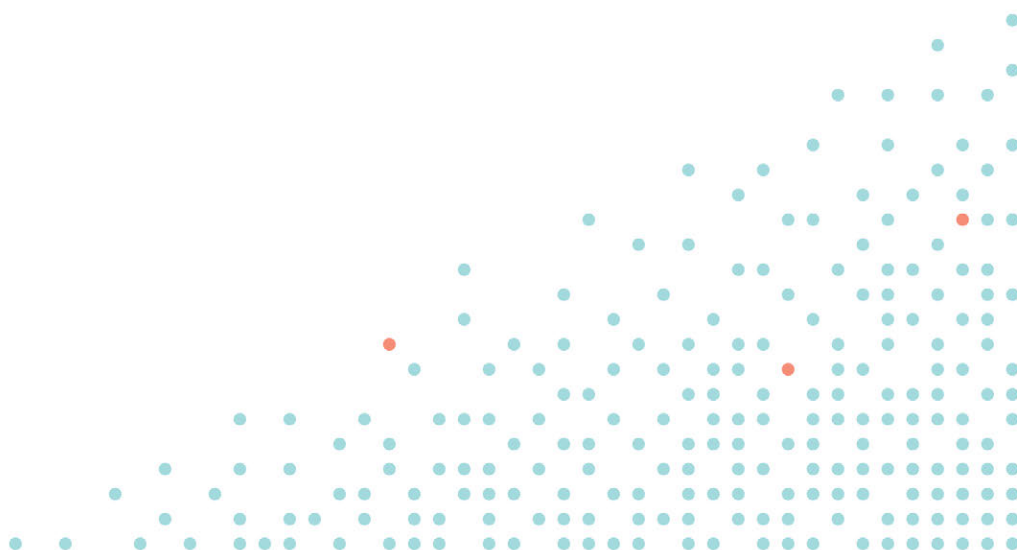




Australian Government
Department of Finance

Annual Report

2020–21



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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 2020–21.

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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Acknowledgements

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Australian Government
Department of Finance

Rosemary Huxtable PSM
Secretary

Senator the Hon Simon Birmingham
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 2020–21.

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 2021.

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

A handwritten signature in black ink, appearing to read 'R Huxtable', with a long horizontal flourish extending to the right.

Rosemary Huxtable
Secretary

30 September 2021

cc the Hon Ben Morton MP, Assistant Minister for Electoral Matters



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Secretary's review

Rosemary Huxtable PSM

Global and domestic uncertainties continued in 2020–21, with the Government's economic recovery efforts following the onset of the COVID-19 pandemic affecting all Australians and every aspect of government. The Department of Finance maintained a strong focus on, and support to, our portfolio ministers, government entities, partners and stakeholders to design and deliver critical response and recovery measures.

Our role in managing the Commonwealth's finances and the Budget focus on sustaining Australia's economic recovery has been critical in supporting the Government's response to COVID-19. A busy year that included delivering two Commonwealth budgets highlighted the importance of our role in advising on government expenditure and maintaining our stewardship in public sector resourcing. We emerged with increased resilience, positioning the Department well to respond effectively to future challenges.

Through effective strategic planning and investment in cooperative partnerships, we continued to provide high-quality and timely support to the Government, parliament, the Australian Public Service (APS), businesses and the Australian community in a rapidly changing environment. We worked in partnership with our stakeholders, supporting them to deliver on their objectives for the Government. This included assisting Services Australia with the Government's Disaster Recovery Payment for flood relief, working collaboratively across the APS, supporting APS flexibility through the GovTEAMS digital collaboration platform and establishing networks to grow capacity and capability in alignment with the APS *Workforce Strategy 2025*.

The APS support of Australia's COVID-19 response and recovery continued through 2020–21 and will remain a major contributing factor in shaping the context in which the public service operates. Examples of where Finance was involved in broader APS support included assisting the Department of Health's COVID-19 Vaccine Taskforce, the Australian Taxation Office with the delivery of COVID-related stimulus measures and working with state governments to plan and deliver national purpose-built quarantine facilities on behalf of the Australian Government.

Finance responded strongly to the broader APS response effort while maintaining our focus on our core work program, delivering on key priorities and implementing improvements and innovation through a broad range of projects across our operations. This has ensured we are well positioned to continue to deliver on our commitment to be a high-performing, modern and efficient public sector organisation.

This year, we continued to leverage the Property Services Governance Network to drive efficiencies and inform strategic property decisions. In response to COVID-19, we worked with the Network and Property Service Providers in facilitating rapid responses to emerging property issues.

We maintained our focus on enhancing advice to government on Commonwealth investments. Since the launch of the [Commonwealth Investment Framework \(CIF\)](#), capital markets and the Government's fiscal position have significantly changed due to the COVID-19 pandemic. We are supporting agencies to consider the benefits of commercial financing and to create opportunities for private sector partnerships in delivering government priorities. Finance also rapidly implemented a Rent Relief Policy to support small and medium-sized enterprises and not-for-profit occupants, providing some financial relief during this difficult time.

In 2020–21, we continued to refine our governance arrangements to ensure a shared focus on departmental priorities and resource allocation, and support timely, evidence-based decision-making across our operations. Capitalising on lessons learned in recent years, we refined our focus on strategic, long-term objectives as part of our commitment to integrated business planning. In 2021, Finance established the People Committee and the Major Investments Committee. Our people are our greatest asset and their development and wellbeing are key priorities for the Department and the focus of the People Committee. The Major Investments Committee ensures the effective management of Finance's infrastructure, assets and a forward investment plan to ensure they meet our needs now and in the future.

It has been a challenging but successful year for the Department. Working together and with our partners across the APS, we rose to every challenge. Our values and our commitment to continued improvements—in the Department, in the wider APS, and in our relationships with Government Business Enterprises (GBEs) and other stakeholders—remained front of mind.

Our performance and achievements

Finance's key activities in 2020–21 have been delivered against the backdrop of the Government's response to, and recovery from, a global pandemic. During a year with a unique set of challenges that demanded responsiveness and agility, Finance continued to provide effective leadership and stewardship across the APS to support the broad aims of government.

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 2020–21 Corporate Plan. This is outlined in the following highlights.

Advising on expenditure

The 2020–21 Budget was delivered under extraordinary circumstances, with the deferral of the Budget until 6 October 2020 adding an extra 147 days to the 2020–21 Budget process. For many Finance staff, this meant a sustained high pace of work since the 2019–20 Mid-Year Economic and Fiscal Outlook (MYEFO), including supporting the Government's response to the bushfires over the 2019–20 summer. Finance maintained a fast pace throughout 2020–21, analysing, costing and advising on proposals to support the Government's response to the COVID-19 pandemic and economic recovery.

The task was made particularly complex with the need to simultaneously update estimates for the Budget while managing the usual end-of-financial-year reporting, including the successful delivery of the Final Budget Outcome on 25 September 2020.

The 2020–21 Budget required considerable work on agreeing more than 2,500 costings, lodging 247 Green Briefs for the Expenditure Review Committee of Cabinet, preparing 301 measure descriptions, supporting agencies to produce their Portfolio Budget Statements, and contributing to the delivery of Budget Papers Numbers 1, 2 and 4 and the appropriation bills. Finance has also supported other portfolios with the development of special appropriations related to COVID-19 response measures.

Public sector resourcing and transformation

Finance achieved the 2020–21 Budget requirement that all material non-corporate Commonwealth entities be enabled to receive e-Invoices by 1 July 2021. Finance is assisting to raise awareness among Australian businesses that Commonwealth agencies have the capability to receive e-Invoices through purchase orders.

Over 2020–21, Finance worked closely with NBN Co and the Department of Infrastructure, Transport, Regional Development and Communications to implement the Government's decision to facilitate NBN Co raising up to \$27.5 billion in private debt by 2024. NBN Co's agreements with the Commonwealth were updated, and Finance ensured the terms and conditions were acceptable to the Commonwealth and continued to protect shareholders' interests.

In 2021, we established a taskforce to lead the delivery of national purpose-built quarantine facilities on behalf of the Australian Government, including leading the planning, site feasibility studies and agreement with the Victorian Government for a facility in Melbourne. The program was later expanded to include agreements to build national quarantine facilities in Western Australia and Queensland.

The national quarantine facilities are expected to be constructed during 2021–22. Finance leveraged our project management, property, procurement and commercial capability and expertise, and assembled expertise from a range of Commonwealth agencies to expedite the early delivery of the Government's commitment to standalone quarantine facilities that provide a high standard of infection control and prevention, and which are consistent with the Government's Key Assessment Criteria. The centres will provide a long-term national resilience capability, including providing an option for quarantine in the future, as well as for emergency management and other future uses.

Finance is leading the establishment and ongoing management of a new Whole-of-Australian-Government Management Advisory Services Consultancy Panel to improve the quality, consistency and efficiency of management advisory services. The Panel is being established in three phases. In 2020–21, financial management advisory services (Phase 1) became available, and the tender was released for corporate management advisory services (Phase 2). Commercial management advisory services (Phase 3) will commence in 2022–23.

Finance and the Australian Office of Financial Management jointly established a new cash management account with the Reserve Bank of Australia in 2020–21 to improve effectiveness and efficiency in managing Commonwealth cash. The Department implemented the automation of a range of critical end-of-financial-year cash management functions, resulting in benefits including Commonwealth agencies accessing their appropriations earlier, and reducing time-intensive work and the risk of human error.

At the end of 2020–21, the Department's GovTEAMS PROTECTED service transitioned to full production with nearly 700 users from 24 government agencies. This allows secure collaboration at the 'Protected' level, as well as secure communication in real time and from virtually anywhere, at any time. It also allows seamless work with colleagues across government and industry, using modern and digital work practices.

Delivering effective services to, and for, government

The Department made significant progress in 2020–21 in delivering shared services across the Commonwealth. Finance's Service Delivery Office implemented travel and expense management for six client agencies, standardising and streamlining expense and corporate travel management for staff, while supporting compliance and audit risk.

In 2020–21, the Shared Services Program developed a demonstration version of the GovERP solution that will be used by the majority of Australian public servants to support more efficient corporate services for the Commonwealth. This version was used to test and confirm functionality and requirements, and will provide the foundation for the GovERP template. This template will be built once and rolled out to agencies from 2023, providing for the re-use of the Government's investment in a shared enterprise resource planning (ERP) platform.

Finance continued its work on enhancing the Parliamentary Expenses Management System (PEMS), releasing increased self-service functions for parliamentarians and their staff, enabling access to apply for additional leave types, to maintain personal information, and to manage authorisations in the one system. 2020–21 has seen increased use of PEMS by parliamentarians and their staff for office and travel expense claims.

In the 2020–21 Budget, Finance was tasked with enhancing the Government's commercial focus to facilitate more widespread use of commercial investment and procurement models in delivering policy outcomes. Finance will continue to support agencies to consider the benefits of commercial financing and to create opportunities for partnership with the private sector in delivering government priorities.

Finance established a new web-based guide to support the operational set-up of new Commonwealth entities after their legal establishment. The guide contains key contact information for those entities responsible for legislation, policies, frameworks and processes that a Commonwealth entity needs to apply. This enhances the Commonwealth's ability to start delivering new activities quickly.

In February 2021, Finance commenced a two-year trial to assess the viability of fully electric vehicles for future COMCAR fleets, assessing associated infrastructure, costs and operational capability requirements for COMCAR operations nationally. This initiative supports the Government's commitment to reducing emissions in the road transport sector, including through the Future Fuels Strategy.

Capability and enablers

The Department's enabling factors in relation to people, integrity, financial management, data and information management, business optimisation, business continuity, and information and communications technology (ICT) remain central to our performance.

The events of recent years have emphasised the importance of a connected, mobile and responsive public sector, equipped with the right skills for the future. This is fundamental to Finance's approach to the work we do, our outward-facing stewardship activities, and how we operate internally.

Finance is refreshing its workforce strategy to ensure strong links between our people, our business needs and government priorities. This includes applying lessons learned during COVID-19 in how to work digitally and flexibly, ensuring our workforce remains agile and responsive to changing demands.

Our People Capability Framework, launched in 2019, continues to drive operational efficiencies and build strong performance. The framework outlines the expectations and core capabilities for staff across all classifications. Our staff learning and development programs are curated to focus on embedding capabilities in ethical decision-making, financial and policy analysis, data analytics and digital literacy. 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.

Our business optimisation function continues to use the latest available technology to provide fit-for-purpose digital solutions across Finance, releasing capacity for staff to focus on key value-added services such as data analysis, policy implementation and the provision of support and advice.

In the 2020–21 financial year, 28 business processes were automated and a further 23 Finance business processes were documented in preparation for automation, returning over 4,000 hours back to higher priority work including support to government, other agencies and clients. Digital automation and business process improvements build organisational resilience by maturing Finance's service delivery to continuously meet the evolving challenges of the public sector.

Outlook

In 2021–22, Finance's focus will continue to support government decision-making processes and preparation of the 2020–21 Final Budget Outcome, the 2021–22 MYEFO and the 2022–23 Budget. In this financial year, Finance expects to contribute to delivering a Pre-election Economic and Fiscal Outlook ahead of the next federal election. In addition to budget and financial reporting, we will continue our important role in managing the Australian Government's commercial interests regarding property, government procurement, risk management and GBEs.

Looking ahead, the Government's priority will continue to focus on economic recovery. As a central agency with diverse responsibilities across the whole of government, Finance will play a central role.

Finance will focus on delivering services to and for government, the public sector, and parliamentarians in more efficient and effective ways to meet community expectations. We will continue to look for better ways to leverage our data assets to improve advice and analysis. Modernising service delivery channels remains a priority, supported by our current and future ICT strategies and commitment to innovation.

Finance will continue to review our operating model, with a focus on maturing how we mobilise resources to priorities, ensuring strong alignment of programs, outcomes and operations, and embedding departmental and whole-of-government approaches to operating.

Acknowledgements

I would like to thank the Minister for Finance, Senator the Hon Simon Birmingham, and the Assistant Minister for Electoral Matters, the Hon Ben Morton MP, as well as the former Minister for Finance, the Hon Mathias Cormann, and the former Assistant Minister for Finance, Charities and Electoral Matters, Senator the Hon Zed Seselja, and their offices for the support they have provided during 2020–21.

I would also like to recognise the work of the leadership and staff of our portfolio agencies: the Australian Electoral Commission, Future Fund Management Agency, Independent Parliamentary Expenses Authority, Commonwealth Superannuation Corporation, ASC and Australian Naval Infrastructure. I would like to thank them for the way in which they have collaborated with us and across government in what has been a challenging year to advance those objectives for which they have responsibility.

Finally, I wish to acknowledge and thank all Finance staff for their unwavering commitment and constant professionalism in delivering on the priorities and achievements outlined in this report.

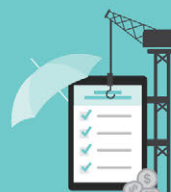
I am pleased to present the *Department of Finance 2020–21 Annual Report*.

Business of Finance

Governance and Resource Management



Commercial and Government Services



Priorities for 2020–21

Key activities

Advising on expenditure

- ▶ Budget updates, appropriation bills and financial statements
- ▶ Central cash management

Public sector resourcing and transformation

- ▶ Support the proper use and management of public resources
- ▶ Enabling value-for-money procurements
- ▶ Insurance and risk management support for Commonwealth entities
- ▶ Support Commonwealth property management
- ▶ Engagement with Government Business Enterprises
- ▶ Investment funds and civilian superannuation schemes

Delivering services to, and for, government

- ▶ Transformation of Commonwealth entities through shared services
- ▶ Modernisation of the APS through ICT projects
- ▶ Deliver ministerial and parliamentary services
- ▶ Management of Finance tenancies

Business Enabling Services



Budget and Financial Reporting



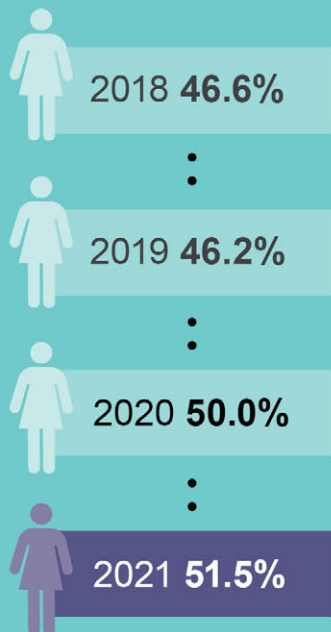
People of Finance

Our workforce

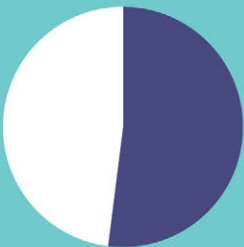
Number of staff including casuals



Women in leadership (Finance SES)

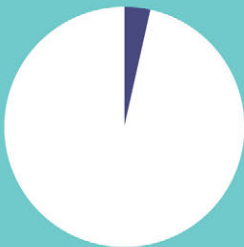


52.2%



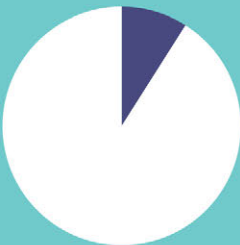
Women

3.4%



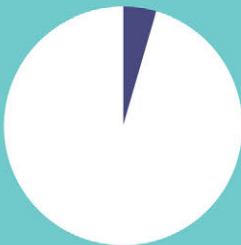
Aboriginal and Torres Strait Islander

9.3%



Part-time staff

4.6%



Staff with a disability

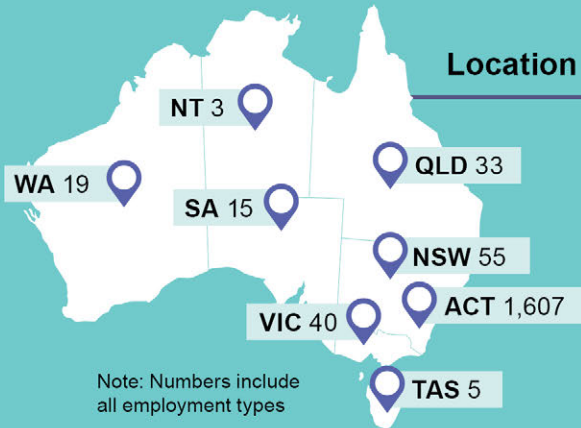
Note: Percentages refer to ongoing staff.



Finance staff

- Male 883
- Female 892
- Indeterminate 2
- Total 1,777

Location of staff

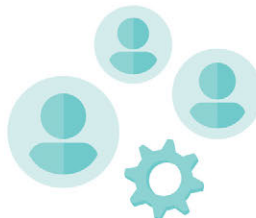


Things we did well in 2020–21



Access to tools
and resources

Manager capability
and support



Employee
wellbeing and
engagement

Source: APS Census 2021 Highlights Report

Part 1

Overview

The portfolio
Portfolio structure
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 2020–21.

Portfolio ministers

These ministers were responsible for the Finance portfolio and its agencies during the reporting period 2020–21:

Senator the Hon Simon Birmingham

Minister for Finance (appointed 30 October 2020)

The Hon Ben Morton MP

Assistant Minister for Electoral Matters (appointed 22 December 2020)

Former Senator the Hon Mathias Cormann

Former Minister for Finance (from 18 September 2013 to 30 October 2020)

Senator the Hon Zed Seselja

Assistant Minister for Finance, Charities and Electoral Matters
(from 29 May 2019 to 22 December 2020)

Portfolio structure

The portfolio structure at 30 June 2021:

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: Dr Raphael Arndt

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: Damian Hill

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 2020–21

There have been no changes to the portfolio in 2020–21.

Role and functions

As a central agency of the Australian Government, the Department of Finance (Finance) plays a key role in assisting the Government to shape and deliver its priorities, particularly to ensure public expenditure programs are sustainable and reflect best value for the Government and the Australian community.

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 plays a central 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 central role in delivering shared services across government, improving the delivery of contemporary corporate services to achieve cost and time efficiencies. We collaborate across government to develop robust and fit-for-purpose policies and legislation around public governance, performance, accountability and risk management.

Our responsibilities are wide-ranging, spanning the full range of public administration functions from developing policy through to implementing and reviewing programs. These responsibilities include:

- budget and economic updates and budget transparency
- GBE shareholder responsibilities
- insurance, investment funds and superannuation
- maintaining the Resource Management Framework

- 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

Finance has established a set of leadership expectations and values considered essential to all roles in Finance. Delivering on leadership expectations is the responsibility of all staff and forms part of Finance's integrated performance framework.

Finance's leadership values:

- Act with integrity
- Be part of the solution
- Collaborate, innovate
- Develop self, develop others

Operating environment

As a central agency, Finance strives to deliver advice from a whole-of-government perspective in a complex and continually changing environment. The COVID-19 pandemic has changed the operating environment of the Australian Public Service (APS), resulting in a renewed commitment to leverage digital collaboration platforms and strengthen partnerships to achieve shared results.

This includes ongoing efforts to embed discipline and rigour in policy and budget development processes, and promoting improved ways of working to benefit from lessons learned through the initial responses to COVID-19. The pandemic and recent natural disasters reinforce the continued imperative for agility and rapid advice to address health and economic challenges. Finance continues to look for ways to better leverage our data assets, modernise service delivery channels and embed both departmental and whole-of-government approaches to operating.

Finance's longstanding role in providing policy advice to government and other entities has continued to respond to evolving challenges and extended periods of uncertainty. In this landscape, careful consideration of risk has helped drive lasting transformative change across the APS. Finance is committed to the ongoing enhancement of policy and practice related to building safe and respectful workplaces, and collaborating with partners across the APS and with other levels of government to achieve lasting reform.

Outcomes and programs

Figure 1: Outcome and program structure, 2020–21

Our 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.

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, including 30 years in Commonwealth administration.

Rosemary was awarded a Public Service Medal in 2005 for her contribution to developing innovative policies to strengthen the Australian healthcare system, particularly access to medical services through Medicare.

Deputy Secretary Matt Yannopoulos PSM



Matt Yannopoulos took up the role of Deputy Secretary of Budget and Financial Reporting on 3 February 2020. Before this, he was the Chief Operating Officer in the Department of Health. Matt has held significant roles, including Senior Responsible Officer for Child Care Reform Implementation at the Department of Education, Chief Information Officer at the Department of Health and at the Department of Immigration and Border Protection, and as the Department of Defence's first Chief Technology Officer.

Matt was awarded a Public Service Medal in January 2019 for his substantial achievements in implementing the Australian Government's childcare reforms across the Education, Human Services and Social Services departments.

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 Clare Walsh



Clare Walsh joined the Department of Finance in July 2020, taking up the role of Deputy Secretary Business Enabling Services. Previously, Clare was the Deputy Secretary for the Global Cooperation, Development and Partnerships Group at the Department of Foreign Affairs and Trade (DFAT). Before that, she was the Deputy Head of Mission at the Australian Embassy in Japan.

Clare has more than 20 years' experience working in a wide range of international and domestic policy roles. She led DFAT's development work of the G20 throughout Australia's presidency of that forum in 2013–14. Before this, Clare was head of the International Division of the Department of Climate Change, and formerly held positions in the Department of Environment and the Department of Industry, Tourism and Resources.

Clare is currently Chair of the Chief Operating Officers' Committee, established in February 2020 with a remit to embed an enterprise-wide approach to APS operations and management. In the pandemic, it has played an important role in considering APS workforce issues.

Business Enabling Services

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

Business Enabling Services also provides current parliamentarians and their staff, and former senators and members with a range of facilities and services.

Deputy Secretary Nathan Williamson



Nathan Williamson joined the Department of Finance in November 2020, taking up the role of Deputy Secretary, Governance and Resource Management. Before this, he held several senior roles at the Department of Social Services including Chief Operating Officer and Deputy Secretary, Social Security.

Nathan has worked in senior executive roles in the Department of the Prime Minister and Cabinet, the Department of Human Services and the Australian National Audit Office.

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 Australian 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.

For the reporting period until 29 October 2020, the Deputy Secretary, Governance and Resource Management was Dr Stein Helgeby.

Deputy Secretary Andrew Jaggers



Andrew Jaggers was appointed Deputy Secretary of Commercial and Government Services in December 2018. Since May 2021, Andrew has led Quarantine Infrastructure Delivery where he is responsible for delivering national purpose-built quarantine facilities. 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.

Before this, Andrew 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.

Quarantine Infrastructure Delivery

Quarantine Infrastructure Delivery leads the delivery of national purpose-built quarantine facilities on behalf of the Australian Government in Victoria, Queensland and Western Australia. Quarantine Infrastructure Delivery plays an important role in partnership with state governments and agencies across the Commonwealth to progress the planning, construction and operations of national quarantine facilities which are expected to be delivered over 2021–22 and will provide a long-term national resilience capability, including providing an option for quarantine in the future, as well as for emergency management and other future uses.

Acting Deputy Secretary Stacie Hall



Stacie Hall was appointed acting Deputy Secretary of Commercial and Government Services in June 2021, when Andrew Jagers commenced in the role of leading Quarantine Infrastructure Delivery. Stacie is substantively First Assistant Secretary of the Commercial Investments Division in Finance, where she is responsible for oversight of government businesses and major commercial transactions and scoping studies.

Stacie has spent the past 19 years in the Commonwealth public sector in a variety of roles, with responsibility for policy development, whole-of-government program management, major government infrastructure investment programs, and associated merger and acquisition transactions, to support Australian Government economic and defence policy.

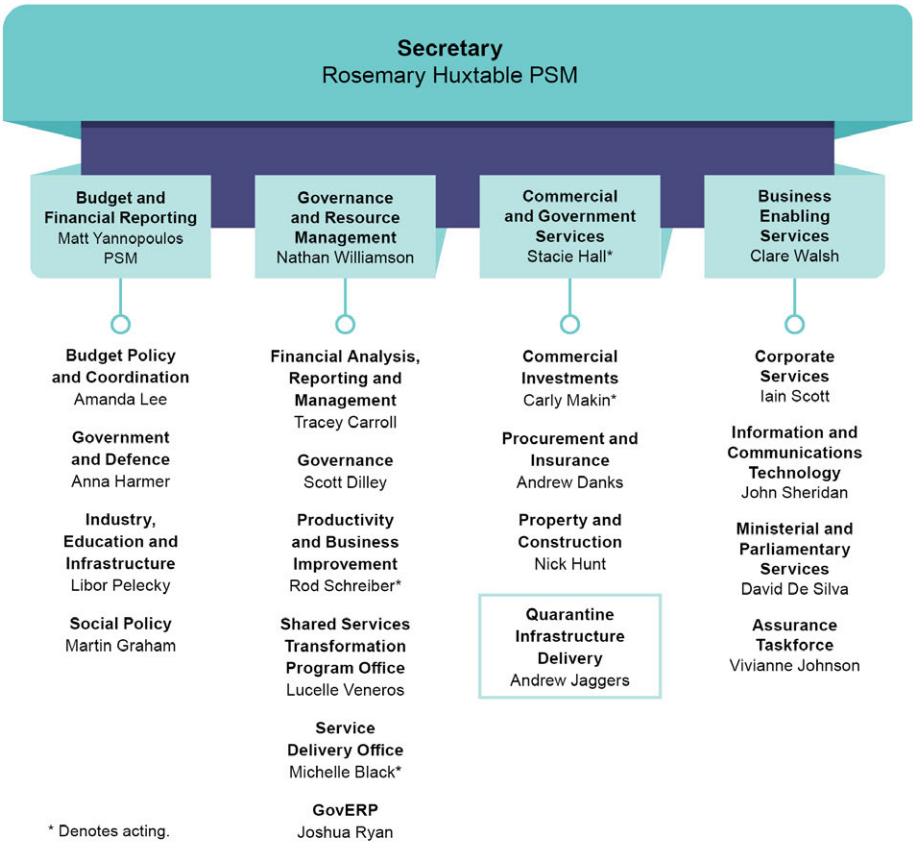
Commercial and Government Services

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 non-Defence domestic property portfolio, including coordinating whole-of-government service delivery, providing data and analysis and supporting government decision-making. It 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.

Organisational structure

Figure 2: Organisational structure, at 30 June 2021





Part 2

Performance

Priorities for 2020–21

Advising on expenditure

Public sector resourcing and transformation

Delivering effective services to,
and for, government

Annual performance statements

Financial performance

Part 2 reports on the results achieved in 2020–21 against the purpose and performance information published in the Department of Finance Corporate Plan 2020–21, the Portfolio Budget Statements 2020–21 and the Portfolio Additional Estimates Statements 2020–21. It includes Finance's key priorities, activities and achievements during 2020–21.

Priorities for 2020–21

Finance's purpose is 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, government.

During 2020–21, Finance's key priorities and deliverables were underpinned by our performance themes:

- 1. Advising on expenditure:** Finance's leadership on the Budget process and the Commonwealth's finances enables us to assist the Government to shape and deliver its fiscal and policy objectives, while ensuring public expenditure programs are effective, sustainable and deliver the best value to the Australian community.
- 2. Public sector resourcing and transformation:** Finance supports an efficient and high-performing public sector by providing operational support to the Government and Commonwealth entities to maintain effective and efficient use of public resources. We provide leadership on ongoing improvements to public sector governance and resource management arrangements, including through Finance's systems, frameworks, policy, advice and service delivery. We are committed to guiding investments in technology and digital capability, reforming business processes, process automation, and enabling public servants to focus on the Government's strategic priorities and delivery of services to Australians.
- 3. Delivering services to, and for, government:** Finance is responsible for a range of whole-of-government services, including ICT services and providing support services to Commonwealth entities, parliamentarians and their staff, and leads by example in harnessing opportunities to leverage advances in technology to deliver transformative, efficient and cost-effective services to, and for, government.

Finance's enabling services in relation to people, financial management, facilities, business continuity, and information and communications technology remained central to achieving Finance's purpose in 2020–21. Finance's governance, led by an Executive Board, facilitates sound, transparent and timely decision-making, and it enabled quick responses to the challenges in 2020–21. Finance's strategic review process supports active consideration of organisational priorities and resourcing, with a managed approach to risk.

The activities and achievements discussed below highlight the Department's work in striving to be a high-performing, modern, efficient and continuously improving public sector organisation in 2020–21.

In focus

Advising on expenditure

Finance continued to support the Government in its budget preparation. In a year with two federal budgets, the Department's stewardship role was central to providing well-considered and informed expenditure advice to the Government on a range of budget and financial issues.

In line with our purpose, Finance provided advice on whole-of-government expenditure, budget trends and policy issues. Our work and advice on expenditure supported the Government's focus on sustaining Australia's economic recovery and its response to the challenges of the pandemic.

Specific examples of Finance's achievements under the performance theme of advising on expenditure are illustrated in the following case studies.





Advising on expenditure in a year with two Commonwealth budgets

Throughout 2020–21, Finance continued a high tempo of work in support of government decision-making through budget processes, including the delivery of both the 2020–21 Budget and the 2021–22 Budget. The reporting year began with the release of the Economic and Fiscal Update on 23 July 2020 (2020 EFU) following the Government's decision to delay the 2020–21 Budget due to the uncertainty arising from the onset of the COVID-19 pandemic.

The 2020–21 Budget was delivered on 6 October 2020. Building on the delivery of the 2020 EFU, Finance worked closely with the Treasury to prepare the Budget and support Commonwealth entities in meeting the Budget's requirements and timeframes.

The task of delivering the 2020–21 Budget was made more complex with Finance concurrently supporting the delivery of the 2019–20 Final Budget Outcome, released on 25 September 2020. The pace of work continued with the delivery of the 2019–20 Consolidated Financial Statements on 7 December 2020 and the 2020–21 Mid-Year Economic and Fiscal Outlook on 17 December 2020.

The 2021–22 Budget was delivered on 11 May 2021. Finance's advice on expenditure for this major update included the agreement of more than 2,500 costings and preparation of well over 100 Green Briefs to support consideration by the Expenditure Review Committee of Cabinet.

Alongside the delivery of these budget updates, Finance prepared three sets of annual appropriation bills and supported the issue of eight Advances to the Finance Minister, ensuring that resourcing was appropriately authorised for programs delivering services to all Australians. Additionally, Finance delivered all monthly financial statements to the Minister for Finance within the agreed timeframes. This supported the Government by providing timely information on financial performance and the impact of the COVID-19 pandemic, and the subsequent public release provided the parliament and stakeholders with regular updates on the key Budget aggregates.



Advances to the Finance Minister

In 2020–21, Finance supported the Government to implement timely and effective policy responses to the COVID-19 pandemic through the Advances to the Finance Minister (AFM).

In the October 2020–21 Budget, parliament supported a continuation, at a lower level, of the extraordinary AFM provisions in place to support the response to the COVID-19 pandemic. The Budget included AFM provisions of \$10 billion across Appropriation Acts (Nos. 1 and 2) 2020–2021, which followed the \$40 billion AFM provisions across Supply Acts (Nos. 1 and 2) 2020–2021.

Throughout 2020–21, Finance supported the Minister for Finance to make eight AFM allocations, totalling \$2.930 billion.

