PART **FOUR**
FINANCIAL STATEMENTS

Auditor-General for Australia

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of the Treasury for the year ended 30 June 2014, which comprise: a Statement by the Departmental Secretary and Chief Finance Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Schedule of Administered Cash Flows; Schedule of Administered Commitments; Schedule of Administered Contingencies and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Department of the Treasury is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view 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 department's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the

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Department of the Treasury, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Department of the Treasury:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the Treasury's financial position as at 30 June 2014 and of its financial performance and cash flows for the year then ended.

<u>Report on Other Legal and Regulatory Requirements</u>

Note 31 "Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund" of the financial statements discloses information on the Department of the Treasury's review of its exposure to risks of not complying with statutory conditions for payments from appropriations. Non-compliance with statutory conditions may lead to a contravention of section 83 of the Constitution, which requires that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law. In this context, the Department of the Treasury identified that nine payments totalling $5,473 for long service leave were made in 2013–14 in contravention of section 83 of the Constitution.

Australian National Audit Office

Ian McPhee
Auditor-General
Canberra
2 October 2014

THE TREASURY

Statement by the Departmental Secretary and Chief Finance Officer

Certification of financial statements

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Martin Parkinson PSM
Secretary to the Treasury

Matthew King
Chief Finance Officer

Statement of Comprehensive Income

for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	**133,136**	122,724
Suppliers	3B	**46,421**	38,135
Grants	3C	**1,314**	23,352
Depreciation and amortisation	3D	**9,297**	13,733
Finance costs	3E	**445**	1
Write-down and impairment of assets	3F	**144**	230
Losses from asset sales	3G	**-**	24
Total expenses		**190,757**	198,199
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	4A	**9,680**	9,946
Other revenues	4B	**539**	565
Total own-source revenue		**10,219**	10,511
Gains			
Other gains	4C	**3,045**	2,420
Total gains		**3,045**	2,420
Total own-source income		**13,264**	12,931
Net cost of services		**(177,493)**	(185,268)
Revenue from Government	4D	**168,471**	174,569
Surplus / (Deficit)		**(9,022)**	(10,699)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves		**-**	-
Total other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		**(9,022)**	(10,699)

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

Statement of Financial Position

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**655**	1,223
Trade and other receivables	6B	**63,048**	61,996
Total financial assets		**63,703**	63,219
Non-financial assets			
Land and buildings	7A	**5,721**	6,815
Plant and equipment	7B	**10,721**	11,906
Intangibles	7C	**9,314**	6,260
Other non-financial assets	7E	**2,614**	2,665
Total non-financial assets		**28,370**	27,646
Total assets		**92,073**	90,865
LIABILITIES			
Payables			
Suppliers	8A	**2,396**	2,516
Other payables	8B	**12,645**	8,499
Total payables		**15,041**	11,015
Provisions			
Employee provisions	9A	**42,654**	42,825
Other provisions	9B	**953**	-
Total provisions		**43,607**	42,825
Total liabilities		**58,648**	53,840
Net assets		**33,425**	37,025
EQUITY			
Asset revaluation reserve		**5,186**	5,186
Contributed equity		**46,153**	40,731
Retained surplus		**(17,914)**	(8,892)
Total equity		**33,425**	37,025

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

Statement of Changes in Equity

for the period ended 30 June 2014

	Retained earnings		Asset revaluation reserves		Contributed equity		Total equity	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance as at 1 July	**(8,892)**	1,807	**5,186**	5,186	**40,731**	47,959	**37,025**	54,952
Comprehensive income								
Other comprehensive income	**-**	-	**-**	-	**-**	-	**-**	-
Surplus (Deficit) for the period	**(9,022)**	(10,699)	**-**	-	**-**	-	**(9,022)**	(10,699)
Total comprehensive income	**(9,022)**	(10,699)	**-**	-	**-**	-	**(9,022)**	(10,699)
Transactions with owners								
Contributions by owners								
Equity injection appropriation[1]	**-**	-	**-**	-	**1,775**	1,839	**1,775**	1,839
Departmental capital budget appropriation	**-**	-	**-**	-	**5,266**	5,218	**5,266**	5,218
Restructuring[2]	**-**	-	**-**	-	**(1,619)**	(14,285)	**(1,619)**	(14,285)
Total transactions with owners	**-**	-	**-**	-	**5,422**	(7,228)	**5,422**	(7,228)
Closing balance as at 30 June	**(17,914)**	(8,892)	**5,186**	5,186	**46,153**	40,731	**33,425**	37,025

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

1. 2014 includes $1.595 million appropriation receivable for the Small Business function.
2. The Small Business function was gained from Department of Industry (Industry) during 2014 due to restructuring of administrative arrangements on 18 September 2013. The Standard Business Reporting (SBR) function was relinquished to the Australian Taxation Office (ATO) during 2013 due to restructuring of administrative arrangements on 11 April 2013.

Cash Flow Statement

for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**171,375**	183,184
Sale of goods and rendering of services		**10,057**	9,998
Net GST received from ATO		**3,674**	3,960
Other		**1,841**	592
Total cash received		**186,947**	197,734
Cash used			
Employees		**133,069**	121,763
Suppliers		**46,797**	36,046
Grants		**1,314**	23,352
Financing costs		**-**	1
Section 31 receipts transferred to OPA		**1,934**	16,081
Other		**49**	5
Total cash used		**183,163**	197,248
Net cash from (used by) operating activities	11	**3,784**	486
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of plant and equipment		**-**	21
Total cash received		**-**	21
Cash used			
Purchase of land and buildings		**2,628**	2,278
Purchase of plant and equipment		**1,456**	2,675
Purchase of intangibles		**5,714**	2,288
Total cash used		**9,798**	7,241
Net cash from (used by) investing activities		**(9,798)**	(7,220)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget		**5,266**	5,218
Contributed equity - equity injections		**180**	1,631
Total cash received		**5,446**	6,849
Net cash from (used by) financing activities		**5,446**	6,849
Net increase (decrease) in cash held		**(568)**	115
Cash at the beginning of the reporting period		**1,223**	1,108
Cash at the end of the reporting period	6A	**655**	1,223

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

Schedule of Commitments

as at 30 June 2014

	2014 $'000	2013 $'000
BY TYPE		
Commitments payable		
Capital commitments		
Land and buildings[1]	-	248
Intangibles[2]	1,112	716
Total capital commitments	1,112	964
Other commitments		
Operating leases[3]	13,222	20,392
Other[4]	20,640	9,194
Total other commitments	33,862	29,586
Total commitments payable	34,974	30,550
Commitments receivable		
Net GST receivable[5]	(3,033)	(2,581)
Total commitments receivable	(3,033)	(2,581)
Net commitments by type	31,941	27,969
BY MATURITY		
Commitments payable		
Capital commitments		
Within 1 year	1,112	964
Between 1 to 5 years	-	-
Total capital commitments	1,112	964
Operating lease commitments		
Within 1 year	7,815	7,259
Between 1 to 5 years	5,407	13,034
More than 5 years	-	99
Total operating lease commitments	13,222	20,392
Other commitments		
Within 1 year	14,865	3,957
Between 1 to 5 years	5,775	5,237
Total other commitments	20,640	9,194
Total commitments payable	34,974	30,550
Commitments receivable		
Within 1 year	(2,120)	(1,082)
Between 1 to 5 years	(913)	(1,499)
Total commitments receivable	(3,033)	(2,581)
Net commitments by maturity	31,941	27,969

1. Land and buildings commitments relate to capital works.
2. Intangible commitments relate to developed software.
3. Operating lease commitments relate to leases for office accommodation.
4. Other commitments primarily relate to contracts for operational expenses. A major component of this relates to G20.
5. Commitments are GST inclusive where relevant.

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

Schedule of Commitments (continued)

as at 30 June 2014

Operating leases included are effectively non-cancellable and comprise of:

Nature of lease	General description of leasing arrangement
Leases for accommodation	Commercial — leases comprise of various periods, including both initial and options periods. Overseas estate — some commercial lease payments are adjusted annually by two per cent and residential lease payments are reviewed biannually to reflect market movements. The initial periods of office accommodation leases are still current and each may be renewed with options for a further three or five years.
Agreements for the provision of motor vehicles to Senior Executive Officers	No contingent rentals exist. No renewal or purchase options are available to the Treasury.
Leases for computer equipment and office equipment	The lessor provides all computer equipment designated as necessary in the supply contract for three years with an option to extend the term for a fixed period as agreed by both parties. The lessor provides all photocopier equipment designated as necessary in the supply contract for four years with an option to extend the term for a fixed period as agreed by both parties.

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

Schedule of Contingencies

as at 30 June 2014

	2014 $'000	2013 $'000
Contingent assets	-	-
Contingent liabilities	-	-
Net contingent assets (liabilities)	-	-

1. Details of contingent assets and liabilities listed above are disclosed in Note 12: Contingent assets and liabilities.

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

Administered Schedule of Comprehensive Income

for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
NET COST OF SERVICES			
Expenses			
Grants	17A	**93,200,198**	81,432,914
Interest	17B	**4,688**	3,489
Write-down and impairment of assets	17C	**150,000**	-
Foreign Exchange Losses	17D	**420,777**	-
Other	17E	**540**	152
Total expenses		**93,776,203**	81,436,555
Income			
Revenue			
Non-taxation revenue			
Interest	18A	**3,303**	2,341
Dividends	18B	**1,310,000**	-
Sale of goods and rendering of services	18C	**990,065**	1,289,007
COAG revenue from government agencies	18D	**1,798,099**	1,521,247
Other	18E	**83,637**	37,959
Total non-taxation revenue		**4,185,104**	2,850,554
Total revenue		**4,185,104**	2,850,554
Gains			
Foreign exchange	18F	**-**	238,670
Total gains		**-**	238,670
Total income		**4,185,104**	3,089,224
Net cost of (contribution by) services		**(89,591,099)**	(78,347,331)
Surplus (Deficit)		**(89,591,099)**	(78,347,331)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		**9,663,872**	3,732,786
Total comprehensive income		**9,663,872**	3,732,786
Total comprehensive income/(loss)		**(79,927,227)**	(74,614,545)

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

Administered Schedule of Assets and Liabilities

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	20A	**1,412**	3,719
Trade and other receivables	20B	**2,424,492**	1,730,167
Investments	20C	**26,277,406**	16,456,446
Total financial assets		**28,703,310**	18,190,332
Non-financial assets			
Other	21A	**462**	149,505
Total non-financial assets		**462**	149,505
Total assets administered on behalf of Government		**28,703,772**	18,339,837
LIABILITIES			
Payables			
Grants	22A	**636,399**	768,391
Other payables	22B	**5,055,217**	4,999,212
Unearned income	22C	**136,235**	535,934
Total payables		**5,827,851**	6,303,537
Interest bearing liabilities			
Loans	23A	**3,903,540**	3,167,335
Total interest bearing liabilities		**3,903,540**	3,167,335
Provisions			
Other provisions	24A	**3,583,296**	5,753,617
Total provisions		**3,583,296**	5,753,617
Total liabilities administered on behalf of Government		**13,314,687**	15,224,489
Net assets		**15,389,085**	3,115,348

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

Administered Reconciliation Schedule

for the period ended 30 June 2014

	2014 **$'000**	2013 $'000
Opening assets less liabilities as at 1 July	**3,115,348**	1,667,662
Net (cost of)/contribution by services		
Income	**4,185,104**	3,089,224
Expenses		
Payments to Non-CAC Act bodies[1]	**(84,968,203)**	(81,436,555)
Payments to CAC Act bodies	**(8,808,000)**	-
Other comprehensive income		
Revaluations transferred to reserves	**9,663,872**	3,732,786
Transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Administered assets and liabilities appropriations	**25,784**	13,690
Annual appropriation for administered expenses		
Payments to Non-CAC Act bodies	**4,528**	20,732
Payments to CAC Act bodies	**8,808,000**	-
Special appropriations (limited)		
Payments to Non-CAC Act bodies	**16,526**	16,239
Special appropriations (unlimited)		
Payments to Non-CAC Act bodies	**70,571,682**	68,628,643
Special accounts - COAG Reform Fund	**15,482,471**	10,259,370
Refunds of receipts (s28 FMA)	**-**	10
Appropriation transfers to OPA		
Transfers to OPA	**(2,708,027)**	(2,876,453)
Closing assets less liabilities as at 30 June	**15,389,085**	3,115,348

1. Includes payments to the states and territories through the Nation Building Funds, refer to Note 30E.

Schedule of Administered Cash Flows

for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		**305,151**	611,859
Interest		**2,180**	1,759
Dividends		**150,000**	675,000
Net GST received		**-**	121
HIH Group liquidation proceeds		**26,257**	4,045
COAG receipts from government agencies		**1,797,950**	1,523,829
Revenue receipts for non-government schools		**12,007,975**	8,906,423
Other		**64,711**	26,096
Total cash received		**14,354,224**	11,749,132
Cash used			
Grant payments		**94,641,308**	78,668,586
Grants to states for non-government schools		**12,007,975**	8,906,423
Interest		**4,877**	3,918
Other		**3,200**	12,010
Total cash used		**106,657,360**	87,590,937
Net cash from (used by) operating activities	25	**(92,303,136)**	(75,841,805)
INVESTING ACTIVITIES			
Cash received			
Repayment of IMF loans		**130,899**	30,142
IMF Maintenance of Value		**230,772**	12
Total cash received		**361,671**	30,154
Cash used			
Settlement of IMF loans		**209,461**	222,734
Settlement of IMF Maintenance of Value		**230,772**	-
Settlement of international financial institution's obligations		**27,044**	25,862
Settlement of Loans to States and Territories		**25,300**	-
Payment to CAC bodies		**1,131,600**	-
Total cash used		**1,624,177**	248,596
Net cash from (used by) investing activities		**(1,262,506)**	(218,442)
Net increase (decrease) in cash held		**(93,565,642)**	(76,060,247)
Cash and cash equivalents at the beginning of the reporting period		**3,719**	1,735
Cash from Official Public Account for:			
Appropriations		**80,788,891**	68,679,314
Special Accounts		**15,482,471**	10,259,370
Total cash from Official Public Account		**96,271,362**	78,938,684
Cash to Official Public Account for:			
Appropriations		**2,708,027**	2,876,453
Total cash to Official Public Account		**2,708,027**	2,876,453
		93,567,054	76,063,966
Cash and cash equivalents at the end of the reporting period	20A	**1,412**	3,719

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

Schedule of Administered Commitments

as at 30 June 2014

	2014 $'000	2013 $'000
BY TYPE		
Commitments payable		
Capital commitments		
Investments[1]	**41,964**	137,414
Total capital commitments	**41,964**	137,414
Net commitments by type	**41,964**	137,414
BY MATURITY		
Commitments payable		
Capital commitments		
Within 1 year	**31,728**	63,509
Between 1 to 5 years	**10,236**	73,905
Total capital commitments	**41,964**	137,414
Net commitments by maturity	**41,964**	137,414

1. The nature of the capital commitments relate to the unpaid instalments of General Capital Increases in shares of the Asian Development Bank and the International Bank for Reconstruction and Development. The comparative has been updated to reflect the change in the currency used from US Dollars to Special Drawing Rights (SDR).
2. In 2012 the Treasury received an exemption from the Finance Minister relating to the commitments for grants payable to the states and territories (for current and comparative years). The budgeted information for payment of grants to the states and territories can be found in Budget Paper 3. Refer to Note 1.28 for more information.

