtually through the GovTEAMS platform. This is providing a unique opportunity to expand offerings across the Department and support our ongoing commitment to flexible work.

While this period has created unique challenges for our delivery of learning and development, it has created an opportunity for the Department to innovate in our approach to delivery.

An example of this is the implementation of virtual security training and the new starter's induction program. Through encouraging greater manager involvement in the staff induction and learning process and the creation of toolkits to assist managers, we have more fully catered to the learning and development needs and preferences of our workforce for facilitator-based training and online learning. It has meant that we have been able to support the majority of our staff working remotely, including new starters, by continuing to meet onboarding, induction, learning needs and other requirements.

As well as supporting specific workforce capability requirements during COVID-19, we have continued to work in conjunction with business areas to ensure development opportunities are relevant and contemporary, with content aligned to business priorities and Finance's corporate objectives. We continue to enhance our learning offerings and rely on partnerships with academic institutions, stakeholder groups and our colleagues across the service to build capability and prepare our workforce for the future. In 2019–20, we:

- created a new **mentoring framework**: by applying a user-centred design approach, the framework incorporates enhanced communication, online support tools, training and events aimed at ensuring mentoring opportunities are available for all staff
- launched a new **online Security Awareness training** package to ensure all Finance staff understand their protective security obligations and responsibilities and to enhance Finance's ongoing commitment to protecting the security of staff, the Department and the wider community
- implemented a number of new initiatives specifically targeted at building leadership and stewardship within the department including the **EL LEAD** program, **leadership forums**, and the **Stakeholder Relationship Management** program
- continued **study assistance** through paid study leave and financial assistance which allowed some employees to undertake tertiary education in subject areas such as commerce, economics, law, public policy and accounting and finance
- continued coaching whereby employees could undertake up to three one-hour coaching sessions to enhance their skills and build capability in leadership, productivity and career enhancement
- continued participation in the **Graduate Certificate in Public Policy and Finance**—purpose-built for the public sector, this program builds capability among emerging leaders at Finance and in the wider APS (in 2019–20, 13 Finance staff attended the program, with a total of 148 Commonwealth entity employees completing the program since its establishment in 2016)
- continued to implement **core skill development** programs focused on building manager capability, leadership, communication, resilience and career development skills.

Leadership and talent

Talent and leadership capability development

The Department continues to invest in developing current and future leaders through a range of internal initiatives and participation in a variety of external leadership programs, for example, the Institute of Public Administration Australia (IPAA) Future Leaders Program and the IPAA speaker series.

The emphasis during this period has been on executive level (EL) staff, acknowledging the leadership responsibility that sits with this cohort. During this period, we quickly moved our leadership programs to online platforms to ensure we were able to progress our leadership initiatives during the COVID-19 pandemic.

Finance's increased focus on talent and leadership capability development, as highlighted in the Transformation Plan, has been evident in 2019–20, with the introduction of several initiatives:

- a Finance-owned EL leadership (EL LEAD) program
- the EL2 High Potential Program
- leadership forums for EL cohorts
- piloting a foundational leadership program for staff aspiring to be, or who are newly, leading others.

The EL LEAD program

Finance partnered with multiple providers to develop and deliver an in-house leadership program to EL staff. The design of the leadership program incorporated input from senior leaders within the Department as well as from research studies, while aligning with our People Capability Framework and leadership expectations. Participants undertake a series of learning and group coaching sessions and activities across three key themes:

- inclusive leadership
- the contemporary leader
- your legacy as a leader.

Throughout the program, participants have the opportunity to engage with SES program sponsors and to develop an action plan for behavioural change, identified throughout the program. The program has been delivered twice to 33 EL staff, with the second program delivered virtually to accommodate COVID-19 requirements and risks.

EL2 High Potential Program

Fourteen participants were selected through a competitive process for this program. The program aims to expedite readiness for more senior or complex roles. Over the initial six months of this program, participants completed leadership diagnostics, incorporating feedback from key stakeholders, which subsequently informed individualised career development plans. These plans identify a range of opportunities to provide exposure, education and experience tailored to their development.

As part of the program, participants have the opportunity to take part in a mentoring program for jobseekers with disability and engage with senior leaders of Finance on career development.

Existing initiatives

In addition to new talent initiatives, we have also expanded some of our existing initiatives, most notably our entry-level programs. In 2020, our entry-level program delivery was adapted in line with the COVID-19 pandemic and the need for staff to work remotely and training to be delivered virtually. In 2020, events, forums and training for entry-level programs were delivered online, and a number of our participants were given the opportunity to deploy to Services Australia to support the Government's COVID-19 response. This has given our participants a unique understanding of the service delivery function of the APS.

The Career Starter Program provides career opportunities to recent secondary school graduates (within 12 months of graduation), where participants' development is supported through formal training (Certificate IV in Government), forums, networking activities and on-the-job learning in an APS1 role. The program was opened to all government departments in 2019, with five departments participating. The same five departments participated again in the 2020 program along with four additional entities. As such, the 2020 program now hosts 62 participants across 10 entities, with 23 of these placed at Finance.

Finance continues to deliver a successful graduate program with generalist and ICT streams. The 2020 Graduate Program consists of 26 generalists who are undertaking the Australian Public Service Commission Graduate Development Program and six ICT graduates who are undertaking the Digital Transformation Agency (DTA) Graduate Development Program. To further support their development, graduates rotate through roles in two business areas, undertake a major project and have the opportunity to engage in a range of development activities.

In 2020, Finance and the APSC piloted the generalist Australian Government Graduate Recruitment stream (AGGR). The aim of the AGGR is to streamline the graduate recruitment process, by allowing applicants to complete a single application and assessment process and be considered by five different agencies (the National Indigenous Australians Agency, the Department of Veterans' Affairs, the Australian Electoral Commission, the APSC and Finance). In light of the COVID-19 restrictions, we developed an innovative approach to recruitment, including delivering virtual career fairs and conducting a fully virtual assessment process. The AGGR pilot has been informed by engagement and collaboration across the participating agencies to share ideas, optimise graduate recruitment processes and improve the experience of applicants. The first cohort through the AGGR will commence from January 2021.

The Department participates in two additional programs with the DTA, with one apprentice undertaking a Certificate IV in Information Technology Networking and a cadet undertaking a Bachelor of Business Informatics.

At the senior executive level, career conversations are held annually for each SES staff where strengths and opportunities for further development are identified as a means of actively managing talent and succession planning.

Flexible working arrangements

In 2017, the Department implemented the ‘flex by default’ policy. The Department’s flexible working arrangements have improved staff productivity and motivation and helped to retain high-performing employees. In 2020, the impact of the policy drove our ability to quickly mobilise our workforce to remote working which was critical in our response to COVID-19.

Since the launch of the policy, increasing the uptake of flexible work has been a focus for the Department. This focus has meant that a portion of our workforce had experience working flexibly prior to COVID-19. In the immediate response to the pandemic, Finance moved the majority of our workforce to remote working to ensure the continuity of our critical functions and to protect the health and wellbeing of our staff. Our work health and safety policies and guidance were reviewed to ensure staff had access to ergonomic equipment outside the office and access to virtual work station assessments.

In response to the COVID-19 pandemic, the approach to flexible work was strengthened to further enable our workforce to work remotely. Flexible work has been embedded as part of normal business through the implementation of the Flexible Work Policy and Guide. Our ‘if not, why not’ approach enables flexibility around when and where we work and how our roles are structured through access to working from home, part-time work, job-share arrangements and leave provisions. No one specific initiative has driven the improved take-up of flexible working arrangements within Finance. Rather, there has been a broad range of departmental priorities focusing on further supporting employees to manage their health, wellbeing and work–life balance.

Workforce statistics

Tables 7 to 19 show our workforce statistics for 2019–20, including staffing numbers and whether they are ongoing, non-ongoing or casual, their substantive classification and their gender, as well as location and diversity.

Table 7: Staff numbers by employment type, classification and gender, at 30 June 2020

	Ongoing			Non-ongoing			Casual			Total			
Classification	**Male**	**Female**	**Indeterminate**	**Male**	**Female**	**Indeterminate**	**Male**	**Female**	**Indeterminate**	**Male**	**Female**	**Indeterminate**	**Grand total**
SES3	3	0	0	0	0	0	0	0	0	3	0	0	3
SES2	7	8	0	0	0	0	0	0	0	7	8	0	15
SES1	23	25	0	0	1	0	0	0	0	23	26	0	49
EL2	85	83	0	0	1	0	1	1	0	86	85	0	171
EL1	188	205	0	3	4	0	0	0	0	191	209	0	400
APS6	124	170	0	5	7	0	0	0	0	129	177	0	306
APS5	80	120	0	2	5	0	0	0	0	82	125	0	207
APS4	47	75	0	3	5	0	7	3	0	57	83	0	140
APS3	28	44	0	34	22	1	1	2	0	63	68	1	132
APS2	10	21	0	3	2	0	202	41	0	215	64	0	279
APS1	11	15	1	1	2	0	0	0	0	12	17	1	30
Total	**606**	**766**	**1**	**51**	**49**	**1**	**211**	**47**	**0**	**868**	**862**	**2**	**1732**

Table 8: Staff numbers by employment type, classification and gender, at 30 June 2019

	Ongoing		Non-ongoing		Casual		Total		
Classification	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Grand total**
SES3	3	1	0	0	0	0	3	1	**4**
SES2	5	8	1	0	0	0	6	8	**14**
SES1	27	21	0	0	0	0	27	21	**48**
EL2	81	82	1	0	0	1	82	83	**165**
EL1	191	204	2	4	0	0	193	208	**401**
APS6	116	162	2	3	0	0	118	165	**283**
APS5	85	118	2	1	0	0	87	119	**206**
APS4	48	74	5	4	5	2	58	80	**138**
APS3	30	44	4	2	2	1	36	47	**83**
APS2	6	21	1	0	171	39	178	60	**238**
APS1	8	15	0	1	0	0	8	16	**24**
Total	**600**	**750**	**18**	**15**	**178**	**43**	**796**	**808**	**1604**

Finance had no staff that are recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 9: Staff numbers by attendance type and classification, at 30 June 2020

	Ongoing			Non-ongoing				
Classification	**Full-time**	**Part-time**	**Total ongoing**	**Full-time**	**Part-time**	**Casual**	**Total non-ongoing**	**Grand total**
SES3	3	0	3	0	0	0	0	**3**
SES2	15	0	15	0	0	0	0	**15**
SES1	46	2	48	1	0	0	1	**49**
EL2	157	11	168	1	0	2	3	**171**
EL1	335	58	393	6	1	0	7	**400**
APS6	264	30	294	11	1	0	12	**306**
APS5	182	18	200	6	1	0	7	**207**
APS4	110	12	122	8	0	10	18	**140**
APS3	70	2	72	37	20	3	60	**132**
APS2	28	3	31	1	4	243	248	**279**
APS1	26	1	27	2	1	0	3	**30**
Total	**1236**	**137**	**1373**	**73**	**28**	**258**	**359**	**1732**

In October 2019, Finance engaged 114 labour-hire contractors as non-ongoing (irregular or intermittent) casual employees working as COMCAR drivers. In April 2020, 49 non-ongoing (irregular or intermittent) casual employees were transitioned to non-ongoing (specified term) employment to take up secondments to Services Australia.

Table 10: Staff numbers by attendance type and classification, at 30 June 2019

	Ongoing			Non-ongoing				Grand total
Classification	Full-time	Part-time	Total ongoing	Full-time	Part-time	Casual	Total non-ongoing	
SES3	4	0	4	0	0	0	0	**4**
SES2	13	0	13	1	0	0	1	**14**
SES1	46	2	48	0	0	0	0	**48**
EL2	153	10	163	1	0	1	2	**165**
EL1	341	54	395	5	1	0	6	**401**
APS6	239	39	278	5	0	0	5	**283**
APS5	186	17	203	2	1	0	3	**206**
APS4	107	15	122	9	0	7	16	**138**
APS3	70	4	74	6	0	3	9	**83**
APS2	26	1	27	1	0	210	211	**238**
APS1	21	2	23	0	1	0	1	**24**
Total	**1206**	**144**	**1350**	**30**	**3**	**221**	**254**	**1604**

Table 11: Staff numbers by employment type and attendance type, at 30 June 2020

Employment type	Full-time	Part-time	Casual	Total
Ongoing	1236	137	0	1373
Non-ongoing	73	28	258	359
Total	**1309**	**165**	**258**	**1732**

Table 12: Staff numbers by employment type and attendance type, at 30 June 2019

Employment type	Full-time	Part-time	Casual	Total
Ongoing	1206	144	0	1350
Non-ongoing	30	3	221	254
Total	**1236**	**147**	**221**	**1604**

Table 13: Staff numbers by employment type, location and gender, at 30 June 2020

	Male				Female				Indeterminate				
Location	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	Ongoing	Non-ongoing	Casual	Total Indeterminate	Grand total
ACT	593	36	116	745	744	41	28	813	1	0	0	1	1559
NSW	6	3	36	45	5	3	3	11	0	1	0	1	57
NT	0	0	2	2	2	0	0	2	0	0	0	0	4
QLD	1	4	12	17	5	3	3	11	0	0	0	0	28
SA	1	1	8	10	3	1	4	8	0	0	0	0	18
TAS	0	0	2	2	1	0	0	1	0	0	0	0	3
VIC	4	5	27	36	4	1	6	11	0	0	0	0	47
WA	1	2	8	11	2	0	3	5	0	0	0	0	16
Total	**606**	**51**	**211**	**868**	**766**	**49**	**47**	**862**	**1**	**1**	**0**	**2**	**1732**

Table 14: Staff numbers by employment type, location and gender, at 30 June 2019

	Male				Female				Indeterminate				
Location	**Ongoing**	**Non-ongoing**	**Casual**	**Total male**	**Ongoing**	**Non-ongoing**	**Casual**	**Total female**	**Ongoing**	**Non-ongoing**	**Casual**	**Total Indeterminate**	**Grand total**
ACT	584	17	92	693	726	15	20	761	0	0	0	0	1454
NSW	7	0	36	43	5	0	6	11	0	0	0	0	54
NT	0	0	1	1	2	0	0	2	0	0	0	0	3
QLD	2	0	12	14	5	0	4	9	0	0	0	0	23
SA	1	0	6	7	3	0	3	6	0	0	0	0	13
TAS	1	0	1	2	1	0	0	1	0	0	0	0	3
VIC	3	1	21	25	5	0	6	11	0	0	0	0	36
WA	2	0	9	11	3	0	4	7	0	0	0	0	18
Total	**600**	**18**	**178**	**796**	**750**	**15**	**43**	**808**	**0**	**0**	**0**	**0**	**1604**

Finance had no staff recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 15: Staff numbers by employment type and location, at 30 June 2019 and 30 June 2020

Location	Ongoing		Non-ongoing		Casual		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
ACT	1310	1338	32	77	112	144	1454	1559
NSW	12	11	0	7	42	39	54	57
NT	2	2	0	0	1	2	3	4
QLD	7	6	0	7	16	15	23	28
SA	4	4	0	2	9	12	13	18
TAS	2	1	0	0	1	2	3	3
VIC	8	8	1	6	27	33	36	47
WA	5	3	0	2	13	11	18	16
Total	**1350**	**1373**	**33**	**101**	**221**	**258**	**1604**	**1732**

Table 16: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2019 and 30 June 2020

Employment type	2019	2020
Ongoing	40	44
Non-ongoing	1	1
Total	41	45

Table 17: Proportion of ongoing staff with disability, at 30 June 2019 and 30 June 2020

Employment type	2019	2020
Ongoing	4.4%	4.7%

Table 18: Proportion of women in the ongoing workforce, at 30 June 2019 and 30 June 2020

Employment type	2019	2020
Ongoing	55.6%	55.8%

Table 19: Proportion of women in the ongoing SES workforce, at 30 June 2019 and 30 June 2020

Employment type	2019	2020
Ongoing	46.2%	50.0%

Employment arrangements

Remuneration and employment conditions for Finance's APS and EL officers are determined under the Finance Enterprise Agreement 2019. The Enterprise Agreement operates in conjunction with Commonwealth legislation and Finance's policies and guidelines to define the terms and conditions of employment for staff.

The Department at times uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs.

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

Table 20: Employment arrangements for SES and non-SES staff, at 30 June 2020

Arrangement	SES	Non-SES	Total
Enterprise agreement	0	1665	1665
Individual flexibility arrangements	0	37	37
Determinations under subsection 24(1) of the *Public Service Act 1999*	67	0	67

Staff on individual flexibility arrangements are also included in the Enterprise Agreement total.

Table 21: Salary ranges by employment classification, at 30 June 2020

	Salary ranges	
Classification	**Minimum ($)**	**Maximum ($)**
SES3	359,500	386,348
SES2	251,551	289,949
SES1	195,326	233,175
EL2	134,040	166,976
EL1	109,791	141,641
APS6	84,817	110,513
APS5	77,095	86,506
APS4	69,133	78,905
APS3	61,291	70,701
APS2	55,138	63,101
APS1	48,019	55,380

All figures reflect base salary only and exclude superannuation.

SES salary includes a component for the Executive Vehicle Scheme effective from 1 September 2019.

The Secretary determines the salaries for SES staff.

APS performance pay

Finance does not offer performance pay.

Non-salary benefits

The Department offers staff a number of additional benefits:

- annual influenza immunisation
- mentoring and coaching programs
- in-house capability development programs
- a confidential employee assistance program for employees and their immediate families
- access to a serious illness register
- study assistance to eligible employees
- access to flexible working arrangements
- contributions to relevant professional memberships.

Finance employees are eligible to participate in salary sacrifice arrangements for non-salary benefits such as novated car lease vehicles and additional employer superannuation contributions.

Performance management

In 2019–20, a key focus was supporting employees and managers to manage performance remotely. This focus saw the implementation of regular manager sessions focused on managing virtual teams and having performance conversations virtually. The Department introduced a range of initiatives—and refreshed existing ones—to better support employees and managers in managing performance including:

- resources and tools to promote regular and meaningful performance conversations, owned jointly by employees and managers, that encourage high performance with a focus on the future
- workshops to provide guidance to staff and managers on Finance's performance management processes and support resources
- resources and tools to encourage staff to build their capabilities, supported by learning and development offerings that provide opportunities through education, exposure and experience
- methods to provide and seek performance feedback from more than one manager and from team members, supporting a more holistic view of performance.

In 2019, the Department launched the refreshed People Capability Framework, which has better enabled employees and managers to define the skills, capabilities, knowledge and behaviour that they need to have or develop in order to perform and progress their career.

Recognition of outstanding performance

Finance recognises and rewards outstanding performance as a critical element in attracting and retaining the best people. Finance formally recognises exceptional contributions by staff by presenting the Secretary's awards to teams and individuals whose work exemplifies Finance's values and who make significant contributions to the Department's outcomes.

Recipients of the 2019 Secretary's awards, as well as staff who received 2020 Finance Australia Day awards and other external awards are listed in Appendix D.

Machinery-of-government changes

No machinery-of-government changes affecting the Department of Finance occurred during 2019–20.

Work health and safety

This section outlines Finance's work health and safety (WHS) performance in accordance with Part 4 of the *Work Health and Safety Act 2011* (WHS Act). The COVID-19 pandemic presented a number of distinct WHS challenges for the Department, including moving the majority of staff to remote working and supporting staff within different work environments across the Department, including COMCAR operations. A continuing priority is maintaining the appropriate supports for our staff to enable remote working as well as supporting their mental health and wellbeing.

The Department recognises that, as part of its aspiration to be a leader in the public sector, it must exemplify good WHS practices. This includes having responsive and flexible safety and rehabilitation management systems.

Work health and safety initiatives within Finance

In the context of the COVID-19 pandemic, the Department implemented a number of specific initiatives to support the health and safety of our staff including:

- promotion of a range of flexible working practices, such as part-time working, compressed hours job sharing and flexible start and end times
- implementing trained mental health advisers to provide practical intervention and support options to staff with mental health concerns—the advisers were provided with training specific to supporting staff during the COVID-19 pandemic
- implementing a work from home wellbeing check and continued provision of a confidential counselling service through the employee assistance program
- providing ergonomic equipment to support remote working during the COVID-19 pandemic
- providing a suite of mental health support and training for staff and managers.

In 2019–20, as well as the initiatives specific to COVID-19, the Department:

- provided WHS training and information for all staff, with a continued focus on mental health awareness training for managers and staff
- continued to promote a healthy lifestyle, including by providing influenza vaccinations and stretching at work presentations, as well as participating in the STEPtember challenge that raises funds for cerebral palsy
- carried out workstation assessments with a strengthened approach to reasonable adjustment
- undertook hazard inspections and implemented a corrective action plan to address findings.

In 2019–20, the Department was recognised by the ACT Government Healthier Work initiative for the Department's commitment to providing a healthy workplace for staff.

Results of work health and safety initiatives

Finance's 2019–20 WHS initiatives resulted in:

- an increase in the uptake of flexible work arrangements
- successfully transitioning the majority of our workforce to remote working during the COVID-19 pandemic
- increased staff awareness of identifying and managing mental health in the workplace
- ongoing improvements to the Rehabilitation Management System (RMS) through implementing activities identified in the 2018-19 RMS audit corrective action plan
- increased focus on early intervention support
- increased support for employees who require reasonable adjustment.

Notifiable incidents

In 2019–20, Finance reported two notifiable incidents to Comcare under section 38 of the WHS Act—one serious illness incident involving a Finance staff member and one dangerous incident relating to a partial ceiling collapse at the One Canberra Avenue tenancy.

Work health and safety investigations

Under the WHS Act, Finance is required to provide statistics for any investigations or notices given at the workplace it manages. No investigations were conducted and no notices were given during 2019–20.

MOP(S) Act employees

Work health and safety initiatives

Finance and employing parliamentarians share duties under the WHS Act for health and safety in parliamentarians' workplaces. This includes duties to all staff employed under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act). In 2019–20, Finance's key WHS activities for MOP(S) Act employees were:

- provision of WHS advice and supports relating to COVID-19 and the workplace
- implementation of an early intervention program for MOP(S) Act employees
- provision of rehabilitation and injury management services to injured or ill MOP(S) Act employees
- updated WHS content on the Ministerial and Parliamentary Services website
- implementation of a mental health coaching program called NewAccess Workplaces
- enhancement of online learning and development for WHS training activities including sessions delivered by Comcare

- consultation with health and safety representatives through the Work Health and Safety Committee
- administering a Staff Assistance Officers program and developing a human resources (HR) Support Officer role to support MOP(S) Act employees experiencing bullying and/or harassment
- ongoing improvements to emergency management systems for parliamentarians' workplaces
- provision of annual training for emergency officers, WHS site officers and first aid officers
- provision of a range of health and wellbeing services, including confidential counselling, through the employee assistance program
- conducting workstation and worksite assessments
- administering a WHS site officer program to support hazard and incident notification and access to first aid in parliamentarians' workplaces.

Notifiable incidents

In 2019–20, Finance reported four notifiable incidents involving MOP(S) Act employees to Comcare under section 38 of the WHS Act. None involved a serious injury.

Investigations and notices

No investigations were conducted in relation to incidents involving MOP(S) Act employees during 2019–20.

The Comcare premium

Finance's 2019–20 workers compensation premium accounted for 0.55 per cent of its payroll (for both Finance and MOP(S) Act employees), a decrease from 0.65 per cent of its payroll in the previous year.

Part 5: Financial Statements

Independent auditor's report

Financial statements

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Finance

Opinion

In my opinion, the financial statements of the Department of Finance (Finance) for the year ended 30 June 2020:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of Finance as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of Finance, which I have audited, comprise the following statements as at 30 June 2020 and for the year then ended:

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

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Finance in accordance with the relevant ethical requirements for financial statement audits conducted by me. 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.

Key Audit Matter	How the audit addressed the matter
Valuation of the liability for outstanding insurance claims *Refer to Note C1 'General insurance activities'*	To address the key audit matter, I: • evaluated Finance's actuarial methodologies for reasonableness by assessing whether the key

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Finance provides insurance to Australian Government entities. The estimation of outstanding insurance claims liability involves significant judgement given the inherent uncertainty in estimating the expected future payments for claims incurred. I consider the estimation of the outstanding insurance claims liability for the Australian Government's self-managed general insurance fund to be a key audit matter due to: • the balance being significant relative to Finance's Statement of Financial Position ($590.6 million outstanding insurance claims liability as at 30 June 2020); and • the complex calculation of the liability that involves assumptions requiring significant judgement.	assumptions (claim ratios, expected frequency of claims, severity of claims and discount rates), were consistent with those used in the industry and with prior periods by comparing to current and historical trends.
Key audit matter **Valuation of superannuation provisions** *Refer to Note C3 'Superannuation'* Finance administers defined benefit schemes that entitle Australian Government employees to retirement benefits based on past service. I consider the valuation of the superannuation provisions to be a key audit matter due to: • the balance being significant relative to Finance's Administered Schedule of Assets and Liabilities ($241.8 billion as at 30 June 2020); and • the measurement of the provision being complex, requiring significant professional judgement in the selection of long-term assumptions (including such matters as salary growth and discount rates), to which the valuation of the schemes is highly sensitive. In addition, the Australian Accounting Standards include detailed requirements for the presentation and disclosure in respect of defined benefit plans.	**How the audit addressed the matter** To address the key audit matter, I: • assessed the design and operating effectiveness of internal controls over the management of defined benefit schemes including management of members' data used in the valuation model; • evaluated the reasonableness of the review performed by management's actuary to confirm the integrity of the data used for estimating the defined benefit provision; • evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the superannuation provision; • assessed the reasonableness of the results of the valuation including the explanations for the changes in the valuation; and • evaluated the appropriateness of the disclosure of the significant assumptions applied, including sensitivity analysis.
Key audit matter **Valuation of Properties** *Refer to Note D5 'Non-financial assets'* Finance is responsible for the management of the Australian Government's domestic non-defence property portfolio, including delivery of major capital works projects as directed by the Government. Finance has determined the fair value of non-financial assets to be $435.5 million for land, $695.7 million for buildings and $854.0 million for	**How the audit addressed the matter** To address the key audit matter, I: • evaluated the appropriateness of Finance's methodologies and the reasonableness of its key assumptions utilised in the valuation models. This included rental income and capital expenditure for investment properties and market value comparisons for land and building valuations; • evaluated the competence, capabilities and objectivity of management's valuers; and

investment properties as at 30 June 2020. I consider the valuation of Finance's land, buildings and investment properties to be a key audit matter due to the valuations being dependent on assumptions that require significant management judgement about capitalisation rates, fair market rents, discount rates and conditions of the use of the properties. Where observable market data is not available, the valuation is subject to a higher level of judgement. The impact of the COVID-19 pandemic increases the level of uncertainty over these assumptions and the associated disclosures.	• evaluated the appropriateness of the disclosure of the significant assumptions applied, including sensitivity analysis.