Unlike AFM allocations made in 2019–20, which were primarily focused on immediate health responses to the pandemic, allocations made in 2020–21 largely supported economic responses. Allocations in 2020–21 assisted Australian producers to remain connected with global supply chains, provided funding to local governments for the delivery of local roads and community infrastructure, and supported the aviation sector to maintain regional and domestic aviation networks.

Cash management reforms implemented in March 2020 enabled Finance to provide Commonwealth entities with the ability to access funds made available through the AFM in near-real time, to meet urgent funding requirements.

To support the transparency of each AFM allocation, Finance worked closely with the Australian National Audit Office, which conducted periodic reviews of the AFM allocations in 2020–21. This process provided parliament with assurance that AFM allocations were being accurately reported and that Finance had effective internal controls to support the AFM.

In focus

Public sector resourcing and transformation

In 2020–21, Finance continued to support an efficient and high-performing public sector by providing operational support to the Government and Commonwealth entities to maintain effective and efficient use of public resources. The Department led ongoing improvements to public sector governance and resource management arrangements, including through Finance's systems, frameworks, policy, advice and service delivery.

Specific examples of Finance's achievements under the performance theme of public sector resourcing and transformation are illustrated in the following case studies.





A new whole-of-government procurement arrangement for management advisory services

In the 2020–21 Budget, the Government provided \$4.5 million over four years to establish a new Whole-of-Australian-Government Management Advisory Services Consultancy Panel (the Panel) to improve the quality, consistency and efficiency of services. Finance is leading its establishment and ongoing management.

Whole-of-Australian-Government arrangements provide more efficient processes to deliver value for money, services and quality for the Commonwealth. They also offer increased transparency, standard terms and conditions and improved contract management that benefits both government and suppliers.

The Panel is being established in three phases, with each phase conducted via a separate open approach to market.

- Phase 1 – Financial Management Advisory Services – completed
- Phase 2 – Corporate Management Advisory Services – tender released in 2020–21 with services available in 2021–22
- Phase 3 – Commercial Management Advisory Services – tender released in 2021–22 with services available in 2022–23.

Phase 1 is completed with the request for tender released on AusTender on 5 November 2020 and closing on 11 December 2020. During this time, the Department conducted a range of industry briefings to explain the procurement process and address questions. Following assessment of the tenders, a total of 125 suppliers were identified as representing value for money and appointed to the Panel, including 86 small and medium-sized enterprises and two Indigenous suppliers.

Phase 1 services commenced on 12 July 2021. To further support, and provide consistency for, suppliers, the Department developed smart forms which streamline the process for requesting quotes and issuing orders under the Panel.

Work is currently underway to support phase 2 of the arrangements.



Established the Australian Public Service Accounting and Finance Profession Working Group

In 2021, in collaboration with the Chief Financial Officers of a number of entities, Finance established the Australian Public Service (APS) Accounting and Finance Profession Working Group. The working group provides a strong foundation for the ongoing collaboration, support and development of accounting and finance professionals in the APS. The working group's priority is to grow capacity and capability in line with the *APS Workforce Strategy 2025*.

Establishing the working group recognises that having a qualified, capable and collaborative accounting and finance profession in the APS is critical to ensuring strong public sector financial management. The initiative also aligns with our purpose as it increases the pool of qualified APS staff capable of providing high-quality advice on expenditure and financial reporting, assisting the Australian Government to achieve its fiscal and policy objectives.

Through 2021–22, Finance will lead the working group in continuing to focus on cross-portfolio approaches to recruitment, retention, learning and development, and mentoring and coaching for accounting and finance staff.



The new entity start-up guide

The Commonwealth entity start-up guide was launched on the Finance website in August 2020. The guide supports the rapid operational set-up of new Commonwealth entities once they are legally established.

The start-up guide is a web-based tool that sets out information on the legislation, policies, frameworks and processes necessary for the operation of a new Commonwealth entity.

Central to the start-up guide is the key contact information for those entities responsible for legislation, policies, frameworks and processes that a Commonwealth entity needs to apply. The guide provides a central location for this contact information that has enhanced the Commonwealth's ability to start delivering new services quickly.

At the close of the 2020–21 performance reporting period, Finance assessed the benefit the Commonwealth entity start-up guide had provided. Finance sought feedback from two groups of users—those who have recently set up a new Commonwealth entity and those Commonwealth entities responsible for the legislation, policies, frameworks and processes.

The first user group confirmed that the start-up guide had been an invaluable resource for planning and prioritising actions to set up a new Commonwealth entity that needed to be operational in a very short timeframe.

The second user group confirmed its continued support for the start-up guide as a valuable tool to inform those setting up a new Commonwealth entity and connect them with the best people to assist them.

Content in the start-up guide is reviewed regularly. As the tool is interactive and web-based, updates are made in real time to ensure that stakeholders have access to accurate information at all times. These reviews will continue to ensure that the tool remains fit for purpose.



Deliver the Commonwealth Investment Framework—attracting private capital to support government policy priorities

The [Commonwealth Investment Framework \(CIF\)](#) supports the Australian Government to realise the benefit of investments that utilise the Commonwealth balance sheet for Australian citizens, businesses and communities. The CIF includes a [Resource Management Guide \(RMG\)](#) and a [toolkit](#) of practical, user-focused content, providing a 'how-to' for Commonwealth agencies.

Since the CIF's launch, capital markets and the Government's fiscal position have significantly changed due to the impacts of, and response to, COVID-19. The Government's fiscal position has declined with the underlying cash balance projected to be in deficit through the medium term and net debt expected to increase to approximately \$980 billion in 2024–25 (40 per cent of GDP), reflecting the Government's increased borrowing requirements resulting from the COVID-19 pandemic.

Following the Government's decision in the 2020–21 Budget, Finance was tasked with enhancing the Government's commercial focus to facilitate more widespread use of commercial investment and procurement models in delivering policy outcomes. Finance is supporting agencies to consider the benefits of commercial financing and to create opportunities for partnership with the private sector in delivering government priorities. This will be achieved by:

- developing and piloting an expanded set of commercial options and approaches to secure private capital and capability
- working with key stakeholders to further support strategic engagement with the investment community.

These work streams focus on opportunities to leverage private sector capital, investment, innovation, risk appetite, and capability to maximise the efficiency and effectiveness of major government investments.



Property services governance—COVID-19 response

Under the Whole-of-Government Property Services Coordinated Procurement Arrangements, the Australian Government leverages private sector expertise and innovation in property services to drive efficiencies and inform strategic property decisions. In addition to leading the whole-of-government approach, Finance established the Property Services Governance Network to facilitate cooperation, engagement and oversight of property issues.

In response to COVID-19, and throughout 2020–21, Finance and the Property Services Governance Network worked closely with Property Service Providers and relevant specialists to facilitate rapid and coordinated responses to emerging property issues. The coordinated use of industry expertise assisted entities to manage the property-related challenges and disruption created by the pandemic.

Finance engaged with the Network to quickly implement the Rent Relief Policy for tenants of premises owned or leased by the Commonwealth, and leveraged GovTEAMS (an intra-government communications platform) to efficiently distribute guidance and key information to entities. This enabled the Commonwealth to rapidly implement support for 448 small and medium-sized enterprises and not-for-profit occupants, ensuring timely, appropriate and consistent action taken by entities. Rental relief has continued into the first half of 2021–22.



Promoting efficient, financially sustainable and sound governance arrangements for all GBEs: NBN Co debt raising

Throughout 2020–21, Finance worked closely and collaboratively with NBN Co and the Department of Infrastructure, Transport, Regional Development and Communications to successfully implement the Government's decision to facilitate NBN Co raising up to \$27.5 billion in private debt by 2024. Given the scale of debt raising, NBN Co is approaching multiple markets over a number of years.

The NBN Co 2021 Corporate Plan announced that NBN Co was expected to raise a total of \$27.5 billion of external debt by June 2024 plus additional working capital facilities in order to repay its Commonwealth loan (\$19.5 billion) and to invest in further network upgrades.

NBN Co's agreements with the Commonwealth were updated in 2020–21 and tailored to incorporate private lenders, refine governance and reporting obligations, allow NBN Co to efficiently repay the Commonwealth loan and to establish a sustainable long-term global debt program.

Finance officials played a key role in designing an efficient approval framework based on commercial practices. This framework has worked efficiently in practice and successfully balances appropriate shareholder oversight while providing NBN Co with flexibility to respond quickly to changing market conditions.

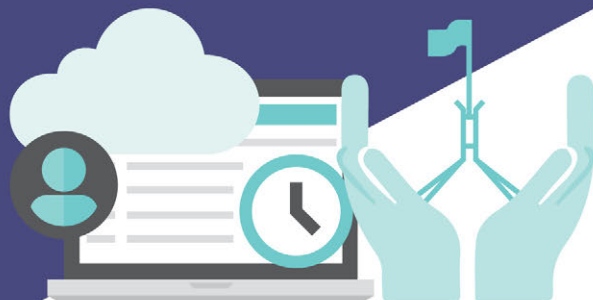
NBN Co has been able to successfully raise private debt in domestic and international markets and has commenced repaying its Commonwealth loan.

In focus

Delivering effective services to, and for, government

Finance has continued to focus on providing a range of whole-of-government services, including ICT services and support services, to Commonwealth entities, parliamentarians and their staff. Throughout 2020–21, Finance continued to provide better services and outcomes in technology, delivering transformative, efficient and cost-effective services to, and for, government.

Specific examples of Finance's achievements under the performance theme of delivering effective services to, and for, government are illustrated in the following case studies.





ICON Project team —engaging cultural heritage

The ICON (the Intra-government Communications Network) team in Government Network Services Branch, is responsible for providing certain telecommunications services for 82 government agencies. A significant component of these services is undertaking complex civil engineering projects to establish new, and maintain current, 'in ground' infrastructure. There are about 1,000 km of ICON infrastructure underground in the ACT.

When undertaking civil engineering projects, the ICON team considers a range of factors that may influence the outcome of works, have impacts on other commercial services (utilities, water, gas, power, sewer), and affect the environment or heritage, such as cultural or natural heritage sites.

In 2020–21, ICON's Fyshwick Infrastructure Upgrade project involved establishing a critical piece of infrastructure in unoccupied land linking Tennant St, Fyshwick, to Pialligo Avenue via a crossing of the Molonglo River.

While undertaking research on this area, the ICON team discovered that, in addition to environmental considerations, the area contained several cultural sites of high heritage significance, including:

- an Aboriginal site with surface and sub-stone artefact deposits
- extensive stone artefact scatter and reduction sites
- landforms of archaeological sensitivity where surface, subsurface and archaeological deposits may occur.

With a focus on preserving areas of heritage significance and a commitment to understanding the area in more detail, the ICON team:

- searched the ACT heritage register and relevant Commonwealth registers for Indigenous sites within or in close proximity to the project area
- conducted a Native Title search for the project area
- reviewed available Indigenous assessment reports for the project area.

Understanding the area's significance was important for the Department, which contacted the Registered Aboriginal Organisations (RAOs) in the ACT. The RAOs attended a site inspection, providing the ICON team with guidance regarding a preferred route and an overview of the area's Indigenous history, describing how Indigenous communities lived along the river. During the site inspection, surface artefacts were uncovered, highlighting the area's importance and emphasising the value of engaging with cultural heritage.

Throughout the works, the RAOs remained engaged and attended the site regularly. For the ICON team, the site visit and ongoing engagement with RAOs was powerful, providing Finance with its own connection to the area and a determination to ensure planning for all works considers, and avoids impact on, our shared cultural heritage.



COMCAR electric vehicle trial

COMCAR provides car-with-driver transport services for parliamentarians, the Governor-General, the federal judiciary and international guests of government. COMCAR maintains a fleet of cars in all capital cities.

In February 2021, Finance began a two-year trial to assess the viability of fully electric vehicles (EVs) for future COMCAR fleets. The trial began in Canberra, and further phases will be conducted in Sydney and Melbourne as the trial progresses.

The trial includes a detailed assessment of infrastructure, costs and operational capability requirements for COMCAR operations nationally. Finance has leased two EVs for the trial: a Hyundai Ioniq and a Tesla Model 3 long-range variant.

In conducting the trial, Finance is working with the Department of Industry, Science, Energy and Resources, the CSIRO and other entities to increase understanding of EV technology and infrastructure. Relevant trial data and findings will be shared across departments and provided to the Australian Government fleet provider.

The trial of EV technology demonstrates Finance's commitment to leading by example in leveraging advances in technology, embracing innovation and supporting the Government's commitment to reducing emissions in the road transport sector, including through the Future Fuels Strategy.



GovTEAMS adds sharing at the protected level

The Department of Finance's GovTEAMS service has provided secure, whole-of-government collaboration services at the OFFICIAL:Sensitive level to tens of thousands of APS staff since 2018. GovTEAMS has played an important role in supporting government delivery for Australians during the pandemic, with GovTEAMS registrations growing rapidly from 25,000 in February 2020 to 127,808 by 30 June 2021. GovTEAMS hosted an average of 40,000 online video and audio calls per month between May 2020 and October 2020 when the APS was most disrupted by COVID-19, including a record high of 54,534 calls in September 2020.

Finance began a pilot of GovTEAMS PROTECTED to facilitate the sharing of information at the protected level in January 2020, with 745 people from 10 agencies. Participants were chosen across a broad spectrum of government functions and levels, with all sharing a common need to communicate and collaborate at the protected level.

The trial successfully demonstrated the extent to which effective collaboration at the protected level can be achieved, providing case studies and examples of how value can be derived from implementing the GovTEAMS PROTECTED solution. The findings from the trial demonstrated that without effective cross-agency collaboration capability, there is:

- increased risk of Commonwealth information being exposed
- increased risk of users failing to comply with security obligations and being made personally liable for information leakage
- duplication of effort and cost across government
- inefficiency in business collaboration practices at the working level.

GovTEAMS PROTECTED became available for business-critical operations for nearly 700 users from 24 government agencies after the trial was successfully completed on 30 June 2021. The latest system features deliver innovative mobile access, allowing users to safely collaborate at the protected level from any location, on a wide range of modern digital devices. These features safely broaden the reach of protected collaboration beyond government's limited number of protected-level secure terminals and secure physical locations.

GovTEAMS PROTECTED users can communicate securely in real time and collaborate virtually from anywhere, at any time. Users can work seamlessly with colleagues across government and industry, sharing information and knowledge, and collaborating using modern and digital work practices. GovTEAMS PROTECTED drives the efficient use of work time and assets by joining up stakeholders across government, industry and jurisdictions.



Shared services transformation

The shared services transformation initiative is part of the Government's vision for a more efficient and sustainable public sector. The initiative will transform the way the Australian Public Service (APS) operates by reforming and standardising traditional operating models to enable a one-APS way of doing business.

In 2020–21, Finance continued to focus on consolidating transactional-based corporate functions (e.g. payroll, accounts payable, accounts receivable, credit card, travel and expense management) into a small number of centralised processing hubs (provider hubs). Achievements in 2020–21 included:

e-Invoicing

The Service Delivery Office (SDO), Finance's shared services provider hub, was one of the first shared services provider hubs to implement e-Invoicing into its technical environment in December 2019. The Government's 2020–21 Budget measure included a requirement that all material non-corporate Commonwealth entities be enabled to receive e-Invoices by 1 July 2021. The SDO supported its material entities, the Department of Finance and the Department Education, Skills and Employment, to ensure they met this requirement.

Expense and travel

The SDO travel and expense management system is an integrated software as a service (SaaS) cloud-based platform that provides client agencies and their staff with a simple and easy to use online system. The end-to-end system enables users to seek endorsement of travel and associated expenses, acquittal of other official expenses and to process reimbursements in one system with no paperwork.

The system is integrated with the whole-of-government travel provider, making it easier for government to work with Australian business while reducing administrative time for agency staff.

In 2020–21, the SDO successfully implemented travel and expense management for six client agencies: the Digital Transformation Agency, Australian Skills Quality Authority, Australian Building and Construction Commission, Australian Public Service Commission, Fair Work Ombudsman and Safe Work Australia. Client agencies can enjoy a standardised and streamlined experience when entering expenses or booking and managing corporate travel. This eliminates manual processes, duplication, and the need to navigate between multiple systems when arranging travel.



Delivering a common corporate ICT Platform—GovERP

GovERP is a next-generation enterprise resource planning (ERP) platform that will replace disparate, ageing and near-obsolete back-office systems. GovERP is a contemporary, integrated, cyber-secure platform that will modernise and sustain human resources, financial and asset management to create additional capacity for the APS to focus on delivering outcomes for Australians. It will support greater efficiency and productivity for over 90 non-corporate Commonwealth entities and 130,000 public servants.

GovERP will deliver a common back-office system forming the digital backbone of the APS. It will enable the APS to implement a flexible operating model that will be more responsive in meeting the Government's priorities. GovERP will standardise delivery of core transactional services, including payroll and accounts payable. This will make it easier for staff to move between agencies and to effect machinery-of-government changes, knowing that agency systems and processes will be the same.

Automation and data sharing through GovERP will accelerate government delivery against social obligations and business interactions—for example, integrated procurement will reduce the cost of doing business with government. Using cyber capabilities, GovERP will also safeguard the interests of government and the workforce that serves it.

In 2020–21, the following was achieved:

- The on-boarding and implementation approach for GovERP was agreed, including a forward work program for the consolidation and standardisation of the delivery of corporate services. The SDO and its 14 clients will on-board to GovERP as the first use case.
- In the 2021–22 Budget, the Government endorsed the combined first and second pass whole-of-government GovERP business case. Funding was provided to build the GovERP

platform and on-board the SDO and its clients. Funding was also provided for the development of subsequent business cases to prepare for the next group of agencies to on-board to GovERP.

- Over 200 standardised business processes were aggregated into eight end-to-end value streams and tested across the APS. These provide the foundation for the development of the GovERP production solution and the GovERP process automation strategy.
- Approaches to market to procure four complementary (edge) functional capabilities including contractor management, travel and expense management, extended human resource management and procurement management. These capabilities will be made available to complement the GovERP core financial and payroll functionality to support enablement of end-to-end corporate business processes.
- In line with the APS Workforce Strategy, over 150 APS staff are being upskilled in SAP S/4 HANA capability to support current and future needs.

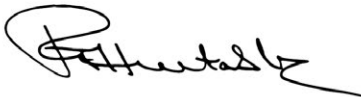
The development of the whole-of-government operating model and endorsement of the future work program enabled the Government to transfer responsibility for the detailed design, build and operation of the GovERP platform to Services Australia from 1 July 2021. Services Australia has expertise in the delivery of large-scale ICT initiatives and cyber security resources to manage a project of this size and complexity. Finance retains responsibility for the policy and governance oversight functions for the wider Shared Services Program and the SDO provider hub.

Finance continues to work with Services Australia on GovERP to deliver consistent and integrated business services through standardising and consolidating processes and software across Commonwealth entities. This approach will enable entities to focus on frontline priorities rather than back-end administration.

Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2020–21 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 2021

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 2020–21 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 the 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 to parliamentarians, and whole-of-government ICT platforms.

Our ability to respond effectively is evidenced in our achievements against each of the 19 performance measures published in the Department of Finance Corporate Plan 2020–21, with 16 out of 19 results assessed as fully achieved, one substantively achieved and two partially achieved.

These annual performance statements provide an accurate assessment of Finance's delivery against the measures established in the 2020–21 Corporate Plan and the supporting mechanisms enabling achievement of the Department's overall purpose.

Advising on Expenditure

Measure 1.1: 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 external reporting standards, delivered within required timeframes and meet the Government's fiscal and policy objectives and legislative obligations.

Source: 2020–21 Corporate Plan, Key Activity 1, pg 19–20

2020–21 Portfolio Budget Statements, Outcome 1, pg 18

Result: Partially Achieved

How this performance was assessed	Result
1.1.1 Accuracy of Budget Estimates. Variances between estimated expenses and final outcome are within set parameters.	Partially Achieved
First forward year – difference between estimated expenses and Final Budget Outcome is less than 2 per cent.	-3.5%
Budget year – difference between Budget estimated expenses and Final Budget Outcome is less than 1.5 per cent.	-4.8%
Current year – difference between the revised current year estimates at MYEFO and Final Budget Outcome is less than 1 per cent.	-3.2%
Current year – difference between the current year estimates at budget time and Final Budget Outcome is less than 0.5 per cent.	-1.1%
Significant variances between estimated expenses and final outcome are explained.	Achieved
1.1.2 Timeliness of Budget Estimate Updates and Appropriation Bills.	Achieved
Budget papers and related updates meet timeframes set out in the <i>Charter of Budget Honesty Act 1998</i> .	Achieved
Appropriation Bills introduced at times intended by government.	Achieved

Variations between the estimates and final outcome reflect the unpredictability of the unfolding COVID-19 pandemic. Finance works with entities to ensure expense estimates are regularly reviewed and updated to take account of the best available information to maximise their reliability and accuracy.

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.

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 2019–20 Final Budget Outcome (FBO) was released on 25 September 2020
- the 2020–21 Budget was delivered on 6 October 2020
- the 2020–21 Mid-Year Economic and Fiscal Outlook (MYEFO) was released on 17 December 2020
- the 2021–22 Budget was delivered on 11 May 2021.

In addition, the Government released the 2020 July Economic and Fiscal Update on 23 July 2020.

Appropriation bills were introduced into parliament at times intended by the Government and in accordance with legislative requirements:

- Appropriation Bill (No. 1) 2020–2021, Appropriation Bill (No. 2) 2020–2021, and Appropriation (Parliamentary Departments) Bill (No. 1) 2020–2021 were introduced in the House of Representatives on 6 October 2020.
- Appropriation Bill (No. 3) 2020–2021 and Appropriation Bill (No. 4) 2020–2021 were introduced in the House of Representatives on 18 February 2021.
- Appropriation Bill (No. 1) 2021–2022, Appropriation Bill (No. 2) 2021–2022 and Appropriation (Parliamentary Departments) Bill (No. 1) 2021–2022 were introduced in the House of Representatives on 11 May 2021.

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*.

Analysis

Advising on expenditure through the Budget process and related economic and fiscal updates is a core activity undertaken by Finance as part of our role in supporting the Government to achieve its policy and fiscal objectives. These activities, including the preparation of budget estimates and appropriation bills, are critical for ensuring the ongoing delivery of government programs and services.

In 2020–21, the Australian Government continued to respond to the COVID-19 pandemic by providing significant fiscal support to health and economic recovery. While remaining responsive to the challenges posed by the pace and scope of government decision-making, Finance continued to embed discipline and rigour in its fiscal and policy advice. This included:

- providing effective, timely and accurate advice on budget processes to the Government, Commonwealth entities and key stakeholders
- providing advice outside of usual budget processes to support rapid decision-making by the Government
- supporting eight Advances to the Finance Minister allocations, enabling urgently required funds to be made available to support Australia's COVID-19 vaccine rollout, the procurement of personal protective equipment and other essential medical supplies for the National Medical Stockpile.

*Table does not include 1.1.3 from the Corporate Plan as this was a duplicate of 1.1.2 – the performance measures have been fully acquitted.

Measure 1.2: Financial statements

The Government's financial statements, including monthly statements, are complete, fairly presented and released publicly on timeframes agreed with the Government.

Source: 2020–21 Corporate Plan, Key Activity 1, pg 20
2020–21 Portfolio Budget Statements, Outcome 1, pg 18

Result: Achieved

How this performance was assessed	Result
1.2.1 Complete and fairly presented financial statements.	Achieved
The Auditor-General issues an unmodified audit report on consolidated financial statements.	Achieved
1.2.2 Timeliness of financial statements.	Achieved
Monthly Financial Statements (prepared within 21 days of the end of month, on average, following release of Final Budget Outcome).	Achieved
Consolidated Financial Statements (CFS) (provided to the Auditor-General by 30 November each year).	Achieved

All of the Government's financial statements were prepared in accordance with publicly agreed timeframes:

- the 2019–20 FBO was released on 25 September 2020
- the 2020–21 monthly financial statements were provided to the Minister for Finance on average within 21 days of the end of each month following the release of the 2019–20 FBO
- the Auditor-General issued an unmodified audit report on the 2019–20 CFS on 24 November 2020.

Analysis

The timely public release of complete and fairly presented 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.

Measure 2: Daily disbursement of cash

Intra-day disbursements through the Central Cash Management System so that entities have access to near real-time funds to deliver on the policy objectives of the Government in necessary timeframes.

Source: 2020–21 Corporate Plan, Key Activity 2, pg 20

2020–21 Portfolio Budget Statements, Outcome 1, pg 18

Result: Achieved

How this performance was assessed	Result
2.1.1 Cash needs of all entities are met in near real-time, each and every day (including outside business hours), for each financial year.	Achieved
<p>All payment requests from entities were met.</p> <p>Cash management business continuity plans are current and continue to be tested at least twice a year.</p>	

Analysis

Finance administers robust financial systems and frameworks to support the disbursement of cash through the Central Budget Management System. Enabling the activities of all Commonwealth entities is critical to achieving our purpose of supporting the Government to achieve its fiscal and policy objectives.

Finance continues to deliver on its commitment to responsible and efficient management of Commonwealth cash and providing near real-time funding to Commonwealth agencies, enabling them to deliver on the policy objectives of government.

The modernisation of Commonwealth cash management has resulted in entities having faster access to their appropriations. This has been particularly beneficial throughout the COVID-19 pandemic, enabling Commonwealth entities to respond quickly to evolving community needs, such as COVID-19 vaccine supplies, income and business support payments and medical equipment.

In late 2020, Finance and the Australian Office of Financial Management jointly established a new cash management account with the Reserve Bank of Australia to improve effectiveness and efficiency in Commonwealth cash management.

In 2021, Finance successfully automated a range of critical end-of-financial-year cash management functions, including processing repeals of annual appropriations and loading cash budgets for appropriations for the new financial year. This business optimisation initiative resulted in Commonwealth entities having earlier access to their appropriations, reduced the risk of human error and minimised staff hours required to support this process.

Public sector resourcing and transformation

Measure 3.1: Governance and accountability

Finance ensures the Resource Management Framework is maintained as a fit-for-purpose framework for the proper use of public resources, and supports Commonwealth entities and companies to meet high standards of governance, performance and accountability through effective engagement and the provision of guidance.

Source: 2020–21 Corporate Plan, Key Activity 3, pg 26

2020–21 Portfolio Budget Statements, Outcome 2, pg 33

Result: Achieved

How this performance was assessed

Result

3.1.1 Effectiveness of Finance's stewardship, policy advice, engagement and guidance on governance and accountability arrangements.

Achieved

3.1.2 Parliamentary and independent audit report findings related to the PGPA framework and the effectiveness of Finance's support services and guidance are applied to maintain a fit-for-purpose framework.

Achieved

Finance has undertaken its annual PGPA Entity Survey of Commonwealth entities and companies which provides feedback on the effectiveness of Finance's stewardship, policy advice, engagement and guidance.

A majority of entities (93 per cent) were satisfied with the Commonwealth Resource Management Framework and the level of support provided by Finance to meet entity obligations. The survey results provided important insights into entities' processes for monitoring compliance with the performance framework, the risk management framework and changes to audit committee requirements. Entities provided valuable feedback on how Finance's delivery of support could be enhanced and on areas of the framework that needed additional guidance to assist entities meet their obligations. This feedback included greater use of plain English in Finance guidance, using case studies to explain best practice, and improving digital access to Finance's resources. On the basis of this feedback, Finance has refreshed guidance on the Finance website to be more user-friendly and helped ensure all entities have access to the latest information about the Commonwealth Resource Management Framework through the Finance website, the PGPA Newsletter, various GovTEAMS communities and the PGPA inbox.

Parliamentary and independent audit report findings related to the PGPA framework and the effectiveness of Finance's support services and guidance were applied to maintain a fit-for-purpose framework.

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 companies and their employees.

The PGPA Entity Survey continues to be an effective measure of how well Commonwealth entities and companies understand their obligations under the PGPA Act and how well they are supported by Finance to meet those obligations. Within a COVID-19 landscape, the Commonwealth Resource Management Framework continues to be adaptable to suit entity needs and deal with external pressures created by the global pandemic, in particular, engaging with risk and meeting performance framework requirements.

Finance's work in the 2020–21 reporting period focused on providing entities with the tools they needed to meet their changing demands while maintaining transparency and accountability. This included providing additional guidance to support entities reporting against the new audit committee requirements introduced for the 2019–20 reporting period, and transition towards the new audit committee membership requirements for the 2020–21 reporting period.

During 2020–21, Finance provided each new accountable authority with PGPA Act introductory guidance to assist them to meet their PGPA Act responsibilities. Fourteen in-person PGPA Act briefings were also provided to accountable authorities and their senior executives.

The 2020 PGPA Entity Survey findings show similar results to the 2019 PGPA Entity Survey reflecting a similar trend on the general perception of the Commonwealth Resource Management Framework. Overall, the survey found that the guidance and support provided by Finance are widely used across the Commonwealth, aided by the client-focused Finance website. Trends identified since 2018 include:

- entities are broadly satisfied with the Commonwealth Resource Management Framework as a whole and the level of support provided to meet obligations under the framework
- review of audit committee qualifications increased over time, with a focus on ensuring persons with the required skills and experience was recruited for the role
- use of guidance materials has increased over time, with a majority of entities considering the Resource Management Guides developed by Finance useful and accessible.

Finance continued to meet demand for support across all elements of the Resource Management Framework, incorporating entity feedback to improve the delivery of resources and to maintain the framework as a fit-for-purpose vehicle to meet the needs of the Commonwealth.

Measure 3.2: Confidence in the quality and accessibility of performance reporting across the Commonwealth

Parliament and independent auditors have confidence in the quality and accessibility of performance information produced under the Commonwealth Performance Framework (CPF) and available to the parliament and the public, and entities and companies understand their obligations under the Commonwealth Performance Framework, and are equipped and supported to meet them.

Source: 2020–21 Corporate Plan, Key Activity 3, pg 26

Result: Achieved

How this performance was assessed?	Result
3.2.1 Effectiveness of Finance's stewardship, policy advice, engagement and guidance on the CPF, including a measure of entity satisfaction with the level of support provided by Finance (target 80 per cent).	Achieved – 93%
3.2.2 Parliamentary and independent audit report findings related to the CPF and the effectiveness of Finance's support services and guidance are applied to maintain a fit-for-purpose framework.	Achieved

During the second quarter of 2020–21, Finance conducted the PGPA Entity Survey with Commonwealth entities and companies. Of the responses received:

- 93 per cent of respondents were satisfied or very satisfied with the level of support provided by Finance on the Commonwealth Resource Management Framework (which includes the Commonwealth Performance Framework)
- 94 per cent of respondents mostly or fully understood the CPF.

The Auditor-General tabled 41 performance audits in 2020–21. None of the performance audits were specific to the CPF. There were 18 performance audits that referenced the CPF, of which 15 had recommendations specific to the application of the CPF by audited entities.

The recommendations went to establishing the corporate plan as the primary planning document for an entity, improving and strengthening performance measures provided in corporate plans and providing performance measures related to the activity that was subject to audit.

The Auditor-General undertook a pilot assurance audit on the 2019–20 annual performance statements of the Attorney-General's Department and the Department of Veterans' Affairs. On 2 December 2020, the Auditor-General provided the Minister for Finance the assurance audit reports, which were tabled in both houses of Parliament on 3 February 2021.

The Auditor-General is undertaking an assurance audit of the 2020–21 annual performance statements of the Attorney-General's Department, the Department of Veterans' Affairs and the Department of Social Services and any CPF implications of these audits will be reported in Finance's 2021–22 annual performance statements.

The parliamentary Joint Committee of Public Accounts and Audit (JCPAA) tabled seven reports in 2020–21. None considered the application of the CPF and there were no recommendations relating to the CPF in the reports.

Analysis

At the beginning of the 2020–21 reporting period, the resources and efforts of Finance in supporting the CPF focused on Commonwealth entities and companies impacted by COVID-19, including by providing the option to defer the publishing of 2020–21 corporate plans until 31 January 2021. In total, 34 entities chose to defer publishing, allowing them to focus their resources and attention on the Government's response to the pandemic. The deferral capacity was provided through a one-off amendment to the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

Finance also clarified and provided guidance on the *Acts Interpretation Act 1901*, affording some entities the option of deferring regular reports, including 2019–20 annual reports.

In the latter part of 2020–21, Finance integrated the Regulator Performance Framework reporting requirements into the reporting requirements of the CPF. This refinement will assist over 100 Commonwealth entities that are regulators or have regulatory functions by reducing duplicative reporting requirements. The reform will be implemented in 2021–22 with full implementation in 2022–23.

Due to disruption caused by COVID-19, Finance suspended Performance Community of Practice sessions, which inform and promote discussion about changes and issues relating to the CPF. Instead, Finance's engagement focused on ensuring that digital guidance was relevant and appropriate, providing information through regular PGPA newsletters, responding to direct enquiries through the PGPA email address, and providing one-on-one assistance to entities and companies on request.