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

Schedule of Administered Contingencies

as at 30 June 2014

	2014 $'000	2013 $'000
Contingent liabilities		
Uncalled shares or capital subscriptions[1]	**13,414,904**	13,192,174
IMF New Arrangements to Borrow (NAB)[2]	**7,164,600**	7,085,600
IMF Bilateral Loan[3]	**7,600,000**	7,700,000
Total contingent liabilities	**28,179,504**	27,977,774
Net contingent liabilities	**28,179,504**	27,977,774

1. Comprises uncalled shares or capital subscriptions in the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (IBRD), the Multilateral Investment Guarantee Agency (MIGA) and the Asian Development Bank (ADB). The comparative for the uncalled shares or capital subscriptions has been updated to reflect the change in the currency used from US Dollars to Special Drawing Rights (SDR).
2. The IMF NAB was disclosed as a quantifiable administered contingency in Note 24 of the 2012-13 financial statements.
3. The IMF Bilateral Loan was disclosed as an event after the reporting period in the 2012-13 financial statements.

Note: Administered contingencies are disclosed in Note 26: Administered contingent liabilities and assets. The Treasury has given financial guarantees for which the details are disclosed at Note 1.33 and Note 28: Administered financial instruments.

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

Notes to and forming part of the financial statements

for the period ended 30 June 2014

Note 1: Summary of significant accounting policies

1.1 Objectives of the Treasury

The Treasury is an Australian Government controlled, not-for-profit entity.

The Treasury's mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions.

The Treasury is structured to meet one outcome:

> Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

The reporting entity, hereafter referred to as 'the Treasury', comprises the Treasury and the Australian Government Actuary.

Activities contributing towards the outcome detailed above are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Treasury in its own right. Administered activities involve the management or oversight by the Treasury, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities are identified under Programme 1.1. Administered activities are identified under Programmes 1.1 to 1.10 listed below:

- Programme 1.1 — Department of the Treasury
- Programme 1.2 — Payments to International Financial Institutions
- Programme 1.3 — Support for markets and business
- Programme 1.4 — General revenue assistance
- Programme 1.5 — Assistance to the states for healthcare services
- Programme 1.6 — Assistance to the states for schools
- Programme 1.7 — Assistance to the states for skills and workforce development
- Programme 1.8 — Assistance to the states for disability services
- Programme 1.9 — Assistance to the states for affordable housing
- Programme 1.10 — National partnership payments to the states

Programme 1.2 provides for administered payments to International Financial Institutions as required to:

- promote international monetary cooperation, exchange stability and orderly exchange arrangements;
- strengthen the international financial system; and

- support development objectives through the multilateral development banks.

Programme 1.3 provides for administered activities in respect of:

- insurance claims arising from the residual Housing Loans Insurance Corporation (HLIC) portfolio;
- assistance under the HIH Claims Support Scheme (HCSS);
- the Guarantee of State and Territory Borrowing in assisting state and territory governments to access funding;
- the Guarantee Scheme for Large Deposits and Wholesale Funding to promote financial system stability in Australia; and
- developing the Centre for International Finance and Regulation.

Programme 1.4 provides for administered payments of general revenue assistance to the states and territories, including payments of revenue received from the GST.

Programmes 1.5 to 1.9 provide for administered payments to the states and territories for healthcare services, schools services, skills and workforce development services, disability services and affordable housing services, according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.10 provides for administered payments to the states and territories, according to National Partnership agreements, providing financial support for the states and territories to be spent on improving outcomes in the areas specified.

The continued existence of the Treasury in its present form and with its present programmes is dependent on government policy and on continuing appropriations by Parliament for the Treasury's policy advice, administration and programmes.

1.2 Basis of preparation of the financial statements

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are general purpose financial statements.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Treasury or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.24.

1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the Treasury has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- the employee provision has been determined by reference to standard parameters provided by the Department of Finance;
- the fair value of land and buildings has been taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer;

- uncalled shares disclosed in the administered contingencies table, the Treasury has judged the risk of these shares being called as low for the foreseeable future. This judgment is based on historic and current performance of the International Financial Institutions. Some of the factors considered are the financial strength of the development banks (that is, most have AAA credit ratings), established risk management policies, healthy debt ratios and no adverse financial statement audit opinions; and
- the Natural Disaster Relief and Recovery Arrangements (NDRRA) liability represents the Treasury's best estimate of payments expected to be made to states and territories as at balance date under the NDRRA and is based on information provided by states and territories to the Attorney General's Department, the Commonwealth agency responsible for the administration of disaster relief. The estimates provided by states and territories are based on their assessment of the costs expected to be incurred that would be eligible for assistance under the NDRRA. Given the nature of disasters and uncertainty around the costs and timing of the reconstruction effort, the liability may require adjustment in future reporting periods.

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

None of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current period have had a material financial impact on the Treasury (see following page).

Standards

- *AASB 1 — First-time Adoption of Australian Accounting Standards (Compilation)*
- *AASB 2 — Share Based Payment (Compilation)*
- *AASB 3 — Business Combinations (Compilation)*
- *AASB 4 — Insurance Contracts*
- *AASB 5 — Non-current Assets Held for Sale and Discontinued Operations (Compilation)*
- *AASB 7 — Financial Instruments: Disclosures (Compilation)*
- *AASB 8 — Operating Segments (Compilation)*
- *AASB 10 — Consolidated Financial Statements (Compilation)*
- *AASB 11 — Joint Arrangements (Compilation)*
- *AASB 12 — Disclosure of Interests in Other Entities (Compilation)*
- *AASB 13 — Fair Value Measurement (Compilation)*
- *AASB 101 — Presentation of Financial Statements (Compilation)*
- *AASB 102 — Inventories (Compilation)*
- *AASB 107 — Statement of Cash Flows (Compilation)*
- *AASB 108 — Accounting Policies, Changes in Accounting Estimates and Errors (Compilation)*
- *AASB 110 — Events After the Reporting Period (Compilation)*
- *AASB 111 — Construction Contracts (Compilation)*
- *AASB 112 — Income Taxes (Compilation)*
- *AASB 116 — Property, Plant and Equipment (Compilation)*
- *AASB 117 — Leases (Compilation)*
- *AASB 118 — Revenue (Compilation)*
- *AASB 119 — Employee Benefits (Compilation)*
- *AASB 120 — Accounting for Government Grants and Disclosure of Government Assistance (Compilation)*
- *AASB 121 — The Effects of Changes in Foreign Exchange Rates (Compilation)*
- *AASB 123 — Borrowing Costs (Compilation)*
- *AASB 124 — Related Party Disclosures (Compilation)*
- *AASB 127 — Separate Financial Statements (Compilation)*
- *AASB 128 — Investments in Associates (Compilation)*
- *AASB 131 — Interests in Joint Ventures (Compilation)*
- *AASB 132 — Financial Instruments: Presentation (Compilation)*
- *AASB 133 — Earnings per Share (Compilation)*

- *AASB 134 — Interim Financial Reporting (Compilation)*
- *AASB 136 — Impairment of Assets (Compilation)*
- *AASB 137 — Provisions, Contingent Liabilities and Contingent Assets (Compilation)*
- *AASB 138 — Intangible Assets (Compilation)*
- *AASB 139 — Financial Instruments: Recognition and Measurement (Compilation)*
- *AASB 140 — Investment Property (Compilation)*
- *AASB 141 — Agriculture (Compilation)*
- *AASB 1004 — Contributions (Compilation)*
- *AASB 1023 — General Insurance Contracts (Compilation)*
- *AASB 1038 — Life Insurance Contracts (Compilation)*
- *AASB 1039 — Concise Financial Reports (Compilation)*
- *AASB 1048 — Interpretation of Standards (Principle)*
- *AABS 1049 — Whole of Government and General Government Sector Financial Reporting (Compilation)*
- *AASB 1050 — Administered Items (Compilation)*
- *AASB 1052 — Disaggregated Disclosures (Compilation)*
- *AASB 1053 — Application of Tiers of Australian Accounting Standards (Principle)*
- *AASB 1054 — Australian Additional Disclosures (Compilation)*

Future Australian Accounting Standard requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to the future reporting period, they are expected to have a financial impact on the agency for future reporting periods:

- *AASB 1055 — Budgetary Reporting* — this new standard will require the Treasury to explain significant variances between original budget and actual expenditure.

1.5 Legal Compliance

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts. Further details of risk assessments and compliance relating to the Treasury can be found in Note 31.

During 2012-13, additional legal advice was received that indicated there could be breaches of s83 under certain circumstances with overpayments for long service leave, goods and services tax (GST) and payments under determinations of the Remuneration Tribunal. Further details relating to these items can be found in Note 31.

1.6 Revenue

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the agency retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred for the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

1.7 Gains

Resources received free of charge

Resources received free of charge are recognised as gains when and only when fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.8).

Sale of assets

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

1.8 Transactions with the Government as owner

Equity injections

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

Restructuring of administrative arrangements

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.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.9 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for termination benefits due within twelve months of balance date are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Treasury is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Treasury's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for both annual and long service leave has been determined by reference to standard parameters provided by the Department of Finance. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and general pay increases.

Separation and redundancy

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

Superannuation

Staff of the Treasury are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other defined contribution schemes.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme which opened for new employees on 1 July 2005.

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

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

The liability for superannuation recognised as at 30 June 2014 represents outstanding contributions for the final fortnight of the year.

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer substantially all the risks and benefits incidental to ownership of leased assets (from the lessor to the lessee). An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The Treasury does not currently hold any assets under finance lease.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.11 Borrowing costs

All borrowing costs are expensed as incurred.

1.12 Cash

Cash and cash equivalents includes notes and coins held and any 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 insignificant risk of changes in value. Cash is recognised at its nominal amount. Any interest receivable is credited to revenue as it accrues. The Treasury maintains bank accounts with the Reserve Bank of Australia for administration of the receipt and payment of monies.

1.13 Financial risk management

The Treasury's activities expose it to normal commercial financial risk. As a result of the nature of the Treasury's business and Australian Government policies dealing with the management of financial risk, the Treasury's exposure to market, credit and liquidity risk is considered to be low.

1.14 Financial assets

The Treasury classifies its financial instruments as loans and receivables.

The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. Financial instruments are recognised and de-recognised upon trade date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest methods less impairment. Interest is recognised by applying the effective interest rate. Collectability of debts is reviewed regularly throughout the year and at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. Credit terms are net 30 days (2013: 30 days).

1.15 Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. No indicators of impairment were identified for assets as at 30 June 2014.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.16 Financial liabilities

Other financial liabilities including trade creditors and accruals are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced). Settlement is usually made within net 30 days.

1.17 Contingent liabilities and contingent assets

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

1.18 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

1.19 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at
Buildings — leasehold improvements	Estimated replacement cost of similar assets adjusted for remaining useful life.
Plant and equipment	Estimated replacement cost of similar assets adjusted for remaining useful life.

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

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

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

The Treasury received a fair value confirmation of leasehold improvements and plant and equipment assets at 30 June 2014. The fair value confirmation was performed by independent valuers Preston Rowe Paterson NSW Pty Limited (PRP) in accordance with AASB 13. PRP confirmed that net asset values materially reflected fair value at 30 June 2014.

Depreciation

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

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2014	2013
Buildings — leasehold improvements	5-10 years	5-10 years
Plant and equipment:		
Computers, plant and equipment	3-10 years	3-10 years
Motor vehicles	4 years	4 years
Office equipment	5 years	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3D.

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. No indicators of impairment were found for departmental assets as at 30 June 2014 (2013: nil).

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

1.20 Intangibles

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

Software is amortised on a straight line basis over its anticipated useful life. The useful lives of the Treasury's software are 3 to 5 years (2013: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2014. No indicators of impairment were identified as at 30 June 2014 (2013: nil).

1.21 Taxation/competitive neutrality

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.22 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.23 Insurance

The Treasury is insured for risks through the Government's insurable risk managed fund, Comcover. Workers compensation is insured through the Government's insurable risk managed fund, Comcare Australia.

1.24 Reporting of administered activities

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

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

1.25 Administered cash transfers to and from the Official Public Account

Revenue collected by the Treasury for use by the Australian Government rather than the Treasury is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of the Australian Government. These transfers to and from the OPA are adjustments to administered cash held by the Treasury on behalf of the Australian Government and reported as such in the administered reconciliation schedule. The schedule of administered items largely reflects the Australian Government's transactions, through the Treasury, with parties outside the Australian Government.

1.26 Administered revenue

All administered revenues relate to the course of ordinary activities performed by the Treasury on behalf of the Australian Government.

Reserve Bank of Australia dividend

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

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

Australian Reinsurance Pool Corporation dividend

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

International Monetary Fund remuneration

Remuneration is interest paid by the International Monetary Fund (IMF) to Australia for the use of its funds. It is paid on the proportion of Australia's IMF capital subscription (quota) that was paid in Special Drawing Rights (SDR), and on the money lent by Australia under the IMF's Financial Transaction Plan, under which members in a strong external position provide quota resources to support IMF lending to borrowing member countries.

Where the IMF's holdings of Australian Dollars fall below a specified level, it pays remuneration on Australia's average remunerated reserve tranche position. The rate of remuneration is equal to the SDR interest rate. This rate is then adjusted to account for the financial consequences of overdue obligations to the IMF which are shared between members and reflected in Note 18 as 'burden sharing'.

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

Australia also receives interest on amounts lent to the IMF under the New Arrangements to Borrow (NAB). Interest on the NAB is paid quarterly. The NAB provides supplementary resources to the IMF.

Guarantee Scheme for Large Deposits and Wholesale Funding

Under the Guarantee Scheme for Large Deposits and Wholesale Funding, a fee is paid by Authorised Deposit Taking Institutions to the Government, to guarantee the portion of eligible deposits over $1 million and for wholesale funding issuances.

The fees are reported as a fee for service in accordance with AASB 118 *Revenue*. The Guarantee Scheme closed to new deposits on 31 March 2010.

The Guarantee of State and Territory Borrowing

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

Financial Guarantee Contracts

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

1.27 Administered capital

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

1.28 Grants

The Treasury sought and received an exemption from reporting payments to the states and territories as administered commitments as required by section 81 of the FMOs. The Treasury formed the view that these payments do not meet the definition of a commitment and should not be reported in the administered commitments schedule.

With the exception of the accounting treatment of payments to states and territories under the Natural Disaster Relief and Recovery Arrangements (NDRRA) detailed below, grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made.

The Treasury accounts for payments made to states and territories under the NDRRA by recognising a liability equal to the discounted value of estimated future payments to states and territories under the NDRRA regardless of whether or not a state or territory has completed eligible disaster reconstruction work or submitted an eligible claim under the NDRRA. As disclosed in Note 1.3, states and territories were requested to provide an estimate of costs expected to be incurred for disasters affecting states and territories that occurred prior to 1 July 2014 which would be eligible for assistance.

This accounting treatment provides readers of the financial statements with an estimate of the amount yet to be paid to states and territories for eligible disaster assistance which was not provided under the earlier accounting treatment.

Grants to states and territories

Under the federal financial relations framework, the Treasurer is responsible for payments to the states and territories, including general revenue assistance (GST and other general revenue), National Specific Purpose Payments (National SPPs) and National Partnership (NP) payments. Portfolio ministers are accountable for relevant government policies associated with the payment of NPs and other general revenue. An overview of these arrangements is available on the Council on Federal Financial Relations' website.

There are three main types of payments under the framework, as follows:

- General revenue assistance, including GST revenue payments — a financial contribution to a state or territory which is available for use by the states and territories for any purpose;
- National SPPs — a financial contribution to support a state or territory to deliver services in a particular sector; and
- NP payments — a financial contribution in respect of a NP agreement to a state or territory to support the delivery of specific projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

The National SPPs and GST are paid under a special appropriation from the *Federal Financial Relations Act 2009*. After the end of the financial year, the Treasurer determines the amounts that should have been paid and an adjustment is made in respect of advances that were paid during the financial year. The authority to approve advance payments has been delegated to the General Manager, Commonwealth-State Relations Division.