Accountable Authority's responsibility for the financial statements

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

In preparing the financial statements, the Secretary is responsible for assessing the ability of Finance to continue as a going concern, taking into account whether the Finance'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 Finance'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 Finance'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 Finance 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

Grant Hehir
Auditor-General

Canberra

28 August 2020

Department of Finance

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 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 Department of Finance will be able to pay its debts as and when they fall due.

Rosemary Huxtable PSM
Secretary
Department of Finance
28 August 2020

Grant Stevens
Chief Financial Officer
Department of Finance
28 August 2020

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Department of Finance
Statement of Comprehensive Income
for the period ended 30 June 2020

Departmental Primary Statements

			Actuals		*Budget*
			30 June 2020	30 June 2019	*30 June 2020*
	Note ref		**$'000**	$'000	*$'000*
NET COST OF SERVICES					
Expenses					
Employee benefits	E1.1		**162,907**	164,745	*161,291*
Suppliers	D1		**177,491**	164,295	*185,121*
Insurance claims	C1.1	B1	**249,311**	180,191	*136,556*
Competitive neutrality			**3,278**	3,216	*2,784*
Notional reinsurance expense	C1.1		**5,000**	5,000	*5,000*
Depreciation and amortisation	D5.1		**47,266**	45,602	*44,904*
Depreciation - right-of-use	D5.2	B3	**19,779**	-	-
Non-financial asset write-downs and impairments	D5.1	B2	**293**	1,720	*12,010*
Impairment of financial assets	D3.3		**-**	31	-
Losses from asset sales			**721**	-	-
Interest on lease liabilities			**7,907**	11	-
Other expenses			**196**	5,116	-
Total expenses			**674,149**	569,927	*547,666*
Own-source income					
Own-source revenue					
Premium revenue	C1.1		**137,795**	128,452	*139,138*
Reinsurance and other recoveries revenue	C1.1		**6,434**	1,142	-
Rental income	D2.1		**78,527**	79,301	*73,936*
Contracts with customers	D2.2		**74,804**	73,472	*68,632*
Volunteer services	H2		**1,342**	1,355	*1,385*
Interest	D3.3		**12**	-	-
Other revenue			**5,168**	126	-
Total own-source revenue			**304,082**	283,848	*283,091*
Gains					
Gains		B2	**24,267**	47,674	*17,563*
Total gains			**24,267**	47,674	*17,563*
Total own-source income			**328,349**	331,522	*300,654*
Net cost of services			**(345,800)**	(238,405)	*(247,012)*
Revenue from Government	F1.1		**283,779**	258,962	*268,648*
Surplus before income tax on continuing operations			**(62,021)**	20,557	*21,636*
Income tax equivalent			**3,699**	4,086	*3,935*
Surplus after income tax on continuing operations			**(65,720)**	16,471	*17,701*
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	D5.1	B2	**(4,547)**	162,345	-
Total comprehensive income			**(70,267)**	178,816	*17,701*

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

Department of Finance
Statement of Financial Position
as at 30 June 2020

Departmental Primary Statements

	Note ref		Actuals 30 June 2020 $'000	Actuals 30 June 2019 $'000	*Budget 30 June 2020 $'000*
Assets					
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	D3.1		**2,780**	15,423	*16,822*
Special account cash held in OPA	F3.1	B1	**903,273**	706,038	*651,901*
Trade and other receivables	D3.1		**19,445**	27,307	*9,707*
Appropriations receivable					
Special account capital receivable	F3.1		**24,640**	47,296	*-*
Other departmental undrawn	F1.2		**95,527**	128,399	*112,450*
Reinsurance and other recoveries	C1.3		**2,603**	2,258	*3,760*
Lease incentive assets			**917**	3,642	*3,993*
Other financial assets			**3,283**	2,371	*2,041*
Total financial assets			**1,052,468**	932,734	*800,674*
Non-financial assets					
Land	D5.1	B2	**435,522**	431,194	*343,015*
Buildings	D5.1	B2	**695,722**	685,733	*610,836*
Leasehold improvements	D5.1		**27,165**	23,904	*-*
Investment property	D5.1	B2	**854,012**	828,988	*789,421*
Plant and equipment	D5.1		**22,798**	18,609	*67,763*
Intangibles	D5.1		**105,885**	101,466	*108,525*
Right-of-use assets	D5.2	B3	**450,821**	-	*-*
Prepayments			**9,037**	11,100	*7,989*
Assets held for sale	D5.3		**247**	38,160	*28,154*
Total non-financial assets			**2,601,209**	2,139,154	*1,955,703*
Total Assets			**3,653,677**	3,071,888	*2,756,377*
Liabilities					
Trade creditors and accruals	D3.1		**38,372**	35,749	*49,634*
Unearned revenue	D6		**15,823**	20,770	*16,968*
Return of equity - special accounts		B2	**115,955**	82,138	*57,145*
Outstanding insurance claims	C1.4	B1	**590,559**	473,735	*381,913*
Employee provisions	E1.2		**63,538**	64,104	*66,708*
Lease liabilities		B3	**462,238**	1,022	*3,737*
Lease incentive liabilities		B3	**-**	32,782	*35,235*
Other provisions	D7		**12,960**	19,141	*20,648*
Other payables			**5,243**	2,121	*4,061*
Total liabilities			**1,304,688**	731,562	*636,049*
Net assets			**2,348,989**	2,340,326	*2,120,328*
Equity					
Retained earnings			**518,345**	551,328	*566,804*
Asset revaluation reserves		B2	**395,697**	400,244	*237,899*
Contributed equity/capital			**1,434,947**	1,388,754	*1,315,625*
Total equity			**2,348,989**	2,340,326	*2,120,328*

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

Department of Finance
Statement of Changes in Equity
for the period ended 30 June 2020

Departmental Primary Statements

		Actuals							
		30 June 2020				30 June 2019			
	Note ref	Retained earnings $'000	Asset revaluation reserves $'000	Contributed equity/capital $'000	Total $'000	Retained earnings $'000	Asset revaluation reserves $'000	Contributed equity/capital $'000	Total $'000
Opening balance									
Balance carried forward		**551,328**	**400,244**	**1,388,754**	**2,340,326**	534,857	237,899	1,420,938	2,193,694
Adjustment on initial application of AASB 16		**32,737**	**-**	**-**	**32,737**	-	-	-	-
Adjusted opening balance		**584,065**	**400,244**	**1,388,754**	**2,373,063**	534,857	237,899	1,420,938	2,193,694
Comprehensive income									
Surplus for the period		**(65,720)**	**-**	**-**	**(65,720)**	16,471	-	-	16,471
Other comprehensive income		**-**	**(4,547)**	**-**	**(4,547)**	-	162,345	-	162,345
Total comprehensive income		**(65,720)**	**(4,547)**	**-**	**(70,267)**	16,471	162,345	-	178,816
Transactions with owners									
Distributions to owners									
Transfer of assets		**-**	**-**	**-**	**-**	-	-	(2,900)	(2,900)
Return of equity - special accounts		**-**	**-**	**(115,955)**	**(115,955)**	-	-	(79,903)	(79,903)
Return of equity - other		**-**	**-**	**-**	**-**	-	-	(80)	(80)
Contributions by owners									
Departmental capital budget	F1.1	**-**	**-**	**6,476**	**6,476**	-	-	8,488	8,488
Equity injection - appropriations	F1.1	**-**	**-**	**155,672**	**155,672**	-	-	42,211	42,211
Total transactions with owners		**-**	**-**	**46,193**	**46,193**	-	-	(32,184)	(32,184)
Closing balance		**518,345**	**395,697**	**1,434,947**	**2,348,989**	551,328	400,244	1,388,754	2,340,326
Budget 30 June 2020									
Opening balance		*549,103*	*237,899*	*1,363,716*	***2,150,718***	*469,150*	*199,141*	*1,473,038*	*2,141,329*
Total comprehensive income		*17,701*	*-*	*-*	***17,701***	*33,579*	*-*	*-*	*33,579*
Total transactions with owners		*-*	*-*	*(48,091)*	***(48,091)***	*(104,305)*	*-*	*31,045*	*(73,260)*
Closing balance		***566,804***	***237,899***	***1,315,625***	***2,120,328***	*398,424*	*199,141*	*1,504,083*	*2,101,648*

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

Department of Finance
Cash Flow Statement
for the period ended 30 June 2020

Departmental Primary Statements

	Note ref	Actuals 30 June 2020 $'000	Actuals 30 June 2019 $'000	Budget 30 June 2020 $'000
OPERATING ACTIVITIES				
Cash received				
Contracts with customers		**77,194**	59,332	*142,545*
Revenue from Government		**296,693**	296,680	*298,268*
Insurance premiums		**137,795**	128,452	*139,138*
Reinsurance and other recoveries		**6,089**	1,917	-
Interest and dividends		**12**	-	-
Rent received		**78,527**	79,301	-
Other		**8,565**	1,445	-
Total cash received		**604,875**	567,127	*579,951*
Cash used				
Employees		**162,162**	162,905	*158,859*
Suppliers		**177,961**	179,163	*178,762*
Insurance claims		**132,487**	87,585	*136,556*
Interest payments on lease liabilities		**7,907**	-	-
Net GST paid		**964**	2,182	-
Other		**8,461**	13,343	*10,952*
Total cash used		**489,942**	445,178	*485,129*
Net cash received/(used) for operating activities		**114,933**	121,949	*94,822*
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of land and buildings		**42,011**	46,941	*38,000*
Proceeds from sale of investment property		**420**	-	-
Proceeds from sale of financial investments		**237**	2,672	-
Total cash received		**42,668**	49,613	*38,000*
Cash used				
Purchase of land and buildings		**40,638**	36,187	*12,131*
Purchase of leasehold improvements		**-**	207	-
Purchase of investment property		**10,007**	18,731	-
Purchase of plant and equipment		**8,314**	1,133	*30,605*
Purchase of intangibles		**27,290**	35,298	*12,888*
Total cash used		**86,249**	91,556	*55,624*
Net cash received/(used) for investing activities		**(43,581)**	(41,943)	*(17,624)*
FINANCING ACTIVITIES				
Cash received				
Contributed equity		**204,762**	56,779	*12,181*
Total cash received		**204,762**	56,779	*12,181*
Cash used				
Return of contributed equity		**82,138**	187,618	*60,272*
Principal payments on lease liabilities		**9,384**	-	-
Total cash used		**91,522**	187,618	*60,272*
Net cash received/(used) for financing activities		**113,240**	(130,839)	*(48,091)*
Net increase/(decrease) in cash held		**184,592**	(50,833)	*29,107*
Cash and cash equivalents at the beginning of the reporting period		**721,461**	772,294	*639,616*
Cash and cash equivalents at the end of the reporting period	D3.1	**906,053**	721,461	*668,723*

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

Department of Finance
Administered Schedule of Comprehensive Income
for the period ended 30 June 2020

Administered Primary Schedules

		Actuals		*Budget*
		30 June 2020	30 June 2019	*30 June 2020*
	Note ref	**$'000**	$'000	*$'000*
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	**367,012**	439,546	*327,270*
Superannuation expense	C3.1 B4	**8,276,144**	8,435,190	*8,340,603*
Suppliers	D1	**117,565**	158,667	*158,794*
Investment funds	C2.1 B5	**590,134**	304,125	*94,949*
Investment funds distributions	C2.1	**1,997,374**	2,294,618	*2,154,073*
Depreciation and amortisation	D5.1	**16,950**	15,057	*20,691*
Depreciation - right-of-use	D5.2 B3	**42,894**	-	-
Non-financial asset write-downs and impairments	D5.1	**1,135**	266	-
Impairment of financial assets	D3.3	**2**	4	-
Grants		**2,564**	3,198	*3,000*
Interest on lease liabilities		**3,548**	-	-
Other expenses		**40**	3,036	*3,481*
Total expenses		**11,415,362**	11,653,707	*11,102,861*
Income				
Non-taxation revenue				
Interest	D3.3	**21,331**	29,151	*13,170*
Dividends	D3.3	**10,600**	26,900	*13,100*
Investment funds	C2.1 B5	**242,784**	443,200	*1,040,060*
Contracts with customers	D2.2	**5,652**	3,061	*3,904*
Superannuation contributions	C3.1	**1,164,535**	1,193,004	*1,101,230*
Volunteer services	H2	**4,659**	4,581	*4,455*
Other revenue		**1,961**	2,572	*9,310*
Total revenues		**1,451,522**	1,702,469	*2,185,229*
Gains				
Investment funds	C2.1 B5	**924,129**	897,361	*125,136*
Other gains		**1,636**	257	-
Total gains		**925,765**	897,618	*125,136*
Total income		**2,377,287**	2,600,087	*2,310,365*
Net cost of services		**(9,038,075)**	(9,053,620)	*(8,792,496)*
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Movement in carrying amount of superannuation	C3.1	**(5,412,650)**	(46,132,390)	-
Changes in asset revaluation reserves	D5.1	**3,974**	4,038	-
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) in carrying amount of Commonwealth entities and companies	D3.3	**61,851**	(18,309)	-
Total other comprehensive loss		**(5,346,825)**	(46,146,661)	-
Total comprehensive loss		**(14,384,900)**	(55,200,281)	*(8,792,496)*

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

Department of Finance
Administered Schedule of Assets and Liabilities
as at 30 June 2020

Administered Primary Schedules

			Actuals		*Budget*
			30 June 2020	30 June 2019	*30 June 2020*
	Note ref		**$'000**	$'000	*$'000*
Assets					
Financial assets					
Cash and cash equivalents	D3.1		**3,497,785**	2,407,972	-
Trade and other receivables	D3.1		**1,518**	2,200	*11,409*
Investment funds	C2.2	B5	**44,243,924**	37,109,160	*35,034,945*
State and territory government loans	D3.1		**118,831**	126,152	*118,828*
Commonwealth entities and companies	D3.1		**1,570,611**	1,188,009	*1,624,068*
Other financial assets			**71,354**	43,809	*17,261*
Total financial assets			**49,504,023**	40,877,302	*36,806,511*
Non-financial assets					
Leasehold improvements	D5.1		**29,498**	23,694	*20,025*
Infrastructure	D5.1		**72,088**	73,166	*68,603*
Plant and equipment	D5.1		**11,677**	11,336	-
Intangibles	D5.1		**114**	214	*1,188*
Right-of-use assets	D5.2	B3	**292,596**	-	-
Prepayments			**3,720**	4,552	*3,324*
Total non-financial assets			**409,693**	112,962	*93,140*
Total assets			**49,913,716**	40,990,264	*36,899,651*
Liabilities					
Trade creditors and accruals	D3.1		**14,776**	12,707	*12,140*
Unearned revenue	D6		**52**	-	-
Investment funds	C2.2	B5	**299,579**	215,296	-
OPA overnight cash payable	D3.1		**2,029,429**	1,803,516	-
Employee provisions	E1.2		**317,383**	325,692	*235,867*
Superannuation provisions	C3.1	B4	**241,754,395**	233,052,709	*137,491,900*
Lease liabilities		B3	**299,221**	-	-
Other provisions	D7		**18,134**	17,984	*16,777*
Other payables			**27,707**	38,074	*12,277*
Total liabilities			**244,760,676**	235,465,978	*137,768,961*
Net assets/(liabilities)			**(194,846,960)**	(194,475,714)	*(100,869,310)*

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

Department of Finance
Administered Reconciliation Schedule
for the period ended 30 June 2020

Administered Primary Schedules

		Actuals	
		30 June 2020	30 June 2019
	Note ref	**$'000**	$'000
Opening assets less liabilities as at 1 July		**(194,475,714)**	(152,228,268)
Adjustment on initial application of AASB 16		**2,716**	-
Adjusted opening assets less liabilities		**(194,472,998)**	(152,228,268)
Net cost of services		**(9,038,075)**	(9,053,620)
Other comprehensive income/(loss)		**(5,346,825)**	(46,146,661)
Transfers (to)/from the Australian Government			
Appropriation transfers from OPA			
Annual appropriations	F1.1	**321,300**	294,767
Administered assets and liabilities appropriations	F1.1	**333,911**	312,826
Special appropriations	F2.1	**7,454,089**	7,272,436
Contributions from Government to the investment funds	F3.2	**20,417,516**	8,576,602
Other		**3,741**	(2,185)
Appropriation transfers to OPA			
Transfers to OPA		**(3,430,643)**	(3,683,996)
Investment funds return to Government	F3.2	**(11,946,438)**	-
OPA transfers with other Commonwealth entities			
Transfers to other Commonwealth entities	H2	**(835,637,415)**	(671,497,125)
Transfers from other Commonwealth entities	H2	**836,494,877**	671,679,510
Closing assets less liabilities		**(194,846,960)**	(194,475,714)

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

Department of Finance
Administered Cash Flow Statement
for the period ended 30 June 2020

Administered Primary Schedules

	Note ref	Actuals 30 June 2020 $'000	Actuals 30 June 2019 $'000	Budget 30 June 2020 $'000
OPERATING ACTIVITIES				
Cash received				
Contracts with customers		**5,303**	3,974	*3,902*
Superannuation contributions - employers		**1,136,878**	1,174,734	*1,101,230*
Superannuation contributions - members		**2,226,203**	2,433,550	*1,983,848*
Net gains from sale of financial instruments		**492,339**	498,413	*-*
Interest and dividends		**275,893**	495,462	*1,061,255*
Realised exchange gains		**304**	-	*-*
Net GST received		**22**	-	*-*
Other		**2,737**	2,872	*2,810*
Total cash received		**4,139,679**	4,609,005	*4,153,045*
Cash used				
Employees		**370,943**	349,690	*305,909*
Suppliers		**151,362**	185,192	*249,286*
Investment fund distributions		**1,997,374**	2,294,618	*2,154,073*
Superannuation payments		**7,213,311**	7,015,454	*7,166,429*
Realised exchange losses		**546,096**	271,078	*-*
Grants		**2,564**	3,198	*3,000*
Interest payments on lease liabilities		**3,548**	-	*-*
Net GST paid		**-**	261	*-*
Other		**710**	488	*3,906*
Total cash used		**10,285,908**	10,119,979	*9,882,603*
Net cash received/(used) for operating activities		**(6,146,229)**	(5,510,974)	*(5,729,558)*
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of financial investments		**104,103,564**	49,605,723	*6,248,610*
Repayments of advances and loans		**12,399**	12,178	*12,400*
Total cash received		**104,115,963**	49,617,901	*6,261,010*
Cash used				
Purchase of financial investments		**110,729,723**	56,530,848	*9,411,638*
Equity injections - CECs		**331,750**	312,450	*332,700*
Purchase of leasehold improvements		**14,827**	8,296	*-*
Purchase of infrastructure		**1,717**	1,692	*-*
Purchase of plant and equipment		**2,341**	6,501	*13,605*
Purchase of intangibles		**167**	142	*-*
Total cash used		**111,080,525**	56,859,929	*9,757,943*
Net cash received/(used) for investing activities		**(6,964,562)**	(7,242,028)	*(3,496,933)*

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

Department of Finance
Administered Cash Flow Statement
for the period ended 30 June 2020

Administered Primary Schedules

		Actuals		Budget
		30 June	30 June	*30 June*
		2020	2019	*2020*
	Note ref	**$'000**	$'000	*$'000*
FINANCING ACTIVITIES				
Cash received				
Contributions to investment funds		**20,417,516**	8,576,602	*12,317,990*
Total cash received		**20,417,516**	8,576,602	*12,317,990*
Cash used				
Investment funds distributions to Government		**11,946,438**	-	*7,946,000*
Principal payments on lease liabilities		**36,247**	-	*-*
Total cash used		**11,982,685**	-	*7,946,000*
Net cash received/(used) for financing activities		**8,434,831**	8,576,602	*4,371,990*
Net increase/(decrease) in cash held		**(4,675,960)**	(4,176,400)	*(4,854,501)*
Cash and cash equivalents at the beginning of the reporting period		**2,407,972**	1,731,032	*-*
OPA transfers with other Commonwealth entities				
Transfers to other Commonwealth entities		**(835,411,502)**	(671,020,018)	*-*
Transfers from other Commonwealth entities		**836,494,877**	671,679,510	*-*
Total cash from/(to) OPA		**1,083,375**	659,492	*-*
Finance administered transfers				
Appropriation transfers from OPA		**8,113,041**	7,877,844	*7,656,784*
Appropriation transfers to OPA		**(3,430,643)**	(3,683,996)	*(2,802,283)*
Total cash from/(to) OPA		**4,682,398**	4,193,848	*4,854,501*
Cash and cash equivalents at the end of the reporting period	D3.1	**3,497,785**	2,407,972	*-*

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

A. About This Report

The Department of Finance (Finance) is an Australian Government controlled not-for-profit entity, its purpose being: to assist the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, the Government.

Finance is structured to fulfil its purpose through three outcomes, as set out in the 2019-20 Portfolio Budget Statements (PBS), these are:

Outcome 1: Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.

Outcome 3: Support for parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.

Finance's activities are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, incomes and expenses controlled or incurred by Finance in its own right.

Administered items are controlled by the Government and managed or overseen by Finance on behalf of the Government. These items are distinguished from Departmental items using shading.

Administered items include:

- Superannuation schemes for current and former civilian Australian Government employees, parliamentarians, current and former Governor-Generals, Federal Judges and Federal Circuit Court Judges
- Australian Government investment funds
- Entitlements, allowances and work expenses provided to current and former members of parliament and their staff
- Grants
- State and territory government loans and interest
- Investments in Commonwealth entities and companies.

In some areas of this financial report, Departmental and Administered items are included in the same section, this is for presentation purposes only and these balances should not be compared.

The continued existence of Finance in its present form and with its present programs is dependent on government policy and on continued funding by Parliament.

Basis of preparation

The financial statements are general purpose financial statements required by section 42 of the PGPA Act. They have been prepared in accordance with the *PGPA (Financial Reporting) Rule 2015* (FRR) and Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period. Finance has applied the Reduced Disclosure Requirements issued by the AASB as a minimum and has included additional disclosures for financial instruments, fair value and superannuation as required under subsection 18(3) of the FRR.

Basis of accounting

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value.

All assets have been assessed for impairment at the end of the reporting period and no impairment indicators exist unless otherwise stated.

Comparative reclassifications

Minor changes were made to the comparatives in both the Departmental and Administered financial statements as a result of the reclassification or merging of some line items. There was no change to the comparative operating surplus or net assets reported.

How to read this report

The following pages set out the notes to the financial statements, which include further information required to understand the financial statements. This has been assessed against materiality and relevance to the operations, financial position and performance of Finance. All amounts are presented in Australian dollars (AUD).

Key judgements and estimates

In applying Finance's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates that are material to the financial statements are found in the following notes:

C1 General insurance activities
C2 Investment funds
C3 Superannuation
D3 Financial instruments
D5 Non-financial assets
E1 Employee benefits

With the exception of judgements and estimates applied in the above notes, no allowance is made for the effect of changing prices on the results or the financial position.

New Australian Accounting Standards (AAS)

During 2019-20, Finance adopted all applicable AAS's that became effective, the following applied from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Finance has adopted the modified retrospective application on transition and comparative information for the preceding periods are not restated. The initial application of AASB 15 does not result in any modifications to Finance's contracts, therefore no adjustments to retaining earnings were made. Further details on contract with customer revenue are detailed in Note D2.2.
- AASB 1058 *Income of Not-For-Profit Entities* is relevant in circumstances where AASB 15 does not apply. AASB 1058 particularly applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received. Further information on volunteer services are detailed in Note H2.
- AASB 16 *Leases* provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases. Lessor accounting under AASB 16 remains substantially unchanged from the predecessor standard AASB 117 *Leases*. The details of the changes in accounting policies and impacts on initial application are disclosed in Note D5.

B. Budgetary Variance Reporting

The below table provides explanations for significant variances between Finance's original budget estimates, as published in the 2019-20 Portfolio Budget Statements and the actual financial performance and position for the year.

Note Reference	Affected line Items	Explanation
B1 General insurance activities	Insurance claims expenses Outstanding insurance claims Special account cash held in the OPA	The outstanding insurance claims liability is independently valued each year and is subject to inherent uncertainty in the estimation process as the ultimate outcome of claims is subject to events that have not yet occurred. Claim expenses were impacted in 2019-20 due to several large property claims arising from weather events including the Canberra hailstorms and national bushfires. These movements were partially offset by a general decrease in the amount provisioned in the Liability portfolio where overall experience for very large claims had been more favourable than expected. The Comcover special account received an equity injection via Appropriation Act (No.6) 2019 to address the above claims.
B2 Non-defence domestic property portfolio	Non-financial asset write-downs and impairments Gains Land Buildings Investment property Return of equity - special accounts Asset revaluation reserve	Events that have impacted the financial performance associated with the Commonwealth's non-defence domestic property portfolio include: • Revaluation movements from independent valuations for land, buildings and investment property due to a subdued property market. Main drivers of movements were Commonwealth Law Courts (various states) and Post Entry Quarantine facilities • The divestment of properties including land in Barton (Canberra) with the proceeds payable to the Consolidated Revenue Fund forming part of a 'Return of equity - special accounts'.
B3: Leases	Depreciation - right-of-use* Right-of-use assets* Lease liabilities* Lease incentive liabilities	AASB 16 *Leases* was implemented with effect from 1 July 2019 requiring operating leases to be recognised on the balance sheet as right-of-use assets and lease liabilities. Budgets estimates incorporating the new standard were first reported in the 2019-20 Portfolio Additional Estimates. Transition arrangements on adoption of the new standard required the carrying amount of lease incentive liabilities to be adjusted against retained earnings. For more information on transition balances refer to Note D5.

* Explanation also applies to Administered line items.

Note Reference	Affected line Items	Explanation
B4 Superannuation	Superannuation expense Superannuation provisions	For budget reporting purposes, the discount rate used by actuaries in preparing the Long Term Cost Reports (LTCRs) is used to value the superannuation liability. The use of the LTCR rate reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. The rate used for 2019-20 was 5%. Consistent with Australian Accounting Standards, the superannuation liability and expense are valued using the long-term government bond rate as at 30 June and 1 July respectively for the purpose of financial reporting. Any change in the rates used for budget and financial reporting purposes significantly impacts on the superannuation provisions and superannuation expense.
B5 Investment funds	Investment funds revenues, expenses and gains Investment funds assets and liabilities	The net asset balance for the investment funds are higher than originally budgeted due to: • The creation of the Future Drought Fund (FDF) and the Emergency Response Fund (ERF), as the estimates were held in the contingency reserve at original budget pending the passage of their enabling legislation • Opening balance differences attributable to higher closing balances for the funds in 2018-19.