Entity responses to the PGPA survey, which was undertaken during the second quarter of 2020–21, provide confidence that Finance's stewardship, policy advice, engagement and guidance on the CPF is effective.

In relation to the assurance audits of annual performance statements, Finance is working with the Australian National Audit Office on the design and implementation of an expanded audit program.

Measure 4: 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, and to 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: 2020–21 Corporate Plan, Key Activity 4, pg 27

2020–21 Portfolio Budget Statements, Outcome 2, pg 41

Result: Achieved

How this performance was assessed	Result
4.1.1 Effectiveness of Finance's stewardship, policy advice, engagement and guidance on procurement systems and policies.	Achieved
4.1.2 AusTender platform and data is available to users 99.5 per cent of the time.	Achieved
4.1.3 Engagement with domestic and international stakeholders supports information exchange on advances in procurement policy.	Achieved
4.1.4 Savings and efficiencies from WoAG arrangements are compared, where possible, against similar arrangements, previous arrangements or markets.	Achieved

Finance took a proactive approach to its role as policy stewards, providing entities with web guidance and support on the Commonwealth Procurement Framework and tailored advice through a dedicated outreach program and inbox.

Finance delivered a scheduled outreach program, providing two-way communication between central procurement areas and the policies which support the Commonwealth Procurement Framework. Engagement on strategic procurement matters and related policies takes place through the Senior Procurement Officials Reference Group (SPORG).

In 2020–21, Finance hosted 26 outreach sessions attended by 106 entity representatives and nine SPORG meetings attended by 103 entity representatives. Finance facilitated workshops with the states and territories on engagement with Australian business in major civil construction projects.

Finance enhances procurement capability and productivity across the public sector by sharing experiences, knowledge and better practice, strengthening partnerships with industry and promoting self-help procurement tools.

In 2020–21, through the Centre of Procurement Excellence (CoPE), Finance delivered:

- two Secretaries' Procurement Consultative Roundtable meetings
- two CoPE Steering Group meetings
- the Commonwealth Procurement Capability Self Assessment Survey, providing reports to participating entities.

In 2020–21, the AusTender platform and data were available to users more than 99.5 per cent of the time.

In 2020–21, Finance participated in:

- five rounds of trade negotiations with the United Kingdom
- four rounds of trade negotiations with the European Union
- one round of trade negotiations with the Association of South East Asian Nations and New Zealand
- one meeting of the Organisation for Economic Co-operation and Development Working Party of the Leading Practitioners on Public Procurement
- four meetings of the World Trade Organization Committee on Government Procurement

- five surveys by international organisations on issues related to public procurement such as gender, infrastructure, responses to COVID-19, support to small and medium-sized enterprises and anti-corruption in procurement.

Under the Commonwealth Procurement Framework, prior to formalising the extension of the WoAG Air Services Arrangement, Finance analysed performance and compliance with the Panel Deed and considered new pricing proposals. Finance determined that all suppliers continued to represent value for money for the Australian Government. Updated pricing, including route deals, point of sale discounts and other additional value-adds came into effect from 1 July 2021.

Extensions to the travel management services and car rental WoAG coordinated procurement arrangements were also exercised. This followed reviews that confirmed the arrangements are meeting their objectives and continue to deliver value for money, and the benefits of extending arrangements outweighed the costs and risks associated with approaches to market.

Analysis

The Commonwealth Procurement Rules govern how entities buy goods and services. They 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. In 2020–21, approximately 66,000 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 6,120 enquiries in 2020–21, down 43 per cent from 2019–20 when 10,775 enquires were received. Volume is decreasing as the continuous improvement program delivers enhanced user experience and discoverability of information. There are currently over 68,000 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 2020–21, Finance's activities included:

- supporting entities through administration of the Commonwealth Procurement Rules and providing support and advisory services to ensure that their business operational needs can be met
- further development of self-help procurement tools and guidance 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
- modification of SPORG for online delivery and increased frequency
- regular engagement with entities and industry through the Centre of Procurement Excellence.

Measure 5: Treatment of insurable risks and claims management

Comcover is effectively managed to ensure the fund is financially sustainable, there is a consistent, WoAG approach to the management of claims and Comcover supports the improvement of risk maturity in general government sector entities over time.

Source: 2020–21 Corporate Plan, Key Activity 5, pg 27

2020–21 Portfolio Budget Statements, Outcome 2, pg 39

Result: Achieved

How this performance was assessed	Result
5.1.1 An appropriate level of net assets is maintained.	Achieved
5.1.2 Litigation is undertaken honestly and fairly as a model litigant.	Achieved
5.1.3 Effectiveness of Comcover's stewardship, policy advice, engagement and guidance on risk management.	Achieved

As at 30 June 2021, Comcover net assets were \$5.6 million. As at 30 June 2021, Finance, had a net claims liability of \$1,092.2 million, with cash reserves of \$1,100.3 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.

Finance has undertaken all litigation consistent with the obligation to act as a model litigant and other obligations under the Legal Services Directions 2017.

Finance continues to provide stewardship, policy advice, engagement and guidance on risk management. As at 30 June 2021, there has been increased uptake of Comcover's risk education program across all levels of the program. As at 30 June 2021, 3,300 individuals had completed Finance's e-Learning program with 242 attending both face-to-face and virtual workshops. Participation in e-Learning increased 43 per cent compared to 2019–20 and participation in workshops increased 142 per cent compared to 2019–20.

Comcover's introductory risk education program has been adopted by a number of agencies as compliance training with significantly increasing program completions.

Strong attendance continues for both face-to-face and virtual workshops, increasing the uptake of the associated e-Learning modules. The average maturity of the fund achieved in 2021 was equivalent to the third level of a five-level maturity model. Given this is the first year of the revised Risk Management Benchmarking Program, it is not possible to compare the fund's performance to previous years.

Analysis

Property and liability claims following natural disasters in 2019–20 continued to impact net assets, combined with forecast increases to significant liability matters.

In 2020–21, Comcover did not breach the model litigant obligations. Over the last three financial years, Comcover has closed on average over 4,800 claims per year.

Finance supports entities to obtain the knowledge, skills and expertise they need to successfully implement and integrate risk management in their organisations. Finance adapted to the COVID-19 pandemic by offering the Comcover education and workshops virtually and introducing micro-bites on specific risk topics. The uptake of virtual workshops continues to be strong as staff outside Canberra can now access these offerings. The micro-bites released in early 2020 have received more than 10,000 views with the most popular receiving more than 2,400 views.

The Comcover Risk Management Benchmarking Program was refreshed over 2020–21, recognising that the risk maturity of fund members has improved over the past five years of the program. This includes changes

to the survey questions, scoring methodology, and reporting capability. The changes to the scoring methodology mean that it is not possible to compare this year's results to previous years. However, it will be possible to compare the results of the next iteration of the biennial program in 2022–23 to this year's results, to assess whether there has been an aggregate improvement in risk maturity.

Measure 6: Commonwealth property initiatives are efficient and effective

The management of Commonwealth property demonstrates best practice effectiveness in an evolving environment, and delivers efficiencies in relation to leasing and facilities management for non-corporate Commonwealth entities (NCEs).

Source: 2020–21 Corporate Plan, Key Activity 6, pg 28

2020–21 Portfolio Budget Statements, Outcome 2, pg 38

Result: Achieved

How this performance was assessed

Result

6.1.1 Property efficiencies are delivered through the Whole-of-Australian Government Property Services Coordinated Procurement Arrangements for leasing and facilities management.

Achieved

6.1.2 Effectiveness of Finance's stewardship, policy advice, engagement and guidance on Commonwealth property management.

Achieved

The Whole-of-Australian Government Property Services Coordinated Procurement Arrangements (the arrangements) continue to deliver property efficiencies. As at 30 June 2021, 94 per cent of NCEs had transitioned to the arrangements, representing 99 per cent of the total properties that are in scope.

The 2020 Australian Government Office Occupancy Report highlights continued improvement in the efficiency of the Commonwealth's office portfolio, including a reduction in the work-point vacancy rate from 16.2 per cent in 2017 to 8.8 per cent in 2020, and an improvement in aggregate occupational density from 17.1 m² per occupied work point in 2017 to 15.1 m² in 2020. The proportion of individual leases meeting the Government's occupational density target of 14 m² per occupied work point increased from 25.0 per cent in 2017 to 40.1 per cent in 2020.

Property Service Providers met the combined property operating expense savings targets for 2019–20 and 2020–21 and continue to exceed contractual targets regarding participation by Indigenous-owned businesses and SMEs.

Other benefits of the arrangements include improved service delivery, employment of best practice industry standards and more efficient procurement and management of subcontractors by Property Service Providers.

In 2020–21, Finance continued to rationalise the Finance Owned Estate in accordance with the Commonwealth Property Disposal Policy. Finance divested 13 properties, with total sale proceeds of \$0.9 million.

Analysis

Finance provides oversight, management and support to Commonwealth entities in relation to property management. The reform of Commonwealth property asset management and operations, led by Finance, has made a significant contribution to improving efficiency.

In 2020–21, Finance continued to assist entities to manage their lease holdings effectively and efficiently resulting in more efficient use of office space.

In 2020–21, Finance quickly identified and responded to rapidly emerging property-related issues resulting from the COVID-19 pandemic. Finance developed guidance materials and advice to support entities to manage office accommodation. For example, 448 Commonwealth tenants received the benefit of Finance's Rent Relief Policy, which supports SMEs and not-for-profit occupants through COVID-19.

Finance also manages a significant and strategically important property portfolio, oversees the planning, construction and delivery of major capital works projects, and demonstrates leadership in rationalising the Commonwealth's property holdings by divesting properties that are surplus to requirements.

Measure 7: 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: 2020–21 Corporate Plan, Key Activity 7, pg 28

Result: Achieved

How this performance was assessed	Results
7.1.1 GBEs operate efficiently, maintain a commercial focus and manage the longer-term financial and operational sustainability of the entity, including the payment of dividends.	Achieved
7.1.2 GBE corporate plans comply with GBE guidelines and provide sufficient information to permit performance and financial reporting and monitoring. This includes timely reporting to ministers and government on progress of key projects and proactive reporting on emerging issues.	Achieved
7.1.3 Ensure that GBE and project governance is fit for purpose including through the establishment of governance documents such as statements of expectations, commercial freedom frameworks and funding agreements.	Achieved

Advice is provided on a regular basis to shareholder ministers on the compliance and performance of GBEs, based on information provided in corporate plans, progress reports and annual reports, as well as regular interactions with GBEs.

GBEs continue to support the Australian economy by delivering on significant infrastructure projects, including the development of a world-leading vertically-integrated shipyard by Australian Naval Infrastructure in Osborne South, South Australia. These facilities were completed in 2020 and handed over to BAE Systems Maritime Australia, to support prototyping and construction of the *Hunter* Class Frigates. In 2020–21, construction of the first section of the Inland Rail, Parkes to Narrabri, was completed, with work commencing on the Narrabri to North Star section. The construction of Snowy 2.0 continues with the recent commencement of tunnelling works by Snowy Hydro Limited. Western Sydney Airport Co achieved key milestones in the construction of Western Sydney International (Nancy-Bird Walton) Airport, including the completion of over 50 per cent of bulk earthworks.

GBEs supported the Australian community through the COVID-19 pandemic by ensuring they remained connected. To this end, Australia Post adjusted its operations to enable it to respond flexibly to the impacts of COVID-19 and the significant increase in parcel volumes. The NBN network was formally declared as Built and Fully Operational in December 2020, with the network connecting in excess of 11.86 million premises.

An update to the GBE guidelines and GBEs' key governance documentation has commenced, to ensure they remain fit for purpose and reflect the latest government policies, best practice guidance and expectations of GBEs. The outcomes of recent reviews will be included and extensive stakeholder consultation is ongoing in 2021 to support the update.

Analysis

The Government's involvement in 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 2020–21, 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 examples include:

- organising a GBE Forum to promote shared learnings and experiences between GBEs
- a professional education program for Finance and shareholder departments, and pivoting to online delivery where needed.

To support the delivery of policy outcomes, Finance works with the Organisation for Economic Co-operation and Development, state and territory governments and professional associations to gain insights and share learnings on the development of best practice accountability, transparency and governance practices.

Finance also continues to engage with the wider APS community on matters involving GBEs, including in the development of the State-Owned Enterprises chapter for the recently announced Australia-United Kingdom Free Trade Agreement.

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 continued its support of the Government's effort to temporarily adjust Australia Post's performance standards to reflect the operating constraints and limitations that have resulted from the significantly changed environment in 2020–21. These adjustments provide Australia Post with flexibility to meet increased demand for online ordering and delivery as people practise social distancing. Finance continues to assist in a range of commercial matters across government.

Measure 8.1: Investment mandates for each Australian Government Investment Fund

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.

Source: 2020–21 Corporate Plan, Key Activity 8, pg 29

2020–21 Portfolio Budget Statements, Outcome 2, pg 45

Result: Achieved

How this performance was assessed?

Result

8.1.1 Investment mandates for the managed funds issued by the Australian Government are set and appropriately monitored.

Achieved

The Future Fund 30 June 2021 Portfolio Update confirms that the benchmark rate of return for the Future Fund, the Medical Research Future Fund, the DisabilityCare Australia Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund and the Emergency Response Fund managed by the Future Fund Board of Guardians (Future Fund Board) has been met since inception of the funds and within agreed risk tolerances.

Analysis

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. These investment funds are designed to strengthen the Commonwealth's long-term financial position by making investments that benefit future generations of Australians.

Finance is responsible for providing advice to the Government on the Australian Government's investment funds. Finance provides advice on a wide range of issues, including Board appointments, governance, investment mandates and credits and debits from the funds. This advice ensures that the Government's investment funds can continue to meet their legislated policy objectives within a robust governance framework.

Measure 8.2: Administration of civilian superannuation schemes

The legislative framework for the Commonwealth Government's civilian superannuation schemes enables the schemes to be administered in accordance with the applicable regulatory and legislative requirements.

Source: 2020–21 Corporate Plan, Key Activity 8, pg 29

2020–21 Portfolio Budget Statements, Outcome 2, pg 44

Result: Achieved

How this performance was assessed

Result

8.2.1 The legislation establishing the civilian superannuation schemes is reviewed as needed to ensure it complies with the broader regulatory and legislative requirements.

Achieved

In 2020–21, Finance provided advice to the Government on changes to the legislation governing the Commonwealth's civilian superannuation schemes. This included the:

- *Treasury Laws Amendment (Your Future, Your Super) Act 2021*, in relation to changes to the *Superannuation Act 2005* and the *Superannuation Act 1990*
- Superannuation Amendment (PSS Trust Deed) Instrument 2021
- *Superannuation Amendment (PSSAP Membership) Act 2020*
- *Family Law Amendment (Western Australia De Facto Superannuation Splitting and Bankruptcy) Act 2020* – in relation to the *Superannuation Act 1976*, *Superannuation Act 2005*, *Parliamentary Contributory Superannuation Act 1948*, *Judges' Pensions Act 1968* and the *Governor-General Act 1974*
- Superannuation (PSSAP – Ordinary Employer – Sponsored Membership Exclusion) Determination 2020
- Superannuation Amendment (PSSAP Trust Deed – Membership) Instrument 2020
- *Federal Circuit and Family Court of Australia (Consequential Amendments and Transitional Provisions) Act 2021*, in relation to the *Judges' Pensions Act 1968* and the *Federal Circuit Court of Australia Act 1999*.

Analysis

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.

This includes the review of the CSS, PSS, and PSSAP regulated superannuation schemes, and their legislation, as needed, to ensure compliance with regulatory and legislative requirements.

Finance is also responsible for providing advice to government on policy and legislative matters relevant to the pension schemes managed in-house for former parliamentarians, federal judges and governors-general.

Measure 8.3: Administration of pension schemes for former parliamentarians, judges and governors-general.

The pension schemes are administered by the Department effectively, in accordance with the applicable regulatory and legislative requirements.

Source: 2020–21 Corporate Plan, Key Activity 8, pg 29

Result: Achieved

How this performance was assessed

Result

8.3.1 The operations of the civilian superannuation schemes administered by the Department comply with the applicable regulatory and legislative requirements.

Achieved

In 2020–21, Finance:

- supported the Minister for Finance and the Parliamentary Retiring Allowances Trust to meet their statutory decision-making responsibilities relating to scheme entitlements
- administered the pension schemes in line with the schemes' rules and legislative obligations including:
 - processed pension payments on schedule to around 650 retired parliamentarians, federal judges and governors-general or reversionary beneficiaries of deceased members
 - submitted scheme reports to regulatory agencies by the due dates.

Analysis

Entitlement to scheme benefits is prescribed under the various legislation, *Parliamentary Contributory Superannuation Act 1948*, the *Judges' Pensions Act 1968*, the *Governor-General Act 1974* and the superannuation arrangements under the *Federal Circuit Court of Australia Act 1999*. In certain prescribed circumstances, particularly relating to reversionary beneficiaries, additional consideration is required by the Minister for Finance or the Parliamentary Retiring Allowances Trust. In 2020–21, Finance provided support to the Minister for Finance and the Trust in relation to five benefit applications.

Finance also administers the pension schemes in-house in accordance with the applicable regulatory and legislative requirements. In March 2020, during a COVID-related lockdown, a new superannuation IT system was implemented. Without business interruption Finance was able to:

- continue to process pension payments in accordance with the relevant fortnightly or monthly payment schedules
- respond to member queries and issued member annual statements in a timely manner
- further improve automation of scheme reports for submission to regulatory agencies.

Delivering effective services to, and for, government

Measure 9.1: Shared services policy – corporate services

Corporate service functions (e.g. financial, human resources and associated IT systems) for non-corporate Commonwealth entities (NCEs) are provided through a shared services provider hub arrangement, on common platforms and software.

Source: 2020–21 Corporate Plan, Key Activity 9, pg 34

Result: Achieved

How this performance was assessed

Result

9.1.1 Deploy common Enterprise Resource Planning solutions to NCEs:

Achieved

Whole-of-government agreement to the business case for GovERP (2021–22 delivery).

Achieved

Increase NCEs using common ERP solutions.

Achieved

9.1.2 Common corporate business processes are adopted by NCEs:

Achieved

Whole-of-government agreement to common business processes.

Achieved

Improved efficiency in common corporate business processes.

Achieved

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. Significant progress was made in relation to the shared services agenda. This included:

- agreeing all major parameters of the operating model for shared services and the on-boarding and implementation approach for agencies using SAP technologies. This work underpinned the combined first and second pass whole-of-government business case that was considered and endorsed by the Government in the 2021–22 Budget. Funding was provided to build the GovERP platform and to on-board the SDO and its clients as the first use case.
- conducting a template review, defining and testing of the end-to-end business processes that it is built on and developing the GovERP core demonstration system to engage stakeholders to ensure end user needs are met prior to the production solution being developed. These processes provide the foundation for the GovERP template and the GovERP process automation strategy. The template will be built once and used to assist over 40 agencies to transition to the new technology and will enhance adoption of digital technologies within government.
- undertaking procurement of four complementary (edge) functional capabilities and commencing the procurement process for a strategic partner through a two-stage market approach. The program utilised SAP training credits with over 150 public servants being upskilled in SAP S/4 HANA capability.

In addition, the efforts of the shared services provider hubs resulted in:

- four shared services provider hubs being lead adopters of e-Invoicing technology, Services Australia, the Australian Taxation Office, the Department of Industry, Science, Energy and Resources and the SDO. This initiative aims to provide faster payment of invoices to small business. In addition, the Services Australia access point has supported several agencies to become e-Invoicing enabled.
- shared services provider hubs focusing effort to assist their client entities to prepare for the transition to GovERP, including through documenting current processes, sharing policies and procedures to

align approaches, developing a maturity index assessment and creating communities of practice to build knowledge, expertise and share learning.

- the SDO increasing adoption by client entities of enterprise resource platform solutions and shared services arrangements. Further detail is provided under Performance Measure 9.2.

Analysis

The Shared Services Program seeks to consolidate the provision of corporate transactional services into a small number of shared services provider hubs and to deliver a common corporate platform leveraging shared technology for the APS. Shared services is a long-term priority for the Australian Government.

When fully implemented, it will support over 90 NCEs and 130,000 public servants and replace disparate, ageing and soon-to-be obsolete back-office systems with a common technology platform, GovERP. GovERP will support a limited suite of ICT solutions to meet the functional requirements of large and small/medium agencies across the Commonwealth.

In 2020–21:

- Finance progressed its responsibility for the Shared Services Program from a policy perspective, developed an approach for a common whole-of-government enterprise resource platform, GovERP, and further enhanced shared service delivery through the SDO Hub
- consolidated efforts and expertise from across the Program, the SDO Hub and GovERP continued and were used to confirm the core elements of the Program needed to deliver shared services using GovERP and to inform the technical solution for GovERP and the implementation approach to scale across the APS
- despite the challenge COVID-19 placed on meeting with stakeholders and workforce mobility, Finance used latest technologies, secondment opportunities and refined procurement approaches to further enhance its engagement and collaboration with NCEs, APS staff and industry. Through this engagement, Finance was able to develop the operating model for shared services, build the initial demonstration solution of GovERP and validate the streamlined end-to-end business processes necessary to support shared services
- the preparation, planning and high-level design phases for the GovERP platform were completed, which has involved consulting with hubs, entities and industry to confirm the best approach to deliver a platform that addresses whole-of-government business needs
- Finance also worked with the Digital Transformation Agency, the Australian Public Service Commission and SAP to develop an approach for enhancing skillsets of public servants in the latest SAP S/4 HANA technologies, which are necessary for building the SAP instance of GovERP.

The Government has transferred responsibility for the completion of the on-boarding template, the design, build and operation of the GovERP platform, and the on-boarding of the SDO and its clients to Services Australia from 1 July 2021. Finance will retain responsibility for the policy and governance oversight functions for the wider Shared Services Program and the SDO provider hub. Finance will continue to work with Services Australia on GovERP to deliver consistent and integrated business services through standardising and consolidating processes and software across Commonwealth entities. This approach will enable entities to focus on frontline priorities rather than back-end administration.

Measure 9.2: Shared services hub meets client needs

As a shared service hub, the Service Delivery Office (SDO) provides quality and efficient services to client entities.

Source: 2020–21 Corporate Plan, Key Activity 9, pg 34
2020–21 Portfolio Budget Statements, Outcome 2, pg 43

Result: Achieved

How this performance was assessed	Result
9.2.1 Service level agreements with client entities, including measurement of efficiency and effectiveness of services, are met, including:	Achieved
Average resolution time of client request of 10 days.	4.4 days
Increased rating in client satisfaction surveys (baseline established in 2020–21).	Baseline established – 53%
9.2.2 The benefits of shared, standard and sustainable technologies and processes are realised:	Achieved
Increased client uptake of shared ERP technology solutions (year-on-year increase).	Achieved
Increased client adoption of end-to-end corporate processes – travel and credit card.	Achieved

The SDO has agreed service level outcomes with clients. The SDO has revised its performance reporting framework to enable the provision of quarterly reports to clients. The following client-centric key performance areas are captured:

- efficiency in payroll administration
- timeliness and accuracy in processing financial documents
- efficient usage of client investment funds through proper project management
- application of a robust risk management framework (controls and assurance)

As at 30 June 2021:

- the SDO was meeting service level outcomes for accounts payable, accounts receivable, payroll administration, credit card management and hub usage
- there were 8,189 hub users, continuing the increasing trend in the number of users of shared ERP systems
- 100 per cent of clients were able to manage their services, data and ledger maintenance activities through the hub
- over 105,000 tickets were raised and resolved during 2020–21 with an average resolution time of 4.4 days.

Results from the SDO client surveys across 2020–21 found 'positive' or 'very positive' response rates of 53 per cent across quality, timeliness, interaction and overall experience. The survey results showed continual improvement on a quarter-by-quarter basis. The results of the surveys establish the baseline to measure performance for 2021–22 and beyond.

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 shared digital solutions and automation.

During the 2020–21 reporting period, the SDO:

- developed a new process automation for debt management to provide for improved efficiency in business processes
- completed the discovery phase with the Office of the Australian Information Commissioner with the intent of on-boarding to the SDO in 2021–22
- implemented a digital travel and expense management capability which has been adopted by six additional SDO clients
- successfully on-boarded the Department of Education, Skills and Employment to the e-Invoicing solution.

Measure 10.1: 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.

Source: 2020–21 Corporate Plan, Key Activity 10, pg 35

2020–21 Portfolio Budget Statements, Outcome 2, pg 35

Result: Achieved

How this performance was assessed	Result
10.1.1 GovTEAMS platform is fully operational in accordance with set performance targets of 99 per cent.	99%
10.1.2 GovTEAMS user adoption rates meet set performance targets of 90,000.	127,800 users

GovTEAMS continues to rapidly increase its registered user count since commencing in January 2019. The platform has reached over 127,800 users by 30 June 2021, up from 87,000 users in the previous year.

Analysis

Finance remains committed to driving transformation in the public sector. GovTEAMS supports this commitment by facilitating APS-wide online collaboration, and equips individuals with the modern tools they need to build their digital capability and increase their productivity.

In the 2020–21 financial year, GovTEAMS hosted:

- 560,880 inter-agency chat messages between virtual online teams
- 11,919,988 chat messages between individuals across the APS and external partners
- 426,379 audio and video calls
- 733,066 online meeting attendees.

As at 30 June 2021, GovTEAMS has over 127,800 registered members. Of these, there are 53,618 Australian Government and state government members actively using the platform across 17,645 teams or communities. Members are working with 26,907 registered partners from industry and academia.

An average of 40,000 video and audio calls are conducted monthly using GovTEAMS. Over 1,750 Commonwealth Senior Executive Staff are registered in GovTEAMS. Finance recently concluded a successful 18-month trial of its protected-level collaboration offering and launched the full offering of GovTEAMS PROTECTED in July 2021. Building on the existing GovTEAMS platform, GovTEAMS PROTECTED provides an approved, secure online workspace to share protected-level information, creating a safe collaboration platform for agencies that have existing protected networks, as well as for those that do not. The latest GovTEAMS PROTECTED capabilities allow users to collaborate from outside a protected network with appropriate restrictions and controls, making GovTEAMS PROTECTED a truly mobile solution for secure collaboration at the protected level.

Measure 10.2: 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: 2020–21 Corporate Plan, Key Activity 10, pg 35
2020–21 Portfolio Budget Statements, Outcome 2, pg 36

Result: Achieved

How this performance was assessed	Result
10.2.1 The GovCMS platform is available to entities seeking to develop and maintain websites 99 per cent of the time with the exception of scheduled outages.	99.92%
10.2.2 Evidence of continued use of GovCMS by non-corporate Commonwealth entities (target of ~350 websites)	318 (350*) websites

*A further 32 websites were on the platform for the majority of the year. Twenty-nine sites were consolidated into a single larger site on GovCMS as part of a digital transformation project. Three sites ceased as a result of machinery-of-government changes.

The GovCMS platform availability in 2020–21 was 99.92 per cent, exceeding service level targets. Platform availability was 100 per cent in all months, except December 2020.

In 2020–21, 119 sites were launched by non-corporate Commonwealth entities (NCEs) on the platform. Sixty-three sites were upgrades for existing sites moving to the most recent version of Drupal, the content management tool used by the GovCMS platform.

In addition to sites consolidated through machinery-of-government and transformation initiatives, a further 37 sites ceased during the reporting period. This was a result of the completion of beta projects, and one NCE electing to host their sites with the previous GovCMS service provider.

The total number of sites live as at 30 June 2021 was 318, with 245 of these managed by NCEs and 73 by other entities. The majority of these are state and local government entities, whose websites total 50 (seven in New South Wales, seven in Queensland, six in South Australia and 30 in Victoria).

As at 30 June 2021, the number of NCEs using GovCMS was 60, up from 54 in 2019–20. In 2020–21, eight NCEs joined the program, one entity was disestablished via a machinery-of-government change, and one entity left the platform having completed a separate procurement. There are also 18 corporate Commonwealth entities with active subscriptions. In June 2021, the Federal Court joined the GovCMS program.

Analysis

In 2020–21, Finance continued to on-board entities and websites to the secure platform.

Finance worked closely with entities, assisting with the upgrade of 63 websites. The GovCMS team centrally managed the majority of the upgrade. The team provided an efficient and timely transition for entities to the latest version of content management tools available for use within the platform. This ensured entities continued to deliver their sites using modern, secure and supported software.

As part of a larger upgrade program, Finance (with the assistance of its service provider) implemented new processes and tools to automate both the majority of the upgrade and any remediation needed. This is to ensure sites remain operational. Entities were supported during testing activities, ensuring confidence in the platform was maintained.

The ongoing impact of the COVID-19 pandemic can be observed with high traffic levels of websites hosted on the platform. Finance's GovCMS platform continues to meet and exceed expectations. During the reporting period, the platform served more than 1.5 billion pages of content to website visitors.

Finance supported entities during the reporting period by delivering 16 training sessions for staff from 35 entities. To accommodate the shift towards work-from-home arrangements, Finance delivered two pilot sessions to trial the effectiveness of training courses run by an online facilitator rather than using more traditional in-person classes. Both pilots generated successful outcomes and positive responses from attendees.

Over the reporting period, more than 100 people completed at least one training course. This has increased the breadth and depth of skills available to entities using GovCMS, and increases APS flexibility in providing future surge capacity.

Measure 11.1: Services meet client needs

Services meet the needs of parliamentarians, their employees and others as required by the Australian Government.

Source: 2020–21 Corporate Plan, Key Activity 11, pg 36

2020–21 Portfolio Budget Statements, Outcome 3, pg 49

Result: Achieved

How this performance was assessed	Result
11.1.1 The following service standards are met or exceeded.	Achieved
Client contacts acknowledged within 24 hours and responded to within agreed timeframes 95 per cent of the time.	97.64%
Payments (including payroll) made within agreed timeframes 95 per cent of the time.	99.90%
Office establishment and relocation projects delivered in accordance with the National Fitout Standards 100 per cent of the time.	100%
COMCAR reservations will be completed without service failure 99 per cent of the time.	99.67%

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.

In order to determine our performance in delivering these services, Finance identified four high-level service standards. In 2020–21, Finance met all of these service standards.

Finance continues to put the needs of parliamentarians and their employees at the centre when designing and delivering services. This is done by engaging with user reference groups and consultative groups, and reviewing service delivery data and surveys to ensure the best outcomes for our clients. As part of our enhanced delivery of services, in 2020–21 MaPS launched its redesigned website for parliamentarians and MOP(S) Act employees, intended to better support clients by providing them with an improved way to access the information they need, whenever they need it.

Measure 11.2: Improve administration of parliamentary work expenses

The timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses is improved.

Source: 2020–21 Corporate Plan, Key Activity 11, pg 36

2020–21 Portfolio Budget Statements, Outcome 3, pg 50

Result: Substantially Achieved

How this performance was assessed	Result
11.2.1 The Parliamentary Expenses Management System (PEMS) delivers increased HR and work expenses functionality by mid-2021.	Substantially Achieved
11.2.2 Increased usage of PEMS by parliamentarians and their staff.	Achieved

In 2020–21, the PEMS project was separated into Phase 1 and 2. Phase 1 saw the release of the Human Resources (HR) and payroll administration functions which went live on 1 July 2021. Parliamentarians and their staff have access to increased self-service HR management functions enabling access to payslips, to apply for additional leave types, to maintain personal information and to apply for authorisations in the one system.

Phase 2 will see the release of the work expenses functionality by no later than mid-2022.

PEMS portal (web-based application) access was delivered in 2018, allowing parliamentarians and their staff to access PEMS from any computer or mobile device, to lodge, monitor and certify work expense claims. This provides increased efficiencies and reduces the administrative burden on parliamentarians' offices.

A number of targeted PEMS adoption strategies were implemented during the 12 months to 30 June 2021, resulting in increased usage of the PEMS portal by parliamentarians and their staff for office expense claims and travel expense claims:

- 62 per cent of parliamentarians have personally used PEMS to certify claims (office or travel)—an increase of 6 percentage points in 12 months

- 91 per cent of parliamentary offices have used PEMS to certify at least one claim (office or travel)—an increase of 7 percentage points in 12 months
- In 2020–21, the proportion of claims processed through PEMS (relating only to claims where PEMS functionality is available) was 74 per cent for office expenses.

Analysis

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 of 'An Independent Parliamentary Entitlements System: Review'. The delivery of PEMS has been a high-priority activity for Finance over a number of reporting periods. Finance recognises the importance of achieving improvements in timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses.

The HR release on 1 July 2021 provides increased self-service functions for parliamentarians and their staff, enabling access to apply for additional leave types, to maintain personal information and to apply for authorisations in the one system.

The full PEMS functionality is expected to be delivered in mid-2022. 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 2020–21. 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 and HR release.

Measure 12: Finance tenancies are managed efficiently

Finance tenancies are managed efficiently.