The NP and other general revenue assistance payments are paid under the *Federal Financial Relations Act 2009* through a determination process wherein the Treasurer may determine an amount to be paid to a state or territory for the purpose of making a grant of financial assistance. Once determined, this amount must be credited to the COAG Reform Fund and the Treasurer must ensure that, as soon as practicable after the amount is credited, the COAG Reform Fund is debited for the purposes of making the grant. In addition, the Treasurer must have regard to the Intergovernmental Agreement on Federal Financial Relations. The Treasury advises the Treasurer on amounts to be determined, based on certified payment advices received from the Chief Financial Officers of Commonwealth agencies.

Payments to the states and territories through the Nation Building Funds

The *Nation-building Funds Act 2008* (the Funds Act) outlines the requirements for payments to be authorised from the three nation building funds (collectively known as 'the Funds'); the responsibilities of ministers; and the process for channelling payments to recipients through portfolio special accounts.

The three Funds are the:

- Building Australia Fund — make payments in relation to the creation or development of transport, communications, eligible national broadband network matters, energy and water infrastructure;
- Education Investment Fund — make payments in relation to the creation or development of higher education infrastructure, vocational education and training infrastructure, eligible education and research infrastructure; and
- Health and Hospitals Fund — make payments in relation to the creation or development of health infrastructure.

The Treasury receives funds from the relevant portfolio agency and pays the amount to the states and territories. These amounts are recorded as 'COAG receipts from Government Agencies' to recognise the income and a corresponding grant expense for the payment to the states and territories.

Payments to Clean Energy Finance Corporation

Payments to the Clean Energy Finance Corporation from amounts appropriated for that purpose are classified as administered expenses and equity injections of the relevant portfolio department. The appropriation to the department is disclosed in Note 30A.

Payment to the Reserve Bank of Australia (RBA)

In 2013-14, the Treasury provided a one-off $8.8 billion grant to the RBA to meet its request to strengthen its financial position to the level considered appropriate by the RBA Board.

Mirror taxes collected by state governments

On behalf of the states, the Australian Government imposes mirror taxes which replace state taxes in relation to Australian Government places that may be constitutionally invalid. Mirror taxes are collected and retained by the states, under the *Commonwealth Places (Mirror Taxes) Act 1998*. State governments bear the administration costs of collecting mirror taxes. Mirror taxes are disclosed at Note 30D.

1.29 Administered investments

Development banks

Investments in development banks are classified as 'monetary — available for sale financial assets' (refer Note 1.33). As such, the foreign currency value of investments is translated into Australian dollars (AUD) using relevant foreign currency exchange rates at balance date.

International Monetary Fund

The quota is the current value in Australian dollars of Australia's subscription to the IMF. Quota subscriptions represent a member's shareholding in the IMF and generate most of the IMF's financial resources. Twenty-five per cent of the quota increase will be paid in SDR and the remainder will be paid through issuing AUD denominated non-negotiable, non-interest bearing promissory notes.

Australian Government entities

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

The Australian Government's investment in controlled entities and companies in the Treasury portfolio are measured at their fair value as at 30 June 2014. Fair value has been taken to be the net assets of the entities as at balance date. These entities are listed below:

- Reserve Bank of Australia
- Australian Reinsurance Pool Corporation; and
- Clean Energy Finance Corporation.

Impairment of administered investments

Administered investments were assessed for impairment at 30 June 2014. No indicators of impairment were identified (2013: nil).

1.30 Promissory notes

Promissory notes have been issued to the IMF, the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the Asian Development Bank and the Multilateral Investment Guarantee Agency.

Where promissory notes have been issued in foreign currencies, they are recorded at their nominal value by translating them at the spot rate at balance date. The promissory notes are non-interest bearing and relate to the undrawn paid-in capital subscriptions.

Foreign currency gains and losses are recognised where applicable.

1.31 IMF Special Drawing Rights Allocation

The SDR allocation liability reflects the current value in AUD of the Treasury's liability to repay to the IMF the cumulative allocations of SDRs provided to Australia since joining the IMF. This liability is classified as 'Other payables' in Note 22.

1.32 Provisions and contingent liabilities

HIH Claims Support Scheme liability

The HIH Claims Support Scheme (the Scheme) was established by the Australian Government following the collapse of the HIH Group of companies in March 2001. The purpose of the Scheme is to provide financial assistance to eligible HIH policy-holders affected by the collapse of the group. Initial funding of $640 million was provided by special appropriation through the *Appropriation (HIH Assistance) Act 2001*.

HIH Claims Support Limited was established by the Insurance Council of Australia as a not-for-profit company in May 2001 to manage claims made under the Scheme and to operate the HIH Claims Support Trust on behalf of the Australian Government. As the sole beneficiary of the trust the Australian Government is entitled to any residual balance of the trust.

Since 2001, a total of 10,900 claims have been granted eligibility for assistance. In 2006, approval was sought and obtained to increase the Scheme appropriation to a total of $861 million to meet the estimated cost of the Scheme portfolio. This additional funding is provided through annual appropriations.

1.33 Administered financial instruments

AASB 139 *Financial Instruments: Recognition and Measurement* requires financial instruments to be classified into one of four categories. The financial instruments specific to the Treasury's administered items are classified in three of the four categories as detailed below.

Loans and receivables (these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market):

- IMF related monies receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- loans to the IMF under the New Arrangements to Borrow (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- the Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- the Guarantee Scheme for State and Territory Borrowing contractual fee receivable (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- loans to states and territories (measured initially at fair value and then measured at amortised cost using the effective interest rate method); and
- dividends receivable (measured at fair value).

Available-for-sale financial assets:

- investments in development banks (measured initially at cost or notional cost and then measured at fair value);
- the IMF quota (measured initially at cost or notional cost and then measured at fair value); and
- investments in government entities (measured at fair value based on net asset position of the entity at 30 June 2014).

Financial liabilities:

- the SDR allocation (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- promissory notes (measured initially at fair value and then measured at amortised cost using the effective interest rate method);
- IMF related monies payable (measured initially at fair value and then measured at amortised cost using the effective interest rate method); and
- the Guarantee Scheme for Large Deposits and Wholesale Funding contractual guarantee service obligation (measured initially at fair value and then measured at amortised cost using the effective interest rate method).

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Although a number of the Treasury's financial instruments are classified as 'available-for-sale', the Treasury does not hold these instruments for the purposes of trading. Assets that can be reliably measured at reporting date are valued at fair value, otherwise, at cost.

Promissory notes are financial liabilities that are required to be measured at amortised cost using the effective interest rate method. The contractual terms of the promissory notes are non-interest bearing making the effective interest rate zero. Therefore, the measurement would be the initial value less any repayments plus or minus movements in exchange rates as a result of translation on the balance date.

The Guarantee Scheme for Large Deposits and Wholesale Funding and the Guarantee of State and Territory Borrowing contractual fee receivable represents the requirement under AASB 139 *Financial Instruments: Recognition and Measurement* for the Treasury to recognise upfront, its entitlements under the financial guarantee contract to revenue received or receivable from authorised deposit-taking institutions over the contracted guarantee period. Conversely, the Treasury is required to recognise a corresponding initial liability for its contractual obligation to provide a guarantee service over the period covered by each guarantee contract (analogous to unearned income).

Recognition of these amounts only relates to fee revenue aspects of the financial guarantee contracts. These amounts do not reflect any expected liability under the Guarantee Scheme itself as these are considered remote and unquantifiable. Administered contingent liabilities and assets are disclosed at Note 26.

Administered financial instruments are accounted for in accordance with the accounting policies detailed above and are disclosed at Note 28.

Note 2: Events After the Reporting Period

Departmental

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Treasury.

Administered

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Treasury.

Note 3: Operating Expenses

	2014 $'000	2013 $'000
Note 3A: Employee Benefits		
Wages and salaries	**95,418**	92,274
Superannuation:		
Defined contribution plans	**6,128**	5,525
Defined benefit plans	**10,766**	10,590
Redundancies	**7,188**	51
Leave and other entitlements	**10,474**	10,990
Other	**3,162**	3,294
Total employee benefits	**133,136**	122,724
Note 3B: Suppliers		
Goods and services supplied or rendered[1]		
Information communication technology	**5,191**	6,055
Conferences and training	**9,273**	2,357
Consultants, secondees and contractors	**6,442**	6,046
Fees - Audit, Accounting, Bank and Other	**1,700**	1,433
Insurance	**561**	370
Legal	**999**	2,382
Printing	**514**	445
Property operating expenses	**11,845**	11,092
Publications and subscriptions	**1,368**	1,460
Travel	**6,383**	4,706
Other	**2,145**	1,789
Total goods and services supplied or rendered	**46,421**	38,135
Goods supplied in connection with:		
Related parties	**135**	61
External parties	**3,141**	2,712
Total goods supplied	**3,276**	2,773
Services rendered in connection with:		
Related parties	**7,153**	7,011
External parties	**27,600**	20,490
Total services rendered	**34,753**	27,501
Total goods and services supplied or rendered	**38,029**	30,274
Other suppliers		
Operating lease rentals in connection with:[2]		
Related parties	**8,070**	7,692
External parties	**1**	1
Workers compensation premiums	**321**	168
Total other suppliers	**8,392**	7,861
Total supplier expenses	**46,421**	38,135
Note 3C: Grants		
Public sector:		
Clean Energy Finance Corporation	**-**	18,383
Australian Government entities - other	**71**	139
Private sector:		
Non-profit organisations	**1,243**	4,830
Total grants	**1,314**	23,352

1. Increases in conferences and training and travel expenses relate to the G20 meetings the Treasury is hosting.
2. Operating lease rentals comprise minimum lease payments only. The comparative figures have been reclassified and do not match what was published in the 2012-13 financial statements.

Note 3: Operating Expenses (continued)

	2014 $'000	2013 $'000
Note 3D: Depreciation and amortisation		
Depreciation		
Plant and equipment	**2,798**	2,571
Buildings – leasehold improvements	**4,241**	3,091
Total depreciation	**7,039**	5,662
Amortisation		
Intangibles – computer software	**2,258**	8,071
Total amortisation	**2,258**	8,071
Total depreciation and amortisation	**9,297**	13,733
Note 3E: Finance costs		
Leases	**-**	1
Unwinding of discount[1]	**445**	-
Total finance costs	**445**	1
Note 3F: Write-down and impairment of assets		
Write-off of plant and equipment	**108**	213
Write-off of Intangibles assets	**36**	17
Total write-down and impairment of assets	**144**	230
Note 3G: Losses from asset sales		
Property, plant and equipment		
Proceeds from sale	**-**	(29)
Carrying value of asset sold	**-**	44
Selling expense	**-**	9
Total losses from asset sales	**-**	24

1. In 2014, the Treasury recognised a provision for restoration relating to part of the Treasury building in Canberra and the offices in Canberra, Sydney and Melbourne. The unwinding of the discount associated with these provisions has been recognised fully in 2013-14.

Note 4: Income

	2014 $'000	2013 $'000
Own-Source Revenue		
Note 4A: Sale of goods and rendering of services		
Rendering of services in connection with		
Related parties	**8,042**	9,494
External parties	**1,533**	348
Total sale of goods and rendering of services	**9,575**	9,842
Operating lease rental - external entities	**105**	104
Total sale of goods and rendering of services	**9,680**	9,946
Note 4B: Other revenue		
Legislative and Governance Forum on Consumer Affairs contributions received	**404**	341
Other	**135**	224
Total other revenue	**539**	565
Note 4C: Other gains		
Resources received free of charge	**3,045**	2,420
Total other gains	**3,045**	2,420
Note 4D: Revenue from Government		
Appropriations		
Departmental appropriations	**168,471**	174,569
Total revenue from Government	**168,471**	174,569

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair value measurements

Recurring fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

		Fair value measurements at the end of the reporting period using		
	Fair value $'000	Level 1 inputs $'000	Level 2 inputs $'000	Level 3 inputs $'000
Non-financial assets:				
Office Equipment	**928**	**-**	**-**	**928**
Motor Vehicles	**33**	**-**	**33**	**-**
Furniture	**655**	**-**	**-**	**655**
Personal Computers	**77**	**-**	**-**	**77**
Other IT Equipment	**7,053**	**-**	**-**	**7,053**
Land and buildings	**5,721**	**-**	**-**	**5,721**
Artworks and Heritage	**104**	**-**	**104**	**-**
Library	**1,871**	**-**	**-**	**1,871**
Total non-financial assets	**16,442**	**-**	**137**	**16,305**
Total fair value measurements of assets in the statement of financial position	**16,442**	**-**	**137**	**16,305**

Fair value measurements - highest and best use of all non-financial assets are the same as their current use.

Note 5B: Level 1 and Level 2 transfers for recurring fair value measurements

No assets were transferred between Level 1 and Level 2.

Note 5: Fair Value Measurements (continued)

Note 5C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

	Category (Level 2 or Level 3)	Fair value $'000	Valuation technique(s)[1]	Inputs used	Range (weighted average)[2]
Non-financial assets					
Motor Vehicles	**Level 2**	**33**	**Cost Approach**	**Sales of similar vehicles.**	**N/A**
Artworks and Heritage	**Level 2**	**104**	**Cost Approach**	**Sales of similar art work.**	**N/A**
Office Equipment	**Level 3**	**928**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$0 - $196,589 ($3,296)**
Furniture	**Level 3**	**655**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$0 - $232,144 ($11,549)**
Personal Computers	**Level 3**	**77**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$0 - $2,595 ($149)**
Other IT Equipment	**Level 3**	**7,053**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$0 - $3,056,442 ($12,085)**
Land and buildings	**Level 3**	**5,721**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$93 - $610,795 ($66,901)**
Library	**Level 3**	**1,871**	**Cost Approach**	**Estimated replacement cost of similar assets adjusted for remaining useful life.**	**$1,871,241 ($1,872,241)**

1. No change in valuation technique occurred during the period.
2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

Recurring Level 3 fair value measurements — valuation processes

The Treasury procured valuation services from Preston Rowe Patterson Valuers (PRP). PRP provided a written assurance that the valuation model is in compliance with AASB 13. PRP valuations are based on the most recent comprehensive valuation of the Treasury's fixed assets. PRP has used the cost approach which reflects the amount that would be required currently to replace the service capacity of the Treasury's fixed assets. PRP has updated the depreciated replacement cost analysis relative to current replacement cost for each asset and the expended useful life to establish an appropriate estimate of fair value as at 30 June 2014.

Recurring Level 3 fair value measurements — sensitivity of inputs

The fair value estimates provided at a reporting date based on level 3 inputs are sensitive to movements in replacement cost as at the reporting date, either up or down. Adopted useful life, expended useful and remaining useful life are considered to be generally stable inputs and would not be subject to sensitivity unless the Treasury revised its policy with respect to the useful life of a particular asset class.