C. General Business Disclosures

This section includes disclosures for operations which are significant in size and/or nature for Finance.

C1 General insurance activities

Finance provides insurance and risk management services to Australian General Government Sector entities. The classes of business cover include: Liability, Property, Motor Vehicle, and Personal Accident and Travel.

These services are funded from the Comcover Special Account, refer to Note F3.1.

Policy and measurement

Premium revenue
Premium revenue includes amounts charged excluding Goods and Services Tax (GST). Premiums are recognised as revenue over the period insured which is from 1 July to 30 June each year.

Notional reinsurance expense
A notional reinsurance charge of $5.0 million is paid to the Official Public Account (OPA) each year.

Reinsurance and other recoveries
Reinsurance and other recoveries received or receivable in respect of gross claims paid and movements in reinsurance and other recovery assets are recognised as revenue in the year they occur.

Reinsurance and other recovery assets are actuarially assessed as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

Insurance claims expense and outstanding insurance claims liabilities
Claims expense represents claims payments and the movement in the gross outstanding claims liability.

The outstanding insurance claims liability is actuarially assessed and measured at the central estimate of the present value of expected future payments of claims incurred at the reporting date with an additional risk margin to allow for inherent uncertainty in the central estimate. The expected future payments include those in relation to unpaid reported claims; claims incurred but not reported (IBNR); claims incurred but not enough reported (IBNER); and indirect expenses that are expected to be incurred in settling these claims. Changes in claims estimates are recognised in the surplus/(deficit) in the year in which the estimates are changed.

Assets backing general insurance liabilities
The balance of the Comcover Special Account and receivables from insurance activities are held to back general insurance liabilities. For further information in relation to the Comcover Special Account, refer to Note F3.1.

Key judgements and estimates

Finance takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The claim estimates and judgements are regularly evaluated and updated based on historical experience and other factors. However, given the uncertainty in the estimation process, it is likely that the final outcome will prove to be different from the original liability established.

Finance's activities are classified into two main categories: **Property** (Property, Motor Vehicle and Personal Accident and Travel) and **Liability**. Different actuarial methods and assumptions are applied at a more granular level taking into account the characteristics of the class of business, claim type and the extent of the development of each past accident period.

The estimation of IBNR and IBNER are generally subject to a greater degree of uncertainty where claims notification and settlement may not happen for many years after the event giving rise to the claim. For this reason, Liability classes of business typically display greater variability between the initial estimates and final outcomes.

Key actuarial assumptions

The key actuarial assumptions for the determination of the outstanding claims liabilities are set out in the table below:

	30 June 2020		30 June 2019	
	Property	**Liability**	Property	Liability
Average discount rate	**0.3%**	**0.4%**	1.0%	1.0%
Average inflation rate	**2.1%**	**2.8%**	2.2%	3.2%
Average weighted term to settlement (years)	**2.0**	**2.7**	1.7	2.6
Expense rate	**1.1%**	**2.3%**	1.0%	1.6%
Risk margin	**21.7%**	**22.6%**	19.1%	19.3%

Process used to determine actuarial assumptions

Discount rate	To allow for the time value of money, projected payments are discounted at a risk free rate derived from market yields on Australian Government securities at the reporting date.
Inflation rate	Claims inflation is incorporated into the resulting projected payments to allow for both expected levels of economic inflation and superimposed inflation. Economic inflation is based on economic indicators such as the Consumer Price Index (CPI) and/or increases in average weekly earnings. Superimposed inflation is past claims inflation in excess of wage inflation. A review of past claims reveals no evidence of superimposed inflation.
Average weighted term to settlement	The average weighted term to settlement is based on historic payment patterns.
Expense rate	Claims handling expenses are calculated by reference to Finance's claims handling remuneration agreements for direct expenses and internal costs for indirect expenses.
Risk margin	The risk margin is assessed by examining the historical variability of the claims experience, considering industry studies and benchmarks and applying actuarial judgement, especially in respect of uncertainties not reflected in the claims data. This assessment is performed for each class of business. Diversification benefit is allowed for, with consideration given to industry studies and benchmarks.

Sensitivity analysis

Finance has conducted sensitivity analysis to quantify the impact of changes in the key underlying assumptions on the surplus/(deficit). The sensitivity analysis has been performed for each variable independently of all other changes and is net of reinsurance and other recoveries. The table below describes how a change in each assumption will affect the surplus/(deficit).

		30 June 2020		30 June 2019	
		Property	**Liability**	Property	Liability
Assumption	**Movement**	**$'000**	**$'000**	$'000	$'000
Average discount rate	+1%	**6,749**	**7,229**	4,054	6,437
	-1%	**(6,461)**	**(6,857)**	(3,886)	(6,122)
Average inflation rate	+1%	**(6,473)**	**(6,848)**	(4,000)	(6,302)
	-1%	**6,626**	**7,070**	4,092	6,493
Average weighted term to settlement (years)	+1 year	**(5,776)**	**(6,093)**	(2,887)	(5,336)
	-1 year	**5,536**	**7,246**	3,482	5,634
Expense rate	+1%	**(3,258)**	**(2,552)**	(2,284)	(2,393)
	-1%	**3,258**	**2,552**	2,284	2,393
Risk margin	+1%	**(2,707)**	**(2,130)**	(1,936)	(2,039)
	-1%	**2,707**	**2,130**	1,936	2,039

The movements are the absolute movement in the assumption (e.g. +1% increase in the expense rate for Property from 1.1% to 2.1%).

Insurance risk management

Finance is exposed to insurance risk, which is discussed below.

Objectives, policies and processes for managing insurance risk

Finance provides insurance and risk management services to deliver a net benefit to the Australian Government over the longer term. The transfer of insurance risk from participating General Government Sector entities offers the most comprehensive and cost effective approach to the management of risk exposures. The provision of a captive fund focuses on improving risk identification and management in entities and increases in transparency and accountability to the Australian Government and the public.

Key processes to manage the insurable risk exposure of the Commonwealth include:

- Detailed risk exposure surveys
- Actuarial modelling of claims history, exposures and industry experience to provide an estimate of expected claims costs for the insured year and to determine the annual premium collection
- Claim management and investigation processes
- Appointment of an independent actuary for valuation services of the outstanding claims liability
- Whole of government policy development and risk management advisory and education services to improve risk awareness and capability of Fund Members.

Concentration of insurance risk

No reinsurance policies were placed in 2019-20 (2018-19: nil), reflecting the capacity of the Australian Government to cost-effectively self-insure against infrequent large claims.

C1.1 Underwriting result

	Departmental	
	30 June 2020 $'000	30 June 2019 $'000
Direct premium revenue		
Premium revenue	**137,795**	128,452
Premium revenue eliminated on consolidation	**1,252**	1,139
Total direct premium revenue	**139,047**	129,591
Notional reinsurance expense	**(5,000)**	(5,000)
Net premium revenue	**134,047**	124,591
Net incurred claims		
Insurance claims	**(249,311)**	(180,191)
Reinsurance and other recoveries revenue	**6,434**	1,142
Total net claims	**(242,877)**	(179,049)
Other underwriting expenses	**(8,134)**	(8,863)
Underwriting result	**(116,964)**	(63,321)
Revenue from Government	**8,191**	7,743
Operating surplus/(deficit)	**(108,773)**	(55,578)

C1.2 Net claims incurred

	30 June 2020			30 June 2019		
	Current year $'000	**Prior years $'000**	**Total $'000**	Current year $'000	Prior years $'000	Total $'000
Gross claims incurred						
Undiscounted	269,804	(31,013)	**238,791**	142,295	24,128	166,423
Discount and discount movement	(2,652)	8,526	**5,874**	(3,748)	12,479	8,731
Gross claims incurred discounted	**267,152**	**(22,487)**	**244,665**	138,547	36,607	175,154
Reinsurance and other recoveries						
Undiscounted	(1,270)	(5,116)	**(6,386)**	(769)	(197)	(966)
Discount and discount movement	-	(48)	**(48)**	2	(178)	(176)
Reinsurance and other recoveries discounted	**(1,270)**	**(5,164)**	**(6,434)**	(767)	(375)	(1,142)
Net claims incurred	**265,882**	**(27,651)**	**238,231**	137,780	36,232	174,012
Claims handling expense			**4,646**			5,037
Total net claims			**242,877**			179,049

The $27.7m decrease in prior years net claims incurred is due to favourable claims experience in the Liability portfolio. The current year net claims incurred is impacted by adverse claims experience in the Property portfolio due to weather events.

C1.3 Reinsurance and other recoveries receivable

	Departmental	
	30 June 2020 $'000	30 June 2019 $'000
Reinsurance and other recoveries		
Reinsurance and other recoveries	**2,709**	2,411
Discount to present value	**(106)**	(153)
Total reinsurance and other recoveries	**2,603**	2,258

C1.4 Outstanding insurance claims liability

	Departmental	
	30 June 2020 $'000	30 June 2019 $'000
Gross claims liability - undiscounted	**480,039**	401,454
Discount to present value	**(4,127)**	(9,120)
Gross claims liability - discounted	**475,912**	392,334
Claims handling expense	**7,818**	5,130
Gross central estimate	**483,730**	397,464
Risk margin	**106,829**	76,271
Outstanding insurance claims liability	**590,559**	473,735
Risk margin adopted	**22.1%**	19.2%
Probability of adequacy of the risk margin	**75%**	75%

Reconciliation of the movement in discounted outstanding claims liability

	Property	Liability	**30 June 2020**	30 June 2019
	$'000	**$'000**	**$'000**	$'000
Net outstanding claims liability at the beginning of the year	230,054	241,423	**471,477**	378,878
Incurred claims	182,080	83,802	**265,882**	137,780
Claims payments	(74,621)	(47,131)	**(121,752)**	(81,413)
Unwinding of discount	1,647	1,889	**3,536**	6,682
Risk margin release	(12,144)	(6,624)	**(18,768)**	(11,399)
Changes in assumptions and experience	1,810	(14,229)	**(12,419)**	40,949
Net outstanding claims liability at the end of the year	**328,826**	**259,130**	**587,956**	471,477
Reinsurance and other recoveries	615	1,988	**2,603**	2,258
Gross outstanding claims liability at the end of the year	**329,441**	**261,118**	**590,559**	473,735

C1.5 Claims development table

The following table shows the development of the estimated undiscounted outstanding claims relative to the ultimate expected claims for the 10 most recent accident years.

	Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of net ultimate claims costs												
At end of accident year		121,801	61,550	66,779	114,162	102,138	91,686	86,286	93,055	117,798	219,627	
One year later		108,067	70,345	63,441	106,114	119,144	87,813	91,391	139,062	109,241		
Two years later		100,453	67,843	65,399	96,653	218,627	96,971	89,415	159,898			
Three years later		91,789	68,396	62,028	89,631	215,052	92,516	85,866				
Four years later		84,123	67,312	58,498	82,685	205,636	80,781					
Five years later		82,395	62,705	55,203	75,963	196,769						
Six years later		80,279	59,872	54,526	69,127							
Seven years later		80,399	61,182	52,551								
Eight years later		85,097	61,165									
Nine years later		85,916										
Estimate of net ultimate claims costs		85,916	61,165	52,551	69,127	196,769	80,781	85,866	159,898	109,241	219,627	
Cumulative payments		80,064	55,138	49,545	58,402	173,712	59,665	49,237	75,958	27,503	18,896	
Net claims liability - undiscounted	4,935	5,852	6,027	3,006	10,725	23,057	21,116	36,629	83,940	81,738	200,731	477,756
Discount to present value	(15)	(22)	(24)	(6)	(29)	(113)	(107)	(229)	(550)	(804)	(2,142)	(4,041)
Net claims liability - discounted	4,920	5,830	6,003	3,000	10,696	22,944	21,009	36,400	83,390	80,934	198,589	473,715
Claims handling expense												7,818
Net central estimate												**481,533**
Net risk margin												106,423
Total net outstanding claims liability												**587,956**
Reinsurance and other recoveries												2,603
Total gross outstanding claims liability												**590,559**

The claims development table discloses amounts net of reinsurance and other recoveries to give the most meaningful insight into the impact on surplus/(deficit).

C2 Investment funds

Finance provides advice on the investment mandates and governance arrangements for the investment funds. This includes advice on the credit of amounts to and debits of amounts from the investment funds. The Future Fund Board of Guardians (the Board), supported by the Future Fund Management Agency (FFMA), is responsible for the management and investment of the assets of the investment funds. The investment funds consist of the respective special accounts and the investments of the:

- **Building Australia Fund (BAF)** – an investment fund established by the *Nation-building Funds Act 2008* (NBF Act) to make payments in relation to the creation or development of transport, communication, eligible national broadband network, energy and water infrastructure. The BAF was closed on 2 September 2019 by the *Future Drought Fund (Consequential Amendments) Act 2019* with the balances of the BAF transferred to the Future Drought Fund.
- **Education Investment Fund (EIF)** – an investment fund established by the NBF Act to make payments in relation to the creation or development of higher education, research, vocational education and training, and eligible education infrastructure and to make transitional Higher Education Endowment Fund payments. The EIF was closed on 12 December 2019 by the *Emergency Response Fund (Consequential Amendments) Act 2019* with the balances of the EIF transferred to the Emergency Response Fund.
- **DisabilityCare Australia Fund (DCAF)** – an investment fund established by the *DisabilityCare Australia Fund Act 2013* to reimburse the Commonwealth, states and territories for costs incurred in relation to the *National Disability Insurance Scheme Act 2013.*
- **Medical Research Future Fund (MRFF)** – an investment fund established under the *Medical Research Future Fund Act 2015* to support medical research and innovation into the future.
- **Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF)** – an investment fund established under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* to make annual and discretionary payments to the Indigenous Land and Sea Corporation.
- **Future Drought Fund (FDF)** - an investment fund established on 2 September 2019 under the *Future Drought Fund Act 2019*. On establishment, the FDF was credited with the balances of the BAF which has now closed. The FDF enhances the Commonwealth's ability to make arrangements with, and grants to, persons and bodies in relation to drought resilience, preparedness and response.
- **Emergency Response Fund (ERF)** – an investment fund established on 12 December 2019 under the *Emergency Response Fund Act 2019*. On establishment, the ERF was credited with the uncommitted balances of the EIF which has now closed. The ERF allows the Government to draw up to $200 million in any given year, beyond what is already available to fund emergency response and natural disaster recovery and preparedness, where it determines the existing recovery and resilience-building programs are insufficient to provide an appropriate response to natural disasters.

Key judgements and estimates

In applying Finance's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates which are material to the financial statements are located throughout the investment funds disclosure.

Policy and measurement

Investment mandate

Each fund has an investment mandate that is determined by the responsible Ministers under legislation. For the BAF, EIF and DCAF the investment mandates set a target benchmark return of the Australian three month bank bill swap rate + 0.3% per annum calculated on a rolling 12 month basis (net of fees). The investment mandates also require the Board to invest in such a way as to minimise the probability of capital losses over a 12 month horizon.

The investment mandate for the MRFF sets an average return of at least the Reserve Bank of Australia (RBA) Cash Rate target + 1.5% to 2.0% per annum, net of investment fees, over a rolling 10 year term as the benchmark return on the Fund. In targeting the benchmark return, the Board must determine an acceptable but not excessive level of risk measured in terms such as the probability of losses in a particular year.

The investment mandate for the ATSILSFF, FDF and ERF sets out a benchmark return of CPI Index + 2.0% to 3.0% per annum, net of investment fees over the long term. In targeting the benchmark return, the Board must determine an acceptable but not excessive level of risk, including having regard to the plausible capital loss from investment return.

Investments
All investments are designated as financial assets through profit and loss on acquisition. Subsequent to initial recognition, all investments held at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Administered Schedule of Comprehensive Income each reporting date.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value, net of transaction costs that are directly attributable to acquisition or issue of the investment.

Investments in collective investment vehicles are recorded at fair value on the date which consideration is provided to the contractual counterparty under the terms of the relevant subscription agreement. Any associated due diligence costs in relation to these investments are expensed when incurred.

The following methods are adopted by the investment funds in determining the fair value of investments:

- Listed securities and investments in listed managed investment schemes including exchange traded futures and options are recorded at the quoted market prices on relevant stock exchanges.
- Unlisted managed investment schemes and collective investment vehicles are re-measured based on the estimated fair value of the net assets of each scheme or vehicle at the reporting date. Collective investment vehicles are entities that enable investors to pool their money and invest the pooled funds, rather than buying securities directly. Collective investment vehicles are used to invest in private equity funds, hedge funds, debt funds, listed equity funds, infrastructure funds and property funds and are usually structured as interests in limited partnerships and limited liability companies.

  In determining the fair value of the net assets of unitised unlisted managed investment schemes and collective investment vehicles, reference is made to the underlying unit price provided by the Manager (where available) and capital account statements and the most recent audited financial statements of each scheme or vehicle.

  Manager valuation reports are reviewed to ensure the underlying valuation principles are materially compliant with Australian Accounting Standards and applicable industry standards including International Private Equity and Venture Capital Valuation Guidelines as endorsed by the Australian Private Equity and Venture Capital Association Limited.

  Additional due diligence on manager valuation reports has been undertaken to ensure fair value estimates are a reasonable and appropriate reflection of the impact of COVID-19 on the Manager's underlying assets, given updates to values were applied by Managers outside their most recent audit period.
- Derivative instruments including forward foreign exchange currency contracts, interest rate swaps, credit default swaps, currency swaps, options, forward contracts on mortgage backed securities and futures are recorded at their fair value on the date the contract is entered into and are subsequently re-measured to their fair values at each reporting date. The investment funds have entered into derivative contracts to manage their exposure to foreign exchange risk, interest rate risk, equity market risk and credit risk. The investment funds also uses derivatives to gain indirect exposure to market risks. The use of derivative financial instruments by the investments funds is governed by the *Nation-building Funds Act 2008*, the *Disability Care Australia Fund Act 2013*, the *Medical Research Future Fund Act 2015*, the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the *Future Drought Fund Act 2019* and the *Emergency Response Fund Act 2019*. Further disclosure regarding the use of derivatives by the investment funds is presented in Note C2.3.
- Interest bearing securities including asset backed securities, bank bills, negotiable certificates of deposit, mortgage backed securities, government securities and corporate debt securities which are traded in active markets are valued at the quoted market prices. Securities for which no active market is observable are valued at current market rates using broker sourced market quotations and/or independent pricing services as at the reporting date.

MRFF Investment Companies
Whilst all investments are held by the Board in respect of the relevant Administered Investment Fund, some investments are indirectly held through wholly owned investment holding companies, MRFF Investment Companies (MRFFICs).

The MRFFICs are funded primarily via loan arrangements between the Board in respect of the MRFF and each respective MRFFIC. These loans are designated as financial assets and measured at fair value with changes in their fair value recognised in the Administered Schedule of Comprehensive Income each reporting date. Interest receivable at reporting date is included in the fair market value.

Loan assets are repayable on demand. Interest rates are set on the loans having regard to the 10 year government bond rate in the market in which the underlying investment is made.

As the MRFFICs hold a material portion of the investments of the investment funds, disclosures in the financial instruments and managing financial risk notes (Note C2.3) include the underlying investments of the MRFFICs on a look-through basis as this provides users of the information with more relevant information in relation to the investment portfolio.

Income

Interest income is interest earned on cash and cash equivalents. Dividends, franking credits and distribution income are recognised when the right to receive payment is established.

Net realised gain/loss on investments held at fair value through profit or loss includes:

- Realised interest income including coupon payments received during the year
- Net realised gains/losses including realised gains and losses as compared to the original cost of the investment
- Net realised changes in the fair value includes the current year unrealised gain/loss on investments held as at reporting date.

C2.1 Investment funds operating results

	30 June 2020 Total $'000	30 June 2019 Total $'000
Revenue		
Interest	**119,148**	192,796
Dividends and distributions	**123,636**	250,404
Total revenue	**242,784**	443,200
Gains on financial investments	**924,129**	897,361
Total income	**1,166,913**	1,340,561
Expenses		
Supplier expenses	**43,786**	33,047
Foreign exchange losses	**546,348**	271,078
Total expenses	**590,134**	304,125
Net investment funds return	**576,779**	1,036,436
less investment funds distributions	**1,997,374**	2,294,618
Net surplus/(deficit)[1]	**(1,420,595)**	(1,258,182)
Attributable to:		
BAF	**11,523**	90,950
EIF	**25,984**	88,124
DCAF	**(1,337,826)**	(1,756,298)
MRFF	**(363,408)**	300,966
ATSILSFF	**(73,144)**	18,076
FDF	**164,837**	-
ERF	**151,439**	-
Net surplus/(deficit)[1]	**(1,420,595)**	(1,258,182)

[1] Includes investment funds distributions for DCAF $1,550 million, MRFF $393 million, ATSILSFF $54 million (2019: DCAF $2,088 million, MRFF $205 million, EIF $2 million).

C2.2 Investment funds financial position

	30 June 2020 Total $'000	30 June 2019 Total $'000
Assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	**9,941,755**	9,280,609
Cash held in OPA[1]	**-**	840,000
Other receivables	**80,500**	108,774
Total financial assets measured at amortised cost	**10,022,255**	10,229,383
Financial assets measured at FVPL		
Interest bearing securities	**21,115,280**	21,744,133
MRFFICs	**4,173,062**	1,796,135
Listed equities and managed investment schemes	**5,289,594**	1,638,076
Collective investment vehicles	**2,861,761**	1,533,097
Restricted cash	**188,548**	119,572
Derivatives	**593,424**	48,764
Total financial assets measured at FVPL	**34,221,669**	26,879,777
Total assets	**44,243,924**	37,109,160
Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	**13,430**	11,792
Unsettled purchases	**119,497**	118,114
Total financial liabilities measured at amortised cost	**132,927**	129,906
Financial liabilities measured at FVPL		
Derivatives	**166,652**	85,390
Total financial liabilities measured at FVPL	**166,652**	85,390
Total liabilities	**299,579**	215,296
Net assets	**43,944,345**	36,893,864
Attributable to:[2]		
BAF	**-**	3,956,732
EIF	**-**	3,952,200
DCAF	**16,507,380**	17,204,618
MRFF	**17,221,711**	9,754,629
ATSILSFF	**1,952,540**	2,025,685
FDF	**4,133,091**	-
ERF	**4,129,623**	-
Total net assets	**43,944,345**	36,893,864

[1] Administered special accounts (Note F3.2).

[2] Details of the investment activity and performance of the funds are available on the FFMA's website.

Collective investment vehicles

The investment funds have committed to provide capital to various collective investment vehicles. The total of these commitments at reporting date is $1,920 million (2019: $1,303 million). The investment fund's commitments, being capital calls, are set out in the various underlying subscription documents. While the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities. The investment funds have appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

The table below provides more detailed information of collective investment vehicles at the reporting date:

			30 June 2020		
Description of underlying Strategy		**Capital committed local currency $'000**	**Outstanding commitments AUD equivalent $'000**	**Net capital cost AUD equivalent $'000**	**Fair value AUD equivalent $'000**
Directly held by MRFF					
Alternatives	AUD	1,701,270	-	1,694,009	1,615,620
Alternatives	USD	150,000		225,972	226,068
Debt	AUD	275,000	-	275,025	287,138
Debt	USD	173,450	108,202	142,474	130,139
Global Infrastructure	AUD	275,752	-	274,862	270,435
Global Infrastructure	EUR	22,310		39,978	36,265
Global Infrastructure	USD	250,000	315,983	50,068	46,401
Listed Equities	AUD	25,000	-	25,000	23,188
Property	GBP	98,500	174,931	2,060	1,173
Property	USD	335,911	282,099	200,222	225,334
Total			**881,215**	**2,929,670**	**2,861,761**
Via MRFFICs					
Alternatives	AUD	796,306	95,109	710,156	693,329
Alternatives	USD	311,000	-	439,829	460,579
Debt	USD	40,000	30,644	26,705	29,017
Private equity	AUD	100,706	32,034	58,731	54,788
Private equity	EUR	52,526	14,444	21,872	36,952
Private equity	USD	1,205,154	663,281	960,979	1,110,085
Property	EUR	142,500	184,186	47,949	44,703
Property	USD	21,589	17,848	10,920	10,865
Total			**1,037,546**	**2,277,141**	**2,440,318**

C2.3 Managing financial risk

The investment funds have entered into forward foreign exchange currency contracts to manage its exposure to foreign exchange risk. The investment funds also use interest rate futures and swaps to manage their exposure to interest rate risk and credit default swaps to manage their exposure to credit risk and/or gain indirect exposure to credit risk. The investment funds also use equity derivatives to manage market exposure to equity price risk.

C2.3.1 Market risk

Market risk is the risk of loss arising from movements in the prices of various assets flowing from changes in interest rates and foreign currency risk.

Interest rate risk

Interest rate risk exposure

The investment funds are exposed to risk of loss arising from movement in the prices of various assets flowing through interest rate changes. The total exposure for each class of financial asset is set out below.

Financial assets exposed to interest rate risk	**Variable interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**
30 June 2020	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	9,941,755	-	-	**9,941,755**
Interest bearing securities	4,090,581	17,459,972	-	**21,550,553**
Other financial assets	-	-	12,751,616	**12,751,616**
Total investment	**14,032,336**	**17,459,972**	**12,751,616**	**44,243,924**
Total Interest rate swaps (notional amount) - pay	(5,561)	(163)	-	
Total Interest rate swaps (notional amount) - receive	163	5,561	-	
Currency swaps (notional amount) - pay	(906,474)	-	-	
Currency swaps (notional amount) - receive	1,246,026	-	-	
30 June 2019				
Cash and cash equivalents	9,280,609	-	-	9,280,609
Cash held in OPA	-	-	840,000	840,000
Interest bearing securities	4,577,795	17,215,252	-	21,793,047
Other financial assets	-	-	5,195,504	5,195,504
Total investment	13,858,404	17,215,252	6,035,504	37,109,160
Total Interest rate swaps (notional amount) - pay	(140,943)	(276,009)	-	
Total Interest rate swaps (notional amount) - receive	276,009	140,943	-	

Interest rate derivative contracts

The investment funds had open positions in exchange traded interest rate futures contracts and interest rate swap agreements at the reporting date. Interest rate derivative contracts are used by the investment fund's investment managers to manage the exposure to interest rate risk and to ensure it remains within approved limits. The notional value of the open contracts and their fair value are set out below.

