



Australian Government
Department of Finance

Annual Report

2021–22



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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 2021–22.

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

Accessing this report online

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

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

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Australian Government
Department of Finance

Jenny Wilkinson PSM
Secretary

Senator the Hon Katy Gallagher
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 2021–22.

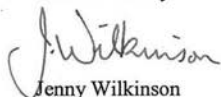
This report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46 which requires that you table the report in parliament. The report reflects the matters dealt with and legislation administered by the Department as at 30 June 2022.

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


Jenny Wilkinson
Secretary

7 October 2022



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Secretary's review

Jenny Wilkinson PSM



I am pleased to present the *Department of Finance Annual Report 2021–22* — my first as Secretary of Finance. It is a privilege to have the opportunity to lead such a high-performing organisation that plays a key role in supporting government to achieve its objectives.

The past year has remained highly challenging. Australia has continued to grapple with the impacts of COVID-19's Delta and Omicron variants, balancing health and economic outcomes, as well as a number of natural disasters and heightened geopolitical tensions. The Australian economy has continued to display resilience in the face of these challenges, recovering strongly following the easing of pandemic restrictions, although inflationary pressures have arisen in response to strong demand, high global energy prices and a range of supply chain constraints.

Finance has continued its leading role in supporting government to respond to these challenges and implement its priorities. Collaborating closely with the Department of the Treasury and colleagues across the Australian Public Service (APS), our budget-related responses focused on the effectiveness and sustainability of public expenditure programs in achieving the best value for the government and the Australian community.

Finance also played a key role supporting the federal election in May 2022. We delivered the Pre-election Economic and Fiscal Outlook and assisted the Australian Electoral Commission (AEC) through our responsibilities for electoral policy. After the election we supported machinery-of-government changes affecting a number of departments and agencies, while providing support to all outgoing and incoming senators and members and their staff.

As a central agency, Finance has an important and privileged position in working across government and the APS, influencing whole-of-government outcomes. This underpins our ability to deliver on our purpose – 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.

Some highlights of our achievements over the past year are outlined below. These reflect a strong commitment to stewardship, collaboration and transformation right across the public sector and are evident in the performance themes for which we are accountable.

Advising on expenditure

The timely and expert advice of Finance supported critical decision-making by government as the COVID-19 pandemic continued to evolve. In the space of 4 months, Finance delivered the 2021–22 Mid-Year Economic and Fiscal Outlook, the 2022–23 Budget, and the Pre-election Economic and Fiscal Outlook – a significant achievement that is testament to the adaptability, professionalism and dedication of our people.

In the preparation of the 2022–23 March Budget, Finance provided timely policy and financial advice on expenditure proposals through continuously changing circumstances. The Budget, delivered early on 29 March 2022, sought to manage the transition from the response to the COVID-19 pandemic to longer term settings with a focus on jobs, cost of living relief, regional investment, health and other essential services, and defence and national security.

Public sector resourcing and transformation

Finance has continued to be a steward of public sector resourcing and reporting through our management of effective governance frameworks. In 2021 we partnered with the Australian Public Service Commission (APSC) and the Department of the Prime Minister and Cabinet (PM&C) to review the machinery-of-government principles to ensure the APS would be well placed to implement machinery-of-government changes in the future. Through this work a new set of principles were agreed, and a new toolkit and additional guidance developed. This proved timely given the changes to departmental arrangements announced after the election.

Over the course of the past year, Finance oversaw the construction of the centres of national resilience in Melbourne, Brisbane and Perth to provide standalone quarantine facilities, which is a testament to our agility and wide-ranging skillset. At year's end, the Melbourne facility was completed and the Brisbane and Perth facilities were close to being completed. We drew upon our project management, property, procurement and commercial capability and expertise, working with a range of Commonwealth agencies to expedite the early delivery of these facilities. The centres provide a long-term national resilience capability available for multiple purposes, including for quarantine and emergency management.

We supported Commonwealth entities to broker a number of negotiations to achieve commercial objectives in line with strategic policy considerations. A significant achievement was the negotiation of the Government's 10-year agreement with Moderna to secure the production of up to 100 million mRNA doses in Australia each year. Our Government Business Enterprises also progressed some of Australia's largest infrastructure projects including the continued rollout of the NBN, construction of Snowy Hydro 2.0, the Inland Rail project, intermodal terminals and delivering infrastructure to support naval shipbuilding.

To improve quality, consistency and efficiency in procuring management advisory services by Commonwealth entities, Finance established a new Whole-of-Australian-Government Management Advisory Services Consultancy Panel. This arrangement replaces around 20 APS panels and provides greater transparency; services contracted at competitive prices; a reduced tendering effort for suppliers

and entities; and clearer differentiation and reporting consistency between consultancies, labour hire and contractor engagements. Finance will continue to manage this panel over the period ahead – refreshing it at regular intervals to ensure it continues to provide value for money.

As part of our whole-of-government role to improve performance and the efficient use of resources, in 2021–22 Finance launched a web-based evaluation toolkit to help embed evaluation in everyday APS practice and improve transparency for our stakeholders across government. The toolkit offers practical guidance and supporting resources.

Delivering effective services to, and for, government

During 2021–22, Finance developed and delivered a refreshed induction program for new parliamentarians and a new online induction module for Members of Parliament (Staff) Act employees. We also rolled out the safe and respectful workplaces training program to all parliamentarians and their staff in response to recommendations from the *Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces (2021)* (the Set the Standard report).

Finance is committed to a more efficient, sustainable and connected public sector. In 2021–22, Finance launched GovTEAMS PROTECTED, supporting collaboration across 324 communities across multiple countries by year's end. The Service Delivery Office (SDO), Finance's shared services provider hub, continued to support the adoption of eInvoicing in 2021–22, further contributing to the reform and standardisation of traditional operating models to enable a one-APS way of doing business.

Capability and enablers

Through the year, we have continued to invest in our capability – our people, our systems and our practices. Our people, in particular, are the key to our performance. We continue to refresh our strategies to attract, build and retain the talent and skills we need. We embrace data, technology, and flexible and responsive workforce models. Our leadership expectations continue to underpin our commitment to demonstrating leadership at all levels and ensuring an emphasis on integrity throughout the organisation.

We refreshed our Diversity and Inclusion Strategy in 2021–22, strengthening our commitment to ensure Finance benefits from the contributions that people from diverse backgrounds make to our communities and workplaces.

Finance's workforce strategy ensures strong links between our people, our business needs and government priorities. We are applying the lessons learned during COVID-19 in working digitally, flexibly and with continuity for critical functions, ensuring our workforce remains agile and responsive to changing demands. Our continued investment in building capability in financial and policy skills ensures the advice and support we provide meet expectations and reflect best practice.

In 2021–22, we launched our Data Strategy and delivered the final phase of our ICT Strategy 2019–2022. Together, they enhance the Department's digital workplace environment and make us a more data-driven organisation. Our efforts towards business optimisation continue to make use of the latest available technology to provide fit-for-purpose digital solutions across Finance, enabling staff to focus on key value-added services such as data analysis, policy implementation and providing support and advice.

Outlook

In the year ahead, we will continue to support government decision-making processes and preparation of an updated 2022–23 Budget and the 2023–24 Budget. In addition, we will continue our role in managing the Australian Government's commercial interests in property, government procurement, risk management and government business enterprises.

Finance will focus on delivering services to and for government, the public sector, and parliamentarians in efficient and effective ways to meet community expectations. We will continue to look for better ways to use our data assets to improve advice and analysis.

We look forward to supporting the Government's vision for APS reform, with a key focus on integrity, building capability and continuous improvement. Building on our existing functions, bringing deregulation and data and digital policy functions into Finance – including the work of the Office of the National Data Commissioner – will enable Finance to further support the effective delivery of the business of government. In addition, the inclusion of the Digital Transformation Agency in the Finance portfolio will enhance our already strong and productive working relationship and support whole-of-service considerations being brought to digital investment decisions over the year ahead.

Acknowledgements

I would like to acknowledge the outstanding work and support of my predecessor, Rosemary Huxtable PSM, who led Finance for the past 6 years. Rosemary joined Finance in 2013 as Deputy Secretary of Budget and Financial Reporting and was appointed Secretary in 2016. During this time, she led Finance with integrity, professionalism and humility. She was a champion of ongoing APS reform, and was always driven by wanting to do the best for the Australian community. This could not have been better demonstrated than in her work in leading Finance during the COVID-19 pandemic and several significant natural disasters. Under her stewardship, Finance assisted the Government to design and deliver historic relief and recovery measures, ensured the necessary financing of essential government services and facilitated urgent and unforeseen expenditure. Finance was critical in supporting the Government's response to the major challenges of recent years and Rosemary was central to this support.

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

My thanks also to the professional and dedicated staff in Finance. Our people are our greatest strength and the achievements set out in this report reflect their unwavering commitment and professionalism in delivering on the priorities of the Department and the Government for the Australian people.

I look forward to working with all Finance staff and our strategic partners as we continue to deliver on the challenging work of the next several years and realise our purpose. I am delighted to lead a department that is committed to serving the Government, the parliament and the people of Australia.

I am pleased to present the *Department of Finance Annual Report 2021–22*.

Jenny Wilkinson

Business of Finance

Governance and Resource Management



Commercial and Government Services



Priorities for 2021–22

Key activities

Advising on expenditure

- ▶ Deliver budget updates, appropriation bills and financial statements
- ▶ Provide central cash management

Public sector resourcing and transformation

- ▶ Support the proper use and management of public resources
- ▶ Enable value-for-money procurements
- ▶ Provide insurance and risk management support for Commonwealth entities
- ▶ Support Commonwealth property management
- ▶ Engage with Government Business Enterprises
- ▶ Enable investment funds and civilian superannuation

Delivering services to, and for, government

- ▶ Transform Commonwealth entities through shared services
- ▶ Modernise the APS through ICT projects
- ▶ Deliver ministerial and parliamentary services
- ▶ Manage Finance tenancies

Business Enabling Services



Budget and Financial Reporting



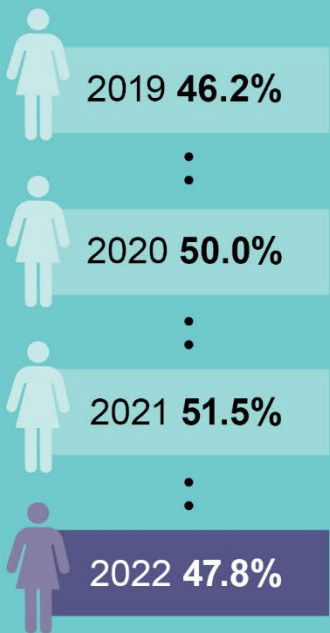
People of Finance

Our workforce

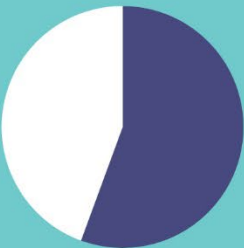
Number of staff including casuals



Women in leadership (Finance SES)

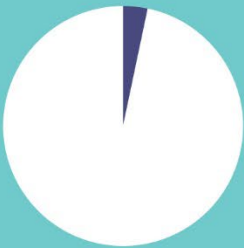


55.6%



Women

3.3%



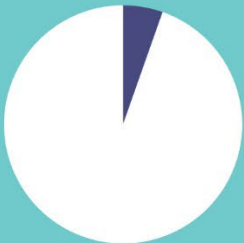
Aboriginal and Torres Strait Islander

9.3%



Part-time staff

5.4%



Staff with a disability

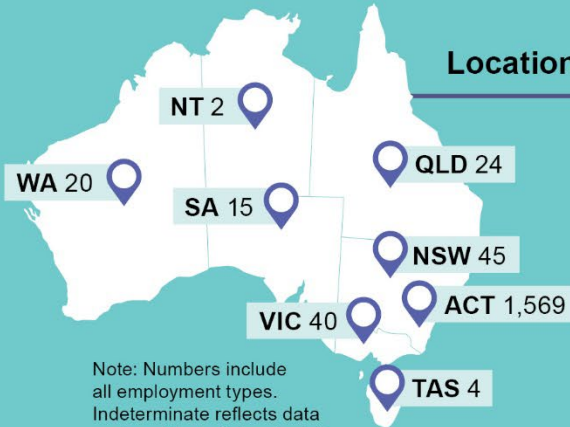
Note: Percentages refer to ongoing staff.



Finance staff

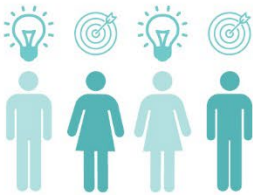
- Male 856
- Female 861
- Indeterminate 2
- Total 1,719

Location of staff



Note: Numbers include all employment types. Indeterminate reflects data captured for Indeterminate/Intersex/Unspecified

Things we did well in 2021–22



Staff engagement



Wellbeing policies and support

Enabling innovation



Source: APS Census 2022 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 2021–22.

Portfolio ministers

These ministers were responsible for the Finance portfolio and its agencies during the reporting period 2021–22:

Senator the Hon Katy Gallagher

Minister for Finance (appointed 23 May 2022)

Senator the Hon Don Farrell

Special Minister of State (appointed 1 June 2022)

Senator the Hon Simon Birmingham

Minister for Finance (from 30 October 2020 to 23 May 2022)

The Hon Ben Morton MP

Special Minister of State (from 8 October 2021 to 23 May 2022)

Assistant Minister for Electoral Matters (from 22 December 2020 to 8 October 2021)

Portfolio structure

The portfolio structure at 30 June 2022:

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: Garry Hounsell

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 2021–22

There were no changes to the portfolio in 2021–22.

Role and functions

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

Finance works closely with the other central agencies, PM&C and the Treasury, to provide support to the 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 key 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 for 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, and stewardship of whole-of-government frameworks to ensure accountability and deliver outcomes. These responsibilities include:

- budget and economic updates and advice, budget transparency
- GBE shareholder oversight
- insurance, investment funds and superannuation

- maintaining the resource management framework, which governs the public sector use and management of public resources
- Commonwealth procurement, property and risk management
- whole-of-government ICT services
- shared services transformation
- supporting parliamentarians and their staff with a range of facilities and services
- electoral policy
- discretionary compensation payments
- support in relation to 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 capability framework.

Finance's leadership values are:

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

Operating environment

As a central agency, Finance strives to provide advice from a whole-of-government perspective, and deliver practical outcomes in a complex and continually changing environment. The domestic and geopolitical landscape of 2021–22 has reinforced the need for Finance to be ready to adapt to emerging circumstances and underscored the importance of our commitment to strengthening our partnerships to realise common goals. This is critical to our role in assisting government decision-making, particularly in contributing to fiscal and policy objectives.

Finance plays a key role in the delivery of the Budget. In 2021–22, Finance successfully responded to the compressed timeframes, while continuing to embed discipline and rigour in policy and budget development processes. In 2021–22, Finance completed this essential work 6 weeks earlier than in other reporting years to support the delivery of the Budget in March. We supported the timely and effective implementation of the Government's response to the COVID-19 pandemic, particularly payments to businesses and individuals whose income was affected by COVID-19, through cash and appropriations management and facilitating the necessary legislative authority.

We supported the 2022 federal election and the incoming government – while assisting entities with machinery-of-government changes – to ensure a smooth transition of government. Finance is committed to the support we provide to parliamentarians and their staff, and continually enhancing policy and practice related to building safe and respectful workplaces.

In consultation with other Commonwealth entities, Finance's careful consideration of shared risks, and the opportunities a dynamic operating environment represents, has helped drive lasting, transformative change across the APS. The development of the GovTEAMS and GovTEAMS PROTECTED platforms has provided expanded collaboration and consultation capability. The bar remains high for policy and service delivery in a context where discipline, good process and quality are rightly demanded by governments and those they represent. Finance continues to explore ways to better leverage our data assets, modernise service delivery channels, and promote improved methods of working so that we are better prepared for a continually changing operating environment.

Outcomes and programs

Figure 1: Outcome and program structure, 2021–22

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.



Finance executive

Secretary Rosemary Huxtable PSM



Rosemary Huxtable led Finance from October 2016 until the end of the reporting period covered by this Annual Report. Rosemary subsequently retired in August 2022. As Secretary, Rosemary was responsible for all functions and services delivered by the Department, including supporting the delivery of the 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 Group. 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 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 Cath Patterson PSM



Cath Patterson joined the Department of Finance in September 2021, taking up the role of Deputy Secretary, Budget and Financial Reporting.

Previously, Cath was the Deputy Secretary for Strategy and Law Enforcement at the Department of Home Affairs, a position she held from July 2020. Prior to that, Cath was acting Deputy Secretary, Social Policy and First Assistant Secretary, National Security Division at the Department of the Prime Minister and Cabinet. For 20 years, Cath worked for the Department of Health in a range of roles including Minister Counsellor (Health) with the Australian Permanent Mission to the United Nations, Geneva.

Cath worked in Finance in 2016 as First Assistant Secretary of the Government and Defence Division.

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 to meet 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.

For the reporting period until 1 October 2021, the Deputy Secretary, Budget and Financial Reporting was Matt Yannopoulos.

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, Clare 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. Clare 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 the Environment and the Department of Industry, Tourism and Resources.

In Finance, Clare served as Chair of the Chief Operating Officers' Committee, established in February 2020 to embed an enterprise-wide approach to APS operations and management. It continues to play an important role in considering APS workforce issues, particularly during the COVID-19 pandemic.

Clare returned to DFAT on 18 July 2022.

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, Nathan 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.

During the reporting period from 30 November 2021 to 1 May 2022, Nathan transferred to the role of Deputy Secretary, Commercial and Government Services.

Governance and Resource Management

Governance and Resource Management develops policy and advises on the resource management and governance frameworks for public sector agencies, government investment funds, and superannuation arrangements for members of parliament and Commonwealth employees. It advises on and coordinates government information and advertising campaigns, consolidates budget updates, contributes to budget statements preparation, prepares the Commonwealth's monthly and annual consolidated financial statements, and provides accounting policy advice.

Governance and Resource Management provides policy and program leadership on grants administration, government assurance processes (including Gateway Reviews), managing a SDO provider hub to deliver shared corporate services to 18 client entities across 6 portfolios and managing the Shared Services Program aimed at improving APS corporate services efficiency and sustainability.

During the reporting period from 29 November 2021 to 1 May 2022, Tracey Carroll acted in the role of Deputy Secretary, Governance and Resource Management.

Deputy Secretary Andrew Jaggers



Andrew Jaggers was appointed Deputy Secretary of Commercial and Government Services in December 2018. From 29 June 2021 to 2 May 2022, Andrew led the Quarantine Infrastructure Delivery taskforce, responsible for delivering national purpose-built quarantine facilities in Melbourne, Brisbane and Perth. The facilities will provide a long-term national resilience capability, including future options for quarantine, emergency management and other uses. Andrew returned to his role as Deputy Secretary of Commercial and Government Services on 2 May 2022.

Andrew was previously the First Assistant Secretary of the Commercial Division in Finance, after serving as the Executive Director of the Infrastructure Investment Division at the Department of Infrastructure and Regional Development.

Commercial and Government Services

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 Government's procurement policy framework and manages the 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.

From 1 June 2021 to 29 November 2021, Stacie Hall acted in the role of Deputy Secretary, Commercial and Government Services.

During the reporting period from 30 November 2021 to 1 May 2022, Nathan Williamson transferred to the role of Deputy Secretary, Commercial and Government Services.

Other Deputy Secretaries in the reporting period

Deputy Secretary Matt Yannopoulos PSM



Matt Yannopoulos became Deputy Secretary of Budget and Financial Reporting on 3 February 2020. Matt left Finance on 1 October 2021 to take up the position of Associate Secretary in the Department of Defence, leading Defence's transformation program.

Before his time at Finance, Matt 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.

Acting Deputy Secretary Stacie Hall



From 1 June 2021 to 29 November 2021, Stacie Hall acted in the role of Deputy Secretary, Commercial and Government Services, when Andrew Jagers commenced in the role of leading Quarantine Infrastructure Delivery. Stacie was substantively First Assistant Secretary of the Commercial Investments Division in Finance, where she was responsible for oversight of government businesses and major commercial transactions and scoping studies.

Stacie has spent the past 20 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.

Acting Deputy Secretary Tracey Carroll



During the reporting period from 29 November 2021 to 1 May 2022, Tracey Carroll acted in the role of Deputy Secretary, Governance and Resource Management.

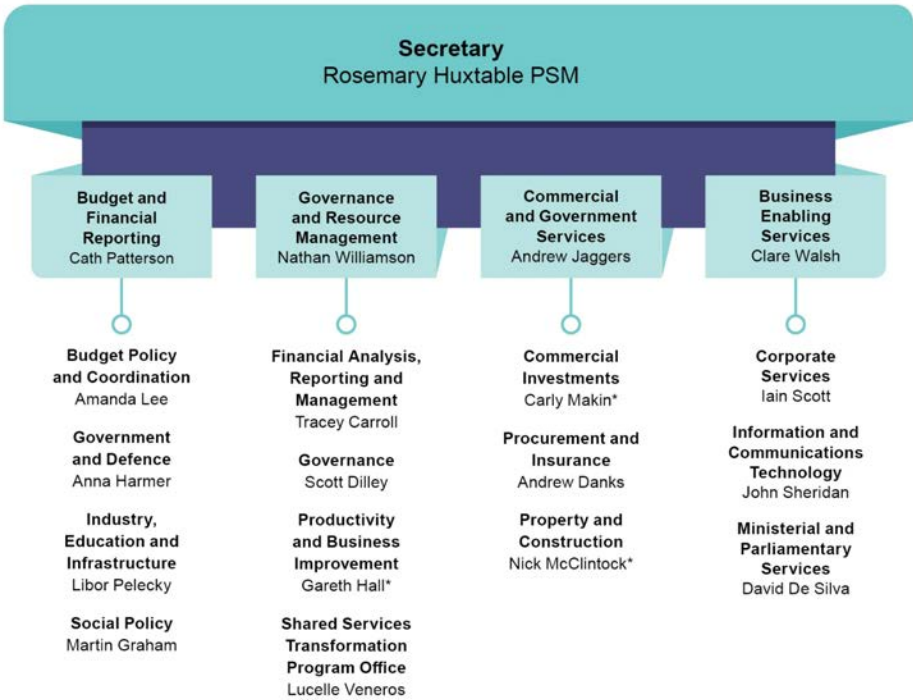
Tracey joined Finance in July 2018 as the First Assistant Secretary of the Financial Analysis, Reporting and Management Division.

Tracey is a member of Australia's Financial Reporting Council and a leader of the accounting and financial management profession in the Australian Public Service. Tracey is also a member of the Chartered Accountants Australia and New Zealand Public Sector Advisory Panel.

Prior to working in Finance, Tracey held a number of senior executive roles across a range of Australian Government entities, including the Department of Social Services and the Department of the Prime Minister and Cabinet.

Organisational structure

Figure 2: Organisational structure, at 30 June 2022



* Denotes acting.



Part 2

Performance

- Priorities for 2021–22
- 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 2021–22 against the purpose and performance information published in the Department of Finance Corporate Plan 2021–22, the Portfolio Budget Statements 2021–22 and the Portfolio Additional Estimates Statements 2021–22. It includes Finance's key priorities, activities and achievements during 2021–22.

Priorities for 2021–22

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 2021–22, 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 and sustainable, and deliver the best value to the Australian community. In 2021–22, evidence for this included our support in delivering key economic updates, a federal election, and COVID-19 payments 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. Examples of this commitment in 2021–22 include our work to enhance the Commonwealth Investment Framework, review machinery-of-government change implementation principles, deliver whole-of-government management advisory services arrangements, and deliver quarantine facilities.
- 3. Delivering services to, and for, government:** Finance is responsible for a range of whole-of-government services, including ICT services, and for providing support services to Commonwealth entities, parliamentarians and their staff. We have leveraged technological advances to deliver services to, and for, government in more efficient and cost-effective ways. Supporting client agency adoption of eInvoicing and implementing the recommendations of the *Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces (2021)* are examples of our work in 2021–22 under this performance theme.

Finance's enabling services regarding people, integrity, financial management, facilities, business continuity, and ICT remained central to achieving Finance's purpose in 2021–22. Finance's governance, led by an Executive Board, facilitated sound, transparent and timely decision-making, enabling rapid responses to the year's challenges. In addition, Finance's approach to integrated business planning supports active consideration of organisational priorities and resourcing, with a managed approach to risk.

The activities and achievements discussed below highlight our work in striving to be a high-performing, modern, efficient and continuously improving public sector organisation in 2021–22.

In focus

Advising on expenditure

A core role of Finance is to provide advice and support to the Government in relation to the Budget. To do this well, we pursue strong, productive relationships with other agencies and make connections across complex policy issues. Drawing on a broad evidence base, we develop robust policy advice that embeds contestability in the decision-making process. We strive to be resourceful, innovative and analytical in our thinking.

Finance has a broad range of responsibilities. We cost policies and provide the Expenditure Review Committee of Cabinet with strategic policy advice to inform its decisions.

We ensure that government decisions are accurately reflected in the budget estimates and are accurately communicated to the public through descriptions of budget measures.

We analyse the budget aggregates and how these flow through the statements into the budget papers we prepare. Government decisions are enacted through appropriation bills. Our role is critically important, ensuring this process contains checks and balances and all reporting and transparency measures are of high quality and delivered on time.

The following case studies illustrate specific examples of Finance's achievements under the performance theme of advising on expenditure.





Supporting the delivery of key economic updates and a federal election

Throughout 2021–22, Finance continued a high tempo of work, supporting government decision-making through budget processes, including delivering 3 key economic updates and the Pre-election Economic and Fiscal Outlook (PEFO).

A busy reporting year began with our delivery of the 2020–21 Final Budget Outcome on 30 September 2021. The 2021–22 Mid-Year Economic and Fiscal Outlook (MYEFO) update followed, with its release on 16 December 2021. The pace of work continued in 2022 with the early preparation and delivery of the 2022–23 Budget on 29 March 2022. As part of the Budget update, Finance prepared 61 Green Briefs to support the deliberations of the Expenditure Review Committee of Cabinet, and published more than 140 new expense, capital and non-tax revenue measures.

After the 2022 federal election was announced, Finance worked with the Treasury to deliver the PEFO, which was published on 20 April 2022. This met our responsibilities under the *Charter of Budget Honesty – Policy Costing Guidelines*, which require the Secretaries of the departments of Finance and the Treasury to release the PEFO within 10 days of the issue of the election writs.

During the caretaker period, consistent with the Charter, we completed and published 37 election commitment costings, in collaboration with the Treasury. After the May 2022 election result, Finance began preparations to deliver the next major economic update – the October 2022 Budget.



Improving data analytics capabilities

In 2021–22, we continued to develop our data analytics capability and increase the skills of our staff. We continued to enhance our evidence base to draw upon when providing policy advice to government.

Focusing on analytics, we have strengthened our knowledge and capability through access to available data sources, establishing a robust data platform, applying appropriate methodologies and using visualisation tools to communicate insights.

Throughout the year, Finance collaborated with relevant agencies to identify opportunities to improve data analysis and share information. Finance:

- established arrangements with the Australian Bureau of Statistics (ABS) and other Commonwealth agencies to access the Multi-Agency Data Integration Project – which includes data on social services, education, health and tax – to improve our understanding of policies and programs and how they work on the ground

- was the first department to use a new whole-of-government ABS data analytics platform – providing one source of statistical toolsets, as well as stability, scalability, and increased security to enhance our data analytics work enabling data-driven decision-making
- utilised seminars and training opportunities to upskill Finance staff in the latest analytic techniques and toolsets.

To improve data reporting capability, Finance continues to collaborate internally and with agencies to streamline and automate data entry in our systems.

The ability to bring together, analyse and contextualise large amounts of data from diverse sources enhances the quality of the evidence base we draw upon when providing policy advice to government.



COVID-19 payments to the Australian community

In 2021–22, Finance supported the timely and effective implementation of the Government's response to the COVID-19 pandemic. This included supporting payments to businesses and individuals whose income was affected by COVID-19, through cash and appropriations management and facilitating the necessary legislative authority.

Finance supported the rapid establishment of, and consequential amendments to, the legislative authority for the COVID-19 Disaster Payment and the Pandemic Leave Disaster Payment under Schedule 1AB to the Financial Framework (Supplementary Powers) Regulations 1997, reflecting the evolving policy response as community circumstances changed.

Additionally, Finance enabled funding of the COVID-19 Disaster Payment and the Pandemic Leave Disaster Payment programs through Appropriation Acts passed by parliament, including the *COVID-19 Disaster Payment (Funding Arrangements) Act 2021*, which commenced in July 2021 and the *Appropriation (Coronavirus Response) Act (No. 1) 2021–2022*, which took effect in February 2022. Furthermore, Finance facilitated funding to the then National Recovery and Resilience Agency for the Pandemic Leave Disaster Payments through allocations of Advances to the Finance Minister in December 2021 and January 2022.

The successful delivery of COVID-19 payments to the Australian community was achieved through strong collaboration across the APS. In particular, Finance worked in partnership with the Department of the Prime Minister and Cabinet, the Treasury, the Department of Home Affairs, Services Australia, the National Recovery and Resilience Agency, the Office of Parliamentary Counsel and the Australian Government Solicitor.

In focus

Public sector resourcing and transformation

In 2021–22, 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.

The following case studies illustrate specific examples of Finance's achievements under the performance theme of public sector resourcing and transformation.





Reviewing machinery-of-government change implementation principles

Finance plays an important role in assisting the Government to meet its policy objectives – by providing expenditure advice, effective governance frameworks, and stewardship of public sector resourcing and reporting.

Our role includes guiding Commonwealth entities in implementing their machinery-of-government changes in collaboration with the APSC and PM&C.

In 2021, partnering with the APSC and PM&C, Finance led a review of the machinery-of-government change guide and the machinery-of-government principles to support entities to implement machinery-of-government changes.

As a result of the review, we developed a practical toolkit and 3 new strategic machinery-of-government principles that reflect the expectations of the Government and the broader community:

- **Continuity of service** – machinery-of-government changes must be implemented in a timely and effective manner, ensuring continuity of government business
- **Effective change management** – entities are to work collaboratively, collegially and professionally to implement the change
- **A responsive APS** – entities are to ensure, where practicable, their systems, processes and practices are able to adapt and are responsive to change.

The Chief Operating Officers' Committee endorsed the revised machinery-of-government principles in November 2021. A new version of the machinery-of-government change guide, incorporating the revised principles and the toolkit, are available on the Finance website.