Note 5: Fair Value Measurements (continued)

Note 5D: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets						
	Office Equipment 2014 $'000	Furniture 2014 $'000	Personal Computers 2014 $'000	Other IT Equipment 2014 $'000	Land and Buildings 2014 $'000	Library 2014 $'000	Total 2014 $'000
Opening balance	998	1,146	504	7,237	6,815	1,871	18,571
Total gains/(losses) recognised in net cost of services[1]	(316)	(420)	(432)	(1,679)	(4,288)	-	(7,135)
Purchases	263	148	326	1,489	2,975	-	5,201
Settlements	(17)	(219)	(321)	6	219	-	(332)
Closing balance	928	655	77	7,053	5,721	1,871	16,305
Changes in unrealised gains/(losses) recognised in net cost of services	-	-	-	-	-	-	-

1. These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation.

Note 6: Financial Assets

	2014 $'000	2013 $'000
Note 6A: Cash and cash equivalents		
Special Accounts	**88**	100
Cash on hand or on deposit	**567**	1,123
Total cash and cash equivalents	**655**	1,223
Note 6B: Trade and other receivables		
Goods and services receivables in connection with:		
Related parties	**920**	451
External parties	**1,222**	1,342
Total goods and services	**2,142**	1,793
Appropriations receivable:		
for existing programmes	**60,240**	59,608
Total appropriations receivable	**60,240**	59,608
Other receivables:		
Net GST receivable from the ATO	**666**	595
Total other receivables	**666**	595
Total trade and other receivables (net)	**63,048**	61,996
All receivables are current assets		
Receivables (net) are aged as follows:		
Not overdue	**61,991**	61,854
Overdue by:		
0 to 30 days	**681**	32
31 to 60 days	**97**	66
61 to 90 days	**157**	43
More than 90 days	**122**	1
Total receivables (net)	**63,048**	61,996

Credit terms for goods and services were within 30 days (2013: 30 days).

Note 7: Non-Financial Assets

	2014 $'000	2013 $'000
Note 7A: Land and buildings		
Buildings – leasehold improvements		
Under construction	**263**	576
Fair value	**14,779**	11,643
Accumulated depreciation	**(9,321)**	(5,404)
Total buildings – leasehold improvements	**5,721**	6,815
Total land and buildings	**5,721**	6,815

No indicators of impairment were found for land and buildings.

No land and buildings are expected to be sold or disposed within the next 12 months.

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.18.

Note 7B: Plant and equipment		
Plant and equipment		
Under construction	**1,225**	4,400
Fair value	**16,206**	11,638
Accumulated depreciation	**(6,710)**	(4,132)
Total plant and equipment	**10,721**	11,906

No indicators of impairment were found for plant and equipment.

No plant and equipment are expected to be sold or disposed within the next 12 months.

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.18.

Note 7C: Intangibles		
Computer software		
Under construction	**3,216**	909
Internally developed – in use	**8,959**	7,114
Purchased	**5,644**	4,513
Accumulated amortisation	**(8,505)**	(6,276)
Total computer software	**9,314**	6,260

No indicators of impairment were found for intangibles.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7: Non-Financial Assets (continued)

Note 7D: Reconciliation of the opening and closing balances of property, plant and equipment and computer software (2013-14)

Reconciliation of the opening and closing balances of property, plant and equipment and computer software for 2014

	Buildings – leasehold improvements $'000	Plant and equipment $'000	Computer software $'000	Total $'000
As at 1 July 2013				
Gross book value	12,219	16,038	12,536	40,793
Accumulated depreciation and impairment	(5,404)	(4,132)	(6,276)	(15,812)
Total value as at 1 July 2013	6,815	11,906	6,260	24,981
Additions:				
By purchase	3,194	1,667	5,348	10,209
By transfer from other agencies (restructuring)[1]	-	7	-	7
Depreciation / amortisation expense	(4,241)	(2,798)	(2,258)	(9,297)
Disposals:				
From disposal of operations (restructuring)	-	-	-	-
From asset sales	-	-	-	-
Other disposals	(47)	(61)	(36)	(144)
Total as at 30 June 2014	5,721	10,721	9,314	25,756
Total as at 30 June 2014 represented by:				
Gross book value	15,042	17,431	17,819	50,292
Accumulated depreciation and impairment	(9,321)	(6,710)	(8,505)	(24,536)
Total as at 30 June 2014	5,721	10,721	9,314	25,756

1. The Small Business function was gained from Department of Industry (Industry) during 2014 due to restructuring of administrative arrangements on 18 September 2013. Further details are described in Note 10: Restructuring.

Note 7: Non-Financial Assets (continued)

Note 7D: Reconciliation of the opening and closing balances of property, plant and equipment and computer software (2012-13)

Reconciliation of the opening and closing balances of property, plant and equipment and computer software for 2013

	Buildings – leasehold improvements $'000	Plant and equipment $'000	Computer software $'000	Total $'000
As at 1 July 2012				
Gross book value	9,391	15,454	43,951	68,796
Accumulated depreciation and impairment	(2,363)	(2,527)	(18,240)	(23,130)
Total as at 1 July 2012	7,028	12,927	25,711	45,666
Additions:				
By purchase	2,879	1,806	3,287	7,972
By transfer from other agencies (restructuring)	-	-	-	-
Depreciation / amortisation expense	(3,091)	(2,571)	(8,071)	(13,733)
Disposals:				
From disposal of operations (restructuring)[1]	-	-	(14,650)	(14,650)
From asset sales	(1)	(43)	-	(44)
Other disposals	-	(213)	(17)	(230)
Total as at 30 June 2013	6,815	11,906	6,260	24,981
Total as at 30 June 2013 represented by:				
Gross book value	12,219	16,038	12,536	40,793
Accumulated depreciation and impairment	(5,404)	(4,132)	(6,276)	(15,812)
Total as at 30 June 2013	6,815	11,906	6,260	24,981

1. The SBR function was relinquished to the ATO during 2013 due to restructuring of administrative arrangements on 11 April 2013. Further details are described in Note 10: Restructuring.

Note 7: Non-Financial Assets (continued)

	2014 $'000	2013 $'000
Note 7E: Other non-financial assets		
Prepayments	**2,614**	2,665
Total other non-financial assets	**2,614**	2,665
Other non-financial assets expected to be recovered in		
No more than 12 months	**2,328**	2,359
More than 12 months	**286**	306
Total other non-financial assets	**2,614**	2,665

No indicators of impairment were found for other non-financial assets.

Note 8: Payables

	2014 $'000	2013 $'000
Note 8A: Suppliers		
Trade creditors and accruals	**2,396**	2,516
Total suppliers	**2,396**	2,516
Suppliers expected to be settled		
No more than 12 months	**2,396**	2,516
More than 12 months	**-**	-
Total suppliers	**2,396**	2,516
Suppliers in connection with		
Related parties	**545**	358
External parties	**1,851**	2,158
Total suppliers	**2,396**	2,516

Note: Settlement was usually made within 30 days.

Note 8B: Other payables		
Salaries and wages	**3,160**	2,522
Superannuation	**534**	441
Separations and redundancies	**2,625**	-
Other creditors	**3,113**	2,806
Unearned income	**3,213**	2,730
Total other payables	**12,645**	8,499
Other payables expected to be settled		
No more than 12 months	**12,645**	8,499
More than 12 months	**-**	-
Total other payables	**12,645**	8,499

Note 9: Provisions

	2014 $'000	2013 $'000
Note 9A: Employee provisions		
Leave	**42,367**	42,693
Other employee entitlements	**287**	132
Total employee provisions	**42,654**	42,825
Employee provisions expected to be settled		
No more than 12 months	**12,384**	13,649
More than 12 months	**30,270**	29,176
Total employee provisions	**42,654**	42,825
Note 9B: Other provisions		
Provision for restoration[1]	**953**	-
Total other provisions	**953**	-
Other provisions are expected to be settled in:		
No more than 12 months	**14**	-
More than 12 months	**939**	-
Total other provisions	**953**	-

	Provision for restoration $'000	Total $'000
Carrying amount 1 July 2013	**-**	**-**
Additional provisions made	**953**	**953**
Amounts reversed	**-**	**-**
Amounts used	**-**	**-**
Unwinding of discount or change in discount rate	**-**	**-**
Closing balance 30 June 2014	**953**	**953**

1. The Treasury has recognised a partial provision for restoration for the main Canberra office, as well as full provision for restoration for the small offices in Canberra, Sydney and Melbourne in 2013-14. Prior to this the Treasury did not recognise provision for restoration.

Note 10: Restructuring

Note 10A: Departmental Restructuring

	2014 Small Business Function Industry[1] $'000	2013 SBR ATO[2] $'000
FUNCTIONS ASSUMED		
Assets recognised		
Property, plant and equipment	**7**	-
Total assets recognised	**7**	-
Liabilities recognised		
Employer payables	**1,626**	-
Total liabilities recognised	**1,626**	-
Net assets/(liabilities) assumed	**(1,619)**	-
Income		
Recognised by the losing entity	**2**	-
Total Income	**2**	-
Expenses		
Recognised by the receiving entity	**2,839**	-
Recognised by the losing entity	**3,442**	-
Total Expenses	**6,281**	-
FUNCTIONS RELINQUISHED		
Assets relinquished		
Intangibles	**-**	14,650
Other non-financial assets	**-**	159
Total assets relinquished	**-**	14,809
Liabilities relinquished		
Employee provisions	**-**	524
Total liabilities relinquished	**-**	524
Net assets/(liabilities) relinquished	**-**	14,285

Note 10B: Administered Restructuring

	2014 Small Business Function Industry[1] $'000	2013 SBR ATO[2] $'000
FUNCTIONS ASSUMED		
Liabilities recognised		
Trade Creditors and accruals	**54**	-
Total liabilities recognised	**54**	-
Net assets/(liabilities) assumed	**(54)**	-
Expenses		
Recognised by the receiving entity	**215**	-
Recognised by the losing entity	**275**	-
Total expenses	**490**	-

1. The Small Business function was gained from the Department of Industry (Industry) during 2014 due to restructuring of administrative arrangements on 18 September 2013. Appropriations receivable of $1.595 million was transferred from Industry to the Treasury as an equity injection during the 2014-15 Budget (refer to the Statement of Changes in Equity).
2. The Standard Business Reporting (SBR) function was relinquished to the Australian Taxation Office (ATO) during 2013 due to restructuring of administrative arrangements on 11 April 2013.

Note 11: Cash Flow Reconciliation

	2014 $'000	2013 $'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**655**	1,223
Statement of Financial Position	**655**	1,223
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(9,022)**	(10,699)
Adjustments for non-cash items		
Depreciation / amortisation	**9,297**	13,733
Finance costs	**445**	-
Net write down of non-financial assets	**144**	230
Loss on disposal of non-current assets	**-**	24
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	**550**	(6,855)
(Increase) / decrease in other non-financial assets	**51**	(322)
Liabilities		
Increase / (decrease) in provisions	**(1,353)**	949
Increase / (decrease) in other payables	**3,792**	1,221
Increase / (decrease) in supplier payables	**(120)**	2,205
Net cash from / (used by) operating activities	**3,784**	486

Note 12: Contingent Assets and Liabilities

	Studies Assistance		Total	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Contingent liabilities				
Balance from previous period	**-**	297	**-**	297
New	**-**	-	**-**	-
Liabilities recognised	**-**	-	**-**	-
Obligations expired / crystallised	**-**	(297)	**-**	(297)
Total contingent liabilities	**-**	-	**-**	-
Net contingent liabilities	**-**	-	**-**	-

Quantifiable Contingencies

The schedule of contingencies reports liabilities of $0 (2013: $0). During 2012-13, the Treasury recognised a liability in respect of studies assistance.

Remote Contingencies

The Treasury's lease on its current premises contains a make good clause which has been estimated by an independent valuer at $3.0 million. During 2013-14, the Treasury has recognised a provision for make good of $0.9 million, being recognition of partial hand back of lease space in 2015. The Treasury is committed to remaining in the Treasury building. The likelihood of the remaining make good provision being required has been deemed as remote.

As at 30 June 2014, the Treasury has a number of contracts which may give rise to contingent liabilities based on certain events occurring. The Treasury has assessed the likelihood of such events occurring as being remote and unquantifiable.

Note 13: Senior Executive Remuneration

Note 13A: Senior executive remuneration expense for the reporting period

	2014 $	2013 $
Short-term employee benefits		
Salary	**18,459,446**	18,789,223
Allowances	**1,329,363**	1,431,890
Total short-term employee benefits	**19,788,809**	20,221,113
Post-employment benefits		
Superannuation	**3,067,859**	2,816,556
Total post-employment benefits	**3,067,859**	2,816,556
Other long-term benefits		
Annual leave accrued	**1,673,624**	1,682,513
Long-service leave	**557,032**	1,155,116
Total other long-term benefits	**2,230,656**	2,837,629
Termination benefits		
Termination benefits	**1,027,820**	-
Total termination benefits	**1,027,820**	-
Total senior executive remuneration expenses	**26,115,144**	25,875,298

1. Note 13A is prepared on an accrual basis.
2. Note 13A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than $195,000.
3. Note 13A includes employees posted overseas.
4. The comparative figures have been revised and do not match what was published in the 2012-13 financial statements due to new disclosure requirements. The reporting requirements can be found in the Finance Ministers Orders, which are available on www.finance.gov.au.

Note 13: Senior Executive Remuneration (continued)

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration[1]	Substantive senior executives	Reportable salary[2] Salary payments	Domestic allowances	Overseas allowances	Contributed superannuation[3]	Bonus paid[4]	Total
	No.	$	$	$	$	$	$
Total reportable remuneration (including part time arrangements):							
less than $195,000	**22**	**78,177**	**9,225**	**-**	**18,935**	**-**	**106,337**
$195,000 to $224,999	**14**	**184,103**	**139**	**-**	**28,466**	**-**	**212,708**
$225,000 to $254,999	**33**	**205,914**	**2,005**	**-**	**31,018**	**-**	**238,937**
$255,000 to $284,999	**13**	**231,898**	**1,313**	**3,884**	**36,097**	**-**	**273,192**
$285,000 to $314,999	**8**	**236,657**	**4,321**	**15,150**	**38,514**	**-**	**294,642**
$315,000 to $344,999	**3**	**274,981**	**106**	**-**	**52,199**	**-**	**327,286**
$345,000 to $374,999	**5**	**287,367**	**212**	**35,731**	**35,374**	**-**	**358,684**
$375,000 to $404,999	**3**	**297,082**	**230**	**43,080**	**44,044**	**-**	**384,436**
$405,000 to $434,999	**3**	**317,611**	**141**	**49,175**	**46,461**	**-**	**413,388**
$735,000 to $764,999	**1**	**668,883**	**-**	**-**	**89,177**	**-**	**758,060**
Total number of substantive senior executives	**105**						

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   a) gross payments;
   b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
   c) exempt foreign employment income; and
   d) salary sacrificed amounts.
3. The 'contributed superannuation' amount is the average cost to the Treasury for the provision of superannuation benefits to substantive senior executives in that reportable band during the reporting period.
4. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The Treasury does not pay bonuses.
5. There were no reportable allowances paid in 2014.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column.
7. Employees posted overseas are included in this table.