Source: 2020–21 Corporate Plan, Key Activity 12, pg 36

Result: Partially Achieved

How this performance was assessed	Result
12.1.1 For Finance occupied tenancies, average occupational density is at or below the Government's target (2019–20 14 m ² per occupied work point).	14.08 m ²

For the 2020–21 reporting period, Finance exceeded the 14 m² occupational density target with an occupational density of 14.08 m².

This largely stemmed from a change in leasing arrangements in late 2019–20, which saw the cessation of a tenant's sublease in the One Canberra Avenue tenancy. Work to refit part of the vacated area also contributed to the result.

Analysis

The efficient management of Finance tenancies is an important component of the Department's business enabling services, which, together with corporate services, IT and workplace support, ensures Finance continues to meet its operational requirements.

The Department considered subleasing and redevelopment opportunities within One Canberra Avenue for 2020–21, including refitting areas of the vacated part of the tenancy. The fit-out activities are expected to be completed in early 2021–22, which will impact density targets over the next reporting period.

The Department is also undertaking workforce planning activities that should contribute to meeting our density targets in 2021–22, and will continue to explore subleasing opportunities.

Overall, these efforts demonstrate the focus Finance maintained throughout this reporting cycle on ongoing efficient management of its resources.

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 31 August 2021.

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 2020–21 operating deficit of \$98.8 million (2019–20: deficit \$65.7 million) is primarily due to general insurance activities provided to Australian Government entities which were impacted by revised estimates in insurance expenses for prior year liability claims.

While the Department recognised an operating deficit in 2020–21 under the Statement of Comprehensive Income, the Statement of Financial Position remains strong. At 30 June 2021, the Department held net assets of \$2.1 billion which largely comprised the Finance Owned Estate (approximately 70 non-Defence Commonwealth-owned properties in Australia). Total assets increased by \$0.2 billion, which included an increase in cash for the Comcover special account of \$0.4 billion received as an equity injection. Total liabilities increased by \$0.4 billion for outstanding insurance claims to be paid.

Administered activities on behalf of the Australian Government

In 2020–21, Finance administered four programs on behalf of the Australian Government with expenses of \$10.9 billion including:

- \$7.7 billion for Public Sector Superannuation including member benefits for Commonwealth defined benefit superannuation schemes
- \$2.6 billion for the Australian Government 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 \$5.0 billion comprises \$3.8 billion of interest, dividends and distributions and gains from the Australian Government Investment Funds and \$1.1 billion of superannuation contributions.

At 30 June 2021, administered assets were \$53.5 billion which largely consists of the Australian Government Investment Funds and investments in Commonwealth entities and companies. Total assets increased \$3.6 billion from 2019–20, mainly due to net government contributions to the Australian Government Investment Funds.

Administered liabilities of \$230.3 billion largely consist of member benefits for the Commonwealth defined benefit superannuation schemes. Superannuation liabilities decreased by \$15.3 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

Environmental performance

Procurement

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 and business optimisation commitments provide direction for how we can improve service delivery with innovative and forward-looking initiatives.

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 performance 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.

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 shows Finance's governance structure at 30 June 2021.

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 it discusses key strategic issues, considers emerging risks and receives regular updates from the chairs of its subcommittees. The Board sets the direction of, and oversees progress against, the Department's transformation commitments to ensure we remain a high-performing, modern, efficient and continuously improving public sector organisation.

The Secretary chairs the Executive Board, supported by the four 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, 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. The Board moved to a virtual meeting environment in the initial phases of the COVID-19 pandemic, made possible by Finance's ICT infrastructure. The Board has since resumed a hybrid mode, with virtual attendance enabled for staff where needed.

Executive Board subcommittees

In 2020–21, the Executive Board had five standing subcommittees:

- Senior Leadership Committee
- People Committee
- Leadership and Remuneration Subcommittee
- Major Investments Committee
- Risk 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 and internal budgets. The SLC is chaired by the Deputy Secretary of Business Enabling Services. The SLC ensures the entire senior leadership cohort plays an active and collaborative role in shaping operational and strategic departmental issues including resourcing, communication and culture, and business improvement issues.

The People Committee provides oversight, advice and assurance to the Executive Board on the strategic direction for people management, leadership development and workforce capability in Finance. This includes dealing with workforce strategy, diversity and inclusion, department-wide work health and safety and other priorities as directed by the Executive Board. The People Committee is co-chaired by two deputy secretaries and has first assistant secretary representatives from each business group and two assistant secretary representatives. The Assistant Secretary responsible for human resources is an adviser to the Committee.

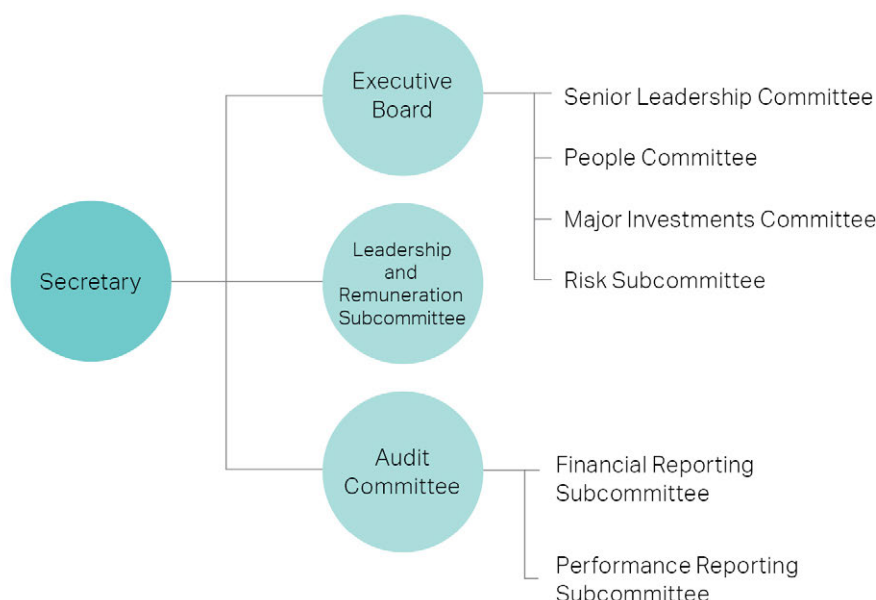
The Leadership and Remuneration Subcommittee is chaired by the Secretary and includes all the deputy secretaries. It is responsible for overseeing and providing advice on specific people management matters.

The Major Investments Committee provides oversight, advice and assurance to the Executive Board on the implementation of Finance's high-risk projects and significant financial investments. The Major Investments Committee is co-chaired by two deputy secretaries and has first assistant secretary representatives from each business group. The Chief Information Officer and Chief Financial Officer are advisers to the Committee.

The Risk Subcommittee ensures the Department has an effective (practical and adequate) risk management framework in place, with the capability to manage its risks effectively. The Risk Subcommittee is chaired by a deputy secretary and consists of staff from a range of levels and all business groups across the Department.

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. Its membership is flexible, based on the identified issue and draws 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 2021



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/audit-committee-charter](http://www.finance.gov.au/publications/charter/audit-committee-charter).

In 2020–21, the Audit Committee had four external members (including an independent Chair) and two departmental members. Professor Brendan Sargeant commenced as independent Chair and external member on 2 January 2020. The Audit Committee met five times during 2020–21.

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 four times in 2020–21.
- The Performance Reporting Subcommittee (PRSC) assists the Audit Committee in meeting its performance reporting responsibilities under the PGPA Act. The PRSC met six times in 2020–21.

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 2020–21 and the number of meetings attended by each member during the year.

Table 1: Audit Committee membership, 2020–21

Name and position	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Meetings attended in 2020–21		Membership details
Prof Brendan Sargeant (external member) Chair, Audit Committee Chair, FRSC	Prof Sargeant previously held the role of Associate Secretary, Department of Defence. In this role, Prof Sargeant was responsible for oversight of the implementation of a major reform of Defence organisation and enterprise governance, planning, performance and risk management. Prof Sargeant is presently the Head of the Strategic and Defence Studies Centre at the Coral Bell School of Asia Pacific Affairs at the Australian National University.	Audit Committee	5/5	Prof Sargeant joined the Audit Committee as Chair in January 2020.
		FRSC	4/4	
		PRSC	1/1	
		RSC	5/5	
Mr Ian McPhee AO PSM (external member) Deputy Chair, Audit Committee Member, PRSC	From 2005 to 2015, Mr McPhee was the Auditor-General for Australia. Mr McPhee was responsible for discharging the responsibilities of the <i>Auditor-General Act 1997</i> 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.
		PRSC	6/6	
Dr Wendy Southern (external member) Member, Audit Committee Chair, PRSC	Dr Southern previously held the roles of Deputy Director-General of the Australian Security Intelligence Organisation and Deputy Secretary at both the Department of Health and the Department of Immigration and Border Protection. Her responsibilities ranged across strategic policy, program management, organisational governance, transformation and corporate management.	Audit Committee	2/2	Dr Southern joined the Audit Committee in January 2021.
		FRSC	1/1	
		PRSC	1/1	
Ms Patricia Kelly (external member) Member, Audit Committee Member, FRSC	Ms Kelly previously undertook a number of senior APS roles with a focus on performance improvement, digital transformation, risk management and financial efficiency, most recently as Director-General of IP Australia (2013–2018).	Audit Committee	2/2	Ms Kelly joined the Audit Committee in January 2021.
		FRSC	1/1	

Mr Nathan Williamson (departmental member) Audit Committee and PRSC	Mr Williamson is the Deputy Secretary of Governance and Resource Management Group.	Audit Committee	2/2	Mr Williamson joined the Audit Committee as a departmental member in January 2021.
		PRSC	1/1	
Ms Amanda Lee (departmental member) Audit Committee and FRSC	Ms Lee is the First Assistant Secretary, Budget Policy and Coordination.	Audit Committee	5/5	Ms Lee joined the Audit Committee as a departmental member in January 2019.
		FRSC	4/4	
Ms Jennifer Clark (external member) Deputy Chair, Audit Committee Chair, 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	2/3	Ms Clark joined the Audit Committee in December 2015 and was appointed as the Deputy Chair in March 2017. Ms Clark's term concluded in December 2020.
		PRSC	5/5	
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	3/3	Ms Ginnane joined the Audit Committee in January 2017. Her term concluded in December 2020.

Integrated business planning framework

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

- enterprise priorities
- enterprise risk framework
- corporate planning
- divisional business planning
- budgeting
- investment and resource planning
- performance reporting and committee governance.

Finance operates a regular integrated business planning mechanism. The Executive Board uses this process to set departmental strategy and make decisions on departmental priorities and resourcing, aligned with Finance's approach to managing risk and identifying opportunities for improvement. This enables strategic investment decisions to contribute to Finance's goal to be a

high-performing, modern, efficient and continuously improving public sector organisation that delivers government priorities efficiently and effectively.

In 2020–21, Finance's approach to integrated business planning provided the Executive Board with a comprehensive understanding of emerging priorities, risks and opportunities to inform departmental investment. Throughout 2020–21, the Executive Board, supported by its subcommittees, regularly reviewed:

- immediate and future priorities, associated investment (including in major ICT projects and property capital works) and resourcing implications and opportunities/risks
- opportunities for improvement, optimisation, deregulation/streamlining and greater alignment within and across business areas to enhance delivery of advice and services
- people management, leadership development and workforce capability.

Planning and performance reporting framework

Finance's integrated performance cycle aligns with the Corporate Plan which is the principal planning document. The Corporate Plan sets out how Finance manages its responsibilities and its use of public resources. Performance planning occurs through regular budgeting processes and Finance's portfolio budget statements, and performance reporting in the Annual Report. Integrated business planning and governance processes direct individual and team activities to achieve our purpose and create a clear line of sight between Finance's strategic and operational business planning. 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 affect 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 2020–21, Finance continued to integrate risk considerations across our governance structures and business planning. Mr Andrew Jaggars, 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.

We support a positive risk culture to drive productivity and ensure the effective and efficient use of public resources. During 2020–21, Finance introduced an Integrity Framework to underpin that positive risk culture. Risk is actively considered as part of prioritisation and allocation of resources, to strengthen strategic partnerships, transform processes and deliver services. The Department's Enterprise Risk Management Plan documents Finance's key strategic, program and operational risks, and is reviewed regularly by the Risk Subcommittee to ensure changes in the operating environment, controls and treatment strategies remain effective. We support enhanced risk management capability across the Department including through educational materials dealing with transformation, innovation and risk.

Business continuity management

Business continuity management (BCM) is a key element of the Department's enterprise risk management arrangements. The Department's BCM process involves the 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 Department's BCM framework, if a business interruption occurs, a Central Control Team (CCT) is convened by the CCT Leader (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 they meet business requirements. During 2020–21, critical function business owners reflected on the lessons learned from the major incidents that occurred in 2019–20 (bushfires, hailstorm events and the onset of COVID-19), when reviewing and updating their plans.

Effective business continuity arrangements remained a key focus in 2020–21 in light of the ongoing response to the COVID-19 pandemic. The CCT continued to actively manage the Department's COVID-19 Recovery Plan as well as collaborating with key stakeholders within the Department and across the APS.

In line with the Department's COVID-19 Recovery Plan, the Department moved to Phase 3 of its recovery on 26 October 2020, following the further relaxation of restrictions and the absence of community transmission of COVID-19 in the Australian Capital Territory. This transition resulted in the majority of staff returning to work in the Department's offices, with some staff still making use of flexible work arrangements.

An external post-implementation review of Finance's response to COVID-19 was undertaken during the period, finding that Finance demonstrated a mature and well-considered response to the COVID-19 pandemic, including a strong focus on staff wellbeing and business priorities.

In response to the pandemic, the Department remains focused on the continuity of business operations and the safety and wellbeing of staff.

Fraud and risk certification

The Department has zero tolerance for unethical behaviour, does not tolerate fraud and corruption and takes all reasonable measures to prevent, detect and deal with fraud.

The Department's Fraud and Corruption Control Framework (the framework) aligns with the Commonwealth Fraud Control Framework. The framework is a set of components and arrangements that provides the foundations and organisational arrangements for fraud prevention, detection, investigation and reporting strategies in the Department.

A key component of the framework is the Fraud and Corruption Control Plan. The plan meets the Department's responsibility for compliance with section 10 of the PGPA Rule 2014. The plan summarises the Department's approach to mitigating key fraud risks, with an emphasis on the prevention of fraud.

Fraud prevention and awareness strategies across the Department include:

- fraud awareness training, with tailored communication activities
- a dedicated intranet page linking to all relevant information and tip-off channels.

The Department continues to respond to reports of fraud and corruption through the implementation of robust and consistent processes and in accordance with the Australian Government Investigations Standards. The Department has a range of channels through which individuals can report suspected fraud or corruption including:

- email: fraud@finance.gov.au
- fraud hotline: 02 6215 3735
- fraud and corruption incident form
- mail: Department of Finance Fraud Officer, 1 Canberra Avenue Forrest ACT 2603.

The Department has adopted a risk-based approach to managing fraud and corruption through its policies, procedures and practices. The Department's Enterprise Risk Management Framework facilitates and promotes sound risk management practices and processes across the Department. In line with the Enterprise Risk Management Framework, the Department has a Fraud Risk

Management Framework that includes key risk management activities, such as fraud risk assessments, conducted regularly to identify the likelihood and consequences of fraud and corruption occurring and assess the adequacy of existing controls to prevent or detect such risks.

Significant non-compliance issues with finance law

In 2020–21, the Department made no reports to the Minister for Finance of significant non-compliance with the finance law under paragraph 19(1)(e) of the PGPA Act.

External scrutiny

Finance's operations are subject to scrutiny by 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 2020–21.

Judicial and administrative tribunal decisions

In 2020–21, there were no judicial or administrative tribunal decisions that involved the Department or that had a significant effect on the operations of the Department.

Australian Information Commissioner decisions

In 2020–21, 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 2020–21, 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 2020–21, the Australian National Audit Office tabled 11 reports in parliament that involved the Department—five performance audits, one financial statements audit and five assurance reviews:

- Auditor-General Report No. 1: *Advances to the Finance Minister for the Period 30 May 2020 to 26 June 2020*
- Auditor-General Report No. 3: *Advances to the Finance Minister for the Period 27 June 2020 to 31 July 2020*

- Auditor-General Report No. 4: *Establishment and Use of ICT Related Procurement Panels and Arrangements*
- Auditor-General Report No. 7: *Advances to the Finance Minister for the Period 1 August 2020 to 28 August 2020*
- Auditor-General Report No. 8: *Administration of Financial Disclosure Requirements under the Commonwealth Electoral Act*
- Auditor-General Report No. 9: *Purchase of ‘Leppington Triangle’ Land for the Future Development of Western Sydney Airport*
- Auditor-General Report No. 13: *Advances to the Finance Minister for the Period 29 August 2020 to 25 September 2020*
- Auditor-General Report No. 15: *Advances to the Finance Minister for the Period 26 September 2020 to 30 October 2020*
- Auditor-General Report No. 25: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2020*
- Auditor-General Report No. 33: *Administration of Parliamentary Expenses by the Independent Parliamentary Expenses Authority*
- Auditor-General Report No. 40: *Interim Report on Key Financial Controls of Major Entities*

Reports by the Commonwealth Ombudsman

In 2020–21, 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.

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 21–22 October 2020, 23 March 2021 and 26–27 May 2021.

On 5 August 2020, Finance attended a hearing of the Inquiry into Public Governance, Performance and Accountability Amendment (Tax Transparency in Procurement and Grants) Bill 2019.

References Committee

On 19 February 2021, Finance provided a submission to the Inquiry into the planning, construction and management of the Western Sydney Airport project.

On 1 March 2021, Finance provided a submission to the Inquiry into the current capability of the Australian Public Service. On 5 March 2021, Finance attended a hearing as part of the same inquiry.

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 2020–21, Finance had a series of engagements with the JCPAA as detailed below. Finance provided information to the JCPAA as part of its ongoing relationship, including responses to questions taken on notice during public hearings and provided in writing.

- On 21 December 2020, the Secretary provided an Executive Minute addressing Recommendations 3 and 4 of Report 481: *Efficiency and Effectiveness—Inquiry into Auditor-General's Reports 25, 29, 38, 42, 44, 45 and 51 (2018–19)*.
- On 29 January 2021, Finance provided a submission to the Inquiry into Governance in the Stewardship of Public Resources, based on Auditor-General Report 31 (2019–20): *Management of Defence Housing Australia*. On 14 April 2021, Finance attended a hearing as part of the same inquiry.
- On 3 March 2021, Finance attended a hearing under the Review of the *Auditor-General Act 1997*.

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 in 2020–21:

- Joint Standing Committee on Electoral Matters:
 - Inquiry into the Electoral Legislation Amendment (Miscellaneous Measures) Bill 2020 (submission provided on 3 July 2020)
 - Inquiry into Commonwealth Electoral Amendment (Ensuring Fair Representation of the Northern Territory) Bill 2020 (attended hearing on 21 July 2020)
 - Inquiry on the future conduct of elections operating during times of emergency situations (attended hearing on 18 November 2020)

- Senate Environment and Communications References Committee: Inquiry into the Future of Australia Post's service delivery (submission provided on 3 July 2020, attended hearing on 8 July 2020)
- Senate Select Committee on Administration of Sports Grants: Inquiry into the Administration of Sports Grants (attended hearing on 22 July 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 (attended hearing on 25 August 2020)
- Senate Select Committee on Scrutiny of Delegated Legislation: Inquiry into the exemption of delegated legislation from parliamentary oversight (provided submission on 27 August 2020, attended hearing on 3 September 2020)
- Senate Select Committee on COVID-19: Inquiry into the Australian Government's response to the COVID-19 pandemic (attended hearing on 10 September 2020)
- Senate Rural and Regional Affairs and Transport References Committee: Inquiry into the future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic (submission provided on 18 December 2020, attended hearing on 4 March 2021)
- Senate Legal and Constitutional Affairs Legislation Committee: Inquiry into the Judges' Pensions Amendment (Pension Not Payable for Misconduct) Bill 2020 (attended hearing on 23 April 2021)
- Senate Environment and Communications References Committee: Inquiry into Australia Post (submission provided on 19 March 2021, attended hearing on 27 April 2021).

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 also participated in a number of private briefings with parliamentary committees during the reporting period.

Asset management

Property management

Finance manages 58 properties and National Land interests in the Finance Owned Estate, including office buildings, heritage assets, law courts and other special-purpose facilities, vacant land and contaminated sites. The total value of the Finance Owned Estate was \$1.9 billion at 30 June 2021.

Finance, with its private sector Property Service Providers, manages these assets 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, Finance undertakes works to improve building and environmental performance and to meet leasing obligations, in accordance with relevant asset management plans.

In 2020–21, Finance continued to rationalise the Finance Owned Estate in accordance with the Commonwealth Property Disposal Policy. Finance divested 13 properties, with total sale proceeds of \$0.9 million.

As at 30 June 2021, 94 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.

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 \$178.8 million was expended across campaign and non-campaign advertising media through the Central Advertising System in 2020–21.

- Total campaign advertising media expenditure was \$162.3 million, comprising \$145.3 million by non-corporate Commonwealth entities and \$17.0 million by corporate Commonwealth entities, Commonwealth companies and other bodies.
- Total non-campaign advertising media expenditure was \$16.5 million, comprising \$15.0 million by non-corporate Commonwealth entities and \$1.5 million by corporate Commonwealth entities, Commonwealth companies and other bodies.

Environmental performance

This section describes the Department's environmental performance, its management of the non-Defence domestic property 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. Throughout 2020–21, Finance advanced its COVID-19 Recovery Plan in accordance with health directives and related guidelines to return to normal work practices. The continued disruption to normal business operations is reflected in the Department's environmental performance indicators.

Departmental activities

During 2020–21, Finance undertook environmental initiatives in areas such as office energy use, transport, resource efficiency and waste management. Table 2 summarises the Department's environmental performance in 2020–21 as compared with 2019–20.

Office energy use

The Department minimises 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, and our facility at Faulding Street, Symonston, use 10 per cent GreenPower, 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 19.7 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 222,029 pages of paper were automatically purged in 2020–21, reducing CO₂-e emissions by 1,732 kilograms. The default settings of Finance's printers are set to 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 2.

COMCAR

In 2020–21, COMCAR continued to deliver on its strategy of ensuring an environmentally responsible fleet of vehicles. As at 30 June 2021, COMCAR has 84 diesel-powered sedans, 45 petrol/hybrid-powered sedans, 17 diesel-powered people movers/vans and two, zero emission, electric sedans in its fleet of 150 vehicles.

The diesel and petrol/hybrid-powered vehicles provide significant improvements in fuel economy and reduced CO₂ outputs, with CO₂ emissions reducing by approximately 60 per cent as compared to COMCAR's previous petrol-powered fleet.

In February 2021, COMCAR began a two-year trial of electric vehicle technology and associated charging infrastructure for consideration in a future fleet strategy.

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

Table 2: Environmental performance summary, 2019–20 and 2020–21

Indicator	2019–20	2020–21
Office energy use^{a, b}		
Total office tenant light and power energy consumption (kWh)	1,660,992	1,739,629
Total office tenant light and power energy consumption (MJ)	5,979,571	6,262,664
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	4,143	4,165
Office tenant light and power use per square metre (MJ/m ²)	239	246
Base/central building energy consumption (MJ)	101,265,207	101,247,931
Base/central building energy consumption per square metre (MJ/m ²)	512	512
Greenhouse emissions attributed to office tenant light and power and base/central building energy use (tonnes CO ₂ -e)	19,552	18,731
GreenPower purchased (kWh)	664,786	705,493
Non-office energy use		
Greenhouse emissions attributed to non-office energy use (computer centres, other properties and uses) (tonnes CO ₂ -e)	952	274
Vehicle fleet^{c, d}		
Total number of fleet vehicles	24	18
Total fuel purchased (litres)	16,655	11,269
Total distance travelled (kilometres)	163,332	104,662
Average fuel consumption of fleet vehicles (litres/100 kilometres)	10.20	10.77
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	38.81	26.94
Greenhouse emissions		
Total greenhouse emissions (tonnes CO ₂ -e)	20,513	19,032
Total greenhouse emissions per full-time equivalent (tonnes CO ₂ -e/FTE)	14.21	12.66

Air travel ^c		
Total number of flights	3,287	425
Total distance of flights (kilometres)	2,939,100	388,762
Total potable water use (kilolitres) Finance tenancies	9,004	6,673
Potable water use per full-time equivalent (kilolitres/FTE) Finance tenancies	6.24	4.44
Potable water use per square metre (kilolitres/m ²) Finance tenancies	0.34	0.25
Potable water use (kilolitres) Finance Owned Estate	97,024	64,775
Potable water use per square metre (kilolitres/m ²) Finance Owned Estate	0.49	0.33
Total office paper purchased per full-time equivalent (A4 reams/FTE)	3.04	2.57
Percentage of office paper purchased with recycled content (%)	88%	89%
Office paper recycled (tonnes)	33.28	13.41
Total waste produced (tonnes)	149.26	108.06
Total waste produced per full-time equivalent (kilograms/FTE)	103.42	71.87
Percentage of waste diverted from landfill (%)	47.90%	46.90%

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

^a In 2020–21, 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 Finance is the landlord for 17 properties (Finance Owned Estate) and responsible for certain base building energy usage. In the 2020–21 reporting period, an additional eight Commonwealth Law Courts were added to the reporting data. The 2019–20 figure has been updated reflecting this change.

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

^d 18 vehicles were recorded in annual FBT reporting between 1 April 2020 and 31 March 2021. The Finance fleet totals 18 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 the time of reporting.

^f Reporting of office copy paper includes A4 80gsm white paper only, with the 2019–20 figure updated reflecting this change in the methodology.

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 2021–22 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 2020–21 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-sized 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 2020 is available on the Department of Industry website. This report shows that, for invoices under \$1,000,000, Finance paid 86.4 per cent within 30 days and 73.3 per cent within 20 days in 2019–20.

The Department supports the goals of the Indigenous Procurement Policy (IPP). This is reflected in the IPP procurement statistics, which show Finance met its 2020–21 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 2020–21 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 3, during 2020–21, 223 new reportable consultancy contracts were entered into, valued at \$20.6 million (see tenders.gov.au) with expenditure against these of \$10.2 million (GST inclusive). In addition, 87 reportable consultancy contracts were ongoing from a previous period with actual expenditure of \$6.8 million (GST inclusive).

Information on the value of contracts and consultancies is available on the AusTender website.

Table 3: Reportable consultancy contracts, 2020–21

Reportable consultancy contracts		
	Number of contracts	2020–21 expenditure (\$, including GST)
New contracts entered into during the period	223	10,224,644
Ongoing contracts entered into during a previous period	87	6,783,178
Total	310	17,007,822

Table 4 shows the top five consultants (by value of expenditure) with Finance during 2020–21.

Table 4: Top five consultants in 2020–21

Top five consultants in 2020–21		
	2020–21 expenditure (\$, including GST)	Proportion of 2020–21 total expenditure (%)
Deloitte Touche Tohmatsu	2,154,378	12.7%
KPMG Australia	1,886,638	11.1%
Price Waterhouse Coopers	1,644,588	9.7%
Ernst & Young	1,391,483	8.2%
The Boston Consulting Group Pty Ltd	760,000	4.5%
Total	7,837,087	46.1%

Non-consultancy contracts

As shown in Table 5, during 2020–21, 723 new reportable non-consultancy contracts were entered into valued at \$271.4 million (see tenders.gov.au) with expenditure against these of \$47.0 million (GST inclusive). In addition, 435 reportable non-consultancy contracts were ongoing from a previous period with expenditure of \$145.0 million (GST inclusive).

Information on the value of reportable non-consultancy contracts is available on the AusTender website.


Table 5: Reportable non-consultancy contracts, 2020–21

Reportable non-consultancy contracts		
	Number of contracts	2020–21 expenditure (\$, including GST)
New contracts entered into during the period	723	47,009,408
Ongoing contracts entered into during a previous period	435	144,984,227
Total		191,993,635

Table 6 shows the top five non-consultancy contracts (by value of expenditure) with Finance during 2020–21.

Table 6: Top five non-consultancy contracts (by value of expenditure) in 2020–21

Top five non-consultancy contracts in 2020–21		
	2020–21 expenditure (\$, including GST)	Proportion of 2020–21 total expenditure (%)
Willemsen Property Corporation Pty Ltd	15,483,050	8.1%
Gallagher Bassett Services Pty Ltd	13,173,896	6.9%
Universal McCann	12,017,831	6.3%
SAP Australia P/L	10,591,830	5.5%
Ventia Property Pty Ltd	9,228,165	4.8%
Total	60,494,773	31.5%

The background of the page features a photograph of two women in a professional setting. The woman on the left, with long blonde hair and glasses, is wearing a striped shirt and a patterned skirt, looking down at a document. The woman on the right is partially visible, wearing a dark blazer and a necklace, also looking at the document. The entire image is overlaid with a semi-transparent dark blue filter. A white circle is visible on the right edge of the page.

Part 4

Our people

Workforce planning
Recruitment and mobility
Workforce diversity and inclusion
Capability and leadership development
Entry-level programs
Workforce statistics
Employments arrangements
Work health and safety

Our people

Our staff are a highly capable, resilient and motivated workforce who contribute to achieving Finance's objectives. The successful delivery of our priorities depends on the effective engagement and management of our existing workforce as well as our ability to attract, develop and retain new staff who demonstrate stewardship, integrity, resilience and professionalism.

Our workforce operating environment is complex and challenging. During 2020–21, Finance continued to respond to, and deliver on, the Government's priorities, while also managing the ongoing impacts of the COVID-19 pandemic. We have continued to embed the lessons learned from the initial stages of the pandemic including applying feedback from staff on our flexible work policy and practices. Strengthening the capability and confidence of our managers to ensure staff are supported, have the tools and resources to deliver, and have access to flexible working arrangements is an ongoing focus for the Department.

In January 2021, the results of the 2020 APS Employee Census were released. Our response rate of 94 per cent—the top result for the equivalent agencies in the APS—provided a strong understanding of our staff's view of the Finance workplace culture, as well as areas for continued focus. Our results indicated our staff continued to be strongly engaged, productive and committed to the delivery of outcomes for the Government and for Australians. Our results provided positive feedback on the health and wellbeing support offered and promoted to staff by the Department. As part of the Executive's commitment to the employee census results and Finance's positive workplace culture, three key areas were identified for particular focus.

These were:

- embedding improvements—maintain focus on employee wellbeing, maintain flexible work practices that drive productivity and sustain use of digital platforms and processes
- communication and consultation—engage staff in the transition to the post-COVID environment and strengthen the focus on communication of priorities and goals at the local business area level
- purpose and commitment—continue to foster staff connection and strengthen commitment to organisational goals and purpose.

During 2020–21, the Department undertook work to further build a culture of integrity and assurance. A number of practical strategies were adopted to strengthen the awareness and understanding of Finance staff, at all levels, of their responsibilities across three key areas:

- awareness—ensuring staff know what is expected of them and what processes to follow
- capability—ensuring staff have appropriate skills and training to perform their duties
- transparency—ensuring relevant metrics and data are available to guide decision-making.

As part of the Department's implementation of our new Integrity Framework, the Finance leadership expectations were revised to include a fourth behaviour—Act with Integrity. The addition of this behaviour acknowledges the importance of leaders leading by example by acting with transparency, accountability and honesty to deliver quality outcomes and by contributing to Finance's culture of professional integrity through individual and collective actions and ethics.

Workforce planning

In March 2021, the Australian Public Service Commission released *Delivering for Tomorrow: the APS Workforce Strategy 2025*. The strategy established a whole-of-APS approach to building and maintaining a high-performing, diverse and flexible workforce, and has provided additional focus on the importance of strategic workforce planning across the APS.

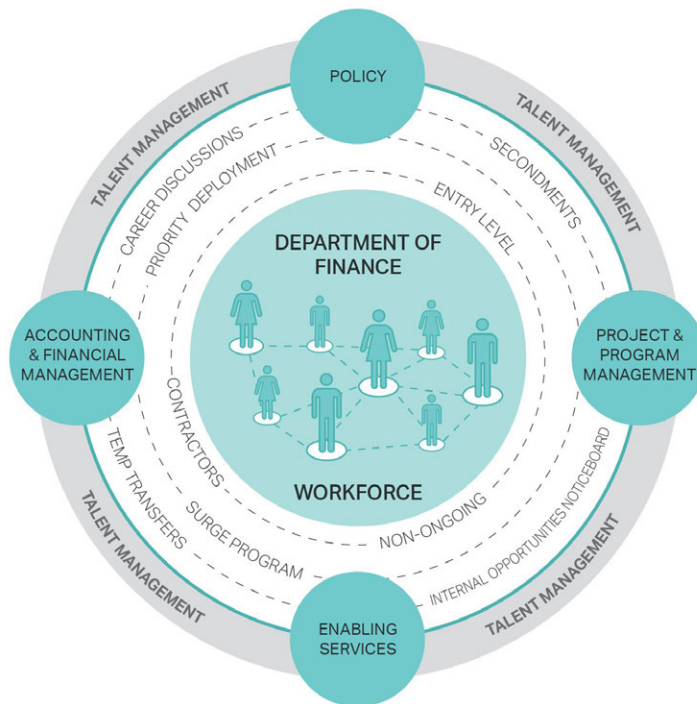
At Finance, our workforce plan is centred on four key people-focused strategy areas to support a high-performing workforce. These are:

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

Our workforce planning processes continue to align to provide an integrated approach to decision-making, prioritisation of resources and critical capability areas. The Department has made progress to implement the APS Job Family Model. The Job Family Model is one of the APS' key workforce planning tools and enables us to better analyse and plan the Department's workforce to respond to critical priorities, support mobility and identify opportunities for capability development.