These resources are helping ensure the public sector is well placed to implement future machinery-of-government changes and to support the Government to deliver on its key priorities.



Delivering purpose-built quarantine facilities

In mid-2021, the Government tasked Finance to deliver purpose-built quarantine centres, designed to manage Australia's quarantine and domestic isolation requirements, and provide an enduring capability for a range of future challenges. Detailed design and procurement of the centres began in Melbourne in June 2021 and later expanded to include 2 sites in Brisbane and Perth. Delivery of the centres is part of the national response to COVID-19 and was expedited by the Government to ensure the protection of human health.

Undertaking a complex, \$1.37 billion project in a compressed timeframe required an innovative approach to meet project objectives and deliver value for money. Procurement occurred against the backdrop of a severely constrained domestic market experiencing lockdowns, disrupted supply chains, labour shortages, extreme weather events, and time pressures. In our approach, we sought to maximise project delivery outcomes while applying best practices in accordance with legislative requirements. Finance also undertook substantial value management activities to identify opportunities to reduce forecast costs without impacting quality. In addition, carefully considered contracting arrangements were put in place to manage cost and risk.

On 2 July 2021, Finance issued a limited tender process for managing contractor construction services, and the contract was awarded later that month. Construction of the Melbourne centre began in late July 2021 on a greenfield site in Mickleham, 25 km north of Melbourne International Airport. This involved major earthworks across a 160,000 m² area including the installation of sewerage, water, fire and electrical/communications services. Groundworks preparation also began to enable placement of modular accommodation units and construction of central facilities.

In Melbourne, the 1,000-bed centre was constructed and handed over to Victoria in stages, with the initial stage completed on 31 December 2021. The final stages were completed in early 2022, with the last buildings handed to COVID-19 Quarantine Victoria on 11 March 2022. Early collaboration between delivery stakeholders meant project designs matured quickly, and drawings were issued for construction within a month of tender. As a result, the designs could be iteratively updated and scalable to meet essential requirements, allowing construction activities to progress with relative ease. Subsequently, this design methodology's effectiveness was applied successfully to the sites in Brisbane and Perth.

The centres were delivered to meet an unprecedented health emergency. Beyond the pandemic, the facilities are expected to provide Australia with a new resilience capability. As the COVID-19 risk environment evolves, the Commonwealth will consult the states and other Commonwealth agencies on the possible future uses of the centres, including for quarantine. Their repurposing capacity means these Commonwealth assets will continue to serve Australian communities for decades to come.



The evaluation toolkit

The 2019 *Independent Review of the Australian Public Service* emphasised the critical role of evaluation in monitoring and measuring performance, and ensuring taxpayers' money is used transparently and effectively in delivering outcomes for Australians.

The review recommended that Finance establish a central enabling evaluation function to help build evaluation capabilities and practices. It highlighted the need to 'embed a culture of evaluation and learning from experience to underpin evidence-based policy and delivery' and incorporate evaluation into everyday practice.

In Finance's Corporate Plan 2021–22 (p. [31](#)), building an evaluative culture across the Commonwealth was identified as a significant initiative that would help achieve our purpose. This reflects the central role we play in driving continuous public sector improvement and transformation, focusing on achieving greater efficiency, accountability and capability.

Finance adopted a staged approach to implementing enhanced evaluation capabilities. In the first stage, key deliverables included establishing a small team in Finance and a cross-entity Evaluation Reference Group to leverage existing Commonwealth expertise. It also included developing a whole-of-government policy approach and supporting guidance material.

To develop and refine the policy approach and supporting guidance material, we led a collaborative design and 2-stage user testing process across the APS. This approach drew on input from around 40 Commonwealth entities and several external stakeholders.

The [Commonwealth Evaluation Policy](#) and associated [Toolkit](#) (Resource Management Guide 130) were released on 1 December 2021.

The principles-based policy promotes fit-for-purpose evaluation approaches across the policy cycle, in line with the public sector resourcing, reporting and performance frameworks established under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The policy is designed to:

- embed a culture of evaluation and learning
- improve the way entities assess implementation, measure the impact of government programs and activities, and frame policy decisions on revised or new programs
- improve the quality of performance reporting by increasing accountability, promoting continuous improvement and enhancing decision-making.

The policy highlights the importance of establishing robust performance monitoring and evaluation arrangements early in the policy cycle, and using strategic, risk-based approaches to identify, prioritise and schedule evaluation activities.

The toolkit aims to provide anyone new to evaluation with an overview of evaluation concepts and approaches, and encourages the use of evaluative thinking across the policy cycle.

Initiatives to embed the policy toolkit took place across 2021–22. Over 800 people from 55 Commonwealth entities participated in 67 information sessions and targeted workshops. We also engaged with a number of external stakeholders.

Feedback has been positive, with information session participants rating the policy and toolkit as *very helpful* or *helpful* for the reasons listed below:

Participant %	Policy and toolkit feedback sought
96%	To plan how to evaluate a government program or activity
94%	To conduct an evaluation of a government program or activity
86%	To decide when to evaluate a government activity or program
84%	To support a culture of evaluation within your organisation
80%	To help embed a culture of evaluation across the Australian Public Service

Our stewardship has established a strong foundation to help build evaluation capability across the Commonwealth. Work to support the next stage of implementation has begun, and will include establishing a Commonwealth Evaluation Community of Practice.

The toolkit is hosted on Finance's website and is regularly reviewed to maintain up-to-date content and usability.



Enhancing the Commonwealth Investment Framework

The Commonwealth Investment Framework supports the Government to realise the benefit of investments that use the Commonwealth balance sheet for Australian citizens, businesses and communities. The framework is helping to enhance the commercial capability of public servants across the Commonwealth.

The framework supports the successful long-term implementation and management of investment decisions from a whole-of-life investment perspective. The framework includes a Resource Management Guide (RMG 308) and a practical, user-focused toolkit. It provides a 'how-to' for Commonwealth agencies, ensuring that Commonwealth entities have the necessary tools and the access to relevant expertise to support Commonwealth investment. Finance works with key stakeholders to further support strategic engagement with the investment community. In addition, Finance provides commercial assistance and advice to assist entities to apply the framework in particular projects or initiatives.

Finance also provides commercial and negotiation expertise to help Commonwealth entities undertake more complex transactions. Examples of our successful partnerships in 2021–22 include Telstra's acquisition of Digicel Pacific, Iluka Resources' project to transform Australia's critical minerals sector, and a partnership with biotechnology company Moderna.

Finance played an important stewardship role in negotiations for the Government's 10-year agreement with Moderna to produce up to 100 million mRNA doses in Australia each year. The partnership between the Australian Government, Moderna and the Victorian Government will ensure Australia meets its ongoing COVID-19 vaccine needs. This helps protect Australians against future pandemics and new respiratory diseases, while supporting local industry and transforming Australia into a critical regional hub for mRNA technology development and production. Finance's key role in negotiations ensured the Commonwealth's overall commercial objectives were met.



Delivering whole-of-government management advisory services arrangements

In the 2020–21 Budget, the Government provided \$4.5 million over 4 years to establish a new Whole-of-Australian-Government Management Advisory Services Consultancy Panel. The panel provides a range of benefits, including:

- improving quality, consistency and efficiency when purchasing management advisory services with standardised terms and conditions and a performance management framework
- consistency and efficiency of purchasing management advisory services
- standard terms and conditions
- a performance management framework
- reduction in time and effort to establish contracts by agencies and service providers.

The panel is being established in 3 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 – completed
- **Phase 3** – Commercial Management Advisory Services – tender released in 2021–22 with services expected to be available in late 2022.

Phase 1 commenced on 12 July 2021. A total of 125 suppliers were identified as representing value for money and appointed to the panel, including 86 small and medium-sized enterprises (SMEs).

Phase 2 commenced on 14 February 2022. A total of 157 suppliers were identified as representing value for money and appointed to the panel, including 129 SMEs.



Leading the APS Accounting and Finance Profession Working Group

Led by the Department of Finance, the APS Accounting and Finance Profession Working Group continued its work in 2021–22 in collaboration with stakeholders, including:

- the Chief Financial Officers of several entities
- the Australian Public Service Commission
- Chartered Accountants Australia New Zealand
- Certified Practising Accountants (CPA) Australia.

Aligned with the priorities of the APS Workforce Strategy 2025, the working group has sought to provide leadership to accounting and finance professionals in the APS by growing capacity, capability and diversity and by supporting development needs.

In 2021–22, the working group delivered several key products for the profession, and addressed emerging priorities such as workforce supply and demand gaps. A key deliverable included a partnership with the Australian Public Service Commission to develop a workforce strategy that sought to understand the workforce, identifying early career attraction as a key priority for action. Over 2022–23, the working group will continue to work with the Australian Public Service Commission to develop an Employee Value Proposition to support the attraction of students to a career in accounting and finance in the APS.

In 2022, a capability framework for accounting and finance professionals across all APS classification levels (from graduates through to Executive Level 2 staff) was developed and shared with senior finance and human resource leaders for implementation and use. The working group established a capability framework for Chief Financial Officers to support existing professionals in these roles and the career development of aspiring future senior leaders.

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 2021–22, Finance continued to provide better services and outcomes in technology, delivering transformative, efficient and cost-effective services to, and for, government.

The following case studies illustrate specific examples of Finance's achievements under the performance theme of delivering effective services to, and for, government.





Implementing the Set the Standard report

Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces (2021) (the Set the Standard report) was tabled in parliament on 30 November 2021.

The Set the Standard report made 28 recommendations to make Commonwealth parliamentary workplaces safer and more respectful.

This Set the Standard report called for ‘standardised induction for parliamentarians and Members of Parliament (Staff) Act employees to establish role clarity and expectations’.

In 2021–22, Finance developed and delivered a refreshed induction program for parliamentarians. The parliamentary induction program focused on employment policies about safe and respectful workplaces, workplace health and safety, and officer obligations including diversity and inclusion, office structure and staffing, recruitment practices, and performance management. In the 47th Parliament, all new parliamentarians participated in the program across late May and June 2022. The program received positive feedback. Existing parliamentarians will be encouraged to attend a refresher induction program in 2022–23.

We also developed the new online foundational module for *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees, which was launched in June 2022. In addition, we began design of a new MOP(S) Act employee face-to-face induction program, to be rolled out in 2022–23.



Supporting client agency adoption of eInvoicing

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 APS operates by reforming and standardising traditional operating models to enable a one-APS way of doing business.

To support this strategy, the Service Delivery Office (SDO), Finance’s shared provider hub, uplifted the accounts payable capabilities of the Digital Transformation Agency, the Independent Parliamentary Expenses Authority, the Office of the Fair Work Ombudsman, Safe Work Australia, the Australian Skills Quality Authority, the Australian Building Construction Commission, the Asbestos Safety and Eradication Agency, the Workplace Gender Equality Agency, and the Australian Public Service Commission – helping them meet the Digital Economy Strategy requirement to adopt eInvoicing by 1 July 2022.

Additionally, in 2021–22, the SDO on-boarded a new client entity, the Office of the Australian Information Commissioner (OAIC) to SDO services. Through this on-boarding, the SDO was able to support the OAIC to be eInvoice-enabled by 1 July 2022.

To encourage greater adoption of eInvoicing, the SDO has provided its client entities with the ability to publish on their purchase orders their readiness to receive eInvoices.



Delivering GovTEAMS PROTECTED

Since the launch of GovTEAMS OFFICIAL in 2018, GovTEAMS has facilitated secure and easy collaboration across the APS. Beginning in January 2020, 745 people from 10 APS agencies participated in a pilot of GovTEAMS PROTECTED. The participants spanned a range of levels and job functions, with all sharing a common need to collaborate at the ‘protected’ level. Incorporating experience and lessons learned from GovTEAMS OFFICIAL was critical to the successful design and delivery of the protected environment.

Following the successful pilot, GovTEAMS PROTECTED was launched in July 2021. It is targeted at a smaller cohort of the APS – those with a particular need to collaborate and share information at the ‘protected’ level. The system was critical in supporting the APS during the pandemic, enabling remote sharing of ‘protected’ information. This ensured continuity of essential decision-making and delivery of government services, without relying on secure communication equipment in government offices.

Since the launch, 47 APS agencies have joined GovTEAMS PROTECTED and have sponsored trusted partners from 11 external organisations. By the end of 2021–22, GovTEAMS PROTECTED had supported collaboration across 324 communities, removing barriers to ‘protected’ information sharing that had long existed. Additionally, GovTEAMS PROTECTED has enabled collaboration in real-time between agencies and across international borders, connecting people working on ‘protected’ level government initiatives from countries such as the Netherlands, the United States and the United Kingdom.

Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2021–22 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.

A handwritten signature in black ink, appearing to read 'J. Wilkinson', with a stylized, cursive script.

Jenny Wilkinson
Secretary

7 October 2022

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 2021–22 annual performance statements detail how Finance has delivered against its purpose to achieve value in government expenditure and administration while supporting the priorities of the Government and the APS. 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 2021–22, with 15 out of 19 results assessed as achieved, 2 substantially achieved, and 2 partially achieved.

These annual performance statements provide an accurate assessment of Finance's delivery against the measures established in the Corporate Plan 2021–22 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: Corporate Plan 2021–22, Key Activity 1, pg 26,
Portfolio Budget Statements 2021–22, Outcome 1, pg 22

Result: Substantially 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.	Substantially achieved
— First forward year – difference between estimated expenses and Final Budget Outcome is less than 2%	-1.7%
— Budget year – difference between Budget estimated expenses and Final Budget Outcome is less than 1.5%	-0.9%
— Current year – difference between the revised current year estimates at MYEFO and Final Budget Outcome is less than 1%	-2.7%
— Current year – difference between the current year estimates at budget time and Final Budget Outcome is less than 0.5%	-2.7%
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
1.1.3 External reporting standards and legislative requirements are met.	Achieved
— Budget papers, related updates and appropriation bills meet reporting standards and legislative requirements across the entire reporting period.	Achieved

Finance substantially met its performance against metric 1.1.1 – Accuracy of budget estimates, notwithstanding the significant payment underspend in the 2021–22 financial year. As reported in the 2021–22 Final Budget Outcome, the variations between the estimates and final outcome in 2021–22 reflect the:

- lower than expected demand for COVID-19 programs and expenses due to the uncertainty from the ongoing pandemic and disruptions to global supply chains
- lower than estimated uptake of key disability, health and aged care programs and services
- delays in infrastructure projects that were compounded by the supply chain delays, skills shortages and capacity constraints.

Additional details of the variance between estimates and outcomes can be found in the 2021–22 Final Budget Outcome. Finance works closely with entities to ensure expense estimates are regularly reviewed and updated to take account of the best available information to maximise 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 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*.

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 2020–21 Final Budget Outcome (FBO) was released on 30 September 2021
- the 2021–22 Mid-Year Economic and Fiscal Outlook (MYEFO) was released on 16 December 2021
- the 2022–23 March Budget was delivered on 29 March 2022
- the 2022 Pre-election Economic and Fiscal Outlook was released on 20 April 2022.

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

- Appropriation (Coronavirus Response) Bill (No. 1) 2021–2022 and Appropriation (Coronavirus Response) Bill (No. 2) 2021–2022 were introduced in the House of Representatives on 9 February 2022.
- Appropriation Bill (No. 3) 2021–2022 and Appropriation Bill (No. 4) 2021–2022 were introduced in the House of Representatives on 10 February 2022.
- Supply Bill (No. 1) 2022–2023, Supply Bill (No. 2) 2022–2023 and Supply (Parliamentary Departments) Bill (No. 1) 2022–2023 were introduced in the House of Representatives on 29 March 2022.
- Appropriation Bill (No. 1) 2022–23 and Appropriation Bill (No. 2) 2022–23 were introduced in the House of Representatives on 29 March 2022.
 - These appropriation bills lapsed upon the dissolution of parliament for the 2022 federal election.

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.

Finance continued to embed discipline and rigour in its fiscal and policy advice. This included:

- providing effective, timely and accurate policy, budgetary and financial advice to the Government, Commonwealth entities and key stakeholders
- providing advice outside of usual budget processes to support rapid decision-making by the Government
- supporting 6 Advances to the Finance Minister allocations, enabling urgently required funds to be made available to support the Government's ongoing response to the COVID-19 pandemic, extension of the Pandemic Leave Disaster Payment and construction of Centres for National Resilience.

To support the Government's early delivery of the Budget in March 2022, Finance worked with entities to determine best estimates for program expenses. Due to the truncated timeframes for delivery, Finance was not able to update estimates to reflect the end of year program activity, or the full impact of supply chain delays and lower than estimated uptake of programs.

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: Corporate Plan 2021–22, Key Activity 1, pg 27

Portfolio Budget Statements 2021–22, Outcome 1, pg 21–23

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 statements (prepared within 21 days of the end of month, on average, following release of Final Budget Outcome)	Achieved
— Consolidated financial statements (provided to the Auditor-General by 30 November each year).	Achieved

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

- the 2020–21 FBO was released on 30 September 2021
- the 2021–22 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 2020–21 FBO
- the Auditor-General issued an unmodified audit report on the 2020–21 [Consolidated Financial Statements \(CFS\)](#) on 15 November 2021.

Analysis

The timely public release of complete and accurate government financial statements is a critical component of Finance's performance, and our achievements in this area underpin our ability to provide 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 2.1: 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: Corporate Plan 2021–22, Key Activity 2, pg 27

Portfolio Budget Statements 2021–22, Outcome 1, pg 21–23

Result: Achieved

How this performance was assessed

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.

Result

Achieved

All payment requests from entities were met in requested timeframes, across the entire reporting period.

Analysis

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

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

In 2021–22, Finance continued to support the timely and effective implementation of the Government’s response to the COVID-19 pandemic. This included ensuring timely availability of cash to facilitate payments to businesses and individuals whose income was affected by COVID-19 through the COVID-19 Disaster Payment and the Pandemic Leave Disaster Payment programs.

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: Corporate Plan 2021–22, Key Activity 3, pg 35

Portfolio Budget Statements 2021–22, Outcome 2, pg 34–35

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

Satisfaction with Finance's level of support relating to the resource management framework in terms of stewardship, policy advice, engagement, and guidance on the PGPA Act, Rule, and framework more broadly was 89%. This was above the target rating of 80% and slightly below the 2020 survey result of 93% satisfaction.

Seven reports by the parliamentary Joint Committee of Public Accounts and Audit (JCPAA) and 40 ANAO Performance Audit Reports were tabled in parliament in 2021–22. All JCPAA enquiries and ANAO performance audits considered the application of the resource management framework by Commonwealth entities. There were no recommendations or adverse findings in respect to the framework itself.

Analysis

The resource management framework governs the use and management of public resources by officials in the Commonwealth public sector. The PGPA Act, which is the cornerstone of the framework, establishes rules not only for financial management but also for the broader governance, performance and accountability for the Commonwealth public sector. The framework is an important feature of an accountable and transparent public sector that helps inform the parliament and the Australian people of the work of Commonwealth entities and companies. The PGPA Entity Survey measures how well Commonwealth entities and companies understand their obligations under the PGPA Act and how well they are supported by Finance to meet these obligations.

In 2021–22, the PGPA support to Commonwealth programs included responses to the impacts of the COVID-19 pandemic, natural disasters, international developments, and the 2022 federal election. The resource management framework remained adaptable to these pressures, for example in facilitating indemnities for priority vaccines and guarantees for loans to businesses and individuals in flood-affected communities.

In 2021–22, Finance provided entities the tools they needed to meet their changing demands while maintaining transparency and accountability. During the reporting period, Finance provided introductory guidance on the PGPA Act to 34 new accountable authorities to help them meet their responsibilities under the PGPA Act. Sixteen in-person briefings on the PGPA Act were also provided to accountable authorities and their senior executives.

Four new Resource Management Guides (RMGs) were released:

- RMG 124 Capital budgeting by Commonwealth entities in the general government sector
- RMG 129 Reporting performance information in portfolio budget statements
- RMG 130 Evaluation in the Commonwealth
- RMG 501 Lands Acquisition Framework.

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 CPF, and are equipped and supported to meet them.

Source: Corporate Plan 2021–22, Key Activity 3, pg 35

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%).	Achieved
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

Finance met the target, with 80% of survey responses either 'satisfied' or 'highly satisfied'. A further 16% were neither satisfied nor dissatisfied and 3% were dissatisfied (no respondents were very dissatisfied). The overall result of 80% compares to 93% in 2020–21.

The JCPAA tabled 7 reports in 2021–22. There were no recommendations or adverse findings in respect to Finance's administration of the Commonwealth Performance Framework.

- 5 reports referenced the framework.
- 2 reports provided commentary on the application of the framework by entities subject to the report and made recommendations relating to this. The ANAO recommendations concerned the application of performance measurement frameworks by entities and the relevance, reliability and adequacy of performance measures.

The ANAO tabled 40 Performance Audit Reports in 2021–22. There were no recommendations or adverse findings in respect to Finance's administration of the Commonwealth Performance Framework. The ANAO recommendations concerned the application of the Framework by entities and the relevance, reliability and adequacy of performance measures.

- 18 reports made reference to the framework.
- 14 reports provided commentary on the application of the framework by the entities subject to audit.
- 8 reports made recommendations relating to the application of the framework by the entities subject to audit. The recommendations concerned the adequacy of performance measures relating to the programs and functions subject to audit and the alignment of corporate plans and performance measures to the PGPA Rule.

The recommendations concerned the adequacy of performance measures relating to the programs and functions subject to audit and the alignment of corporate plans and performance measures to the PGPA Rule.

The Auditor-General undertook 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. The Minister for Finance tabled the audit reports in both houses of Parliament on 14 April 2022. Of the 116 performance measures presented in the 2020–21 annual performance statements of these entities, the Auditor-General identified the basis for qualified conclusions for 15 measures. These focused on the risk of bias in results based on surveys, the completeness and accuracy of entity records in respect to reported results, and the reporting of overall targets achieved when some components of the measure were not achieved.

Analysis

The PGPA Entity Survey, which was undertaken during the fourth quarter of 2021–22, provides confidence that Finance's stewardship, policy advice, engagement, and guidance on the Commonwealth Performance Framework remains effective.

In 2021–22, entities adjusted 2021–22 corporate plans to take account of amendments made to the PGPA Rule, including the introduction of characteristics of performance measures. Adjustments also had to be made to the 2022–23 Portfolio Budget Statements (PBS) to take account of flow-on amendments to the Finance Secretary's Direction on the provision of performance information in the PBS released in December 2021. There was also an increased focus on the ANAO pilot of assurance audits of annual performance statements. These factors were reflected in commentary provided by respondents to the survey.

In 2021–22, Finance focused on maximising the relevance and appropriateness of digital guidance, providing information through regular PGPA Newsletters, responding to direct enquiries through the dedicated PGPA inbox, and providing one-on-one assistance to entities and companies on request. New guidance on providing performance information in the PBS (Resource Management Guide 129) was developed and released to accompany the amendments to the Finance Secretary's Direction in December 2021. The 2022–23 Guide to preparing the PBS was also adjusted to reflect the amendments. Revised guidance on preparing corporate plans for Commonwealth entities (Resource Management Guide 132) was released in January 2022. The guidance offers better practice examples and addresses common entity queries.

Measure 4.1: 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: Corporate Plan 2021–22, Key Activity 4, pg 36

Portfolio Budget Statements 2021–22, Outcome 2, pg 41–42

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% 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 proactively engaged with Commonwealth, state and industry stakeholders to support effective government procurement. Finance provided entities with practical web guidance and tailored advice through dedicated outreach activities. Despite external challenges, Finance's scheduled outreach program maintained effective communication with the central procurement areas of entities and kept them appropriately informed of the policies that support the Commonwealth Procurement Framework.

In 2021–22, Finance hosted 32 strategic outreach meetings and 7 Senior Procurement Officials Reference Group (SPORG) meetings. Finance also facilitated the first procurement-connected policy working group, attended by policy owning entities. Finance also responded to Commonwealth Procurement Framework queries, within the 3-day key performance indicator, 98% of the time. Through the Centre of Procurement Excellence, Finance delivered the Commonwealth Procurement Capability Self-Assessment Survey, providing reports to 96 participating entities, and launched the 2022 Commonwealth Procurement Awards for Excellence. Finally, Finance delivered 2 updates to the Commonwealth Procurement Rules, involving close consultations with key agencies.

In 2021–22, the AusTender platform and data were available to users for more than 99.9% of the reporting period.

In 2021–22, Finance participated in:

- negotiations to finalise the Australia-United Kingdom Free Trade Agreement (FTA)
- 4 negotiation rounds of the Association of Southeast Asian Nations (ASEAN)-Australia-New Zealand FTA (AANZFTA), as well as facilitating 2 knowledge sharing sessions for all AANZFTA parties
- 3 meetings with the Indian Government regarding the possible inclusion of government procurement in an Australia-India Comprehensive Economic Cooperation Agreement
- one meeting of the Organisation for Economic Co-operation and Development (OECD) Working Party of the Leading Practitioners on Public Procurement and 4 meetings of the OECD Garment and Public Procurement Pilot
- one meeting of the World Trade Organization (WTO) Committee on Government Procurement, as well as various bilateral and plurilateral meetings to support the work of the WTO Agreement on Government Procurement, including meetings at the WTO, Geneva

- various bilateral and plurilateral meetings with Parties to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership regarding the United Kingdom's proposed accession to the agreement, including one meeting of the working group in Sydney
- one negotiation round for the Australia-European Union FTA
- 3 meetings with the Singapore Government regarding the development of a Singapore-Australia Green Economy Agreement
- meetings and knowledge sharing events held by the Asia-Pacific Economic Cooperation forum, the OECD and the ASEAN Secretariat
- various bilateral meetings with trade partners to support work on government procurement across numerous agreements, and with states and territories for outreach purposes and to advance work required for compliance with international obligations.

With the first and second phases of the Management Advisory Services Panel, Finance achieved an average reduction in cost of 22% when compared to existing Panel arrangements.

QBT and the Fleet Management contracts were extended during 2021–22, with analysis demonstrating that value for money continues to be achieved.

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 is responsible for the Commonwealth Procurement Framework and assists both government and business through advice, support and services.

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 2021–22, Finance's activities included:

- reviewing and updating the Commonwealth Procurement Rules including the development of associated procurement guidance notes
- reviewing and updating the Supplier Pay On-Time or Pay Interest Policy
- supporting entities through administration 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
- coordination of regular online SPORG events
- engagement with entities and industry through the Centre of Procurement Excellence.

In 2021–22, approximately 92,000 contracts and 1,700 approaches to market were published on AusTender. In supporting entities and suppliers, the AusTender Helpdesk responded to 2,700 enquiries, 706 via phone and 1,994 via email – 96% of emails were responded to within 24 hours. The volume of enquiries continued to decrease as improvements to the AusTender website enhanced user experiences and improved the discoverability of information. To support reporting against this criteria, Finance introduced automation of email logging and response.

AusTender Cloud Monitoring provides Finance staff with live updates throughout the business day to provide insights into system availability. These insights provide information to ensure the system uptime remains stable. Throughout the year, the Cloud Monitoring solution was enhanced to provide automatic alerting where the system may be degrading in performance. As a result of the alerts, Finance can act prior to the degradation impacting the availability of AusTender.

For the Management Advisory Services Tender: savings were benchmarked for each phase of the tender process, with tendered pricing compared to existing Australian Government arrangements offering similar services.

For travel-related contracts: due to the impacts of COVID-19 on the travel industry, benchmarking exercises have been challenging due to the inconsistent travel patterns. Travel has seen a decrease in efficiencies and productivity due to resource reduction across all suppliers. These challenges are industry-wide.

Measure 5.1: 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: Corporate Plan 2021–22, Key Activity 5, pg 36

Portfolio Budget Statements 2021–22, Outcome 2, pg 39–40

Result: Partially achieved

How this performance was assessed	Result
5.1.1 An appropriate level of net assets is maintained.	Partially 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.	Substantially achieved

At 30 June 2022, Comcover's net assets were -\$144.8 million. As at 30 June 2022, Finance had a net claims liability of \$1,273.8 million, with cash and equivalents of \$1,135.8 million in the Comcover Special Account. Finance will, however, be able to meet the Comcover claims liabilities when they fall due, as cash balances and future premiums are sufficient to cover at least 3 years of ordinary claims. In addition, Finance is undertaking a review of the Comcover capital management strategy and will be bringing forward a proposal to government in 2022–23 to enable Comcover to withstand future pressures.

In 2021–22, Comcover received 6,677 claims and, at 30 June 2022, had 3,421 active claims. Finance undertook all claims litigation consistently with the obligations to act as a model litigant under the Legal Services Directions 2017.

Finance continued to provide stewardship, policy advice, education, project-based support and guidance on risk management. In 2022, there was increased uptake of Comcover's risk education across all levels of the program.

A net positive presenter score was achieved for face-to-face and virtual workshops for 2021–22 from respondent evaluation surveys. Ninety per cent of officials who responded to our survey self-assessed an increase in their capability to manage risk as a result of undertaking the workshops. Subscription rates for the 2021–22 year were 75% and 72% respectively for face-to-face and virtual workshops against a target of 80%.

The Comcover Risk Management Benchmarking Program was conducted in 2021 with 98% of members completing the program. The program is conducted every 2 years and enable fund members to assess their risk management capability against the following 5 themes: Risk Management Governance, Risk Culture, Risk Capability, Risk Management Practices, and Organisational Resilience and Agility.

The Commonwealth Risk Management Policy guidance is up to date and available on the Department of Finance website.

Analysis

Claims arising from increased natural disasters since 2019–20 continue to impact Comcover's net assets, combined with forecast increases to significant liability matters, increases in class actions and forecast increases in construction labour and materials costs.

Over the last 3 financial years, Comcover has closed on average over 4,800 claims per year. Finance collaborates regularly and closely with the Office of Legal Services Coordination to ensure that any litigation arising from these claims is consistent with the obligation to act as a model litigant, consistent with the Legal Services Directions 2017.

In 2021–22, there was a total of 3,758 completions of Comcover e-learning modules – a 12% increase compared to 2020–21. Attendance at virtual workshops increased to 291 participants – up 149% compared to the previous reporting period. However, there was a slight decline of 9% in face-to-face workshops in 2021–22 when compared to 2020–21. Such results reflect the impacts of COVID-19.

Finance supports entities to obtain the knowledge, skills and expertise they need to successfully implement and integrate risk management in their organisations.