Note 13: Senior Executive Remuneration (continued)

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration[1]	Substantive senior executives	Reportable salary[2]			Contributed superannuation[3]	Bonus paid[4]	Total
		Salary payments	Domestic allowances	Overseas allowances			
	No.	$	$	$	$	$	$
Total reportable remuneration (including part time arrangements):							
less than $195,000	21	92,552	1,907	-	16,308	-	110,767
$195,000 to $224,999	21	180,491	364	572	27,634	735	209,796
$225,000 to $254,999	31	200,621	3,904	1,132	30,336	-	235,993
$255,000 to $284,999	12	226,521	5,004	4,586	35,234	-	271,345
$285,000 to $314,999	6	228,589	18	33,647	34,596	-	296,850
$315,000 to $344,999	2	264,334	133	25,992	36,779	-	327,238
$345,000 to $374,999	5	296,675	117	20,416	39,490	-	356,698
$375,000 to $404,999	5	296,564	212	52,794	41,698	-	391,268
$645,000 to $674,999	1	585,734	-	-	77,563	-	663,297
Total number of substantive senior executives	104						

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   a) gross payments;
   b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
   c) exempt foreign employment income; and
   d) salary sacrificed amounts.
3. The 'contributed superannuation' amount is the average cost to the Treasury for the provision of superannuation benefits to substantive senior executives in that reportable band during the reporting period.
4. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The Treasury does not pay bonuses. The bonuses included in the table above relate to secondees.
5. There were no reportable allowances paid in 2013.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'salary payments' column.
7. Employees posted overseas are included in this table.
8. The comparative figures have been revised and do not match what was published in the 2012-13 financial statements. The disclosure requirements can be found in the Finance Minister's Orders, which are available on www.finance.gov.au.

Note 13: Senior Executive Remuneration (continued)

Note 13C: Other highly paid staff

The Treasury had no other highly paid staff during 2013-14 (2012-13: nil).

Note 14: Remuneration of Auditors

	2014 $'000	2013 $'000
Financial statement audit services were provided free of charge to the Treasury by the Australian National Audit Office.		
Fair value of services received		
Financial statement audit services	**440**	400
Total fair value of services received	**440**	400

No other services were provided by the auditors of the financial statements.

Note 15: Financial Instruments

	2014 $'000	2013 $'000
Note 15A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**655**	1,223
Trade receivables	**2,142**	1,793
Total loans and receivables	**2,797**	3,016
Total financial assets	**2,797**	3,016
Financial Liabilities		
Liabilities at amortised cost		
Supplier payables	**2,396**	2,516
Other payables - other creditors	**3,113**	2,806
Total liabilities at amortised cost	**5,509**	5,322
Total financial liabilities	**5,509**	5,322
Note 15B: Net Gains or Losses on Financial Liabilities		
Financial liabilities - at amortised cost		
Interest expense	**-**	(1)
Net gains/(losses) from financial liabilities - at amortised cost	**-**	(1)
Net gains/(losses) from financial liabilities	**-**	(1)

Note 15C: Fair value of financial instruments

The net fair values of the Treasury's financial assets and financial liabilities are approximated by their carrying amounts.

Note 15: Financial Instruments (continued)

Note 15D: Credit risk

The Treasury is exposed to minimal credit risk as financial assets only include cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2014: $2,141,727 and 2013: $1,792,029). The Treasury has assessed the risk of default on payment as being minimal.

Other government agencies and staff members make up the majority of the Treasury's debtors. To aid the Treasury to manage its credit risk there are internal policies and procedures that guide employees on debt recovery techniques that are to be applied.

The Treasury holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2014 $'000	Not past due nor impaired 2013 $'000	**Past due or impaired 2014 $'000**	Past due or impaired 2013 $'000
Loans and receivables				
Cash and cash equivalents	**655**	1,223	**-**	-
Trade receivables	**2,142**	1,651	**-**	142
Total	**2,797**	2,874	**-**	142

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Loans and receivables					
Trade receivables	**2,421**	**97**	**157**	**122**	**2,797**
Total	**2,421**	**97**	**157**	**122**	**2,797**

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Loans and receivables					
Trade receivables	32	66	43	1	142
Total	32	66	43	1	142

Note 15: Financial Instruments (continued)

Note 15E: Liquidity risk

The Treasury's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Treasury will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the appropriation funding mechanisms available to the Treasury and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Treasury is appropriated funding from the Australian Government. The Treasury manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Treasury has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities 2014

	On demand $'000	**Within 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**> 5 years $'000**	**Total $'000**
Liabilities at amortised cost						
Payables - suppliers	**-**	**2,396**	**-**	**-**	**-**	**2,396**
Other payables	**-**	**3,113**	**-**	**-**	**-**	**3,113**
Total	**-**	**5,509**	**-**	**-**	**-**	**5,509**

Maturities for non-derivative financial liabilities 2013

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Liabilities at amortised cost						
Payables - suppliers	-	2,516	-	-	-	2,516
Other payables	-	2,806	-	-	-	2,806
Total	-	5,322	-	-	-	5,322

Note 15F: Market risk

The Treasury holds only basic financial instruments that do not expose the Treasury to certain market risks, such as 'Currency risk' and 'Other price risk'.

Interest rate risk

The Treasury does not hold financial instruments that expose the Treasury to interest rate risk.

Note 16: Financial Assets Reconciliation

		2014	2013
		$'000	$'000
Financial assets	**Notes**		
Total financial assets as per Statement of Financial Position		**63,703**	63,219
Less: non-financial instrument components			
Appropriation receivables	6B	**60,240**	59,608
GST receivable from the ATO	6B	**666**	595
Total non-financial instrument components		**60,906**	60,203
Total financial assets as per financial instruments note	15A	**2,797**	3,016

Note 17: Administered Expenses

	2014 $'000	2013 $'000
Note 17A: Grants		
Public sector:		
State and territory governments	**82,590,099**	79,876,326
Payment of COAG receipts from government agencies	**1,798,099**	1,521,247
Grants to international financial institutions[1]	**-**	13,928
Reserve Bank of Australia	**8,800,000**	-
Clean Energy Finance Corporation	**8,000**	-
Private sector:		
Grants to private sector	**4,000**	21,413
Total grants	**93,200,198**	81,432,914
Note 17B: Interest		
IMF charges	**4,688**	3,489
Total interest	**4,688**	3,489
Note 17C: Write-down and impairment of assets		
Other[2]	**150,000**	-
Total write-down and impairment of assets	**150,000**	-
Note 17D: Net foreign exchange losses		
IMF SDR allocation	**55,723**	-
IMF Maintenance of Value	**455,936**	-
IMF quota revaluation	**(58,492)**	-
IFIs revaluation	**(21,318)**	-
IMF new arrangement to borrow loans revaluation	**(10,335)**	-
Other	**(737)**	-
Total net foreign exchange losses	**420,777**	-
Note 17E: Other expenses		
Suppliers expenses	**540**	152
Total other expenses	**540**	152

1. Grant made to the IMF, Poverty Reduction and Growth Trust as agreed with the IMF upon Australia's receipt of funds from the IMF Gold Sale. See note 18E.
2. Reflects the Government's decision to cancel the requirement for the Australian Reinsurance Pool Corporation (ARPC) to pay the Commonwealth a $75 million dividend in January 2015 and a $75 million dividend in January 2016.

Note 18: Administered Income

Revenue	2014 $'000	2013 $'000
Non-Taxation Revenue		
Note 18A: Interest		
Gross IMF remuneration	**1,263**	1,069
Less: Burden sharing	**(36)**	(35)
Net IMF remuneration	**1,227**	1,034
Interest on loan to IMF under New Arrangements to Borrow	**880**	613
Interest on loans to states and territories	**1,196**	694
Total interest	**3,303**	2,341
Note 18B: Dividends		
Reserve Bank of Australia	**1,235,000**	-
Australian Reinsurance Pool Corporation	**75,000**	-
Total dividends	**1,310,000**	-
Note 18C: Sale of goods and rendering of services		
GST administration fees - external entities	**709,510**	708,095
Guarantee Scheme for Large Deposits and Wholesale Funding Fee	**243,497**	528,740
Guarantee of State and Territory Borrowing	**37,058**	52,172
Total sale of goods and rendering of services	**990,065**	1,289,007
Note 18D: COAG revenue from Government		
Building Australia Fund revenue	**1,198,990**	981,610
Health and Hospital Fund revenue	**492,034**	460,037
Education and Innovation Fund revenue	**-**	3,769
Interstate road transport revenue	**75,074**	75,831
Social and Community Services Sector Special Account	**32,001**	-
Total COAG receipts from government agencies	**1,798,099**	1,521,247
Note 18E: Other revenue		
HIH Group liquidation proceeds	**26,257**	4,045
IMF receipt of gold sales distribution	**37,972**	13,928
Recoveries	**1**	12,651
Other revenue	**19,407**	7,335
Total other revenue	**83,637**	37,959
Gains		
Note 18F: Net Foreign exchange gains		
IMF SDR allocation	**-**	(428,287)
IMF Maintenance of Value	**-**	59,607
IMF quota revaluation	**-**	449,572
IFIs revaluation	**-**	82,741
IMF new arrangement to borrow loans revaluation	**-**	79,340
Other	**-**	(4,303)
Total foreign exchange gains	**-**	238,670

Note 19: Administered Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 19A: Fair value measurements

Recurring fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

		Fair value measurements at the end of the reporting period using		
	Fair value $'000	**Level 1 inputs $'000**	**Level 2 inputs $'000**	**Level 3 inputs $'000**
Financial assets:				
Investment in Australian Government Entities:	**20,115,052**	-	-	**20,115,052**
Australian Reinsurance Pool Corporation	573,034	-	-	573,034
Clean Energy Finance Corporation	1,232,018	-	-	1,232,018
Reserve Bank of Australia	18,310,000	-	-	18,310,000
Investment in International Financial Institutions:	**6,162,354**			**6,162,354**
IMF quota	5,305,574	-	-	5,305,574
Asian Development Bank	482,066	-	-	482,066
European Bank for Reconstruction and Development	90,646	-	-	90,646
International Bank for Reconstruction and Development	227,242	-	-	227,242
International Finance Corporation	50,243	-	-	50,243
Multilateral Investment Guarantee Agency	6,583	-	-	6,583
Total financial assets	**26,277,406**	-	-	**26,277,406**
Total fair value measurements	**26,277,406**	-	-	**26,277,406**

Fair value measurements

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

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

Note 19B: Level 1 and Level 2 transfers for recurring fair value measurements

There have been no transfers between levels at the hierarchy during the year.

Note 19: Administered Fair Value Measurements (continued)

Note 19C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

	Category (Level 2 or Level 3)	Fair value $'000	Valuation technique(s)[1]	Inputs used	Range (weighted average)[2]
Financial assets:					
Investment in Australian Government Entities	Level 3	20,115,052	Net asset	Net assets of the entity	N/A
Investment in International Financial Institutions	Level 3	6,162,354	Value of shares held	Share price	N/A

1. No change in valuation technique occurred during the period.
2. Significant unobservable inputs only.

Recurring Level 3 fair value measurements — valuation process

Investments in the Australian Government entities are based on the net asset position of the entity. All are recorded at fair value using unobservable prices as there is no active market.

Investments in the International Financial Institutions are based on the share value of the relevant Institution.

All are recorded at fair value using unobservable prices as there is no active market.

Recurring Level 3 fair value measurements — sensitivity of inputs

The fair value estimates provided at a reporting date based on Level 3 inputs are sensitive to movements in net assets and share value at 30 June.

Note 19D: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements — reconciliation for assets

	Financial assets	
	Investments 2014 $'000	Total 2014 $'000
Opening balance	**16,456,446**	**16,456,446**
Total gains/(losses) recognised in other comprehensive income	9,663,872	9,663,872
Total gains/(losses) recognised in net cost of services		
IMF Quota foreign exchange gain	58,492	58,492
International Financial Institutions foreign exchange gain	21,318	21,318
Share Purchases		
Increase in investments in the International Financial Institutions	77,278	77,278
Closing balance	**26,277,406**	**26,277,406**

Note 20: Administered Financial Assets

	2014 $'000	2013 $'000
Note 20A: Cash and cash equivalents		
Cash on hand or on deposit	**1,412**	3,719
Total cash and cash equivalents	**1,412**	3,719
Note 20B: Receivables & loans		
Advances and loans:		
Loans to states and territories	**42,290**	15,794
IMF new arrangements to borrow loan	**985,033**	895,785
Total advances and loans	**1,027,323**	911,579
Other receivables:		
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable[1]	**23,018**	337,070
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	**7,712**	30,833
Guarantee of State and Territory Borrowing contractual fee receivable[1]	**113,217**	198,864
Guarantee of State and Territory Borrowing fee receivable	**2,365**	3,840
Net GST receivable from the ATO	**9**	2
IMF related moneys owing	**217**	166
Dividends receivable	**1,235,000**	225,000
Other receivables	**15,631**	22,813
Total other receivables	**1,397,169**	818,588
Total trade and other receivables (gross)	**2,424,492**	1,730,167
Receivables are expected to be recovered in:		
No more than 12 months	**692,859**	460,696
More than 12 months	**1,731,633**	1,269,471
Total receivables (gross)	**2,424,492**	1,730,167
Receivables are aged as follows:		
Not overdue	**2,424,492**	1,730,167
Total receivables (gross)	**2,424,492**	1,730,167

1. Refer Note 1.33 for details on accounting treatment and Note 22C for corresponding liability.

Note 20: Administered Financial Assets (continued)

	2014 $'000	2013 $'000
Note 20C: Investments[1]		
International financial institutions		
Asian Development Bank	**482,066**	391,780
European Bank for Reconstruction and Development	**90,646**	88,231
International Bank for Reconstruction and Development	**227,242**	220,460
International Finance Corporation	**50,243**	51,029
Multilateral Investment Guarantee Agency	**6,583**	6,684
Total international financial institutions	**856,780**	758,184
Australian Government entities		
Reserve Bank of Australia	**18,310,000**	10,012,000
Australian Reinsurance Pool Corporation	**573,034**	432,685
Clean Energy Finance Corporation[2]	**1,232,018**	6,495
Total Australian Government entities	**20,115,052**	10,451,180
Other Investments		
IMF quota	**5,305,574**	5,247,082
Total other investments	**5,305,574**	5,247,082
Total Investments	**26,277,406**	16,456,446
Investments expected to be recovered		
More than 12 months	**26,277,406**	16,456,446
Total Investments	**26,277,406**	16,456,446

1. Details of administered investments listed above are disclosed in Note 27: Administered Investments.
2. Low Carbon Australia Limited (LCAL) was integrated into the Clean Energy Finance Corporation during 2014 due to restructuring of administrative arrangements on 18 September 2013. Equity from LCAL of $68.965 million is incorporated in the total above.