	30 June 2020		30 June 2019	
	Notional value	**Fair market value**	Notional value	Fair market value
	$'000	**$'000**	$'000	$'000
Open contracts				
Buy domestic interest rate futures contracts	**800,146**	**5,116**	92,347	393
Sell domestic interest rate futures contracts	**-**	**-**	(1,296,430)	(707)
Buy international interest rate futures contracts	**878,379**	**4,045**	391,724	7,444
Sell international interest rate futures contracts	**(2,178,546)**	**(6,721)**	(2,093,961)	(10,856)
Receiver (fixed) interest rate swap agreements	**5,561**	**50**	(127,497)	3,979
Payer (fixed) interest rate swap agreements	**163**	**(13)**	276,009	(2,351)
Buy forward contracts on mortgage backed securities	**185,922**	**(70)**	166,796	228
Sell forward contracts on mortgage backed securities	**-**	**-**	(32,369)	(47)
Total open contracts		**2,407**		(1,917)

Interest rate sensitivity analysis

The investment funds are exposed to interest rate risk in relation to their investments. The impact of a change in interest rates is disclosed in the table below, with all other variables held constant. The table demonstrates the impact on the operating result of a 9 basis point (2019: 20 basis point) change in bond yields with all other variables held constant. It is assumed that the 9 basis point change occurs as at the reporting date and there are concurrent movements in interest rates and parallel shifts in the yield curves. A 9 basis point movement would impact on the debt portfolios' (including derivatives) contribution to the investment funds operating result. The impact on the operating result includes the increase/(decrease) in interest income on floating rate securities from the basis point change.

Sensitivity by year	**Risk variable**	**Change in risk variable**	**Net cost of services $'000**
2020	**Discount rate**	**+0.09%**	**20,130**
		-0.09%	**(20,113)**
2019	Discount rate	+0.2%	54,644
		-0.2%	(54,034)

Foreign currency risk

The investment funds undertake certain transactions denominated in foreign currencies and are therefore exposed to the effects of exchange rate fluctuations. Exposure to foreign currency risk is managed utilising forward foreign exchange contracts. The exposure in AUD equivalents to foreign currency risk at reporting date is as follows.

Financial assets exposed to currency risk 30 June 2020	**USD $'000**	**EURO $'000**	**GBP $'000**	**Other $'000**	**Total $'000**
Cash and cash equivalents	825,406	73,333	39,991	25,638	**964,368**
Interest bearing securities	3,308,806	754,612	682,791	1,395,222	**6,141,431**
Listed equities	2,463,948	356,138	163,717	1,877,499	**4,861,302**
Collective investment vehicles	2,238,488	117,921	1,173	-	**2,357,582**
Other investments	68,258	20,334	5,057	15,548	**109,197**
Receivables	17,003	3,069	535	7,025	**27,632**
Payables	(112,605)	(5,619)	(813)	(509)	**(119,546)**
Swaps	(902,082)	669	-	(1,833)	**(903,246)**
Total physical exposure	**7,907,222**	**1,320,457**	**892,451**	**3,318,590**	**13,438,720**
Forward exchange contracts					
Buy foreign currency	2,039,614	455,901	115,234	331,908	**2,942,657**
Sell foreign currency	(7,085,044)	(1,195,924)	(870,594)	(677,547)	**(9,829,109)**
Total derivative exposure	**(5,045,430)**	**(740,023)**	**(755,360)**	**(345,639)**	**(6,886,452)**
Net exposure	**2,861,792**	**580,434**	**137,091**	**2,972,951**	**6,552,268**

Financial assets exposed to currency risk 30 June 2019					
Cash and cash equivalents	204,175	73,277	20,671	7,069	305,192
Interest bearing securities	2,653,071	855,210	1,219,104	1,034,808	5,762,193
Listed equities	924,357	137,983	81,092	595,125	1,738,557
Collective investment vehicles	852,920	41,768	-	-	894,688
Other investments	21,510	14,820	831	7,195	44,356
Receivables	59,168	3,904	868	2,373	66,313
Payables	(84,548)	(10,848)	(7,698)	(13,106)	(116,200)
Total physical exposure	4,630,653	1,116,114	1,314,868	1,633,464	8,695,099
Forward exchange contracts					
Buy foreign currency	1,102,601	326,347	26,437	182,833	1,638,218
Sell foreign currency	(4,912,955)	(1,283,496)	(1,332,196)	(1,026,280)	(8,554,927)
Total derivative exposure	(3,810,354)	(957,149)	(1,305,759)	(843,447)	(6,916,709)
Net exposure	820,299	158,965	9,109	790,017	1,778,390

Foreign currency sensitivity analysis

The sensitivity analysis table below demonstrates the impact on the operating result of a movement in the value of the AUD relative to the actual net exposures as at year end, with all other variables held constant.

Sensitivity by year	Risk variable	Change in risk variable	Net cost of services $'000
2020	**Exchange rate**	**+8.41%**	**803,421**
		-8.41%	**(803,421)**
2019	Exchange rate	+8.7%	291,826
		-8.7%	(291,826)

Other price risk

The investment funds are exposed to price risk arising from equity investments. The equity price risk is the risk that the value of the investment funds equity portfolio will decrease as a result of changes in the levels of equity indices and the price of individual stocks. The exposure to equity price risk at the reporting date was as follows:

30 June 2020	**$'000**
Domestic equities and managed investment schemes	1,535,659
International equities and managed investment schemes	3,753,935
Total equity price risk exposure	**5,289,594**

Equity derivative contracts

Equity futures are used to manage the exposure to equity price risk. The notional value and fair value of the open positions at the reporting date are set out in the following table.

30 June 2020	**Notional value $'000**	**Fair market value $'000**
Buy domestic equity futures contracts	3,830	17
Sell domestic equity futures contracts	(368,545)	(1,538)
Buy international equity futures contracts	490,196	2,461
Total equity derivative contracts	**125,481**	**940**

Equity price sensitivity analysis

The analysis below demonstrates the impact on the operating result of the following movements:

- +/- 20% on Australian equities
- +/- 15% on International equities

The sensitivity analysis has been performed to assess the direct risk of holding equity instruments. The analysis is undertaken on the base currency values of the underlying exposures.

Impact on operating results **30 June 2020**	**$'000**
20% increase in Australian equities	436,947
15% increase in International equities	1,289,081
Total	**1,726,028**
20% decrease in Australian equities	(436,957)
15% decrease in International equities	(1,289,125)
Total	**(1,726,082)**

C2.3.2 Liquidity risk

Liquidity risk is the risk that the investment funds will not be able to meet their obligations as they fall due. The investment funds must be in a position to meet the distribution payments required of it up to the amount periodically declared. This is managed by FFMA under the Short-term Liquidity Risk Policy which includes a short-term crash test which is applied to the portfolio of each investment fund to ensure they are able to meet their immediate cash flow obligations under a plausible but very severe market dislocation.

C2.3.3 Credit risk management

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time, or from losses arising from the change in value of a traded financial instrument as a result of changes in credit risk on that instrument. The Board sets limits on the credit ratings of debt investments when appointing investment managers. These limits are reflected in the underlying investment mandates and are monitored by FFMA with compliance reported to the Board. The investment funds maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the investment funds financial position.

Interest bearing securities issued by	**30 June 2020 $'000**	30 June 2019 $'000
Commonwealth Bank of Australia	**3,318,536**	8,525,941
Westpac Banking Corporation	**671,006**	2,756,847
National Australia Bank	**2,687,108**	4,110,034
Australia and New Zealand Banking Group	**3,835,059**	5,723,329
Total	**10,511,709**	21,116,151

As at 30 June 2020, the investment funds had an exposure of greater than 24% of its net assets to interest bearing securities issued by domestic banks and cash deposits held with banks. Exposures to domestic banks are identified in this table.

Credit exposure by credit rating

	30 June 2020 $'000	30 June 2019 $'000
Long-term rated securities		
AAA	**2,650,972**	3,017,691
AA	**8,961,491**	10,191,578
A	**5,835,081**	2,081,814
BBB	**837,920**	238,683
Below investment grade/not rated	**1,715,996**	711,778
Short-term rated securities		
A-1+	**11,006,669**	13,614,394
A-1	**58,748**	817,799
A-2	**-**	92,918
Other		
US Government Guaranteed	**425,431**	307,001
Total debt securities held	**31,492,308**	31,073,656
Other non-debt financial assets	**12,751,616**	6,035,504
Total financial assets	**44,243,924**	37,109,160

The investment funds use Moody's and Standard & Poors credit rating scales to report exposure to credit risk. The long term credit risk exposures range from 'AAA' (extremely strong capacity to meet financial commitments) to 'below investment grade/not rated'. The investments classified as below investment grade are held in debt mandates. This table provides information regarding the credit risk exposures of the debt instruments held by the investment funds at reporting date according to the credit ratings of the underlying debt instruments.

Credit risk derivatives

The investment funds managers utilise credit default swaps to gain exposure to, and to hedge, credit risk. The investment funds transact in credit default swaps in the form of centrally cleared over-the-counter contracts. Centrally cleared transactions are cash margined at least daily. Managers are required to fully cash back all sold credit protection positions. Outstanding positions are marked to market and collateralisation of out of the money positions is required by the central clearing exchange.

	Notional value 30 June 2020 $'000	**Fair market value 30 June 2020 $'000**
Buy credit protection	92,200	(1,284)
Sell credit protection	(88,974)	1,555
Total	**3,226**	**271**

The notional value of the open credit default swap positions, the impact on increasing or reducing credit exposures and their fair value are set out in this table.

C3 Superannuation

C3.1 Overview of schemes

Finance administers the following defined benefit superannuation schemes on behalf of the Australian Government:

- Commonwealth Superannuation Scheme (CSS), including the 1922 Scheme
- Public Sector Superannuation Scheme (PSS)
- Parliamentary Contributory Superannuation Scheme (PCSS)
- Governor-General Pension Scheme (G-GPS)
- Judges' Pensions Scheme (JPS)
- Federal Circuit Court Judges Death and Disability Scheme (FCCJDDS).

The CSS, PSS and PCSS are closed to new members.

Finance recognises an Administered liability for the present value of the Australian Government's expected future payments arising from the PCSS, JPS, G-GPS and FCCJDDS and the unfunded components of the CSS and PSS. These liabilities are based on an annual actuarial assessment. The funded components of these schemes are reported in the financial statements of the respective schemes. Finance also has the responsibility to record the Australian Government's transactions in relation to the above schemes.

Policy and measurement

Actuarial gains or losses are recognised in other comprehensive income (OCI) in the year in which they occur. Interest on the net defined benefit liability is recognised in the surplus/(deficit), the return on plan assets excluding the amount included in interest income is recognised in OCI.

Superannuation liabilities are calculated annually as the present value of future benefit obligations less the fair value of scheme assets. The rate used to discount future benefits is determined by reference to the government bond rate at the reporting date.

Amounts recognised in the Schedule of Comprehensive Income and Schedule of Assets and Liabilities

			Other				
	CSS	**PSS**	**PCSS**	**G-GPS**	**JPS**	**FCCJDDS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2020							
Revenues	56,830	1,107,327	378	-	-	-	**1,164,535**
Expenses	1,704,212	6,425,875	30,261	6,453	108,372	971	**8,276,144**
OCI	(1,274,833)	(4,398,397)	99,764	3,550	156,298	968	**(5,412,650)**
Liabilities	94,766,023	143,944,373	1,275,686	24,253	1,743,593	467	**241,754,395**
30 June 2019							
Revenues	70,520	1,121,948	536	-	-	-	1,193,004
Expenses	2,463,042	5,838,714	42,048	663	89,761	962	8,435,190
OCI	(13,766,260)	(31,832,327)	(223,591)	(1,918)	(309,215)	921	(46,132,390)
Liabilities	95,503,267	134,289,616	1,389,754	23,232	1,845,902	938	233,052,709

The expected employer productivity contributions for 2021 are: $7.6 million for the CSS and $150.2 million for the PSS (2020 actual: $8.9 million for the CSS and $157.2 million for the PSS).

C3.2 Scheme information

The funding arrangements for the various schemes:

Scheme	Funding arrangements
1922 Scheme	Unfunded. There are no longer any members contributing under this Act. Benefits are paid to members from the Consolidated Revenue Fund (CRF).
CSS and PSS	Partially funded. Contributions generally comprise basic member contributions and employer productivity (up to 3%) contributions. Benefits are paid to members from the CRF.
PCSS	Unfunded. Member contributions are a fixed percentage of: parliamentary allowance; salary for Ministers of State; and allowance by way of salary for office holders, which is paid into the CRF. Benefits are paid to members from the CRF.
G-GPS, JPS and FCCJDDS	Unfunded. Members are not required to contribute towards the cost of their benefit during their term of appointment. Benefits are paid to members from the CRF.

The nature of the benefits provided under the schemes:

Scheme	Benefits Paid
1922 Scheme	The benefit payable is a lifetime indexed pension (indexed in January and July in line with changes in the CPI). The payments and liabilities in respect of these members are included in the CSS amounts.
CSS	The types of benefits payable are a lifetime indexed pension (indexed in January and July in line with changes in the CPI), a lifetime non-indexed pension and a lump sum payment. The main retirement benefit is the employer-financed indexed pension that is calculated by a set formula based on a member's age, years of contributory service and final salary. Where a member has preserved their benefit in the scheme, when the benefit becomes payable the employer financed indexed pension is calculated by applying age-based factors to the amount of two and a half times the member's accumulated basic member contributions and interest. Member's basic contributions, employer productivity contributions and interest can be taken as a lump sum or an additional non-indexed lifetime pension. This benefit is determined by the value of contributions and investment returns, and in the case of the non-indexed pension by applying age-based factors.
PSS	The types of benefits payable are a lifetime indexed pension (indexed in January and July in line with changes in the CPI) and a lump sum payment. On retirement a lump sum benefit is payable which is calculated based on the member's length of contributory membership, their rate of member contributions and final average salary (average of a member's superannuation salary on their last three birthdays). Where a member preserves their benefit in the scheme, generally the member's lump sum benefit at that time is crystallised with the funded component of the benefit accumulating with interest and the unfunded component accumulating with changes in the CPI, until the benefit becomes payable. Generally members can convert 50% or more of their lump sum to a lifetime indexed pension. The indexed pension is calculated by applying age-based factors to the amount of the lump sum to be converted to a pension.
PCSS	The benefit payable is a lifetime pension or lump sum depending on length of service and additional offices held. Where a retiring member has sufficient parliamentary service to meet the pension qualification period for a lifetime pension (which is payable as set out in the Act), pension benefits are expressed as a percentage of the superannuation salary applicable for the PCSS and are indexed by movements in that superannuation salary.

	A PCSS member who qualifies for a pension can also elect to convert up to half of their benefit to a lump sum. Lump sum benefits are payable to PCSS members who do not have sufficient parliamentary service to qualify for a lifetime pension.
G-GPS	The benefit payable is a lifetime pension equal to 60% of the salary of the Chief Justice of the High Court of Australia. There is no minimum qualification period.
JPS	The benefit payable is a lifetime pension equal to 60% of the judicial salary, payable where a judge has 10 or more years' service and is 60 years of age or older. Provisions are made for part pension (pro-rated based on length of service) where a judge retires on reaching the maximum retirement age with at least 6 years but less than 10 years service.
FCCJDDS	Federal Circuit Court Judges who retire due to permanent disability are provided with a pension equal to 60% of the salary the Judge would have received if they had not retired, and is payable until the earlier of the Judge attaining age 70, or his/her death. In addition, a Judge continues to receive employer superannuation contributions in respect of this pension until they reach age 65.

Generally, benefits may also be payable to any surviving eligible spouse and children on the death of a member or pensioner.

Regulatory Framework

The following table details the enabling legislation for each of the individually disclosed defined benefit schemes and whether the scheme must comply with the requirements of the *Superannuation Industry (Supervision) Act 1993,* as well as a number of other Acts.

Scheme	Enabling Act	Period open to new members	Regulatory requirement
CSS	*Superannuation Act 1976*	1 July 1976 to 30 June 1990	Compliance with the *Superannuation Industry (Supervision) Act 1993* required for these schemes.
PSS	*Superannuation Act 1990*	1 July 1990 to 30 June 2005	
1922 Scheme	*Superannuation Act 1922*	1 July 1922 to 30 June 1976	These schemes are exempt from *Superannuation Industry (Supervision) Act 1993*.
PCSS	*Parliamentary Contributory Superannuation Act 1948*	Up to 8 October 2004	
G-GPS	*Governor-General Act 1974*	To present	
JPS	*Judges' Pensions Act 1968*	To present	
FCCJDDS	*Federal Circuit Court of Australia Act 1999*	To present	

Governance

The Commonwealth Superannuation Corporation (CSC) was established under the *Governance of Australian Government Superannuation Schemes Act 2011* and is the trustee for the CSS and PSS. CSC is responsible for:

- providing administration services for each scheme
- management and investment of scheme assets
- compliance with superannuation taxation and other applicable laws
- compliance with relevant legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC is supported by a custodian and other specialist providers.

The PCSS is administered by Finance on behalf of the Minister for Finance. The Parliamentary Retiring Allowances Trust (the Trust) has responsibility for matters where discretion has been given under the *Parliamentary Contributory Superannuation Act 1948*. The Trust consists of five trustees - the Minister for Finance (or a Minister authorised by the Minister for Finance) who is the presiding trustee, plus two Senators and two Members of the House of Representatives appointed by their respective Houses.

The enabling Acts for the 'other' defined benefit superannuation schemes confer certain powers to the Secretary of Finance in relation to administration of each scheme. Day-to-day administration of the schemes is undertaken by Finance.

C3.3 Risks and assumptions

The schemes are exposed to interest rate risk, investment risk, longevity risk and salary risk. The following pages identify and explain the amounts reported in these financial statements and detail the principal actuarial assumptions underpinning each of the major schemes, including an analysis of the sensitivity of changes in these assumptions to the amounts reported in the financial statements.

Composition of scheme assets

The fair value of scheme assets for CSS and PSS at 30 June 2020 is $20.8 billion (30 June 2019 was $21.8 billion). The assets are diversified in the following sectors:

	CSS	PSS
Australian equities	22%	23%
International equities	25%	26%
Private capital	6%	7%
Property and infrastructure	11%	12%
Corporate bonds	7%	7%
Alternative strategies	10%	10%
Cash and sovereign bonds	19%	15%

This includes $5.8 million (2019: $361.3 million) of Australian Government bonds.

Key judgements and estimates

CSS, PSS, and PCSS
Assumptions have been made regarding rates of retirement, death (for active, preserved and pension members), mortality improvements, invalidity, resignation, retrenchment, retention and take up rates of pensions in the scheme. Assumptions have also been made for the ages of spouses and rates of member contributions. These assumptions are consistent to those used within the 2017 LTCRs.

Membership data as at 30 June 2019 has been rolled forward to 30 June 2020 by making allowance for estimated investment earnings, contributions, salary increases, benefit payments and benefit accruals, using the actuarial assumptions from the LTCRs where other information is not available. The defined benefit obligation calculated is based on the rolled forward membership data that was then adjusted to reflect the difference between expected benefit payments and actual benefit payments to 30 June 2020.

The fair value of scheme assets as at 30 June 2020 (CSS and PSS only) were estimated using the unaudited net scheme assets available to pay benefits at 31 May 2020 rolled forward to 30 June 2020 with cash flow items provided by the CSC. An estimate of the actual rate of investment return earned by the scheme during June 2020 was used in determining the fair value of scheme assets.

Other Schemes (G-GPS, JPS and FCCJDDS)
Membership data as at 31 May 2020 has been rolled forward to 30 June 2020. Other actuarial assumptions are consistent to those used within the LTCRs.

Key actuarial assumptions

The key actuarial assumptions for the defined benefit obligation are set out in the table below:

	CSS	PSS	Other
Discount rate	1.4%	1.7%	1.7%
Salary growth rate up to June 2024	2.0%	2.0%	2.0%
Salary growth rate from July 2024	3.5%	3.5%	4.0%
Expected pension increase rate	1.7%	1.7%	2.0%
Maturity profile (years)	14.0 (CSS 1976)	22.1	16.4 (PCSS)
	8.1 (CSS 1922)		11.2 (G-GPS)
			15.3 (JPS)
			0.5 (FCCJDDS)

Process used to determine actuarial assumptions

Discount rate	The relevant Australian Government Treasury Bond rates were used for the calculation of defined benefit obligation.
Salary growth rate	For the CSS and PSS the short-term rate use is based on the government's current workplace bargaining policy plus assumed promotional increases. The long-term rate thereafter is determined by taking into consideration the duration of the salary linked liabilities, economy-wide wage growth, productivity growth and inflationary expectations plus assumed promotional increases. The assumed rate for future salary increases has been determined having regards to the average expected long-term outlook for the national wage inflation. The long-term rates are consistent with those used in the LTCRs for the schemes.
Expected pension increase rate	For the CSS and PSS pensions are increased in line with changes in the CPI. For Other Schemes the assumed rate for the pension increases has been determined having regards to the average expected long-term outlook for the national wage inflation.
Maturity profile	This reflects the weighted average duration of each schemes defined benefit obligation as at 30 June.

Sensitivity analysis for significant actuarial assumptions

Finance has conducted a sensitivity analysis to quantify the impact of changes in the key underlying assumptions on the defined benefit obligation. The defined benefit obligation has been recalculated by changing the assumptions as outlined below, whilst retaining all other assumptions.

Assumption	Movement	CSS $'000	PSS $'000	Other $'000
Discount rate[1]	+ 0.5%	(6,326,468)	(16,002,021)	(226,657)
	- 0.5%	7,058,715	18,603,473	255,095
Salary growth rate	+ 0.5%	86,878	3,169,450	241,855
	- 0.5%	(82,238)	(2,978,817)	(217,666)
Pension increase rate	+ 0.5%	5,632,507	13,038,907	n/a
	- 0.5%	(5,130,752)	(11,637,930)	n/a

[1] An increase in the discount rate between financial years generates a decrease in the defined benefit obligation and a gain in OCI. Conversely, a decrease in the discount rate between financial years causes an increase in the defined benefit obligation and a loss to OCI.

C3.4 Superannuation Schemes

	30 June 2020				30 June 2019			
	CSS	**PSS**	**Other**	**Total**	CSS	PSS	Other	Total
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Reconciliation of the present value of the defined benefit obligation								
Value at beginning of the year	97,774,221	153,837,624	3,259,826	**254,871,671**	85,515,007	116,390,016	2,691,057	204,596,080
Current service cost	114,223	3,891,640	85,106	**4,090,969**	115,268	2,842,106	51,543	3,008,917
Interest expense	1,625,097	2,900,439	60,951	**4,586,487**	2,418,143	3,575,243	81,891	6,075,277
Contribution from scheme participants	29,960	536,665	-	**566,625**	36,719	524,331	-	561,050
Productivity contribution	8,931	157,180	-	**166,111**	11,131	167,236	-	178,367
Actuarial losses/(gains) in liabilities arising from:								
Changes in financial assumptions	1,585,136	3,333,201	(125,464)	**4,792,873**	13,862,530	31,875,054	540,946	46,278,530
Liability experience	(351,631)	604,088	(135,116)	**117,341**	(56,902)	726,046	(7,143)	662,001
Benefits paid	(4,135,163)	(2,388,383)	(101,304)	**(6,624,850)**	(4,125,905)	(2,237,026)	(98,468)	(6,461,399)
Taxes, premiums and expenses paid	(1,376)	(23,263)	-	**(24,639)**	(1,770)	(25,382)	-	(27,152)
Closing value of the defined benefit obligation	**96,649,398**	**162,849,191**	**3,043,999**	**262,542,588**	97,774,221	153,837,624	3,259,826	254,871,671
Reconciliation of the fair value of plan assets								
Value at beginning of the year	2,270,954	19,548,008	-	**21,818,962**	2,619,759	18,909,288	-	21,529,047
Interest income	35,108	366,204	-	**401,312**	70,369	578,635	-	649,004
Actual return on scheme assets less interest income	(41,328)	(461,108)	-	**(502,436)**	39,368	768,773	-	808,141
Contribution from scheme participants	29,960	536,665	-	**566,625**	36,719	524,331	-	561,050
Productivity contribution	8,931	157,180	-	**166,111**	11,131	167,236	-	178,367
Net appropriation from the CRF	3,716,289	1,169,515	101,304	**4,987,108**	3,621,283	862,153	98,468	4,581,904
Benefits paid	(4,135,163)	(2,388,383)	(101,304)	**(6,624,850)**	(4,125,905)	(2,237,026)	(98,468)	(6,461,399)
Taxes, premiums and expenses paid	(1,376)	(23,263)	-	**(24,639)**	(1,770)	(25,382)	-	(27,152)
Closing fair value of plan assets	**1,883,375**	**18,904,818**	**-**	**20,788,193**	2,270,954	19,548,008	-	21,818,962
Closing value of the net defined benefit liability	**94,766,023**	**143,944,373**	**3,043,999**	**241,754,395**	95,503,267	134,289,616	3,259,826	233,052,709

The fair value of CSS and PSS scheme assets relates to investments in the Pooled Superannuation Trust (PST).

D. Operating Resources

This section provides further information about major expenses, revenue, assets and liabilities held or administered by Finance, significant estimates and judgements made and the management of risk in relation to these items.

D1 Supplier expenses

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Communication and information technology	**57,121**	51,018	**31,112**	27,358
Consultants and contractors	**38,827**	28,184	**507**	17
Domestic property portfolio expenses	**32,541**	34,481	**-**	-
General supplier expenses	**29,292**	17,937	**26,497**	22,323
Office expenses	**-**	-	**34,630**	44,926
Superannuation administration costs	**-**	-	**8,936**	9,043
Master media agency services	**10,937**	9,483	**-**	-
Property operating expenses	**4,526**	3,942	**15,883**	12,619
Training	**3,004**	3,505	**-**	-
Travel	**1,243**	1,591	**-**	-
Operating lease rentals	**-**	14,154	**-**	42,381
Total supplier expenses	**177,491**	164,295	**117,565**	158,667

D2 Own source revenue

D2.1 Rental Income

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Operating lease income	**76,475**	76,234	**-**	-
Subleasing right-of-use assets	**2,052**	3,067	**-**	-
Total rental income	**78,527**	79,301	**-**	-

Lease income commitment receivables (including GST):

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Domestic property portfolio rent receivable	**798,796**	799,830	**-**	-
Subleasing rent receivable	**-**	7,700	**-**	-
Total commitments receivable	**798,796**	807,530	**-**	-
By maturity:				
Within one year	**71,069**	71,752	**-**	-
One to two years	**71,604**	73,284	**-**	-
Two to three years	**73,233**	73,102	**-**	-
Three to four years	**73,601**	74,051	**-**	-
Four to five years	**75,153**	71,550	**-**	-
More than five years	**434,136**	443,791	**-**	-
Total commitments receivables	**798,796**	807,530	**-**	-

D2.2 Contracts with customers

Policy and measurement

Revenue from contracts with customers mainly relates to goods and services that Finance provides to other Australian Government entities in delivering Finance's outcomes. Revenue is recognised when control has transferred to the customer at the transaction price to which Finance expects to be entitled in exchange for transferring promised goods or services. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

Information about Finance's revenue from contracts with customers and performance obligations is summarised below:

Transforming government
Revenues include annual subscriptions to the Parliamentary Document Management System to support ministerial level correspondence, briefings and submissions; parliamentary questions on notice; senate estimates briefings and questions on notice; executive level communications; and general communication and media enquiries. Fees are change annually in advance with performance obligations satisfied over time in line with consumption of the service.