To meet entities' needs in 2020–21, Comcover adapted its education program by offering the program virtually. Returning from COVID, participation in the education program has remained high due to the continuation of virtual workshops. Feedback from non-Canberra-based entities has been positive, appreciating the chance to participate in the education program.

The Comcover Risk Management Benchmarking Program was refreshed in 2021 and is now conducted biennially. Results from the 2023 survey will assess the aggregate improvement in risk maturity from 2021.

Finance reviewed the Commonwealth Risk Management Policy in 2021. Stakeholder engagement was central to the review, which was overseen by a steering committee represented by a cross-section of Commonwealth entities. Subject matter experts from across the Commonwealth, the private sector, other jurisdictions and academia also contributed to the review. Commonwealth risk officials and executives with responsibility for risk were consulted regularly throughout the review. The updated policy is due to come into effect shortly, and guidance is being developed for release in 2022 to assist entities in implementing the new policy requirements.

Measure 6.1: 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.

Source: Corporate Plan 2021–22, Key Activity 6, pg 37

Portfolio Budget Statements 2021–22, Outcome 2, pg 37–38

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 2021 Australian Government Office Occupancy data collection is complete and the 2021 Occupancy Report continues to track ongoing improvements in the efficiency of the Commonwealth's leased property portfolio.

The Whole-of-Australian-Government property services coordinated procurement arrangements (the arrangements) continue to deliver efficiencies for entities, with Property Service Providers (PSPs) collectively exceeding the Property Operating Expenses (POE) savings targets over the duration of the deed for the 2020–21 period.

The measured performance of the PSPs under the arrangements for the period from July to December 2021 showed performance continues to collectively improve across the PSPs.

The PSPs exceeded the 10% small to medium-sized enterprises (SME) target and the 4% Indigenous Participation Plan target of applicable spend on property services provided by downstream contractors within the arrangements for the 2020–21 period.

Analysis

Key findings of the 2021 Occupancy Report demonstrate that property policy settings are driving further improvement in the efficiency of the Commonwealth's property portfolio. Analysis that supports this assessment includes:

- the national occupational density has improved from 15.1 m² in 2020 to 14.7 m² in 2021, and the percentage of tenancies meeting the occupational density target has increased from 40.1% in 2020 to 43.6% in 2021
- the work-point vacancy rate has reduced, from 8.8% in 2020 to 7.4% in 2021
- despite most leases including an annual escalation of cost as a component of the lease, in line with market norms, cost indicators for 2021 only increased marginally, with the national cost per m² increasing by \$15 per m² in 2021, (from \$481 per m² in 2020 to \$496 per m² in 2021).

The POE savings or overruns are calculated annually by taking the difference between the actual spend on POE and the POE baseline. The POE baseline was determined on commencement of the arrangements based on due diligence data that was provided by in-scope entities. In addition, the POE saving targets (expressed as a percentage of the baseline) are set out in the deed providing a clear target for PSPs to achieve. Furthermore, the baseline is redefined at the beginning of each financial year based on the previous year's baseline and adjusted by the Consumer Price Index (CPI), and the actual spend is reported to Finance by the PSPs at the end of each financial year. Adjustment of the baseline by CPI is to ensure that the assessment of costs (to determine savings) takes into account inflation of goods and services as measured against the baseline.

Performance of leasing and facilities management services to entities is measured and reported through a range of contractual and stakeholder engagement methods under the arrangements, such as PSP quarterly reporting, forums and direct engagement with entities. These reports and engagements feed in to consideration of performance metrics (service standards) and performance assessment outcomes, including performance rebates and significant failures (specific contractual mechanisms under the deeds to the arrangements).

Performance of the PSPs is measured through a balanced scorecard approach twice each year, informed by scoring and feedback provided through a range of mechanisms by Finance, the Strategic Property Adviser and covered entities, and informed by an external performance audit process of data provided by PSPs.

Achievement of the target for participation by Indigenous businesses and SMEs in providing property services within the arrangements is validated through an external performance audit process of data provided by PSPs. These targets are measured as the applicable spend on downstream contracts with Indigenous businesses and SMEs within the arrangements, as a percentage of total spend.

The performance framework for the deeds with PSPs includes weightings across the service categories assessed.

The external performance audit for the 2021–22 POE and PSP performance results is expected to be completed in September 2022, at which point the results will be finalised.

The Commonwealth Leasing Strategy is developed by the Strategic Property Adviser and is distributed to entities on an annual basis.

Measure 7.1: 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: Corporate Plan 2021–22, Key Activity 7, pg 37

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

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 9 GBEs prescribed under the PGPA Act (2 corporate Commonwealth entities and 7 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.

Finance proactively engaged with GBEs and shareholder departments to manage the Commonwealth's investment in GBEs of \$40 billion.

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.

Analysis

Through 2021–22, Finance governance of GBEs was achieved, including through regular reporting and accountability arrangements set out in legislation, regulations and policy guidance and targeted stakeholder forums and engagement.

All GBEs submitted corporate plans for 2021–22 to the Minister for Finance and, following analysis and compliance checks, Finance provided briefing and analysis on all corporate plans to the Minister for Finance. All GBEs submitted quarterly performance reporting against corporate plan targets. The cadence of Finance's reporting of quarterly performance reports was interrupted by the caretaker period, but the metric has been met.

A total of 182 shareholder meetings were held with GBEs, comprising:

- Quarterly Performance Reporting meetings
- Project Monitoring Group meetings
- Risk Management Working Group meetings
- regular executive engagements.

In addition to corporate plans and quarterly reports, Finance also analysed:

- monthly progress reports from Australia Post on managing the impacts of COVID-19
- regular project reports on major projects.

In 2021–22, the Commonwealth's GBEs paid \$287.6 million in dividends.

The GBEs achieved key milestones including progressing the delayed Interstate Terminal at Moorebank; providing equity support to Snowy Hydro Limited (SHL) and Western Sydney Airport Corporation (WSA Co); and facilitating NBN Co to repay its Commonwealth loan and implementing the Fixed Wireless measure.

A stocktake of GBE governance arrangements was undertaken and a range of governance documents were updated. Four GBEs (National Intermodal Corporation (NIC), NBN Co, SHL and ASC) were issued with updated statements of expectations; one GBE (WSA Co) was issued an updated commercial freedoms framework, and updated funding arrangements were developed for 3 GBEs (NIC, SHL and WSA Co). Finance also developed a suite of template governance documents, including a constitution, commercial freedoms framework and statement of expectations that can be used as foundational documents for improved governance going forward. Finance continues to review governance documents to ensure they are fit for purpose.

Finance's specialised training program on GBE financial analysis and legal and governance continued to be delivered to grow and maintain capability with shareholder departments across the Commonwealth. Seven courses were delivered, primarily through a virtual environment.

Finance supported shareholder ministers in communicating the Performance Bonus guidance to GBEs and expectations regarding the appropriateness and cost effectiveness of GBE remuneration arrangements.

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: Corporate Plan 2021–22, Key Activity 8, pg 38	
Portfolio Budget Statements 2021–22, Outcome 2, pg 47	
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 quarterly portfolio update shows that funds are capable of meeting their long-term investment mandate risk and return targets. There are no material legislative impediments to the administration of the investment funds.	
Analysis	
Quarterly analysis of the portfolio updates, published on the Future Fund website , confirm that the funds are capable of meeting their long-term investment mandate risk and return targets.	
Finance has continued to monitor the investment mandates and legislation of the Government’s investment funds to ensure that they remain consistent with policy objectives and appropriate to achieving financial and risk return objectives.	
In 2021–22, Finance provided advice and developed legislation (the Investment Funds Legislation Amendment Bill 2021 (IFLA Bill)) in relation to legislative changes to the <i>Future Fund Act 2006</i> , the <i>Medical Research Future Fund Act 2015</i> and the <i>Emergency Response Fund Act 2019</i> (ERF Act).	
The IFLA Bill was passed by the House of Representatives and introduced into the Senate. However, it did not pass the Senate prior to the dissolution of the previous parliament.	
During 2021–22, Finance facilitated the appointment of a member to the Future Fund Board of Guardians.	

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: Corporate Plan 2021–22, Key Activity 8, pg 38

Portfolio Budget Statements 2021–22, Outcome 2, pg 45–46

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

No material legislative impediments to the administration of the civilian superannuation schemes have been identified by Finance or advised to Finance by the Commonwealth Superannuation Corporation during the reporting period.

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. The Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) and Public Sector Superannuation Accumulation Plan (PSSAP) are regulated superannuation schemes, and their legislation is reviewed, and updated, as needed to ensure compliance with regulatory and legislative requirements.

In 2021–22, Finance provided advice to the Government in relation to legislative changes to the legislation governing the Commonwealth's civilian superannuation schemes. This advice included:

- facilitating the appointment of 5 directors to the Commonwealth Superannuation Board
- *Superannuation Amendment (PSS Trust Deed) Instrument 2021 (No.2)*
- Superannuation Legislation (CSS and PSS Membership Eligibility – ASIC Employees) Amendment Declaration 2022
- Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022.

Finance continued to work closely with Commonwealth Superannuation Corporation (CSC) as the trustee and administrator of the CSS, PSS and PSSAP during 2021–22 on a range of policy and legal matters. No advice was received from CSC that the legislation governing the CSS, PSS and PSSAP prevented compliance with the broader superannuation regulatory and legislative requirements.

The CSS, PSS and PSSAP continue to be regulated superannuation schemes. Regulated superannuation schemes are required to comply with the broader superannuation regulatory and legislative requirements such as prescribed by the *Superannuation Industry (Supervision) Act 1993* and regulations made under that Act. The schemes continue to meet performance requirements of the Australian Prudential Regulation Authority.

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: Corporate Plan 2021–22, Key Activity 8, pg 38	
Portfolio Budget Statements 2021–22, Outcome 2, pg 45–46	
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
During 2021–22, pension payments from all the schemes were paid on schedule and statutory reports (notably to the Australian Taxation Office) were submitted in a timely manner in line with applicable regulatory and legislative requirements. There were also no significant disruptions to the IT systems of the superannuation schemes that affected member services during the year.	
Analysis	
The pension payments, and any adjustments to those payments in line with legislative requirements, continue to be automated from the Capital 11 system. There were a limited number of manual calculations of payments each of which was subject to manager review, and all payment variances at each pay were verified and authorised by an appropriate delegate for payment. Finance provided advice and support to enable decision-makers, including the Parliamentary Retiring Allowances Trust, to consider and approve benefit entitlements in accordance with the schemes' rules.	
Verification of the cash flow of schemes (payments and receipts) was completed in 2021–22 through quarterly reconciliation of payments and receipts.	

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: Corporate Plan 2021–22, Key Activity 9, pg 44

Result: Partially achieved

How this performance was assessed	Result
9.1.1 Government and entities are satisfied with Finance's stewardship, policy advice, engagement and guidance on the adoption of shared services.	Achieved
9.1.2 Decisions in relation to the Shared Services Program are implemented on the basis of whole-of-government interests, including alignment with the digital agenda and policies.	Partially achieved
— Finance consults widely on shared services policy and continued adoption of common corporate technology platforms and standardised business processes.	Achieved
— Second pass business cases for the adoption of common corporate technology platforms brought forward by agencies are in alignment with the whole-of-government first pass business case agreed by government.	Not achieved
9.1.3 Benchmarking data is available and provides valuable insight for decision-making.	Not achieved

Finance's Shared Services Program responsibilities are for whole-of-government policy and shared services delivery through the Service Delivery Office (SDO). Responsibility for the design, build and operation of the whole-of-government enterprise resource planning (ERP) platform, GovERP, was transferred to Services Australia from 1 July 2021.

In 2021–22, Finance continued to lead a whole-of-government approach to shared services through leading the redesign of the program's governance structure to reflect the new devolved delivery arrangements, and by supporting entities through providing guidance and tailored advice. This guidance and advice enables entities to align their planning with the APS' adoption of shared services, with delivery planning continuing to focus on solutions that are fit for purpose for all in-scope agencies, while allowing opportunity for new approaches to be explored.

Comebacks on the development of second-pass business cases will be subject to the decisions of government.

As part of its policy role, Finance conducted a procurement to support the development of a Benchmarking Framework and subsequent data collection to benchmark common corporate services across the APS. The procurement will be completed in 2022–23.

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. When fully implemented, the program 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.

In 2021–22, Finance progressed its policy responsibilities for the Shared Services Program by releasing 2 policies that provided entities with guidance on:

- coordinated procurements of corporate transactional and ICT services
- accessing the GovERP Edge Capability Panel.

The implementation of these policies was supported by:

- the release of guidance materials to inform operationalisation of the policies
- communication at key stakeholder events
- provision of tailored advice to 28 entities.

These policies benefit entities and the Commonwealth through coordinating procurement activities, leading to lower overall costs to government. In working with entities and Services Australia's GovERP, Finance continues to drive standardised and consolidated processes and software across Commonwealth entities, allowing entities to focus on key priorities.

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: Corporate Plan 2021–22, Key Activity 9, pg 44

Portfolio Budget Statements 2021–22, Outcome 2, pg 43–44

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	Achieved
— Increased rating in client satisfaction surveys (2020–21 baseline 53%).	Achieved
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 whole-of-government business processes (year-on-year increase).	Achieved
9.2.3 SDO and its client agencies adopt the whole-of-government ERP platform, GovERP:	Partially achieved
— Increased client adoption of end-to-end whole-of-government business processes (year-on-year increase)	Achieved
— Delivering the second pass business case for additional client agencies' adoption of GovERP through the SDO shared services provider hub (2021–22).	Partially achieved

The SDO has agreed service-level outcomes with client agencies. The following key performance areas are captured:

- accuracy in payroll administration
- timeliness in processing correctly rendered invoices for payment
- timely follow-up on debts raised
- efficiency in client agencies being able to acquit credit cards and travel arrangements
- availability of the ERP system (HUB) to client agencies to manage their services, data and ledger maintenance activities
- application of robust risk framework through the active testing and quarterly reporting on the design and operating effectiveness of internal controls.

Results from the SDO client survey across 2021–22 found 'positive' or 'very positive' response of 60% across quality, timeliness, interaction and overall experience.

As at 30 June 2022:

- the SDO service level outcomes were being met for accounts payable, accounts receivable, payroll administration, credit card management, travel and expense management and HUB availability
- nearly 119,000 tickets were resolved during 2021–22, with an average resolution time of 5.42 days

- there were 9,681 users of the SDO's HUB solution, an 18% increase in the number of users of shared ERP systems
- the number of agencies using the SDO's shared ERP technology increased to 16, with the Office of the Australian Information Commissioner on-boarded to the SDO's HUB and shared service offering in May 2022
- the number of agencies adopting end-to-end whole-of-government business processes increased, with 8 agencies adopting the SDO accounts payable and/or accounts receivable service offer.

During 2021–22, the SDO worked with Services Australia and 7 client agencies to uplift them to the GovERP travel and expense management solution, which provided them with some enhanced self-service functionality.

The SDO progressed the development of the second pass Shared Services Transition Business Case to on-board additional client agencies. Timing for consideration of the business case is yet to be agreed by Government.

Analysis

As one of the shared services provider hubs, the SDO continued to contribute to Finance's delivery of efficient and cost-effective services to, and for, government. The SDO continued to maximise joint investments and develop innovative service delivery arrangements across entities.

The volume of services consumed from the SDO increased in 2021–22 compared to the previous year, with a 4.5% increase in payslips processed, a 59.7% increase in invoices paid and an 18% increase in users of shared ERP systems.

The SDO supports the whole-of-government agenda for standardising business systems and processes across the APS by consolidating service provision and increasing shared digital solutions and automation.

During the 2021–22 reporting period, the SDO:

- continued to build process automation capability, with 20 automations returning over 4,300 hours to business and training of APS staff in these technologies (SDO has trained 25 staff, with 21 now working in other APS agencies)
- completed the on-boarding of the Office of Australian Information Commissioner to shared services
- successfully on-boarded 10 non-material entities to the eInvoicing solution by the Government's mandated timeframe of 1 July 2022
- enabled 8 client agencies to adopt common standard and sustainable business processes and technologies for delivering accounts payable and accounts receivable functions, providing for a smoother transition to GovERP
- successfully delivered 67 improvement projects for client agencies through its Program Delivery Office.

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: Corporate Plan 2021–22, Key Activity 10, pg 45

Portfolio Budget Statements 2021–22, Outcome 2, pg 36

Result: Achieved

How this performance was assessed	Result
10.1.1 GovTEAMS platform is fully operational in accordance with set performance targets of 99%.	99.98%
10.1.2 GovTEAMS user adoption rates meet set performance targets of 90,000.	145,532 users

GovTEAMS was fully operational for the financial year with results exceeding targets for both availability and user adoption.

Analysis

Uptime statistics reported to date show availability of 99.98% against a target of 99%. Worldwide uptime statistics are obtained from the Microsoft website.

User adoption also exceeded target rates, with 145,532 registered users by the end of the financial year. These figures are tracked with daily reporting and updated on the GovTEAMS dashboard.

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: Corporate Plan 2021–22, Key Activity 10, pg 45

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% of the time with the exception of scheduled outages.	99.99%
10.2.2 Evidence of continued use of GovCMS by non-corporate Commonwealth entities (target of ~350 websites).	345 websites

The 12-month uptime for platform availability over the period July 2021 to June 2022 was 99.99%, exceeding service-level targets.

Over the period July 2021 to June 2022:

- 40 new sites were launched by non-corporate Commonwealth entities (NCEs)
- a further 129 NCE sites were upgraded to the latest version of the platform software
- 147 NCE sites ceased because of site upgrades, consolidation of sites, and completion of beta projects. Three NCE sites left the platform moving to other hosting services. Four NCE sites ceased and one NCE site moved to a new domain name because of machinery-of-government changes.

On 30 June 2022:

- the total number of live sites was 345, of which 268 were managed by NCEs – a net increase of 16 NCE sites compared to the previous reporting period
- the number of NCEs using GovCMS was 63, a net increase of 3 compared to the previous reporting period.

Analysis

GovCMS uses public cloud infrastructure, open-source software and micro-service components protected by a range of cyber security defences to ensure the hosting platform has a high degree of resilience. Over the period July 2021 to June 2022, the uptime service-level agreement for the platform was 100% for 9 of the 12 months, with a total outage of 52 minutes for the entire reporting period.

GovCMS hosts websites for 100 government entities across all tiers of government in Australia. In the 12 months to 30 June 2022, the service desk providing support and project delivery services responded to 4,784 requests, achieving a customer satisfaction score of 94%.

Measure 11.1: Services meet client needs

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

Source: Corporate Plan 2021–22, Key Activity 11, pg 46

Portfolio Budget Statements 2021–22, Outcome 3, pg 50–52

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% of the time.	98.04%
— Payments (including payroll) made within agreed timeframes 95% of the time.	98.96%
— Office establishment and relocation projects delivered in accordance with the National Fit-out Standards 100% of the time.	100%
— COMCAR reservations will be completed without service failure 99% of the time.	99.72%

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 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 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.

To determine our performance in delivering these services, Finance identified 4 high-level service standards. In 2021–22, Finance met all of these service standards. Finance continues to design and deliver services to parliamentarians and their staff, including by providing timely advice in the lead-up to, and following, the 2022 federal election, and providing tailored advice and support to a range of staffing queries.

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: Corporate Plan 2021–22, Key Activity 11, pg 36

Portfolio Budget Statements 2021–22, Outcome 3, pg 50–52

Result: Achieved

How this performance was assessed	Result
11.2.1a The Parliamentary Expenses Management System (PEMS) delivers increased human resources (HR) and work expenses functionality by mid-2021.	Achieved
11.2.1b The PEMS delivered increased work expenses functionality by mid-2022.	Achieved
11.2.2 Increased usage of PEMS by parliamentarians and their staff.	Achieved

Phase 1 of Milestone 7 (HR functionality) was released on 1 July 2021. The HR functions have been operating successfully since July without any ongoing major issues. Phase 2 of Milestone 7 (work expense functionality) was released on 4 July 2022.

Iterations of PEMS have been delivered since 2018, allowing parliamentarians and their staff to access PEMS from any computer or mobile device to lodge, monitor and certify work expense claims. Since July 2021, parliamentarians and their staff have been able to access HR management functions.

Since 1 July 2021, use of PEMS by parliamentarians and their staff for office expense claims, travel expense claims and to perform HR functions has increased. With the post-election changeover of parliamentarians and staff impacting directly on use of PEMS, these measures were taken as at 31 May 2022:

- 74% of parliamentarians have used PEMS to certify claims (office or travel) – 11% increase
- 97% of parliamentary offices have used PEMS to certify at least one claim (office or travel) – 5% increase
- the proportion of claims processed through PEMS (relating to claims where PEMS functionality is available) is 76% for office expenses – 4% decrease, with the decrease being the result of new offices created as a result of the election but not yet using the system fully
- users accessing the system increased by 11.4% since July 2021 (on average 769 users have accessed the system weekly).

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 review: 'An Independent Parliamentary Entitlements System'. The release of the HR functionality 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.

Measure 12.1: Finance tenancies are managed efficiently

Finance tenancies are managed efficiently

Source: Corporate Plan 2021–22, Key Activity 12, pg 47**Result: Substantially 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) of 14 m² per occupied work point.

Substantially achieved

For the 2021–22 reporting period, Finance achieved the occupational density target of 14 m² for 3 of the 4 quarters during the reporting period. Finance exceeded the 14 m² occupational density target for one quarter, due to a reduction in headcount during that period.

Analysis

The efficient management of Finance tenancies continues to be 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 completed minor fit-out works of the vacated part of the tenancy in 2021–22 and considered subleasing and other redevelopment opportunities in One Canberra Avenue. The Department provided accommodation and services for the GovERP project team during the first half of the reporting period, before its transfer to Services Australia. As a result of the transfer, density targets were impacted over the reporting period.

The Department is also undertaking workforce planning activities that should contribute to meeting our density targets in 2022–23, and will continue to explore subleasing and other opportunities.

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 15 September 2022.

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 2021–22 operating deficit of \$38.7 million (2020–21: deficit \$98.8 million) is primarily due to general insurance activities provided to Australian Government entities that were impacted by revised estimates in insurance expenses for prior year liability claims and adverse weather events in 2021–22.

While the Department recognised an operating deficit in 2021–22 under the Statement of Comprehensive Income, the Statement of Financial Position remains strong. At 30 June 2022, the Department held net assets of \$3.5 billion, which largely comprised the Finance Owned Estate (approximately 60 non-Defence Commonwealth-owned properties in Australia). Total assets increased by \$1.6 billion primarily driven by the \$1.4 billion COVID-19 Response Package – Centres for National Resilience. This has increased buildings and special account cash held, reflecting the completion of the Melbourne facility, with the Brisbane and Perth facilities close to completion. Total liabilities increased by \$0.2 billion for outstanding insurance claims to be paid.

Administered activities on behalf of the Australian Government

In 2021–22, Finance administered 4 programs on behalf of the Australian Government with expenses of \$11.6 billion including:

- \$8.4 billion for Public Sector Superannuation including member benefits for Commonwealth defined benefit superannuation schemes
- \$2.7 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 \$1.8 billion mainly comprises \$0.6 billion of interest, dividends, distributions and gains from the Australian Government Investment Funds and \$1.1 billion of superannuation contributions.

At 30 June 2022, administered assets were \$52.6 billion which largely consists of the Australian Government Investment Funds and investments in Commonwealth entities and companies. Total assets decreased \$0.9 billion from 2020–21, mainly due to disbursements from the funds and lower returns earned by the funds for the year.

Administered liabilities of \$185.1 billion largely consists of member benefits for the Commonwealth defined benefit superannuation schemes. Superannuation liabilities decreased by \$45.4 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, in the Department's Business Enabling Services Group, 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.

Finance'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 resources 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 on data governance 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 (see Figure 3) 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 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 the discharge of duties under the PGPA Act and the *Public Service Act 1999*.

Figure 3: Finance's governance structure at 30 June 2022



Executive Board

The Executive Board is Finance's chief advisory and decision-making body. It supports the Secretary in the discharge of duties under the PGPA Act. Board members provide strategic leadership to ensure we deliver our 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, Finance's transformation commitments to ensure we remain a high-performing, modern, efficient and continuously improving public sector organisation.

The Secretary chairs the Board, supported by the 4 Deputy Secretaries of the Department as permanent members. In addition, Board membership is offered for a period of no less than 9 months on a rotating basis to 2 senior members of staff – a First Assistant Secretary and an Assistant Secretary from across Finance.

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 Board model is flexible to support the pace and approach required for effective decision-making. The Board moved to a virtual meeting environment early in 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 2021–22, the Board had 5 standing subcommittees:

- Senior Leadership Committee
- People Committee
- Leadership and Remuneration Subcommittee
- Major Investments Committee
- Risk Subcommittee

The Senior Leadership Committee consists of all Deputy Secretaries and all First Assistant Secretaries. The committee is chaired by the Deputy Secretary of Business Enabling Services. The committee ensures the entire senior leadership cohort plays an active and collaborative role in shaping operational and strategic departmental issues, including communication and culture, and business improvement.

The People Committee provides oversight of, and advice and assurance to the 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 Board. The People Committee is co-chaired by 2 Deputy Secretaries and has First Assistant Secretary representatives from each business group and 2 Assistant Secretary representatives. In addition, the Assistant Secretary responsible for human resources is an adviser to the People 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 including in the areas of remuneration (all staff), leadership development and talent management, and Senior Executive Service (SES) recruitment.

The Major Investments Committee provides oversight of, and advice and assurance to the Board on, Finance's high-risk projects and significant financial investments. The committee ensures the effective management of our infrastructure, assets and forward investment plan so that they meet the Department's needs now and in future. The committee is co-chaired by 2 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, with the capability to manage its risks effectively. The committee is chaired by a Deputy Secretary and consists of staff from a range of levels and all business groups across Finance.

Additionally, the Board's terms of reference allow for the ad hoc creation of the Policy Working Group, 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 Finance, harnessing their diverse policy expertise and experience.

Audit Committee

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

In 2021–22, the Audit Committee had 4 external members (including an independent Chair) and 2 departmental advisers. The late Professor Brendan Sargeant served as independent Chair until early February 2022. The Deputy Chair, Mr Ian McPhee AO PSM, was appointed acting Chair of the Committee for the remainder of the 2021–22 financial year. The committee met 5 times during 2021–22.

The committee has 2 subcommittees, chaired by external members, to support it in performing its functions.

- The Financial Reporting Subcommittee maintains an ongoing review of the process for preparing the Department's annual financial statements. The Financial Reporting Subcommittee met 4 times in 2021–22.
- The Performance Reporting Subcommittee assists the Audit Committee in meeting its performance reporting responsibilities under the PGPA Act. The Performance Reporting Subcommittee met 4 times in 2021–22.

The Audit Committee works closely with the Risk Subcommittee on oversight of Finance's risk management framework, with the Audit Committee Chair invited to attend Risk Subcommittee meetings as an observer.

Table 1 shows the Audit Committee membership during 2021–22 and the number of meetings attended by each member during the year.

Table 1: Audit Committee membership, 2021–22

Name and position	Qualifications, knowledge, skills or experience	Meetings attended in 2021–22 ^a		Membership details	Total remuneration
Prof. Brendan Sargeant (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee	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 was 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	3/3	Chair January 2020 – February 2022.	\$25,100 inc GST
		FRSC	2/2		
		PRSC	2/2		
		RSC	3/3		

Name and position	Qualifications, knowledge, skills or experience	Meetings attended in 2021–22 ^a		Membership details	Total remuneration
Mr Ian McPhee AO PSM (external member) A/g Chair, Audit Committee Deputy Chair, Audit Committee Member, Performance Reporting Subcommittee	From 2005 to 2015, Mr McPhee was the Australian Auditor-General. 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. He was an Independent Governance Expert for the Australian Banking Industry from 2016 to 2018 and Chair of the Independent Review Panel at CPA Australia in 2017. Mr McPhee is currently a member of, and chairs, the audit committees of a number of Commonwealth Government entities, including the Department of Industry, Science and Resources, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the Australian Communications and Media Authority, the Independent Parliamentary Expenses Authority, the Department of Foreign Affairs and Trade and the Department of Social Services. He also chairs the PwC Audit Quality Advisory Board and is an ACT Public Sector Standards Commissioner and a Council member and Chair of the Audit, Risk and Finance Committee of Central Queensland University.	Audit Committee	5/5	Member since January 2017. Acting Chair from February 2022.	\$34,900 inc GST
		FRSC	2/4		
		PRSC	4/4		
		RSC	1/2		
Dr Wendy Southern (external member) Member, Audit Committee Chair, Performance Reporting Subcommittee	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. She is currently a member of the Audit and Risk committees at the National Archives of Australia and the Department of Health.	Audit Committee	4/5	Member since January 2021.	\$27,500 inc GST
		FRSC	2/4		
		PRSC	4/4		

Name and position	Qualifications, knowledge, skills or experience	Meetings attended in 2021–22 ^a		Membership details	Total remuneration
Ms Patricia Kelly (external member) Member, Audit Committee Member, Financial Reporting Subcommittee A/g Chair, Financial Reporting Subcommittee	Ms Kelly previously held 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. (2013–18). Ms Kelly is currently a University of Canberra Council member, and a member of the Board of DMTC Ltd. She chairs both the Australian Research Integrity Committee and the Australian SKA Regional Centre. She is Director of Cooperative Research Australia and a panel member on the Australian Academy of Science Strategic Review.	Audit Committee	4/5	Member since January 2021.	\$29,500 inc GST
		FRSC	4/4		
		PRSC	4/4		
Mr Chris Ramsden (external member) Member, Audit Committee Member, Financial Reporting Subcommittee	Mr Ramsden has held Chief Operating and Chief Financial Officer roles at the Clean Energy Regulator, ComSuper, National Gallery of Australia and various Commonwealth departments and agencies. He is currently a member of the Audit and Risk Committee at the Department of Foreign Affairs and Trade and chairs both the Department of Foreign Affairs and Trade Financial Statement Sub-Committee and the National Competitive Council Audit and Risk Committee.	Audit Committee	4/5	Member since July 2021.	\$25,000 inc GST
		FRSC	4/4		
		PRSC	3/4		

^a External Audit Committee members who are not members of the Financial Reporting Subcommittee or the Performance Reporting Subcommittee are entitled to be remunerated for attendance at a specific number of Financial Reporting Subcommittee and Performance Reporting Subcommittee meetings per year as observers, as per their individual contractual arrangements. The denominator displayed in the attendance column above represents the total number of meetings it was possible for the members to attend, regardless of remuneration arrangements

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 follows a regular integrated business planning process. 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 2021–22, our approach to integrated business planning provided the Board with a comprehensive understanding of emerging priorities, risks and opportunities to inform departmental investment. Throughout 2021–22, 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 the delivery of advice and services
- people management, leadership development and workforce capability and diversity.