Note 21: Administered Non-Financial Assets

	2014 $'000	2013 $'000
Note 21A: Other non-financial assets		
Prepayments - Infrastructure	**462**	773
Prepayments - FaHCSIA	**-**	19,841
Prepayments - Health	**-**	128,891
Total other non-financial assets	**462**	149,505
Other non-financial assets expected to be recovered		
No more than 12 months	**462**	149,505
More than 12 months	**-**	-
Total other non-financial assets	**462**	149,505

Note 22: Administered Payables

	2014 $'000	2013 $'000
Note 22A: Grants		
Public sector		
COAG grants payable	**636,399**	768,276
Other grants payable	**-**	115
Total grants	**636,399**	768,391
Total grants expected to be settled		
No more than 12 months	**636,399**	768,391
More than 12 months	**-**	-
Total grants	**636,399**	768,391
Note 22B: Other payables		
GST appropriation payable	**9**	2
IMF SDR allocation	**5,054,379**	4,998,656
IMF related monies owing	**829**	544
Other	**-**	10
Total other payables	**5,055,217**	4,999,212
Total other payables expected to be settled		
No more than 12 months	**838**	556
More than 12 months	**5,054,379**	4,998,656
Total other payables	**5,055,217**	4,999,212
Note 22C: Unearned income		
Guarantee Scheme for Large Deposits and Wholesale Funding Contractual guarantee service obligation[1]	**23,018**	337,070
Guarantee of State and Territory Borrowing contractual guarantee service obligation[1]	**113,217**	198,864
Total unearned income	**136,235**	535,934
Total unearned income expected to be settled		
No more than 12 months	**49,425**	328,042
More than 12 months	**86,810**	207,892
Total unearned income	**136,235**	535,934

1. Refer Note 1.33 for details on accounting treatment and Note 20B for corresponding receivable.

Note 23: Administered Interest Bearing Liabilities

	2014 $'000	2013 $'000
Note 23A: Loans		
IMF promissory notes[1]	**3,731,559**	3,044,851
Other promissory notes[1]	**171,981**	122,484
Total loans	**3,903,540**	3,167,335
Loans expected to be settled		
Within 1 year	**-**	-
Between 1 to 5 years	**124,839**	74,606
More than 5 years	**3,778,701**	3,092,729
Total loans	**3,903,540**	3,167,335

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

Note 24: Administered Provisions

	2014 $'000	2013 $'000
Note 24A: Other provisions		
Provision for HCS Scheme	**3,765**	6,415
NDRRA provision	**3,579,531**	5,747,202
Total other provisions	**3,583,296**	5,753,617
Other provisions expected to be settled		
No more than 12 months	**2,934,510**	2,269,439
More than 12 months	**648,786**	3,484,178
Total other provisions	**3,583,296**	5,753,617

Reconciliation of movements in other provisions	**Provision for HCS Scheme $'000**	**NDRRA provision $'000**	**Total $'000**
Carrying amount 1 July 2013	**6,415**	**5,747,202**	**5,753,617**
Additional provisions made	**-**	**211,973**	**211,973**
Amounts used	**(2,650)**	**(2,064,927)**	**(2,067,577)**
Amounts reversed	**-**	**(480,084)**	**(480,084)**
Unwinding of discount or change in discount rate	**-**	**165,367**	**165,367**
Closing balance 30 June 2014	**3,765**	**3,579,531**	**3,583,296**

Note 25: Administered Cash Flow Reconciliation

	2014 $'000	2013 $'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Schedule of administered cash flows	**1,412**	3,719
Schedule of administered assets and liabilities	**1,412**	3,719
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(89,591,099)**	(78,347,331)
Adjustments for non-cash items		
Foreign exchange loss/(gain)	**420,777**	(238,670)
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	**(580,127)**	1,494,349
(Increase) / decrease in other non-financial assets	**149,043**	(61,245)
Liabilities		
Increase / (decrease) in grants payable	**(131,992)**	307,180
Increase / (decrease) in unearned income	**(399,699)**	(794,170)
Increase / (decrease) in other payables	**282**	(469)
Increase / (decrease) in other provisions	**(2,170,321)**	1,798,551
Net cash from (used by) operating activities	**(92,303,136)**	(75,841,805)

Note 26: Administered Contingent Assets and Liabilities

Quantifiable administered contingencies

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

Commitments under expanded IMF New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the IMF under its NAB since 1998. The NAB is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. The funds are drawn upon by the IMF as needed to supplement the IMF's usual quota resources and will be repaid in full with interest.

When the expanded NAB came into effect on 11 March 2011, Australia's NAB credit arrangement increased from SDR801.3 million (A$1,313.6 million as at 30 June 2014) to SDR4,370.4 million (A$7,164.6 million as at 30 June 2014).

IMF Bilateral Loan

On 18 July 2013, Australia entered into a contingent bilateral loan with the International Monetary Fund (IMF) to provide up to SDR4.6 billion (A$7.6 billion as at 30 June 2014) to provide additional financial support for crisis prevention and resolution. It will be drawn upon by the IMF only if needed to supplement the IMF's quota and New Arrangements to Borrow (NAB) resources, and any drawings would be repaid in full with interest. The loan is initially effective for two years and can be extended for up to a further two years.

Unquantifiable administered contingencies

Contingent Liabilities

Housing Loans Insurance Corporation (HLIC) — guarantee

The Australian Government sold HLIC on 12 December 1997 and has assumed all residual contingencies. The contingent liability relates to the HLIC's contracts of mortgage insurance and any borrowings approved by the Treasurer up to the time of sale. The principal amount covered by the guarantee and the balances outstanding cannot be determined accurately.

Terrorism insurance — Australian Reinsurance Pool Corporation

The *Terrorism Insurance Act 2003* established a scheme for replacement terrorism insurance covering damage to commercial property including associated business interruption and public liability. The Australian Reinsurance Pool Corporation (ARPC) uses reinsurance premiums paid by insurers to meet its administrative expenses and to build a reserve for claims and purchase retrocession to help meet future claims. The Act provides for an Australian Government guarantee of the liabilities of the ARPC, but the Treasurer must declare a reduced payout rate to insured parties if the Australian Government's overall liability would otherwise exceed $10 billion. The minister may vary the reduction percentage but only by making it smaller.

Commitments under expanded IMF New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the IMF under its NAB since 1998. During 2013-14 Australia met six calls under the NAB totalling A$209.5 million (SDR 126.4 million).

Note 26: Administered Contingent Assets and Liabilities (continued)

In 2012-13 Australia provided A$185.4 million (SDR 126.0 million) under the NAB. These calls have been recognised as loans to the IMF in Note 23. The amount that will be called by the IMF in 2014-15 cannot be determined precisely as the Fund does not publish annual estimates. It does, however, provide estimates for calls in the coming quarter. Under the IMF's most recent 'Resource Mobilisation Plan', it projects drawings for the period July to September 2014 to be SDR 36.4million (A$59.5 million as at 30 June 2014). As at the completion of these statements, the IMF has not yet called on the NAB in the current financial year.

Grants to states and territories

As the Treasury has responsibility for all payments to the states and territories under the Federal Financial Relations framework, remote and unquantifiable liabilities may exist in relation to some agreements between the relevant agency with policy responsibility and the states and territories. While the Treasury does not bear the risk of the contingent event, the resultant payment would be made and reported by the Treasury under the Federal Financial Relations framework.

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

The Australian Government has agreed to lend up to $160 million to the State Government of New South Wales (NSW) to support the loan facility to top up the James Hardie Asbestos Injuries Compensation Fund. Draw down on the loan is subject to the James Hardie Asbestos Injuries Compensation Fund requiring funds to meet its liabilities and is contingent on NSW meeting a number of conditions under the loan agreement with the Australian Government. The timing and amounts that may be drawn down by NSW cannot be determined accurately. A further $25.3 million in funding was provided to the State Government of NSW in respect of the loan facility in 2013-14 (2012-13: $0).

Contingent Assets

HIH Claims Support Scheme

As an insured creditor in the liquidation of the HIH Group, the Australian Government is entitled to payments arising from the HCSS's position in the Proof of Debt of respective HIH companies. Treasury has received payments from the HIH Estate during 2013-14; however the timing and amount of future payments are unknown and will depend on the outcome of the estimation process and the completion of the liquidation of the HIH Group.

Burden sharing in the International Monetary Fund remuneration

Since 1986, the IMF has used its burden sharing mechanism to make up for the loss of income from unpaid interest charges on the loans of debtor members and to accumulate precautionary balances in a Special Contingent Account to protect the IMF against losses arising from the failure of a member to repay its overdue principal obligations.

The mechanism works by providing for additions to the rate of charge on IMF loans and deductions to the rate of remuneration for creditor members such as Australia. Resources collected from individual members under the burden sharing mechanism are refundable to them as arrears cases are resolved, or as may be decided by the IMF. Thus, resources collected for unpaid charges are refunded when these charges are eventually settled.

Note 26: Administered Contingent Assets and Liabilities (continued)

Likewise, precautionary balances held in the Special Contingent Account would be distributed back to members in proportion to their cumulative contributions when there are no overdue charges or principal balances. The IMF could also decide to make an early distribution.

As there is considerable and inherent uncertainty around the timing and amounts of burden sharing to be refunded to Australia this contingent asset cannot be reliably measured and as such is recorded as an unquantifiable contingent asset.

Significant Remote administered contingencies

Guarantees

The following borrowings have been guaranteed by the Australian Government and are the Treasury's policy responsibility:

Borrower	Legislation authorising guarantee	Principal covered by guarantee 2014 $'000	Balance outstanding 2014 $'000	Balance outstanding 2013 $'000
Papua New Guinea	*Papua New Guinea 1949 Papua New Guinea 1975 Papua New Guinea Loans Guarantee Act 1975*	**1,300**	**1,300**	1,300
Commonwealth Bank of Australia[1]	*Commonwealth Bank of Australia Act 1959* s117	**735,333**	**735,333**	750,616
Commonwealth Bank of Australia - Officers Superannuation Corporation[1]	*Commonwealth Bank of Australia Act 1959* s117	**4,356,800**	**4,356,800**	4,180,500
Guarantee Scheme for Large Deposits and Wholesale Funding	*Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008*	**14,800,000**	**14,800,000**	48,300,000
Guarantee of State and Territory Borrowing	*Guarantee of State and Territory Borrowing Appropriation Act 2009*	**15,700,000**	**15,700,000**	25,400,000
Reserve Bank of Australia[2]	*Reserve Bank of Australia Act 1959* s77	**60,778,000**	**60,778,000**	56,943,000
Total		**96,371,433**	**96,371,433**	135,575,416

1. Under the terms of the *Commonwealth Bank Sale Act 1995*, the Australian Government has guaranteed various liabilities of the Commonwealth Bank of Australia (CBA), and the Commonwealth Bank Officers' Superannuation Corporation (CBOSC). The guarantee for the CBA relates to both on and off balance sheet liabilities. The guarantee of the CBOSC covers the due payments of any amount that is payable to or from Officers' of the Superannuation Fund (the Fund), by CBOSC or by CBA, in respect of a person who was a member, retired member or beneficiary of the Fund immediately before 19 July 1996. The guarantee of the CBA and CBOSC reflected in the above table is the value at 30 June 2014.
2. The contingent liability for the RBA, relates to the Australian Government's guarantee of the liabilities of the RBA. It is measured as the Bank's total liabilities excluding the Bank's distribution to the Commonwealth and Australian Government deposits. The major component of the Bank's liabilities are notes (that is, currency) on issue.

Note 26: Administered Contingent Assets and Liabilities (continued)

Guarantee Scheme for Large Deposits and Wholesale Funding

The Australian Government announced the guarantee of eligible deposits and wholesale funding for authorised deposit taking institutions from 12 October 2008 under the Guarantee Scheme for Large Deposits and Wholesale Funding.

The Scheme closed to new deposits from 31 March 2010. Since then, Australian authorised deposit-taking institutions have been prohibited from issuing any new guaranteed wholesale funding or accepting new guaranteed deposits above $1 million. Existing guaranteed wholesale funding is guaranteed to maturity. Depositors who covered their balances above $1 million under the Guarantee Scheme can have those funds covered to maturity for term deposits up to five years, or until October 2015 for at call deposits.

The expected liability for the Government under the Guarantee Scheme is remote and unquantifiable. Australia's financial system is considered among the strongest and best regulated in the world. Authorised deposit-taking institutions are subject to prudential regulation by APRA in accordance with international standards, which are designed to ensure that financial institutions have the capacity to meet their financial obligations. This framework requires institutions to be adequately capitalised and have appropriate risk management systems in place.

Government expenditure would arise under the guarantee only in the unlikely event that an institution failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. The impact on the Government's budget would depend on the extent of the institution's default.

As at 30 June 2014, total liabilities covered by the Guarantee Scheme were estimated at $14.8 billion, including $2.3 billion of large deposits and $12.5 billion of wholesale funding.

Guarantee of State and Territory Borrowing

The Guarantee of State and Territory Borrowing commenced on 24 July 2009 and closed to new issuances of guaranteed liabilities on 31 December 2010. Securities covered by the guarantee will continue to be guaranteed until these securities either mature or are bought back and extinguished by the issuer.

The expected liability under the guarantee is remote and unquantifiable. Government expenditure would arise under the guarantee only in the unlikely event that a state or territory failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would likely be able to recover any such expenditure through a claim on the relevant state or territory at a future date. The impact on the Government's budget would depend upon the extent of the default and the state or territory's ability to meet the Government's claim.

As at 30 June 2014, the face value of state and territory borrowings covered by the guarantee was $15.7 billion.

Note 27: Administered Investments

The principal activities of each of the Treasury's administered investments are as follows:

Development Banks

The European Bank for Reconstruction and Development (EBRD) was established in 1991 to assist former communist eastern European countries committed to the principles of multi-party democracy, pluralism and market economies, to develop their private sector and capital markets. The EBRD currently operates in 35 countries from Central Europe to Central Asia and the southern and eastern Mediterranean region. It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatisation, restructuring state-owned firms and improvement of municipal services. The EBRD uses its close relationship with governments in the region to promote policies that will bolster the business environment.

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

The World Bank was established in 1944 and comprises the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank, alongside the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID), form the World Bank Group. The IBRD provides financing and technical assistance to middle income countries and creditworthy poor countries. The IDA provides grants, concessional finance and technical assistance to low income countries. The IFC supports the development of the private sector by providing direct finance to private sector operations. MIGA provides guarantee services for projects, which reduce the risks for other co-financing partners including the private sector. ICSID provides international facilities for conciliation and arbitration of investment disputes.

International Monetary Fund

The IMF is an organisation of 188 countries, working to foster global monetary cooperation and exchange rate stability, facilitate the balanced growth of international trade, and provide resources to help members in balance of payments difficulties or to assist with poverty reduction. The IMF undertakes surveillance and annual economic assessments, and provides technical assistance to member countries.

Australian Government entities

The Australian Government's investments in controlled entities and companies in the Treasury portfolio are measured at their fair value. Fair value has been taken to be the net assets of the entities as at balance date.

Note 27: Administered Investments (continued)

Reserve Bank of Australia

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

Australian Reinsurance Pool Corporation

ARPC is a statutory authority established by the *Terrorism Insurance Act 2003* to administer the terrorism reinsurance scheme, providing primary insurers with reinsurance for commercial property and associated business interruption losses arising from a declared terrorist incident.

Clean Energy Finance Corporation

The Clean Energy Finance Corporation (CEFC) operates under the *Clean Energy Finance Corporation Act 2012* and is dedicated to investing in the clean energy, energy efficiency and low emissions technology sectors in Australia. The CEFC's purpose is to catalyse and leverage an increased flow of finance for the commercialisation and deployment of renewable energy, low emissions and energy efficiency technologies, thus preparing and positioning the Australian economy and industry for a carbon constrained world. The CEFC's Investment Mandate issued as Ministerial Direction sets the Corporation's benchmark rate of return.