Finance's people sourcing strategy (Figure 5) supports our approach to workforce planning. We use a range of sourcing options to attract the right people with the right skills in a timely way.

Figure 5: Finance's people sourcing strategy



The key objectives of the Department's people 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.

The Finance workforce strategy will be refreshed in 2021–22 to ensure alignment with the Department's Corporate Plan, and to reflect identified areas of focus from the annual employee census results, lessons learned from our experiences during the COVID-19 pandemic and the APS Workforce Strategy.

Recruitment and mobility

To build a strong and sustainable workforce, the Department has provided staff with the opportunity to develop capability in new areas through various mobility mechanisms.

Internal opportunities: internal opportunities are advertised on the department's intranet noticeboard and allow internal staff to express their interest in temporary and ongoing vacancies within the Department.

Stream recruitment: stream-based recruitment enables the Department to identify the capabilities specific to each professional stream and design a recruitment process to capture the capabilities and experience that align with the Department's current and future workforce capability needs. During 2020–21, Finance conducted recruitment processes for business enabling services, commercial, policy, and accounting and financial management professional streams.

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

Surge readiness management model: Finance's surge readiness management model supports the rapid mobilisation of staff to high-priority activities when required while building the capability of employees. In 2020–21, the model supported additional work associated with delivery of the Budget and the consolidated financial statements.

In addition to supporting the Department's priorities, Finance is committed to stewardship and support for Commonwealth entities. During 2020–21, the Department provided staff to:

- the Department of Health, to assist with the COVID-19 Vaccine Taskforce
- Services Australia, to support the Australian Government's Disaster Recovery Payment for flood relief
- the Department of Foreign Affairs and Trade, to provide consular and crisis support to Australians overseas
- the Department of Defence and the Department of Veterans' Affairs, to work in their respective taskforces to support the Royal Commission into Defence and Veteran Suicide
- the Australian Taxation Office, to assist with delivery of stimulus measures related to the COVID-19 pandemic.

Workforce diversity and inclusion

Diversity and inclusion are critical to Finance's organisational culture. We value and embrace the unique skills and qualities of our staff to foster a diverse and inclusive workplace for all staff.

Under the guidance of the Cultural Network Leadership Group, our diversity networks support gender equity, disability, LGBTI inclusion, Aboriginal and Torres Strait Islander peoples, and cultural and linguistic diversity. Our networks have continued to be a source of support and have enhanced our staff's connection to each other and their colleagues, particularly as we manage the ongoing impacts of the COVID-19 pandemic.

During 2020–21, Finance supported a range of initiatives to improve the Department's diversity outcomes, including:

- seven staff networks that celebrate and support diversity across Finance—each network is championed by SES champions or sponsors who provide strong leadership and advocacy on diversity and inclusion
- various events to raise awareness of diversity, many of which were conducted where staff could be engaged both in person and online—for example, National Reconciliation Week activities, Mental Health Week and International Women’s Day
- the development of a Domestic and Family Violence Framework to support behavioural change at an individual, team and organisation level, as well as a practical toolkit for individuals, colleagues and managers to assist staff when facing domestic and family violence issues
- 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
- engagement in the Australian Network on Disability PACE Mentoring Program (Positive Action towards Career Engagement)
- affirmative measures in stream recruitment processes to address the under-representation in the APS of people with disability and Aboriginal and Torres Strait Islander people
- development of Finance’s *2021–23 Innovate Reconciliation Action Plan* which will be released in mid-2021
- development of a refreshed Diversity@Finance Strategy and action plan which will be released in 2021–22.

Capability and leadership development

Finance’s People Capability Framework underpins the Department’s strategic approach to staff performance and development. The framework provides a clear definition of the performance expectations and core capabilities required of our staff. It incorporates two elements:

- 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
- professional/technical capabilities: Finance people know—which focuses on the opportunity to incorporate the unique technical skills, professional qualifications and experience required of individual job roles.

We work in partnership with business areas to ensure development solutions are relevant and contemporary, with content aligned to business priorities, Finance's Integrity Framework and corporate objectives, including a focus on professionalism, integrity and change management. We continue to enhance our learning offerings through academic partnerships and relationships with key stakeholder groups and our APS colleagues to build capability and prepare our workforce for the future.

In 2020–21, we continued to implement core skill development programs to build manager capability, leadership, communication, resilience and career development skills. The Department provided staff with access to over 15 learning programs, and over 250 participants attended through our online platform, GovTEAMS. In addition, we:

- revised our induction program for new starters to provide a standard and modulated approach through video presentation of key corporate topics and messages through our online learning system (Learnhub)
- 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 to offer our staff coaching sessions to enhance their skills and build capability in leadership, productivity and career enhancement
- continued our 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 2020–21, 11 Finance staff were supported to begin the program in the new financial year).

We offer leadership programs that build skills, knowledge and confidence in our leaders. The Finance Lead and Grow programs support our middle and emerging leaders to strengthen their management and leadership capability. An executive-level committee is responsible for SES leadership development, informed by the annual SES career conversation process. The process provides senior leaders a tailored discussion on their career and allows for targeted development, talent management and succession planning strategies.

Entry-level programs

Entry-level programs remain an important pipeline of talent for the Department. Finance continues to provide entry-level program opportunities, including leading the recruitment for the Australian Government Graduate Program (AGGP) generalist stream and the Career Starter Program for participating APS agencies. In 2021, the Department was recognised as a finalist in the GradConnection and Australian Financial Review's Top 100 Generalist Graduate Employers awards for our AGGP recruitment campaign.

The Finance graduate program consists of two work placements over 12 months, on-the-job-training and a structured learning and development program, with advancement to the APS5 classification upon successful completion. In January 2021, 35 graduates completed the 2020 graduate program. In February 2021, 34 graduates began the 2021 program.

Career Starter participants complete a Certificate IV in Government and participate in forums, networking activities and on-the-job learning while working full-time over 12 months. Participants advance to the APS2 classification upon successful completion of the program. In December 2020, 23 participants completed the 2020 program and, in February 2021, 19 participants began the 2021 program.

The Department works collaboratively with other agencies to recruit talented individuals through specialty programs, and participates in whole-of-government entry-level programs, including the Department of Education, Skills and Employment's Indigenous Australian Government Development Program (IAGDP), the Services Australia Indigenous Apprentice Program (IAP), the Digital Transformation Agency's Digital Emerging Talent Program, the APS Human Resources Graduate Development Program and the APS Indigenous Recruitment Pathways Program.

In 2020–21, Finance placed one IAP participant, two IAGDP participants and one Science Policy Fellow. The Department also placed three Digital Emerging Talent Program apprentices and two cadets.

We also engaged a small group of interns through the Australian Network on Disability's Summer Intern Program. This program provides on-the-job and career development for university students who identify with a disability over a period of 152 hours or more.

Workforce statistics

Tables 7 to 19 show our workforce statistics for 2020–21, 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 9: Staff numbers by attendance type and classification, at 30 June 2021

Classification	Ongoing			Non-ongoing				Grand total
	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
SES3	4	0	4	0	0	0	0	4
SES2	15	0	15	0	0	0	0	15
SES1	46	1	47	2	0	0	2	49
EL2	168	12	180	2	1	0	3	183
EL1	380	50	430	1	3	0	4	434
APS6	277	34	311	10	2	1	13	324
APS5	180	21	201	7	0	0	7	208
APS4	128	13	141	12	0	7	19	160
APS3	65	2	67	6	3	1	10	77
APS2	31	1	32	1	7	258	266	298
APS1	23	1	24	1	0	0	1	25
Total	1317	135	1452	42	16	267	325	1777

Table 10: Staff numbers by attendance type and classification, at 30 June 2020

Classification	Ongoing			Non-ongoing				Grand total
	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
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) 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 to assist in the surge of APS staff to support the COVID-19 response.

Table 11: Staff numbers by employment type and attendance type, at 30 June 2021

Employment type	Full time	Part time	Casuals	Grand total
Ongoing	1317	135	0	1452
Non-ongoing	42	16	267	325
Total	1359	151	267	1777

Table 12: Staff numbers by employment type and attendance type, at 30 June 2020

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

Table 13: Staff numbers by employment type, location and gender, at 30 June 2021

	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	630	18	116	764	777	36	28	841	2	0	0	2	1607
NSW	7	0	37	44	5	0	6	11	0	0	0	0	55
NT	0	0	2	2	1	0	0	1	0	0	0	0	3
QLD	2	0	17	19	7	1	6	14	0	0	0	0	33
SA	1	0	8	9	3	0	3	6	0	0	0	0	15
TAS	2	0	3	5	0	0	0	0	0	0	0	0	5
VIC	4	0	24	28	5	1	6	12	0	0	0	0	40
WA	3	0	9	12	3	2	2	7	0	0	0	0	19
Total	649	18	216	883	801	40	51	892	2	0	0	2	1777

Table 14: Staff numbers by employment type, location and gender, at 30 June 2020

Location	Male				Female				Indeterminate				Grand total
	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	Ongoing	Non-ongoing	Casual	Total indeterminate	
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 15: Staff numbers by employment type and location, at 30 June 2020 and 30 June 2021

Location	Ongoing		Non-ongoing		Casual		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
ACT	1338	1409	77	54	144	144	1559	1607
NSW	11	12	7	0	39	43	57	55
NT	2	1	0	0	2	2	4	3
QLD	6	9	7	1	15	23	28	33
SA	4	4	2	0	12	11	18	15
TAS	1	2	0	0	2	3	3	5
VIC	8	9	6	1	33	30	47	40
WA	3	6	2	2	11	11	16	19
Total	1373	1452	101	58	258	267	1732	1777

Table 16: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2020 and 30 June 2021

	2020	2021
Employment type	Total	Total
Ongoing	44	46
Non-ongoing	1	3

Table 17: Proportion of ongoing staff with disability, at 30 June 2020 and 30 June 2021

Employment type	2020	2021
Ongoing	4.7%	4.6%

Table 18: Proportion of women in the ongoing workforce, at 30 June 2020 and 30 June 2021

Employment type	2020	2021
Ongoing	55.8%	55.2%

Table 19: Proportion of women in the ongoing SES workforce, at 30 June 2020 and 30 June 2021

Employment type	2020	2021
Ongoing	50.0%	51.5%

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 2021

Arrangement	SES	Non-SES	Total
Enterprise Agreement	–	1709	1709
Individual Flexibility Arrangements	–	33	33
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	68	–	68

Note: staff on Individual Flexibility Arrangements are included in the Enterprise Agreement total.

Table 21: Salary ranges by employment classification, at 30 June 2021

Classification	Salary ranges	
	Minimum (\$)	Maximum (\$)
SES3	347,933	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

Our performance management framework supports employees and their managers to create a positive performance culture. The framework is a key resource to support staff and their managers to identify, foster and develop to their full potential through a fair, open and effective performance management process.

In 2020–21, Finance's Performance and Capability Policy was revised to capture and align to changes set out in the APS Commissioner's Directions, Finance's Integrity Framework and leadership expectations, as well as to ensure consistent use of language across performance-related employee policies.

Supporting tools and online learning resources were also updated and made available to provide guidance for managers and staff on regular and meaningful performance and development conversations as well as on Finance's performance management processes.

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 through the annual Australia Day awards and Secretary's awards which recognise the contributions of those teams and individuals whose work has exemplified Finance's values and who have made significant contributions to the Department's outcomes.

Recipients of the 2020 Secretary's awards, as well as staff who received 2021 Finance Australia Day awards and external awards are listed in Appendix D.

Machinery-of-government changes

No machinery-of-government changes affecting the Department of Finance occurred in 2020–21.

Work health and safety

Work health and safety within Finance

Finance meets its obligations under the *Work Health and Safety Act 2011* (WHS Act) by maintaining a safe and healthy work environment, promoting strategies to enhance personal wellbeing, and upholding high standards of ethical behaviour as set out in the APS Values, APS Employment Principles and the APS Code of Conduct.

Finance is committed to taking all reasonably practicable steps to eliminate or minimise risks to the health, safety and welfare of our staff, contractors and visitors. We have taken a number of steps to ensure our workplace remains a safe one for employees to access resources and maintain important professional and social connections whether working from home or in the office.

As the challenges of responding to COVID-19 continued throughout 2020–21, a number of specific WHS initiatives were implemented to support the physical and mental health and wellbeing of staff, including:

- investing in a range of programs, including presentations on resilience and good mental health in the workplace, ‘bootcamp for the brain’ sessions, manager assistance programs, working from home wellbeing checks, and virtual and face-to-face workstation assessments
- supporting employees with the transition back to the workplace through flexible work options
- maintaining enhanced hygiene protocols, including by providing hand sanitiser and alcohol wipes, and enforcing social distancing in communal spaces such as meeting rooms and kitchens
- promoting and encouraging employees to access the confidential counselling services of our employee assistance program to support positive mental health.

Strengthening our WHS management systems remains a key focus. A number of initiatives were undertaken throughout 2020–21 to support this, including:

- consulting on a revised workgroup structure to better support more productive and local communications and consultation with staff representatives on WHS matters
- reviewing and updating the terms of reference for the WHS Committee, including revised membership to reflect the new workgroup structure.

In accordance with the WHS Act, the WHS Committee met quarterly throughout 2020–21. Finance currently has 13 health and safety representatives, seven mental health advisers and 53 first aid officers to assist the Department to maintain a safe and healthy work environment.

In April 2021, to help prevent the spread of colds and flu, the influenza vaccination program was made available to all staff. Finance also remains an Accredited Breastfeeding Friendly Workplace, and received Healthier Work Recognition—Silver Status, from the ACT Government.

Finance continues to provide professional face-to-face counselling and support for employees through our employee assistance program. This service offers free and confidential counselling independent of Finance and is available to Finance staff and their immediate family members. The counselling service is available to help address a range of issues including family life, daily life, emotional wellbeing, work-life balance, nutrition and management practices.

Finance's ongoing investment in staff wellbeing also included early intervention support for employees experiencing an illness or injury that may impact their work, and partial reimbursement of the cost of prescription glasses for screen-based work.

Notifiable incidents

In 2020–21, Finance reported three notifiable incidents to Comcare under section 38 of the WHS Act.

Work health and safety investigations

No investigations were conducted and no notices were given in relation to incidents at Finance workplaces during 2020–21.

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 2020–21, Finance:

- provided WHS advice and supports relating to COVID-19 and the workplace, including expanded working-from-home arrangements and responding to COVID-related incidents
- established the Parliamentary Support Line (1800 APH SPT) through which MOP(S) Act employees can receive initial information, trauma-informed counselling and referrals in response to sexual violence, assault, sexual harassment or other serious incidents in the workplace
- delivered, in partnership with the Department of the Prime Minister and Cabinet, a pilot education program to promote safe and respectful workplaces
- provided a range of health and wellbeing services, including confidential counselling and manager support, through the employee assistance program and expanded the human resources team to support MOP(S) Act employees with human resources issues including bullying and harassment
- administered a WHS site officer program to support hazard and incident notification and access to first aid in parliamentarians' workplaces, emergency management systems and workstation assessments, including annual training for nominated WHS roles: emergency officers, WHS site officers and first aid officers.

Notifiable incidents

In 2020–21, Finance reported seven notifiable incidents involving MOP(S) Act employees to Comcare under section 38 of the WHS Act.

Investigations and notices

WHS investigations and notices under Part 10 of the *Work Health and Safety Act 2011*

No investigations under Part 10 of the *Work Health and Safety Act 2011* were conducted in relation to incidents involving MOP(S) Act employees during 2020–21.

The Comcare premium

Finance's 2020–21 workers compensation premium accounted for 0.46 per cent of its payroll (for both Finance and MOP(S) Act employees), a decrease from 0.55 per cent of its payroll in the previous year.

Part 5 Financial Statements

Independent auditor's report
Financial statements



Auditor-General for Australia



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 2021:

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

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

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of 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 <i>Refer to Note C1 'General insurance activities'</i>	To address the key audit matter, I: <ul style="list-style-type: none"> • tested the accuracy and completeness of data used to calculate the liability, including,

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 (\$1,094.6 million outstanding insurance claims liability as at 30 June 2021); and
- the complex calculation of the liability that involves significant judgement over key assumptions including claim ratios, expected frequency of claims, severity of claims and discount rates.

agreeing a sample of payments made to claimants', and assessing the quality assurance and reconciliation processes used by Finance to provide data to its actuary; and

- evaluated Finance's actuarial report and year-end adjustments by:
 - assessing the appropriateness of the valuation model; and
 - assessing the reasonableness of the key assumptions used in the valuation model by comparing to those used in the insurance industry and in prior periods.

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 (\$226.4 billion as at 30 June 2021); and
- the measurement of the provision being complex, requiring significant professional judgement in the selection of long-term assumptions (including economic assumptions relating to the general economic environment and demographics of the schemes' members), to which the valuation of the schemes is highly sensitive.

In addition, the Australian Accounting Standards include detailed requirements for the disclosures 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;
- tested the accuracy and completeness of data used to calculate the superannuation provisions, including, assessing the quality assurance and reconciliation processes used by Finance to provide data to its actuary;
- evaluated the reasonableness of the review performed by Finance'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 by:
 - comparing economic assumptions to realistic long-term expectations over the term of the schemes' liabilities, based on the Government's economic forecasts;
 - assessing the detailed analysis undertaken by Finance's actuary for consistency with historical data on the' membership experience with regards to:
 - promotional salary increases;
 - rates of retirement, redundancy, resignation; and mortality; and
- evaluated the accuracy and completeness of the disclosures of the key assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

Key audit matter	How the audit addressed the matter
<p>Valuation of Properties</p> <p><i>Refer to Note D5 'Non-financial assets'</i></p> <p>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.</p> <p>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 judgement about fair market rents, discount rates, condition and use of the properties; and comparable 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.</p> <p>Finance has determined the fair value of non-financial assets to be \$459.9 million for land, \$641.0 million for buildings and \$834.8 million for investment properties as at 30 June 2021.</p>	<p>To address the key audit matter, I:</p> <ul style="list-style-type: none"> evaluated the appropriateness of Finance's methodologies and the reasonableness of the key assumptions used in the valuation models by: <ul style="list-style-type: none"> evaluating the competence, capabilities and objectivity of Finance's valuers; testing the accuracy and completeness of data used to value Finance's properties, including, assessing the quality assurance and reconciliation processes used by Finance to provide data to its valuer; assessing the reasonableness of the key assumptions used in the valuation model for relevance by comparing with prior periods and observable market data; assessing whether all properties have been valued at highest and best use; and evaluated the accuracy and completeness of the disclosures of the key assumptions applied and of the uncertainties that impact the key assumptions, including the 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

31 August 2021

Financial Statements

Department of Finance

Statement by the Secretary and Chief Financial Officer

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

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



Rosemary Huxtable PSM
Secretary
Department of Finance
31 August 2021



Grant Stevens
Chief Financial Officer
Department of Finance
31 August 2021

Financial Statements

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Department of Finance
Statement of Comprehensive Income
for the period ended 30 June 2021

Departmental Primary Statements

		Actuals		Budget
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000
Note ref				
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	169,911	162,907	163,722
Suppliers	D1	185,828	177,491	186,867
Insurance claims	C1.1 B1	651,682	249,311	574,566
Competitive neutrality	H2	3,380	3,278	3,265
Notional reinsurance expense	C1.1	5,000	5,000	5,000
Depreciation and amortisation	D5.1	47,648	47,266	49,898
Depreciation - right-of-use	D5.2	18,066	19,779	18,162
Non-financial asset write-downs and impairments	D5.1 B2	33,826	293	20,325
Impairment of financial assets	D3.3	3	-	-
Losses from asset sales		2,137	721	-
Interest on lease liabilities		7,800	7,907	7,793
Other expenses		688	196	-
Total expenses		1,125,969	674,149	1,029,598
Own-source income				
Own-source revenue				
Premium revenue	C1.1	164,520	137,795	165,075
Reinsurance and other recoveries revenue	C1.1	2,163	6,434	-
Rental income	D2.1	75,984	78,527	76,816
Contracts with customers	D2.2	74,801	73,656	70,659
Volunteer services	H2	1,342	1,342	1,385
Interest	D3.3	-	12	-
Other revenue		1,124	6,316	5,000
Total own-source revenue		319,934	304,082	318,935
Gains				
Gains	B2	744	24,267	22,747
Total gains		744	24,267	22,747
Total own-source income		320,678	328,349	341,682
Net (cost of)/contribution by services				
		(805,291)	(345,800)	(687,916)
Revenue from Government	F1.1	709,837	283,779	709,186
Surplus/(deficit) before income tax on continuing operations		(95,454)	(62,021)	21,270
Income tax equivalent	H2	3,352	3,699	3,577
Surplus/(deficit) after income tax on continuing operations		(98,806)	(65,720)	17,693
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	D5.1	5,457	(4,547)	-
Total comprehensive income/(loss)		(93,349)	(70,267)	17,693

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

Department of Finance
Statement of Financial Position
as at 30 June 2021

Departmental Primary Statements

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2021	2020	2021
		\$'000	\$'000	\$'000
Assets				
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	D3.1	4,219	2,780	2,781
Special account cash held in OPA	F3.1 B1	1,246,003	903,273	909,159
Trade and other receivables	D3.1	25,881	19,445	19,443
Appropriations receivable				
Special account capital receivable	F3.1	11,325	24,640	-
Other departmental undrawn	F1.2 B3	47,353	95,527	95,550
Reinsurance and other recoveries	C1.3	2,437	2,603	3,200
Lease incentive assets		784	917	917
Other financial assets		2,599	3,283	2,366
Total financial assets		1,340,601	1,052,468	1,033,416
Non-financial assets				
Land	D5.1	459,906	435,522	443,560
Buildings	D5.1 B2	641,023	695,722	651,426
Leasehold improvements	D5.1	25,800	27,165	-
Investment property	D5.1 B2	834,755	854,012	880,129
Plant and equipment	D5.1	20,416	22,798	67,868
Intangibles	D5.1	91,606	105,885	95,578
Right-of-use assets	D5.2	432,769	450,821	449,537
Prepayments		7,942	9,037	9,038
Assets held for sale	D5.3 B2	12,209	247	247
Total non-financial assets		2,526,426	2,601,209	2,597,383
Total Assets		3,867,027	3,653,677	3,630,799
Liabilities				
Trade creditors and accruals	D3.1	37,734	38,372	46,057
Unearned revenue	D6	16,803	15,823	15,822
Return of equity - special accounts	B2	73,206	115,955	115,955
Outstanding insurance claims	C1.4 B1	1,094,642	590,559	590,558
Employee provisions	E1.2	65,925	63,538	65,970
Lease liabilities	D7	454,992	462,238	463,987
Other provisions	D8	5,029	12,960	12,960
Other payables		4,426	5,243	5,472
Total liabilities		1,752,757	1,304,688	1,316,781
Net assets		2,114,270	2,348,989	2,314,018
Equity				
Retained earnings		419,539	518,345	536,038
Asset revaluation reserves		401,154	395,697	395,697
Contributed equity/capital	B2, B3	1,293,577	1,434,947	1,382,283
Total equity		2,114,270	2,348,989	2,314,018

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 2021**

Departmental Primary Statements

	Actuals							
	30 June 2021				30 June 2020			
	Retained earnings	Asset revaluation reserves	Contributed equity/capital	Total	Retained earnings	Asset revaluation reserves	Contributed equity/capital	Total
Note ref	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward	518,345	395,697	1,434,947	2,348,989	551,328	400,244	1,388,754	2,340,326
Adjustment on initial application of AASB 16	-	-	-	-	32,737	-	-	32,737
Adjusted opening balance								
	518,345	395,697	1,434,947	2,348,989	584,065	400,244	1,388,754	2,373,063
Comprehensive income								
Surplus for the period	(98,806)	-	-	(98,806)	(65,720)	-	-	(65,720)
Other comprehensive income	-	5,457	-	5,457	-	(4,547)	-	(4,547)
Total comprehensive income								
	(98,806)	5,457	-	(93,349)	(65,720)	(4,547)	-	(70,267)
Transactions with owners								
Distributions to owners								
D5.1	-	-	(42,034)	(42,034)	-	-	-	-
Transfer of assets	-	-	(68,154)	(68,154)	-	-	(115,955)	(115,955)
Return of equity - special accounts	-	-	(39,810)	(39,810)	-	-	-	-
Return of equity - other	-	-	-	-	-	-	-	-
Contributions by owners								
F1.1	-	-	6,445	6,445	-	-	6,476	6,476
Departmental capital budget	-	-	2,183	2,183	-	-	155,672	155,672
Equity injection - appropriations	-	-	(141,370)	(141,370)	-	-	46,193	46,193
Total transactions with owners								
	419,539	401,154	1,293,577	2,114,270	518,345	395,697	1,434,947	2,348,989
Closing balance								
<i>Budget 30 June 2021</i>								
Opening balance	518,345	395,697	1,434,947	2,348,989	549,103	237,899	1,363,716	2,150,718
Total comprehensive income	17,693	-	-	17,693	17,701	-	-	17,701
Total transactions with owners	-	-	(52,664)	(52,664)	-	-	(48,091)	(48,091)
Closing balance								
	536,038	395,697	1,382,283	2,314,018	566,804	237,899	1,315,625	2,120,328

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

Department of Finance
Cash Flow Statement
for the period ended 30 June 2021

Departmental Primary Statements

		Actuals		Budget
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000
	Note ref			
OPERATING ACTIVITIES				
Cash received				
Contracts with customers		68,722	77,194	141,387
Revenue from Government		717,421	296,693	734,722
Insurance premiums		164,520	137,795	165,075
Reinsurance and other recoveries		2,329	6,089	-
Interest and dividends		-	12	-
Rent received		75,984	78,527	-
Net GST received		646	-	-
Other		2,421	8,565	10,491
Total cash received		1,032,043	604,875	1,051,675
Cash used				
Employees		166,833	162,162	161,290
Suppliers		196,820	177,961	197,661
Insurance claims		147,599	132,487	585,763
Interest payments on lease liabilities		7,800	7,907	7,793
Net GST paid		-	964	-
Other		9,576	8,461	645
Total cash used		528,628	489,942	953,152
Net cash received/(used) for operating activities		503,415	114,933	98,523
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of land and buildings		863	42,011	53,712
Proceeds from sale of investment property		-	420	-
Proceeds from sale of financial investments		-	237	-
Total cash received		863	42,668	53,712
Cash used				
Purchase of land and buildings		25,524	40,638	21,193
Purchase of leasehold improvements		508	-	-
Purchase of investment property		22,711	10,007	-
Purchase of plant and equipment		3,070	8,314	54,390
Purchase of intangibles		12,856	27,290	10,764
Total cash used		64,669	86,249	86,347
Net cash received/(used) for investing activities		(63,806)	(43,581)	(32,635)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		22,723	204,762	8,628
Total cash received		22,723	204,762	8,628
Cash used				
Return of contributed equity		110,903	82,138	61,292
Principal payments on lease liabilities		7,260	9,384	7,337
Total cash used		118,163	91,522	68,629
Net cash received/(used) for financing activities		(95,440)	113,240	(60,001)
Net increase/(decrease) in cash held				
		344,169	184,592	5,887
Cash and cash equivalents at the beginning of the reporting period				
		906,053	721,461	906,053
Cash and cash equivalents at the end of the reporting period				
	D3.1	1,250,222	906,053	911,940

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 2021

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2021	2020	2021
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	342,296	367,012	339,498
Superannuation expense	C3.1	7,683,091	8,276,144	7,690,818
Suppliers	D1	125,892	117,571	123,969
Investment funds	C2.1 B4	166,034	590,134	142,518
Investment funds distributions	C2.1 B4	2,466,353	1,997,374	3,065,578
Depreciation and amortisation	D5.1	19,027	16,950	20,691
Depreciation - right-of-use	D5.2	43,382	42,894	19,655
Non-financial asset write-downs and impairments	D5.1	624	1,135	-
Impairment of financial assets	D3.3	8	2	-
Grants		4,083	2,564	3,840
Interest on lease liabilities		3,429	3,548	3,307
Other expenses		556	34	2,670
Total expenses		10,854,775	11,415,362	11,412,544
Income				
Non-taxation revenue				
Interest	D3.3	37,873	21,331	12,221
Dividends	D3.3	6,500	10,600	10,300
Investment funds	C2.1 B4	370,707	242,784	1,369,327
Contracts with customers	D2.2	3,715	5,652	3,904
Superannuation contributions	C3.1	1,132,863	1,164,535	1,068,043
Volunteer services	H2	4,134	4,659	4,455
Other revenue		1,950	1,961	9,310
Total revenues		1,557,742	1,451,522	2,477,560
Gains				
Investment funds	C2.1 B4	3,425,134	924,129	151,959
Other gains		1,913	1,636	-
Total gains		3,427,047	925,765	151,959
Total income		4,984,789	2,377,287	2,629,519
Net (cost of)/contribution by services		(5,869,986)	(9,038,075)	(8,783,025)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Movement in carrying amount of superannuation	C3.1	17,886,760	(5,412,650)	-
Changes in asset revaluation reserves	D5.1	2,753	3,974	-
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) in carrying amount of Commonwealth entities and companies	D3.3	89,308	61,851	-
Total other comprehensive income/(loss)		17,978,821	(5,346,825)	-
Total comprehensive income/(loss)		12,108,835	(14,384,900)	(8,783,025)

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 2021

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2021	2020	2021
		\$'000	\$'000	\$'000
Assets				
Financial assets				
Cash and cash equivalents	D3.1 B5	1,413,762	3,497,785	-
Trade and other receivables	D3.1	991	1,518	732
Investment funds	C2.2 B4	49,526,488	44,243,924	46,402,637
Loans	D3.1 B5	295,091	118,831	111,307
Commonwealth entities and companies	D3.1	1,867,319	1,570,611	1,990,976
Other financial assets		47,954	71,354	82,919
Total financial assets		53,151,605	49,504,023	48,588,571
Non-financial assets				
Leasehold improvements	D5.1	34,394	29,498	34,241
Infrastructure	D5.1	72,326	72,088	82,615
Plant and equipment	D5.1	15,048	11,677	-
Intangibles	D5.1	94	114	2,053
Right-of-use assets	D5.2	271,251	292,596	272,941
Prepayments		4,718	3,720	3,720
Total non-financial assets		397,831	409,693	395,570
Total assets		53,549,436	49,913,716	48,984,141
Liabilities				
Trade creditors and accruals	D3.1	15,464	14,776	14,724
Unearned revenue	D6	97	52	52
Investment funds	C2.2 B4	609,305	299,579	-
OPA overnight cash payable	D3.1	2,601,308	2,029,429	-
Employee provisions	E1.2	296,757	317,383	317,383
Superannuation provisions	C3.1 B6	226,408,923	241,754,395	139,644,960
Lease liabilities	D7	283,660	299,221	266,586
Other provisions	D8	15,956	18,134	17,743
Other payables		21,051	27,707	230,645
Total liabilities		230,252,521	244,760,676	140,492,093
Net assets/(liabilities)		(176,703,085)	(194,846,960)	(91,507,952)

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

Department of Finance
Administered Reconciliation Schedule
for the period ended 30 June 2021

Administered Primary Schedules

	Note ref	Actuals	
		30 June 2021	30 June 2020
		\$'000	\$'000
Opening assets less liabilities as at 1 July		(194,846,960)	(194,475,714)
Adjustment on initial application of AASB 16		-	2,716
Adjusted opening assets less liabilities		(194,846,960)	(194,472,998)
Net cost of services		(5,869,986)	(9,038,075)
Other comprehensive income/(loss)		17,978,821	(5,346,825)
Transfers (to)/from the Australian Government			
Appropriation transfers from OPA			
Annual appropriations	F1.1	295,373	321,300
Administered assets and liabilities appropriations	F1.1	221,419	333,911
Special appropriations	F2.1	8,004,474	7,454,089
Contributions from Government to the investment funds	F3.2	7,809,384	20,417,516
Transfer of assets		509,580	-
Other		2,250	3,741
Appropriation transfers to OPA			
Transfers to OPA		(3,536,780)	(3,430,643)
Investment funds return to Government	F3.2	(4,000,000)	(11,946,438)
OPA transfers with other Commonwealth entities			
Transfers to other Commonwealth entities	H2	(947,494,563)	(835,637,415)
Transfers from other Commonwealth entities	H2	944,223,903	836,494,877
Closing assets less liabilities		(176,703,085)	(194,846,960)

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 2021

Administered Primary Schedules

	Actuals		<i>Budget</i>
	30 June	30 June	30 June
	2021	2020	2021
Note ref	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Contracts with customers	3,972	5,303	3,902
Superannuation contributions - employers	1,165,012	1,136,878	1,039,381
Superannuation contributions - members	2,319,973	2,226,203	2,225,348
Net gains from sale of financial instruments	351,432	492,339	-
Interest and dividends	412,035	275,893	1,428,969
Realised exchange gains	4,468	304	-
Net GST received	-	22	-
Other	4,183	2,737	2,809
Total cash received	4,261,075	4,139,679	4,700,409
Cash used			
Employees	361,134	370,943	339,604
Suppliers	172,789	151,362	283,964
Investment fund distributions	2,466,353	1,997,374	3,065,578
Superannuation payments	7,470,152	7,213,311	7,951,752
Realised exchange losses	106,267	546,096	-
Grants	4,083	2,564	3,840
Interest payments on lease liabilities	3,429	3,548	3,307
Net GST paid	197	-	-
Other	9,874	710	3,059
Total cash used	10,594,278	10,285,908	11,651,104
Net cash received/(used) for operating activities	(6,333,203)	(6,146,229)	(6,950,695)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of financial investments	75,364,250	104,103,564	7,219,227
Repayments of advances and loans	338,289	12,399	12,444
Total cash received	75,702,539	104,115,963	7,231,671
Cash used			
Purchase of financial investments	77,279,869	110,729,723	9,327,789
Equity injections - CECs	207,400	331,750	420,365
Purchase of leasehold improvements	18,955	14,827	-
Purchase of infrastructure	-	1,717	-
Purchase of plant and equipment	6,419	2,341	26,423
Purchase of intangibles	1	167	-
Total cash used	77,512,644	111,080,525	9,774,577
Net cash received/(used) for investing activities	(1,810,105)	(6,964,562)	(2,542,906)

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 2021

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2021	2020	2021
		\$'000	\$'000	\$'000
FINANCING ACTIVITIES				
Cash received				
Contributions to investment funds		7,809,384	20,417,516	7,924,551
Total cash received		7,809,384	20,417,516	7,924,551
Cash used				
Investment funds distributions to Government		4,000,000	11,946,438	4,000,000
Principal payments on lease liabilities		38,054	36,247	36,841
Total cash used		4,038,054	11,982,685	4,036,841
Net cash received/(used) for financing activities		3,771,330	8,434,831	3,887,710
Net increase/(decrease) in cash held		(4,371,978)	(4,675,960)	(5,605,891)
Cash and cash equivalents at the beginning of the reporting period		3,497,785	2,407,972	-
OPA transfers with other Commonwealth entities				
Transfers to other Commonwealth entities		(946,922,684)	(835,411,502)	-
Transfers from other Commonwealth entities		944,223,903	836,494,877	-
Total cash from/(to) OPA		(2,698,781)	1,083,375	-
Finance administered transfers				
Appropriation transfers from OPA		8,523,516	8,113,041	8,545,131
Appropriation transfers to OPA		(3,536,780)	(3,430,643)	(2,939,240)
Total cash from/(to) OPA		4,986,736	4,682,398	5,605,891
Cash and cash equivalents at the end of the reporting period	D3.1	1,413,762	3,497,785	-

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

Notes to and forming part of the financial statements

A. About this Report

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 2020-21 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, territory and Defence Housing Australia (DHA) 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.