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 we manage our responsibilities and our use of public resources. Performance planning occurs through regular budgeting processes and Finance's portfolio budget statements, and this planning is reported 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 our 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 Enterprise Risk Management Policy Framework sets out the Department's approach to managing risk and engaging with opportunity, consistent with our risk appetite and risk tolerance levels. The framework aligns with the Commonwealth Risk Management Policy, and enables us to meet our obligations under the PGPA Act.

The Secretary and Executive Board have overarching responsibility for managing risk, and are supported by the Risk Subcommittee and Audit Committee. We monitor and report on Finance's key strategic, program and operational risks through the Enterprise Risk Management Plan, which is reviewed regularly by the Risk Subcommittee to ensure changes in the operating environment, controls, and treatment strategies remain effective.

Mr Andrew Jaggars, Deputy Secretary, Commercial and Government Services, continued 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.

In 2021–22, we completed a review of our approach to risk management. The refreshed framework was implemented on 1 July 2022 and includes a continued focus on further maturing Finance's positive risk culture, and enhancing support for staff in the practical aspects of risk management.

Business continuity management

Business continuity management is a key element of Finance's enterprise risk management arrangements. Finance's business continuity management involves the development of

comprehensive plans and procedures to enable the continuation or timely resumption of critical functions and the restoration to normal business operations following a business interruption event.

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

Business continuity plans are reviewed and tested annually to ensure they meet business requirements. During 2021–22, critical function business owners monitored the effectiveness of their business continuity plans and incorporated any lessons learned in response to the ongoing COVID-19 pandemic when updating their plans.

Effective business continuity arrangements remained a key focus in 2021–22, with the Central Control Team actively managing the Department's COVID-19 Recovery Plan, as well as collaborating with key stakeholders within Finance and across the APS.

Finance continues to monitor the ongoing COVID-19 situation to ensure the continuity of critical functions and staff wellbeing.

Fraud and risk certification

Finance 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 Plan aligns with the Commonwealth Fraud Control Framework and sets out the foundations and organisational arrangements for fraud prevention, detection, investigation and reporting strategies in Finance. The plan meets our responsibility for compliance with section 10 of the PGPA Rule 2014, and emphasises the prevention of fraud.

Fraud prevention and awareness strategies in Finance include:

- fraud awareness training, with tailored communication activities
- a dedicated fraud information hub on the intranet that provides relevant fraud risk assessment guidance information
- dedicated Fraud Awareness Week activities.

We respond to reports of fraud and corruption through robust and consistent processes, in accordance with the Australian Government Investigations Standards. Finance 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.

We have adopted a risk-based approach to managing fraud and corruption through our Enterprise Risk Management Policy Framework, which facilitates and promotes sound risk management practices and

processes across Finance. In line with the Enterprise Risk Management Policy and Framework, we conduct a number of fraud risk management activities, such as fraud risk assessments. These are conducted regularly to identify the likelihood and consequences of fraud and corruption occurring, and to assess the adequacy of existing controls to prevent or detect such risks.

Significant non-compliance issues with finance law

In 2021–22, 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 several external bodies, including 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 2021–22.

Judicial and administrative tribunal decisions

In 2021–22, there were no judicial or administrative tribunal decisions involving Finance that had, or might have, a significant effect on the Department's operations.

Australian Information Commissioner decisions

In 2021–22, there were no decisions by the Australian Information Commissioner that involved Finance or that had, or might have, a significant impact on the Department's operations.

Australian Privacy Commissioner decisions

In 2021–22, there were no decisions by the Australian Privacy Commissioner that involved Finance 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 2021–22, the Australian National Audit Office tabled 10 reports in parliament that involved Finance: 6 performance reports, 2 information reports and 2 financial statement audits.

- Auditor-General Report No. 7: *Australian Government Grants Reporting*
- Auditor-General Report No. 14: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2021*

- Auditor-General Report No. 17: *Australian Government Advertising: May 2019 – October 2021*
- Auditor-General Report No. 21: *Operation of Grants Hub*
- Auditor-General Report No. 32: *Interim Report on Key Financial Controls of Major Entities*
- Auditor-General Report No. 34: *Effectiveness of Public Sector Boards – Australian Film, Television and Radio School*
- Auditor-General Report No. 35: *Effectiveness of Public Sector Boards – Commonwealth Superannuation Corporation*
- Auditor-General Report No. 36: *Effectiveness of Public Sector Boards – Hearing Australia*
- Auditor-General Report No. 37: *Reporting on Governing Boards of Commonwealth Entities and Companies*
- Auditor-General Report No. 46: *Management of Staff Leave in the Australian Public Service*

Reports by the Commonwealth Ombudsman

In 2021–22, the Commonwealth Ombudsman did not release any reports that involved Finance 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 Committee on Finance and Public Administration covers the Prime Minister and Cabinet and Finance portfolios. The work is divided between 2 committees – the Legislation Committee and the References Committee.

Legislation Committee

Finance appeared before the Legislation Committee at its Senate Estimates hearings of 26 October 2021, 15 February 2022 and 5 April 2022.

On 21 September 2021, Finance provided a submission to the Inquiry into the provisions of the Investment Funds Legislation Amendment Bill 2021. Finance attended a hearing as part of the same inquiry on 28 September 2021.

References Committee

Finance did not appear before the References Committee in 2021–22.

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 2021–22, Finance had a series of engagements with JCPAA as detailed below. We provided information to the JCPAA, including responses to questions taken on notice during public hearings and provided in writing.

- On 6 August 2021, Finance provided a submission to the Inquiry into Commonwealth Financial Statements 2019–20. On 15 September 2021, Finance attended a hearing as part of the same inquiry.
- On 25 August 2021, Finance provided a submission to the Inquiry into Alternative Financing Mechanisms.

In addition, Finance liaised with the JCPAA regarding amendments to the Public Governance, Performance and Accountability Rule 2014, as required under section 112 of the PGPA Act.

Other committees

Finance attended hearings or provided submissions to the following parliamentary committees during 2021–22:

- House of Representatives Standing Committee on Indigenous Affairs: Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business (attended hearing on 22 July 2021)
- Senate Select Committee on COVID-19: Inquiry into the Australian Government's response to the COVID-19 pandemic (attended on 30 July 2021)
- Senate Select Committee on Foreign Interference through Social Media: Inquiry into the risk posed to Australia's democracy by foreign interference through social media (attended hearing 30 July 2021)
- Joint Standing Committee on Electoral Matters: Inquiry into the Candidate Qualification Checklist (submission provided 8 November 2021)
- Senate Select Committee on Job Security: Inquiry into job security (attended hearing 27 August 2021)
- House of Representatives Standing Committee on Social Policy and Legal Affairs: Inquiry into constitutional reform and referendums (submission provided 6 October 2021, attended hearing 7 October 2021)
- Parliamentary Joint Committee on Corporations and Financial Services: Inquiry into the oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament (attended hearing 16 November 2021).

- House of Representatives Standing Committee on Infrastructure, Transport and Cities: Inquiry into procurement practices for government-funded infrastructure (submission provided 16 July 2021, attended hearing 18 November 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, Finance also participated in a number of private briefings with parliamentary committees during the reporting period.

Asset management

Property management

Finance manages 60 properties and National Land interests, collectively known as 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 \$3.2 billion at 30 June 2022.

Supported by private sector Property Service Providers, Finance manages these assets under the legislative framework for environment and heritage matters, including the *Environment Protection and Biodiversity Conservation Act 1999*. We consider potential environmental and heritage impacts when making decisions about each property, including maintenance, retention and divestment.

To improve the portfolio's performance, we undertake works to improve building and environmental performance and meet leasing obligations per the relevant asset management plans.

In 2021–22, Finance continued to rationalise the Finance Owned Estate in accordance with the Commonwealth Property Disposal Policy. As a result, we divested 6 properties, with total sale proceeds of \$11.3 million.

Finance also manages the Whole-of-Australian-Government Coordinated Procurement Arrangements for property-related services. As at 30 June 2022, 95% of all non-corporate Commonwealth entities, representing 99% of the total properties to be transitioned, used the arrangements for their property needs.

The arrangements continue to deliver efficiencies across Commonwealth entities, while Finance has begun work to further optimise the arrangements beyond the expiry date of the current deed with Property Service Providers of 30 June 2024.

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 \$283.4 million was expended across campaign and non-campaign advertising media through the Central Advertising System in 2021–22.

- Total campaign advertising media expenditure was \$261.4 million, comprising \$239.6 million by non-corporate Commonwealth entities and \$21.8 million by corporate Commonwealth entities, Commonwealth companies and other bodies.
- Total non-campaign advertising media expenditure was \$22 million, comprising \$20.3 million by non-corporate Commonwealth entities and \$1.7 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 2021–22, Finance advanced its COVID-19 Recovery Plan in accordance with health directives and related guidelines to start to transition to normal work practices in late February 2022. The continued disruption to normal business operations is reflected in the Department's environmental performance indicators.

Departmental activities

During 2021–22, Finance undertook environmental initiatives in areas such as office energy use, transport, resource efficiency and waste management. Table 2 below summarises the Department's environmental performance in 2021–22, as compared with 2020–21.

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, the additional tenancy at Faulding Street, Symonston, and all ACT properties within the Finance Owned Estate previously sourced 10% GreenPower through a cooperative government arrangement.

The ACT Government reports that 100% of electricity sourced for the ACT during 2021–22 came from renewable generators, such as solar and wind. These generators do not produce greenhouse gas emissions, which has been factored into Finance's CO₂-e Greenhouse emissions reporting for

ACT tenancies and properties. On this basis, Finance has reported in 2021–22 that all electricity purchased in the ACT was 100% renewable GreenPower.

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 vehicles for general and specialist business purposes. As existing vehicle leases expire, Finance will consider replacing vehicles with lower emission or more economical vehicles, including hybrid or electric vehicles. This will be subject to fit-for-purpose and value for money considerations.

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 22.0 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 160,390 pages of paper were automatically purged in 2021–22, reducing CO₂-e emissions by 1,333 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 2021–22, COMCAR, within Finance, continued to deliver on its strategy of ensuring an environmentally responsible fleet. As at 30 June 2022, COMCAR had 97 diesel-powered sedans, 45 petrol/hybrid-powered sedans, 17 diesel-powered people movers/vans and one zero-emission, electric sedan in its fleet of 160 vehicles.

The fleet, which comprises diesel and petrol/hybrid-powered vehicles, represents a significant improvement in fuel economy and CO₂ emissions compared to the previous fleet.

COMCAR continues its trial of electric vehicles with a focus on infrastructure requirements for a future electric vehicle fleet.

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

Table 2: Environmental performance summary, 2020–21 and 2021–22

Indicator	2020–21	2021–22
Office energy use^{a, b, h, i}		
Total office tenant light and power energy consumption (kWh)	1,739,629	1,558,521
Total office tenant light and power energy consumption (MJ)	6,262,664	5,610,676
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	4,165	3,886
Office tenant light and power use per square metre (MJ/m ²)	246	220
Base/central building energy consumption (MJ)	101,247,931	91,992,491
Base/central building energy consumption per square metre (MJ/m ²)	512	465
Greenhouse emissions attributed to office tenant light and power and base/central building energy use (tonnes CO ₂ -e)	18,731	11,649
GreenPower purchased (kWh)	705,493	5,917,088
Non-office energy use		
Greenhouse emissions attributed to non-office energy use (computer centres, other properties and uses) (tonnes CO ₂ -e)	274	0
Vehicle fleet^{c, e}		
Total number of fleet vehicles	18	16
Total fuel purchased (litres)	11,269	9,892
Total distance travelled (kilometres)	104,662	102,608
Average fuel consumption of fleet vehicles (litres/100 kilometres)	10.77	9.64
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	26.94	23.37
Greenhouse emissions		
Total greenhouse emissions (tonnes CO ₂ -e)	19,032	11,672
Total greenhouse emissions per full-time equivalent (tonnes CO ₂ -e/FTE)	12.66	8.08
Air travel^{c, d}		
Total number of flights	425	774
Total distance of flights (kilometres)	388,762	615,461

Potable water consumption ^{b, f}		
Total potable water use (kilolitres) Finance tenancies	6,673	6,642
Potable water use per full-time equivalent (kilolitres/FTE) Finance tenancies	4.44	4.60
Potable water use per square metre (kilolitres/m ²) Finance tenancies	0.25	0.26
Potable water use (kilolitres) Finance Owned Estate	64,775	54,443
Potable water use per square metre (kilolitres/m ²) Finance Owned Estate	0.33	0.28
Resource efficiency and waste ^g		
Total office paper purchased per full-time equivalent (A4 reams/FTE)	2.57	1.62
Percentage of office paper purchased with recycled content (%)	89%	100%
Office paper recycled (tonnes)	13.41	12.02
Total waste produced (tonnes)	108.06	83.95
Total waste produced per full-time equivalent (kilograms/FTE)	71.87	58.14
Percentage of waste diverted from landfill (%)	46.9%	47.2%

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

^a In 2021–22, Finance's leased estate property footprint remained unchanged. Where Finance had a subtenant, that subtenant'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 and water usage. In the 2021–22 reporting period, 2 properties were divested from the Finance Owned Estate but included in reporting on a partial year/pro-rata basis.

^c The fleet and air travel data is for the FBT reporting year 1 April to 31 March.

^d The Department's travel service provider collects air travel data from aircrafts' Global Data Systems to determine actual distances flown.

^e The Finance fleet consists of 16 vehicles (excluding the COMCAR fleet).

^f 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 that were not yet available from the supplier at the time of reporting.

^g Reporting of office copy paper includes A4 80gsm white paper only.

^h During the 2021–22 reporting period, the ACT Government and ACT energy retailers only purchased electricity generated from 100% renewable sources (solar and wind). GreenPower is no longer purchased separately as all electricity in the ACT is from these 100% renewable sources. The National Greenhouse & Energy Reporting Scheme (NGER) accepts that electricity end users in the ACT can report '0' emissions as this follows the ACT Government's reporting framework.

ⁱ CO₂-e emissions from gas, including in the ACT, are recorded in annual reporting for 2021–22.

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 2022–23 is in the Department's annual procurement plan, available on the AusTender website (tenders.gov.au).

Exempt contracts

One contract 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 it 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 2021–22 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 2021 is available on the Treasury website. This report shows that, for invoices under \$1,000,000, Finance paid 86.5% of non-eInvoices within 20 days and 52.9% of eInvoices within 5 days in 2020–21 as required under the Government's Supplier Pay On-Time or Pay Interest Policy.

The Department supports the goals of the Indigenous Procurement Policy (IPP). This is reflected in the IPP procurement statistics, which show Finance met its 2021–22 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 2021–22 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 2021–22, 222 new reportable consultancy contracts were entered into. These were valued at \$26.3 million (see tenders.gov.au) with expenditure against these of \$15.2 million (GST inclusive) in 2021–22. In addition, 65 reportable consultancy contracts were ongoing from a previous period with actual expenditure against these of \$10.6 million (GST inclusive) in 2021–22.

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

Table 3: Reportable consultancy contracts, 2021–22

Reportable Consultancy Contracts		
	Number of contracts	2021–22 expenditure (\$, including GST)
New contracts entered into during the period	222	15,214,191
Ongoing contracts entered into during a previous period	65	10,631,409
Total	287	25,845,600

Table 4 shows the top 5 consultants (by value of expenditure) with Finance in 2021–22.

Table 4: Top 5 consultants in 2021–22

Top 5 Consultants 2021–22		
	Actual 2021–22 spend (\$, including GST)	Proportion of 2021–22 total spend (%)
PricewaterhouseCoopers	9,470,237	36.6%
The Boston Consulting Group	1,928,000	7.5%
Macquarie Capital (Australia)	1,650,000	6.4%
Ernst & Young	1,354,074	5.2%
PricewaterhouseCoopers Consulting	1,222,200	4.7%

Non-consultancy contracts

As shown in Table 5, 714 new reportable non-consultancy contracts were entered into in 2021–22. These were valued at \$1,391.2 million (see tenders.gov.au) with expenditure against these of \$1,208.2 million (GST inclusive). In addition, 385 reportable non-consultancy contracts were ongoing from a previous period with expenditure against these of \$130.9 million (GST inclusive) in 2021–22.

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

Table 5: Reportable non-consultancy contracts, 2021–22

Reportable Non-Consultancy Contracts		
	Number of contracts	2021–22 expenditure (\$, including GST)
New contracts entered into during the period	714	1,208,155,120
Ongoing contracts entered into during a previous period	385	130,947,313
Total	1,099	1,339,102,433

Table 6 shows the top 5 non-consultancy contracts (by value of expenditure) with Finance during 2021–22.

Table 6: Top 5 non-consultancy contracts (by value of expenditure) in 2021–22

Top 5 Consultants 2021–22		
	Actual 2021–22 spend (\$, including GST)	Proportion of 2021–22 total spend (%)
Multiplex Constructions	1,115,634,540	83.3%
AECOM Australia	53,542,235	4.0%
Willemsen Property Corporation	16,024,956	1.2%
Ventia Property	13,674,359	1.0%
Universal McCann	13,308,574	1.0%



Part 4

Our people

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

Our staff are a highly capable, engaged and motivated workforce. The successful delivery of our priorities depends on the effective engagement and management of our people as well as our ability to attract, develop and retain new staff who demonstrate stewardship, integrity, resilience and professionalism.

Our operating environment continued to be complex, challenging and dynamic. During 2021–22, Finance continued to respond to, and deliver on, the Government's priorities, while also supporting the budget process, the 2022 federal election and managing the enduring impacts of the COVID-19 pandemic.

We continued to invest in the capability of our people. Our key workforce strategies – our workforce plan and diversity strategy – are in place to support the Department in building and strengthening our workforce capability and culture to ensure we continue to mitigate workforce risks in a highly competitive labour market.

We have improved our practices and policies to support staff in being productive, engaged and resilient through change. In response to staff feedback, in 2021–22 we focused on communication to ensure our managers and staff had access to key information and the tools and resources needed to do their jobs.

In July 2021, the results of the 2021 APS Employee Census were released. Our response rate of 94% – the top result for equivalent-sized agencies in the APS – provided a solid understanding of our staff's views on the strengths of the Finance workplace culture and areas for improvement. Our results indicated our staff continued to be strongly engaged, productive and committed to delivering outcomes for the Government and for Australians.

A Census Working Group was formed, consisting of representatives from across Finance to ensure staff input shaped our census action plan. The action plan addressed 4 key areas of focus: communication, change, clarity of purpose and innovation. Each action is underpinned by tangible and practical activities, many of which were progressed in 2021–22, including:

- delivery of SES-led information sessions on key projects to increase engagement and understanding of key priorities and projects
- regular Manager Information Sessions to support information sharing among peers
- development and release of the Finance cultural capability framework to support increased cultural competence
- comprehensive review of the working from home and flexible work policies to embed lessons from the response to COVID-19 and support consistent application of flexible and remote work arrangements.

Workforce planning

The Finance Workforce Strategy was refreshed in 2021–22 and articulates our continuing focus on key workforce risks, including attracting and recruiting a capable workforce, enhancing leadership capability, building professional and critical skills and strengthening workplace practices that support engagement and retention.

The strategy builds on previous workforce plans and provides a clear and practical framework for focusing on action and measuring success. The strategy is underpinned by 4 pillars:

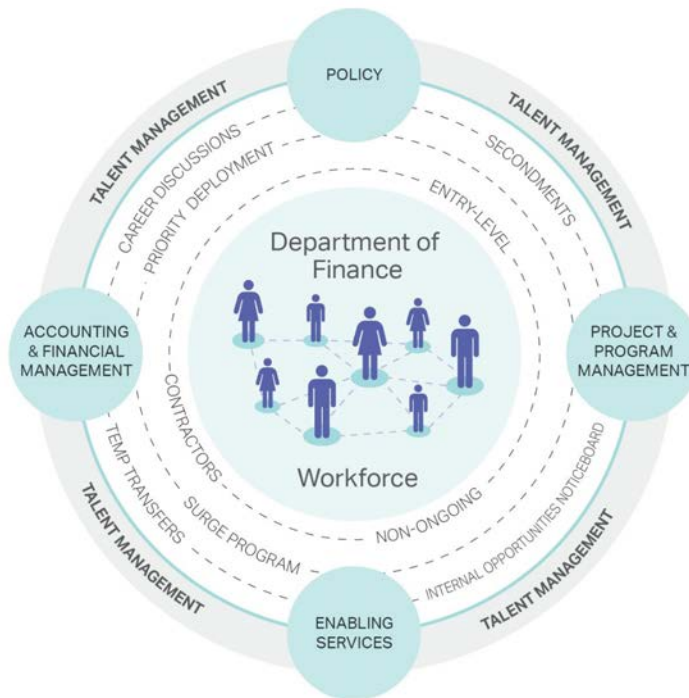
- Bring (attracting and recruiting the right people)
- Build (building capability)
- Balance (workforce composition)
- Bind (retention and talent management).

The strategy's implementation is supported by a detailed action plan. In 2021–22, several key projects identified in the action plan were progressed. These include launching our temporary employment register (Bring), scoping the development of an Employee Value Proposition (Bring), delivering capability development programs to enhance data, digital, stakeholder, integrity and leadership skills (Build) and launching our Reconciliation Action Plan and Diversity Strategy (Bind).

The action plan will be reviewed in 2022–23 to ensure alignment with the Corporate Plan 2022–23, and to reflect identified areas of focus from the annual employee census results and the impacts of the COVID-19 pandemic on labour market dynamics.

Finance's people sourcing strategy (illustrated in 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 development of a Finance Employee Value Proposition in the first half of 2022–23 will strengthen our employee brand and increase our competitive edge in the job market. In addition, it will seek to maintain Finance's position as an 'employer of choice' so that we can continue to attract the right candidates by demonstrating our culture and value proposition.

Recruitment and mobility

To build a strong and sustainable workforce, Finance encouraged staff to develop capability in new areas through various mobility mechanisms.

Internal opportunities: Internal opportunities are advertised on our intranet noticeboard and allow staff to express interest in temporary and ongoing vacancies within the Department.

Stream recruitment: Stream-based recruitment enables Finance to identify the capabilities specific to each professional stream and design a recruitment process to capture the capabilities and experience that align with our current and future workforce capability needs. In 2021–22, we conducted recruitment processes for policy analysis and accounting and financial management professional streams.

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

Budget Policy Advancement Program (Pilot Initiative): In partnership with the APS Academy, Finance has launched a Budget Policy Advancement Program. Open only to current APS employees at the APS 4 to EL2 classifications, the program offers participants the opportunity to grow highly valued strategic budget policy and financial management capabilities that will position them for a range of future career opportunities across the public and private sectors. Participants undertake 2 6-month rotations in the Budget & Financial Reporting Group, while also receiving in-house and APS Academy training. Throughout the program, participants are supported by coaching and mentoring from Finance SES and EL peer buddies. The program seeks to provide an understanding of the modern budget process and the tools, knowledge and skills to perform effectively in APS budget-centric policy roles.

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 2021–22, the model supported additional work associated with delivering the Budget and consolidated financial statements, and also 2022 federal election capability in the Ministerial and Parliamentary Services Division.

In addition to supporting the Department's priorities, Finance is committed to stewardship and support of Commonwealth entities. In 2021–22, we provided staff to:

- Department of Health, to assist with the COVID-19 Vaccine Taskforce
- Services Australia, to support the Australian Government's Disaster Recovery Payment for COVID-19 and flood relief
- National Recovery and Resilience Agency in supporting flood relief administration
- Ambulance Victoria for triple zero (000) call centre triage.

Temporary Employment Register: In March 2022, the Department launched a temporary employment register to support our permanent workforce through peak or high-priority periods. The register is open to current APS employees seeking a mobility opportunity and non-APS candidates seeking a temporary opportunity at the APS1 – EL2 classifications.

Workforce diversity and inclusion

We are committed to a diverse and inclusive workforce, and recognise that diverse and inclusive teams achieve better outcomes. We encourage staff to reach their full potential and support them through all stages of their professional and personal lives so they can bring their whole selves to work. We promote inclusive leadership and diversity to support a positive, respectful workplace culture.

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. During 2021–22, we engaged with staff to support an inclusive, positive, respectful and diverse workplace. These activities included:

- developing and implementing a refreshed Diversity@Finance Strategy and Action Plan
- launching Finance's 2021–23 Innovate Reconciliation Action Plan in July 2021 and establishing our Reconciliation Action Plan Working Group to support the implementation of its actions
- appointing a new Diversity Champion and SES Champions to support our 7 culture and diversity networks, and provide strong leadership and advocacy on diversity and inclusion
- launching our Cultural Protocol Guide to support staff and increase awareness of common cultural protocols that should be considered and respected by our employees as part of their day-to-day work and engagement
- reviewing our Reasonable Adjustment Passport to support staff who need reasonable adjustments in the workplace, with the refreshed passport and supporting guidance scheduled to be launched in early 2022–23
- 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 in face-to-face forums
- diversity-related entry-level programs, such as Indigenous development programs, trainee/internship programs for people with disability and the Finance Career Starter Program
- affirmative measures in our recruitment processes to address the under-representation in the APS of people with disability and Aboriginal and Torres Strait Islander people
- various events and staff communications to raise awareness and educate on diversity and inclusion topics.

Capability and leadership development

Finance's People Capability Framework underpins our strategic approach to staff performance and development. The framework clearly defines the performance expectations and core capabilities required of our staff. It incorporates:

- core capabilities: Finance people lead, collaborate, achieve, think and learn – a set of 5 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.

Our capability focus continues to ensure development solutions are relevant and contemporary, with content aligned with the Finance Workforce Strategy corporate priorities and Finance's Integrity Framework. We continue to enhance our learning offerings through academic partnerships and relationships with key stakeholder groups, the Australian Public Service Commission and APS Academy, and our APS colleagues to build capability and prepare our workforce for the future.

In 2021–22, we delivered core skill programs to develop and strengthen communication, stakeholder engagement, resilience, career development, leadership and management capabilities. Over 125 learning programs (including our new starter induction program) were made available to staff with over 1,500 participants. In addition, we:

- revised our induction program for new starters to ensure they are provided with information and resources to support their new roles and also to ensure Finance meets our legislative responsibilities, such as security awareness
- focused on improving our learning management system functionality to support staff with their professional development, including introducing online evaluation forms
- offered 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
- participated in the pilot program 'Delivering Great Policy', in partnership with the APS Academy, to support strong policy skills development.

As part of our commitment to supporting staff and their ongoing development, our first scholar was accepted in the Pat Turner Scholarship Program. This is part of the Sir Roland Wilson Foundation Scholarship Program and is offered to Aboriginal and Torres Strait Islander APS employees in partnership with the Australian Public Service Commission and the Australian National University.

In addition, we have supported one employee to participate in the Jawun Secondment Program. This provides a unique leadership development experience for APS employees in supporting local and remote Indigenous business and communities.

Our flagship leadership programs, 'Lead' and 'Grow', are offered to build and strengthen management and leadership skills, knowledge and confidence in our middle-level and emerging leaders.

In addition, a new leadership program for our EL2 cohort was launched in May 2022. Our executive-level committee is responsible for SES leadership development, informed by the annual SES Career Conversation Program. The program offers 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 Finance. We continue 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, Finance 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 2 work placements over 12 months, on-the-job training, and a structured learning and development program delivered by the APS Academy, with advancement to the APS5 classification upon successful completion. In December 2021, 34 graduates completed the 2021 graduate program. In February 2022, 35 graduates commenced the 2022 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 11 months. Participants have the opportunity to advance to the APS2 classification upon successful completion of the program. In December 2021, 19 participants completed the 2021 program and, in February 2022, 23 participants commenced the 2022 program.

The whole-of-government 2023 Career Starter recruitment campaign encourages applications from candidates from diverse backgrounds nationwide.

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's Indigenous Australian Government Development Program, the Services Australia Indigenous Apprentice Program (IAP), the Australian Public Service Commission's Digital Emerging Talent Program, the APS Human Resources Graduate Development Program, the APS Human Resources School Leaver Program and the APS Indigenous Graduate Pathways Program.

In 2021–22, Finance placed 5 IAP participants and one Science Policy Fellow. We also placed 2 Digital Emerging Talent Program apprentices and 2 cadets.

Workforce statistics

Tables 7 to 19 show our workforce statistics for 2021–22, including staffing numbers and whether they are ongoing, non-ongoing or casual, their substantive classification and their gender, as well as location and diversity.

Table 7: Staff numbers by employment type, classification and gender, at 30 June 2022

Classification	Ongoing			Non-ongoing			Casual			Total		
	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a
SES3	2	2	0	0	0	0	0	0	0	2	2	0
SES2	8	5	0	0	0	0	0	0	0	8	5	0
SES1	25	25	0	0	0	0	0	0	0	25	25	0
EL2	74	101	0	2	0	0	0	0	0	76	101	0
EL1	207	208	0	2	2	0	1	0	0	210	210	0
APS6	126	173	0	0	6	0	0	1	0	126	180	0
APS5	84	120	0	3	2	0	0	0	0	87	122	0
APS4	51	97	0	7	3	0	4	4	0	62	104	0
APS3	33	37	0	3	3	0	0	1	0	36	41	0
APS2	10	17	2	0	4	0	197	36	0	207	57	2
APS1	15	14	0	2	0	0	0	0	0	17	14	0
Total	635	799	2	19	20	0	202	42	0	856	861	2
												1,719

^aIndeterminate reflects data captured for Indeterminate/Intersex/Unspecified.