Note 28: Administered Financial Instruments

	2014 $'000	2013 $'000
Note 28A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**1,412**	3,719
IMF related monies owing	**217**	166
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	**23,018**	337,070
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	**7,712**	30,833
Guarantee of State and Territory Borrowing contractual fee receivable	**113,217**	198,864
Guarantee of State and Territory Borrowing fee receivable	**2,365**	3,840
IMF new arrangements to borrow loan	**985,033**	895,785
Loans to States and Territories	**42,290**	15,794
Dividends receivable	**1,235,000**	225,000
Other receivables	**15,631**	22,813
Total loans and receivables	**2,425,895**	1,733,884
Available-for-sale financial assets:		
International financial institutions	**856,780**	758,184
Australian Government entities	**20,115,052**	10,451,180
IMF Quota	**5,305,574**	5,247,082
Total available-for-sale financial assets	**26,277,406**	16,456,446
Total financial assets	**28,703,301**	18,190,330
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Promissory notes	**3,903,540**	3,167,335
Grant liabilities	**636,399**	768,391
IMF SDR allocation liability	**5,054,379**	4,998,656
Other payables	**829**	554
Guarantee Scheme for Large Deposits and Wholesale funding contractual guarantee service obligation	**23,018**	337,070
Guarantee of State and Territory Borrowing contractual guarantee service obligation	**113,217**	198,864
Total financial liabilities measured at amortised cost	**9,731,382**	9,470,870
Total financial liabilities	**9,731,382**	9,470,870

Note 28: Administered Financial Instruments (continued)

	2014 $'000	2013 $'000
Note 28B: Net Gains and Losses on Financial Assets		
Loans and receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding fee	**243,497**	528,740
Guarantee of State and Territory Borrowing	**37,058**	52,172
Interest revenue	**2,076**	1,307
Net gains/(losses) from loans and receivables	**282,631**	582,219
Available for sale		
Interest revenue	**1,227**	1,034
Exchange gains/(loss)	**(365,791)**	671,260
Net gains/(losses) from available for sale	**(364,564)**	672,294
Net gains/(losses) from financial assets	**(81,933)**	1,254,513
Note 28C: Net Gains and Losses on Financial Liabilities		
Financial liabilities - at amortised cost		
IMF Charges	**4,688**	3,489
Exchange gains/(loss)	**(54,986)**	(432,590)
Net gains/(losses) financial liabilities - at amortised cost	**(50,298)**	(429,101)
Net gains/(losses) from financial liabilities	**(50,298)**	(429,101)

Note 28D: Credit risk

The maximum exposure to credit risk of the Treasury's administered financial assets is the carrying amount of 'loans and receivables' (2014: $2,424,490,670, and 2013: $1,730,167,480) and the carrying amount of 'available for sale financial assets' (2014: $26,277,405,051 and 2013: $16,456,445,722).

However, the international financial institutions that the Treasury holds its financial assets with, hold a minimum of AAA credit ratings. The contractual fee receivable arising from the Guarantee Scheme for Large Deposits and Wholesale Funding and Guarantee of State and Territory Borrowing that the Treasury holds relates only to prudentially regulated Authorised Deposit-taking Institutions (ADIs) and state and territory governments. These entities hold a minimum of AA credit ratings, therefore the Treasury does not consider any of its financial assets to be at risk of default.

Note 28: Administered Financial Instruments (continued)

Note 28E: Liquidity risk

The Treasury's administered financial liabilities are promissory notes, grant liabilities, the IMF SDR allocation and HIH provision. The contractual guarantee service obligation arising from the guarantee scheme for large deposits and wholesale funding and state and territory borrowing are not included as there are no liquidity risks associated with these items. They are contingent on the value of the associated contractual fee receivable. The exposure to liquidity risk is based on the notion that the Treasury will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding through special appropriations and non-lapsing capital appropriations as well as internal policies and procedures put in place to ensure there are appropriate resources for the Treasury to meet its financial obligations.

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

Maturities for financial liabilities in 2014

	On demand $'000	**Within 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**> 5 years $'000**	**Total $'000**
Promissory notes	-	-	-	124,839	3,778,701	3,903,540
Grant liabilities	-	636,399	-	-	-	636,399
IMF SDR allocation liabilities	-	-	-	-	5,054,379	5,054,379
Other payables	829	-	-	-	-	829
Total	**829**	**636,399**	**-**	**124,839**	**8,833,080**	**9,595,147**

Maturities for financial liabilities in 2013

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Promissory notes	-	-	-	74,606	3,092,729	3,167,335
Grant liabilities	-	768,391	-	-	-	768,391
IMF SDR allocation liabilities	-	-	-	-	4,998,656	4,998,656
Other payables	554	-	-	-	-	554
Total	554	768,391	-	74,606	8,091,385	8,934,936

Note 28: Administered Financial Instruments (continued)

Note 28F: Market risk

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

The Treasury is exposed to foreign currency denominated in USD, EUR and SDR.

The following table details the effect on profit and equity as at 30 June 2014 from a 11.5 per cent (30 June 2013 from a 15.7 per cent) favourable/unfavourable change in AUD against the Treasury with all other variables held constant. The change in the risk variable has been determined by reference to standard parameters provided by the Department of Finance.

Sensitivity analysis of the risk that the entity is exposed to for 2014				
			Effect on	
	Risk variable	**Change in risk variable**	**Profit and loss 2014**	**Equity 2014**
Risk Variable		**%**	**$'000**	**$'000**
IFI Investments	Exchange rate	12	**(88,367)**	**(88,367)**
IFI investments	Exchange rate	(12)	**111,333**	**111,333**
IMF related moneys owing	Exchange rate	12	**(22)**	**(22)**
IMF related moneys owing	Exchange rate	(12)	**28**	**28**
IMF new arrangements to borrow loan	Exchange rate	12	**(101,595)**	**(101,595)**
IMF new arrangements to borrow loan	Exchange rate	(12)	**127,999**	**127,999**
Quota	Exchange rate	12	**(547,212)**	**(547,212)**
Quota	Exchange rate	(12)	**689,425**	**689,425**
Promissory notes	Exchange rate	12	**(4,862)**	**(4,862)**
Promissory notes	Exchange rate	(12)	**6,126**	**6,126**
IMF SDR allocation liability	Exchange rate	12	**(521,304)**	**(521,304)**
IMF SDR allocation liability	Exchange rate	(12)	**656,784**	**656,784**
Other liabilities	Exchange rate	12	**(86)**	**(86)**
Other liabilities	Exchange rate	(12)	**108**	**108**

Sensitivity analysis of the risk that the entity is exposed to for 2013				
			Effect on	
	Risk variable	Change in Risk variable	Profit and loss 2013	Equity 2013
Risk Variable		%	$'000	$'000
IFI Investments	Exchange rate	15	(102,882)	(102,882)
IFI investments	Exchange rate	(15)	141,204	141,204
IMF related moneys owing	Exchange rate	15	(22)	(22)
IMF related moneys owing	Exchange rate	(15)	31	31
IMF new arrangements to borrow loan	Exchange rate	15	(121,554)	(121,554)
IMF new arrangements to borrow loan	Exchange rate	(15)	166,831	166,831
Quota	Exchange rate	15	(712,007)	(712,007)
Quota	Exchange rate	(15)	977,215	977,215
Promissory notes	Exchange rate	15	6,497	6,497
Promissory notes	Exchange rate	(15)	(8,917)	(8,917)
IMF SDR allocation liability	Exchange rate	15	678,296	678,296
IMF SDR allocation liability	Exchange rate	(15)	(930,948)	(930,948)
Other liabilities	Exchange rate	15	74	74
Other liabilities	Exchange rate	(15)	(101)	(101)

Note 29: Administered Financial Assets Reconciliation

Financial assets	Notes	**2014 $'000**	2013 $'000
Total financial assets per administered schedule of assets and liabilities		**28,703,310**	18,190,332
Less: non-financial instrument components			
GST receivable		**(9)**	(2)
Total non-financial instrument components		**(9)**	(2)
Total financial assets as per financial instruments note	28A	**28,703,301**	18,190,330

Note 30: Appropriations

Note 30A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations 2014

	Appropriation Act			FMA Act					
	Annual Appropriation $'000	Appropriations reduced[1] $'000	AFM[2] $'000	Section 30 $'000	Section 31 $'000	Section 32 $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $,000) $'000	Variance $'000
DEPARTMENTAL									
Ordinary annual services	176,769	-	-	-	15,228	-	191,997	(190,117)	1,880
Other services									
Equity	1,775	-	-	-	-	-	1,775	(180)	1,595
Total departmental	**178,544**	-	-	-	**15,228**	-	**193,772**	**(190,297)**	**3,475**
ADMINISTERED									
Ordinary annual services									
Administered items	8,805,808	(1,282)	-	-	-	-	8,804,526	(8,804,526)	-
Payments to CAC bodies[3]	18,062	-	-	-	-	-	18,062	(8,000)	10,062
Other services									
Administered assets and liabilities[4]	47,518	-	-	-	-	-	47,518	(25,784)	21,734
Total administered	**8,871,388**	**(1,282)**	-	-	-	-	**8,860,044**	**(8,838,310)**	**31,796**

1. Appropriation Acts (Nos. 1, 3) 2013-14: sections 10, 11, 12 and 15. Appropriation Acts (Nos. 2, 4) 2013-14: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
   As with departmental appropriations, the responsible minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos, 1, 3) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4) 2013-14, the appropriation is taken to be reduced to the required amount specified in Note 30F once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.
2. Advance to the Finance Minister (AFM) — Appropriation Acts (No. 1, 3) 2013-14: section 13 and Appropriation Acts (No. 2, 4) 201: section 15.
3. Relates to payments to the Clean Energy Finance Corporation.
4. Variance relates to undrawn appropriations payable to NSW as a loan to support the James Hardie Asbestos Compensation Fund. NSW only required partial loan funding in 2013-14.

Note 30: Appropriations (continued)

Note 30A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations 2013

	Appropriation Act			FMA Act					
	Annual Appropriation $'000	Appropriations reduced[1] $'000	AFM[2] $'000	Section 30 $'000	Section 31[4] $'000	Section 32 $'000	Total appropriation $'000	Appropriation applied in 2013 (current and prior years) $,000) $'000	Variance $'000
DEPARTMENTAL									
Ordinary annual services	179,014	-	-	-	15,344	-	194,358	(184,883)	9,475
Other services									
Equity	1,839	-	-	-	-	-	1,839	(1,631)	208
Loans	-	-	-	-	-	-	-	-	-
Total departmental	180,853	-	-	-	15,344	-	196,197	(186,514)	9,683
ADMINISTERED									
Ordinary annual services									
Administered items	20,103	(1,458)	-	-	-	-	18,645	(20,740)	(2,095)
Payments to CAC bodies	-	-	-	-	-	-	-	-	-
Other services									
Administered assets and liabilities[3]	57,000	-	-	-	-	-	57,000	(13,691)	43,309
Total administered	77,103	(1,458)	-	-	-	-	75,645	(34,431)	41,214

1. Appropriations reduced under Appropriation Acts (Nos. 1,3) 2012-13: sections 10, 11, 12 and 15. Appropriation Acts (Nos. 2,4) 2012-13: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
   As with departmental appropriations, the responsible minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos, 1, 3) 2012-13 and section 12 of Appropriation Acts (Nos. 2, 4) 2012-13, the appropriation is taken to be reduced to the required amount specified in Note 28E once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.
2. Advance to the Finance Minister (AFM) — Appropriation Acts (No. 1, 3) 2012-13: section 13 and Appropriation Acts (No. 2, 4) 201: section 15.
3. Variance relates to undrawn appropriations payable to NSW as a loan to support the James Hardie Asbestos Compensation Fund. The loan funding was not required by NSW in 2012-13.
4. The comparative figues have been amended.

Note 30: Appropriations (continued)

Note 30B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013-14 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	**Appropriations reduced[2] $'000**	**Section 32 $'000**	**Total Capital Budget Appropriations $'000**	**Payments for non-financial assets[3] $'000**	**Payments for other purposes $'000**	**Total payments $'000**	**Variance $'000**
Departmental								
Ordinary annual services								
Capital Budget[1]	**5,266**	**-**	**-**	**5,266**	**5,266**	**-**	**5,266**	**-**
Administered								
Ordinary annual services								
Capital Budget[1]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

1. 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. For more information on ordinary annual services appropriation, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2013-14: sections 10,11,12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchase of assets, expenditure on assets which have been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2012-13 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[3] $'000	Payments for other purposes $'000	Total payments $'000	Variance $'000
Departmental								
Ordinary annual services								
Capital Budget[1]	5,218	-	-	5,218	5,218	-	5,218	-
Administered								
Ordinary annual services								
Capital Budget[1]	-	-	-	-	-	-	-	-

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are no separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Table A: Annual Appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10,11,12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 30: Appropriations (continued)

Note 30C: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2014 $'000	2013 $'000
Departmental[1]		
Appropriation Act (No. 3) 2011-12	**-**	4,158
Appropriation Act (No. 1) 2012-13	**-**	47,153
Appropriation Act (No. 3) 2012-13[2]	**-**	3,666
Appropriation Act (No. 1) 2013-14[2]	**49,201**	-
Appropriation Act (No. 3) 2013-14	**7,473**	-
Appropriation Act (No. 4) 2013-14	**1,775**	-
Total departmental	**58,449**	54,977

Authority	2014 $'000	2013 $'000
Administered[1]		
Appropriation Act (No. 2) 2010-11	**136,544**	161,844
Appropriation Act (No. 2) 2011-12	**61,997**	61,997
Appropriation Act (No. 1) 2012-13[3]	**2**	4,185
Appropriation Act (No. 2) 2012-13	**42,705**	42,810
Appropriation Act (No. 3) 2012-13	**-**	1,000
Appropriation Act (No. 1) 2013-14[3]	**2,700**	-
Appropriation Act (No. 2) 2013-14	**47,121**	-
Appropriation Act (No. 4) 2013-14	**18**	-
Total administered	**291,087**	271,836

1. The comparative figures have been amended.
2. Cash held amounts (2014: $0.567 million, 2013: $1.123 million) are included in Appropriation Act (No. 1) for the relevant year.
3. Cash held amounts (2014: $1.412 million, 2013: $3.719 million) are included in Appropriation Act (No. 1) for the relevant year.

Note 30: Appropriations (continued)

Note 30D: Special Appropriations ('Recoverable GST exclusive')

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

The Treasury process to complete the 2013-14 financial statements identified no payments (2013: nil payments) made from the COAG Reform Fund special account that resulted in technical breaches of Section 83 of the Constitution (refer to Note 31 for more information).

			Appropriation applied	
			2014	2013
Authority	**Type**	**Purpose**	**$'000**	$'000
Asian Development Bank (Additional Subscription) Act 2009 (Administered)	Limited	To provide an appropriation for an additional subscription to the ADB. The balance available (Administered) is USD$9,009,986,523 in callable shares and USD$474,307,340 in paid-in shares.	**(16,510)**	(16,239)
Federal Financial Relations Act 2009 (Administered)	Unlimited Amount	To provide an appropriation for payments of financial assistance to the states, the ACT and the NT.	**(70,346,721)**	(68,375,596)
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for redemption of securities by the IMF.	**-**	(37,279)
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide appropriation for Australia's obligations as a participant in the IMF's New Arrangements to Borrow.	**(209,461)**	(185,428)
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for the payment of charges on Special Drawing Rights issued to Australia by the IMF.	**(4,966)**	(3,954)
International Monetary Agreements Act 1947 (Administered)	Limited Amount	To provide an appropriation for Australia's purchase of additional shares in the International Bank for Reconstruction and Development. Balance available is USD$3,275,546,361 in callable shares and $214,062,283 in paid-in shares.	**(10,534)**	(9,643)
Clean Energy Finance Corporation Act 2012 (Administered)	Limited	To provide an appropriation to facilitate increased flows of finance into the clean energy sector.	**(2,000,000)**	-
Commonwealth Places (Mirror Taxes) Act 1998 (Administered)	Unlimited Amount	To provide an appropriation for the purpose of paying compensation to the States in respect of constitutionally invalid state taxes on Commonwealth Places.	**(498,150)**	(484,379)

Note 30: Appropriations (continued)

Note 30D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2014 $'000	Appropriation applied 2013 $'000
Superannuation Industry (Supervision) Act 1993 (Administered)	Unlimited Amount	To provide an appropriation for financial assistance to superannuation funds that have suffered an eligible loss as a result of fraudulent conduct or theft.	-	(16,763)
Clean Energy Act 2011 (Administered)	Unlimited Amount	Provides a mechanism to deal with climate change by encouraging the use of clean energy.	-	-
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for Special Drawing Rights sold by the RBA to the Commonwealth.	-	-
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for Australia's obligations as a participant in the IMF's Special Drawing Rights Department.	-	-
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for Australia's support of the IMF's programs.	-	-
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for Australia's support of the World Bank and Asian Development Banks Programs.	-	-
A New Tax System (Managing the GST Rate and Base) Act 1999 (Administered)[1]	Unlimited Amount	To provide an appropriation for payments to states if a state was under paid (Administered) GST revenue in the 2008-09 financial year.	-	-
Asian Development Bank Act 1966 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Bank. Balance available is USD$42,500,000 in callable shares.	-	-
Asian Development Bank Act (Additional Subscription) Act 1972 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD$102,000,000 in callable shares.	-	-
Asian Development Bank Act (Additional Subscription) Act 1977 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD$258,180,000 in callable shares.	-	-

1 *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* was superseded by this legislation in 2009.