Notes to and forming part of the financial statements

A. About this Report

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)

All new, revised or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material financial impact on Finance's financial statements.

Notes to and forming part of the financial statements

B. Budgetary Variance Reporting

B. Budgetary variance reporting

The below table provides explanations for significant variances between Finance's original budget estimates, as published in the 2020-21 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	Insurance claims expenses and provision were impacted in 2020-21 due to several prior year individual Liability claims. These movements were partially offset by a favourable experience against the Property portfolio in relation to prior year weather events.
B2 Finance Owned Estate	Non-financial asset write-downs and impairments Gains Buildings Investment property Assets held for sale Return of equity - special accounts Contributed equity/capital	Events that have impacted the financial performance of the Finance Owned Estate include: <ul style="list-style-type: none"> • Revaluation decrements for investment property (recognised in surplus/deficit) associated with significant capital works • Delays in divestments planned for 2020-21 impacting gains, assets classified as held for sale and return of equity - special accounts • Transfer of the final stage of the Villawood Detention Facility Redevelopment Project to the Department of Home Affairs impacting building asset balances and contributed equity/capital.
B3 Lapsing appropriations	Other departmental undrawn Contributed equity/capital	Capital appropriations receivable and contributed equity/capital were lower than originally budgeted for mainly due to lapsing appropriations for completed prior year projects.

Notes to and forming part of the financial statements

B. Budgetary Variance Reporting

Note Reference	Affected line Items	Explanation
B4 Investment funds	Investment funds revenues, expenses and gains Investment funds assets and liabilities Investment funds distributions	The net asset balance for the investment funds is higher than originally budgeted primarily due to: <ul style="list-style-type: none"> • Higher than expected investment and earnings, mainly from gains • Payments to the states and territories from the DisabilityCare Australia Fund (the Fund) were lower than estimated reflecting that no payments were made from the Fund to Western Australia (WA) as WA are yet to sign a full Scheme bilateral agreement with the Commonwealth.
B5 Defence Housing Australia (DHA) loans	Cash and cash equivalents Loans	During 2020-21, DHA loans were transferred from the Department of Defence and are now managed through a special account to support more flexible debt funding arrangements. This change was reflected in the 2020-21 Additional Estimates budget.
B6 Superannuation	Superannuation provisions	<p>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.</p> <p>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.</p> <p>Any change in the rates used for budget and financial reporting purposes significantly impacts on the superannuation provisions and superannuation expense.</p>

Notes to and forming part of the financial statements

C. General Business Disclosures

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.

Notes to and forming part of the financial statements

C. General Business Disclosures

Key actuarial assumptions

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

	30 June 2021		30 June 2020	
	Property	Liability	Property	Liability
Average discount rate	0.4%	0.5%	0.3%	0.4%
Average inflation rate	2.3%	2.9%	2.1%	2.8%
Average weighted term to settlement (years)	1.8	2.4	2.0	2.7
Expense rate	0.9%	0.8%	1.1%	2.3%
Risk margin	17.9%	29.5%	21.7%	22.6%

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).

Assumption	Movement	30 June 2021		30 June 2020	
		Property \$'000	Liability \$'000	Property \$'000	Liability \$'000
Average discount rate	+1%	6,097	18,955	6,749	7,229
	-1%	(5,847)	(18,118)	(6,461)	(6,857)
Average inflation rate	+1%	(5,862)	(18,087)	(6,473)	(6,848)
	-1%	5,990	18,537	6,626	7,070
Average weighted term to settlement (years)	+1 year	(6,587)	(18,497)	(5,776)	(6,093)
	-1 year	5,766	17,808	5,536	7,246
Expense rate	+1%	(3,187)	(7,670)	(3,258)	(2,552)
	-1%	3,187	7,670	3,258	2,552
Risk margin	+1%	(2,728)	(5,969)	(2,707)	(2,130)
	-1%	2,728	5,969	2,707	2,130

The movements are the absolute movement in the assumption (e.g. +1% increase in the expense rate for Property from 0.9% to 1.9%).

Notes to and forming part of the financial statements

C. General Business Disclosures

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 2020-21 (2019-20: nil), reflecting the capacity of the Australian Government to cost-effectively self-insure against infrequent large claims.

C1.1 Underwriting result

	Departmental 30 June 2021 \$'000	30 June 2020 \$'000
Direct premium revenue		
Premium revenue	164,520	137,795
Premium revenue eliminated on consolidation	2,137	1,252
Total direct premium revenue	166,657	139,047
Notional reinsurance expense	(5,000)	(5,000)
Net premium revenue	161,657	134,047
Net incurred claims		
Insurance claims	(651,682)	(249,311)
Reinsurance and other recoveries revenue	2,163	6,434
Total net claims	(649,519)	(242,877)
Other underwriting expenses	(8,352)	(8,134)
Underwriting result	(496,214)	(116,964)
Revenue from Government	420,851	8,191
Operating surplus/(deficit)	(75,363)	(108,773)

Notes to and forming part of the financial statements

C. General Business Disclosures

C1.2 Net claims incurred

	30 June 2021			30 June 2020		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross claims incurred						
Undiscounted	178,779	467,898	646,677	269,804	(31,013)	238,791
Discount and discount movement	(3,275)	(2,705)	(5,980)	(2,652)	8,526	5,874
Gross claims incurred discounted	175,504	465,193	640,697	267,152	(22,487)	244,665
Reinsurance and other recoveries						
Undiscounted	(591)	(1,566)	(2,157)	(1,270)	(5,116)	(6,386)
Discount and discount movement	-	(6)	(6)	-	(48)	(48)
Reinsurance and other recoveries discounted	(591)	(1,572)	(2,163)	(1,270)	(5,164)	(6,434)
Net claims incurred	174,913	463,621	638,534	265,882	(27,651)	238,231
Claims handling expense			10,985			4,646
Total net claims			649,519			242,877

The \$463.6 million increase in prior years net claims incurred is due to adverse development for individual Liability claims partially offset by favourable experience for Property in relation to weather events. The current year net claims incurred is impacted by adverse claims experience in the Property portfolio due to fire damage and adverse weather events.

C1.3 Reinsurance and other recoveries receivable

	Departmental	
	30 June 2021 \$'000	30 June 2020 \$'000
Reinsurance and other recoveries		
Reinsurance and other recoveries	2,536	2,709
Discount to present value	(99)	(106)
Total reinsurance and other recoveries	2,437	2,603

C1.4 Outstanding insurance claims liability

	Departmental	
	30 June 2021 \$'000	30 June 2020 \$'000
Gross claims liability - undiscounted	871,675	480,039
Discount to present value	(9,071)	(4,127)
Gross claims liability - discounted	862,604	475,912
Claims handling expense	7,150	7,818
Gross central estimate	869,754	483,730
Risk margin	224,888	106,829
Outstanding insurance claims liability	1,094,642	590,559
Risk margin adopted	25.9%	22.1%
Probability of adequacy of the risk margin	75%	75%

Notes to and forming part of the financial statements

C. General Business Disclosures

Reconciliation of the movement in discounted outstanding claims liability

			30 June 2021	30 June 2020
	Property \$'000	Liability \$'000	Total \$'000	Total \$'000
Net outstanding claims liability at the beginning of the year	328,826	259,130	587,956	471,477
Incurred claims	96,140	78,773	174,913	265,882
Claims payments	(68,309)	(65,975)	(134,284)	(121,752)
Unwinding of discount	573	428	1,001	3,536
Risk margin release	(12,402)	(13,597)	(25,999)	(18,768)
Changes in assumptions and experience	(23,601)	512,219	488,618	(12,419)
Net outstanding claims liability at the end of the year	321,227	770,978	1,092,205	587,956
Reinsurance and other recoveries	420	2,017	2,437	2,603
Gross outstanding claims liability at the end of the year	321,647	772,995	1,094,642	590,559

Notes to and forming part of the financial statements

C. General Business Disclosures

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of net ultimate claims costs												
At end of accident year	61,550	66,779	114,162	102,138	91,686	86,286	93,055	117,798	219,627	150,603		
One year later	70,345	63,441	106,114	119,144	87,813	91,391	139,062	109,241	248,787			
Two years later	67,843	65,399	96,653	218,627	96,971	89,415	159,898	110,226				
Three years later	68,396	62,028	89,631	215,052	92,516	85,866	163,988					
Four years later	67,312	58,498	82,685	205,636	80,781	96,024						
Five years later	62,705	55,203	75,963	196,769	79,076							
Six years later	59,872	54,526	69,127	194,916								
Seven years later	61,182	52,551	72,773									
Eight years later	61,165	53,900										
Nine years later	65,154											
Estimate of net ultimate claims costs	65,154	53,900	72,773	194,916	79,076	96,024	163,988	110,226	248,787	150,603		
Cumulative payments	57,357	50,497	68,458	175,233	63,580	61,845	100,985	43,937	58,861	15,669		
Net claims liability - undiscounted	330,508	7,797	3,403	4,315	19,683	34,179	63,003	66,289	189,926	134,934	869,533	
Discount to present value	(1,270)	(19)	(6)	(16)	(110)	(302)	(553)	(917)	(2,956)	(2,739)	(8,989)	
Net claims liability - discounted	329,238	7,778	3,397	4,299	19,573	33,877	62,450	65,372	186,970	132,195	860,544	
Claims handling expense											7,150	
Net central estimate											867,694	
Net risk margin											224,511	
Total net outstanding claims liability											1,092,205	
Reinsurance and other recoveries											2,437	
Total gross outstanding claims liability											1,094,642	

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

Notes to and forming part of the financial statements

C. General Business Disclosures

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:

- **DisabilityCare Australia Fund (DCAF)** – an investment fund established by the *DisabilityCare Australia Fund Act 2013* to support the Commonwealth's ability to reimburse States and Territories, and the Commonwealth Government for expenditure 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 support the making of annual and discretionary payments to the Indigenous Land and Sea Corporation.
- **Future Drought Fund (FDF)** – an investment fund established under the *Future Drought Fund Act 2019* to fund initiatives that enhance future drought resilience, preparedness and response across Australia.
- **Emergency Response Fund (ERF)** – an investment fund established under the *Emergency Response Fund Act 2019* to fund emergency response and recovery following natural disasters in Australia that have significant or catastrophic impact as well as resilience initiatives. The Act 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.

Prior year

Figures in prior year comparatives include amounts in the Building Australia Fund (BAF) and the Education Investment Fund (EIF) which were closed on 2 September 2019 and 12 December 2019 respectively. Further details are included in Note F3.2.

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 DCAF, the investment mandate sets 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 mandate also requires 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 mandates for the ATSILSFF, FDF and ERF set 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.

Notes to and forming part of the financial statements

C. General Business Disclosures

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract, the terms of which 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 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 Investment Council.

- Derivative instruments including forward foreign exchange currency contracts, swaps, options, forward contracts on mortgage backed securities, futures and rights and warrants 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 use derivatives to gain indirect exposure to market risks. The use of derivative financial instruments by the investment funds is governed by 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 price. 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 Future Fund Board of Guardians (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.

Notes to and forming part of the financial statements

C. General Business Disclosures

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 including the current year unrealised gain/loss on investments held as at reporting date.

Notes to and forming part of the financial statements

C. General Business Disclosures

C2.1 Investment funds operating results		
	30 June 2021 Total \$'000	30 June 2020 Total \$'000
Revenue		
Interest	27,729	119,148
Dividends and distributions	342,978	123,636
Total revenue	370,707	242,784
Gains on financial investments	3,425,134	924,129
Total income	3,795,841	1,166,913
Expenses		
Supplier expenses	59,663	43,786
Foreign exchange losses	106,371	546,348
Total expenses	166,034	590,134
Net investment funds return	3,629,807	576,779
less investment funds distributions	2,466,353	1,997,374
Net surplus/(deficit)¹	1,163,454	(1,420,595)
Attributable to:		
BAF	-	11,523
EIF	-	25,984
DCAF	(1,625,299)	(1,337,826)
MRFF	1,586,619	(363,408)
ATSILSFF	210,242	(73,144)
FDF	467,601	164,837
ERF	524,291	151,439
Net surplus/(deficit)¹	1,163,454	(1,420,595)

¹ Includes investment funds distributions for DCAF \$1,688.9 million, MRFF \$572.6 million, ATSILSFF \$54.8 million, FDF \$100.0 million and ERF \$50.0 million (2020: DCAF \$1,550.5 million, MRFF \$392.7 million and ATSILSFF \$54.1 million).

Notes to and forming part of the financial statements

C. General Business Disclosures

C2.2 Investment funds financial position		
	30 June 2021 Total \$'000	30 June 2020 Total \$'000
Assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	7,448,519	9,941,755
Other receivables	179,018	80,500
Total financial assets measured at amortised cost	7,627,537	10,022,255
Financial assets measured at FVPL		
Interest bearing securities	23,221,409	21,115,280
MRFFICs	5,694,071	4,173,062
Listed equities and managed investment schemes	6,593,300	5,289,594
Collective investment vehicles	5,892,514	2,861,761
Restricted cash	366,065	188,548
Derivatives	131,592	593,424
Total financial assets measured at FVPL	41,898,951	34,221,669
Total assets	49,526,488	44,243,924
Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	23,679	13,430
Unsettled purchases	250,660	119,497
Total financial liabilities measured at amortised cost	274,339	132,927
Financial liabilities measured at FVPL		
Derivatives	334,966	166,652
Total financial liabilities measured at FVPL	334,966	166,652
Total liabilities	609,305	299,579
Net assets	48,917,183	43,944,345
Attributable to:¹		
DCAF	15,479,414	16,507,380
MRFF	22,020,381	17,221,711
ATSILSFF	2,162,782	1,952,540
FDF	4,600,692	4,133,091
ERF	4,653,914	4,129,623
Total net assets	48,917,183	43,944,345

¹ Details of the investment activity and performance of the funds are available on FFMA's website.

Notes to and forming part of the financial statements

C. General Business Disclosures

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 \$2,415 million (2020: \$1,920 million). The investment fund's commitments, being capital calls, are set out in the various underlying subscription documents. 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 2021			
Description of underlying Strategy	Capital committed		Outstanding	Net capital cost	Fair value AUD
	local currency		commitments	AUD equivalent	equivalent
		\$'000	AUD equivalent	\$'000	\$'000
Directly held by MRFF and DCAF					
Alternatives	AUD	4,013,246	-	3,907,010	4,092,815
Alternatives	USD	147,025	-	175,488	158,362
Debt	AUD	475,000	156,250	318,775	359,103
Debt	EUR	300,072	338,645	136,674	148,005
Debt	USD	174,012	86,176	153,400	176,243
Global Infrastructure	AUD	275,772	-	276,278	397,393
Global Infrastructure	EUR	22,310	-	39,979	43,853
Global Infrastructure	USD	281,250	243,303	140,954	120,821
Private Equity	USD	73,167	50,228	46,342	47,342
Property	EUR	35,000	41,378	13,828	13,051
Property	GBP	56,225	89,905	13,487	23,501
Property	USD	384,027	249,203	258,358	312,025
Total			1,255,088	5,480,573	5,892,514
Via MRFF investment companies					
Alternatives	AUD	796,306	50,721	822,158	861,686
Alternatives	USD	418,000	2,131	553,752	559,059
Debt	USD	140,000	119,702	73,872	80,529
Private equity	AUD	158,854	63,857	79,603	81,747
Private equity	EUR	67,897	13,537	21,956	38,171
Private equity	USD	1,206,775	470,534	1,036,301	1,560,752
Property	EUR	240,000	261,834	118,314	126,596
Property	USD	145,589	178,188	12,935	12,680
Total			1,160,504	2,718,891	3,321,220

C2.3 Managing financial risk

The investment funds have entered into forward foreign exchange currency contracts to manage their 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.

Notes to and forming part of the financial statements

C. General Business Disclosures

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 2021	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	7,588,781	-	-	7,588,781
Interest bearing securities	6,274,504	17,405,920	-	23,680,424
Other financial assets	-	-	18,257,283	18,257,283
Total investment	13,863,285	17,405,920	18,257,283	49,526,488
Total Interest rate swaps (notional amount) - pay	(618,026)	(140,636)	-	
Total Interest rate swaps (notional amount) - receive	140,636	618,026	-	
Currency swaps (notional amount) - pay	(847,366)	-	-	
Currency swaps (notional amount) - receive	1,545,998	-	-	

30 June 2020

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	-	-	

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 funds 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 2021		30 June 2020	
	Notional value	Fair market value	Notional value	Fair market value
	\$'000	\$'000	\$'000	\$'000
Open contracts				
Buy domestic interest rate futures contracts	787,599	2,180	800,146	5,116
Sell domestic interest rate futures contracts	(129,689)	374	-	-
Buy international interest rate futures contracts	642,579	23,534	878,379	4,045
Sell international interest rate futures contracts	(2,116,633)	(31,783)	(2,178,546)	(6,721)
Receiver (fixed) interest rate swap agreements	618,026	10,001	5,561	50
Payer (fixed) interest rate swap agreements	(140,636)	3,620	163	(13)
Buy forward contracts on mortgage backed securities	65,486	(289)	185,922	(70)
Sell forward contracts on mortgage backed securities	(8,598)	2	-	-
Total open contracts	(281,866)	7,639	(308,375)	2,407

Notes to and forming part of the financial statements

C. General Business Disclosures

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 74 basis point (2020: 9 basis point) change in bond yields with all other variables held constant. It is assumed that the 74 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 74 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
2021	Discount rate	+0.74%	(102,125)
		-0.74%	110,361
2020	Discount rate	+0.09%	20,130
		-0.09%	(20,113)

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

	USD \$'000	EURO \$'000	GBP \$'000	Other \$'000	Total \$'000
30 June 2021					
Cash & cash equivalents	748,256	111,520	36,171	54,487	950,434
Interest bearing securities	3,751,731	1,031,079	742,563	2,410,118	7,935,491
Listed equities	3,460,723	514,757	204,251	2,370,879	6,550,610
Collective investment vehicles	2,967,248	370,161	23,501	-	3,360,910
Other investments	88,585	10,226	4,436	3,513	106,760
Receivables	46,150	5,381	5,270	9,299	66,100
Payables	(181,998)	(20,191)	(6,119)	(49,838)	(258,146)
Swaps	14,365	-	-	171	14,536
Total physical exposure	10,895,060	2,022,933	1,010,073	4,798,629	18,726,695
Forward exchange contracts					
Buy foreign currency	2,856,459	259,839	116,851	2,455,121	5,688,270
Sell foreign currency	(10,093,940)	(1,727,857)	(1,002,778)	(3,710,307)	(16,534,882)
Currency options	575,000	-	-	50,000	625,000
Commodity futures	-	-	-	311,527	311,527
Total derivative exposure	(6,662,481)	(1,468,018)	(885,927)	(893,659)	(9,910,085)
Net exposure	4,232,579	554,915	124,146	3,904,970	8,816,610
Financial assets exposed to currency risk 30 June 2020					
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

Notes to and forming part of the financial statements

C. General Business Disclosures

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
2021	Exchange rate	+7.89%	972,664
		-7.89%	(960,890)
2020	Exchange rate	+8.41%	803,421
		-8.41%	(803,421)

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 2021	\$'000
Domestic equities and managed investment schemes	1,738,425
International equities and managed investment schemes	4,854,875
Total equity price risk exposure	6,593,300

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.

	Notional value \$'000	Fair market value \$'000
30 June 2021	\$'000	\$'000
Buy domestic equity futures contracts	21,488	(136)
Sell domestic equity futures contracts	(39,907)	(44)
Buy international equity futures contracts	469,555	9,095
Sell international equity futures contracts	(144,416)	(4,480)
Over the counter international equity call options	53,155	1,688
Over the counter international equity put options	(53,155)	(919)
Over the counter total return international equity swaps	519,497	17,384
Total equity derivative contracts	826,217	22,588

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	\$'000
30 June 2021	\$'000
20% increase in Australian equities	440,118
15% increase in International equities	1,791,114
Total	2,231,232
20% decrease in Australian equities	(440,170)
15% decrease in International equities	(1,786,384)
Total	(2,226,554)

Notes to and forming part of the financial statements

C. General Business Disclosures

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 up to the amount periodically declared. This is managed by the 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.

	30 June 2021 \$'000	30 June 2020 \$'000	
Interest bearing securities issued by			<i>As at 30 June 2021, the investment funds had an exposure of 20.95% of 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.</i>
Commonwealth Bank of Australia	3,263,042	3,318,536	
Westpac Banking Corporation	696,546	671,006	
National Australia Bank	2,230,799	2,687,108	
Australia and New Zealand Banking Group	3,981,409	3,835,059	
Total	10,171,796	10,511,709	

Credit exposure by credit rating

	30 June 2021 \$'000	30 June 2020 \$'000	
Long-term rated securities			
AAA	4,589,864	2,650,972	<i>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.</i>
AA	6,826,475	8,961,491	
A	4,958,947	5,835,081	
BBB	726,346	837,920	
Below investment grade/not rated	2,185,865	1,715,996	
Short-term rated securities			
A-1+	11,169,028	11,006,669	
A-1	443,908	58,748	
A-2	25,098	-	
Other			
US Government Guaranteed	343,674	425,431	
Total debt securities held	31,269,205	31,492,308	
Other non-debt financial assets	18,257,283	12,751,616	
Total financial assets	49,526,488	44,243,924	

Notes to and forming part of the financial statements

C. General Business Disclosures

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	Fair market value	
	30 June	30 June	
	2021	2021	
	\$'000	\$'000	
Buy credit protection	23,510	(308)	<i>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.</i>
Sell credit protection	(70,023)	(2,381)	
Total	(46,513)	(2,689)	

Notes to and forming part of the financial statements

C. General Business Disclosures

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

	CSS	PSS	Other				
	\$'000	\$'000	PCSS	G-GPS	JPS	FCCJDDS	Total
			\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021							
Revenues	45,203	1,087,356	304	-	-	-	1,132,863
Expenses	1,385,321	6,179,610	23,857	400	93,045	858	7,683,091
OCI	6,187,398	11,417,171	84,974	3,431	193,505	281	17,886,760
Liabilities	86,190,702	137,440,003	1,169,312	19,752	1,589,154	-	226,408,923
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

The expected employer productivity contributions for 2022 are: \$5.9 million for the CSS and \$140.1 million for the PSS (2021 actual: \$7.2 million for the CSS and \$159.6 million for the PSS).

Notes to and forming part of the financial statements

C. General Business Disclosures

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	<p>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.</p> <p>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.</p> <p>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.</p>
PSS	<p>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).</p> <p>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.</p> <p>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.</p>
PCSS	<p>The benefit payable is a lifetime pension or lump sum depending on length of service and additional offices held.</p> <p>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.</p>

Notes to and forming part of the financial statements

C. General Business Disclosures

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

Notes to and forming part of the financial statements

C. General Business Disclosures

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 2021 is \$23.0 billion (30 June 2020 was \$20.8 billion). The assets are diversified in the following sectors:

	CSS	PSS
Australian equities	26%	26%
International equities	25%	25%
Private capital	9%	9%
Property and infrastructure	11%	11%
Corporate bonds	7%	7%
Alternative strategies	11%	11%
Cash and sovereign bonds	11%	11%

This includes \$6.8 million (2020: \$5.8 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 2020 Long Term Cost Reports (LTCRs).

Membership data as at 30 June 2020 has been rolled forward to 30 June 2021 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 2021.

The fair value of scheme assets as at 30 June 2021 (CSS and PSS only) were estimated using the unaudited net scheme assets available to pay benefits at 31 May 2021 rolled forward to 30 June 2021 with cash flow items provided by the CSC. An estimate of the actual rate of investment return earned by the scheme during June 2021 was used in determining the fair value of scheme assets.

Other Schemes (G-GPS, JPS and FCCJDDS)

Membership data as at 31 May 2021 has been rolled forward to 30 June 2021. Other actuarial assumptions are consistent to those used within the LTCRs.

Notes to and forming part of the financial statements

C. General Business Disclosures

Key actuarial assumptions

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

	CSS	PSS	Other
Discount rate	2.0%	2.3%	2.3%
Salary growth rate to June 2023	1.75%	1.75%	1.75%
Salary growth rate to June 2024	2.0%	2.0%	2.0%
Salary growth rate to June 2025	2.5%	2.5%	2.5%
Salary growth rate after June 2025	3.5%	3.5%	4.0%
Pension increase rate to June 2023	2.0%	2.0%	1.75%
Pension increase rate to June 2024	2.5%	2.5%	2.0%
Pension increase rate to June 2025	2.5%	2.5%	2.5%
Pension increase rate after June 2025	2.5%	2.5%	4.0%
Maturity profile (years)	13.2 (CSS 1976)	21.2	15.7 (PCSS)
	7.7 (CSS 1922)		11.3 (G-GPS)
			15.2 (JPS)
			0 (FCCJDDS)

Process used to determine actuarial assumptions

Discount rate	The relevant Australian Government Treasury Bond rates were used for the calculation of the defined benefit obligation.
Salary growth rate	<p>For the CSS and PSS a short-term rate of 1.75% is applied to 30 June 2023, transitioning to the long-term rate of 3.5% from July 2025. The short-term rate is based on the government's current workplace bargaining policy plus assumed promotional increases. The long-term rate 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.</p> <p>The assumed rate for future salary increases has been determined having regard to the average expected long-term outlook for national wage inflation.</p> <p>The long-term rates are consistent with those used in the LTCRs for the schemes.</p>
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 increase has been determined having regard to the average estimated applicable wage inflation.
Maturity profile	This reflects the weighted average duration of each schemes' defined benefit obligation as at 30 June.

Notes to and forming part of the financial statements

C. General Business Disclosures

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%	(5,286,959)	(14,592,270)	(197,870)
	- 0.5%	5,815,918	16,805,705	221,966
Salary growth rate	+ 0.5%	36,699	2,859,691	211,476
	- 0.5%	(72,883)	(2,697,986)	(190,886)
Pension increase rate	+ 0.5%	5,004,902	12,588,376	n/a
	- 0.5%	(4,611,981)	(11,280,717)	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.

Notes to and forming part of the financial statements

D. Operating Resources

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	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Communication and information technology	64,442	57,121	23,145	31,112
Consultants and contractors	59,383	38,827	622	507
Domestic property portfolio expenses	28,591	32,541	-	-
General supplier expenses	14,524	29,198	30,285	26,497
Office expenses	-	-	46,247	34,636
Superannuation administration costs	-	-	8,857	8,936
Master media agency services	11,478	11,031	-	-
Property operating expenses	3,869	4,526	16,736	15,883
Training	2,912	3,004	-	-
Travel	629	1,243	-	-
Total supplier expenses	185,828	177,491	125,892	117,571

D2 Own source revenue

D2.1 Rental Income

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Operating lease income	75,221	76,475	-	-
Subleasing right-of-use assets	763	2,052	-	-
Total rental income	75,984	78,527	-	-

Lease income commitment receivables (including GST):

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Domestic property portfolio rent receivable	744,477	798,796	-	-
Total commitments receivable	744,477	798,796	-	-
By maturity:				
Within one year	69,977	71,069	-	-
One to two years	70,843	71,604	-	-
Two to three years	71,128	73,233	-	-
Three to four years	72,576	73,601	-	-
Four to five years	71,886	75,153	-	-
More than five years	388,067	434,136	-	-
Total commitments receivables	744,477	798,796	-	-

Notes to and forming part of the financial statements

D. Operating Resources

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 relate to the Parliamentary Document Management System, which is a subscription service 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. Consumption based fees are payable in advance, with performance obligations satisfied over time.

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 are 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

Information and communication technology revenue includes GovCMS and GovTEAMS subscription services. These services provide web content management and collaboration services for government entities. Consumption based fees are payable in advance, with performance obligations satisfied over time.

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.

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.

Notes to and forming part of the financial statements

D. Operating Resources

Disaggregation of revenue from contracts with customers

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Program				
Technology and procurement	33,932	29,037	-	-
Service Delivery Office	23,905	26,656	-	-
Ministerial and Parliamentary Services	6,740	5,730	3,715	5,652
Transforming government	6,055	5,633	-	-
Property and construction	2,869	5,152	-	-
Other	1,300	1,448	-	-
Total contracts with customers	74,801	73,656	3,715	5,652

Notes to and forming part of the financial statements

D. Operating Resources

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.