Table 8: Staff numbers by employment type, classification and gender, at 30 June 2021

Classification	Ongoing			Non-ongoing			Casual			Total		
	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a	Male	Female	Indeterminate ^a
SES3	3	1	0	0	0	0	0	0	0	3	1	0
SES2	8	7	0	0	0	0	0	0	0	8	7	0
SES1	21	26	0	1	1	0	0	0	0	22	27	0
EL2	82	98	0	2	1	0	0	0	0	84	99	0
EL1	211	219	0	1	3	0	0	0	0	212	222	0
APS6	135	176	0	5	7	0	0	1	0	140	184	0
APS5	86	115	0	0	7	0	0	0	0	86	122	0
APS4	51	90	0	2	10	0	4	3	0	57	103	0
APS3	29	38	0	2	7	0	0	1	0	31	46	0
APS2	11	19	2	4	4	0	212	46	0	227	69	2
APS1	12	12	0	1	0	0	0	0	0	13	12	0
Total	649	801	2	18	40	0	216	51	0	883	892	2
												1,777

^aIndeterminate reflects data captured for Indeterminate/Intersex/Unspecified.

Table 9: Staff numbers by attendance type and classification, at 30 June 2022

	Ongoing			Non-ongoing				Total
Classification	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
SES3	4	0	4	0	0	0	0	4
SES2	13	0	13	0	0	0	0	13
SES1	49	1	50	0	0	0	0	50
EL2	165	10	175	1	1	0	2	177
EL1	366	49	415	2	2	1	5	420
APS6	267	32	299	5	1	1	7	306
APS5	185	19	204	4	1	0	5	209
APS4	133	15	148	9	1	8	18	166
APS3	66	4	70	3	3	1	7	77
APS2	27	2	29	2	2	233	237	266
APS1	28	1	29	2	0	0	2	31
Total	1,303	133	1,436	28	11	244	283	1,719

Table 10: Staff numbers by attendance type and classification, at 30 June 2021

	Ongoing			Non-ongoing				Total
Classification	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
SES3	4	0	4	0	0	0	0	4
SES2	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	1,317	135	1,452	42	16	267	325	1,777

Table 11: Staff numbers by employment type and attendance type, at 30 June 2022

Employment type	Full time	Part time	Casuals	Total
Ongoing	1,303	133	0	1,436
Non-ongoing	28	11	244	283
Total	1,331	144	244	1,719

Table 12: Staff numbers by employment type and attendance type, at 30 June 2021

Employment type	Full time	Part time	Casuals	Total
Ongoing	1,317	135	0	1,452
Non-ongoing	42	16	267	325
Total	1,359	151	267	1,777

Table 13: Staff numbers by employment type, location and gender, at 30 June 2022

Location	Male				Female				Indeterminate			
	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	Ongoing	Non-ongoing	Casual	Total indeterminate
ACT	618	15	118	751	774	18	24	816	2	0	0	2 1569
NSW	5	1	29	35	5	0	5	10	0	0	0	0 45
NT	0	0	0	0	2	0	0	2	0	0	0	0 2
QLD	2	0	13	15	6	0	3	9	0	0	0	0 24
SA	2	0	7	9	3	0	3	6	0	0	0	0 15
TAS	2	0	2	4	0	0	0	0	0	0	0	0 4
VIC	4	2	23	29	5	1	5	11	0	0	0	0 40
WA	2	1	10	13	4	1	2	7	0	0	0	0 20
Total	635	19	202	856	799	20	42	861	2	0	0	2 1,719

Table 14: Staff numbers by employment type, location and gender, at 30 June 2021

Location	Male				Female				Indeterminate			
	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	Ongoing	Non-ongoing	Casual	Total indeterminate
ACT	630	18	116	764	777	36	28	841	2	0	0	2 1,607
NSW	7	0	37	44	5	0	6	11	0	0	0	55
NT	0	0	2	2	1	0	0	1	0	0	0	3
QLD	2	0	17	19	7	1	6	14	0	0	0	33
SA	1	0	8	9	3	0	3	6	0	0	0	15
TAS	2	0	3	5	0	0	0	0	0	0	0	5
VIC	4	0	24	28	5	1	6	12	0	0	0	40
WA	3	0	9	12	3	2	2	7	0	0	0	19
Total	649	18	216	883	801	40	51	892	2	0	0	2 1,777

Table 15: Staff numbers by employment type and location, at 30 June 2021 and 30 June 2022

Location	Ongoing		Non-ongoing		Casual		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
ACT	1,409	1,394	54	33	144	142	1,607	1,569
NSW	12	10		1	43	34	55	45
NT	1	2			2		3	2
QLD	9	8	1		23	16	33	24
SA	4	5			11	10	15	15
TAS	2	2			3	2	5	4
VIC	9	9	1	3	30	28	40	40
WA	6	6	2	2	11	12	19	20
Total	1,452	1,436	58	39	267	244	1,777	1,719

Table 16: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2021 and 30 June 2022

	2021	2022
Employment type	Total	Total
Ongoing	46	48
Non-ongoing	3	0

Table 17: Proportion of staff with disability in the ongoing workforce, at 30 June 2021 and 30 June 2022

Employment type	2021	2022
Ongoing	4.6%	5.4%

Table 18: Proportion of women in the ongoing workforce, at 30 June 2021 and 30 June 2022

Employment type	2021	2022
Ongoing	55.2%	55.6%

Table 19: Proportion of women in the ongoing SES workforce, at 30 June 2021 and 30 June 2022

Employment type	2021	2022
Ongoing	51.5%	47.8%

Employment arrangements

On 22 February 2021, under section 24(1) of the *Public Service Act 1999*, the Department of Finance Determination 2022/01 came into effect to provide additional remuneration increases to non-SES staff. The Determination operates in conjunction with the *Finance Enterprise Agreement 2019*, relevant Commonwealth legislation, and Finance's policies and guidelines to define the terms and conditions of employment for non-SES staff.

At times, we use 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 2022

Arrangement	SES	Non SES	Total
Enterprise Agreement/Finance Determination		1,652	1,652
Individual Flexibility Arrangements		19	19
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	67		67

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

Table 21: Salary ranges by employment classification, at 30 June 2022

Classification	Salary ranges	
	Minimum (\$)	Maximum (\$)
SES3 *	361,501	389,500
SES2	255,827	294,878
SES1	198,647	237,139
EL2	139,319	173,552
EL1	114,115	147,219
APS6	88,157	114,865
APS5	80,131	89,912
APS4	71,856	82,012
APS3	63,705	73,485
APS2	57,310	65,586
APS1	49,910	57,561

All figures reflect base salary only and exclude superannuation.

*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.

Our 12-month performance cycle allows staff and managers to have formal performance conversations at 3 stages of the year. These conversations support individuals to establish their performance expectations, refresh their goals and development plans, and reflect on their achievements. In addition, formal performance conversations are reinforced by regular and ongoing feedback discussions.

Supporting tools and online learning resources are available to guide 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. We formally recognise exceptional staff contributions through the annual Australia Day awards and Secretary's awards, which recognise the contributions of teams and individuals whose work has exemplified Finance's values and who have made significant contributions to the Department's outcomes.

Recipients of the 2021 Secretary's awards, the 2022 Finance Australia Day awards, and external awards are listed in Appendix D.

Machinery-of-government changes

One ongoing employee moved from the Digital Transformation Agency to Finance through a machinery-of-government change in 2021–22.

Work health and safety

Work health and safety within Finance

We meet our 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 continue to apply policies, procedures and practices to appropriately protect workers from, and respond to, potential hazards.

In accordance with the WHS Act, our WHS Committee met quarterly throughout 2021–22. In addition, health and safety representatives, mental health advisers and first aid officers assisted the Department to maintain a safe and healthy work environment.

Finance remains an Accredited Breastfeeding Friendly Workplace, and received Healthier Work Recognition – Gold Status, from the ACT Government.

Health, safety and wellbeing initiatives

In 2021–22, we undertook a range of initiatives to ensure we provide a healthy and safe workplace. They included:

- investing in a range of awareness and interactive sessions on good mental health in the workplace, happiness, nutrition to support immunity and mood, men's health, perinatal mental health, menopause, breast cancer, ovarian cancer, and reducing the risk of cancer
- conducting training sessions on mental health first aid and optimal ergonomic workstation set-up
- encouraging participation in events such as the Push Up Challenge, STEPtember and Movember
- promoting and encouraging employees to access the free and confidential counselling services of our employee assistance program and Beyond Blue's NewAccess workplace program to support positive mental health
- a refresh of the First Aid Officer network and the completion of hazard inspections in Finance tenancies

- early intervention strategies that provide timely and tailored support to employees, including the reimbursement of short-term treatment (physical or psychological), engagement of workplace rehabilitation providers, workplace assessments and fitness for duty medical assessments when required
- delivering ergonomic workstation assessments by suitably qualified persons and providing recommended ergonomic equipment
- providing employees access to a free annual influenza vaccination.

With COVID-19 continuing to affect our work practices, employees were offered tailored support. Work health and safety risks were managed by adhering to Public Health Orders and through the implementation of specific WHS initiatives. This included:

- structured flexible working arrangements with the dual purpose of protecting staff safety and ensuring business continuity
- supporting employees with the transition back to the workplace through flexible work options and sessions on reintegrating into the workplace delivered by registered psychologists
- working from home wellbeing checks, and virtual and face-to-face home workstation assessments
- maintaining enhanced hygiene protocols, including by providing hand sanitiser and alcohol wipes and conducting cleaning of high-touch-point areas continuously throughout the day
- deep cleaning workstations and areas where a COVID-19-infected employee has visited prior to receiving a positive test result
- encouraging social distancing in communal spaces such as meeting rooms and kitchens.

Notifiable incidents

In 2021–22, Finance reported 3 notifiable incidents to Comcare under section 38 of the WHS Act. No employees suffered serious compensable injuries or illnesses.

Work health and safety investigations

No investigations were conducted and no notices were given in relation to incidents at Finance workplaces during 2021–22. One monitoring compliance inspection commenced in the reporting period.

MOP(S) Act employees

Work health and safety initiatives

Finance and employing parliamentarians share duties under the *Work Health and Safety Act 2011* (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 2021–22, Finance:

- developed, finalised and published, in consultation with the WHS Committee, a suite of WHS policies to support the health and wellbeing of MOP(S) Act employee workplaces
- supported working-from-home arrangements and provided WHS advice and supports relating to COVID-19
- 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
- designed and rolled out the Safe and Respectful Workplaces Training Program – supporting parliamentarians and their staff to understand their rights and responsibilities in the workplace and how to respond to incidents when they occur
- 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 2021–22, Finance reported 9 notifiable incidents involving MOP(S) Act employees to Comcare under section 38 of the WHS Act.

Investigations and notices

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

No investigations under Part 10 of the WHS Act were conducted in relation to incidents involving MOP(S) Act employees during 2021–22.

The Comcare premium

Our 2021–22 workers compensation premium accounted for 0.46% of our payroll (for both Finance and MOP(S) Act employees), a decrease from 0.55% of our 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 (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

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

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by 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
<p>Valuation of the liability for outstanding insurance claims</p> <p><i>Refer to Note C1 'General insurance activities'</i></p> <p>The Entity 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.</p> <p>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:</p> <ul style="list-style-type: none"> the balance being significant relative to the Entity's Statement of Financial Position (\$1,276.4 million outstanding insurance claims liability as at 30 June 2022); 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. 	<p>To address the key audit matter, I:</p> <ul style="list-style-type: none"> tested the accuracy and completeness of data used to calculate the liability, including, agreeing a sample of payments made to claimants, and assessing the quality assurance and reconciliation processes used by the Entity to provide data to its actuary; and evaluated the Entity's actuarial report and year-end adjustments by: <ul style="list-style-type: none"> assessing the competence, capability and objectivity of the actuary; assessing the appropriateness of the valuation model, including model's theoretical soundness, mathematical integrity and the accuracy and completeness of the data used in the 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	How the audit addressed the matter
<p>Valuation of collective investment vehicles held at fair value through profit or loss</p> <p><i>Refer to Note C2 'Investment funds'</i></p> <p>As at 30 June 2022, collective investment vehicles totalled \$11.8 billion.</p> <p>Collective investment vehicles comprise holdings of a diverse range of asset categories including private equity funds, hedge funds, debt funds, infrastructure funds and property funds. Valuation techniques are varied depending on the particular asset category and holding.</p> <p>All investments are held in custody by the Entity's appointed custodian.</p> <p>I consider the valuation of collective investment vehicles to be a key audit matter due to the size of the investments and the inherent subjectivity, significant judgements and estimates required where market data is not available to determine the fair value of these investments.</p> <p>In addition, disclosures that support the users' understanding of the valuation of collective investment vehicles are complex.</p>	<p>To assess the controls over the valuation of all collective investment vehicles, I:</p> <ul style="list-style-type: none"> inspected the custodian's independent auditor's assurance report in respect of the design, implementation and operating effectiveness of relevant controls over the valuation of investments by the custodian; assessed the qualifications, competence and objectivity of the custodian's independent auditor; and tested the design, implementation and operating effectiveness of a selection of the controls in place at the Entity to assess the valuation of collective investment vehicles whether they be performed by the custodian, the collective investment vehicle manager, a valuation expert or management. <p>I assessed, on a sample basis, the valuation of indirectly held single infrastructure investments as at 30 June 2022. To do so I:</p> <ul style="list-style-type: none"> evaluated the qualifications, competence and objectivity of the valuation expert used by management; and tested the valuation models used including the reasonableness of key assumptions regarding growth rates, discount rates and multiples

	<p>applied to earnings within the models by performing a cross-check between management's valuation and the valuation applied by comparable companies, including considering the underlying assumptions.</p> <p>To assess the valuation of all other collective investment vehicles as at 30 June 2022, on a sample basis, I:</p> <ul style="list-style-type: none"> • agreed the fair value to the capital account statements received from the underlying investment manager; • obtained audited financial statements of each underlying collective investment vehicle as at 30 June 2022, where available, and agreed the audited net asset value to the capital account statement; • performed an assessment of the audited financial statements of the collective investment vehicles which included: <ul style="list-style-type: none"> ◦ considering the regulatory framework under which the financial statements were prepared and the accounting policies adopted; ◦ evaluating the qualifications, competence and objectivity of the audit firm performing the audit and the opinion provided; and • where 30 June 2022 audited financial statements were unavailable, investigated significant movements from the date of the most recent audited financial statements and obtained additional evidence to support these movements; and • assessed the accuracy and completeness of the related disclosures in Note C2 to the financial statements to support the user's understanding of collective investment vehicles.
<p>Key audit matter</p> <p>Valuation of superannuation provisions</p> <p><i>Refer to Note C3 'Superannuation'</i></p> <p>The Entity administers defined benefit schemes that entitle Australian Government employees to retirement benefits based on past service.</p> <p>I consider the valuation of the superannuation provisions to be a key audit matter due to:</p> <ul style="list-style-type: none"> • the balance being significant relative to the Entity's Administered Schedule of Assets and Liabilities (\$181.0 billion as at 30 June 2022); and • the measurement of the provision being complex, requiring significant professional judgement in the selection of long-term 	<p>How the audit addressed the matter</p> <p>To address the key audit matter, I:</p> <ul style="list-style-type: none"> • assessed the design, implementation and operating effectiveness of internal controls over the arrangements under which superannuation administration services are provided in relation to the 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 the Entity to provide data to its actuary;

<p>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.</p>	<ul style="list-style-type: none"> evaluated the reasonableness of the review performed by the Entity's actuary to confirm the integrity of the data used for estimating the defined benefit provision; and evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the superannuation provision by: <ul style="list-style-type: none"> 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 the Entity's actuary for consistency with historical data on the membership experience with regards to: <ul style="list-style-type: none"> promotional salary increases; rates of retirement, redundancy, resignation; and mortality.
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>The Entity 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 the Entity'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.</p> <p>As at 30 June 2022, the reported fair value of non-financial assets was \$483.4 million for land, \$1,846.3 million for buildings and \$872.7 million for investment properties.</p>	<p>To address the key audit matter, I:</p> <ul style="list-style-type: none"> evaluated the appropriateness of the Entity'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 the Entity's valuers; testing the accuracy and completeness of data used to value the Entity's properties, including, assessing the quality assurance and reconciliation processes used by the Entity 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; and assessing whether all properties have been valued at highest and best use.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Australian National Audit Office



Grant Hehir
Auditor-General for Australia

Canberra

15 September 2022

Department of Finance

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Jenny Wilkinson PSM

Secretary

Department of Finance

15 September 2022



Grant Stevens

Chief Financial Officer

Department of Finance

15 September 2022

Financial Statements

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Department of Finance
Statement of Comprehensive Income
for the period ended 30 June 2022

Departmental Primary Statements

		Actuals		<i>Budget</i>
		30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000
	Note ref			
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	168,078	169,911	164,242
Suppliers	D1 B1	159,945	185,828	179,246
Insurance claims	C1.1 B2	310,255	651,682	151,557
Competitive neutrality	H2	3,518	3,380	3,380
Notional reinsurance expense	C1.1	5,000	5,000	5,000
Depreciation and amortisation	D5.1 B3	39,441	47,648	49,516
Depreciation - right-of-use	D5.2	17,946	18,066	18,162
Non-financial asset write-downs and impairments	D5.1	6,344	33,826	1,000
Impairment of financial assets	D3.3	71	3	-
Losses from asset sales		1,172	2,137	-
Interest on lease liabilities		7,662	7,800	7,676
Other expenses		-	688	-
Total expenses		719,432	1,125,969	579,779
Own-source income				
Own-source revenue				
Premium revenue	C1.1	167,737	164,520	166,966
Reinsurance and other recoveries revenue	C1.1	1,528	2,163	-
Rental income	D2.1	76,299	75,984	74,556
Contracts with customers	D2.2 B4	118,138	74,801	83,112
Volunteer services	H2	1,415	1,342	1,348
Other revenue		1,298	1,124	2,330
Total own-source revenue		366,415	319,934	328,312
Gains				
Gains	B3	38,427	744	21,084
Total gains		38,427	744	21,084
Total own-source income		404,842	320,678	349,396
Net (cost of)/contribution by services		(314,590)	(805,291)	(230,383)
Revenue from Government	F1.1 B5	278,940	709,837	263,238
Surplus/(deficit) before income tax on continuing operations		(35,650)	(95,454)	32,855
Income tax equivalent	H2	3,081	3,352	3,578
Surplus/(deficit) after income tax on continuing operations		(38,731)	(98,806)	29,277
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	D5.1 B3	65,450	5,457	-
Total comprehensive income/(loss)		26,719	(93,349)	29,277

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

Department of Finance
Statement of Financial Position
as at 30 June 2022

Departmental Primary Statements

			Actuals		Budget
			30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000
	Note ref				
Assets					
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	D3.1		14,574	4,219	2,781
Special account cash held in OPA	F3.1 B2,B3		1,596,356	1,246,003	937,197
Trade and other receivables	D3.1		15,729	25,881	24,158
Appropriations receivable					
Special account capital receivable	F3.1		-	11,325	-
Other departmental undrawn	F1.2 B5		48,901	47,353	78,752
Reinsurance and other recoveries	C1.3		2,622	2,437	-
Lease incentive assets			651	784	917
Other financial assets	B3		11,571	2,599	2,366
Total financial assets			1,690,404	1,340,601	1,046,171
Non-financial assets					
Land	D5.1 B3		483,432	459,906	443,564
Buildings	D5.1 B3		1,846,343	641,023	612,030
Leasehold improvements	D5.1		24,653	25,800	-
Investment property	D5.1 B3		872,672	834,755	880,129
Plant and equipment	D5.1		16,170	20,416	102,218
Intangibles	D5.1 B3		90,034	91,606	82,658
Right-of-use assets	D5.2		417,120	432,769	414,856
Prepayments			7,645	7,942	9,038
Assets held for sale	D5.3		-	12,209	247
Total non-financial assets			3,758,069	2,526,426	2,544,740
Total Assets			5,448,473	3,867,027	3,590,911
Liabilities					
Trade creditors and accruals	D3.1 B3		116,765	37,734	45,458
Unearned revenue	D6		20,145	16,803	15,822
Return of equity - special accounts			53,476	73,206	57,146
Outstanding insurance claims	C1.4 B2		1,276,404	1,094,642	641,117
Employee provisions	E1.2		67,102	65,925	65,970
Lease liabilities	D7		449,520	454,992	448,218
Other provisions	D8		3,310	5,029	12,960
Other payables			5,881	4,426	5,472
Total liabilities			1,992,603	1,752,757	1,292,163
Net assets			3,455,870	2,114,270	2,298,748
Equity					
Retained earnings			380,808	419,539	452,090
Asset revaluation reserves	B3		466,604	401,154	395,696
Contributed equity/capital	B3		2,608,458	1,293,577	1,450,962
Total equity			3,455,870	2,114,270	2,298,748

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

Department of Finance
Statement of Changes in Equity
as at 30 June 2022

Departmental Primary Statements

	Actuals							
	30 June 2022				30 June 2021			
	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	419,539	401,154	1,293,577	2,114,270	518,345	395,697	1,434,947	2,348,989
Adjusted opening balance	419,539	401,154	1,293,577	2,114,270	518,345	395,697	1,434,947	2,348,989
Comprehensive income								
Deficit for the period	(38,731)	-	-	(38,731)	(98,806)	-	-	(98,806)
Other comprehensive income	-	65,450	-	65,450	-	5,457	-	5,457
Total comprehensive income	(38,731)	65,450	-	26,719	(98,806)	5,457	-	(93,349)
Transactions with owners								
Distributions to owners								
Transfer of assets	-	-	(9,650)	(9,650)	-	-	(42,034)	(42,034)
Return of equity - special accounts	-	-	(50,424)	(50,424)	-	-	(68,154)	(68,154)
Return of equity - other	-	-	(7,330)	(7,330)	-	-	(39,810)	(39,810)
Restructuring	-	-	(500)	(500)	-	-	-	-
Contributions by owners								
Departmental capital budget	-	-	6,413	6,413	-	-	6,445	6,445
Equity injection - appropriations	-	-	1,376,372	1,376,372	-	-	2,183	2,183
Total transactions with owners	-	-	1,314,881	1,314,881	-	-	(141,370)	(141,370)
Closing balance	380,808	466,604	2,608,458	3,455,870	419,539	401,154	1,293,577	2,114,270
Budget 30 June 2022								
Opening balance								
Opening balance	422,813	395,696	1,462,979	2,281,488	518,345	395,697	1,434,947	2,348,989
Total comprehensive income	29,277	-	-	29,277	17,693	-	-	17,693
Total transactions with owners	-	-	(12,017)	(12,017)	-	-	(52,664)	(52,664)
Closing balance	452,090	395,696	1,450,962	2,298,748	536,038	395,697	1,382,283	2,314,018

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

Department of Finance
Cash Flow Statement
for the period ended 30 June 2022

Departmental Primary Statements

		Actuals		Budget
		30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000
	Note ref			
OPERATING ACTIVITIES				
Cash received				
Contracts with customers		131,055	68,722	157,668
Revenue from Government		279,703	717,421	295,601
Insurance premiums		167,737	164,520	166,966
Reinsurance and other recoveries		1,343	2,329	-
Rent received		76,299	75,984	-
Net GST received		-	646	-
Other		1,259	2,421	1,733
Total cash received		657,396	1,032,043	621,968
Cash used				
Employees		166,131	166,833	164,242
Suppliers		163,681	196,820	184,502
Insurance claims		128,493	147,599	580,825
Interest payments on lease liabilities		7,662	7,800	7,676
Net GST paid		8,257	-	-
Other		8,753	9,576	3,578
Total cash used		482,977	528,628	940,823
Net cash received/(used) for operating activities		174,419	503,415	(318,855)
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of land and buildings		11,303	863	37,365
Total cash received		11,303	863	37,365
Cash used				
Purchase of land and buildings		1,105,252	25,524	9,571
Purchase of leasehold improvements		748	508	-
Purchase of investment property		9,178	22,711	-
Purchase of plant and equipment		1,950	3,070	47,289
Purchase of intangibles		13,932	12,856	7,567
Total cash used		1,131,060	64,669	64,427
Net cash received/(used) for investing activities		(1,119,757)	(63,806)	(27,062)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		1,384,469	22,723	8,696
Total cash received		1,384,469	22,723	8,696
Cash used				
Return of contributed equity		70,154	110,903	21,320
Restructuring		500	-	-
Principal payments on lease liabilities		7,769	7,260	7,884
Total cash used		78,423	118,163	29,204
Net cash received/(used) for financing activities		1,306,046	(95,440)	(20,508)
Net increase/(decrease) in cash held		360,708	344,169	(366,425)
Cash and cash equivalents at the beginning of the reporting period		1,250,222	906,053	1,306,403
Cash and cash equivalents at the end of the reporting period	D3.1	1,610,930	1,250,222	939,978

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

Department of Finance
Administered Schedule of Comprehensive Income
for the period ended 30 June 2022

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2022	2021	2022
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	353,433	342,296	397,711
Superannuation expense	C3.1 B6	8,370,473	7,683,091	7,990,762
Suppliers	D1	132,524	125,892	140,757
Investment funds	C2.1 B7	57,821	166,034	147,592
Investment funds loss on financial investments	C2.1 B7	610,024	-	-
Investment funds distributions	C2.1 B7	2,043,383	2,466,353	1,952,800
Depreciation and amortisation	D5.1	18,638	19,027	20,691
Depreciation - right-of-use	D5.2	41,892	43,382	43,152
Non-financial asset write-downs and impairments	D5.1	116	624	-
Impairment of financial assets	D3.3	435	8	-
Grants		3,636	4,083	3,020
Interest on lease liabilities		3,136	3,429	-
Other expenses		925	556	6,618
Total expenses		11,636,436	10,854,775	10,703,103
Income				
Non-taxation revenue				
Interest	D3.3	18,197	37,873	18,117
Dividends	D3.3	12,200	6,500	22,900
Investment funds	C2.1 B7	613,534	370,707	1,188,978
Contracts with customers	D2.2	5,448	3,715	1,274
Superannuation contributions	C3.1	1,112,489	1,132,863	1,045,193
Volunteer services	H2	4,359	4,134	4,659
Other revenue		5,832	1,950	8,423
Total revenues		1,772,059	1,557,742	2,289,544
Gains				
Investment funds	C2.1 B7	-	3,425,134	133,909
Other gains		521	1,913	-
Total gains		521	3,427,047	133,909
Total income		1,772,580	4,984,789	2,423,453
Net (cost of)/contribution by services		(9,863,856)	(5,869,986)	(8,279,650)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Movement in carrying amount of superannuation	C3.1	47,354,218	17,886,760	-
Changes in asset revaluation reserves	D5.1	17,095	2,753	-
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) in carrying amount of Commonwealth entities and companies	D3.3 B8	(200,326)	89,308	-
Total other comprehensive income/(loss)		47,170,987	17,978,821	-
Total comprehensive income/(loss)		37,307,131	12,108,835	(8,279,650)

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 2022

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2022	2021	2022
		\$'000	\$'000	\$'000
Assets				
Financial assets				
Cash and cash equivalents	D3.1 B9	1,342,077	1,413,762	430,978
Trade and other receivables	D3.1	2,810	991	994
Investment funds	C2.2 B7	48,879,185	49,526,488	47,012,182
Loans	D3.1 B9	102,605	295,091	218,311
Commonwealth entities and companies	D3.1 B8	1,888,958	1,867,319	2,051,976
Other financial assets		36,046	47,954	119,441
Total financial assets		52,251,681	53,151,605	49,833,882
Non-financial assets				
Leasehold improvements	D5.1	29,482	34,394	36,171
Infrastructure	D5.1	88,306	72,326	79,872
Plant and equipment	D5.1	14,369	15,048	-
Intangibles	D5.1	709	94	410
Right-of-use assets	D5.2	239,148	271,251	211,577
Prepayments		4,398	4,718	3,720
Total non-financial assets		376,412	397,831	331,750
Total assets		52,628,093	53,549,436	50,165,632
Liabilities				
Trade creditors and accruals	D3.1	12,107	15,464	14,776
Unearned revenue	D6	97	97	52
Investment funds	C2.2 B7	953,853	609,305	202,992
OPA overnight cash payable	D3.1	2,567,225	2,601,308	-
Employee provisions	E1.2	270,324	296,757	317,383
Superannuation provisions	C3.1 B6	180,999,825	226,408,923	144,807,803
Lease liabilities	D7	255,989	283,660	227,594
Other provisions	D8	14,942	15,956	17,265
Other payables		8,098	21,051	6,558
Total liabilities		185,082,460	230,252,521	145,594,423
Net assets/(liabilities)		(132,454,367)	(176,703,085)	(95,428,791)

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

Department of Finance
Administered Reconciliation Schedule
for the period ended 30 June 2022

Administered Primary Schedules

		Actuals	
		30 June 2022 \$'000	30 June 2021 \$'000
	Note ref		
Opening assets less liabilities as at 1 July		(176,703,085)	(194,846,960)
Net cost of services		(9,863,856)	(5,869,986)
Other comprehensive income/(loss)		47,170,987	17,978,821
Transfers (to)/from the Australian Government			
Appropriation transfers from OPA			
Annual appropriations	F1.1	323,006	295,373
Administered assets and liabilities appropriations	F1.1	239,827	221,419
Special appropriations	F2.1	7,917,877	8,004,474
Contributions from Government to the investment funds	F3.2	5,105,843	7,809,384
Transfer of assets		-	509,580
Other		2,044	2,250
Appropriation transfers to OPA			
Transfers to OPA		(2,680,939)	(3,536,780)
Investment funds return to Government	F3.2	(4,000,000)	(4,000,000)
OPA transfers with other Commonwealth entities			
Transfers to other Commonwealth entities	H2	(924,305,639)	(947,494,563)
Transfers from other Commonwealth entities	H2	924,339,568	944,223,903
Closing assets less liabilities		(132,454,367)	(176,703,085)

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 2022

Administered Primary Schedules

	Actuals		Budget
	30 June	30 June	30 June
	2022	2021	2022
Note ref	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Contracts with customers	3,523	3,972	1,274
Superannuation contributions - employers	1,116,219	1,165,012	1,009,884
Superannuation contributions - members	1,507,190	2,319,973	2,213,709
Net gains from sale of financial instruments	277,734	351,432	-
Interest and dividends	637,637	412,035	1,205,178
Realised exchange gains	45,420	4,468	-
Other	6,167	4,183	21,979
Total cash received	3,593,890	4,261,075	4,452,024
Cash used			
Employees	379,245	361,134	397,817
Suppliers	189,436	172,789	283,690
Investment fund distributions	2,043,383	2,466,353	1,952,800
Superannuation payments	8,029,212	7,470,152	8,297,903
Realised exchange losses	80	106,267	-
Grants	3,636	4,083	3,020
Interest payments on lease liabilities	3,136	3,429	3,420
Net GST paid	3	197	-
Other	14,719	9,874	14,677
Total cash used	10,662,850	10,594,278	10,953,327
Net cash received/(used) for operating activities	(7,068,960)	(6,333,203)	(6,501,303)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of financial investments	61,164,697	75,364,250	6,221,004
Repayments of advances and loans	197,246	338,289	82,801
Total cash received	61,361,943	75,702,539	6,303,805
Cash used			
Purchase of financial investments	61,105,120	77,279,869	6,290,790
Equity injections - CECs	221,965	207,400	61,000
Purchase of leasehold improvements	8,015	18,955	-
Purchase of infrastructure	1,508	-	-
Purchase of plant and equipment	2,342	6,419	18,854
Purchase of intangibles	798	1	-
Total cash used	61,339,748	77,512,644	6,370,644
Net cash received/(used) for investing activities	22,195	(1,810,105)	(66,839)

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 2022

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2022	2021	2022
		\$'000	\$'000	\$'000
FINANCING ACTIVITIES				
Cash received				
Contributions to investment funds		5,105,843	7,809,384	4,965,000
Total cash received		5,105,843	7,809,384	4,965,000
Cash used				
Investment funds distributions to Government		4,000,000	4,000,000	4,000,000
Principal payments on lease liabilities		37,460	38,054	38,456
Total cash used		4,037,460	4,038,054	4,038,456
Net cash received/(used) for financing activities		1,068,383	3,771,330	926,544
Net increase/(decrease) in cash held		(5,978,382)	(4,371,978)	(5,641,598)
Cash and cash equivalents at the beginning of the reporting period		1,413,762	3,497,785	354,363
OPA transfers with other Commonwealth entities				
Transfers to other Commonwealth entities		(924,339,722)	(946,922,684)	-
Transfers from other Commonwealth entities		924,339,568	944,223,903	-
Total cash from/(to) OPA		(154)	(2,698,781)	-
Finance administered transfers				
Appropriation transfers from OPA		8,587,790	8,523,516	9,648,465
Appropriation transfers to OPA		(2,680,939)	(3,536,780)	(3,930,252)
Total cash from/(to) OPA		5,906,851	4,986,736	5,718,213
Cash and cash equivalents at the end of the reporting period	D3.1	1,342,077	1,413,762	430,978

The above schedule 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 2021-22 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 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 simplified disclosures for Tier 2 Entities under AASB 1060 issued by the AASB 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.