Note 30: Appropriations (continued)

Note 30D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2014 $'000	2013 $'000
Asian Development Bank Act (Additional Subscription) Act 1983 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD$498,110,000 in callable shares.	**-**	-
Asian Development Bank Act (Additional Subscription) Act 1995 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD$1,210,246,511 in callable shares.	**-**	-
European Bank for Reconstruction and Development Act 1990 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Bank. Balance available is USD$81,690,700 in callable shares.	**-**	-
Financial Agreements (Commonwealth Liability) Act 1932 (Administered)	Unlimited Amount	To provide an appropriation for payment of principal and interest on bonds issued under the *Financial Agreement Validation Act 1929*, consolidating state debts.	**-**	-
Financial Services Reform Act 2001 (Administered)	Unlimited Amount	To provide an appropriation for payment of compensation in respect to levies payable by participants in particular financial markets.	**-**	-
Financial Services Reform Act 2001 (Administered)	Unlimited Amount	To provide an appropriation for payment of compensation in respect of a loss that is connected with a financial market.	**-**	-
Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008 (Administered)	Unlimited Amount	To provide an appropriation for payment of claims under the Deed of Guarantee in accordance with the Guarantee Scheme for Large Deposits and Wholesale Funding.	**-**	-
Guarantee of State and Territory Borrowing Appropriation Act 2009 (Administered)	Unlimited Amount	To provide an appropriation for payment of claims under the Deed of Guarantee in accordance with the Guarantee of State and Territory Borrowing.	**-**	-
International Bank for Reconstruction and Development (Share Increase) Act 1988 (Administered)	Limited Amount	To provide an appropriation for the purchase of additional shares in the IBRD.	**-**	-
International Bank for Reconstruction and Development (General Capital Increase) Act 1989 (Administered)	Limited Amount	To provide an appropriation for the purchase of additional shares in the IBRD.	**-**	-

Note 30: Appropriations (continued)

Note 30D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2014 $'000	2013 $'000
International Finance Corporation Act 1955 (Administered)	Limited Amount	To provide an appropriation for the subscription to the capital stock of the IFC.	**-**	-
International Finance Institutions (Share Increase) Act 1982 (Administered)	Limited Amount	To provide an appropriation for the purchase of additional shares in the IFC and the IBRD. Balance available is USD$692,927,440 in callable shares.	**-**	-
International Finance Institutions (Share Increase) Act 1986 (Administered)	Limited Amount	To provide an appropriation for the purchase of additional shares in The IFC and the IBRD.	**-**	-
International Monetary Agreements Act 1959 (Administered)	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF and increase in Australia's capital stock in the IBRD.		
International Monetary Agreements Act 1960 (Administered)	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF and increase in Australia's capital stock in the IBRD.	**-**	-
International Monetary Agreements Act 1965 (Administered)	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	**-**	-
International Monetary Agreements Act 1970 (Administered)	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	**-**	-
International Monetary Agreements Act 1974 (Administered)	Limited Amount	To provide an appropriation for payments to the IBRD. Balance available is USD$37,368,120 in callable shares.	**-**	-
International Monetary Fund (Quota Increase) Act 1983 (Administered)	Limited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	**-**	-
International Monetary Fund (Quota Increase and Agreements Amendments) Act 1991 (Administered)	Unlimited Amount	To provide an appropriation for the increase in Australia's quota in the IMF.	**-**	-

Note 30: Appropriations (continued)

Note 30D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2014 $'000	2013 $'000
Multilateral Investment Guarantee Agency Act 1997 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Agency. Balance available is USD$14,827,728 in callable shares.	**-**	-
Papua New Guinea Loans Guarantee Act 1975 (Administered)	Limited Amount	To provide an appropriation for Australia's guarantee of certain public loans raised by Papua New Guinea. Balance available is AUD$3,530,000.	**-**	-
Papua New Guinea Loan (International Bank) Act 1970 (Administered)	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD. Balance available is $1,365,000.	**-**	-
Papua New Guinea Loans Guarantee Act 1975 (Administered)	Limited Amount	To provide an appropriation for Australia's guarantee of the loan to Papua New Guinea by the IBRD.	**-**	-
Payment of Tax Receipts (Victoria) Act 1996 (Administered)	Unlimited Amount	To provide an appropriation for payments to Victoria for certain taxes collected by the Australian Government of Victoria's behalf.	**-**	-
State Grants Act 1927 (Administered)	Limited Amount	To provide an appropriation for the distribution of surplus revenue to the states.	**-**	-
States (Work and Housing) Assistance Act 1984 (Administered)	Limited Amount	To provide an appropriation for financial assistance to the States in connection with expenditure on Public Housing.	**-**	-
States (Work and Housing) Assistance Act 1988 (Administered)	Limited Amount	To provide an appropriation for financial assistance to the States in connection with expenditure on Public Housing.	**-**	-
Terrorism Insurance Act 2003 (Administered)	Unlimited Amount	To provide an appropriation for payments to the Australian Reinsurance Pool Corporation.	**-**	-
Terrorism Insurance Act 2003 (Administered)	Unlimited Amount	To provide an appropriation for payments of compensation in the acquisition of land.	**-**	-
Total			**(73,084,328)**	(69,129,281)

Note 30: Appropriations (continued)

Note 30E: Disclosure by agent in relation to Annual and Special Appropriations ('Recoverable GST exclusive')

2014	**Department of Education** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Department of Education Employment and Workplace Relations** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Department of the Prime Minister and Cabinet** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Inspector-General of Taxation** Transaction service provider **$'000**
Total receipts	**9,845,312**	**2,142,747**	**19,916**	**2,416**
Total payments	**9,845,312**	**2,142,747**	**19,916**	**2,469**

2013	**Department of Education** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Department of Education Employment and Workplace Relations** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Department of the Prime Minister and Cabinet** National Partnership Payments and assistance to states and territories for non-government schools **$'000**	**Inspector-General of Taxation** Transaction service provider **$'000**
Total receipts	-	8,906,423	-	2,654
Total payments	-	8,906,423	-	2,594

Note 30: Appropriations (continued)

Note 30F: Reduction in Administered Items ('Recoverable GST exclusive')

2013-14	**Amount required[3] - by Appropriation Act**			**Total amount required[3]**	**Total amount appropriated[4]**	**Total reduction[5]**
Ordinary Annual Services	**Act (No.1)**	**Act (No.3)**	**Act (No. 5)**			
Outcome 1	**5,393,281.45**	**8,799,133,000.00**	**-**	**8,804,526,281.45**	**8,805,808,000.00**	**1,281,718.55**

2012-13	Amount required[3] - by Appropriation Act			Total amount required[3]	Total amount appropriated	Total reduction
Ordinary Annual Services	Act (No.1)	Act (No.3)	Act (No. 5)			
Outcome 1	4,716,947.49	13,927,931.49	-	18,644,878.98	20,103,000.00	1,458,121.02

1. Numbers in this section must be disclosed to the cent.
2. Administered items for 2013-14 were reduced to these amounts when these financial statements were tabled in Parliament as part of the department's 2013-14 annual report. This reduction is effective in 2014-15, but the amounts are reflected in Table A in the 2013-14 financial statements in the column 'Appropriations reduced' as they are adjustments to 2013-14 appropriations.
3. Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).
4. Total amount appropriated in 2014.
5. Total reduction effective in 2015.

Note 31: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. During 2012-13, the Department of Finance received additional legal advice that indicated there could be breaches of s83 under certain circumstances with payments for long service leave, goods and services tax (GST) and payments under determinations of the Remuneration Tribunal.

The Treasury has continued to review its exposure to risks of not complying with statutory conditions on payments from appropriations.

The Treasury has conducted testing of payments for long service leave, GST and payments made under determinations of the Remuneration Tribunal. The testing identified that no GST or Remuneration Tribunal payments were made in contravention of s83 of the Constitution. The testing identified that nine payments totalling $5,473.06 ($5,308.23 has been recovered) for long service leave were made in 2013-14 in contravention of s83 of the Constitution. The Treasury has put in place processes to reduce the risk of any further long service leave payments being made in error.

The Treasury has reviewed its verification procedures, in consultation with the Portfolio Departments, regarding payments under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008.* In addition, Internal Audit reviewed the control and quality assurance process that provides the Treasury with assurance in making National Partnership payments under these two acts. Following the review, the Treasury has implemented a risk assessment framework to determine the risk profile of each agreement and based on this what additional assurance may be required when making a payment. The Treasury has completed the risk assessment and is currently implementing additional controls, as required. Agencies will be advised about the additional controls.

As at 30 June 2014, no payments made under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008* were made in 2013-14 without legal authority in contravention of s83 of the Constitution.

Note 31: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund (continued)

Appropriations	Payment amount 2013-14 $'000	Review complete?	Breaches identified			Potential breaches to date yet to be resolved		Remedial action taken or proposed
			Number	Total $'000	Recovered /offset as at 30 June 2014	Yes/No	Indicative extent	
Special appropriations								
International Monetary Agreements Act 1947 s7	-	N/A	-	-	-	No	N/A	N/A
International Monetary Agreements Act 1947 s8	4,966	Yes	-	-	-	No	N/A	N/A
International Monetary Agreements Act 1947 s8B	209,461	Yes	-	-	-	No	N/A	N/A
International Monetary Agreements Act 1947 s9	10,534	Yes	-	-	-	No	N/A	N/A
Asian Development Bank (Additional Subscription) Act 2009	16,510	Yes	-	-	-	No	N/A	N/A
Federal Financial Relations Act 2009	70,346,721	Yes	-	-	-	No	N/A	N/A
Superannuation Industry (Supervision) Act 1993	-	N/A	-	-	-	No	N/A	N/A
Special accounts								
COAG Reform Fund Act 2008	15,482,471	Yes	-	-	-	No	N/A	N/A
Clean Energy Finance Corporation Act 2012 (Administered)	1,131,600	Yes	-	-	-	No	N/A	N/A
Other appropriations								
Long Service Leave (Commonwealth employees) Act 1976	3,588	Yes	9	5	5	No	N/A	N/A

Note 32: Special Accounts and FMA Act Section 39

Note 32A: Special Accounts ('Recoverable GST exclusive')

	Actuarial Services Special Account[1]		Clean Energy Finance Corporation Special Account[2]		COAG Reform Fund Special Account[3]	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**2,823**	2,282	**-**	-	**-**	-
Increases:						
Appropriation for reporting period	**-**	-	**2,000,000**	-	**13,684,519**	8,735,541
Other receipts from rendering of services	**1,817**	2,027	**-**	-	**-**	-
Receipts from other agencies	**-**	-	**-**	-	**1,797,952**	1,523,829
Total increases	**4,640**	4,309	**2,000,000**	-	**15,482,471**	10,259,370
Available for payments	**4,640**	4,309	**-**	-	**-**	-
Decreases:						
Departmental						
Payments made to employees	**(1,406)**	(1,377)	**-**	-	**-**	-
Payments made to suppliers	**(788)**	(109)	**-**	-	**-**	-
Total departmental	**(2,194)**	(1,486)	**-**	**-**	**-**	**-**
Administered						
Payments made to suppliers	**-**	-	**-**	-	**(15,482,471)**	(10,259,370)
Payments made to the CEFC	**-**	-	**(1,131 600)**	-	**-**	-
Repayments debited from the Special Account (FMA Act section 39)	**-**	-	**-**	-	**-**	-
Total administered	**-**	-	**(1,131,600)**	-	**(15,482,471)**	(10,259,370)
Total decreases	**(2,194)**	(1,486)	**(1,131,600)**	-	**(15,482,471)**	(10,259,370)
Total balance carried to the next period	**2,446**	2,823	**868,400**	**-**	**-**	**-**

1. Legal authority: *Financial Management and Accountability Determination 2006/34 — Actuarial Services Special Account Establishment 2006*
   Purpose: providing actuarial services and advice.
   Note: Actuarial Services Special Account was established on 1 October 2006.
   Comparatives for 2013 have been updated to reflect changes in cash flow calculations.
2. Legal authority: *Clean Energy Finance Corporation Act 2012*
   Purpose: To facilitate increased flows of finance into the clean energy sector.
3. Legal authority: *COAG Reform Fund Act 2008*
   Appropriations: *Financial Management and Accountability Act 1997*; section 21.
   Purpose: For the making of grants of financial assistance to the states and territories.

Note: The Treasury makes payments to the states and territories from the COAG Reform Fund special account based on information provided by other government departments that have policy and programme implementation responsibility.

Note 32: Special Accounts and FMA Act Section 39 (continued)

Financial System Stability Special Account (Administered)

The Treasury's 'Financial System Stability' special account established under section 70E of the *Banking Act 1959* for the making of payments authorised under specified sections of the *Banking Act 1959*, the *Insurance Act 1973* and the *Life Insurance Act 1995* and to meet expenses of administering the special account. For the years ended 30 June 2013 and 30 June 2014 this special account had nil balances and no transactions were credited or debited to the account.

Special Accounts investment of public money

For the periods 2012-13 and 2013-14, the Treasury has not used section 28 or 39 of the FMA Act in respect of all special accounts.

Services for Other Entities and Trust Money Special Account

On 26 June 2012 the Services for Other Entities and Trust Money Special Account was established under the section 20 of the FMA Act. The purpose of the account is to hold and expend amounts on behalf of persons or entities other than the Commonwealth. For the years ended 30 June 2013 and 30 June 2014 this special account had nil balances and no transactions were credited or debited to the account.

Note 33: Compensation and Debt Relief

	2014	2013
	$	$
Compensation and Debt Relief - Departmental		
No 'Act of Grace' expenses were incurred during the reporting period (2013: no expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2013: no waiver).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: no payments).	-	-
No ex-gratia payments were provided for during the reporting period (2013: no payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* (PS Act) during the reporting period (2013: no payments).	-	-
Compensation and Debt Relief - Administered		
No 'Act of Grace' expenses were incurred during the reporting period (2013: no expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2013: no waivers).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: no payments).	-	-
No ex-gratia payments were provided for during the reporting period (2013: no payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* (PS Act) during the reporting period (2013: no payments).	-	-

Note 34: Reporting of Outcomes

Note 34A: Net Cost of Outcome Delivery

	Outcome 1	
	2014	2013
	$'000	$'000
Departmental		
Expenses	**190,757**	198,199
Own-source income	**13,264**	12,931
Administered		
Expenses	**93,776,203**	81,436,555
Income	**4,185,104**	2,850,554
Net cost/(contribution) of outcome delivery	**89,768,592**	78,771,269

1. Payments to the Clean Energy Finance Corporation are included in expenses above.

Note 35: Net Cash Appropriation Arrangements

	2014 $'000	2013 $'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations and other comprehensive income[1]	**275**	3,034
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(9,297)**	(13,733)
Plus: other comprehensive income/(loss)	**-**	-
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	**(9,022)**	(10,699)

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.