Property and construction
Revenues are primarily attributable to services charged on a cost recovery basis or contractual rights provided. Performance obligations are satisfied over time consistent with the consumption of resources. Payment may include amounts received in advance or on completion depending on the service provided.

Service Delivery Office
The Service Delivery Office (SDO) provides management and project shared services for human resources, financial operations, and support of Enterprise Resource Planning systems to enable entities to focus on their core business.

Management services are specified for each customer service and charged on a per unit price basis. Fees for each service are estimated based on the customer's consumption for the following 12 month period, invoiced quarterly in advance with adjustments for actual experience performed each month. Performance obligations are satisfied over time consistent with the expected consumption and adjustments for actual experience.

Project services are charged as a fixed fee with price variations above or below five percent subject to agreement by both parties. Performance obligations are attributed to the specified deliverable in the statement of work. The customer pays a deposit equal to 50 percent of the transaction price, recognised as a contract liability until earned, with the balance payable on completion. Revenue is recognised over time as the SDO's performance does not create an asset with an alternate use, and is entitled to payment for its performance completed. The SDO measures its progress towards complete satisfaction of the performance obligation on the basis of an input model, such as actual costs incurred (generally labour hours) or a scheduled performance indicator as appropriate. Where actual costs is used, the completion percentage is tested with the project manager for impairment. Revenue recognised in excess of the 50 percent deposit is recognised as a contract asset until invoiced.

Technology and procurement
Revenues include whole of government coordinated procurement arrangements and information and communication technology services.

Coordinated procurement arrangements (facilitated through the Coordinated Procurement Contracting Special Account) are established for commonly used goods or services by Australian Government entities including travel, campaign evaluation and market research, government advertising, major office machines equipment and support, motor vehicle leasing, stationary and office supplies. Administration fees are received from suppliers for participant entities accessing the services. The performance obligations are satisfied upon delivery of the service and payment generally due within 30 to 90 days from delivery.

Information and communication technology mainly includes GovCMS and GovTEAMS subscription services. Fees are payable in advance with performance obligations satisfied over time in line with the consumption of the service.

Ministerial and Parliamentary Services
Revenues substantially comprise information and telecommunication services including the Intra-government Communications Network (ICON), Ministerial Communications Network, National Telepresence System and COMCAR driver services.

Information and telecommunication services are charged to agencies for connection, consumption, decommissioning and annual memberships. Performance obligations for connection and decommissioning services are satisfied when the associated action is complete and payment is due. Membership fees are charged up to 12 months in advance with the performance obligations satisfied over the subscription period.

Performance obligations for COMCAR and associated ground transport services are satisfied at the time of delivery, with payment generally due within 30 to 60 days.

Disaggregation of revenue from contracts with customers

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Program				
Technology and procurement	**29,037**	29,150	**-**	-
Service Delivery Office	**26,656**	21,200	**-**	-
Ministerial and Parliamentary Services	**5,730**	9,114	**5,652**	3,061
Transforming government	**5,633**	4,747	**-**	-
Property and construction	**5,151**	5,802	**-**	-
Other	**2,597**	3,459	**-**	-
Total contracts with customers	**74,804**	73,472	**5,652**	3,061

D3 Financial instruments

Policy and measurement

Financial assets

Financial assets are classified in the following categories:

- Financial assets measured at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVPL).

The classification is based on Finance's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when Finance 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
Includes cash and cash equivalents which are readily convertible to cash, trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market. Amortised cost is determined using the effective interest rate.

Impairment is assessed at the end of the reporting period using the simplified approach for trade and other receivables which measures the loss allowance as the amount equal to the lifetime credit losses.

Income is recognised on an effective rate basis.

Financial assets at FVOCI
Includes designated equity investments in Commonwealth entities and companies which are not held for trading. Any gains or losses as a result of a fair value measurement or recognition of an impairment loss allowance are recognised in other comprehensive income.

Financial assets at FVPL
Includes financial assets that are not classified as financial assets at amortised cost or at FVOCI (i.e. mandatorily held at FVPL) and is generally held for trading. Any gains or losses as a result of a fair value measurement are recognised through profit and loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVPL or at amortised cost. Financial liabilities are recognised and derecognised upon trade date.

Financial liabilities at amortised cost
Includes suppliers and other payables with a fixed or determinable amount to be paid that are not quoted in an active market. Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at FVPL
Includes derivatives held by the investment funds. Financial liabilities are initially measured at fair value with subsequent adjustments recognised in profit and loss.

D3.1 Categories of financial instruments

		Departmental		Administered	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note ref	**$'000**	$'000	**$'000**	$'000
Financial Assets					
Financial assets measured at amortised cost					
Cash and cash equivalents					
OPA balance	H2	**-**	-	**3,497,598**	2,405,081
Operating cash balance		**1,144**	10,616	**187**	2,891
Special account cash held by Finance	F3.1	**1,636**	4,807	**-**	-
Special account cash held in OPA	F3.1	**903,273**	706,038	**-**	-
Trade and other receivables					
Contract assets		**4,601**	5,290	**-**	15
Contract receivables		**7,203**	20,040	**1,225**	915
Other		**7,641**	1,977	**293**	1,270
Investment funds	C2.2	**-**	-	**10,022,255**	10,229,383
State and territory government loans		**-**	-	**118,831**	126,152
Total financial assets measured at amortised cost		**925,498**	748,768	**13,640,389**	12,765,707
Financial assets designated at FVOCI					
Commonwealth entities and companies		**-**	-	**1,570,611**	1,188,009
Total financial assets designated at FVOCI		**-**	-	**1,570,611**	1,188,009
Financial assets measured at FVPL					
Investment funds	C2.2	**-**	-	**34,221,669**	26,879,777
Total financial assets measured at FVPL		**-**	-	**34,221,669**	26,879,777
Total financial assets		**925,498**	748,768	**49,432,669**	40,833,493
Financial Liabilities					
Financial liabilities measured at amortised cost					
Trade creditors and accruals		**38,372**	35,749	**14,776**	12,707
Investment funds	C2.2	**-**	-	**132,927**	129,906
OPA overnight cash payable	H2	**-**	-	**2,029,429**	1,803,516
Lease liabilities[1]		**-**	1,022	**-**	-
Total financial liabilities measured at amortised cost		**38,372**	36,771	**2,177,132**	1,946,129
Financial liabilities measured at FVPL					
Investment funds	C2.2	**-**	-	**166,652**	85,390
Total financial liabilities measured at FVPL		**-**	-	**166,652**	85,390
Total financial liabilities		**38,372**	36,771	**2,343,784**	2,031,519

[1] Finance lease under AASB 117.

D3.2 Fair value information by financial asset class

The following table sets out the fair value, valuation techniques and inputs used for Administered financial instruments. The techniques used to value financial instruments have not changed during the year.
Financial instruments have been valued using inputs under the following fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Finance can access at measurement date
- Level 2: observable inputs that are derived from prices in active markets
- Level 3: inputs that are not observable and involve significant judgement.

Fair value measurements at the end of the reporting period

				Administered	
				30 June	30 June
		Inputs	**Valuation**	**2020**	2019
	Level	**used**	**technique**	**$'000**	$'000
Financial assets					
State and territory government loans	2	N/A	Income approach	**217,149**	219,654
Investments in CECs	3	NET	Cost approach	**1,242,342**	901,201
Investments in CECs	3	WACC	Income approach	**328,269**	286,808
Investment funds					
Other investments	1	NET	Market approach	**6,631,244**	2,316,674
Derivative assets	1	NET	Market approach	**8,601**	-
Interest bearing securities	2	N/A	Price Index[1]	**21,412,370**	21,642,238
Derivative assets	2	N/A	Market approach	**584,819**	48,764
Other investments	3	NET	Market approach	**5,314,360**	2,697,583
Interest bearing securities	3	NET	Market approach	**138,183**	150,809
Derivative assets	3	NET	Market approach	**4**	-
Total financial assets				**35,877,341**	28,263,731
Financial liabilities					
Investment funds - derivative liabilities	1	NET	Market approach	**10,237**	-
Investment funds - derivative liabilities	2	N/A	Market approach	**156,415**	85,390
Total financial liabilities				**166,652**	85,390

[1] Price Index values based on observable market data relating to prices, industry accepted pricing models and broker/dealer quotes.

Key judgements and estimates

Loans to state and territory governments
Concessional loan balances receivable from states and territories are measured at amortised cost and no security is held for these. Repayments are based on a reducing balance method. The amortised cost differs from the fair value disclosed in Note D3.2.

Investments in Commonwealth entities and companies (CECs)
CECs are wholly owned by the Commonwealth and managed by Finance on behalf of the Commonwealth. CECs are not controlled by Finance and have been reported as investments and measured at FVOCI. The following are details of Finance's CECs:

- CSC is a trustee and administrator of the Commonwealth superannuation schemes. The value of CSC has been measured using the net assets (NET) reported in its financial statements. A change in the net assets would result in an equal change in reported fair value.
- Australian Naval Infrastructure Pty Ltd (ANI) is a Commonwealth Company that is prescribed as a Government Business Enterprise (GBE). ANI's primary objective is to support the Commonwealth's naval shipbuilding program through acquiring, holding, managing and developing critical infrastructure and related facilities used in connection with this program. ANI is currently redeveloping the Osborne Naval Shipyard and will establish access arrangements with naval shipbuilding prime contractors in due course. The value of ANI has been measured using the net assets reported in its financial statements. A change in the net assets would result in an equal change in reported fair value.
- ASC Pty Ltd (ASC) is a Commonwealth Company that is prescribed as a GBE. ASC is responsible for the ongoing sustainment of the Collins Class submarine fleet and provides submariner-training services to the Royal Australian Navy. ASC is also responsible for the Hobart Class Air Warfare Destroyer (AWD) program – as part of the AWD Alliance – and delivery of the first two Arafura Class Offshore Patrol Vessels. The value of ASC has been measured using the estimated future cash flows of the company sourced from the 2019-24 Corporate Plan, discounted using a weighted average cost of capital (WACC). The WACC is calculated using inputs derived from either professional judgement or observable historical market data of comparable entities. The impact of WACC changes is included in the Market Risk analysis at Note D4.1.

  ASC Shipbuilding Sovereign Share
  In December 2018, ASC Shipbuilding (which was a wholly owned subsidiary of ASC) was transferred by the Commonwealth to BAE Systems Australia Limited (BAE Systems) to support delivery of the Hunter Class Frigate program and develop sovereign naval shipbuilding capability that will be capable of independently designing, developing and leading the construction of complex, large naval warships. The Commonwealth retains a sovereign share in ASC Shipbuilding that provides a number of protective rights, whilst ensuring that BAE Systems is fully responsible and accountable for the delivery of the frigates. The Commonwealth also has a call option to re-purchase the ordinary shares in ASC Shipbuilding from BAE Systems at the end of the contract for a nominal amount. Together, the sovereign share and call option ensure the retention in Australia of intellectual property, a highly skilled workforce and the associated equipment at the end of the program. For accounting purposes, the sovereign share and call option are recognised at nil fair value.

Movements of recurring level 3 financial assets

	Administered	
	30 June 2020 $'000	30 June 2019 $'000
Opening balance of investments in CECs	**1,188,009**	904,868
Equity injections	**320,751**	301,450
Total gains/(losses) recognised in other comprehensive income	**61,851**	(18,309)
Closing balance of investments in CECs	**1,570,611**	1,188,009
Opening balance of investment funds - financial assets at FVPL	**2,848,392**	2,428,853
Purchase	**3,318,631**	839,906
Sales	**(627,853)**	(457,605)
Transfers into level 3	**24,688**	217
Total gains/(losses) recognised in net cost of services	**(58,713)**	44,524
Transfers out of level 3	**(52,598)**	(7,503)
Closing balance of investment funds - financial assets at FVPL	**5,452,547**	2,848,392

D3.3 Net gains or losses on financial assets

		Departmental		Administered	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note ref	**$'000**	$'000	**$'000**	$'000
Financial assets at amortised cost					
Interest revenue earned on:					
OPA deposits		**-**	-	**8,160**	15,258
State and territory government loans		**-**	-	**13,171**	13,893
Other		**12**	-	**-**	-
Impairment of financial assets		**-**	(31)	**(2)**	(4)
Net gains/(losses) on financial assets at amortised cost		**12**	(31)	**21,329**	29,147
Financial assets at FVOCI					
Dividends		**-**	-	**10,600**	26,900
Gains/(losses) on Commonwealth entities and companies	D3.2	**-**	-	**61,851**	(18,309)
Net gains/(losses) on financial assets at FVOCI		**-**	-	**72,451**	8,591
Financial assets measured as FVPL					
Investment funds					
Interest	C2.1	**-**	-	**119,148**	192,796
Dividends and distributions	C2.1	**-**	-	**123,636**	250,404
Gains on financial investments	C2.1	**-**	-	**924,129**	897,361
Foreign exchange losses	C2.1	**-**	-	**(546,348)**	(271,078)
Net gains/(losses) on financial assets at FVPL		**-**	-	**620,565**	1,069,483
Net gains/(losses) on financial assets		**12**	(31)	**714,345**	1,107,221

D4 Managing financial risk

Finance is generally exposed to a low level of risk in relation to its financial instruments with the exception of the investment funds which are exposed to a moderate level of risk commensurate with the types of financial instruments held and the markets in which those instruments are traded. These risks are discussed as part of the investment funds (Note C2). Non-investment fund risks are discussed below.

D4.1 Market risk

Market risk refers to the risk that a change in market parameters will impact on assets held by Finance. Other than balances held by the investment funds, investments in CECs and the OPA which are exposed to interest rate risk and foreign currency risk, Finance holds basic financial instruments that are not exposed to market risks. The following table discloses market risks in relation to the OPA and investments in CECs. Disclosures in relation to the investment funds are included as part of Note C2.3.1.

Sensitivity analysis of interest rate risk exposure

			Effect on	
30 June 2020	**Risk variable**	**Change in risk variable %**	**Surplus/ (deficit) $'000**	**Equity $'000**
Overnight cash deposits with the RBA	**Deposit rate**	**+0.09%**	**2,445**	**-**
		-0.09%	**(2,167)**	**-**
Investments in CECs	**Discount rate**	**+0.09%**	**-**	**2,100**
		-0.09%	**-**	**(2,000)**
30 June 2019				
Overnight cash deposits with the RBA	Deposit rate	+0.2%	2,481	-
		-0.2%	(2,481)	-
Investments in CECs	Discount rate	+0.2%	-	2,271
		-0.2%	-	(2,231)

D4.2 Liquidity risk

Liquidity risk is the risk that an entity will be unable to pay its debts when they fall due. As Finance is appropriation funded, the risk of not meeting its obligations associated with financial liabilities is highly remote. Internal policies and procedures are also in place to ensure there are appropriate resources available to meet obligations. Credit terms for goods and services are payment within 30 days. Disclosures in relation to the investment funds are included as part of Note C2.3.2.

D4.3 Credit risk

Credit risk is the risk that entities owing debts to Finance will not pay those debts as and when they fall due. Finance is exposed to a moderate level of credit risk in relation to the investment fund's assets; all other financial assets are considered to be low risk. Trade and other receivables (excluding state and territory government loans) have standard 30 day terms. Additional disclosures for the investment funds credit risk are included in Note C2.3.3.

D5 Non-financial assets

Non-defence domestic property portfolio

Finance manages a diverse portfolio of approximately 70 non-defence Commonwealth-owned properties in Australia. The portfolio includes office buildings, law courts, special purpose facilities, heritage assets, vacant land, contaminated sites and major capital works projects under construction.

Properties held for investment purposes are predominately leased to other Australian Government entities with rental income recognised systematically over the period of the lease. Where these properties operate in an active rental market, a competitive neutrality charge is applied to cover indirect taxes such as payroll tax, council rates, stamp duty, land tax and income tax which is paid to the OPA.

Surplus funds arising from property operations and divestment proceeds are paid to the OPA in the following financial year as a return of equity.

Policy and measurement

Non-financial assets (excluding assets held for sale) are not expected to be sold or realised within the next 12 months.

Asset recognition threshold

Purchases of property, plant and equipment and intangibles are recognised where they meet an individual asset recognition threshold of $5,000. All purchases under this threshold are expensed in the year of acquisition, other than when they form part of a group of similar items which are significant in total in which case they are recognised on a group basis. The recognition and measurement policy for each asset class is outlined below:

Asset class (includes work in progress)	Initial Recognition	Subsequent Recognition	Revaluation Frequency	Fair value measured at
Land	At cost	Fair value	Assessed annually by management to determine whether it is likely that the carrying amount is materially different from fair value. If likely, revaluations are conducted by independent valuers and revaluation adjustments are made on a class basis.	Market selling price or discounted cash flows
Buildings				Market selling price, discounted cash flows or current replacement cost
Leasehold improvements				Current replacement cost
Infrastructure, plant and equipment				Market selling price or current replacement cost
Investment property	At cost, except where acquired at nominal cost, then fair value	Fair value	Annually	Market selling price or discounted cash flows
Intangibles (including internally developed and externally acquired software)	At cost	Cost less accumulated amortisation and accumulated impairment losses	N/A	N/A
Right-of-use assets	At cost	Cost less accumulated amortisation and accumulated impairment losses	N/A	N/A

Revaluations

Revaluation adjustments are made on a class basis. For property, plant and equipment, revaluation increments are credited to equity under the heading of asset revaluation reserve except to the extent it reverses a previous revaluation decrement of the same asset class that was 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 reversed a previous revaluation increment for that class.

Gains or losses arising from changes in the fair value of investment property are recognised in the surplus/(deficit) in the year in which they arise.

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.

Decontamination, restoration and decommissioning costs
Obligations relating to the dismantling, removal, remediation and restoration are recognised in the cost of property, plant and equipment where reliably estimated, with a corresponding provision for remediation costs.

There are also a small number of properties with potential remediation issues that are currently subject to further investigation. A provision is recognised for remediation of these properties only when there is agreement from Government that Finance will meet the costs of the remediation, the liability can be reliably measured and the funding is legally available.

Depreciation/amortisation
Depreciable assets are written down to their estimated residual values over their estimated useful lives using 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 and future reporting periods as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2020 and 2019 (no change)
Buildings on freehold land	3 to 100 years
Leasehold improvements	Lesser of useful life or lease term
Intangibles	3 to 7 years
Infrastructure, plant and equipment	1 to 45 years
Right-of-use	Lesser of useful life or lease term

Assets held for sale
Assets held for sale includes properties that have been fully prepared for sale, are being actively marketed at fair value and are likely to settle within the next 12 months. Also included are properties that are currently under offer or contract (contract issued or exchanged but not yet settled) as at the end of the reporting period. These properties are valued at the lower of carrying amount and fair value less costs to sell.

Right-of-use assets
Right-of-use 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 disclosed separately from owned assets in the Statement of Financial Position and the Schedule of Administered Assets and Liabilities with details by class of underlying asset disclosed in Note D5.2.

On initial adoption of AASB 16, Finance has adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right-of-use asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use asset that is impaired.

Right-of-use assets continue to be measured at cost after initial recognition.

Initial application of AASB 16 Leases

Finance adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, it is presented as previously reported under AASB 117 and related interpretations.

Finance applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- No re-assessment of whether a contract is, or contains a lease, as at the date of initial application
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application
- Reliance on previous assessments on whether leases are onerous applying AASB 137 *Provision, Contingent Liabilities and Contingent Assets* as an alternative to preparing an impairment review
- Use of hindsight in applying AASB 16 on existing leases.

On adoption of AASB 16, Finance recognised right-of-use assets and lease liabilities in relation to:

- leases of office accommodation, data centres and vehicles for Finance business operations (Departmental)
- leases of office accommodation for parliamentarians, former prime ministers, Commonwealth parliamentary offices and COMCAR depots (Administered)
- leases of equipment for parliamentarians and former prime ministers
- vehicle leases for COMCAR operations (Administered)

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019. The incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.5%.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact of transition

On transition to AASB 16, Finance recognised additional right-of-use assets, additional lease liabilities and adjusted retained earnings for the removal of lease incentives and straight-lining provisions. The impact is summarised below:

	Departmental	Administered
	1 July 2019 $'000	**1 July 2019 $'000**
Right-of-use assets - property, plant and equipment	**470,478**	**287,089**
Lease liabilities	**469,884**	**287,209**
Retained earnings	**32,737**	**2,716**

Reconciliation of operating lease commitments to opening lease liabilities

The following table reconciles minimum lease commitments disclosed in the 2018-19 annual financial statements to the amount of lease liabilities recognised on 1 July 2019.

	Departmental	Administered
	1 July 2019 $'000	**1 July 2019 $'000**
Operating lease commitment at 30 June 2019 (GST inclusive)	**334,250**	**151,159**
Less: GST	**(30,386)**	**(12,200)**
Operating lease commitments (GST exclusive)	**303,864**	**138,959**
Leases not reported as commitments	**99**	**4,144**
Effect of extension options reasonably certain to be exercised	**300,690**	**165,800**
Effect of discounting using the incremental borrowing rate as at the date of initial application	**(135,791)**	**(21,694)**
Lease liabilities from operating lease commitments	**468,862**	**287,209**
Existing finance lease	**1,022**	**-**
Total lease liabilities recognised at 1 July 2019	**469,884**	**287,209**

Key judgements and estimates

Valuation of non-financial assets

Independent valuations are obtained annually for all land, buildings and investment property with the exception of select low value properties which are internally valued. Where possible, assets are valued based upon observable inputs to the extent available. Where this information is not available, valuation techniques rely on unobservable inputs.

For land and buildings, the valuations include calculations of estimated market cash flows which are adjusted to take into account physical, economic and external factors such as sale prices of comparable assets, replacement cost, expected useful life and adjustments for obsolescence.

For investment property, judgements include income and expenditure, as well as average vacancy periods and costs of establishing a new tenant, as leases become due for renewal and properties become vacant.

Some properties within the portfolio are subject to remediation or have heritage value and this is taken into account by the valuer in assessing the market value of the property.

There are a small number of properties where the highest and best use differs from the current use. While the fair values for these properties have been measured in the financial statements using the highest and best use for each, they are not being utilised at their highest and best use as Finance is not in the business of property development.

Leasehold improvements and plant and equipment is subject to a formal independent valuation at least once every three years dependent upon an annual risk assessment. In years where a formal valuation is not undertaken, assets are subject to a desktop review. An independent valuation in relation to leasehold improvements and plant and equipment was undertaken as at 30 June 2020.

Finance reviews all reports received from independent valuers to ensure valuations align with its own assumptions and understanding of the respective assets and their circumstances.

D5.1 Property, infrastructure, plant and equipment and intangibles

	Departmental						
Owned assets	Land $'000	Buildings $'000	Leasehold improvements $'000	Investment property $'000	Plant and equipment $'000	Intangibles[1] $'000	Total $'000
As at 1 July 2019							
Gross book value	129,850	361,983	28,120	78,236	35,790	196,329	**830,308**
Accumulated depreciation, amortisation and impairment	-	-	(4,216)	-	(17,181)	(94,863)	**(116,260)**
Total as at 1 July 2019	**129,850**	**361,983**	**23,904**	**78,236**	**18,609**	**101,466**	**714,048**
Adjustment on initial application of AASB 16	-	-	-	-	(1,616)	-	**(1,616)**
Adjusted total as at 1 July 2019	**129,850**	**361,983**	**23,904**	**78,236**	**16,993**	**101,466**	**712,432**
Additions	2,798	19,419	3,790	-	9,420	27,290	**62,717**
Revaluations recognised in OCI	7,625	6,216	1,083	-	1,599	-	**16,523**
Revaluations recognised in NCOS	-	-	-	2,103	-	-	**2,103**
Reversal of impairments recognised in NCOS	-	-	-	-	-	58	**58**
Depreciation and amortisation	-	(6,496)	(1,612)	-	(5,206)	(22,929)	**(36,243)**
Disposals							
Write-downs	-	-	-	-	(8)	-	**(8)**
Other	(4,371)	-	-	-	-	-	**(4,371)**
Total as at 30 June 2020	**135,902**	**381,122**	**27,165**	**80,339**	**22,798**	**105,885**	**753,211**
Represented by							
Gross book value	135,902	381,122	27,686	80,339	22,925	202,768	**850,742**
Accumulated depreciation, amortisation and impairment	-	-	(521)	-	(127)	(96,883)	**(97,531)**
Total as at 30 June 2020	**135,902**	**381,122**	**27,165**	**80,339**	**22,798**	**105,885**	**753,211**
Assets under operating leases							
As at 1 July 2019							
Gross book value	301,344	323,750	-	750,752	-	-	**1,375,846**
Total as at 1 July 2019	**301,344**	**323,750**	**-**	**750,752**	**-**	**-**	**1,375,846**
Additions	-	21,219	-	10,007	-	-	**31,226**
Revaluations recognised in OCI	(1,724)	(19,346)	-	-	-	-	**(21,070)**
Revaluations recognised in NCOS	-	-	-	13,619	-	-	**13,619**
Depreciation	-	(11,023)	-	-	-	-	**(11,023)**
Disposals							
Write-downs	-	-	-	(285)	-	-	**(285)**
Other	-	-	-	(420)	-	-	**(420)**
Total as at 30 June 2020	**299,620**	**314,600**	**-**	**773,673**	**-**	**-**	**1,387,893**
Represented by							
Gross book value	299,620	314,600	-	773,673	-	-	**1,387,893**
Total as at 30 June 2020	**299,620**	**314,600**	**-**	**773,673**	**-**	**-**	**1,387,893**
Total owned and leased assets							
As at 30 June 2020	**435,522**	**695,722**	**27,165**	**854,012**	**22,798**	**105,885**	**2,141,104**
As at 30 June 2019	431,194	685,733	23,904	828,988	18,609	101,466	2,089,894

[1] The carrying amount of intangibles includes $105.4 million of internally developed software and $0.5 million of purchased software.