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

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 2021-22 Portfolio Budget Statements and the actual financial performance and position for the year.

Note Reference	Affected line items	Explanation
B1 Suppliers	Suppliers	Supplier expenses are below budget due to: <ul style="list-style-type: none"> Deferred expenditure on delivery of the Government's key infrastructure priorities and development of the second pass business cases for the adoption of common corporate Australian Public Service System. The elimination of intra-Finance services with special accounts that were included in the budget.
B2 General insurance activities	Insurance claims Special account cash held in OPA Outstanding insurance claims	Insurance claims expenses were impacted in 2021-22 due to adverse weather events, particularly flood claims in the property portfolio, adverse movements in some outstanding claims and movements arising from changes in economic assumptions such as higher inflation forecasts and delays in settling some claims.
B3 Finance owned estate and non-financial assets	Depreciation and amortisation Gains Special account cash held in OPA Land, Buildings, Investment property, Intangibles Other financial assets Trade creditors and accruals Changes in / Asset revaluation reserves Contributed equity/capital	Events that have impacted the financial performance associated with the Commonwealth's non-defence domestic property portfolio include: <ul style="list-style-type: none"> Revaluation increments from independent valuations for the land and building portfolio is recognised as changes in asset revaluation reserves. Revaluation increments from independent valuations for investment property (recognised in gains) is offset by delays in the divestments budgeted for in gains in 2021-22. The COVID-19 Response Package – Centres for National Resilience provided equity funding for the construction of three centres in 2021-22. This has increased buildings and as two of the centres were not completed at 30 June 2022, impacts trade creditors, other financial assets (GST credits) and special account cash held in the OPA. The useful life of core whole of Australian Government (WoAG) intangible assets such as the Central Budget Management System have been extended decreasing depreciation expenses.
B4 Contracts with customers	Contracts with customers	A number of new contracts with customers and increased volumes for services that were not budget for arose during the year relating to: <ul style="list-style-type: none"> Procurement fees from increased WoAG advertising such as COVID-19 health and travel. Fees for planning the Victorian Centre of National Resilience and lease variation charge from CSIRO. Additional subscription fees from WoAG systems such as GovTEAMS and PDMS.
B5 Cash and appropriations	Revenue from Government Cash and cash equivalents Other departmental undrawn	Additional funding at Additional Estimates was provided for The COVID-19 Response Package – Centres for National Resilience. Undrawn appropriations includes Appropriation Act 2 funding for special accounts which was fully drawn down into the property special account.

Notes to and forming part of the financial statements

B. Budgetary variance reporting

Note Reference	Affected line items	Explanation
B6 Superannuation	Superannuation expenses Superannuation provisions	<p>For budget reporting purposes, 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 changes in the rates used for budget and financial reporting purposes significantly impact on the superannuation provisions and superannuation expense.</p>
B7 Investment funds	Investment funds revenues, expenses, loss and gains Investment funds assets and liabilities Investment funds distributions	The net asset balance is higher due to substantially higher earnings recognised in the 2020-21 financial year that were not included in the original budget estimates.
B8 Investments in subsidiaries cash and cash equivalents	Commonwealth entities and companies	The fair valuation of Australian Naval Infrastructure Pty Ltd (ANI) decreased arising from a change in strategy with the AUKUS alliance.
B9 Defence Housing Australia (DHA) loan	Cash and cash equivalents Loans	During 2021-22, DHA has fully repaid its loan through a special account. Funding for the whole loan will remain in the special account until a new loan redraw is required.

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 2022		30 June 2021	
	Property	Liability	Property	Liability
Average discount rate	2.9%	3.1%	0.4%	0.5%
Average inflation rate	6.1%	4.9%	2.3%	2.9%
Average weighted term to settlement (years)	1.8	2.6	1.8	2.4
Expense rate	0.7%	1.0%	0.9%	0.8%
Risk margin	22.7%	31.2%	17.9%	29.5%

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 2022		30 June 2021	
		Property \$'000	Liability \$'000	Property \$'000	Liability \$'000
Average discount rate	+1%	7,160	22,098	6,097	18,955
	-1%	(6,879)	(21,071)	(5,847)	(18,118)
Average inflation rate	+1%	(7,551)	(23,877)	(5,862)	(18,087)
	-1%	7,720	24,603	5,990	18,537
Average weighted term to settlement (years)	+1 year	(12,103)	(8,954)	(6,587)	(18,497)
	-1 year	4,765	1,771	5,766	17,808
Expense rate	+1%	(4,068)	(8,585)	(3,187)	(7,670)
	-1%	4,068	8,585	3,187	7,670
Risk margin	+1%	(3,337)	(6,605)	(2,728)	(5,969)
	-1%	3,337	6,605	2,728	5,969

The movements are the absolute movement in the assumption (e.g. +1% increase in the expense rate for Property from 0.7% to 1.7%).

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
- WoAG 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 2021-22 (2020-21: nil), reflecting the capacity of the Australian Government to cost-effectively self-insure against infrequent large claims.

C1.1 Underwriting result

	Departmental	
	30 June 2022 \$'000	30 June 2021 \$'000
Direct premium revenue		
Premium revenue	167,737	164,520
Premium revenue eliminated on consolidation	2,304	2,137
Total direct premium revenue	170,041	166,657
Notional reinsurance expense	(5,000)	(5,000)
Net premium revenue	165,041	161,657
Net incurred claims		
Insurance claims	(310,255)	(651,682)
Reinsurance and other recoveries revenue	1,528	2,163
Total net claims	(308,727)	(649,519)
Other underwriting expenses	(9,100)	(8,352)
Underwriting result	(152,786)	(496,214)
Revenue from Government	1,620	420,851
Operating surplus/(deficit)	(151,166)	(75,363)

Notes to and forming part of the financial statements

C. General Business Disclosures

C1.2 Net claims incurred

	30 June 2022			30 June 2021		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross claims incurred						
Undiscounted	244,756	139,486	384,242	178,779	467,898	646,677
Discount and discount movement	(21,325)	(60,880)	(82,205)	(3,275)	(2,705)	(5,980)
Gross claims incurred discounted	223,431	78,606	302,037	175,504	465,193	640,697
Reinsurance and other recoveries						
Undiscounted	(460)	(1,154)	(1,614)	(591)	(1,566)	(2,157)
Discount and discount movement	3	83	86	-	(6)	(6)
Reinsurance and other recoveries discounted	(457)	(1,071)	(1,528)	(591)	(1,572)	(2,163)
Net claims incurred	222,974	77,535	300,509	174,913	463,621	638,534
Claims handling expense			8,218			10,985
Total net claims			308,727			649,519

The \$338.0 million decrease in prior year's net claims incurred is due to larger than usual individual liability claims incurred during 2020-21. The current year net claims incurred is impacted by flood claims in the property portfolio and adverse developments in some large liability claims.

C1.3 Reinsurance and other recoveries receivable

	Departmental	
	30 June 2022 \$'000	30 June 2021 \$'000
Reinsurance and other recoveries		
Reinsurance and other recoveries	2,807	2,536
Discount to present value	(185)	(99)
Total reinsurance and other recoveries	2,622	2,437

C1.4 Outstanding insurance claims liability

	Departmental	
	30 June 2022 \$'000	30 June 2021 \$'000
Gross claims liability - undiscounted	1,058,148	871,675
Discount to present value	(72,501)	(9,071)
Gross claims liability - discounted	985,647	862,604
Claims handling expense	8,616	7,150
Gross central estimate	994,263	869,754
Risk margin	282,141	224,888
Outstanding insurance claims liability	1,276,404	1,094,642
Risk margin adopted	28.4%	25.9%
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 2022	30 June 2021
	Property	Liability	Total	Total
	\$'000	\$'000	\$'000	\$'000
Net outstanding claims liability at the beginning of the year	321,227	770,978	1,092,205	587,956
Incurred claims	133,397	89,578	222,975	174,913
Claims payments	(46,950)	(71,983)	(118,933)	(134,284)
Unwinding of discount	25	56	81	1,001
Risk margin release	(7,259)	(16,700)	(23,959)	(25,999)
Changes in assumptions and experience	8,382	93,031	101,413	488,618
Net outstanding claims liability at the end of the year	408,822	864,960	1,273,782	1,092,205
Reinsurance and other recoveries	714	1,908	2,622	2,437
Gross outstanding claims liability at the end of the year	409,536	866,868	1,276,404	1,094,642

C. General Business Disclosures

Notes to and forming part of the financial statements

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of net ultimate claims costs												
At end of accident year		66,779	114,162	102,138	91,686	86,286	93,055	117,798	219,627	150,603	198,357	
One year later		63,441	106,114	119,144	87,813	91,391	139,062	109,241	248,787	153,453		
Two years later		65,399	96,653	218,627	96,971	89,415	159,898	110,226	287,041			
Three years later		62,028	89,631	215,052	92,516	85,866	163,988	125,008				
Four years later		58,498	82,685	205,636	80,781	96,024	178,649					
Five years later		55,203	75,963	196,769	79,076	106,044						
Six years later		54,526	69,127	194,916	80,378							
Seven years later		52,551	72,773	196,173								
Eight years later		53,900	75,210									
Nine years later		54,125										
Estimate of net ultimate claims costs		54,125	75,210	196,173	80,378	106,044	178,649	125,008	287,041	153,453	198,357	
Cumulative payments		50,539	70,383	175,769	65,597	67,800	108,500	57,819	94,210	44,080	11,716	
Net claims liability - undiscounted		347,817	3,586	4,827	20,404	14,781	70,149	67,189	192,831	109,373	186,641	1,055,842
Discount to present value		(18,396)	(94)	(184)	(888)	(2,313)	(3,733)	(4,668)	(14,121)	(10,079)	(17,072)	(72,351)
Net claims liability - discounted		329,421	3,492	4,643	19,516	13,978	66,416	62,521	178,710	99,294	169,569	983,491
Claims handling expense						35,931						8,616
Net central estimate												992,107
Net risk margin												281,675
Total net outstanding claims liability												1,273,782
Reinsurance and other recoveries												2,622
Total gross outstanding claims liability												1,276,404

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.

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.

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.

Notes to and forming part of the financial statements

C. General Business Disclosures

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, exchange traded futures and options and investments in listed managed investment schemes 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 *DisabilityCare 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, commercial paper, negotiable certificate 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 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 2022 Total \$'000	30 June 2021 Total \$'000
Revenue		
Interest	25,374	27,729
Dividends and distributions	588,160	342,978
Total revenue	613,534	370,707
Gains on financial investments	-	3,425,134
Total income	613,534	3,795,841
Expenses		
Supplier expenses	57,741	59,663
Foreign exchange losses	80	106,371
Total expenses	57,821	166,034
Loss on financial investments	610,024	-
Net investment funds return	(54,311)	3,629,807
less investment funds distributions	2,043,383	2,466,353
Net surplus/(deficit)¹	(2,097,694)	1,163,454
Attributable to:		
DCAF	(1,288,169)	(1,625,299)
MRFF	(436,828)	1,586,619
ATSILSFF	(60,046)	210,242
FDF	(108,791)	467,601
ERF	(203,860)	524,291
Net surplus/(deficit)¹	(2,097,694)	1,163,454

¹ Includes investment funds distributions for DCAF \$1,232.7 million, MRFF \$455.0 million, ATSILSFF \$55.7 million, FDF \$100.0 million and ERF \$200.0 million (2021: DCAF \$1,688.9 million, MRFF \$572.6 million, ATSILSFF \$54.8 million, FDF \$100.0 million and ERF \$50.0 million).

Notes to and forming part of the financial statements

C. General Business Disclosures

C2.2 Investment funds financial position		
	30 June 2022 Total \$'000	30 June 2021 Total \$'000
Assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	8,892,844	7,448,519
Other receivables	376,418	179,018
Total financial assets measured at amortised cost	9,269,262	7,627,537
Financial assets measured at FVPL		
Interest bearing securities	20,681,531	23,221,409
MRFFICs	6,490,159	5,694,071
Listed equities and managed investment schemes	4,259,300	6,593,300
Collective investment vehicles	7,476,684	5,892,514
Restricted cash	467,097	366,065
Derivatives	235,152	131,592
Total financial assets measured at FVPL	39,609,923	41,898,951
Total assets	48,879,185	49,526,488
Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	23,984	23,679
Unsettled purchases	84,723	250,660
Total financial liabilities measured at amortised cost	108,707	274,339
Financial liabilities measured at FVPL		
Derivatives	845,146	334,966
Total financial liabilities measured at FVPL	845,146	334,966
Total liabilities	953,853	609,305
Net assets	47,925,332	48,917,183
Attributable to:¹		
DCAF	15,297,088	15,479,414
MRFF	21,583,553	22,020,381
ATSILSFF	2,102,736	2,162,782
FDF	4,491,901	4,600,692
ERF	4,450,054	4,653,914
Total net assets	47,925,332	48,917,183

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 \$2,351 million (30 June 2021: \$2,415 million). The investment funds' 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:

Description of underlying Strategy	30 June 2022				
	Capital committed local currency	Outstanding commitments AUD equivalent	Net capital cost AUD equivalent	Fair value AUD equivalent	
	\$'000	\$'000	\$'000	\$'000	\$'000
Directly held by MRFF and DCAF					
Alternatives	AUD	4,500,673	-	4,308,953	5,016,862
Alternatives	USD	72,407	-	101,004	118,997
Debt	AUD	375,000	103,650	239,521	230,085
Debt	EUR	300,188	189,470	276,030	293,599
Debt	USD	224,012	126,077	192,194	253,691
Global Infrastructure	AUD	278,679	-	250,177	488,447
Global Infrastructure	EUR	22,310	814	39,020	54,627
Global Infrastructure	USD	296,405	196,838	217,178	259,321
Private Equity	USD	130,167	67,047	115,075	146,421
Property	EUR	35,000	42,987	10,009	10,308
Property	GBP	56,225	65,074	35,280	37,781
Property	USD	584,320	387,453	329,493	566,545
Total			1,179,410	6,113,934	7,476,684
Via MRFF investment companies					
Alternatives	AUD	823,196	76,801	736,789	972,720
Alternatives	USD	586,400	13,088	708,302	881,675
Debt	USD	140,000	92,295	107,927	115,658
Global Infrastructure	AUD	195,315	-	195,315	230,999
Global Infrastructure	USD	17,845	-	25,136	28,082
Private equity	AUD	178,854	66,462	89,085	83,055
Private equity	EUR	45,002	11,836	16,586	31,414
Private equity	USD	1,366,434	505,589	1,213,347	1,661,808
Property	EUR	240,000	244,696	124,852	258,785
Property	USD	132,872	160,899	21,968	21,428
Total			1,171,666	3,239,307	4,285,624

C2.3 Managing financial risk

The investment funds have entered into forward foreign exchange currency contracts, currency swaps and options and commodity futures 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 2022	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	9,095,176	-	-	9,095,176
Interest bearing securities	7,431,462	13,575,841	-	21,007,303
Other financial assets	-	-	18,776,706	18,776,706
Total investment	16,526,638	13,575,841	18,776,706	48,879,185
Swaps (notional amount) - pay	(5,328,577)	(973,718)	-	
Swaps (notional amount) - receive	5,969,721	2,276,139	-	
30 June 2021				
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
Swaps (notional amount) - pay	(1,465,392)	(140,636)	-	
Swaps (notional amount) - receive	1,686,634	618,026	-	

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 2022		30 June 2021	
	Notional value	Fair market value	Notional value	Fair market value
	\$'000	\$'000	\$'000	\$'000
Total interest rate derivatives	3,509,599	(60,536)	(281,866)	7,639

The above fair market value represents the value of the open contracts at reporting date, these positions have been cash settled via postings to or from the associated margin account with the resulting gain or loss recorded in the statement of comprehensive income.

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 79 basis point (2021: 74 basis point) change in bond yields with all other variables held constant. It is assumed that the 79 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 79 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
2022	Discount rate	+0.79%	(108,507)
		-0.79%	118,353
2021	Discount rate	+0.74%	(102,125)
		-0.74%	110,361

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	JPY \$'000	Other \$'000	Total \$'000
30 June 2022						
Cash & cash equivalents	630,452	112,662	20,444	367,678	281,907	1,413,143
Interest bearing securities	4,490,932	1,092,715	585,455	1,050,742	584,788	7,804,632
Listed equities	2,614,881	341,607	155,194	249,744	1,216,942	4,578,368
Collective investment vehicles	4,044,267	658,415	37,781	-	-	4,740,463
Other investments	131,494	16,787	(2,973)	268	6,753	152,329
Receivables	39,509	6,519	2,032	639	62,591	111,290
Payables	(60,831)	(14,440)	(11,037)	(83)	(455)	(86,846)
Total physical exposure	11,890,704	2,214,265	786,896	1,668,988	2,152,526	18,713,379
Derivatives						
Buy foreign currency	4,648,600	272,405	79,086	638,244	1,748,900	7,387,235
Sell foreign currency	(12,381,917)	(2,105,567)	(764,706)	(1,114,859)	(2,176,690)	(18,543,739)
Total derivative exposure	(7,733,317)	(1,833,162)	(685,620)	(476,615)	(427,790)	(11,156,504)
Net exposure	4,157,387	381,103	101,276	1,192,373	1,724,736	7,556,875

Financial assets exposed to currency risk 30 June 2021

Cash and 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
Derivatives						
Buy foreign currency	3,431,459	259,839	116,851	-	2,816,648	6,624,797
Sell foreign currency	(10,093,940)	(1,727,857)	(1,002,778)	-	(3,710,307)	(16,534,882)
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

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
2022	Exchange rate	+8.31%	(930,737)
		-8.31%	1,115,653
2021	Exchange rate	+7.89%	972,664
		-7.89%	(960,890)

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 2022	\$'000
Domestic equities and managed investment schemes	1,321,148
International equities and managed investment schemes	4,578,687
Total equity price risk exposure	5,899,835

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 2022		
Total equity derivative	259,681	(30,014)

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 2022	
20% increase in Australian equities	360,894
15% increase in International equities	1,060,686
Total	1,421,580
20% decrease in Australian equities	(334,539)
15% decrease in International equities	(1,099,854)
Total	(1,434,393)

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 2022 \$'000	30 June 2021 \$'000	
Interest bearing securities issued by			<i>As at 30 June 2022, the investment funds had an exposure of 17.98% 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	2,355,587	3,263,042	
Westpac Banking Corporation	442,646	696,546	
National Australia Bank	2,222,214	2,230,799	
Australia and New Zealand Banking Group	3,597,589	3,981,409	
Total	8,618,036	10,171,796	

Credit exposure by credit rating

	30 June 2022 \$'000	30 June 2021 \$'000	
Long-term rated securities			<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>
AAA	5,156,668	4,589,864	
AA	7,960,517	6,826,475	
A	4,257,084	4,958,947	
BBB	936,180	726,346	
Below investment grade/not rated	3,403,354	2,185,865	
Short-term rated securities			
A-1+	7,208,341	11,169,028	
A-1	932,872	443,908	
A-2	8,701	25,098	
Other			
US Government Guaranteed	238,762	343,674	
Total debt securities held	30,102,479	31,269,205	
Other non-debt financial assets	18,776,706	18,257,283	
Total financial assets	48,879,185	49,526,488	

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	
	2022	2022	
	\$'000	\$'000	
Buy credit protection	214,317	2,906	<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	(113,764)	(8,278)	
Total	100,553	(5,372)	

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)
- Division 2 Judges of the Federal Circuit Court and Family Court of Australia Death and Disability Scheme (FCFC DDS).

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 FCFC DDS 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				Total
	\$'000	\$'000	PCSS \$'000	G-GPS \$'000	JPS \$'000	FCFC DDS \$'000	\$'000
30 June 2022							
Revenues	41,446	1,070,766	277	-	-	-	1,112,489
Expenses	1,744,843	6,505,483	29,381	440	89,456	870	8,370,473
OCI	12,721,490	34,182,967	194,148	1,686	253,072	855	47,354,218
Liabilities	71,243,115	107,410,289	960,389	17,087	1,368,945	-	180,999,825
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

The expected employer productivity contributions for 2023 are: \$4.3 million for the CSS and \$129.6 million for the PSS (2022 actual: \$5.9 million for the CSS and \$155.4 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 FCFCDSS	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.
FCFCDDS	Division 2 Federal Circuit and Family 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.
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	These schemes are exempt from <i>Superannuation Industry (Supervision) Act 1993</i> .
G-GPS	<i>Governor-General Act 1974</i>	To present	
JPS	<i>Judges' Pensions Act 1968</i>	To present	
FCFC DDS ¹	<i>Federal Circuit and Family Court of Australia Act 2021</i>	To present	

¹ The Federal Circuit Court of Australia Act 1999 was superseded by the Federal Circuit and Family of Court of Australia Act 2021 on 1 September 2021, on merger of the Federal Circuit Court and Family Court of Australia. Finance continues to administer the Death and Disability arrangement for Division 2 Judges under the Federal Circuit and Family of Court of Australia Act 2021 (formerly Judges of the Federal Circuit Court).

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.

Notes to and forming part of the financial statements

C. General Business Disclosures

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

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

C3.3 Risks and assumptions

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

Composition of scheme assets

The fair value of scheme assets for CSS and PSS at 30 June 2022 is \$22.2 billion (30 June 2021 was \$23.0 billion). The assets are diversified in the following sectors:

	CSS	PSS
Australian equities	25%	25%
International equities	21%	21%
Private capital	11%	11%
Property and infrastructure	13%	13%
Corporate bonds	5%	5%
Alternative strategies	12%	12%
Cash and sovereign bonds	13%	13%

This includes \$3.2 million (30 June 2021: \$6.8 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 2021 has been rolled forward to 30 June 2022 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 2022.

The fair value of scheme assets as at 30 June 2022 (CSS and PSS only) were estimated using the unaudited net scheme assets available to pay benefits at 31 May 2022 rolled forward to 30 June 2022 with cash flow items provided by the CSC. An estimate of the actual rate of investment return earned by the scheme during June 2022 was used in determining the fair value of scheme assets.

Other Schemes (G-GPS, JPS and FCFC DDS)

Membership data as at 31 May 2022 has been rolled forward to 30 June 2022. 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	3.8%	3.9%	3.9%
Salary growth rate to June 2023	2.7%	2.7%	2.75%
Salary growth rate to June 2024	3.1%	3.1%	3.1%
Salary growth rate to June 2025	3.3%	3.3%	3.3%
Salary growth rate to June 2026	3.5%	3.5%	3.5%
Salary growth rate after June 2026	3.5%	3.5%	4.0%
Pension increase rate to June 2023	4.0%	4.0%	2.75%
Pension increase rate to June 2024	3.0%	3.0%	3.1%
Pension increase rate to June 2025	2.5%	2.5%	3.3%
Pension increase rate to June 2026	2.5%	2.5%	3.5%
Pension increase rate after June 2026	2.5%	2.5%	4.0%
Maturity profile (years)	11.5 (CSS 1976)	18.5	13.7 (PCSS)
	6.9 (CSS 1922)		9.9 (G-GPS)
			13.6 (JPS)
			0.0 (FCFC DDS)

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 2.7% 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%	(3,736,571)	(10,019,044)	(146,559)
	- 0.5%	4,093,872	11,375,959	162,671
Salary growth rate	+ 0.5%	29,779	1,857,476	156,417
	- 0.5%	(28,599)	(1,759,718)	(142,443)
Pension increase rate	+ 0.5%	3,566,743	8,759,955	n/a
	- 0.5%	(3,289,661)	(7,920,797)	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

C. General Business Disclosures

C3.4 Superannuation schemes								
	30 June 2022		30 June 2021		Total \$'000	Other \$'000	Total \$'000	
	CSS \$'000	PSS \$'000	Other \$'000	Total \$'000				
Reconciliation of the present value of the defined benefit obligation								
Value at beginning of the year	87,970,882	158,647,759	2,778,218	249,396,859	96,649,398	162,849,191	3,043,999	262,542,588
Current service cost	61,506	3,367,153	57,405	3,486,064	86,865	3,750,797	67,281	3,904,943
Interest expense	1,715,517	3,617,566	62,742	5,395,825	1,322,386	2,746,014	50,879	4,119,279
Contribution from scheme participants	19,615	514,517	-	534,132	24,551	520,800	-	545,351
Productivity contribution	5,927	155,390	-	161,317	7,226	159,566	-	166,792
Actuarial losses/(gains) in liabilities arising from:								
Changes in demographic assumptions	-	-	-	-	(1,033,900)	8,184,695	96,943	7,247,738
Changes in financial assumptions	(15,017,169)	(39,026,513)	(492,197)	(54,535,879)	(6,138,785)	(20,492,590)	(321,753)	(26,953,128)
Liability experience	2,229,502	3,859,953	42,436	6,131,891	1,193,515	3,571,154	(57,381)	4,707,288
Benefits paid	(4,361,473)	(2,897,354)	(102,183)	(7,361,010)	(4,139,282)	(2,618,040)	(101,750)	(6,859,072)
Taxes, premiums and expenses paid	(895)	(23,225)	-	(24,120)	(1,092)	(23,828)	-	(24,920)
Closing value of the defined benefit obligation	72,623,412	128,215,246	2,346,421	203,185,079	87,970,882	158,647,759	2,778,218	249,396,859
Reconciliation of the fair value of plan assets								
Value at beginning of the year	1,780,180	21,207,756	-	22,987,936	1,883,375	18,904,818	-	20,788,193
Interest income	32,180	479,236	-	511,416	23,930	317,201	-	341,131
Actual return on scheme assets less interest income	(66,177)	(983,593)	-	(1,049,770)	208,228	2,680,430	-	2,888,658
Contribution from scheme participants	19,615	514,517	-	534,132	24,551	520,800	-	545,351
Productivity contribution	5,927	155,390	-	161,317	7,226	159,566	-	166,792
Net appropriation from the CRF	3,970,940	2,352,230	102,183	6,425,353	3,773,244	1,266,809	101,750	5,141,803
Benefits paid	(4,361,473)	(2,897,354)	(102,183)	(7,361,010)	(4,139,282)	(2,618,040)	(101,750)	(6,859,072)
Taxes, premiums and expenses paid	(895)	(23,225)	-	(24,120)	(1,092)	(23,828)	-	(24,920)
Closing fair value of plan assets	1,380,297	20,804,957	-	22,185,254	1,780,180	21,207,756	-	22,987,936
Closing value of the net defined benefit liability								
	71,243,115	107,410,289	2,346,421	180,999,825	86,190,702	137,440,003	2,778,218	226,408,923
The fair value of CSS and PSS scheme assets relates to investments in the Pooled Superannuation Trust (PST)								

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
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Communication and information technology	60,258	64,442	25,345	23,145
Consultants and contractors	31,266	59,383	720	622
Domestic property portfolio expenses	29,905	28,591	-	-
General supplier expenses	19,030	14,524	30,601	30,285
Office expenses	-	-	49,565	46,247
Superannuation administration costs	-	-	8,649	8,857
Master media agency services	11,023	11,478	-	-
Property operating expenses	5,248	3,869	17,644	16,736
Training	2,767	2,912	-	-
Travel	448	629	-	-
Total supplier expenses	159,945	185,828	132,524	125,892

D2 Own source revenue

D2.1 Rental income

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Operating lease</i>				
Investment properties	59,152	60,046	-	-
Lease income	16,057	15,175	-	-
Subleasing right-of-use assets	1,090	763	-	-
Total rental income	76,299	75,984	-	-

Lease income commitment receivables (including GST):

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Domestic property portfolio rent receivable	592,054	744,477	-	-
Total commitments receivable	592,054	744,477	-	-
By maturity:				
Within one year	70,631	69,977	-	-
One to two years	70,790	70,843	-	-
Two to three years	72,068	71,128	-	-
Three to four years	70,853	72,576	-	-
Four to five years	63,721	71,886	-	-
More than five years	243,991	388,067	-	-
Total commitments receivables	592,054	744,477	-	-

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 PDMS, 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, 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
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Program				
Technology and procurement	43,281	29,458	-	-
Service Delivery Office	27,157	23,905	-	-
Ministerial and Parliamentary Services	8,433	6,740	5,448	3,715
Transforming government	13,256	10,529	-	-
Property and construction	23,000	2,869	-	-
Other	3,011	1,300	-	-
Total contracts with customers	118,138	74,801	5,448	3,715

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

	Note ref	Departmental		Administered	
		30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Financial Assets					
<i>Financial assets measured at amortised cost</i>					
Cash and cash equivalents					
OPA balance	H2	-	-	800,000	800,000
Operating cash balance		2,259	2,572	1,743	264,528
Special account cash held by Finance	F3.1	12,315	1,647	-	-
Special account cash held in OPA	F3	1,596,356	1,246,003	540,334	349,234
Trade and other receivables					
Contract assets from contracts with customers		7,314	5,148	24	7
Contract receivables		7,435	16,969	775	301
Other		980	3,764	2,011	683
Investment funds	C2.2	-	-	9,269,262	7,627,537
Loans					
State and territory government loans		-	-	102,605	110,091
DHA loans		-	-	-	185,000
Total financial assets measured at amortised cost		1,626,659	1,276,103	10,716,754	9,337,381
<i>Financial assets designated at FVOCI</i>					
Commonwealth entities and companies		-	-	1,888,958	1,867,319
Total financial assets designated at FVOCI		-	-	1,888,958	1,867,319
<i>Financial assets measured at FVPL</i>					
Investment funds	C2.2	-	-	39,609,923	41,898,951
Total financial assets measured at FVPL		-	-	39,609,923	41,898,951
Total financial assets		1,626,659	1,276,103	52,215,635	53,103,651
Financial Liabilities					
<i>Financial liabilities measured at amortised cost</i>					
Trade creditors and accruals		116,765	37,734	12,107	15,464
Investment funds	C2.2	-	-	108,707	274,339
OPA overnight cash payable	H2	-	-	2,567,225	2,601,308
Total financial liabilities measured at amortised cost		116,765	37,734	2,688,039	2,891,111
<i>Financial liabilities measured at FVPL</i>					
Investment funds	C2.2	-	-	845,146	334,966
Total financial liabilities measured at FVPL		-	-	845,146	334,966
Total financial liabilities		116,765	37,734	3,533,185	3,226,077

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 2022	30 June 2021
	Level	Inputs used	Valuation technique	\$'000	\$'000
Financial assets					
State and territory government loans	2	N/A	Income approach	144,107	179,877
Investments in CECs	3	NET	Cost approach	1,501,140	1,487,726
Investments in CECs	3	WACC	Income approach	387,818	379,593
<i>Investment funds</i>					
Other investments	1	NET	Market approach	6,317,494	8,725,784
Derivative assets	1	NET	Market approach	50,431	39,329
Interest bearing securities	2	N/A	Price Index ¹	20,846,303	23,386,123
Other investments	2	N/A	Market approach	6,103	3,150
Derivative assets	2	N/A	Market approach	184,723	92,263
Other investments	3	NET	Market approach	11,813,829	9,226,603
Interest bearing securities	3	NET	Market approach	161,000	294,301
Total financial assets				41,412,948	43,814,749
Financial liabilities					
Investment funds - derivative liabilities	1	NET	Market approach	43,787	38,493
Investment funds - derivative liabilities	2	N/A	Market approach	801,359	296,473
Total financial liabilities				845,146	334,966

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. As at 30 June 2022, the loan has been fully repaid.