Notes to and forming part of the financial statements

D. Operating Resources

D3.1 Categories of financial instruments

D3.1 Categories of financial instruments

		Departmental		Administered	
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
	Note ref				
Financial Assets					
Financial assets measured at amortised cost					
Cash and cash equivalents					
OPA balance	H2	-	-	800,000	3,497,598
Operating cash balance		2,572	1,144	264,528	187
Special account cash held by Finance	F3.1	1,647	1,636	-	-
Special account cash held in OPA	F3	1,246,003	903,273	349,234	-
Trade and other receivables					
Contract assets		5,148	4,601	7	-
Contract receivables		16,969	7,203	301	1,225
Other		3,764	7,641	683	293
Investment funds	C2.2	-	-	7,627,537	10,022,255
Loans					
State and territory government loans		-	-	110,091	118,831
DHA loans		-	-	185,000	-
Total financial assets measured at amortised cost		1,276,103	925,498	9,337,381	13,640,389
Financial assets designated at FVOCI					
Commonwealth entities and companies		-	-	1,867,319	1,570,611
Total financial assets designated at FVOCI		-	-	1,867,319	1,570,611
Financial assets measured at FVPL					
Investment funds	C2.2	-	-	41,898,951	34,221,669
Total financial assets measured at FVPL		-	-	41,898,951	34,221,669
Total financial assets		1,276,103	925,498	53,103,651	49,432,669
Financial Liabilities					
Financial liabilities measured at amortised cost					
Trade creditors and accruals		37,734	38,372	15,464	14,776
Investment funds	C2.2	-	-	274,339	132,927
OPA overnight cash payable	H2	-	-	2,601,308	2,029,429
Total financial liabilities measured at amortised cost		37,734	38,372	2,891,111	2,177,132
Financial liabilities measured at FVPL					
Investment funds	C2.2	-	-	334,966	166,652
Total financial liabilities measured at FVPL		-	-	334,966	166,652
Total financial liabilities		37,734	38,372	3,226,077	2,343,784

Notes to and forming part of the financial statements

D. Operating Resources

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 2021	30 June 2020
	Level	Inputs used	Valuation technique	\$'000	\$'000
Financial assets					
State and territory government loans	2	N/A	Income approach	179,877	217,149
Investments in CECs	3	NET	Cost approach	1,487,726	1,242,342
Investments in CECs	3	WACC	Income approach	379,593	328,269
<i>Investment funds</i>					
Other investments	1	NET	Market approach	8,725,784	6,631,244
Derivative assets	1	NET	Market approach	39,329	8,601
Interest bearing securities	2	N/A	Price Index ¹	23,386,123	21,412,370
Other investments	2	N/A	Market approach	3,150	-
Derivative assets	2	N/A	Market approach	92,263	584,819
Other investments	3	NET	Market approach	9,226,603	5,314,360
Interest bearing securities	3	NET	Market approach	294,301	138,183
Derivative assets	3	NET	Market approach	-	4
Total financial assets				43,814,749	35,877,341
Financial liabilities					
Investment funds - derivative liabilities	1	NET	Market approach	38,493	10,237
Investment funds - derivative liabilities	2	N/A	Market approach	296,473	156,415
Total financial liabilities				334,966	166,652

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

Notes to and forming part of the financial statements

D. Operating Resources

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.

Loans to Defence Housing Australia (DHA)

Loans to DHA are carried at amortised cost and no security is held for these. Interest rates are currently fixed and paid quarterly, principal is required to be repaid in full at maturity.

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 continuous 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 establishes access arrangements with naval shipbuilding prime contractors as infrastructure is completed. 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 sub-contracted to provide services to Luerksen Australia to build 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 2021-26 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.

Notes to and forming part of the financial statements

D. Operating Resources

Movements of recurring level 3 financial assets

	Administered	
	30 June	30 June
	2021	2020
	\$'000	\$'000
Opening balance of investments in CECs	1,570,611	1,188,009
Equity injections	207,400	320,751
Total gains/(losses) recognised in other comprehensive income	89,308	61,851
Closing balance of investments in CECs	1,867,319	1,570,611
Opening balance of investment funds - financial assets at FVPL	5,452,547	2,848,392
Purchase	4,775,394	3,318,631
Sales	(1,682,249)	(627,853)
Transfers into level 3	51,792	24,688
Total gains/(losses) recognised in net cost of services	926,737	(58,713)
Transfers out of level 3	(3,317)	(52,598)
Closing balance of investment funds - financial assets at FVPL	9,520,904	5,452,547

D3.3 Net gains or losses on financial assets

	Note ref	Departmental		Administered	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost					
Interest					
OPA deposits		-	-	921	8,160
State and territory government loans		-	-	12,284	13,171
DHA loans		-	-	24,668	-
Other		-	12	-	-
Impairment of financial assets		(3)	-	(8)	(2)
Net gains/(losses) on financial assets at amortised cost		(3)	12	37,865	21,329
Financial assets at FVOCI					
Dividends		-	-	6,500	10,600
Gains/(losses) on Commonwealth entities and companies	D3.2	-	-	89,308	61,851
Net gains/(losses) on financial assets at FVOCI		-	-	95,808	72,451
Financial assets measured as FVPL					
<i>Investment funds</i>					
Interest	C2.1	-	-	27,729	119,148
Dividends and distributions	C2.1	-	-	342,978	123,636
Gains on financial investments	C2.1	-	-	3,425,134	924,129
Foreign exchange losses	C2.1	-	-	(106,371)	(546,348)
Net gains/(losses) on financial assets at FVPL		-	-	3,689,470	620,565
Net gains/(losses) on financial assets		(3)	12	3,823,143	714,345

Notes to and forming part of the financial statements

D. Operating Resources

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

Sensitivity analysis of interest rate risk exposure			Effect on	
			Change in risk variable	Surplus/ (deficit)
30 June 2021	Risk variable	%	\$'000	\$'000
Overnight cash deposits with the RBA	Deposit rate	+0.74%	12,681	-
		-0.74%	(12,681)	-
Investments in CECs	Discount rate	+0.74%	-	15,900
		-0.74%	-	(12,800)
30 June 2020				
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)

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.

Notes to and forming part of the financial statements

D. Operating Resources

D5 Non-financial assets**Finance Owned Estate**

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	Annually	Market selling price or discounted cash flows
Buildings				Market selling price, discounted cash flows or current replacement cost
Leasehold improvements	At cost	Fair value	At least once every three years	Current replacement cost
Plant and equipment				Market selling price or current replacement cost
Infrastructure	At cost	Fair value	Annually	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 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.

Notes to and forming part of the financial statements

D. Operating Resources

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	2021 and 2020 (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 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.

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.

Notes to and forming part of the financial statements

D. Operating Resources

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 with the last one undertaken as at 30 June 2020.

For infrastructure assets (the Intra-government Communications Network (ICON)), an independent valuation is conducted annually. Current replacement cost has been adopted to determine the fair value of these assets. The valuation includes an age/life analysis on the physical deterioration and obsolescence on ICON assets.

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.

Notes to and forming part of the financial statements

D. Operating Resources

D5.1 Property, infrastructure, plant and equipment and intangibles

	Departmental						
	Land	Buildings	Leasehold improve- ments	Invest- ment property	Plant and equip- ment	Intang- ibles ¹	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Owned assets							
As at 1 July 2020							
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 1 July 2020	135,902	381,122	27,165	80,339	22,798	105,885	753,211
Additions	726	3,328	508	76	3,070	12,856	20,564
Revaluations recognised in OCI	9,727	5	-	-	-	-	9,732
Impairments recognised in NCOS	-	-	-	-	-	(4,356)	(4,356)
Revaluations recognised in NCOS	-	-	-	2,135	-	-	2,135
Depreciation and amortisation	-	(6,630)	(1,873)	-	(5,452)	(22,645)	(36,600)
Transfers to assets held for sale	-	-	-	(92)	-	-	(92)
Reclassification	15,258	-	-	(15,258)	-	-	-
Disposals							
Transfers to agencies	-	(42,034)	-	-	-	-	(42,034)
Write-downs	(150)	(15,068)	-	-	-	(134)	(15,352)
Other	(1,862)	-	-	-	-	-	(1,862)
Total as at 30 June 2021	159,601	320,723	25,800	67,200	20,416	91,606	685,346
Represented by							
Gross book value	159,601	320,723	28,194	67,200	27,610	198,254	801,582
Accumulated depreciation, amortisation and impairment	-	-	(2,394)	-	(7,194)	(106,648)	(116,236)
Total as at 30 June 2021	159,601	320,723	25,800	67,200	20,416	91,606	685,346
Assets under operating leases							
As at 1 July 2020							
Gross book value	299,620	314,600	-	773,673	-	-	1,387,893
Total as at 1 July 2020	299,620	314,600	-	773,673	-	-	1,387,893
Additions	-	21,708	-	22,635	-	-	44,343
Revaluations recognised in OCI	685	(4,960)	-	-	-	-	(4,275)
Revaluations recognised in NCOS	-	-	-	(16,253)	-	-	(16,253)
Depreciation	-	(11,048)	-	-	-	-	(11,048)
Transfers to assets held for sale	-	-	-	(12,500)	-	-	(12,500)
Total as at 30 June 2021	300,305	320,300	-	767,555	-	-	1,388,160
Represented by							
Gross book value	300,305	320,300	-	767,555	-	-	1,388,160
Accumulated depreciation and impairment	-	-	-	-	-	-	-
Total as at 30 June 2021	300,305	320,300	-	767,555	-	-	1,388,160
Total owned and leased assets							
As at 30 June 2021	459,906	641,023	25,800	834,755	20,416	91,606	2,073,506
As at 30 June 2020	435,522	695,722	27,165	854,012	22,798	105,885	2,141,104

¹ The carrying amount of intangibles includes \$91.2 million of internally developed software and \$0.4 million of purchased software.

Notes to and forming part of the financial statements

D. Operating Resources

Capital commitments payable (GST inclusive)

	Departmental			30 June 2020		
	30 June 2021			30 June 2020		
	Between			Between		
	Within one year	one and five years	Total	Within one year	one and five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	45,708	10,251	55,959	43,042	27,312	70,354
Intangible assets development	4,688	2,200	6,888	10,302	2,554	12,856
Total capital commitments	50,396	12,451	62,847	53,344	29,866	83,210

Administered					
	Leasehold improve-ments	Infrastruct-ure	Plant and equipment	Intangibles ¹	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020					
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 1 July 2020	29,498	72,088	11,677	114	113,377
Additions	18,955	-	6,419	1	25,375
Revaluations recognised in OCI	-	2,753	-	-	2,753
Reversal of impairments recognised in NCOS	8	-	-	-	8
Depreciation and amortisation	(13,473)	(2,515)	(3,018)	(21)	(19,027)
Disposals - write-downs	(594)	-	(30)	-	(624)
Total as at 30 June 2021	34,394	72,326	15,048	94	121,862
Represented by					
Gross book value	52,591	72,326	18,839	196	143,952
Accumulated depreciation, amortisation and impairment	(18,197)	-	(3,791)	(102)	(22,090)
Total as at 30 June 2021	34,394	72,326	15,048	94	121,862

¹ The carrying amount of intangibles includes internally developed software and purchased software.**Capital commitments payable (GST inclusive)**

	Administered			30 June 2020		
	30 June 2021			30 June 2020		
	Between			Between		
	Within one year	one and five years	Total	Within one year	one and five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	3,348	-	3,348	9,743	218	9,961
Infrastructure, plant and equipment	2,523	-	2,523	2,077	150	2,227
Total capital commitments	5,871	-	5,871	11,820	368	12,188

Notes to and forming part of the financial statements

D. Operating Resources

D5.2 Right-of-use assets

Departmental				
	Buildings \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Total \$'000
As at 1 July 2020				
Gross book value	467,510	2,845	245	470,600
Accumulated depreciation	(17,552)	(2,154)	(73)	(19,779)
Total as at 1 July 2020	449,958	691	172	450,821
Additions	-	-	14	14
Depreciation	(17,552)	(430)	(84)	(18,066)
Carrying amount as at 30 June 2021	432,406	261	102	432,769
Represented by				
Gross book value	467,510	1,229	259	468,998
Accumulated depreciation	(35,104)	(968)	(157)	(36,229)
Total as at 30 June 2021	432,406	261	102	432,769

Administered				
	Buildings \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Total \$'000
As at 1 July 2020				
Gross book value	324,681	5,309	5,500	335,490
Accumulated depreciation	(40,791)	(1,119)	(984)	(42,894)
Total as at 1 July 2020	283,890	4,190	4,516	292,596
Additions	16,073	406	743	17,222
Disposals	(459)	-	-	(459)
Depreciation	(40,174)	(1,251)	(1,957)	(43,382)
Other movements	5,222	40	12	5,274
Carrying amount as at 30 June 2021	264,552	3,385	3,314	271,251
Represented by				
Gross book value	345,517	5,755	6,256	357,528
Accumulated depreciation	(80,965)	(2,370)	(2,942)	(86,277)
Total as at 30 June 2021	264,552	3,385	3,314	271,251

Notes to and forming part of the financial statements

D. Operating Resources

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*.

			Valuation	Departmental		Administered	
				30 June 2021	30 June 2020	30 June 2021	30 June 2020
Non-financial assets	Level	Inputs used	technique	\$'000	\$'000	\$'000	\$'000
Land	2	AMT	Market approach	162,056	138,672	-	-
Land	2	AMT	Income approach	297,850	296,850	-	-
Buildings	2	AMT	Income approach	333,192	327,929	-	-
Buildings	2	RCN	Cost approach	307,831	367,793	-	-
Leasehold improvements	3	RCN, CEB	Cost approach	25,800	27,165	34,394	29,498
Infrastructure	3	RCN, CEB	Cost approach	-	-	72,326	72,088
Investment property	2	AMT	Market approach	69,234	82,189	-	-
Investment property	2	AMT	Income approach	765,521	771,823	-	-
Plant and equipment	2	AMT	Market approach	13,866	16,160	1,749	2,413
Plant and equipment	3	RCN, CEB	Cost approach	6,550	6,638	13,299	9,264
Assets held for sale - land	2	AMT	Market approach	83	247	-	-
Assets held for sale - land and buildings	2	AMT	Income approach	12,126	-	-	-
Total fair value 30 June 2021				1,994,109	2,035,466	121,768	113,263

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.

Notes to and forming part of the financial statements

D. Operating Resources

D6 Unearned Revenue

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contracts with customers	16,081	13,841	97	52
Other	722	1,982	-	-
Total unearned revenue	16,803	15,823	97	52

D7 Lease liabilities

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Lease liabilities	454,992	462,238	283,660	299,221
Total lease liabilities	454,992	462,238	283,660	299,221
Maturity analysis - contractual undiscounted cash flows				
Within 1 year	22,312	22,835	43,646	41,019
Between 1 to 5 years	93,202	93,569	147,641	140,343
More than 5 years	601,611	601,611	173,954	161,165
Total leases	717,125	718,015	365,241	342,527

D8 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	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Remediation costs	5,029	12,960	7,021	7,758
Act of Grace	-	-	7,218	8,576
Same-Sex Relationships Act	-	-	1,717	1,800
Total other provisions	5,029	12,960	15,956	18,134
Movements of other provisions				
Opening balance	12,960	19,141	18,134	17,984
Additional provisions made	12	6	113	2,362
Amounts used	(7,943)	(6,187)	(2,291)	(1,753)
Amounts reversed	-	-	-	(459)
Closing balance	5,029	12,960	15,956	18,134

Notes to and forming part of the financial statements

D. Operating Resources

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.

Notes to and forming part of the financial statements

E. Our People

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.

Notes to and forming part of the financial statements

E. Our People

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	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	129,175	122,921	284,316	279,015
Superannuation expense				
Defined contribution plans	14,275	13,124	38,879	37,968
Defined benefit plans	10,725	10,836	4,944	5,922
Leave and other entitlements	14,691	15,749	17,440	19,928
Post-employment benefits	-	-	(24,463)	(8,063)
Separation and redundancies	822	-	3,416	15,378
Other employee expenses	223	277	17,764	16,864
Total employee benefit expenses	169,911	162,907	342,296	367,012

E1.2 Employee provisions

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Leave	65,826	63,411	50,480	46,643
Separation and redundancies	99	127	27,916	24,534
Post-employment benefits	-	-	218,361	246,206
Total employee provisions	65,925	63,538	296,757	317,383

Notes to and forming part of the financial statements

E. Our People

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	30 June
	2021	2020
	\$'000	\$'000
Short-term employee benefits	2,896	2,929
Post-employment benefits	487	460
Other long-term benefits	58	155
Total key management personnel remuneration¹	3,441	3,544
Number of key management personnel included in the table above ²	12	11

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 reduced from eight to seven positions during the year).

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.

Notes to and forming part of the financial statements

F. Funding

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	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Ordinary annual services				
Annual Appropriation				
Ordinary annual services	709,837	283,779	300,406	279,402
Capital budget	6,445	6,476	5,223	5,145
Section 74 receipts of PGPA Act	71,861	70,129	921	957
Total	788,143	360,384	306,550	285,504
Appropriation applied ¹	(793,369)	(375,651)	(295,373)	(321,300)
Variance	(5,226)	(15,267)	11,177	(35,796)
Other services				
Annual appropriation				
Equity injection	2,183	155,672	-	-
Assets and liabilities	-	-	348,873	281,623
Total	2,183	155,672	348,873	281,623
Appropriation applied ¹	(21,403)	(197,821)	(221,419)	(333,911)
Variance	(19,220)	(42,149)	127,454	(52,288)

¹ Appropriation applied includes cash payments made from current and prior year appropriations.

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.

Notes to and forming part of the financial statements

F. Funding

F1.2 Unspent annual appropriations ('recoverable GST exclusive')

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Appropriation Act (No. 1) 2020-21 ¹	46,484	n/a	20,801	n/a
Appropriation Act (No. 1) 2020-21 - Capital	-	n/a	2,176	n/a
Appropriation Act (No. 2) 2020-21	-	n/a	182,560	n/a
Appropriation Act (No. 3) 2020-21	651	n/a	1	n/a
Supply Act (No. 1) 2020-21	9	n/a	347	n/a
Supply Act (No. 1) 2020-21 - Capital	2,623	n/a	3,047	n/a
Supply Act (No. 2) 2020-21	676	n/a	32,609	n/a
Appropriation Act (No. 1) 2019-20	110	19,160	-	6,014
Appropriation Act (No. 1) 2019-20 - Capital	-	-	-	3,001
Appropriation Act (No. 2) 2019-20	954	3,283	-	24,124
Appropriation Act (No. 3) 2019-20	-	31	-	1,691
Appropriation Act (No. 4) 2019-20	-	-	768	1,639
Supply Act (No. 1) 2019-20	48	32,532	-	1,007
Supply Act (No. 1) 2019-20 - Capital	-	219	2,060	2,144
Supply Act (No. 2) 2019-20	2,365	2,365	-	62,251
Appropriation Act (No. 1) 2018-19	-	4,926	-	3,683
Appropriation Act (No. 1) 2018-19 - Capital	-	-	-	392
Appropriation Act (No. 2) 2018-19	7,330	24,896	-	-
Appropriation Act (No. 3) 2018-19	-	-	-	245
Appropriation Act (No. 4) 2018-19	-	-	-	470
Appropriation Act (No. 1) 2017-18	-	8	-	-
Appropriation Act (No. 2) 2017-18 ²	-	39,853	-	-
Total unspent appropriations	61,250	127,273	244,369	106,661

Reconciliation to appropriations receivable (other departmental undrawn)

	Departmental	
	30 June	30 June
	2021	2020
	\$'000	\$'000
Total unspent appropriations	61,250	127,273
<i>Adjustments</i>		
Cash at bank - 30 June	(2,572)	(1,144)
Expected GST refund outstanding at year end	-	(3,146)
Recorded against special accounts receivable in ledger	-	(2,766)
Recorded against capital receivable for special account in ledger	(11,325)	(24,640)
PGPA s 51 quarantine - modernisation fund reprioritisation	-	(50)
Closing appropriations receivable balance	47,353	95,527

¹ The balance includes cash at bank as at 30 June 2021 of \$2.6 million (2020: cash at bank \$1.1 million, GST refund \$3.1 million).

² The balance includes a quarantine for modernisation fund reprioritisation.

Notes to and forming part of the financial statements

F. Funding

F2 Special appropriations		
F2.1 Special appropriations ('recoverable GST exclusive')		
	Appropriations applied	
	30 June	30 June
	2021	2020
	\$'000	\$'000
Administered		
<i>Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952 s 5)¹</i>	(5,253)	(4,795)
<i>Federal Circuit Court of Australia Act 1999</i>	(1,044)	(474)
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	(1,640)	(298)
<i>Governor-General Act 1974</i>	(1,470)	(1,882)
<i>Judges' Pensions Act 1968</i>	(53,969)	(54,403)
<i>Medibank Private Sale Act 2006</i>	(16)	(28)
<i>Parliamentary Business Resources Act 2017</i>	(255,410)	(231,761)
<i>Parliamentary Contributory Superannuation Act 1948</i>	(45,257)	(44,543)
<i>Parliamentary Superannuation Act 2004</i>	(8,137)	(8,103)
<i>Public Governance, Performance and Accountability Act 2013 (PGPA Act) s 77</i>	-	(24)
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008</i>	(66)	(63)
<i>Superannuation Act 1922</i>	(56,950)	(60,570)
<i>Superannuation Act 1976²</i>	(4,672,070)	(4,481,645)
<i>Superannuation Act 1990²</i>	(2,903,192)	(2,565,500)
Total special appropriations applied	(8,004,474)	(7,454,089)

¹ For the 2020-21 reporting period this appropriation was limited to \$5.7 million.

² 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	<i>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.</i>
Department of the House of Representatives and the Department of the Senate	<i>Parliamentary Superannuation Act 2004 Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952) Parliamentary Business Resources Act 2017 (PBR Act)</i>
Attorney-General's Department and the Department of Parliamentary Services	<i>Parliamentary Business Resources Act 2017 (PBR Act)</i>
Fair Work Commission	<i>Judges Pension Act 1968</i>

Notes to and forming part of the financial statements

F. Funding

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*

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	30 June
		2021	2020
	Relationship	\$'000	\$'000
Attorney-General's Department			
Total receipts	Solicitors-General pension payments	-	3
Total payments		(280)	(309)

Notes to and forming part of the financial statements

F. Funding

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

	Comcover	Property	CPCSA	SDOSA	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Balance brought forward	672,322	207,654	43,027	6,546	929,549
Appropriations credited	420,851	74,627	1,298	-	496,776
Other receipts	169,615	83,721	20,396	19,980	293,712
Payments made	(162,464)	(244,206)	(31,703)	(22,689)	(461,062)
Balance carried forward	1,100,324	121,796	33,018	3,837	1,258,975
Balance represented by					
Cash held by Finance	1,551	73	20	3	1,647
Cash held in OPA	1,098,773	110,398	32,998	3,834	1,246,003
Capital appropriation receivable ¹	-	11,325	-	-	11,325
Special account balance	1,100,324	121,796	33,018	3,837	1,258,975
30 June 2020					
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

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 Finance Owned Estate. 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.

Notes to and forming part of the financial statements

F. Funding

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.

Notes to and forming part of the financial statements

F. Funding

DisabilityCare Australia Fund (DCAF) Special Account

Establishing instrument: *DisabilityCare Australia Fund Act 2013*, s 11. Purpose: To record all transactions relating to the DCAF, including interest and Medicare levy proceeds and reimbursements to State and 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 Future Fund Board of Guardians (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. Investment in DCAF were made under the *DisabilityCare Australia Fund Act 2013* s 27.

Medical Research Future Fund (MRFF) Special Account

Establishing instrument: *Medical Research Future Fund Act 2015*, s 14. Purpose: To record all transactions relating to the MRFF, including interest received and 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. Investment in MRFF were made under the *Medical Research Future Fund Act 2015* s 37.

Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF) Special Account

Establishing instrument: *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2019*, s 12. Purpose: To record all transactions relating to the ATSILSFF, including interest received and 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. Investment in ATSILSFF were made under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund 2019 Act* s 30.

Future Drought Fund (FDF) Special Account

Establishing Instrument: *Future Drought Fund Act 2019*, s 13. Purpose: To record all transactions relating to the FDF, including interest received and grant payments to persons 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. Investment in FDF were made under the *Future Drought Fund Act 2019* s 39.

Emergency Response Fund (ERF) Special Account

Establishing Instrument: *Emergency Response Fund Act 2019*, s 12. Purpose: To record all transactions relating to the ERF, including interest received and make payments up to \$200 million per financial year to fund emergency response and natural disaster recovery and preparedness, where it is determined 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. Investment in ERF were made under the *Emergency Response Fund Act 2019* s 37.

Defence Housing Australia (DHA) Borrowings Special Accounts

Establishing instrument: *PGPA Act Determination (DHA Borrowing Special Account 2020)*. Purpose: To provide a mechanism to support the operation of a revolving loan facility between DHA and the Commonwealth and allow DHA to more easily borrow money from the Commonwealth in accordance with section 36 of the *Defence Housing Australia Act 1987*.

Building Australia Fund (BAF) Special Account

Establishing instrument: *Nation-building Funds Act 2008*, s 13. Purpose: To make 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. Investment in BAF were made under the *Nation Building Funds Act 2008* s 32 and s 151. 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: To make 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

Notes to and forming part of the financial statements

F. Funding

non-interest bearing. Investment in EIF were made under the *Nation Building Funds Act 2008* s 32 and s 151. This special account ceased on 12 December 2019 with balances transferred to the ERF.

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.

Notes to and forming part of the financial statements

G. Managing other uncertainties

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 Finance Owned Estate 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.

Notes to and forming part of the financial statements

H. Other information

H. Other information

This section includes additional financial information which is considered relevant to assist users in understanding the financial statements.

H1 Current and non-current distinction for assets and liabilities

	Departmental		Administered	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Assets expected to be recovered in:				
No more than 12 months				
Cash and cash equivalents	4,219	2,780	1,413,762	3,497,785
Special account cash held in OPA	1,246,003	903,273	-	-
Trade and other receivables	25,881	19,445	991	1,518
Special account capital receivable	11,325	24,640	-	-
Other departmental undrawn	47,353	95,527	-	-
Reinsurance and other recoveries	783	1,108	-	-
Lease incentive assets	133	133	-	-
Investment funds	-	-	26,413,588	27,224,987
Loans	-	-	82,246	-
Other financial assets	2,599	3,283	47,954	71,354
Prepayments	7,357	8,721	4,575	3,720
Assets held for sale	12,209	247	-	-
Total no more than 12 months	1,357,862	1,059,157	27,963,116	30,799,364
More than 12 months				
Reinsurance and other recoveries	1,654	1,495	-	-
Lease incentive assets	651	784	-	-
Investment funds	-	-	23,112,900	17,018,937
Loans	-	-	212,845	118,831
Commonwealth entities and companies	-	-	1,867,319	1,570,611
Land	459,906	435,522	-	-
Buildings	641,023	695,722	-	-
Leasehold improvements	25,800	27,165	34,394	29,498
Investment property	834,755	854,012	-	-
Infrastructure	-	-	72,326	72,088
Plant and equipment	20,416	22,798	15,048	11,677
Intangibles	91,606	105,885	94	114
Right-of-use assets	432,769	450,821	271,251	292,596
Prepayments	585	316	143	-
Total more than 12 months	2,509,165	2,594,520	25,586,320	19,114,352
Total assets	3,867,027	3,653,677	53,549,436	49,913,716

Notes to and forming part of the financial statements

H. Other information

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Liabilities expected to be settled in:				
No more than 12 months				
Trade creditors and accruals	37,734	38,372	15,464	14,776
Unearned revenue	15,822	14,841	97	52
Return of equity - special accounts	73,206	115,955	-	-
Outstanding insurance claims	239,924	170,626	-	-
Investment funds	-	-	609,305	299,579
OPA overnight cash payable	-	-	2,601,308	2,029,429
Employee provisions	17,431	17,494	36,253	33,745
Superannuation provisions	-	-	7,215,318	7,126,629
Lease liabilities	7,713	7,258	36,881	34,400
Other provisions	2,212	11,626	1,444	1,584
Other payables	4,426	5,243	21,051	16,707
Total no more than 12 months	398,468	381,415	10,537,121	9,556,901
More than 12 months				
Unearned revenue	981	982	-	-
Outstanding insurance claims	854,718	419,933	-	-
Employee provisions	48,494	46,044	260,504	283,638
Superannuation provisions	-	-	219,193,605	234,627,766
Lease liabilities	447,279	454,980	246,779	264,821
Other provisions	2,817	1,334	14,512	16,550
Other payables	-	-	-	11,000
More than 12 months	1,354,289	923,273	219,715,400	235,203,775
Total liabilities	1,752,757	1,304,688	230,252,521	244,760,676

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.

Competitive neutrality (including income tax equivalent)

Finance is exempt from all forms of taxation except Fringe Benefits Tax and GST.

Finance applies the Australian Government's Competitive Neutrality Policy Statement (June 1996) to properties in the portfolio that are leased and managed in a competitive environment. The taxation equivalent regime is applied as a competitive neutrality charge (shown as competitive neutrality and income tax equivalent in the Statement of Comprehensive Income) and a notional payment is calculated quarterly to cover indirect taxes such as payroll tax, council rates, stamp duty and land tax and income tax based upon accounting income; as if they have been applied to these properties. These amounts have been paid or are payable by Finance to the OPA.

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 (2021: \$1.3 million).

Volunteer services includes rent for office space in the Ministerial Wing of Parliament House.

Notes to and forming part of the financial statements

H. Other information

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.

Notes to and forming part of the financial statements

Glossary

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	<i>Members of Parliament (Staff) Act 1984</i>
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	<i>Parliamentary Business Resources Act 2017</i>
DHA	Defence Housing Australia	PBS	Portfolio Budget Statements
EIF	Education Investment Fund	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
ERF	Emergency Response Fund	PCSS	Parliamentary Contributory Superannuation Scheme
FCCJDDS	Federal Circuit Court Judges Death and Disability Scheme	PSS	Public Sector Superannuation Scheme
FDF	Future Drought Fund	PSSap	Public Sector Superannuation Accumulation Plan
FFMA	Future Fund Management Agency	RBA	Reserve Bank of Australia
FRR	<i>PGPA (Financial Reporting) Rule 2015</i>	RCN	Replacement Cost of New Assets
FVOCI	Fair Value through Other Comprehensive Income	SDO	Service Delivery Office
FVPL	Fair Value through Profit or Loss	SDOSA	Service Delivery Office Special Account
GBE	Government Business Enterprise	The Board	Future Fund Board of Guardians
GBP	British Pound	USD	United States Dollar
G-GPS	Governor-General Pension Scheme	WACC	Weighted Average Cost of Capital
GST	Goods and Services Tax		

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 the
previous annual report

Appendix A: Entity resource statement and expenses by outcome

Table A1: Agency Resource Statement, 2020–21

	Actual Available appropriation – current year \$'000 (a)	Payments made \$'000 (b)	Balance remaining \$'000 (a)–(b)
Departmental			
Annual appropriations – ordinary annual services ^{1,4}	843,294	793,369	49,925
Annual appropriations – other services – non-operating ²	8,087	8,087	–
Total departmental annual appropriations	851,381	801,455	49,925
Special accounts	1,720,037	461,062	1,258,975
Total special accounts	1,720,037	461,062	1,258,975
less departmental appropriations drawn from annual/special appropriations and credited to special accounts ³	496,776	496,776	–
Total departmental resourcing (A)	2,074,642	765,741	1,308,900
Administered			
Annual appropriations – ordinary annual services ^{1,4}	323,805	295,373	28,432
Annual appropriations – other services – non-operating ²	437,356	221,419	215,937
Total administered annual appropriations	761,161	516,792	244,369
Administered special appropriations		8,004,474	
Total administered special appropriations		8,004,474	
Special accounts	83,889,296	83,540,062	349,234
Total special accounts	83,889,296	83,540,062	349,234
Total administered resourcing (B)	84,650,457	92,061,328	
Total resourcing and payments for Department of Finance (A + B)	86,725,099	92,827,069	

¹ Appropriation Act (No.1) 2020–21 and Appropriation Act (No.3) 2020–21. The amount includes prior year departmental appropriations and section 74 retained revenue receipts.

² Appropriation Act (No.2) 2020–21 and Appropriation Act (No.4) 2020–21.

³ Includes an amount of \$74.627m that has been credited to the Property Special Account, \$420.851m that has been credited to the Comcover Special Account and \$1.298m that has been credited to the Co-ordinated Procurement Special Account.

⁴ Departmental and Administered capital budgets are not separately identified in Appropriation Bill (No.1, 3) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

Note: Details of appropriations are disclosed at Note F. Funding in the financial statements.

Table A2: Expenses for Outcome 1, 2020–21

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 2020–21 \$'000 (a)	Actual Expenses 2020–21 \$'000 (b)	Variation 2020–21 \$'000 (a)–(b)
Program 1.1: Budget and Financial Management			
Departmental expenses			
Departmental appropriation ^b			
Budget advice	66,966	66,542	424
Financial reporting	30,091	32,554	(2,463)
Expenses not requiring appropriation in the budget year ^c	23,614	20,836	2,778
Total for Program 1.1	120,671	119,932	739
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation ^b	97,057	99,096	(2,039)
Expenses not requiring appropriation in the budget year ^c	23,614	20,836	2,778
Total expenses for Outcome 1	120,671	119,932	739
	2019–20	2020–21	
Average staffing level (number)^d	423	438	

^a Full-year budget, including any subsequent adjustments made in the 2020–21 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 2019–20 and 2020–21.