Capital commitments payable (GST inclusive)

Departmental	30 June 2020			30 June 2019		
	Within one year $'000	**Between one and five years $'000**	**Total $'000**	Within one year $'000	Between one and five years $'000	Total $'000
Land and buildings	**43,042**	**27,312**	**70,354**	53,146	15,038	68,184
Intangible assets development	**10,302**	**2,554**	**12,856**	4,248	754	5,002
Total capital commitments	**53,344**	**29,866**	**83,210**	57,394	15,792	73,186

Administered	**Leasehold improve-ments $'000**	**Infrastruct-ure $'000**	**Plant and equipment $'000**	**Intangibles[1] $'000**	**Total $'000**
As at 1 July 2019					
Gross book value	48,609	73,166	15,457	418	**137,650**
Accumulated depreciation, amortisation and impairment	(24,915)	-	(4,121)	(204)	**(29,240)**
Total as at 1 July 2019	**23,694**	**73,166**	**11,336**	**214**	**108,410**
Additions	14,827	1,717	2,341	167	**19,052**
Revaluations recognised in OCI	3,344	(271)	901	-	**3,974**
Impairments recognised in NCOS	(128)	-	(182)	(183)	**(493)**
Reversal of impairments recognised in NCOS	-	-	-	26	**26**
Depreciation and amortisation	(11,682)	(2,524)	(2,674)	(70)	**(16,950)**
Disposals - write-downs	(557)	-	(45)	(40)	**(642)**
Total as at 30 June 2020	**29,498**	**72,088**	**11,677**	**114**	**113,377**
Represented by					
Gross book value	34,205	72,088	12,524	252	**119,069**
Accumulated depreciation, amortisation and impairment	(4,707)	-	(847)	(138)	**(5,692)**
Total as at 30 June 2020	**29,498**	**72,088**	**11,677**	**114**	**113,377**

[1] The carrying amount of intangibles includes internally developed software and purchased software.

Further information

Non-financial assets include ICON, leasehold improvements and Information Technology assets for electoral and state offices and to support Administered outcomes.

Capital commitments payable (GST inclusive)

Administered	30 June 2020			30 June 2019		
	Within one year $'000	**Between one and five years $'000**	**Total $'000**	Within one year $'000	Between one and five years $'000	Total $'000
Land and buildings	**9,743**	**218**	**9,961**	-	-	-
Intangible assets development	**-**	**-**	**-**	175	-	175
Infrastructure, plant and equipment	**2,077**	**150**	**2,227**	1,015	-	1,015
Total capital commitments	**11,820**	**368**	**12,188**	1,190	-	1,190

D5.2 Right-of-use assets

Departmental

	Buildings $'000	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
As at 1 July 2019				
Recognition of right-of-use assets on initial application of AASB 16	467,510	2,894	74	**470,478**
Adjusted total as at 1 July 2019	**467,510**	**2,894**	**74**	**470,478**
Additions	-	-	171	**171**
Depreciation	(17,552)	(2,154)	(73)	**(19,779)**
Other movements	-	(49)	-	**(49)**
Carrying amount as at 30 June 2020	**449,958**	**691**	**172**	**450,821**
Represented by				
Gross book value	467,510	2,845	245	**470,600**
Accumulated depreciation, amortisation and impairment	(17,552)	(2,154)	(73)	**(19,779)**
Total as at 30 June 2020	**449,958**	**691**	**172**	**450,821**

Administered

	Buildings $'000	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
As at 1 July 2019				
Recognition of right-of-use assets on initial application of AASB 16	282,202	4,190	697	**287,089**
Adjusted total as at 1 July 2019	**282,202**	**4,190**	**697**	**287,089**
Additions	21,165	1,119	4,828	**27,112**
Depreciation	(40,791)	(1,119)	(984)	**(42,894)**
Other movements	21,314	-	(25)	**21,289**
Carrying amount as at 30 June 2020	**283,890**	**4,190**	**4,516**	**292,596**
Represented by				
Gross book value	324,681	5,309	5,500	**335,490**
Accumulated depreciation, amortisation and impairment	(40,791)	(1,119)	(984)	**(42,894)**
Total as at 30 June 2020	**283,890**	**4,190**	**4,516**	**292,596**

D5.3 Fair value information by non-financial asset class

Fair value measurements

Finance only holds non-financial assets in the following two levels of the fair value hierarchy:

- Level 2: observable inputs (other than quoted prices in active markets) are used to calculate the fair value of the asset
- Level 3: inputs used to calculate the fair value are not observable.

The following tables set out (by asset class) the valuation technique, inputs used and the level of the fair value hierarchy per AASB 13 *Fair Value Measurement*.

				Departmental		Administered	
				30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
Non-financial assets	**Level**	**Inputs used**	**Valuation technique**	**$'000**	$'000	**$'000**	$'000
Land	2	AMT	Market approach	**138,672**	132,491	**-**	-
Land	2	AMT	Income approach	**296,850**	298,703	**-**	-
Buildings	2	AMT	Market approach	**-**	25	**-**	-
Buildings	2	AMT	Income approach	**327,929**	323,751	**-**	-
Buildings	2	RCN	Cost approach	**367,793**	361,957	**-**	-
Leasehold improvements	3	RCN, CEB	Cost approach	**27,165**	23,904	**29,498**	23,694
Infrastructure	3	RCN, CEB	Cost approach	**-**	-	**72,088**	73,166
Investment property	2	AMT	Market approach	**82,189**	74,535	**-**	-
Investment property	2	AMT	Income approach	**771,823**	754,453	**-**	-
Plant and equipment	2	AMT	Market approach	**16,160**	11,436	**2,413**	2,767
Plant and equipment	3	RCN, CEB	Cost approach	**6,638**	7,173	**9,264**	8,569
Assets held for sale - land	2	AMT	Market approach	**247**	38,160	**-**	-
Total fair value 30 June 2020				**2,035,466**	2,026,588	**113,263**	108,196

Inputs used

Adjusted Market Transactions (AMT): market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.

Replacement Cost of New Assets (RCN): the amount a market participant would pay to acquire or construct a new substitute asset of comparable utility.

Consumed Economic Benefits (CEB): obsolescence of assets, physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

D6 Unearned Revenue

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Contracts with customers	**13,841**	17,645	**52**	-
Other	**1,982**	3,125	**-**	-
Total unearned revenue	**15,823**	20,770	**52**	-

D7 Other provisions

Policy and measurement

Finance recognises a provision when it has a legal or constructive obligation to make a payment, it is probable that payment will be made and the amount to be paid can be reliably measured.

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Excess lease space	**-**	-	**-**	120
Remediation costs	**12,960**	19,141	**7,758**	6,421
Act of Grace	**-**	-	**8,576**	9,618
Same-Sex Relationships Act	**-**	-	**1,800**	1,825
Total other provisions	**12,960**	19,141	**18,134**	17,984
Movements of other provisions				
Opening balance	**19,141**	20,648	**17,984**	17,350
Additional provisions made	**6**	-	**2,362**	2,501
Amounts used	**(6,187)**	(1,233)	**(1,753)**	(1,727)
Amounts reversed	**-**	(274)	**(459)**	(140)
Closing balance	**12,960**	19,141	**18,134**	17,984

Further information

Act of Grace

The Act of Grace mechanism is a discretionary power found in section 65 of the PGPA Act, which allows payments to be made if it is appropriate and a decision maker considers there are special circumstances. In most cases these relate to pension payments to spouses of former members of the Commonwealth defined benefit superannuation schemes.

Same-Sex Relationships Act

The *Same-Sex Relationships (Equal Treatment in Commonwealth Laws – General Reform) Act 2008* removes discrimination against same-sex couples and their dependent children from a wide range of Commonwealth laws and programs. These relate to pension payments to partners of former members of the Commonwealth defined benefit superannuation schemes.

E. Our People

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

Finance provides salary and related benefits to:

- staff employed by current and former members of parliament under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act)
- parliamentarians under the *Parliamentary Business Resources Act 2017* (PBR Act).

Finance provides post-employment benefits to former prime ministers under the PBR Act.

E1 Employee benefits

Policy and measurement

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

Other long-term employee benefits are measured at the present value of the defined benefit obligation at the end of the reporting period.

Leave

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

The 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 Finance's superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out at termination.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. Finance recognises a provision for restructuring when it has a detailed formal plan for the restructuring and has informed those employees affected that it will carry out the restructuring.

Superannuation

Finance employees are members of the CSS, PSS, 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 Finance's Administered statements and reported in Note C3.

Finance makes employer contributions to the employees' defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. Finance accounts for the contributions as if they were contributions to defined contribution plans.

Key judgements and estimates

Leave

The liability for long service leave has been determined by reference to an actuarial assessment. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Leave liabilities for employees engaged under the MOP(S) Act are calculated with reference to an actuarial assessment. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

A provision for severance payments is made for employees engaged under the MOP(S) Act in the event their employment is terminated, other than through resignation. These are measured as the defined benefit obligation adjusted for future salary increases discounted back to present value using yields on government bonds.

Post-employment benefits

Provision is made for certain entitlements for former prime ministers, including staff, office and vehicle costs. The liability is calculated with reference to an actuarial assessment for each former prime minister individually where future recurrent expenditure assumptions are set having regard to historical data adjusted for inflation.

E1.1 Employee benefit expenses

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Wages and salaries	**122,921**	119,293	**279,015**	268,112
Superannuation expense				
Defined contribution plans	**13,124**	11,298	**37,968**	35,843
Defined benefit plans	**10,836**	11,636	**5,922**	5,878
Leave and other entitlements	**15,749**	22,263	**19,928**	22,156
Post-employment benefits	**-**	-	**(8,063)**	84,682
Separation and redundancies	**-**	-	**15,378**	7,055
Other employee expenses	**277**	255	**16,864**	15,820
Total employee benefit expenses	**162,907**	164,745	**367,012**	439,546

E1.2 Employee provisions

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Leave	**63,411**	61,604	**46,643**	46,889
Separation and redundancies	**127**	2,500	**24,534**	30,256
Post-employment benefits	**-**	-	**246,206**	248,547
Total employee provisions	**63,538**	64,104	**317,383**	325,692

E2 Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Finance. Finance has determined the KMP to be the Finance Minister, the Assistant Minister for Finance and the members of Finance's Executive Board which includes the Secretary, Deputy Secretaries and two SES on a rotational basis. KMP remuneration is reported in the table below.

	Departmental	
	30 June 2020 $'000	30 June 2019 $'000
Short-term employee benefits	**2,929**	2,693
Post-employment benefits	**460**	436
Other long-term benefits	**155**	141
Total key management personnel remuneration[1]	**3,544**	3,270
Number of key management personnel included in the table above[2]	**11**	9

[1] The above table excludes the remuneration and other benefits of the Finance Minister and the Assistant Minister for Finance whose remuneration and other benefits are set by the Remuneration Tribunal.
[2] Represents the total number of persons who held a KMP position during the year, or part thereof (Finance's Executive Board increased from seven to eight positions in December 2019 for a new Deputy Secretary, Shared Services Transformation Group).

E3 Related parties

Finance is an Australian Government controlled entity. Related parties to Finance are KMP, cabinet ministers and other Australian Government entities. KMP remuneration for members of the Executive Board is disclosed in Note E2.

Transactions with related parties

Finance undertakes a number of functions on behalf of the Australian Government, as detailed in the financial statements. In performing these functions, Finance transacts with other Australian Government controlled entities for normal day-to-day business operations provided under normal terms and conditions or on a cost recovery basis. This includes general insurance activities and the collection of rental income. Finance also administers payments for work expenses, allowances and entitlements of parliamentarians (including cabinet ministers). These payments are made in the normal course of Administered operations and are paid in accordance with legislation and appropriate frameworks.

Giving consideration to the relationships with related parties and the transactions entered into during the year, it has been determined that there were no related party transactions to be separately disclosed.

F. Funding

Departmental appropriations (adjusted for any formal additions and reductions) are recognised as revenue from Government when Finance gains control. Appropriations receivable are recognised at their nominal amounts.

Administered appropriations are not recognised as revenue in the Schedule of Comprehensive Income. They are included in the Administered Reconciliation Schedule at the date they are drawn down to Finance's bank account for payment against the appropriation for annual and special appropriations, or the date stated in the determination for other Administered amounts.

F1 Annual appropriations

F1.1 Annual appropriations ('recoverable GST exclusive')

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Ordinary annual services				
Annual Appropriation				
Ordinary annual services	**283,779**	258,962	**279,402**	299,764
Capital budget	**6,476**	8,488	**5,145**	5,054
Section 74 receipts of PGPA Act	**70,129**	46,553	**957**	443
Total	**360,384**	314,003	**285,504**	305,261
Appropriation applied[1]	**(375,651)**	(352,702)	**(321,300)**	(294,866)
Variance	**(15,267)**	(38,699)	**(35,796)**	10,395
Other services				
Annual appropriation				
Equity injection	**155,672**	42,211	**-**	-
Assets and liabilities	**-**	-	**281,623**	231,500
Total	**155,672**	42,211	**281,623**	231,500
Appropriation applied[1]	**(197,821)**	(47,189)	**(333,911)**	(312,826)
Variance	**(42,149)**	(4,978)	**(52,288)**	(81,326)

[1] Appropriation applied includes cash payments made from current and prior year appropriations. Differences between appropriation applied and the Administered Reconciliation Schedule are due to timing of payments.

CSC has spent money from the CRF on behalf of Finance. The money spent has been included in the table above.

Departmental and Administered capital budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

F1.2 Unspent annual appropriations ('recoverable GST exclusive')

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Appropriation Act (No. 1) 2019-20[1]	**19,160**	n/a	**6,014**	n/a
Appropriation Act (No. 1) 2019-20 - Capital	**-**	n/a	**3,001**	n/a
Appropriation Act (No. 2) 2019-20	**3,283**	n/a	**24,124**	n/a
Appropriation Act (No. 3) 2019-20	**31**	n/a	**1,691**	n/a
Appropriation Act (No. 3) 2019-20 - Capital	**-**	n/a	**-**	n/a
Appropriation Act (No. 4) 2019-20	**-**	n/a	**1,639**	n/a
Supply Act (No. 1) 2019-20	**32,532**	n/a	**1,007**	n/a
Supply Act (No. 1) 2019-20 - Capital	**219**	n/a	**2,144**	n/a
Supply Act (No. 2) 2019-20	**2,365**	n/a	**62,251**	n/a
Appropriation Act (No. 1) 2018-19	**4,926**	49,862	**3,683**	25,258
Appropriation Act (No. 1) 2018-19 - Capital	**-**	1,183	**392**	3,792
Appropriation Act (No. 2) 2018-19	**24,896**	39,217	**-**	100,285
Appropriation Act (No. 3) 2018-19	**-**	1,292	**245**	25,579
Appropriation Act (No. 3) 2018-19 - Capital	**-**	170	**-**	-
Appropriation Act (No. 4) 2018-19	**-**	-	**470**	40,476
Appropriation Act (No. 1) 2017-18	**8**	22,006	**-**	300
Appropriation Act (No. 1) 2017-18 - Capital	**-**	1,183	**-**	-
Appropriation Act (No. 2) 2017-18[2]	**39,853**	64,202	**-**	10
Appropriation Act (No. 3) 2017-18	**-**	4,107	**-**	-
Appropriation Act (No. 4) 2017-18	**-**	9,128	**-**	-
Appropriation Act (No. 1) 2016-17	**-**	-	**-**	3,936
Total unspent appropriations	**127,273**	192,350	**106,661**	199,636

Reconciliation to appropriations receivable (other departmental undrawn)

	Departmental	
	30 June 2020 $'000	30 June 2019 $'000
Total unspent appropriations	**127,273**	192,350
Adjustments		
Cash at bank - 30 June	**(1,144)**	(10,616)
Expected GST refund outstanding at year end	**(3,146)**	(1,334)
Recorded against special accounts receivable in ledger	**(2,766)**	(4,655)
Recorded against capital receivable for special account in ledger	**(24,640)**	(47,296)
PGPA s 51 quarantine - modernisation fund reprioritisation	**(50)**	(50)
Closing appropriations receivable balance	**95,527**	128,399

[1] The balance includes cash at bank as at 30 June 2020 of $1.1 million plus expected GST refund of $3.1 million (2019: cash at bank $10.6 million, GST refund $1.3 million).

[2] The balance includes a quarantine for modernisation fund reprioritisation.

F2 Special appropriations

F2.1 Special appropriations ('recoverable GST exclusive')

	Appropriations applied	
	30 June 2020 $'000	30 June 2019 $'000
Administered		
Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952 s 5)[1]	**(4,795)**	(5,077)
Federal Circuit Court of Australia Act 1999	**(474)**	(465)
Governance of Australian Government Superannuation Schemes Act 2011	**(298)**	(138)
Governor-General Act 1974	**(1,882)**	(1,537)
Judges' Pensions Act 1968	**(54,403)**	(53,267)
Medibank Private Sale Act 2006	**(28)**	(20)
Parliamentary Business Resources Act 2017	**(231,761)**	(234,813)
Parliamentary Contributory Superannuation Act 1948	**(44,543)**	(43,253)
Parliamentary Entitlements Act 1990[2]	**-**	(154)
Parliamentary Superannuation Act 2004	**(8,103)**	(7,358)
Public Governance, Performance and Accountability Act 2013 (PGPA Act) s 77	**(24)**	(2,058)
Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008	**(63)**	(62)
Superannuation Act 1922	**(60,570)**	(67,060)
Superannuation Act 1976[3]	**(4,481,645)**	(4,459,709)
Superannuation Act 1990[3]	**(2,565,500)**	(2,397,465)
Total special appropriations applied	**(7,454,089)**	(7,272,436)

[1] For the 2019-20 reporting period this appropriation was limited to $5.7 million.

[2] This Act was repealed on 1 January 2018, however the *Parliamentary Business Resources (Consequential and Transitional Provisions) Act 2017* allows for payments to be made for expenses incurred prior to the date of repeal.

[3] Payments include amounts that are not an additional cost to the Australian Government and are funded from a return of superannuation benefit funded component associated with retirements of scheme members and reimbursements from the emerging cost entities.

Third party drawing arrangements

Agency	Appropriations drawn on (amounts included in the table above)
CSC	*Superannuation Act 1922, Superannuation Act 1976, Superannuation Act 1990, Governance of Australian Government Superannuation Schemes Act 2011,* PGPA Act, s 77, *Same-Sex Relationships (Equal Treatment in Commonwealth Laws - Superannuation) Act 2008.*
Department of the House of Representatives and the Department of the Senate	*Parliamentary Superannuation Act 2004* *Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952)* *Parliamentary Business Resources Act 2017* (PBR Act)
Attorney-General's Department and the Department of Parliamentary Services	*Parliamentary Business Resources Act 2017* (PBR Act)
Fair Work Commission	*Judges Pension Act 1968*

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

- *ACT Government Loan Act 2014*
- *Airports (Transitional) Act 1996*
- *Loans Securities Act 1919*
- *Parliamentary Retiring Allowances (Increases) Act 1967*
- *Public Accounts and Audit Committee Act 1951*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Transferred Officers' Allowances Act 1948*
- *AIDC Sale Act 1997*
- *Lands Acquisition Act 1989*
- *Moomba-Sydney Pipeline System Sale Act 1994*
- *Parliamentary Retiring Allowances (Increases) Act 1971*
- *Public Works Committee Act 1969*
- *Superannuation Legislation (Consequential Amendments and Transitional Provisions) Act 2011*

Investments were made for the investment funds (under the *Nation Building Funds Act 2008 s 32* and *s 151*), the MRFF (under the *Medical Research Future Fund Act 2015 s 37*) DCAF (under the *DisabilityCare Australia Fund Act 2013 s 27*), the FDF (under the *Future Drought Fund Act 2019 s 39*), the ERF (under the *Emergency Response Fund Act 2019 s 37*) and the ATSILSFF (under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund 2019 Act s 30*). Please refer to note C2 for further information.

F2.2 Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

The following table discloses appropriations Finance drew on behalf of other agencies:

		Appropriations applied	
		30 June 2020	30 June 2019
	Relationship	**$'000**	$'000
Attorney-General's Department			
Total receipts	Solicitors-General pension payments	**3**	-
Total payments		**(309)**	(460)

F3 Special accounts

A special account is an appropriation mechanism that notionally sets aside an amount within the CRF to be expended for specific purposes. The type of appropriation provided by a special account is a special appropriation. The appropriation mechanism remains available until the special account is abolished. The amount of appropriation that may be drawn from the CRF, via a special account, is limited to the balance of the particular special account.

A special account can be established either by the Finance Minister making a determination under section 78 of the PGPA Act, or by legislation as recognised under section 80 of the PGPA Act.

F3.1 Departmental special accounts

30 June 2020	Comcover $'000	Property $'000	CPCSA $'000	SDOSA $'000	Total $'000
Balance brought forward	518,264	197,697	39,620	2,560	**758,141**
Appropriations credited	158,191	65,051	1,200	-	**224,442**
Other receipts	161,609	145,172	22,307	26,852	**355,940**
Payments made	(165,742)	(200,266)	(20,100)	(22,866)	**(408,974)**
Balance carried forward	**672,322**	**207,654**	**43,027**	**6,546**	**929,549**
Balance represented by					
Cash held by Finance	1,521	115	-	-	**1,636**
Cash held in OPA	670,801	182,899	43,027	6,546	**903,273**
Capital appropriation receivable[1]	-	24,640	-	-	**24,640**
Special account balance	**672,322**	**207,654**	**43,027**	**6,546**	**929,549**
30 June 2019					
Balance brought forward	480,467	315,943	36,893	-	833,303
Appropriations credited	7,743	78,689	1,201	-	87,633
Other receipts	131,507	114,491	24,579	2,560	273,137
Payments made	(101,453)	(311,426)	(23,053)	-	(435,932)
Balance carried forward	518,264	197,697	39,620	2,560	758,141
Balance represented by					
Cash held by Finance	1,793	315	229	2,470	4,807
Cash held in OPA	516,471	150,086	39,391	90	706,038
Capital appropriation receivable[1]	-	47,296	-	-	47,296
Special account balance	518,264	197,697	39,620	2,560	758,141

[1] These amounts have been specifically appropriated for the purposes of the Property Special Account but remain undrawn against Appropriation Acts 2 and 4.

Comcover Special Account
Establishing instrument: *PGPA Act Determination (Comcover Special Account 2018)*. Purpose: For receipts and expenditure relating to the promotion of risk management to General Government Sector entities to administer the Commonwealth's general insurance fund and to make payments in respect of any uninsured superannuation liability claims against an insured Commonwealth entity. This account is non-interest bearing. The special account determination sunsets on 1 April 2029.

Property Special Account 2014
Establishing instrument: *PGPA Act (Property Special Account 2014 – Establishment) Determination 04*. Purpose: Facilitates the management of the Commonwealth's non-Defence domestic property portfolio. This account is non-interest bearing. The special account determination sunsets on 1 April 2025.

Coordinated Procurement Contracting Special Account (CPCSA)
Establishing instrument: *PGPA Act Determination (Coordinated Procurement Contracting Special Account 2018)*. Purpose: For expenditure relating to the whole of government contract for providing fleet management and leasing services, centralised government advertising activities and other coordinated procurement contracts for the benefit of government entities. The account is non-interest bearing. The special account determination sunsets on 1 October 2028.

Service Delivery Office Special Account (SDOSA)
Establishing instrument: *PGPA Act Determination (SDO Special Account 2018).* Purpose: To enable the Department of Finance to facilitate the activities of the Service Delivery Office, a provider hub under the government's shared services program. The account is non-interest bearing. The special account determination sunsets on 1 April 2029.

F3.2 Administered special accounts

30 June 2020	BAF $'000	EIF $'000	DCAF $'000	MRFF $'000	ATSILSFF $'000	FDF	ERF	Total $'000
Balance brought forward	**-**	**-**	**840,000**	**-**	**-**	**-**	**-**	**840,000**
Contributions from Government	-	-	4,640,588	7,830,490	-	3,968,254	3,978,184	**20,417,516**
Investments realised	4,510,780	6,902,461	28,281,909	41,566,910	3,852,492	6,896,353	585,624	**92,596,529**
Other receipts	45,550	75,507	108,419	144,574	8,290	28,768	15,374	**426,482**
Investment funds return to Government	(3,968,254)	(3,978,184)	(4,000,000)	-	-	-	-	**(11,946,438)**
Purchase of investments	(586,199)	(2,997,075)	(28,307,264)	(49,127,237)	(3,805,948)	(10,892,433)	(4,578,453)	**(100,294,609)**
Investment funds distributions			(1,550,529)	(392,703)	(54,142)			**(1,997,374)**
Other payments	(1,877)	(2,709)	(13,123)	(22,034)	(692)	(942)	(729)	**(42,106)**
Balance carried forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
30 June 2019								
Balance brought forward	-	-	-	-	-	n/a	n/a	-
Contributions from Government	-	-	4,280,443	2,288,550	2,007,609	n/a	n/a	8,576,602
Investments realised	5,268,165	5,468,869	22,463,934	15,557,300	4,121,770	n/a	n/a	52,880,038
Other receipts	64,908	55,813	256,810	136,000	18,383	n/a	n/a	531,914
Purchase of investments	(5,329,786)	(5,518,796)	(24,065,213)	(17,763,978)	(6,147,619)	n/a	n/a	(58,825,392)
Investment funds distributions	-	(2,000)	(2,087,755)	(204,863)	-	n/a	n/a	(2,294,618)
Other payments	(3,287)	(3,886)	(8,219)	(13,009)	(143)	n/a	n/a	(28,544)
Balance carried forward	-	-	840,000	-	-	n/a	n/a	840,000
Balance represented by								
Cash held in the OPA	-	-	840,000	-	-	n/a	n/a	840,000

Building Australia Fund (BAF) Special Account
Establishing instrument: *Nation-building Funds Act 2008*, *s 13*. Purpose: For making payments in relation to transport infrastructure, communications infrastructure (including the National Broadband Network), energy infrastructure and water infrastructure. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing. This special account ceased on 2 September 2019 with balances transferred to the FDF.

Education Investment Fund (EIF) Special Account
Establishing instrument: *Nation-building Funds Act 2008*, *s 132*. Purpose: For making payments in relation to higher education infrastructure, research infrastructure, vocational education and training infrastructure and any other eligible education infrastructure. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing. This special account ceased on 12 December 2019 with balances transferred to the ERF.