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 redeveloped the Osborne South Shipyard, and established access arrangements with naval shipbuilding prime contractors as infrastructure was completed. ANI has been selected as the Commonwealth's partner to develop large vessel infrastructure at Henderson, WA. ANI is working with the Commonwealth on the Nuclear Powered Submarine shipyard. 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 and life of type extension of the Collins Class submarine fleet, and provides submariner-training services to the Royal Australian Navy. ASC is sub-contracted to provide services to Luerksen Australia to build the first two Arafura Class Offshore Patrol Vessels. ASC manages the Sovereign Shipbuilding Talent Pool, which is re-deploying the existing shipbuilding workforce throughout current and new shipbuilding programs, while building the nuclear powered submarine skills to support the nuclear powered submarine program. 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

<i>Movements of recurring level 3 financial assets</i>		
	Administered	
	30 June 2022 \$'000	30 June 2021 \$'000
Opening balance of investments in CECs	1,867,319	1,570,611
Equity injections	221,965	207,400
Total gains/(losses) recognised in other comprehensive income	(200,326)	89,308
Closing balance of investments in CECs	1,888,958	1,867,319
Opening balance of investment funds - financial assets at FVPL	9,520,904	5,452,547
Purchase	3,765,183	4,775,394
Sales	(2,284,671)	(1,682,249)
Transfers into level 3	2,825	51,792
Total gains/(losses) recognised in net cost of services	1,020,147	926,737
Transfers out of level 3	(49,559)	(3,317)
Closing balance of investment funds - financial assets at FVPL	11,974,829	9,520,904

D3.3 Net gains or losses on financial assets

	Note ref	Departmental		Administered	
		30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets at amortised cost					
Interest					
OPA deposits		-	-	478	921
State and territory government loans		-	-	11,502	12,284
DHA loans		-	-	6,217	24,668
Other		-	-	-	-
Impairment of financial assets		(71)	(3)	(435)	(8)
Net gains/(losses) on financial assets at amortised cost		(71)	(3)	17,762	37,865
Financial assets at FVOCI					
Dividends		-	-	12,200	6,500
Gains/(losses) on Commonwealth entities and companies	D3.2	-	-	(200,326)	89,308
Net gains/(losses) on financial assets at FVOCI		-	-	(188,126)	95,808
Financial assets measured as FVPL					
<i>Investment funds</i>					
Interest	C2.1	-	-	25,374	27,729
Dividends and distributions	C2.1	-	-	588,160	342,978
Gains/(losses) on financial investments	C2.1	-	-	(610,024)	3,425,134
Foreign exchange losses	C2.1	-	-	(80)	(106,371)
Net gains/(losses) on financial assets at FVPL		-	-	3,430	3,689,470
Net gains/(losses) on financial assets		(71)	(3)	(166,934)	3,823,143

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			Effect on	
		Change in risk variable	Surplus/ (deficit)	Equity
30 June 2022	Risk variable	%	\$'000	\$'000
Overnight cash deposits with the RBA	Deposit rate	+0.79%	6,320	-
		-0.79%	(6,320)	-
Investments in CECs	Discount rate	+0.79%	-	38,000
		-0.79%	-	(27,100)
30 June 2021				
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)

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 60 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	2022 and 2021 (no change except intangibles)
Buildings on freehold land	3 to 100 years
Leasehold improvements	Lesser of useful life or lease term
Intangibles	3 to 12 years, (3 to 7 years 2021)
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 ¹	Leasehold improve- ments	Invest- ment property	Plant and equip- ment	Intang- ibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Owned assets (excluding operating leases)							
As at 1 July 2021							
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 1 July 2021	159,601	320,723	25,800	67,200	20,416	91,606	685,346
Additions	-	1,170,795	748	-	1,950	13,932	1,187,425
Revaluations recognised in OCI	11,114	23,952	-	-	-	-	35,066
Impairments recognised in NCOS	-	-	-	-	(63)	(4,805)	(4,868)
Revaluations recognised in NCOS	-	-	-	7,929	-	-	7,929
Depreciation and amortisation	-	(9,742)	(1,895)	-	(5,042)	(11,294)	(27,973)
Disposals							
Transfers to agencies	-	-	-	(9,650)	-	-	(9,650)
Write-downs	(980)	-	-	-	(215)	(281)	(1,476)
Other	(30)	-	-	-	(876)	876	(30)
Total as at 30 June 2022	169,705	1,505,728	24,653	65,479	16,170	90,034	1,871,769
Represented by							
Gross book value	169,705	1,505,728	28,942	65,479	27,472	201,827	1,999,153
Accumulated depreciation, amortisation and impairment	-	-	(4,289)	-	(11,302)	(111,793)	(127,384)
Total as at 30 June 2022	169,705	1,505,728	24,653	65,479	16,170	90,034	1,871,769
Owned assets under operating leases							
As at 1 July 2021							
Gross book value	300,305	320,300	-	767,555	-	-	1,388,160
Total as at 1 July 2021	300,305	320,300	-	767,555	-	-	1,388,160
Additions	-	14,821	-	9,178	-	-	23,999
Revaluations recognised in OCI	13,422	16,962	-	-	-	-	30,384
Revaluations recognised in NCOS	-	-	-	30,460	-	-	30,460
Depreciation	-	(11,468)	-	-	-	-	(11,468)
Total as at 30 June 2022	313,727	340,615	-	807,193	-	-	1,461,535
Represented by							
Gross book value	313,727	340,615	-	807,193	-	-	1,461,535
Accumulated depreciation and impairment	-	-	-	-	-	-	-
Total as at 30 June 2022	313,727	340,615	-	807,193	-	-	1,461,535
Total owned assets							
As at 30 June 2022	483,432	1,846,343	24,653	872,672	16,170	90,034	3,333,304
As at 30 June 2021	459,906	641,023	25,800	834,755	20,416	91,606	2,073,506

¹Building additions have increased by approximately \$1.2 billion in 2021-22 due to the construction of Centres of National Resilience (CNR) in Melbourne, Brisbane and Perth. The CNR's are subject to future government decisions on additional uses with various stakeholders which may impact their longer term carrying value. The Brisbane and Perth CNR's are built on Department of Defence owned land which will be transferred to Finance once construction is complete and the CNR is operational.

Notes to and forming part of the financial statements

D. Operating Resources

Capital commitments payable (GST inclusive)

	Departmental					
	30 June 2022			30 June 2021		
	Between			Between		
	Within one	one and	Total	Within one	one and	Total
	year	five years		year	five years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	232,558	-	232,558	45,708	10,251	55,959
Intangible assets development	5,250	-	5,250	4,688	2,200	6,888
Infrastructure, plant & equipment	555	-	555	-	-	-
Total capital commitments	238,363	-	238,363	50,396	12,451	62,847

Administered					
	Leasehold improve- ments \$'000	Infrastruct- ure \$'000	Plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2021					
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 1 July 2021	34,394	72,326	15,048	94	121,862
Additions	8,015	1,508	2,342	798	12,663
Revaluations recognised in OCI	-	17,095	-	-	17,095
Depreciation and amortisation	(12,850)	(2,623)	(2,982)	(183)	(18,638)
Disposals - write-downs	(73)	-	(39)	-	(112)
Other disposals	(4)	-	-	-	(4)
Total as at 30 June 2022	29,482	88,306	14,369	709	132,866
Represented by					
Gross book value	60,330	88,306	20,190	994	169,820
Accumulated depreciation, amortisation and impairment	(30,848)	-	(5,821)	(285)	(36,954)
Total as at 30 June 2022	29,482	88,306	14,369	709	132,866
Capital commitments payable (GST inclusive)					
Administered					
	30 June 2022			30 June 2021	
	Between			Between	
	Within one	one and		Within one	one and
	year	five years	Total	year	five years
	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	1,414	-	1,414	3,348	-
Infrastructure, plant and equipment	6,377	-	6,377	2,523	-
Total capital commitments	7,791	-	7,791	5,871	-

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 2021				
Gross book value	467,510	1,229	259	468,998
Accumulated depreciation	(35,104)	(968)	(157)	(36,229)
Total as at 1 July 2021	432,406	261	102	432,769
Additions	2,290	-	19	2,309
Depreciation	(17,614)	(256)	(76)	(17,946)
Other movements	-	-	(12)	(12)
Carrying amount as at 30 June 2022	417,082	5	33	417,120
Represented by				
Gross book value	469,800	1,229	266	471,295
Accumulated depreciation	(52,718)	(1,224)	(233)	(54,175)
Total as at 30 June 2022	417,082	5	33	417,120

Administered				
	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
As at 1 July 2021				
Gross book value	345,517	5,755	6,256	357,528
Accumulated depreciation	(80,965)	(2,370)	(2,942)	(86,277)
Total as at 1 July 2021	264,552	3,385	3,314	271,251
Additions	9,448	689	48	10,185
Depreciation	(38,621)	(1,370)	(1,901)	(41,892)
Other movements	(389)	(11)	4	(396)
Carrying amount as at 30 June 2022	234,990	2,693	1,465	239,148
Represented by				
Gross book value	354,576	6,433	6,308	367,317
Accumulated depreciation	(119,586)	(3,740)	(4,843)	(128,169)
Total as at 30 June 2022	234,990	2,693	1,465	239,148

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*:

Non-financial assets	Level	Inputs used	Valuation technique	Departmental		Administered	
				30 June 2022	30 June 2021	30 June 2022	30 June 2021
				\$'000	\$'000	\$'000	\$'000
Land	2	AMT	Market approach	483,432	162,056	-	-
Land	2	AMT	Income approach	-	297,850	-	-
Buildings	2	AMT	Income approach	363,423	333,192	-	-
Buildings	2	RCN	Cost approach	-	307,831	-	-
Buildings ¹	3	RCN, CEB	Cost approach	1,482,920	-	-	-
Leasehold improvements	3	RCN, CEB	Cost approach	24,653	25,800	29,482	34,394
Infrastructure	3	RCN, CEB	Cost approach	-	-	88,306	72,326
Investment property	2	AMT	Market approach	154,285	69,234	-	-
Investment property	2	AMT	Income approach	718,387	765,521	-	-
Plant and equipment	2	AMT	Market approach	12,106	13,866	2,806	1,749
Plant and equipment	3	RCN, CEB	Cost approach	4,064	6,550	11,563	13,299
Assets held for sale - land	2	AMT	Market approach	-	83	-	-
Assets held for sale - land and buildings	2	AMT	Income approach	-	12,126	-	-
Total fair value 30 June 2022				3,243,270	1,994,109	132,157	121,768

¹ In 2021-22 Buildings have been reclassified from level 2 to level 3 cost approach as the inputs used to calculate the fair value are not considered observable as per the property valuations.

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
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Contract liabilities from contracts with customers	19,423	16,081	97	97
Other	722	722	-	-
Total unearned revenue	20,145	16,803	97	97

D7 Lease liabilities				
	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Lease liabilities	449,520	454,992	255,989	283,660
Total lease liabilities	449,520	454,992	255,989	283,660
Maturity analysis - contractual undiscounted cash flows				
Within 1 year	20,810	22,312	39,397	43,646
Between 1 to 5 years	96,551	93,202	137,482	147,641
More than 5 years	578,159	601,611	151,281	173,954
Total leases	695,520	717,125	328,160	365,241

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
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Remediation costs	3,310	5,029	7,060	7,021
Act of Grace	-	-	6,506	7,218
Same-Sex Relationships Act	-	-	1,376	1,717
Total other provisions	3,310	5,029	14,942	15,956
Movements of other provisions				
Opening balance	5,029	12,960	15,956	18,134
Additional provisions made	-	12	574	113
Amounts used	(1,719)	(7,943)	(1,144)	(2,291)
Amounts reversed	-	-	(444)	-
Closing balance	3,310	5,029	14,942	15,956

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.

D9 Restructuring

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

The Government Domain Names function was assumed from the Digital Transformation Agency (DTA) during 2021-2022 due to a Machinery of Government change to support the revised mandate of the DTA.

The ICT Investment Approval Process and Whole of Government Procurement Major Office Machines functions were relinquished to the DTA during 2021-22 due to a Machinery of Government change to support the revised mandate of the DTA.

On 1 June 2022 the government announced that the Deregulation, Office of the National Data Commissioner and the Data and Digital policy functions would transfer from the Department of Prime Minister and Cabinet to Finance with effect on 1 July 2022. The financial effect of this on the Department of Finance will be recorded in the 2022-23 financial year.

	DTA 30 June 2022 \$'000
FUNCTIONS ASSUMED	
Assets recognised	
Cash and cash equivalents	97
Total assets recognised	97
Liabilities recognised	
Employee Provisions	97
Total liabilities recognised	97
FUNCTIONS RELINQUISHED	
Assets relinquished	
Cash and cash equivalents	500
Total assets relinquished	500
Net assets/(liabilities) relinquished	(500)

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 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Wages and salaries	128,846	129,175	292,414	284,316
Superannuation expense				
Defined contribution plans	14,259	14,275	40,415	38,879
Defined benefit plans	10,182	10,725	7,800	4,944
Leave and other entitlements	14,283	14,691	12,891	17,440
Post-employment benefits	-	-	(22,548)	(24,463)
Separation and redundancies	343	822	5,489	3,416
Other employee expenses	165	223	16,972	17,764
Total employee benefit expenses	168,078	169,911	353,433	342,296

E1.2 Employee provisions

	Departmental		Administered	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Leave	67,102	65,826	46,594	50,480
Separation and redundancies	-	99	21,626	27,916
Post-employment benefits	-	-	202,104	218,361
Total employee provisions	67,102	65,925	270,324	296,757

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 2022 \$'000	30 June 2021 \$'000
<i>Short-term employee benefits</i>		
Salary	2,837	2,651
Annual leave	256	245
Other benefits	-	-
Short-term employee benefits	3,093	2,896
<i>Post-employment benefits</i>		
Superannuation	517	487
Post-employment benefits	517	487
<i>Other long-term benefits</i>		
Long service leave	(164)	58
Other long-term benefits	(164)	58
<i>Termination benefits</i>		
Separation and redundancies	-	-
Total key management personnel remuneration¹	3,446	3,441
Number of key management personnel included in the table above ²	10	12

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.

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
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Ordinary annual services				
Annual Appropriation				
Ordinary annual services	278,363	709,837	346,653	300,406
Capital budget	6,413	6,445	5,279	5,223
Section 74 receipts of PGPA Act ¹	30,943	71,861	1,584	921
Section 75 transfers of PGPA Act ²	577	-	-	-
Total	316,296	788,143	353,516	306,550
Appropriation applied ⁵	(314,749)	(793,369)	(323,006)	(295,373)
Variance	1,547	(5,226)	30,510	11,177
Other services				
Annual appropriation				
Equity injection	755,372	2,183	-	-
Assets and liabilities	-	-	58,117	348,873
Advance to the Finance Minister ³	821,000	-	-	-
Section 51 Quarantine ⁴	(200,000)	-	-	-
Total	1,376,372	2,183	58,117	348,873
Appropriation applied ⁵	(1,380,047)	(21,403)	(239,827)	(221,419)
Variance	(3,675)	(19,220)	(181,710)	127,454

¹ Receipts at 30 June 2021 included GST of \$27 million whereas at 30 June 2022 GST recoverable is excluded.

² Funding transferred from the Digital Transformation Agency (DTA) following Machinery of Government changes effective 1 July 2021.

³ Advance to the Finance Minister Determination (No. 1 of 2021-2022) \$218 million, Advance to the Finance Minister Determination (No. 3 of 2021-2022) \$403 million and Advance to the Finance Minister Determination (No. 5 of 2021-2022) \$200 million.

⁴ Under s51 of the Public Governance, Performance and Accountability Act 2013, Direction to manage access to Annual Appropriations 2021-22, No 3 authority – Appropriation Act (No. 4) 2021-22.

⁵ 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 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Appropriation Act (No. 1) 2021-2022 ¹	46,844	n/a	48,818	n/a
Appropriation Act (No. 1) 2021-2022 - Capital	4,614	n/a	5,279	n/a
Appropriation Act (No. 2) 2021-2022	320	n/a	33,789	n/a
Appropriation Act (No. 1) 2020-2021	-	46,484	-	20,801
Appropriation Act (No. 1) 2020-2021 - Capital	-	-	1,798	2,176
Appropriation Act (No. 2) 2020-2021	-	-	211	182,560
Appropriation Act (No. 3) 2020-2021	-	651	-	1
Supply Act (No. 1) 2020-2021	-	9	-	347
Supply Act (No. 1) 2020-2021 - Capital	-	2,623	3,047	3,047
Supply Act (No. 2) 2020-2021	-	676	-	32,609
Appropriation Act (No. 1) 2019-2020	-	110	-	-
Appropriation Act (No. 2) 2019-2020	-	954	-	-
Appropriation Act (No. 4) 2019-2020	-	-	227	768
Supply Act (No. 1) 2019-2020	-	48	-	-
Supply Act (No. 1) 2019-2020 - Capital	-	-	-	2,060
Supply Act (No. 2) 2019-2020	-	2,365	-	-
Appropriation Act (No. 2) 2018-2019	-	7,330	-	-
Total unspent appropriations	51,778	61,250	93,169	244,369

Reconciliation to appropriations receivable (other departmental undrawn)

	Departmental	
	30 June 2022 \$'000	30 June 2021 \$'000
Total unspent appropriations	51,778	61,250
<i>Adjustments</i>		
Cash at bank - 30 June	(2,877)	(2,572)
Recorded against capital receivable for special account in ledger	-	(11,325)
Closing appropriations receivable balance	48,901	47,353

¹ The balance includes cash at bank as at 30 June 2022 of \$2.9 million (30 June 2021: \$2.6 million).

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 2022	30 June 2021
	\$'000	\$'000
Administered		
<i>Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952 s 5)^{1,2}</i>	(5,150)	(5,253)
<i>Federal Circuit Court of Australia 1999³</i>	(15)	(1,044)
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	(405)	(1,640)
<i>Governor-General Act 1974</i>	(1,419)	(1,470)
<i>Judges' Pensions Act 1968</i>	(56,593)	(53,969)
<i>Medibank Private Sale Act 2006</i>	(7)	(16)
<i>Parliamentary Business Resources Act 2017²</i>	(245,133)	(255,410)
<i>Parliamentary Contributory Superannuation Act 1948</i>	(44,363)	(45,257)
<i>Parliamentary Superannuation Act 2004</i>	(8,028)	(8,137)
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008</i>	(65)	(66)
<i>Superannuation Act 1922</i>	(50,007)	(56,950)
<i>Superannuation Act 1976⁴</i>	(4,585,515)	(4,672,070)
<i>Superannuation Act 1990⁴</i>	(3,027,707)	(2,903,192)
Total special appropriations applied	(8,024,407)	(8,004,474)

¹ For the 2021-22 reporting period this appropriation was limited to \$5.7 million.

² Appropriations applied for 2021-22 under s 66 of the Commonwealth of Australia Constitution Act are understated by \$4,423 as the payment was made by the Department of the House of Representatives through s 59 of the Parliamentary Business resources Act 2017.

³ Federal Circuit and Family Court of Australia Act 2021 replaced the Federal Circuit Court of Australia Act 1999 from 1 September 2021. No appropriation was drawn from this Act in 2021-22.

⁴ 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</i> <i>Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952)</i> <i>Parliamentary Business Resources Act 2017 (PBR Act)</i>
Attorney-General's Department and the Department of Parliamentary Services	Parliamentary Business Resources Act 2017 (PBR Act)
Fair Work Commission	Judges Pension Act 1968

Notes to and forming part of the financial statements

F. Funding

Non-compliance with statutory conditions for payments from the consolidated revenue fund

During 2021–22, Finance was informed by the Department of the House of Representatives (DHR) of a non-compliance with statutory conditions on the payment of allowances to certain members of the Parliamentary Standing Committee on Petitions from the Special Appropriation under the Parliamentary Business Resources Act 2017 (PBR Act), the Remuneration Tribunal Act 1973 (RT Act), Parliamentary Contributory Superannuation Act 1948 (1948 Act) and the Parliamentary Superannuation Act 2004 (2004 Act). Section 83 of the Commonwealth of Australia Constitution Act 1900 (the Constitution) provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation by law.

The DHR identified that over payments were made relating to the period 12 February 2008 to 28 February 2022 totalling \$0.432 million. Payments made under the RT Act before 29 May 2013 are treated as breaches of the Constitution totalling \$0.117 million. Payments made after this date under the PBR Act and the RT Act totalling \$0.261 million are not breaches of the Constitution. Payments totalling \$0.054m made in relation to parliamentary superannuation under the 1948 Act and the 2004 Act are also considered breaches. Due to the substantial passing of time, it may not be economic to recover the over payment of some of these allowances.

DHR has strengthened its controls over allowances payable to parliamentary office holders to safeguard against future breaches. Finance will continue to monitor payment amounts for various expenditures to identify potential non-compliance with section 83 of the Constitution for the PBR Act.

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 Act 2013*
- *Superannuation Legislation (Consequential Amendments and Transitional Provisions) Act 2011*
- *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*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Transferred Officers' Allowances Act 1948*

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 2022	30 June 2021
		\$'000	\$'000
Relationship			
Attorney-General's Department			
Total receipts		-	-
Total payments	Solicitors-General pension payments	(280)	(280)

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 2022					
Balance brought forward	1,100,324	121,796	33,018	3,837	1,258,975
Appropriations credited	16,697	1,500,878	2,594	15,109	1,535,278
Other receipts	170,718	99,129	31,672	45,268	346,787
Payments made	(155,671)	(1,302,664)	(29,648)	(44,386)	(1,532,369)
Balance carried forward	1,132,068	419,139	37,636	19,828	1,608,671
Balance represented by					
Cash held by Finance	3,050	8,627	638	-	12,315
Cash held in OPA	1,129,018	410,512	36,998	19,828	1,596,356
Special account balance	1,132,068	419,139	37,636	19,828	1,608,671
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

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.

F. Funding

Notes to and forming part of the financial statements

F3.2 Administered special accounts									
30 June 2022	DCAF \$'000	MRFF \$'000	ATSILSFF \$'000	FDF \$'000	ERF \$'000	DHA \$'000	Total \$'000		
Balance brought forward	-	-	-	-	-	349,234	349,234		
Contributions from Government	5,105,843	-	-	-	-	-	-		5,105,843
Investments realised	17,866,774	43,474,039	369,401	1,321,449	1,279,905	-	-		64,311,568
Other receipts	100,926	46,378	267,887	575,058	588,534	191,231	191,231		1,770,014
Investment funds return to Government	(4,000,000)	-	-	-	-	-	-		(4,000,000)
Purchase of investments	(17,828,281)	(41,662,773)	(580,317)	(1,795,027)	(1,666,925)	-	-		(63,533,323)
Investment funds distributions	(1,232,659)	(455,000)	(55,724)	(100,000)	(200,000)	-	-		(2,043,383)
Other payments	(12,603)	(1,402,644)	(1,247)	(1,480)	(1,514)	(131)	(131)		(1,419,619)
Balance carried forward	-	-	-	-	-	540,334	540,334		540,334
Balance represented by									
Cash held in the OPA	-	-	-	-	-	540,334	540,334		540,334
30 June 2021									
Balance brought forward	-	-	-	-	-	-	-		-
Contributions from Government	4,597,333	3,212,051	-	-	-	-	-		7,809,384
Investments realised	25,599,292	43,519,399	1,100,148	1,979,771	2,015,865	-	-		74,214,475
Other receipts	395,139	827,880	1,106	146,091	145,987	349,234	349,234		1,865,437
Investment funds return to Government	(4,000,000)	-	-	-	-	-	-		(4,000,000)
Purchase of investments	(24,892,091)	(46,846,026)	(1,022,803)	(2,024,362)	(2,110,231)	-	-		(76,895,513)
Investment funds distributions	(1,688,921)	(572,585)	(54,847)	(100,000)	(50,000)	-	-		(2,466,353)
Other payments	(10,752)	(140,719)	(23,604)	(1,500)	(1,621)	-	-		(178,196)
Balance carried forward	-	-	-	-	-	349,234	349,234		349,234
Balance represented by									
Cash held in the OPA	-	-	-	-	-	349,234	349,234		349,234

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*.

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.

Notes to and forming part of the financial statements

F. Funding

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 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Assets expected to be recovered in:				
No more than 12 months				
Cash and cash equivalents	14,574	4,219	1,342,077	1,413,762
Special account cash held in OPA	1,596,356	1,246,003	-	-
Trade and other receivables	15,729	25,881	2,810	991
Special account capital receivable	-	11,325	-	-
Other departmental undrawn	48,901	47,353	-	-
Reinsurance and other recoveries	968	783	-	-
Lease incentive assets	132	133	-	-
Investment funds	-	-	22,479,608	26,413,588
Loans	-	-	7,921	82,246
Other financial assets	11,571	2,599	36,046	47,954
Prepayments	6,697	7,357	4,258	4,575
Assets held for sale	-	12,209	-	-
Total no more than 12 months	1,694,928	1,357,862	23,872,720	27,963,116
More than 12 months				
Reinsurance and other recoveries	1,654	1,654	-	-
Lease incentive assets	519	651	-	-
Investment funds	-	-	26,399,577	23,112,900
Loans	-	-	94,684	212,845
Commonwealth entities and companies	-	-	1,888,958	1,867,319
Land	483,432	459,906	-	-
Buildings	1,846,343	641,023	-	-
Leasehold improvements	24,653	25,800	29,482	34,394
Investment property	872,672	834,755	-	-
Infrastructure	-	-	88,306	72,326
Plant and equipment	16,170	20,416	14,369	15,048
Intangibles	90,034	91,606	709	94
Right-of-use assets	417,120	432,769	239,148	271,251
Prepayments	948	585	140	143
Total more than 12 months	3,753,545	2,509,165	28,755,373	25,586,320
Total assets	5,448,473	3,867,027	52,628,093	53,549,436

Notes to and forming part of the financial statements

H. Other information

	Departmental		Administered	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Liabilities expected to be settled in:				
No more than 12 months				
Trade creditors and accruals	116,765	37,734	12,107	15,464
Unearned revenue	20,145	15,822	97	97
Return of equity - special accounts	53,476	73,206	-	-
Outstanding insurance claims	321,568	239,924	-	-
Investment funds	-	-	953,853	609,305
OPA overnight cash payable	-	-	2,567,225	2,601,308
Employee provisions	17,742	17,431	26,596	36,253
Superannuation provisions	-	-	7,698,303	7,215,318
Lease liabilities	8,385	7,713	35,471	36,881
Other provisions	2,099	2,212	4,215	1,444
Other payables	5,881	4,426	8,098	21,051
Total no more than 12 months	546,061	398,468	11,305,965	10,537,121
More than 12 months				
Unearned revenue	-	981	-	-
Outstanding insurance claims	954,836	854,718	-	-
Employee provisions	49,360	48,494	243,728	260,504
Superannuation provisions	-	-	173,301,522	219,193,605
Lease liabilities	441,135	447,279	220,518	246,779
Other provisions	1,211	2,817	10,727	14,512
More than 12 months	1,446,542	1,354,289	173,776,495	219,715,400
Total liabilities	1,992,603	1,752,757	185,082,460	230,252,521

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 WoAG financial statements (2021-22: \$1.4 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

Borrowing Costs

All borrowing costs are expensed as incurred.