Table A3: Expenses for Outcome 2, 2020–21

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 2020–21 \$'000 (a)	Actual Expenses 2020–21 \$'000 (b)	Variation 2020–21 \$'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	244	(1)
Grant in Aid – Green Institute	91	91	–
Grant in Aid – Menzies Research Centre	243	244	(1)
Grant in Aid – Page Research Centre	117	118	(1)
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	15,161	16,485	(1,324)
Government shareholder oversight	24,446	17,768	6,678
Special financial claims	3,549	4,182	(633)
Expenses not requiring appropriation in the budget year ^c	1,260	1,513	(253)
Total for Program 2.1	45,214	40,749	4,465
Program 2.2: Transforming Government			
Departmental expenses			
Departmental appropriation ^b			
Transforming the public sector	50,054	59,286	(9,232)
Expenses not requiring appropriation in the budget year ^c	566	1,964	(1,398)
Total for Program 2.2	50,620	61,250	(10,630)
Program 2.3: Property and Construction			
Departmental expenses			
Special accounts			
Property Special Account ^d	109,104	107,140	1,964

Total for Program 2.3	109,104	107,140	1,964
Program 2.4: Insurance and Risk Management			
Departmental expenses			
Special accounts			
Comcover Special Account	640,294	665,040	(24,746)
Total for Program 2.4	640,294	665,040	(24,746)
Program 2.5: Technology and Procurement			
Departmental expenses			
Departmental appropriation ^b			
Technology transformation	20,874	16,658	4,216
Procurement framework	9,583	9,349	234
Special accounts			
Coordinated Procurement Contracting Special Account	29,284	27,456	1,828
Expenses not requiring appropriation in the budget year ^c	2,911	5,039	(2,128)
Total for Program 2.5	62,652	58,502	4,150
Program 2.6: Service Delivery Office			
Departmental expenses			
Departmental appropriation ^b			
Service Delivery Office	6,480	-	6,480
Special accounts			
SDO Special Account	28,651	33,750	(5,099)
Total for Program 2.6	35,131	33,750	1,381
Program 2.7: Public Sector Superannuation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Act of Grace	1,138	491	647
Compensation and legal expenses	500	495	5
Superannuation administration costs	8,936	8,857	79
Special appropriations			
<i>Federal Circuit Court of Australia Act 1999</i>	858	858	-
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,000	1,640	(640)

<i>Governor-General Act 1974</i>	400	400	—
<i>Judges' Pensions Act 1968</i>	93,045	93,045	—
<i>Parliamentary Contributory Superannuation Act 1948</i>	23,857	23,857	—
<i>Parliamentary Superannuation Act 2004</i>	7,727	8,137	(410)
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws General Law Reform) Act 2008</i>	30	30	—
<i>Superannuation Act 1922</i>	7,048	7,048	—
<i>Superannuation Act 1976</i>	1,378,273	1,378,273	—
<i>Superannuation Act 1990</i>	6,179,610	6,179,610	—
Departmental expenses			
Departmental appropriation ^b			
Public Sector Superannuation	2,523	3,765	(1,242)
Expenses not requiring appropriation in the budget year ^c	118	582	(464)
Total for Program 2.7	7,705,063	7,707,088	(2,025)
Program 2.8: Australian Government Investment Funds			
Administered expenses			
Special accounts			
DisabilityCare Australia Fund Special Account	2,350,021	1,701,710	648,311
Medical Research Future Fund Special Account	660,237	721,811	(61,574)
Aboriginal and Torres Strait Islander Land and Sea Future Fund Special Account	63,005	55,709	7,296
Future Drought Fund	116,842	101,571	15,271
Emergency Response Fund	67,954	51,587	16,367
Total for Program 2.8	3,258,059	2,632,388	625,671
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	11,372	10,644	728
Special appropriations	7,691,848	7,692,898	(1,050)
Special accounts	3,258,059	2,632,388	625,671
Departmental expenses			
Departmental appropriation ^b	132,670	127,493	5,177
Special accounts	807,333	833,386	(26,053)
Expenses not requiring appropriation in the budget year ^c	4,855	9,098	(4,243)

Total expenses for Outcome 2	11,906,137	11,305,907	600,230
	2019–20	2020–21	
Average staffing level (number)^e	634	676	

^a Full-year budget, including any subsequent adjustments made in the 2020–21 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 2019–20 and 2020–21.

Table A4: Expenses for Outcome 3, 2020–21

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 2020–21 \$'000 (a)	Actual Expenses 2020–21 \$'000 (b)	Variation 2020–21 \$'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	279,199	288,024	(8,825)
Australian Political Exchange Program	1,797	206	1,591
Australian Political Parties for Democracy Program	2,200	2,207	(7)
Special appropriations			
<i>Commonwealth of Australia Constitution Act</i> (s.66)	5,372	5,253	119
<i>Parliamentary Business Resources Act 2017</i>	222,752	199,341	23,411
Expenses not requiring appropriation in the budget year ^b	20,691	23,814	(3,123)
Departmental expenses			
Departmental appropriation ^c			
Services to senators, members & their staff	27,098	32,711	(5,613)
Car-with-driver and associated transport services	37	–	37
Expenses not requiring appropriation in the budget year ^b	1,537	3,349	(1,812)
Total for Program 3.1	560,683	554,905	5,778
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	283,196	290,437	(7,241)
Special appropriations	228,124	204,594	23,530
Expenses not requiring appropriation in the budget year ^b	20,691	23,814	(3,123)
Departmental expenses			
Departmental appropriation ^c	27,135	32,711	(5,576)
Expenses not requiring appropriation in the budget year ^b	1,537	3,349	(1,812)
Total expenses for Outcome 3	560,683	554,905	5,778
	2019–20	2020–21	
Average staffing level (number)^d	126	135	

^a Full-year budget, including any subsequent adjustments made in the 2020–21 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 2019–20 and 2020–21.

Appendix B: Other management matters

Grants

Information on grants awarded by the Department of Finance during the period 1 July 2020 to 30 June 2021 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. 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 2020–21 Finance's total expenditure on advertising and market research was \$445,999.38 (GST inclusive). Table B1 shows payments of \$14,300 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*.

Finance manages the whole-of-government campaign and non-campaign advertising contract, which the below payments to the market research organisations relate to. The lead entity responsible for specific advertising or market research contracts reports the relevant expenditure under their annual report.

Table B1: Advertising and market research expenditure, 2020–21

Organisation	Purpose	Expenditure (\$, including GST)
Market research organisations		
Colmar Brunton Research Pty Ltd	Customer survey and analysis services	\$139,769.10
Ebiquity Pty Ltd	Industries advice for campaign advertising	\$220,587.40
Total reportable Market research organisations		\$360,356.50
Media advertising organisations		
Universal McCann	Advertising in relation to electorate offices	\$25,149.34
Universal McCann	Advertising in relation to property divestment	\$15,625.16
Universal McCann	Advertising for phase 2 of the Management Advisory Services whole-of-government procurement process.	\$15,912.26
Total reportable Media advertising organisations		\$56,686.76
Total reportable payments over \$14,300		\$417,043.26

Executive remuneration

Introduction

The categories 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 Enterprise Agreement), provides remuneration and conditions for all non-SES employees.

The Finance Enterprise 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, Human Resources 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 Electoral Matters and the members of the Finance Executive Board. The Secretary chairs the Executive Board, supported by the four 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 assistant secretary from across the Department. The rotations occurred in February 2021 for the first assistant secretary and in April 2021 for the assistant secretary. A subsequent rotation occurred in June 2021 following the departure of Ms Johnston. Remuneration paid to members of the Finance Executive Board is disclosed in Table B4 below.

Table B2: Information about remuneration for senior executives

Remuneration band	Number of senior executives	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average other benefits and allowances				
\$0 to \$220,000	22	103,021	301	20,428	(14,883)	–	108,867
\$220,001 to \$245,000	9	196,399	–	36,499	5,097	–	237,996
\$245,001 to \$270,000	19	204,915	–	34,713	15,677	–	255,305
\$270,001 to \$295,000	11	232,892	–	38,660	9,173	–	280,726
\$295,001 to \$320,000	4	249,275	–	50,017	5,707	–	304,999
\$320,001 to \$345,000	2	266,657	–	49,866	7,044	–	323,568
\$345,001 to \$370,000	4	278,538	–	47,484	31,106	–	357,128
\$370,001 to \$395,000	0	–	–	–	–	–	–

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.

Long service leave on separation may create a negative leave expense for amounts accrued but not yet vested.

Table B3: Information about remuneration for other highly paid staff

Remuneration band	Number of other highly paid staff	Short-term benefits	Average other benefits and allowances	Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary		Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
\$230,001 to \$245,000	1	190,786	–	35,565	4,520	–	230,871
\$270,001 to \$295,000	2	119,779	–	24,987	(12,882)	154,019	285,904

The table above 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 includes individuals who were acting as SES for a portion of the year. Two others received a voluntary redundancy payment. Negative long service leave amounts are a result of voluntary redundancy termination payments and other adjustments.

Table B4: Information about remuneration for key management personnel

2020–21 Executive Remuneration Reporting			Short-term benefits				Post-employment benefits	Other long-term benefits			Termination benefits	Total remuneration ^e
Name	Position	Term as key management personnel	Base salary ^a	Bonuses	Other benefits and allowances ^b	Superannuation contributions ^c	Long service leave ^d	Other long-term benefits	Termination benefits	Total remuneration ^e		
Rosemary Huxtable	Secretary	1 July 2020–30 June 2021	722,875	–	–	104,499	11,732	–	–	839,106		
Andrew Jagers	Deputy Secretary	1 July 2020–30 June 2021	357,647	–	–	67,586	2,764	–	–	427,997		
Clare Walsh	Deputy Secretary	13 July 2020–30 June 2021	345,007	–	–	58,475	6,314	–	–	409,796		
Matthew Yannopoulos	Deputy Secretary	1 July 2020–30 June 2021	401,541	–	–	71,282	6,613	–	–	479,436		
Nathan Williamson	Deputy Secretary	11 November 2020–30 June 2021	241,032	–	–	45,811	6,667	–	–	293,510		
Stein Helgeby	Deputy Secretary	1 July 2020–17 November 2020	151,394	–	–	27,936	7,165	–	–	186,495		
Lucelle Veneros	First Assistant Secretary	1 July 2020–29 January 2021	192,881	–	–	27,959	4,941	–	–	225,781		
David De Silva	First Assistant Secretary	1 July 2020–12 February 2021	199,958	–	–	33,545	6,067	–	–	239,570		
Libor Pelecky	First Assistant Secretary	26 February 2021–30 June 2021	92,645	–	–	16,755	2,622	–	–	112,022		
Elizabeth Hickey	Assistant Secretary	1 July 2020–26 March 2021	150,131	–	–	26,762	1,634	–	–	178,527		
Patricia Johnston	Assistant Secretary	16 April 2021–21 May 2021	23,985	–	–	3,211	566	–	–	27,762		
Kim Baker	Assistant Secretary	4 June 2021–30 June 2021	17,429	–	–	3,098	546	–	–	21,073		

Consistent with past practice individuals on short-term acting arrangements are not included in the above table.

^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.

^b Other benefits and allowances include monetary benefits such as car allowances and non-monetary benefits such as provision of a carpark. These benefits have been rolled into base salary from 1 September 2019.

^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.

^e Total remuneration is calculated on an accrual basis in accordance with AASB 119 Employee Benefits with the exception of the impact of any promotion on leave balances that existed prior to the promotion. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in this table and note E2 Key Management Personnel presented in the Financial Statements.

Table B5: Information about remuneration for Audit Committee members

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings during period of appointment	Total annual remuneration
Prof Brendan Sargeant (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee (FRSC)	Prof Sargeant joined the Audit Committee as Chair in January 2020. Prof Sargeant previously held the role of Associate Secretary, Department of Defence. In this role, Prof Sargeant was responsible for a major reform of Defence organisation and enterprise governance, planning, performance and risk management.	Audit Committee: 5/5 FRSC: 4/4 PRSC: 1/1 RSC: 5/5	\$44,750 ex GST
Dr Wendy Southern (external member) Member, Audit Committee Chair, Performance Reporting Subcommittee (PRSC)	Dr Southern joined the Audit Committee in January 2021. Dr Southern previously held the roles of Deputy Director-General at the Australian Security Intelligence Organisation and Deputy Secretary at both the Department of Health and the Department of Immigration and Border Protection. Her responsibilities ranged across strategic policy, program management, organisational governance, transformation and corporate management.	Audit Committee: 2/2 FRSC: 1/1 PRSC: 1/1	\$10,350 ex GST
Ms Patricia Kelly (external member) Member, Audit Committee Member, FRSC	Ms Kelly joined the Audit Committee in January 2021. Ms Kelly previously undertook a number of senior APS roles with a focus on performance improvement, digital transformation, risk management and financial efficiency, most recently as Director-General of IP Australia (2013–2018).	Audit Committee: 2/2 FRSC: 1/1	\$9,450 ex GST

Ms Jennifer Clark (external member) Deputy Chair, Audit Committee Chair, PRSC	<p>Ms Clark joined the Audit Committee in December 2015 and was appointed as the Deputy Chair in March 2017. Ms Clark's term concluded in December 2020.</p> <p>Ms Clark has an extensive background in business, finance and governance through her career as a non-executive director and investment banker. Her banking experience included advisory roles to the Commonwealth Government.</p>	Audit Committee: 2/3 PRSC: 5/5	\$25,368.75 ex GST
Mr Ian McPhee AO PSM (external member) Member, PRSC	<p>Mr McPhee joined the Audit Committee in January 2017.</p> <p>From 2005 to 2015, Mr McPhee was the Auditor-General for Australia. Mr McPhee was responsible for discharging the responsibilities of the <i>Auditor-General Act 1997</i> including the audits of the financial statements of all Australian Government-controlled entities and a program of some 50 performance audits annually.</p>	Audit Committee: 5/5 PRSC: 6/6	\$33,660 ex GST
Ms Gayle Ginnane (external member)	<p>Ms Ginnane joined the Audit Committee in January 2017. Her term concluded in December 2020.</p> <p>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 on a range of other boards and audit committees.</p>	Audit Committee: 3/3	\$13,860 ex GST
Mr Nathan Williamson (departmental member) Member, Audit Committee Member, PRSC	<p>Mr Williamson joined the Audit Committee in January 2021.</p> <p>He is the Deputy Secretary, Governance and Resource Management Group.</p>	Audit Committee: 2/2 PRSC: 1/1	N/A
Ms Amanda Lee (departmental member) Member, Audit Committee Member, FRSC	<p>Ms Lee joined the Audit Committee in January 2019.</p> <p>She is the First Assistant Secretary, Budget Policy and Coordination Division.</p>	Audit Committee: 5/5 FRSC: 4/4	N/A

Appendix C: 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 has 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.

Previous years' reported information can change, for example when Finance is notified of the event after the relevant financial year.

Table C1: Recoverable superannuation scheme payments – parliamentarians, judges and governors-general, 2019–20 and 2020–21

Legislation	2020–21			2019–20		
	Number of payments	Amount paid \$'000	Amount recovered \$'000	Number of payments	Amount paid \$'000	Amount recovered \$'000
<i>Parliamentary Contributory Superannuation Act 1994</i>						
Death payments	10	27	25	18	43	50
Other payments	49	70	130	110 ^a	166 ^a	160
Total	59	97	155	128	209	210
<i>Judges' Pensions Act 1968</i>						
Death payments	4	43	102	10 ^b	93 ^b	64 ^b
Other payments	–	–	–	–	–	–
Total	4	43	102	10	93	64
<i>Governor-General Act 1974</i>						
Death payments	1	7	7	–	–	–
Other payments	–	–	–	–	–	–
Total	1	7	7	–	–	–

^a The previously reported number of payments was 94 and the amount paid was \$132,000. The revised figures include additional 'office of profit' positions held in 2019–20 but notified to Finance in 2020–21.

^b The previously reported number of payments was six, the amount paid was \$42,000 and the amount recovered was \$65,000. The revisions relate to pension payments to a member in 2019–20 prior to receiving notification of death in 2020–21 and a minor rounding adjustment resulting from a taxation reversal.

Appendix D: Staff Achievements

Secretary's awards 2020

Andrew Campbell for building organisational capability by implementing remote communication and operational solutions that preserved COMCAR's booking and dispatch function during COVID-19.

Piea Reilly for exemplary services in the role of executive assistant, being an influential first point of contact for Finance's clients and actively solving problems and demonstrating leadership every day.

Greens and Communications Team comprising Ellena Buckman, Harriet Harwood, Hosna Jadeer, Alan Chan, Sarah Butler and Cameron Ong for building the capacity of Agency Advice Units in preparing Green Briefs and providing advice to the Government in an intense working environment.

ICON Capital Projects Team comprising Lee Corby, Paul Charlton, Matthew Jones, James Downey, David O'Brien, Tony Huntley, Murray Robinson, Joanne Moore and John Steele for providing exceptional telecommunication services for government agencies and preserving areas of heritage significance during complex civil engineering projects through engagement with Registered Aboriginal Organisations in the ACT.

Georgia Weichert for demonstrating key Finance values of leadership in her work as the Director of the Public and Administrative Law team.

Gemma Cooper for demonstrating key Finance values of leadership, stewardship, integrity, courage and judgement in supporting the Government's COVID-19 response in a complex health and budgetary environment.

Laura Corkhill for exemplary services in the role of Executive Officer to the Secretary and a commitment to providing professional and collaborative support in achieving high-level outcomes across the executive and Department.

Sarah Roarty for sustained client service excellence and maintaining exemplary relationships with members of the public, Commonwealth agencies and other stakeholders during the COVID-19 pandemic response.

Rhianne Jory for exemplifying Finance's stewardship role while collaboratively working with a range of stakeholders to progress the AEC ICT modernisation project.

COVID-19 Management Group comprising Iain Scott, Bek Hendriks, Vanessa Boyley, Tameena Jacob, Kiana Chan, Chris O'Connell, Natalie Deaves, Georgia Weichert, Sophie Barker, Charee O'Riley, Michael Foulds and Katrina Morgan for supporting the Department of Finance's response to COVID-19 and ensuring staff productivity, engagement and wellbeing during the pandemic.

Commercial Policy and Advice Team comprising Christopher Flinders, Eleni Metallinos, David O'Connor, Kelly Wang, Clare Griffis, Priscilla Phommaly, Lex Bennett, Tom Gladwin, Mila Mitra and Ruby Giampaolo for providing excellent advice on the Government's response to key commercial decisions during COVID-19.

National Disasters Response Team comprising Anne Martin, Nicholas Vorobieff, Amanda Cross, Sweta Samanta, Josh Wang, Patrick Lockwood, Thomas Varendorff, Irfan Chowdhury, Brent Hayes, Melissa Pan, Emma Gardiner, Radmila Ristic, Melissa Egan, Melissa Frost, Adrian Rowles, Gabrielle Blair, Philip Nigg and Angela Wojtaszak for outstanding collaboration with agencies to provide policy and financial advice to inform the Government's response to natural disasters, including the 2019–20 bushfires and drought.

Procurement Policy and Practice Team comprising Fiona Welch, Matthew Stocks, Jane Wagner and Wendy Roach for demonstrating the very best of Finance's stewardship agenda by working collaboratively with Defence and DFAT to achieve a positive outcome on a recent procurement guidance-note.

Sandra Murray for supporting the Government's consideration of future national security priorities through the development and delivery of the first National Security Resourcing Statement.

Caterina Costanzo for excellence in stewardship on the implementation of electronic invoicing to support the Prime Minister's commitment to reduce government payment terms for small business.

GovTEAMS Team comprising Jasmin Brookes, Samantha Green, Marcel Gabriel, Lorraine Lorzano, Dean Halpin, Angus Macoun, Kristen Barrett, Elizabeth Misson, Dean Bilbee, Michael Pronin, Mariana Mitreska, Joanne Ruysenaers, Gavin Clarke, Ellen Saunders, Angie Earl, Bianca Schulze and Mohammad Esmaeil Zadeh for building organisational capability during COVID-19 through the use of GovTEAMS to communicate and connect across the Department in a modern way.

Project Near Real-time Funds Team comprising Cleo Boutzios, Daniel Coldwell, Glenn Elphick, Joseph Parisi, Carol Bueno, Silvana Blasi, Fiona Naylor, Beth Dingley, Victor Lu, Richard Lewis, Steven Clark, Scott Havelberg, Lisa King, Aaron Melverton, Sandra Van Aalst, Andrew Lee, Lin Mi and Mark Fitzsimons for collaborating successfully to deliver a modernised, future-focused Commonwealth cash management capability, streamlining existing processes through harnessing Australia's New Payments Platform.

Rent Relief Policy Team comprising Jennifer Ellison, Rebecca Salvestrin, Cameron Blagdon and Brooke Tierney for the rapid development and implementation of the Rent Relief Policy, reducing the impact of COVID-19 on small and medium-sized enterprises and not-for-profit tenants of the Commonwealth.

Nick McClintock for exemplifying outstanding leadership qualities, particularly for inspiring and empowering his staff while delivering advice to government on issues relating to bushfires and the COVID-19 pandemic.

Australia Day awards 2021

2019–20 Annual Actuals Team comprising Bella Bai, Charles Clements, Jenny Milward-Bason, Miranda Crooke, Nikoletta Diamond, Penny Fitzpatrick, William Choy, Holly Hart, Michael Navaratnam, Maria Mammoliti, Sarah Johnston, Megan Everest, Christiana Thio, Ellen Hansen, Julian Walmsley, Sanjit Jeganathan and Kaitlyn Mulligan for demonstrating a high level of collaboration and innovation to ensure the accuracy of the 2019–20 Final Budget Outcome, 2019–20 Consolidated Financial Statements and 2020–21 Budget Papers.

Orlando Xie for continuous and consistent collaboration with Finance business stakeholders to ensure that complex budget issues are able to be supported in the Central Budget Management System.

IT Environment Team comprising Rob Morrison, Greg Harrison, Josh Mooney and Adrian Brown for demonstrating a commitment to high-quality outcomes through the delivery of audiovisual solutions for the Department.

Alex Wensing for successfully transforming the commercial investments customised education program into an online format, and delivering very well-received training over GovTEAMS throughout the pandemic.

Parliamentary and Judicial Superannuation Team comprising Anita Haider, Sara Perdrau, Gladys Bernabe, Katrina Redman, Mark Ately and Maddi Barbic for extraordinary attention to detail, and their collaboration with superannuation software solution company Syncsoft to deliver a modern cloud-based pension scheme, management and payment system.

Kate Cummins for consistently demonstrating leadership and stewardship through collaboration with Commonwealth entities and commercial partners, and innovation in the delivery of the 2020 Commonwealth Leasing Strategy.

Australia Post Shareholder Team comprising Mike Hogben, Sam Parsons, Naarah Peters and Vanessa Markulic for successfully completing an investigation into Australia Post's governance arrangements for the proper use and management of public resources.

Charee O'Riley for excellence in resetting the governance arrangements for the Shared Services Program, and delivery and maintenance of a comprehensive risk register.

Michael Graham for outstanding leadership, collaboration and resilience providing support across government to ensure that the Australian community received critical COVID-19 advertising messages.

External awards

Anna Harmer

Awarded a Public Service Medal on 14 June 2021.

Rachael Spalding and Kerusha Ganess

Recognised with the AFP Commissioner's Group Citation for Conspicuous Conduct in recognition of their exceptional perseverance, tenacity, collaboration and commitment, contributing to the long-term financial stability of the Australian Federal Police through the development of the Long-Term Funding Model.

MacCallum Johnson

Received an International Visitor Leadership Program Certificate from the United States Department of State. The award was for excellence as an emerging leader while undertaking the United States Department of State professional program.

Appendix E: Corrections to previous annual report

Part 3: Management and accountability

Environmental performance

Page 95: Percentage of office paper purchased with recycled content (%) 2019–20 should read **88%**.

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.
Advances to the Finance Minister	Funding provisions that enable urgently required funding allocations to be issued to entities.
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 Investigations Standards	The Australian Government Investigations Standards set the minimum standard of conduct for entities conducting investigations into the programs and legislation they administer. The Standards are designed so entities may apply them and maintain a minimum quality standard within investigations. All non-corporate Commonwealth entities must keep to these standards.
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.
Australian Public Service (APS) Employee Census	The Australian Public Service Employee Census is a voluntary survey in which APS employees may share their views about the APS. The survey is conducted annually and collects information on a range of workforce issues including health and wellbeing, employee engagement, performance management, leadership, and general impressions of the APS.
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.
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.
<i>Charter of Budget Honesty Act 1998</i>	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.

Term	Meaning
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.
co-mingled recycling	A process that allows for mixed recyclables to be disposed of in a single container. Recyclable materials include glass, plastic, metal and aluminium cans and containers.
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 <i>Public Service Act 1999</i> .
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.
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 Commonwealth entity	A corporate Commonwealth entity is a body corporate that has a separate legal personality from the Commonwealth, and can act in its own right exercising certain legal rights such as entering into contracts and owning property. Most corporate Commonwealth entities are financially separate from the Commonwealth.
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, and 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 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.

Term	Meaning
Final Budget Outcome	Encompasses Australian Government general government sector fiscal outcomes for the financial year and is based on external reporting standards. The <i>Charter of Budget Honesty Act 1998</i> 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 <i>Public Governance, Performance and Accountability Rule 2014</i> .
full-time equivalent	Full-time equivalent is a point-in-time measure of the hours an employee is scheduled to work (irrespective of whether they are on paid or unpaid leave) converted to a proportion of 1 with adjustments for part-time employees. See below for calculation of FTE. <u>Calculation</u> Hours an employee is scheduled to work in the fortnight, divided by number of full-time hours in a fortnight (75).
Future Fund	A government fund established for accumulating assets to offset future Australian Government superannuation liabilities.
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.
GovTEAMS	Finance's collaboration and communication platform for government.
Government Business Enterprise	A Commonwealth entity or Commonwealth company that is prescribed as a Government Business Enterprise by the rules of the <i>Public Governance, Performance and Accountability Act 2013</i> .
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.

Term	Meaning
Indigenous Procurement Policy	<p>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.</p> <p>The policy has three main parts:</p> <ul style="list-style-type: none"> – 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-corporate Commonwealth entity	Non-corporate Commonwealth entities are legally and financially part of the Commonwealth. Examples include departments of state, parliamentary departments or listed entities. Non-corporate Commonwealth entities are established under power that comes from the Constitution, usually through legislation and the exercise of executive power. They form part of the executive government, are accountable to the parliament, and are subject to the PGPA Act, which further clarifies the financial and corporate governance arrangements of these bodies.
non-ongoing staff member	A person engaged as an employee under paragraph 22(2)(b) or (c) of the <i>Public Service Act 1999</i> .
ongoing staff member	A person engaged as an ongoing employee under paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
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.

Term	Meaning
Pre-election Economic and Fiscal Outlook	<p>The <i>Charter of Budget Honesty Act 1998</i> (the Charter) provides for the Secretary to the Treasury and the Secretary of the Department of Finance to release publicly a Pre-election Economic and Fiscal Outlook report within 10 days of the issue of the writs for a general election.</p> <p>The purpose of the report is to provide updated information on the economic and fiscal outlook. The information in the report takes into account, to the fullest extent possible, all government decisions and all other circumstances that may have a material effect on the economic and fiscal outlook in existence before the issue of the writs for an election.</p>
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.
purpose	In the context of the <i>Public Governance, Performance and Accountability Act 2013</i> , 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 <i>Public Governance, Performance and Accountability Act 2013</i> 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	<p>In the context of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act), a legislative instrument made by the Minister for Finance under sections 101 to 105 of the PGPA Act prescribing matters:</p> <ul style="list-style-type: none"> – required or permitted by the PGPA Act, or – necessary or convenient to be prescribed for carrying out or giving effect to the PGPA Act. <p>The Public Governance, Performance and Accountability Rule 2014 supports the operation of the PGPA Act.</p>
Service Delivery Office	Provides corporate transactions services to other Australian Government agencies. The office is one of six hubs under the Shared Services Program, which is an APS-wide initiative that is transforming the way the public service operates by consolidating and standardising the delivery of corporate services through designated shared services hubs.
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.
Shared Services Transformation Initiative	Part of the Government's vision for a more efficient and sustainable public sector. The initiative will transform the way the Australian Public Service operates by reforming and standardising traditional operating models to enable a one-APS way of doing business.

Term	Meaning
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.
Underlying cash balance	The underlying cash balance is a cash measure that shows whether the Australian Government has to borrow from financial markets to cover its operating activities and net investments in non-financial assets used in the provision of goods and services.

Abbreviations and acronyms

AGGP	Australian Government Graduate Program
ANAO	Australian National Audit Office
APS	Australian Public Service
BCM	business continuity management
CBMS	Central Budget Management System
CCT	Central Control Team
CFS	consolidated financial statements
CIF	Commonwealth Investment Framework
CoPE	Centre of Procurement Excellence
CPF	Commonwealth Performance Framework
CSS	Commonwealth Superannuation Scheme
DFAT	Department of Foreign Affairs and Trade
EFU	Economic and Fiscal Update
EL	executive level
ERP	Enterprise Resource Planning
EV	Electric vehicle
FBO	Final Budget Outcome
Finance	Department of Finance
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FRSC	Financial Reporting Subcommittee
FTE	full-time equivalent
GBE	government business enterprise
GovERP	whole-of-government Enterprise Resource Planning
GovTEAMS	the Department's collaboration and communication platform for government
HR	human resources
IAGDP	Indigenous Australian Government Development Program
IAP	Indigenous Apprentice Program

ICON	Intra–government Communications Network
ICT	information and communications technology
IPP	Indigenous Procurement Policy
IT	information technology
JCPAA	Joint Committee of Public Accounts and Audit
MaPS	Ministerial and Parliamentary Services
MOP(S) Act	<i>Members of Parliament (Staff) Act 1984</i>
MYEFO	Mid–Year Economic and Fiscal Outlook
NBN	National Broadband Network
NCE	non–corporate Commonwealth entity
PCSS	Parliamentary Contributory Superannuation Scheme
PEMS	Parliamentary Expenses Management System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PRSC	Performance Reporting Subcommittee
PSS	Public Sector Superannuation Scheme
PSSAP	Public Sector Superannuation Accumulation Plan
RAO	Registered Aboriginal Organisation
SaaS	software as a service
SDO	Service Delivery Office
SES	Senior Executive Service
SLC	Senior Leadership Committee
SME	small and medium–sized enterprises
SPORG	Senior Procurement Officials Performance Group
WHS	work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>
WoAG	Whole-of-Australian-Government

List of requirements

Section	Description	Requirement	Page
17AD(g)	Letter of transmittal		
17AI	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	iii
17AD(h)	Aids to access		
17AJ(a)	Table of contents.	Mandatory	iv
17AJ(b)	Alphabetical index.	Mandatory	230
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	216
17AJ(d)	List of requirements.	Mandatory	224
17AJ(e)	Details of contact officer.	Mandatory	ii
17AJ(f)	Entity's website address.	Mandatory	ii
17AJ(g)	Electronic address of report.	Mandatory	ii
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	3
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	15
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	25
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	18
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	16
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	19
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	19
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	19
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory	14

Section	Description	Requirement	Page
17AE(2)	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
17AD(c)	Report on the performance of the entity		
	<i>Annual performance statements</i>		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	43
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	68
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	192
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	N/A
17AD(d)	Management and Accountability		
	Corporate governance		
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	78
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	70
17AG(2)(d) – (e)	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	79

Section	Description	Requirement	Page
Audit Committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	73
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	74
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	74
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	74
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	206
External scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	79
17AG(3)(a)	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	79
17AG(3)(b)	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	79
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	N/A
Management of human resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	92
17AG(4)(aa)	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	99
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on staffing classification level Statistics on full-time employees Statistics on part-time employees Statistics on gender Statistics on staff location Statistics on employees who identify as Indigenous.	Mandatory	99

Section	Description	Requirement	Page
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	106
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	106
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	106
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	107
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	N/A
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	N/A
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	N/A
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	N/A
Assets management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory	82
Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	87
Reportable consultancy contracts			
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	88
17AG(7)(b)	A statement that ' <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i>	Mandatory	88

Section	Description	Requirement	Page
17AG(7)(c)	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	88
17AG(7)(d)	A statement that ' <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.</i> '	Mandatory	88
Reportable non-consultancy contracts			
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	89
17AG(7A)(b)	A statement that ' <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.</i> '	Mandatory	89
17AD(daa) Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts			
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	88
Australian National Audit Office access clauses			
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	87
Exempt contracts			
17AG(9)	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	87

	Small business		
17AG(10)(a)	A statement that ' <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprises (SMEs) and small enterprise participation statistics are available on the Department of Finance's website.</i> '	Mandatory	87
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium-sized enterprises.	Mandatory	87
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that ' <i>[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.</i> '	If applicable, Mandatory	88
	Financial statements		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	111
	Executive remuneration		
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	202
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that ' <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.</i> '	If applicable, Mandatory	201
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	N/A
17AH(1)(b)	A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].</i> '	If applicable, Mandatory	200
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	200
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of the FOI Act can be found.	Mandatory	200
17AH(1)(e)	Correction of material errors in previous annual report.	If applicable, Mandatory	214
17AH(2)	Information required by other legislation.	Mandatory	N/A

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