DisabilityCare Australia Fund (DCAF) Special Account
Establishing instrument: *DisabilityCare Australia Fund Act 2013*, *s 11*. Purpose: For making reimbursements to State, Territory and Commonwealth Governments in relation to expenditure incurred under the *National Disability Insurance Scheme Act 2013*. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

Medical Research Future Fund (MRFF)
Establishing instrument: *Medical Research Future Fund Act 2015*, *s 14*. Purpose: For making payments in relation to medical research and medical innovation. The balance of the special account is invested by the Board. The Board invests amounts standing to the credit of the special account, although the special account itself is non-interest bearing.

Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF)
Establishing instrument: *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2019, s 12*. Purpose: For making payments to the Indigenous Land and Sea Corporation. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing. The ATSILSFF was established on 1 February 2019 with the balance of the Aboriginal and Torres Strait Islander Land Account transferred from the Department of Prime Minister and Cabinet to the ATSILSFF.

Future Drought Fund (FDF) Special Account
Establishing Instrument: *Future Drought Fund Act 2019, s 13*. Purpose: To enhance the Commonwealth's ability to make arrangements with, and grants to, person and bodies in relation to drought resilience, preparedness and response. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

Emergency Response Fund (ERF) Special Account
Establishing Instrument: *Emergency* Response *Fund Act 2019, s 12*. Purpose: For making payments up to $200 million in any given year to fund emergency response and natural disaster recovery and preparedness, where it determines the existing recovery and resilience-building programs are insufficient to provide an appropriate response to natural disasters. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

The following Special Accounts have not been used during the current and comparative years:

Lands Acquisition Special Account
Establishing instrument: *Lands Acquisition Act 1989*, s *89A*. Purpose: For holding amounts of compensation due to be paid to a person in respect of compulsory acquisition of land where the amount of compensation payable to the person has been determined under the *Lands Acquisition Act 1989*, but after three months the amount remains unpaid due to default or delay on the part of the claimant. To date there have been no transactions through this account.

Services for Other Entities and Trust Moneys (SOETM) Special Account – Department of Finance
Establishing instrument: *Financial Management and Accountability (Establishment of SOETM Special Account – Finance) Determination 2012/08*. Purpose: For the receipt of moneys temporarily held in trust for other persons other than the Commonwealth and for the payment to a person other than the Commonwealth, on behalf of the Government, that are not PGPA Act agencies, or as permitted by an Act. The account is non-interest bearing. This special account was established on 26 June 2012 and the determination will sunset on 1 October 2022.

G. Managing Other Uncertainties

This section includes additional information about other events that may have an impact on future financials. These amounts have not been recorded elsewhere in the statements.

G1 Contingencies

Contingent assets and contingent liabilities 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 an asset or liability, 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 recognised when settlement is greater than remote.

Finance does not have any significant quantifiable contingent assets or liabilities, nor does it have any unquantifiable contingent assets.

Unquantifiable contingent liabilities

In the normal course of business (including the non-defence domestic property portfolio and general insurance functions), Finance has a number of matters that are unquantifiable or subject to litigation. At the date of this report, Finance does not consider the outcome of any such matters likely to have a significant effect on its operations or financial position.

G2 Subsequent events

There were no subsequent events after the reporting period.

H. Other Information

This section includes additional financial information which is considered relevant to assist users in understanding the financial statements.

H1 Aggregate assets and liabilities

	Departmental		Administered	
	30 June 2020 $'000	30 June 2019 $'000	**30 June 2020 $'000**	30 June 2019 $'000
Assets expected to be recovered in				
No more than 12 months	**1,059,157**	977,515	**30,799,184**	31,602,961
More than 12 months	**2,594,520**	2,094,373	**19,114,532**	9,387,303
Total assets	**3,653,677**	3,071,888	**49,913,716**	40,990,264
Liabilities expected to be settled in				
No more than 12 months	**381,415**	341,497	**10,375,666**	8,907,799
More than 12 months	**923,273**	390,065	**234,385,010**	226,558,179
Total liabilities	**1,304,688**	731,562	**244,760,676**	235,465,978

H2 Other policy and disclosures

This section of the report provides additional information in relation to line items in the primary statements that do not have specific disclosures in the preceding notes. They are additional disclosures directed at the interests of particular users and their needs.

Volunteer services

Volunteer services are recognised as revenue when, and only when, a fair value can be reliably determined and the services would be purchased if they had not been donated. Use of the resources is recognised as an expense. Volunteer services are recorded as either revenue or gains depending on their nature. Volunteer services relate to Australian National Audit Office audit fees for Finance's financial statements and whole of government financial statements (2020: $1.3 million).

Volunteer services includes rent for office space in the Ministerial Wing of Parliament House.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held with outsiders, cash in special accounts and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash is recognised at its nominal amount. Cash and cash equivalents held for investment purposes are classified as investments.

Official Public Account (OPA)

The OPA consists of the central bank accounts administered by Finance where the aggregate balance represents the government's daily cash position. Cash in bank accounts held by non-corporate Commonwealth entities (NCCE) are consolidated in the OPA each night. The amounts to be returned to the NCEs before the next business day is reported in the Administered financial statements as OPA overnight cash payable. Transfers to and from the OPA with other Commonwealth entities represents receipts collected on behalf of the Commonwealth and the Commonwealth payments drawn from the Appropriation Acts.

Glossary

AAS	Australian Accounting Standards	IBNR	Incurred But Not Reported
AASB	Australian Accounting Standards Board	IBNER	Incurred But Not Enough Reported
AMT	Adjusted Market Transactions	ICON	Intra-government Communications Network
ANI	Australian Naval Infrastructure Pty Ltd	Investment funds	Administered Investment Funds managed by the Future Fund Board of Guardians
ASC	ASC Pty Ltd	JPS	Judges' Pensions Scheme
ATSILSFF	Aboriginal and Torres Strait Islander Land and Sea Future Fund	KMP	Key Management Personnel
AUD	Australian Dollar	LTCRs	2017 Long Term Cost Reports
BAF	Building Australia Fund	MOP(S) Act	*Members of Parliament (Staff) Act 1984*
CEB	Consumed Economic Benefits	MRFF	Medical Research Future Fund
CECs	Commonwealth Entities and Companies	MRFFICs	Medical Research Future Fund Investment Companies
CRF	Consolidated Revenue Fund	NCCEs	Non-Corporate Commonwealth Entities
CPCSA	Coordinated Procurement Contracting Special Account	NCOS	Net Cost of Services
CPI	Consumer Price Index	NET	Net Assets
CSC	Commonwealth Superannuation Corporation	OCI	Other Comprehensive Income
CSS	Commonwealth Superannuation Scheme	OPA	Official Public Account
DCAF	DisabilityCare Australia Fund	PBR Act	*Parliamentary Business Resources Act 2017*
EIF	Education Investment Fund	PBS	Portfolio Budget Statements
ERF	Emergency Response Fund	PGPA Act	*Public Governance, Performance and Accountability Act 2013*
FCCJDDS	Federal Circuit Court Judges Death and Disability Scheme	PCSS	Parliamentary Contributory Superannuation Scheme
FDF	Future Drought Fund	PSS	Public Sector Superannuation Scheme
FFMA	Future Fund Management Agency	PSSap	Public Sector Superannuation Accumulation Plan
FRR	*PGPA (Financial Reporting) Rule 2015*	RBA	Reserve Bank of Australia
FVOCI	Fair Value through Other Comprehensive Income	RCN	Replacement Cost of New Assets
FVPL	Fair Value through Profit or Loss	SDO	Service Delivery Office
GBE	Government Business Enterprise	SDOSA	Service Delivery Office Special Account
GBP	British Pound	The Board	Future Fund Board of Guardians
G-GPS	Governor-General Pension Scheme	USD	United States Dollar
GST	Goods and Services Tax	WACC	Weighted Average Cost of Capital

Part 6: Appendices

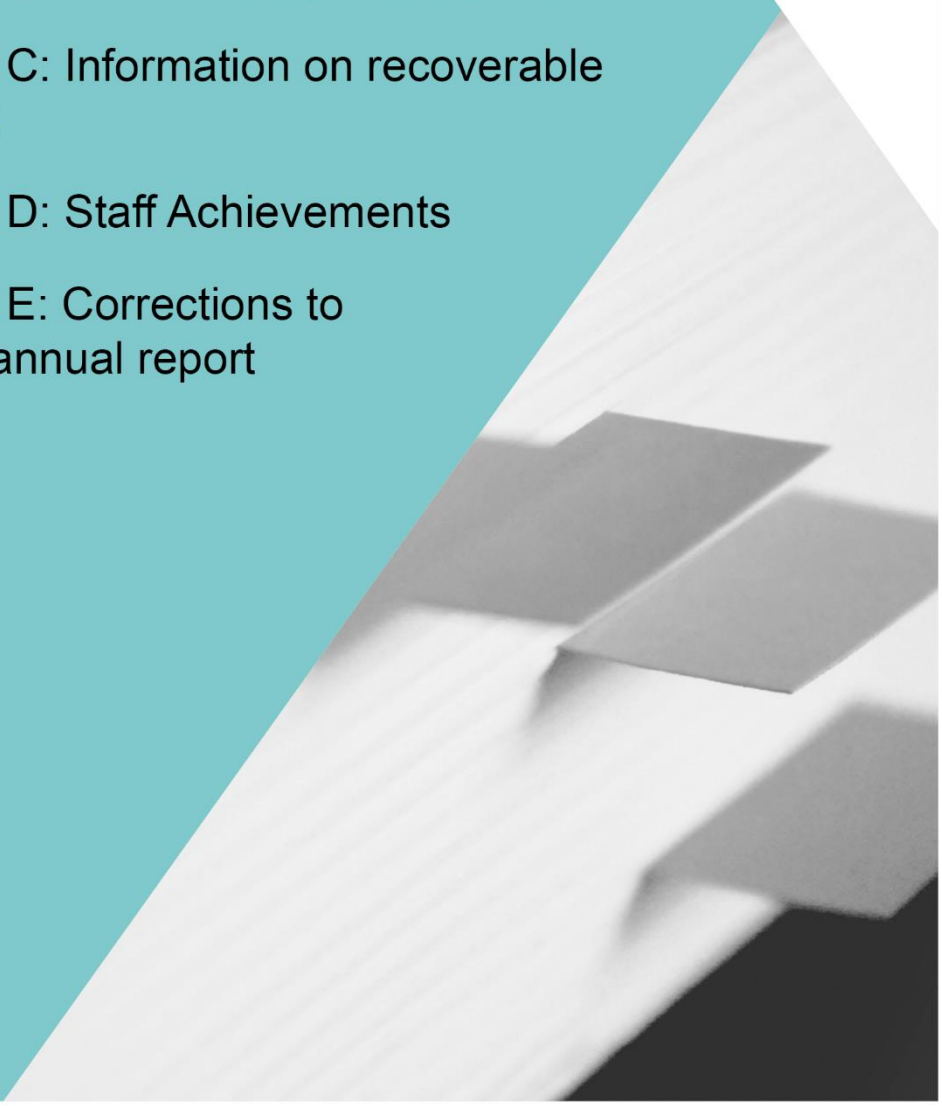
Appendix A: Entity resource statement and expenses by outcome

Appendix B: Other management matters

Appendix C: Information on recoverable payments

Appendix D: Staff Achievements

Appendix E: Corrections to previous annual report



Appendix A: Entity resource statement and expenses by outcome

Table A1: Agency Resource Statement 2019–20

	Actual available appropriation – current year $'000 (A)	Payments Made $'000 (B)	Balance Remaining $'000 (A) - (B)
Departmental			
Annual appropriations—ordinary annual services[a, b]	428,237	375,651	52,586
Annual appropriations—other services—non-operating[d]	268,219	197,821	70,398
Total departmental annual appropriations	**696,456**	**573,472**	**122,984**
Special accounts	1,338,523	408,974	929,549
Total special accounts	**1,338,523**	**408,974**	**929,549**
Less departmental appropriations drawn from annual/special appropriations and credited to special accounts	224,442	–	224,442
Total departmental resourcing (A)	**1,810,537**	**982,446**	**828,091**
Administered			
Annual appropriations—ordinary annual service[a, c]	339,476	321,300	18,176
Annual appropriations—other services—non-operating[d]	422,394	333,911	88,483
Total administered annual appropriations	**761,870**	**655,211**	**106,659**
Administered special appropriations		7,454,089	
Total administered special appropriations		**7,454,089**	
Special accounts	114,280,527	114,280,527	
Total special accounts	**114,280,527**	**114,280,527**	
Total administered resourcing (B)	**115,042,397**	**122,389,827**	
Total resourcing and payments for Department of Finance (A + B)	**116,852,934**	**123,372,273**	

[a] *Appropriation Act (No.1) 2019–20* and *Appropriation Act (No.3) 2019–20*. The amount includes prior year departmental appropriations and section 74 retained revenue receipts.

[b] Includes an amount of $65.051 million that has been credited to the Property Special Account, $158.191 million that has been credited to the Comcover Special Account and $1.200 million that has been credited to the Co-ordinated Procurement Special Account.

[c] Includes an amount of $5.145 million in 2019–20 for the administered capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

[d] Appropriation receipts from Appropriation Act (No.2), Appropriation Act (No.4) and Appropriation Act (No.6) included above.

Table A2: Expenses for Outcome 1, 2019–20

Outcome 1: Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.	Budget[a] 2019–20 $'000 (a)	Actual expenses 2019–20 $'000 (b)	Variation 2019–20 $'000 (a)-(b)
Program 1.1: Budget and Financial Management			
Departmental expenses			
Departmental appropriation[b]			
Budget advice	54,001	61,229	(7,228)
Financial reporting	28,071	33,490	(5,419)
Expenses not requiring appropriation in the budget year[c]	22,699	18,138	4,561
Total for Program 1.1	**104,771**	**112,857**	**(8,086)**
Outcome 1 Totals by appropriation type			
Departmental expenses			
Departmental appropriation[b]	82,072	94,719	(12,647)
Expenses not requiring appropriation in the budget year[c]	22,699	18,138	4,561
Total expenses for Outcome 1	**104,771**	**112,857**	**(8,086)**
	2018-19	**2019-20**	
Average staffing level (number)[d]	425	423	

[a] Full-year budget, including any subsequent adjustments made in the 2019–20 Portfolio Additional Estimates.

[b] Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

[c] Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and volunteer services.

[d] Actual average staffing level (ASL) for 2018–19 and 2019–20.

Table A3: Expenses for Outcome 2, 2019–20

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	Budget[a] 2019–20 $'000 (A)	Actual expenses 2019–20 $'000 (B)	Variation 2019–20 $'000 (A)-(B)
Program 2.1: Public Sector Governance			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Grant in Aid—Australian Institute of Policy and Science	38	38	–
Grant in Aid—Chifley Research Centre	243	243	–
Grant in Aid—Green Institute	91	91	–
Grant in Aid—Menzies Research Centre	243	243	–
Grant in Aid—Page Research Centre	117	117	–
Grant in Aid—Royal Humane Society of Australasia[b]	28	28	–
Grant in Aid—RSPCA Australia Inc	38	38	–
Departmental expenses			
Departmental appropriation[b]			
Financial framework	14,374	14,131	243
Government shareholder oversight	17,901	14,783	3,118
Special financial claims	2,857	3,382	(525)
Expenses not requiring appropriation in the budget year[c]	1,079	1,404	(325)
Total for Program 2.1	**37,009**	**34,498**	**2,511**
Program 2.2: Transforming Government			
Departmental expenses			
Departmental appropriation[b]			
Transforming the public sector	48,992	37,478	11,514
Expenses not requiring appropriation in the budget year[c]	575	3,771	(3,196)
Total for Program 2.2	**49,567**	**41,249**	**8,318**
Program 2.3: Property and Construction			
Departmental expenses			
Special accounts			
Property Special Account[d]	106,507	76,347	30,160
Total for Program 2.3	**106,507**	**76,347**	**30,160**

Program 2.4: Insurance and Risk Management			
Departmental expenses			
Special accounts			
Comcover Special Account	148,425	261,147	(112,722)
Total for Program 2.4	**148,425**	**261,147**	**(112,722)**
Program 2.5: Technology and Procurement Services			
Departmental expenses			
Departmental appropriation[b]			
Technology transformation	19,266	22,012	(2,746)
Procurement framework	9,971	11,763	(1,792)
Special accounts			
Coordinated Procurement Contracting Special Account	25,839	23,741	2,098
Expenses not requiring appropriation in the budget year[c]	2,860	2,008	852
Total for Program 2.5	**57,936**	**59,524**	**(1,588)**
Program 2.6: Service Delivery Office			
Departmental expenses			
Departmental appropriation[b]			
Service Delivery Office	2,845	13,251	(10,406)
Special accounts			
SDO Special Account	34,252	33,358	894
Expenses not requiring appropriation in the budget year[c]	811	1,080	(269)
Total for Program 2.6	**37,908**	**47,689**	**(9,781)**
Program 2.7: Public Sector Superannuation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Act of Grace	2,164	(62)	2,226
Compensation and legal expenses	500	443	57
Superannuation administration costs	8,936	8,936	–
Special appropriations			
Federal Circuit Court of Australia Act 1999	970	971	(1)
Governance of Australian Government Superannuation Schemes Act 2011	1,000	298	702
Governor-General Act 1974	6,453	6,453	–

Judges' Pensions Act 1968	108,372	108,372	–
Parliamentary Contributory Superannuation Act 1948	30,262	30,261	1
Parliamentary Superannuation Act 2004	7,727	8,103	(376)
Same-Sex Relationships (Equal Treatment in Commonwealth Laws General Law Reform) Act 2008	34	38	(4)
Superannuation Act 1922	9,575	9,575	–
Superannuation Act 1976	1,694,637	1,694,637	–
Superannuation Act 1990	6,425,875	6,425,875	–
Departmental expenses			
Departmental appropriation[b]			
Public Sector Superannuation	2,659	3,816	(1,157)
Expenses not requiring appropriation in the budget year[c]	107	103	4
Total for Program 2.7	**8,299,271**	**8,297,819**	**1,452**
Program 2.8: Australian Government Investment Funds			
Administered expenses			
Special accounts			
DisabilityCare Australia Fund Special Account	1,602,393	1,771,853	(169,460)
Medical Research Future Fund Special Account	452,292	720,898	(268,606)
Building Australia Fund Special Account	408	13,820	(13,412)
Education Investment Fund Special Account	1,103	23,343	(22,240)
Aboriginal and Torres Strait Islander Land and Sea Future Fund Special Account	61,098	54,967	6,131
Future Drought Fund	13,628	1,370	12,258
Emergency Response Fund	–	1,257	(1,257)
Total for Program 2.8	**2,130,922**	**2,587,508**	**(456,586)**
Outcome 2 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	12,398	10,115	2,283
Special appropriations	8,284,905	8,284,583	322
Special accounts	2,130,922	2,587,508	(456,586)
Departmental expenses			
Departmental appropriation[b]	118,865	120,616	(1,751)
Special accounts	315,023	394,593	(79,570)

Expenses not requiring appropriation in the budget year[c]	5,432	8.366	(2,934)
Total expenses for Outcome 2	**10,867,545**	**11,405,781**	**(538,236)**
	2018-19	**2019-20**	
Average staffing level (number)[e]	615	634	

[a] Full-year budget, including any subsequent adjustments made in the 2019–20 Portfolio Additional Estimates.

[b] Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

[c] Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and volunteer services.

[d] Excludes income tax equivalent expenses.

[e] Actual average staffing level (ASL) for 2018–19 and 2019–20.

Table A4: Expenses for Outcome 3, 2019–20

Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.	Budget[a] 2019–20 $'000 (a)	Actual expenses 2019–20 $'000 (b)	Variation 2019–20 $'000 (a)-(b)
Program 3.1: Ministerial and Parliamentary Services			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Electorate and ministerial support costs	263,864	289,632	(25,768)
Australian Political Exchange Program	940	606	334
Australian Political Parties for Democracy Program	2,200	1,766	434
Special appropriations			
Commonwealth of Australia Constitution Act (s.66)	5,372	4,795	577
Parliamentary Entitlements Act 1990	–	–	–
Parliamentary Business Resources Act 2017	230,927	213,613	17,314
Expenses not requiring appropriation in the budget year[b]	7,057	22,744	(15,687)
Departmental expenses			
Departmental appropriation[c]			
Services to Senators, Members & their staff	31,940	34,639	(2,699)
Car-with-driver and associated transport services	347	381	(34)
Expenses not requiring appropriation in the budget year[b]	1,434	2,697	(1,263)
Total for Program 3.1	**544,081**	**570,873**	**(26,792)**
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	267,004	292,004	(25,000)
Special appropriations	236,299	218,408	17,891
Expenses not requiring appropriation in the budget year[b]	7,057	22,744	(15,687)
Departmental expenses			
Departmental appropriation[c]	32,287	35,020	(2,733)
Expenses not requiring appropriation in the budget year[b]	1,434	2,697	(1,263)
Total expenses for Outcome 3	**544,081**	**570,873**	**(26,792)**
	2018-19	**2019-20**	
Average staffing level (number)[d]	173	126	

[a] Full-year budget, including any subsequent adjustments made in the 2019–20 Portfolio Additional Estimates.

[b] Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and volunteer services.

[c] Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

[d] Actual average staffing level (ASL) for 2018–19 and 2019–20.

Appendix B: Other management matters

Grants

Information on grants awarded by the Department of Finance during the period 1 July 2019 to 30 June 2020 is available on GrantConnect at grants.gov.au.

Disability reporting

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework for improving the lives of people with disability, promoting participation and creating a more inclusive society. A key initiative of the Strategy is the introduction of a periodic high-level report tracking progress against each of the six outcome areas in the Strategy. The report uses trend data based on the six outcome areas. The report is available on the Department of Social Services website.

Freedom of information

Entities subject to the *Freedom of Information Act 1982* are required to publish information for the public as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each entity must display on its website a plan showing what information it publishes in accordance with the Scheme's requirements. The Department's plan is available on the Finance website at finance.gov.au/about-us/freedom-information.

Members of the public can provide comments on the Department's information publication plan to the Freedom of Information Team.

Advertising and market research

During 2019–20, Finance's total expenditure for advertising and market research was $395,342.70.

Table B1 shows payments of $14,000 or more (GST inclusive) to advertising and market research, polling, direct mail and media advertising organisations, as required under section 311A of the *Commonwealth Electoral Act 1918*.

While Finance manages whole-of-government campaign and non-campaign advertising contracts, the lead entity responsible for specific advertising or market research contracts reports the relevant expenditure.

Table B1: Advertising and market research expenditure 2019–20

Organisation	Purpose	Expenditure ($, including GST)
Market research organisations		
Colmar Brunton Research Pty Ltd	Customer survey and analysis services	45,670.00
Ebiquity Pty Ltd	Industries advice for campaign advertising	214,500.00
Media advertising organisations		
Universal McCann	Advertising in relation to electorate offices	25,919.47
Universal McCann	Advertising in relation to whole-of-government generalist graduate recruitment process for 2021	39,632.34
Universal McCann	Advertising for an approach to market for Comcover contracts	16,220.80
Universal McCann	Advertising in relation to a review of the Lands Acquisition Act	20,069.49
Total reportable payments over $14,000		**362,012.09**

Executive remuneration disclosure

Introduction

The category of officials covered by the disclosure are:

- Key management personnel
- Senior Executives
- Other highly paid staff, whose total remuneration exceeds the threshold remuneration amount for the reporting period.

Remuneration policy and practices

The Secretary's remuneration is set by the Remuneration Tribunal under section 13 of the *Remuneration Tribunal Act 1973.*

Remuneration for the Department's Senior Executive Service (SES) employees is established through individual determinations made under section 24(1) of the *Public Service Act 1999.*

- Salary levels for SES employees are generally set at rates within a salary band applicable to each SES classification.

The Finance Enterprise Agreement 2019 (Finance Agreement), provides remuneration and conditions for all non-SES employees.

- The Finance Agreement allows individual flexibility arrangements for remuneration arrangements, superannuation, working hours, leave, allowance, overtime rates and penalty rates.

Remuneration governance arrangements

The Leadership and Remuneration Subcommittee is a subcommittee of the Executive Board.

- The Subcommittee is responsible for overseeing the Department’s remuneration (all staff) and SES development and SES recruitment.

The Subcommittee comprises members from across the Department as follows:

- Chair (Secretary)
- Deputy Chair (Deputy Secretary)—nominated by the Chair when needed
- The Deputy Secretaries (position-based members)
- Assistant Secretary, HR Branch (ex-officio member, position-based).

Key management personnel

The key management personnel (KMP) for Finance include the Minister for Finance, the Assistant Minister for Finance, Charities and Electoral Matters and the members of the Finance Executive Board. The Secretary chairs the Executive Board, supported by the five Deputy Secretaries of the Department as permanent members. In addition, membership of the Board is offered for a period of nine months on a rotating basis to two senior members of staff—a First Assistant Secretary and an Assistant Secretary from across the Department. The rotations occurred in March 2020 for the First Assistant Secretaries and June 2020 for the Assistant Secretaries. Remuneration paid to members of the Finance Executive Board is disclosed in the information about remuneration for key management personnel in Table B4 below.

Table B2: Information about remuneration for senior executives

			Short term benefits		Post-employment benefits	Other long-term benefits	Termination benefits		Total remuneration
Remuneration bands	**Number of senior executives**	**Average base salary**	**Average bonuses**	**Average other benefits and allowances**	**Average superannuation contributions**	**Average long service leave**	**Average other long-term benefits**	**Average termination benefits**	**Average total remuneration**
$0–$220,000	20	101,456	0	2,051	18,788	5,599	0	0	127,894
$220,001–$245,000	10	187,018	0	4,199	35,286	5,143	0	0	231,646
$245,001–$270,000	14	208,102	0	4,816	34,167	14,529	0	0	261,614
$270,001–$295,000	8	217,912	0	4,505	36,623	20,761	0	0	279,801
$295,001–$320,000	6	218,913	0	4,287	34,090	27,218	0	19,412	303,920
$320,001–$345,000	4	248,425	0	4,640	39,958	32,810	0	0	325,832
$345,001–$370,000	7	275,053	0	4,968	48,067	34,576	0	0	362,663
$370,001–$395,000	2	292,660	0	4,781	45,592	39,702	0	0	382,735

The table includes all substantive senior executives who received remuneration during the reporting period, including those who have been promoted, transferred or ceased during the reporting period. Therefore more than one individual may have filled a single position over the course of the year.
Average base salary includes a component for Executive Vehicle Scheme effective from 1 September 2019.