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	IBNER	Incurred But Not Enough Reported
AASB	Australian Accounting Standards Board	ICON	Intra-government Communications Network
AMT	Adjusted Market Transactions	Investment funds	Administered Investment Funds managed by the Future Fund Board of Guardians
ANI	Australian Naval Infrastructure Pty Ltd	JPS	Judges' Pensions Scheme
ASC	ASC Pty Ltd	KMP	Key Management Personnel
ATSILSFF	Aboriginal and Torres Strait Islander Land and Sea Future Fund	LTCRs	2020 Long Term Cost Reports
AUD	Australian Dollar	MOP(S) Act	<i>Members of Parliament (Staff) Act 1984</i>
AUKUS	Australia, United Kingdom and the United States security partnership	MRFF	Medical Research Future Fund
CEB	Consumed Economic Benefits	MRFFICs	Medical Research Future Fund Investment Companies
CECs	Commonwealth Entities and Companies	NCCEs	Non-Corporate Commonwealth Entities
CRF	Consolidated Revenue Fund	NCOS	Net Cost of Services
CPCSA	Coordinated Procurement Contracting Special Account	NET	Net Assets
CPI	Consumer Price Index	OCI	Other Comprehensive Income
CSC	Commonwealth Superannuation Corporation	OPA	Official Public Account
CSS	Commonwealth Superannuation Scheme	PBR Act	<i>Parliamentary Business Resources Act 2017</i>
DCAF	DisabilityCare Australia Fund	PBS	Portfolio Budget Statements
DHA	Defence Housing Australia	PDMS	Parliamentary Document Management System
ERF	Emergency Response Fund	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
FCFCDDS	Federal Circuit Court and Family Court of Australia Death and Disability Scheme	PCSS	Parliamentary Contributory Superannuation Scheme
FDF	Future Drought Fund	PSS	Public Sector Superannuation Scheme
FFMA	Future Fund Management Agency	PSSap	Public Sector Superannuation Accumulation Plan
FRR	<i>PGPA (Financial Reporting) Rule 2015</i>	RBA	Reserve Bank of Australia
FVOCI	Fair Value through Other Comprehensive Income	RCN	Replacement Cost of New Assets
FVPL	Fair Value through Profit or Loss	SDO	Service Delivery Office
GBE	Government Business Enterprise	SDOSA	Service Delivery Office Special Account
GBP	British Pound	The Board	Future Fund Board of Guardians
G-GPS	Governor-General Pension Scheme	USD	United States Dollar
GST	Goods and Services Tax	WACC	Weighted Average Cost of Capital
IBNR	Incurred But Not Reported	WoAG	Whole of Australian Government

Part 6

Appendices

- Appendix A: Entity resource statement and expenses by outcome
- Appendix B: Other management matters
- Appendix C: Information on recoverable payments
- Appendix D: Staff achievements
- Appendix E: Corrections to previous annual report

Appendix A: Entity resource statement and expenses by outcome

Table A1: Entity Resource Statement, 2021–22

	Actual Available appropriation - current year \$'000 (a)	Payments made \$'000 (b)	Balance remaining \$'000 (a)-(b)
Departmental			
Annual appropriations - ordinary annual services ^{1, 3}	366,207	314,749	51,458
Annual appropriations - other services - non-operating ²	1,380,367	1,380,047	320
Total departmental annual appropriations	1,746,574	1,694,796	51,778
Special accounts	3,141,040	1,532,369	1,608,671
Total special accounts	3,141,040	1,532,369	1,608,671
less departmental appropriations drawn from annual/special appropriations and credited to special accounts	1,535,278	1,535,278	-
Total departmental resourcing (A)	3,352,336	1,691,887	1,660,449
Administered			
Annual appropriations - ordinary annual services ^{1, 3}	381,948	323,006	58,942
Annual appropriations - other services - non-operating ²	274,054	239,827	34,227
Total administered annual appropriations	656,002	562,833	93,169
Administered special appropriations		8,024,407	
Total administered special appropriations		8,024,407	
Special accounts	71,536,659	70,996,325	540,334
Total special accounts	71,536,659	70,996,325	540,334
Total administered resourcing (B)	72,192,661	79,583,565	
Total resourcing and payments for Department of Finance (A + B)	75,544,997	81,275,452	

¹ *Appropriation Act (No. 1) 2021–2022 and Appropriation Act (No. 3) 2021–2022*. Includes prior-year departmental appropriation and section 74 external revenue.

² *Appropriation Act (No. 2) 2021–2022, Appropriation Act (No. 4) 2021–2022, Advance to the Finance Minister Determination (No. 1 of 2021–2022), Advance to the Finance Minister Determination (No. 3 of 2021–2022), and Advance to the Finance Minister Determination (No. 5 of 2021–2022).*

³ 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'.

Further details of the Department's resourcing is provided in the financial statements at Note F: Funding.

Table A2: Expenses for Outcome 1, 2021–22

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 2021–22 \$'000 (a)	Actual Expenses 2021–22 \$'000 (b)	Variation 2021–22 \$'000 (a)-(b)
Program 1.1: Budget and Financial Management			
Departmental expenses			
Departmental appropriation ^b			
Budget advice	67,418	65,439	1,979
Financial reporting	31,670	32,400	(730)
Expenses not requiring appropriation in the budget year ^c	11,571	11,927	(356)
Total for Program 1.1	110,659	109,766	893
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation ^b	99,088	97,839	1,249
Expenses not requiring appropriation in the budget year ^c	11,571	11,927	(356)
Total expenses for Outcome 1	110,659	109,766	893
	2021–22	2021–22	
Average staffing level (number)	469	437	

^a Full-year budget, including any subsequent adjustments made in the 2021–22 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.

Table A3: Expenses for Outcome 2, 2021–22

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 2021–22 \$'000 (A)	Actual Expenses 2021–22 \$'000 (B)	Variation 2021–22 \$'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	39	39	-
Grant in Aid - Chifley Research Centre	249	249	-
Grant in Aid - Green Institute	93	93	-
Grant in Aid - Menzies Research Centre	250	249	1
Grant in Aid - Page Research Centre	121	120	1
Grant in Aid - Royal Humane Society of Australasia ^b	29	29	-
Grant in Aid - RSPCA Australia Inc	39	39	-
Special accounts			
DHA Borrowings Special account	320	189	131
Departmental expenses			
Departmental appropriation ^b			
Financial framework	27,207	21,054	6,153
Government shareholder oversight	28,953	20,442	8,511
Special financial claims	2,859	3,719	(860)
Expenses not requiring appropriation in the budget year ^c	1,777	1,793	(16)
Total for Program 2.1	61,936	48,015	13,921
Program 2.2: Transforming Government			
Departmental expenses			
Departmental appropriation ^b			
Transforming the public sector	23,230	21,574	1,656
Expenses not requiring appropriation in the budget year ^c	458	2,609	(2,151)
Total for Program 2.2	23,688	24,183	(495)
Program 2.3: Property and Construction			
Departmental expenses			

Special accounts			
Property Special Account ^d	94,616	82,683	11,933
Total for Program 2.3	94,616	82,683	11,933
Program 2.4: Insurance and Risk Management			
Departmental expenses			
Special accounts			
Comcover Special Account	204,900	324,365	(119,465)
Total for Program 2.4	204,900	324,365	(119,465)
Program 2.5: Technology and Procurement			
Departmental expenses			
Departmental appropriation ^b			
Technology transformation	18,556	15,292	3,264
Procurement framework	8,446	8,032	414
Special accounts			
Coordinated Procurement Contracting Special Account	31,521	30,301	1,220
Expenses not requiring appropriation in the budget year ^c	2,954	830	2,124
Total for Program 2.5	61,477	54,455	7,022
Program 2.6: Service Delivery Office			
Departmental expenses			
Departmental appropriation ^b			
Service Delivery Office	-	-	-
Special accounts			
SDO Special Account	46,944	39,788	7,156
Total for Program 2.6	46,944	39,788	7,156
Program 2.7: Public Sector Superannuation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Act of Grace	1,162	835	327
Compensation and legal expenses	500	372	128
Superannuation administration costs	8,857	8,649	208
Special appropriations			
<i>Federal Circuit Court of Australia Act 1999</i>	870	870	-

<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,225	405	820
<i>Governor-General Act 1974</i>	440	440	-
<i>Judges' Pensions Act 1968</i>	89,456	89,456	-
<i>Parliamentary Contributory Superannuation Act 1948</i>	29,381	29,381	-
<i>Parliamentary Superannuation Act 2004</i>	8,462	8,028	434
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws General Law Reform) Act 2008</i>	57	57	-
<i>Superannuation Act 1922</i>	8,546	8,546	-
<i>Superannuation Act 1976</i>	1,736,297	1,736,297	-
<i>Superannuation Act 1990</i>	6,505,483	6,505,483	-
Departmental expenses			
Departmental appropriation ^b			
Public Sector Superannuation	3,733	4,014	(281)
Expenses not requiring appropriation in the budget year ^c	187	672	(485)
Total for Program 2.7	8,394,656	8,393,505	1,151
Program 2.8: Australian Government Investment Funds			
Administered expenses			
Special accounts			
DisabilityCare Australia Fund Special Account	2,004,977	1,307,556	697,421
Medical Research Future Fund Special Account	537,463	1,048,853	(511,390)
Aboriginal and Torres Strait Islander Land and Sea Future Fund Special Account	63,618	56,700	6,918
Future Drought Fund	116,288	101,585	14,703
Emergency Response Fund	67,613	196,533	(128,920)
Total for Program 2.8	2,789,959	2,711,227	78,732
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	11,339	10,674	665
Special appropriations	8,380,217	8,378,963	1,254
Special accounts	2,790,279	2,711,416	78,863
Departmental expenses			
Departmental appropriation ^b	112,984	94,127	18,857

Special accounts	377,981	477,137	(99,156)
Expenses not requiring appropriation in the budget year ^c	5,376	5,904	(528)
Total Expenses for Outcome 2	11,678,176	11,678,221	(45)
	2021–22	2021–22	
Average staffing level (number)	669	667	

^a Full-year budget, including any subsequent adjustments made in the 2021–22 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.

Table A4: Expenses for Outcome 3, 2021–22

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 2021–22 \$'000 (a)	Actual Expenses 2021–22 \$'000 (b)	Variation 2021–22 \$'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	323,535	291,537	31,998
Australian Political Exchange Program	1,884	128	1,756
Australian Political Parties for Democracy Program	2,200	2,200	-
Special Appropriations		-	
Commonwealth of Australia Constitution Act (s 66)	5,372	5,150	222
<i>Parliamentary Business Resources Act 2017</i>	223,530	213,264	10,266
Expenses not requiring appropriation in the budget year ^b	25,350	23,104	2,246
Departmental expenses			
Departmental appropriation ^c			
Services to Senators, Members & their staff	29,531	26,407	3,124
Car-with-driver and associated transport services			-
Expenses not requiring appropriation in the budget year ^b	1,487	6,091	(4,604)
Total for Program 3.1	612,889	567,881	45,008
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	327,619	293,865	33,754
Special appropriations	228,902	218,414	10,488
Expenses not requiring appropriation in the budget year ^b	25,350	23,104	2,246
Departmental expenses			
Departmental appropriation ^c	29,531	26,407	3,124
Expenses not requiring appropriation in the budget year ^b	1,487	6,091	(4,604)
Total Expenses for Outcome 3	612,889	567,881	45,008
	2021–22	2021–22	
Average staffing level (number)	145	118	

^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*.

Appendix B: Other management matters

Grants

Information on grants awarded by the Department of Finance during the period 1 July 2021 to 30 June 2022 is available on GrantConnect at grants.gov.au.

Disability reporting

The *National Disability Strategy 2010–2020* was finalised in the reporting period. The report is available on the Department of Social Services website.

The *National Disability Strategy 2021–2031* was released and superseded the previous strategy. The strategy's vision is for an inclusive Australian society that ensures people with disability can fulfil their potential, as equal members of the community. The strategy sets out practical changes that will assist people with disability across 7 outcome areas. Additional information 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 our website at finance.gov.au/about-us/freedom-information. Members of the public can provide comments on our information publication plan to the Freedom of Information team.

Advertising and market research

During 2021–22, Finance's total payments for advertising and market research were \$245,816.75 (GST inclusive).

Table B1 shows payments of \$14,500 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*.

The following payments to market research organisations relate to the whole-of-government master media agency contract that Finance manages. 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 payments, 2021–22

Organisation	Purpose	Expenditure (\$, Including GST)
Market research organisations		
Colmar Brunton Research Pty Ltd (Kantar Public)	Customer survey and analysis services	\$34,942.60
Ebiquity Pty Ltd	Industry advice for campaign advertising	\$146,738.90
Total reportable market research organisations		\$181,681.50
Media advertising organisations		
Universal McCann	Advertising in relation to electorate offices	\$55,484.14
Total reportable media advertising organisations		\$55,484.14
Total reportable payments over \$14,500		\$237,165.64

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* (PS Act).

Salary levels for SES employees are generally set at rates within a salary band applicable to each SES classification.

The Department of Finance has put in place a Determination under Section 24(1) of the PS Act. The Determination provides remuneration of all non-SES employees covered by the Department of Finance Enterprise Agreement 2019 (Finance Enterprise Agreement). The Finance Enterprise Agreement provides conditions for all non-SES employees and allows individual flexibility arrangements for remuneration, 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 for Finance include the Minister for Finance, the Special Minister of State and the members of the Finance Executive Board. The Secretary chairs the Executive Board, supported by the 4 Deputy Secretaries of the Department as permanent members. In addition, membership of the board is offered for a period of approximately 9 months on a rotating basis to 2 senior members of staff – a First Assistant Secretary and Assistant Secretary from the Department. Remuneration paid to members of the Finance Executive Board is disclosed in Table B4 below. In 2021–22, the rotating EB membership terms for FAS and AS positions extended beyond the approximate 9-month tenure, maintaining continuity following the election, change of government and change of Secretary.

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				
		(\$)	(\$)	Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
				(\$)	(\$)	(\$)	(\$)
\$0 to \$220,000	20	82,536	-	16,396	10,039	-	108,971
\$220,001 to \$245,000	4	218,215	-	26,251	(12,897)	-	231,569
\$245,001 to \$270,000	5	223,088	-	32,755	7,333	-	263,176
\$270,001 to \$295,000	20	232,302	-	39,190	10,040	-	281,532
\$295,001 to \$320,000	5	253,678	-	42,822	10,771	-	307,271
\$320,001 to \$345,000	3	277,746	-	44,581	5,859	-	328,186
\$345,001 to \$370,000	2	302,949	7,127	31,574	14,388	-	356,038
\$370,001 to \$395,000	6	315,582	-	53,316	14,684	-	383,582
\$395,001 to \$420,000	2	328,836	-	53,942	13,579	-	396,357

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

		Short-term benefits	Average other benefits and allowances	Post-employment benefits	Other long- term benefits	Termination benefits	Total remuneration
Remuneration band	Number of other highly paid staff	Average base salary		Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
\$235,001 to \$245,000	2	193,539	-	34,252	11,031	-	238,822
\$245,001 to \$270,000	3	198,426	829	30,817	22,768	-	252,840
\$270,001 to \$295,000	2	188,155	-	31,980	51,013	-	271,148

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. Six individuals included were acting as SES for a portion of the year.

Table B4: Information about remuneration for key management personnel

2021–22 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	Long Service leave ^d	Other long-term benefits	Termination benefits				
Rosemary Huxtable	Secretary	1 July 2021–30 June 2022	706,937	-	-	105,303	(46,476)	-	-	-	-	765,764	
Andrew Jaggars	Deputy Secretary	1 July 2021–30 June 2022	402,554	-	-	69,348	(23,306)	-	-	-	-	448,596	
Clare Walsh	Deputy Secretary	1 July 2021–30 June 2022	380,541	-	-	65,914	(14,222)	-	-	-	-	432,233	
Nathan Williamson	Deputy Secretary	1 July 2021–30 June 2022	434,766	-	-	71,079	(20,603)	-	-	-	-	485,242	
Matthew Yannopoulos	Deputy Secretary	1 July 2021–3 October 2021	98,572	-	-	18,125	6,232	-	-	-	-	122,929	
Cath Patterson	Deputy Secretary	27 September 2021–30 June 2022	290,680	-	-	53,693	(41,505)	-	-	-	-	302,868	
Libor Pelecky	First Assistant Secretary	1 July 2021–30 June 2022	277,794	-	-	49,270	(575)	-	-	-	-	326,489	
Tracey Carroll	Acting Deputy Secretary	29 November 2021–1 May 2022	130,671	-	-	20,656	(18,807)	-	-	-	-	132,520	
Stacie Hall	Acting Deputy Secretary	1 July 2021–29 November 2021	132,868	-	-	21,881	6,411	-	-	-	-	161,160	
Kim Baker	Assistant Secretary	1 July 2021–30 June 2022	238,090	-	-	41,646	(11,522)	-	-	-	-	268,214	

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, leave taken in the period and the impacts of a reduction in the net discount rate (or increase in the 10-year bond rate to 3.66%).

^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.

Appendix C: Information on recoverable payments

Information on recoverable payments

The Department of Finance is responsible for administering:

- the Parliamentary Contributory Superannuation Scheme (PCSS)
- the Judges' Pensions Scheme
- the Governors-General Pension Scheme.

Legislation for these schemes requires that Finance report recoverable payments that arise from inadvertent overpayment of pension benefits (see Table C1).

Overpayments are most often a consequence of Finance receiving notification of an event that has a retrospective impact on an amount of pension already paid. In general, recoverable payments arise where:

- regular pension payments are made prior to receiving notification of the death of a member
- a PCSS member receives regular pension payments prior to providing notification of work undertaken in a recognised 'office of profit' position, which 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, 2020–21 and 2021–22

Legislation	2021–22			2020–21		
	Number of payments	Amount paid \$'000	Amount recovered \$'000	Number of payments	Amount paid \$'000	Amount recovered \$'000
<i>Parliamentary Contributory Superannuation Act 1948</i>						
Death payments	14	31	26	10	27	25
Other payments	64	30	40	108 ^a	81 ^a	130
Total	78	61	66	118	108	155
<i>Judges' Pensions Act 1968</i>						
Death payments	1	7	7	4	43	102
Other payments	–	–	–	–	–	–
Total	1	7	7	4	43	102
<i>Governor-General Act 1974</i>						
Death payments	1	13	–	1	7	7
Other payments	–	–	–	–	–	–
Total	1	13	–	1	7	7

^a The previously reported number of payments was 49 and the amount paid was \$70,000. The revised figures relate to 'office of profit' positions held in 2020–21 but notified to Finance in 2021–22.

Appendix D: Staff achievements

Secretary's awards 2021

Alex Berry for demonstrating, on a consistent basis, a commitment to building the capability of the Department through development of self and staff.

Assurance Implementation Taskforce comprising Vivianne Johnson, Charee O'Riley, Timothy Holt, Ben Riley, Brenda Turner, Priya Reddy, and Jill Walker for excellence in the implementation of the Assurance Taskforce recommendations through strong department-wide collaboration and a continued focus on strengthening practices and embedding change.

Luke Mahoney for leadership and commitment to promoting mutual respect and understanding to positively influence the Aboriginal and Torres Strait Islander community not only at Finance but also across the whole of government.

Whole-of-Government Property Services Governance and Strategy Team comprising Elliot Zwangobani, Brendan Bourke, Nhat Nguyen, Deborah Keung, Chaitanya Bhojwani, Jon Chandra, Jordan Kilcoyne, Bev Goddard, Phoebe Eccles, Sarah Taurasi, Barry Kuang, John Dinn, Serina Knott, and Tammy Crisp for innovative contract design and outstanding contract management to achieve significant Indigenous procurement outcomes in whole-of-government property services.

David O'Connor for outstanding leadership and being instrumental in supporting agencies to successfully execute commercial transactions and facilitate government decision-making on key commercial policy.

Claire Grinsell-Jones for exemplifying Finance's leadership expectations, always being 'part of the solution', and supporting the intense media management within Ministerial and Parliamentary Services in 2021.

Robert Osmond for exemplary macroeconomic advice and a commitment to supporting staff and stakeholders to enhance their understanding of economic developments and the state of Australia's economy.

Upuli Jayasuriya for leading change and mitigating risk in a complex ICT environment.

Aged Care Agency Advice Unit comprising Radovan Dragojlovic, Raul Medina, Hong Wei Lee, Ashton Chalmers, Mark Shen, Rione Gooderham, Travis Hughes, Amber Bowles, Katrina Leech, Lesley Boland, Ash Belts, and Alex Wood for providing high-quality strategic policy and financial advice that has shaped the provision of aged care services to the Australian community.

GovERP Business Case Team comprising Stephanie Matters, Kate Potter, Jess Entwistle, Daniel Trudgett, Peter Thomson, Sebastian Wojtkiewicz, Ali Salik, Steven Gilbert, and Paul Tatkovic for producing a whole-of-government first and second pass business case and progressing the delivery of GovERP across the APS.

Di Bodman for delivering exceptional future-focused outcomes and enhancing the Department's digital and process automation capability.

Strategic Procurement Team comprising Ken Skelton, Sue Moore, Nicole Lyra, Diana Reid Rowland, Alison Boyd, and Emma Rogers for delivering an innovative approach to establish a whole-of-government procurement arrangement for Management Advisory Services.

Monthly Reporting Team comprising Jessica Borkowskis, Julian Walmsley, Charles Clements, Nikoletta Diamond, Joel Lacey, Jenny Milward-Bason, and Sanjit Jeganathan for the continuous delivery of high-quality and timely monthly financial statements, providing high-quality analysis and briefing.

Amanda Lee for exemplary leadership through unwavering support, often in challenging circumstances, to her colleagues, her team and to the Department.

Australia Day awards 2022

Luke Kostava for demonstrating leadership and commitment to fostering productive relationships across the Commonwealth in negotiating and finalising the Members of Parliament Staff Enterprise Agreement 2020–23.

Electoral Policy Team comprising Emma Rostron, Georgia McLean, Nathan Holt, Donna Boulton, Taylia Johnston, and Monica Aluong for outstanding policy advice and guidance to government in delivering major reforms for the *Commonwealth Electoral Act 1918*.

Workplace Culture and Reform Taskforce comprising Georgia Weichert, Jon Box, Anndrea Penrose, Alan Chan, Cathy Stokes, Alex McElwee, Caitlin Young, Ashtyn McClelland, Connor Pegler, Sarah Watt and Steven Blazeovski in Ministerial and Parliamentary Services for outstanding commitment to delivering the recommendations made in the Foster Review as well as their support for the Jenkins Review – an Independent Review of Parliamentary Workplaces.

Carol Treneski for her innovative, solutions-focused contributions collaborating with agencies on procurement policy advice, as a member of the Quarantine Taskforce and through her work on the Census Working Group.

Snowy Hydro Shareholder Team comprising Rachel Figurski, Peter Szydluk, Ivona Kraljevic, and Conner Skidmore for excellence in collaborating with internal and external stakeholders to develop an innovative financial instrument to support Snowy Hydro Limited.

Adrian Rowles for embodying leadership by mentoring, training, and supporting his peers, his teams and his stakeholders during his 10 years in Budget and Financial Reporting Group.

Financial Framework Supplementary Powers Team comprising Linh Huynh, Taylia Johnston, Marina Kim, and Herbert Yeung for going above and beyond to ensure that the Government had the legislative authority to make COVID-19 payments to Australian communities.

Ivan Spudic for demonstrating leadership and stewardship in cross-agency collaboration, and the implementation of innovative solutions to support the continuing digital transformation of shared services.

Defence AAU and Investment Programming Team comprising Sandra Murray, Jeff Wong, Ray Luo, Pramu Chandraratne, and Harry Burgess for an outstanding achievement as a team in

leading, collaborating and influencing the development of streamlining opportunities for the Defence Investment Approval Process.

Quarantine Infrastructure Delivery Team comprising Lex Bennett, Lindsey Box, Kendall Brinton, Madison Gibson, Michael Goulder, Lachlan Hayes, Catherine Heales, Sankar Kalirajan, Kaela Kirk, Matthew Lowe, Vanessa Markulic, David O'Connor, Peter Pascuzzo, Priscilla Phommaly, Celina Poon, Kate Potter, William Shaw, Adam Binns, Saxon Sherwin, Matthew Stocks, Coco Sun, Carol Treneski, Fiona Welch, Christen Whisson, and Jen Whyte for an outstanding achievement as a team in leading, collaborating and delivering the Commonwealth's Centres for National Resilience in Victoria, Western Australia and Queensland.

Appendix E: Corrections to previous annual report

Corrections to previous annual report

Part 4: Our people

The Comcare premium

Page 110: Should read 'Finance's 2020–21 workers compensation premium accounted for **0.55%** of its payroll (for both Finance and MOP(S) Act employees), a **slight increase from 0.51%** of its payroll in the previous year'.

Part 6: Appendices

Table C1

Page 209: Should read '*Parliamentary Contributory Superannuation Act 1948*'.

Part 7: Reference material

Glossary

Page 217 (definition of COMCAR): Should read 'Provides car-with-driver and other ground transport services to the Prime Minister, the Governor-General, parliamentarians, judges and international guests of government.'

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 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 3 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.
caretaker period	Begins when an election is called and the House of Representatives and half the Senate are dissolved. It ends when the election result is clear.
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.

Term	Meaning
<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.
COMCAR	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 4 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.
Commonwealth company	A company established under the <i>Corporations Act 2001</i> that the Commonwealth controls. A Commonwealth company is legally and financially separate from the Commonwealth.
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.
eInvoicing	The automated digital exchange of invoice information between suppliers' and buyers' software through a secure network.

Term	Meaning
enterprise agreement	An employment agreement made directly between an employer and employees.
Expenditure Review Committee of Cabinet	The ministerial committee responsible for examining all proposals against the government's overall fiscal strategy, advising Cabinet on budget spending priorities and initiating reviews of individual ongoing programs.
Final Budget Outcome	Encompasses Australian Government general government sector fiscal outcomes for the financial year and is based on external reporting standards. The <i>Charter of Budget Honesty Act 1998</i> requires that a Final Budget Outcome be released no later than 3 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.
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> .
GovTEAMS	Finance's collaboration and communication platform for government.
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 3 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.
machinery-of-government change	Sometimes referred to as an Administrative Arrangements Order (AAO) change, follows a prime ministerial decision to abolish or create an entity, move functions or responsibilities between entities, or move functions into, or out of, the Australian Public Service.
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 6 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.

Term	Meaning
portfolio additional estimates statements	Inform senators and members of parliament of the proposed allocation of resources to government outcomes by entities within a portfolio.
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.
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 2022–23.
QBT	QBT is an Australian-owned travel management company providing services to government clients.
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 Finance Minister 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>

Term	Meaning
Service Delivery Office	Provides corporate transactions services to other Australian Government agencies. The office is one of 6 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.
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

AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
AAS	Australian Accounting Standards
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AEC	Australian Electoral Commission
AGGP	Australian Government Graduate Program
ANAO	Australian National Audit Office
APEC	Asia-Pacific Economic Cooperation forum
APS	Australian Public Service
APSC	Australian Public Service Commission
AS	Assistant Secretary
ASC	Australian Shipbuilding Corporation
ASEAN	Association of Southeast Asian Nations
CCE	corporate Commonwealth entity
CFS	consolidated financial statements
CPA	Certified Practising Accountants
CPF	Commonwealth Performance Framework
CPI	Consumer Price Index
CSS	Commonwealth Superannuation Scheme
DFAT	Department of Foreign Affairs and Trade
DTA	Digital Transformation Agency
EB	Executive Board
ERP	enterprise resource planning
FAS	First Assistant Secretary
FBO	Final Budget Outcome
Finance	Department of Finance
FRSC	Financial Reporting Subcommittee
FTA	Free Trade Agreement
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
GST	Goods and Services Tax
HR	Human Resources
IAP	Indigenous Apprentice Program
ICT	information and communications technology
IFLA Bill	Investment Funds Legislation Amendment Bill 2021
IPP	Indigenous Procurement Policy
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
NIC	National Intermodal Corporation
OAIC	Office of the Australian Information Commissioner
OECD	Organisation for Economic Co-operation and Development
ONDC	Office of the National Data Commissioner
PCSS	Parliamentary Contributory Superannuation Scheme
PEFO	Pre-election Economic and Fiscal Outlook
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
PM&C	Department of the Prime Minister and Cabinet
POE	Property Operating Expenses
PRSC	Performance Reporting Subcommittee
PSM	Public Service Medal
PSS	Public Sector Superannuation Scheme
PSSAP	Public Sector Superannuation Accumulation Plan

PSP	Property Service Providers
RMG	Resource Management Guide
RSC	Risk Subcommittee
SDO	Service Delivery Office
SES	Senior Executive Service
SHL	Snowy Hydro Limited
SLC	Senior Leadership Committee
SME	small and medium-sized enterprises
SPORG	Senior Procurement Officials Reference Group
WHS	work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>
WoAG	Whole-of-Australian-Government
WSA	Western Sydney Airport
WTO	World Trade Organization

List of requirements

PGPA Rule Reference	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 (print only).	Mandatory	iv
17AJ(b)	Alphabetical index (print only).	Mandatory	232
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	222
17AJ(d)	List of requirements.	Mandatory	225
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	13
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	24
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	16
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	17
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	17
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	17
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory	12

PGPA Rule Reference	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	40
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	69
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	194
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	80
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	72

PGPA Rule Reference	Description	Requirement	Page
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	81
Audit committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	75
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	75
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	75
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	75
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	75
External scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	81
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	81
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	81
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	93
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	101

PGPA Rule Reference	Description	Requirement	Page
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	101
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	108
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	108
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	108
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	109
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	84
Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	89

PGPA Rule Reference	Description	Requirement	Page
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	90
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	90
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	90
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	90
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	91
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	91
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	90

PGPA Rule Reference	Description	Requirement	Page
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	89
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	89
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 Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory	89
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	89
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	90
Financial statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	113
Executive remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	203

PGPA Rule Reference	Description	Requirement	Page
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	<p>If the entity conducted advertising campaigns, a statement that</p> <p><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></p>	If applicable, Mandatory	202
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)	<p>A statement that</p> <p><i>“Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</i></p>	If applicable, Mandatory	202
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	202
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	202
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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