Table B3: Information about remuneration for other highly paid staff

		Short term benefits			Post-employment benefits	Other long-term benefits	Termination benefits		Total remuneration
Remuneration bands	Number of highly paid staff	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
$225,001–$245,000	3	125,212	0	13,212	21,990	12,351	0	61,027	233,793
$245,001–$270,000	3	123,088	0	2,005	17,519	33,393	0	81,119	257,122
$270,001–$295,000	2	70,313	0	0	5,561	77,039	0	128,318	281,230
$295,001–$320,000	1	89,003	0	0	11,898	75,846	0	139,297	316,043
$345,001–$370,000	1	59,031	0	2,180	1,098	136,422	0	161,870	360,601

The table includes other highly paid staff who received remuneration during the reporting period, including those who have been promoted, transferred or ceased during the reporting period and individuals who were acting as SES for a portion of the year. Eight others received a voluntary redundancy payment.

Table B4: Information about remuneration for key management personnel

			Short term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Term as KMP	Base salary[a]	Bonuses	Other benefits and allowances[b]	Superannuation contributions[c]	Long service leave[d]	Other long-term	Termination benefits	
Rosemary Huxtable	Secretary	1 July 2019–30 June 2020	790,761	0	0	103,820	21,325	0	0	915,906
David Fredericks	Deputy Secretary	1 July 2019–10 November 2019	136,895	0	10,198	21,593	8,960	0	0	177,646
Stein Helgeby	Deputy Secretary	1 July 2019–30 June 2020	393,099	0	4,831	69,950	18,410	0	0	486,290
Andrew Jaggers	Deputy Secretary	1 July 2019–30 June 2020	370,718	0	4,831	64,414	27,199	0	0	467,162
Katherine Jones	Deputy Secretary	1 July 2019–21 June 2020	360,198	0	4,831	65,774	26,793	0	0	457,596
Matthew Yannopoulos	Deputy Secretary	3 February 2020–30 June 2020	168,618	0	0	28,518	4,494	0	0	201,630
Lucelle Veneros	Deputy Secretary (Acting)	11 December 2019–30 June 2020	187,301	0	0	27,380	3,969	0	0	218,650
Tracey Carroll	First Assistant Secretary	1 July 2019–24 March 2020	198,090	0	4,831	31,525	18,163	0	0	252,609
David De Silva	First Assistant Secretary	24 March 2020–30 June 2020	81,055	0	0	14,123	3,819	0	0	98,997
Scott Austin	Assistant Secretary	1 July 2019–21 June 2020	196,966	0	4,313	30,468	21,598	0	0	253,345
Elizabeth Hickey	Assistant Secretary	5 June 2020–30 June 2020	11,218	0	0	2,532	331	0	0	14,081

[a] 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. Average base salary includes a component for Executive Vehicle Scheme effective from 1 September 2019.

[b] Other benefits and allowances include monetary benefits such as car allowances and non-monetary benefits such as provision of a carpark.

[c] 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.

[d] Long service leave comprises the amount of leave accrued and taken in the period.

Table B5: Information about remuneration for Audit Committee members

Name	Total annual remuneration
Mr Brendan Sargeant (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee (FRSC)	$14,636 ex GST
Mr Geoff Knuckey (external member) Previous Chair, Audit Committee Previous Chair, FRSC	$16,200 ex GST
Ms Jennifer Clark (external member) Deputy Chair, Audit Committee Chair, Performance Reporting Subcommittee (PRSC)	$34,375 ex GST plus travel reimbursement
Mr Ian McPhee AO PSM (external member) Member, PRSC	$26,000 ex GST
Ms Gayle Ginnane (external member)	$20,975 ex GST
Dr Stein Helgeby (departmental member) Member, PRSC	$0
Ms Amanda Lee (departmental member) Member, FRSC	$0

Appendix C: Information on recoverable payments

Information on recoverable payments

The Department of Finance is responsible for administering:

- the Parliamentary Contributory Superannuation Scheme (PCSS)
- the Judges' Pensions Scheme
- the Governors-General Pension Scheme

Legislation for these schemes requires that Finance report recoverable payments that arise from inadvertent overpayment of pension benefits (see Table C1).

Overpayments are most often a consequence of Finance receiving notification of an event that has a retrospective impact on an amount of pension already paid. In general, recoverable payments arise where:

- regular pension payments are made prior to receiving notification of the death of a member
- a PCSS member receives regular pension payments prior to providing notification of work undertaken in a recognised 'office of profit' position, which would have the effect of reducing the amount of pension paid in an earlier period
- there are incorrectly calculated pension benefits due to system or human error.

All amounts are recovered, although amounts paid and amounts recovered may not align where recovery was undertaken in subsequent financial years.

The number of recoverable payments and the amounts of those payments can vary significantly between financial years, particularly depending on the number of 'office of profit' positions held by retired parliamentarians in a relevant year.

Information relating to 2018–19 schemes was published in Finance's 2018–19 Annual Report. Previous years' reported information can change, for example when Finance is notified of the event after the relevant financial year.

The Commonwealth Superannuation Corporation has administrative responsibility for the Commonwealth civilian and military superannuation schemes and the reporting of recoverable payments for these schemes.

Table C1: Recoverable superannuation scheme payments – parliamentarians, judges and governors-general, 2018–19 and 2019–20.

	2019–20			2018–19		
	Number of payments	Amount paid $'000	Amount recovered $'000	Number of payments	Amount paid $'000	Amount recovered $'000
Legislation						
Parliamentary Contributory Superannuation Act 1994						
Death payments	**18**	**43**	**50**	28	58	62[a]
Other payments	**94**	**132**	**160**	128[b]	107[b]	69
Total	**112**	**175**	**210**	156	165	131
Judges' Pensions Act 1968						
Death payments	**6**	**42**	**65**	6	70[c]	45[c]
Other payments	–	–	–	–	–	–
Total	**6**	**42**	**65**	6	70	45
Governor-General Act 1974						
Death payments	–	–	–	–	–	–
Other payments	–	–	–	–	–	–
Total	–	–	–	–	–	–

[a] The previously reported amount recovered was $67,000. However, this included an amount of $5,000 that was recovered in July 2019 and is attributable to the 2019–20 financial year.

[b] The previously reported number of payments was 96 and the amount paid was $94,000. The revised figures include additional 'office of profit' positions held in 2018–19 but notified to Finance in the subsequent financial year.

[c] The previously reported amount paid was $90,000 and the amount recovered was $95,000. The revised figures relate to reporting corrections of $20,000 for both paid and recovered amounts. The recovered amount also included $30,000 that was recovered in July 2019 and is attributable to the 2019–20 financial year.

Appendix D: Staff achievements

Secretary's awards 2019

The following individuals and teams received Secretary's awards in 2019:

Elliot Zwangobani for leading the team to deliver the new property services contract, being part of the solution, prioritising collaboration and thinking innovatively.

CARS Project Team comprising Fran Sankey, Donna Osborne, Matthew Ryan, Nicholas Sykes, Mick Coleman, Alison McIntosh, Clonagh Riley, Andrew Sage, Brenda Chick, Chris Wade, Meredith Brosnan and Dave Domjan for excellence in the successful design, development and delivery of COMCAR's new booking and dispatch system.

Bek Hendriks for her strong support to the Aboriginal and Torres Strait Islander Staff Network and contribution in building the cultural capability of Finance employees and managers.

Capital Works and Land Remediation Team comprising Ross Stevens, Mick Armour, Clinton Heenan, Jessica Ting and Emma Tod for proactively engaging with, and seeking opportunities for, Indigenous businesses and communities to contract with government to build business capabilities and employment.

Brendan McNamara in his role as Assistant Manager in the NSW State Office for demonstrating outstanding leadership, strategic thinking and commitment to delivering exceptional service to members of parliament and their staff.

Vidya Vasudevan for going above and beyond in HR support.

Ceinwen Hiscock for excellence in stewardship on secondment to the Undersea Cables Taskforce in the Department of Foreign Affairs and Trade.

North Queensland Flood Recovery Team comprising Alan Francis, Nicholas Vorobieff, Bianca Jameson, Sweta Samanta, Salim Daizli, Alice Fenwick, Elise Aquilina, Dainia Mathieson, Amanda Cross, Marina Kim, Melissa Pan, Daniel Featherston, Adrian Rowles, Melissa Egan, Natasha Shahidullah, Joyce Lau, Easwar Vijay, Andrew Bourke, Jennifer Tunks, Clare Sorensen and Matt Lally for excellence in collaboration within Finance and across government to ensure the delivery of a timely, targeted reconstruction package for flood-affected North Queensland industries.

Shared Services Implementation Project Team comprising Diane Bodman, Ryan Cassidy, Steven Kuzmanoski, Emma Borough and Adrian Weir for successfully transitioning Finance's corporate services to the Service Delivery Office.

Sacha De Re for delivery of an innovative commercial solution as part of the successful separation of ASC Shipbuilding to BAE Systems.

Investment Strategy Team comprising Stephen Harris, Alexander Kearns, Martyn Robinson, Terry Bakkum and Charvi Handa for innovation and cross-agency collaboration in the development and trial of an enhanced whole-of-government approach to major investment in the public sector.

Sharyn Clarkson in her role as Assistant Secretary Online Services in the ICT Division for persistent and effective efforts to transform the Department and the APS through the use of agile project methodologies and user-focused design.

Australia Day awards 2020

The following individuals and teams received Australia Day awards in 2020:

Patrice Fitzpatrick for commitment to delivery and willingness to go above and beyond in her role as Divisional Coordinator in Government and Defence Division including her outstanding capacity to anticipate and adapt quickly as circumstances change.

Leases Implementation Team comprising Harry Balian, Alex Berry, Dario Forner, Holly Hart, Niki Lee, Saritha Ligon, Mary Lin, Simon Murray, Michael Navaratnam, Vincent Padgham, Brendan Palazzi, Miranda Rooke, Christiana Thio, James Tyndall, Rob Tkalcevic, Orlando Xie and David Xu for their contribution to the implementation of the new leases accounting standard.

Bashir Yousufi for commitment to developing self and others by focusing on diversity and inclusion within Finance.

Annette Cannell for embodying leadership by focusing on how each and every staff member can make a valuable contribution and is worth investing in.

Social Services Branch comprising Damien Botte-Noyan, Rachael Kamols, Matt Lally, Kelly Midgley, Keldon Pattugalan and Tom Varendorff for commitment to the continuous development of core policy skills in Social Policy Division staff members.

Bronwyn McEvoy for outstanding collaboration across the Department to develop Finance's People Capability Framework.

Kerusha Ganess for making an outstanding contribution to Finance's stewardship role across government by supporting and influencing the development of a new funding model for the Australian Federal Police.

Finance Website Redevelopment Team comprising Meena Bainbridge, Stacey Dempsey, Silas Irvine, Tameena Jacob, Josephine Julian, Liam Madge, Heather Millard, Brian Nedic, Alistair O'Neill, Jade Power, Belinda Seaman, Brett Thomson and Minh Truong for outstanding achievement in the development and rollout of a new modern and client-focused website.

Whole-of-Australian-Government Procurement Team comprising Carl Fitzpatrick, Susan Jones, Sue Moore and Ken Skelton for successfully delivering a whole-of-government legal services arrangement through strong collaboration and an innovative approach to managing a large and complex process.

Jon-Paul Williams for outstanding leadership and excellence in delivering an innovative IT solution that significantly improves procurement data and whole-of-government AusTender reporting.

Australian Submarine Corporation Shareholder Team and **Maritime Shipbuilding and Air Team** comprising Sacha De Re, James Morison, Pascale de Souza Dromund, Adam Lasscock, Dave Hughes and Haylee Clancy for developing viable options for the Government to consider in relation to the location of Full Cycle Dockings for Collins Class Submarine Sustainment.

Agriculture Advice Unit and the **Charging Policy Team** comprising Belinda Apps, Annette Cannell, Nicole Hinton, Philip Nigg, Nicholas Vorobieff, Sweta Samanta and Matt Sproule for developing a biosecurity cost recovery package that maintains investment in Australia's biosecurity system while ensuring regulation is consistent with our international trade commitments.

External awards

The Institute for Governance Public Sector Excellence Awards
Rosemary Huxtable PSM
Awarded to outstanding Australian public servants at different levels of governance who demonstrate excellence in leadership, policy innovation and/or policy delivery that leads to positive social or economic outcomes for Australian citizens.

2019 Dean's Excellence Award, University of Canberra
Matt Hollis
In recognition of hard work, commitment and academic excellence while undertaking the Graduate Certificate in Public Policy and Finance.

Outstanding Contribution in Public Administration Award, Chartered Accountants Australia and New Zealand Leadership in Government awards
Rachael Spalding
The award recognises exceptional achievements by leaders in the Australian Public Service.

2019 Commonwealth Procurement awards for Excellence
Ken Skelton, Sue Moore, Susan Jones and Carl Fitzpatrick
The Department of Finance and the Attorney-General's Department received this award for delivering innovation through procurement.

Australian Human Resource Institute Graeme Innes Disability Employment Award
Awarded to Finance in recognition of our commitment to be an inclusive organisation where all staff can contribute to their full potential, particularly in relation to initiatives to progress disability employment.

Appendix E: Corrections to previous annual report

Part 3: Management and accountability

Environmental performance

Page 89: Total distance of flights (kilometres) 2018–19 should read **3,712,352**.

Part 7: Reference material

Glossary

Abbreviations and acronyms

List of requirements

Index

Glossary

Term	Meaning
accountable authority instructions	Instructions issued to manage the affairs of an entity to promote the efficient, effective, economical and ethical use of Commonwealth resources.
act of grace payment	A voluntary payment made by the Commonwealth to an individual or other body in special circumstances when a government entity's conduct or Commonwealth legislation or policy has resulted in an unintended, inequitable, anomalous or otherwise unacceptable result. Act of grace payments must be authorised by the Minister for Finance or a delegate under section 65 of the *Public Governance, Performance and Accountability Act 2013*. An act of grace payment is used when the obligation to the applicant is moral, rather than legal.
administered items	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).
Advances to the Finance Minister	Funding provisions enable urgently required funding allocations to be issued to entities.
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 Australian Government to withdraw from the Consolidated Revenue Fund for a specified purpose.
AusTender	The central web-based facility for the publication of Australian Government procurement information, including business opportunities, annual procurement plans and procurement contracts awarded.
Australian Government Office Occupancy Report	Covers office accommodation with 500 square metres or more, which is owned or leased by the Commonwealth. The report sets out the occupational density for entities against the current target of 14 square metres of office space per occupied work point.
Budget	Sets out the fiscal and economic outlook for Australia, and includes expenditure and revenue estimates for the current financial year, the budget year, and three forward financial years. It identifies the government's social and political priorities and how they will be achieved. The Budget is usually announced in May each year.
career starter	A person completing a Year 12 certificate or equivalent by the end of the relevant year, or who has completed a Year 12 certificate within the last 24 months.
Central Advertising System	Coordinated procurement arrangement that consolidates government advertising expenditure and buying power to secure optimal media discounts on Commonwealth-wide media rates.
central agencies	The Department of the Prime Minister and Cabinet, the Treasury and the Department of Finance.

Term	Meaning
Central Budget Management System	The IT system used to manage the flow of financial information between Finance and Commonwealth entities to facilitate cash and appropriations management, the preparation of budget documentation, and financial reporting.
Charter of Budget Honesty Act 1998	Provides a legislative framework for the conduct and reporting of fiscal policy, government decisions and Commonwealth financial statements. It aims to improve discipline, transparency and accountability in the conduct of fiscal policy.
COMCAR	An Australian Government agency that provides car-with-driver and other ground transport services to the Prime Minister, the Governor-General, members of parliament, judges and international guests of government.
Comcover	The Australian Government's self-managed general insurance fund.
Commonwealth entity	A department of state of the Commonwealth; a department of the Parliament; an executive agency, or statutory agency, within the meaning of the *Public Service Act 1999*.
Commonwealth Grants Rules and Guidelines (CGRGs)	Establish the Commonwealth grants policy framework. The CGRGs contain the key legislative and policy requirements and explain the better practice principles of grants administration. They apply to grants administration performed by ministers' accountable authorities, officials as well as third parties who undertake grants administration on behalf of the Commonwealth.
Commonwealth Procurement Rules	Rules representing the government policy framework under which Commonwealth entities undertake their own procurement in line with both Australia's international obligations and good practice. They enable entities to design processes that are robust and transparent and instil confidence in the Australian Government's procurement.
consolidated financial statements	Statements that present the whole-of-government financial results inclusive of all Australian Government–controlled bodies, including bodies outside the general government sector, such as Australia Post and the Reserve Bank of Australia.
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 and expert advice or services. Typically 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.
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 four 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.
costings or cost estimates	An assessment of the financial impact of a proposed policy change. Commonwealth entities are required to provide costings for any new policy

Term	Meaning
	proposals and seek Cabinet endorsement. Finance must agree to these costings before they can be incorporated in a submission for Cabinet.
enterprise agreement	An employment agreement made directly between an employer and employees.
Expenditure Review Committee of Cabinet	The ministerial committee responsible for examining all proposals against the government's overall fiscal strategy, advising Cabinet on budget spending priorities and initiating reviews of individual ongoing programs.
Final Budget Outcome	Encompasses Australian Government general government sector fiscal outcomes for the financial year and is based on external reporting standards. The *Charter of Budget Honesty Act 1998* requires that a Final Budget Outcome be released no later than three months after the end of the relevant financial year. The financial statements in the Final Budget Outcome are similar to those in the Budget but provide actual outcomes rather than estimates.
fiscal policy	The government's approach to taxation and spending, both of which can affect the economy.
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.
Future Fund	A government fund established for accumulating assets to offset future Australian Government superannuation liabilities.
GovTEAMS	Finance's collaboration and communication platform for government.
GovCMS	An open source web content management and hosting service developed to help agencies create modern, affordable and responsive websites, making it easier to collaborate and innovate. GovCMS helps reduce the technology and compliance burden on Commonwealth entities.
government business enterprise	A Commonwealth entity or Commonwealth company that is prescribed as a government business enterprise by the rules of the *Public Governance, Performance and Accountability Act 2013*.
GrantConnect	A single online point of discovery for information about all government grants. Individuals and organisations are able to register to receive notifications on grant opportunities relevant to them. Information on grant opportunities is presented to the public in a standard and consistent format.
green brief	A summary of a proposal and the associated financial implications, and Finance and central agency views on a proposal to be considered by the Expenditure Review Committee of Cabinet.
Independent Parliamentary Expenses Authority	Audits and reports on parliamentarians' work expenses. Provides advice to parliamentarians and their staff on travel and work-related expenses to support them in undertaking their duties, requiring that taxpayer funds be spent appropriately and in compliance with the relevant principles and regulations.
Indigenous Procurement Policy	A mandatory procurement-connected policy to leverage the Commonwealth's annual multibillion dollar procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector.

Term	Meaning
	The policy has three main parts: · a target number of contracts that need to be awarded to Indigenous businesses · a mandatory amount set aside for remote contracts and contracts valued between $80,000 and $200,000 · minimum Indigenous participation requirements in contracts valued at or above $7.5 million in certain industries.
measure	A policy or decision of the government that affects revenues, expenses or capital.
Mid-Year Economic and Fiscal Outlook	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 taken since the Budget to allow assessment of the government's fiscal performance against the fiscal strategy statement. The Treasurer is required to publicly release and table in parliament a Mid-Year Economic and Fiscal Outlook report by the end of January each year, or within six months after the Budget, whichever is later.
Near Real-time Funds	Automation of a daily payment function to enable Commonwealth entities to access their appropriations on a near real-time basis.
non-ongoing staff member	A person engaged as an employee under paragraph 22(2)(b) or (c) of the *Public Service Act 1999*.
ongoing staff member	A person engaged as an ongoing employee under paragraph 22(2)(a) of the *Public Service Act 1999.*
outcome	A government objective in a portfolio area. Outcomes are desired results, impacts or consequences for the Australian community influenced by the actions of the Australian Government. Actual outcomes are the results or impacts actually achieved.
performance information	Evidence about performance that is collected and used systematically. It relates to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention.
portfolio budget statements	Statements that 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.
procurement	Encompasses the whole process of acquiring goods and services. The process begins when a need is identified and a decision made on the acquisition requirements. It continues through to risk assessment, awarding of a contract, delivery of and payment for the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal.
program	Actions taken by the government to deliver stated outcomes.
Public Service Modernisation Fund	Identifies and recommends transformation initiatives across government for investment through the Modernisation Fund announced in the 2017–18 Budget, which provided $500 million of projected savings to be reinvested in reforms 'such as automation of public services and business re-engineering'.

Term	Meaning
purpose	In the context of the *Public Governance, Performance and Accountability Act 2013*, purposes include the objectives, functions or role of a Commonwealth entity. Finance's purposes are described in the Corporate Plan 2017–18.
Resource Management Framework	Governs how the Commonwealth public sector uses and manages public resources. The *Public Governance, Performance and Accountability Act 2013* is the cornerstone of the framework.
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.
rule	A legislative instrument made by the Finance Minister under sections 101 to 105 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) prescribing matters: · required or permitted by the PGPA Act, or · necessary or convenient to be prescribed for carrying out or giving effect to the PGPA Act. The Public Governance, Performance and Accountability Rule 2014 supports the operation of the PGPA Act.
Service Delivery Office	Provides corporate transactions services to other Australian Government entities. The office is one of six hubs under the Shared Services Program.
shared services program	A whole-of-government initiative that is transforming the way the public service operates by consolidating and standardising the delivery of corporate services through designated shared services hubs.
transformation	Embedding a culture of continuous improvement in Finance to anticipate and respond to change, identify opportunities to do things better, build our capabilities and invest in our relationships.
transformation program	Aims to help public sector entities deliver their services more efficiently through policies and frameworks and more connected ways of working. Finance has a lead role in the program and works collaboratively with entities on: · the size, efficiency and connectedness of government, including through common approaches, processes and systems · assisting entities to implement projects/programs, including work to streamline our processes and impact on entities.
Transparency portal	A central repository of publicly available corporate information for all Commonwealth bodies.

Abbreviations and acronyms

AFM	Advance to the Finance Minister
AGGR	Australian Government Graduate Recruitment stream
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
BCM	business continuity management
CARS	COMCAR Automated Resource System
CBMS	Central Budget Management System
CCT	Central Control Team
COO	Chief Operating Officer
DIPA	Data Integration Partnership for Australia
DTA	Digital Transformation Agency
EFU	Economic and Fiscal Update
EL	executive level
ERP	Enterprise Recourse Planning
Finance	Department of Finance
FRSC	Financial Reporting Subcommittee
GBAU	Government Business Analytical Unit
GBE	Government Business Enterprise
GovERP	whole-of-government Enterprise Resource Planning
GovPDX	Government Protected Data Exchange
HR	human resources
ICON	Intra-government Communications Network
ICT	information and communications technology
IPAA	Institute of Public Administration Australia
IPP	Indigenous Procurement Policy
IT	information technology
JCPAA	Joint Committee of Public Accounts and Audit
KMP	key management personnel
MaPS	Ministerial and Parliamentary Services
MFS	General Government Sector Monthly Financial Statements
MoG	Machinery of Government
MOP(S) Act	*Members of Parliament (Staff) Act 1984*
MYEFO	Mid-Year Economic and Fiscal Outlook

NBN	National Broadband Network
NBRA	National Bushfire Recovery Agency
NCE	non-corporate Commonwealth entity
NeRF	Near Real-time Funds project
NPP	New Payments Platform
PACE	Productivity and Automation Centre of Excellence
PCSS	Parliamentary Contributory Superannuation Scheme
PEMS	Parliamentary Expenses Management System
PEPPOL	Pan-European Public Procurement Online interoperability framework for e-invoicing
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	*Public Governance, Performance and Accountability Rule 2014*
PRSC	Performance Reporting Subcommittee
RMS	Rehabilitation Management System
SaaS	software as a service
SDO	Service Delivery Office
SES	Senior Executive Service
SHL	Snowy Hydro Limited
SLC	Senior Leadership Committee
SME	small and medium-sized enterprises
SSTI	Shared Services Transformation Initiative
WHS	work health and safety
WHS Act	*Work Health and Safety Act 2011*

List of requirements

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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	2
Aids to access		
Table of contents.	Mandatory	–
Alphabetical index.	Mandatory	234
Glossary of abbreviations and acronyms.	Mandatory	233
List of requirements.	Mandatory	230
Details of contact officer.	Mandatory	1
Entity's website address.	Mandatory	1
Electronic address of report.	Mandatory	1
Review by accountable authority		
A review by the accountable authority of the entity.	Mandatory	5
Overview of the entity		
A description of the role and functions of the entity.	Mandatory	18
A description of the organisational structure of the entity.	Mandatory	27
A description of the outcomes and programmes administered by the entity.	Mandatory	20
A description of the purposes of the entity as included in corporate plan.	Mandatory	19
Name of the accountable authority or each member of the accountable authority.	Mandatory	21
Position of the accountable authority or each member of the accountable authority.	Mandatory	21
Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	21
An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory	17
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	N/A
Report on the Performance of the entity		
Annual Performance Statements		
Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	50
Report on Financial Performance		
A discussion and analysis of the entity's financial performance.	Mandatory	75
A table summarising the total resources and total payments of the entity.	Mandatory	201
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	If applicable, Mandatory.	N/A

Description	Requirement	Page
matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.		
Management and Accountability		
Corporate Governance		
Information on compliance with section 10 (fraud systems).	Mandatory	84
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	2
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	2
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	2
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	77
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	85
Audit Committee		
A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	80
The name of each member of the entity's audit committee.	Mandatory	81
The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	81
Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	81
The remuneration of each member of the entity's audit committee.	Mandatory	215
External scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	85
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	85
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	86
Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	N/A
Management of Human Resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	99
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	112
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:	Mandatory	112

Description	Requirement	Page
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.		
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	119
Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	119
The salary ranges available for APS employees by classification level.	Mandatory	119
A description of non-salary benefits provided to employees.	Mandatory	120
Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	N/A
Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	N/A
Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	N/A
Information on aggregate amount of performance payments.	If applicable, Mandatory	N/A
Assets Management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory	89
Purchasing		
An assessment of entity performance against the *Commonwealth Procurement Rules*	Mandatory	90
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	91
A statement that *"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million]".*	Mandatory	91
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	91
A statement that *"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."*	Mandatory	91
Australian National Audit Office Access Clauses		
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	If applicable, Mandatory	90

Description	Requirement	Page
contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.		
Exempt contracts		
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	90
Small business		
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	90
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	90
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	90
Financial Statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	125
Executive Remuneration		
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	211
Other Mandatory Information		
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	210
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	N/A
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	209
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	209
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	209
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Information required by other legislation.	Mandatory	N/A

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