PART 4

Financial Statements

BLUEPRINT FOR EFFICIENCY, RESILIENCE AND FAIRNESS

In December 2014, the *Murray Inquiry Report* was released, following a year-long, root-and-branch inquiry into Australia's financial system — the first in 16 years.

The inquiry considered how to sustain confidence in the Australian financial system, how Australia funds its future growth, competition and international competitiveness, and the current cost, quality, safety and availability of financial services.

The report contains 44 recommendations. It acknowledges the strengths of Australia's financial system and identifies areas for reform, from bank culture to superannuation, credit card surcharges, taxation, financial advice, cyber security and crowd funding.

Mr David Murray AO chaired the inquiry's independent committee, drawn from business and academia — Professor Kevin Davis, Mr Craig Dunn, Ms Carolyn Hewson AO and Dr Brian McNamee AO. The committee was supported by a secretariat of Treasury staff, financial regulators and the private sector.

An expert international advisory panel — Sir Michael Hintze AM and Dr David Morgan AO from London, Ms Jennifer Nason from New York and Mr Andrew Sheng from Hong Kong, advised on global technological change, Australia's international competitiveness and offshore regulatory frameworks.

The inquiry committee met with more than 50 financial institutions, market participants and regulators from the United States, Asia, the European Union, the United Kingdom and New Zealand. Many overseas participants acknowledged that one of the reasons for the strength of Australia's financial system was the conduct of periodic independent inquiries.

The inquiry scrutinised opportunities and challenges and examined other evidence, including academic literature and exemplars of best practice.

A major focus of the inquiry was consumer protection and Australians were encouraged to have their say. The inquiry received more than 6,500 submissions in response to its interim report. More than 5,000 of those were on the issue of credit card surcharges.

The Murray Inquiry report is a blueprint for the Australian financial system for the next decade. The recommendations seek to improve efficiency, resilience and fairness to support economic growth and raise Australians' standard of living.

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

I have audited the accompanying annual financial statements of the Department of the Treasury for the year ended 30 June 2015, which comprise:

- 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;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Schedule of Administered Cash Flows;
- Schedule of Administered Commitments; and
- Notes to and forming part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Secretary's Responsibility for the Financial Statements

The Secretary of the Department of the Treasury is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that 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.

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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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, 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) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Department of the Treasury as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Rona Mellor

Rona Mellor PSM
Acting Auditor-General

Canberra
9 October 2015

THE TREASURY

Statement by the Departmental Secretary and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2015 are based on properly maintained financial records and give a true and fair view of the matters required by the Financial Reporting Rule made under the *Public Governance, Performance and Accountability Act 2013*, as amended.

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

John A. Fraser
Secretary to the Treasury
8 October 2015

Matthew King
Chief Finance Officer
8 October 2015

Statement of Comprehensive Income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	**122,940**	133,136
Suppliers	4B	**58,570**	46,421
Grants	4C	**2,571**	1,314
Depreciation and amortisation	8A	**9,667**	9,297
Write-down and impairment of assets	8A	**277**	144
Finance costs	10B	**25**	445
Total expenses		**194,050**	190,757
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	5A	**10,308**	9,680
Other revenues	5B	**1,287**	979
Total own-source revenue		**11,595**	10,659
Gains			
Proceeds from sale of assets	5C	**9**	-
Other gains	5D	**4,642**	2,605
Total gains		**4,651**	2,605
Total own-source income		**16,246**	13,264
Net cost of services		**(177,804)**	(177,493)
Revenue from Government		**172,767**	168,471
Surplus/(Deficit)		**(5,037)**	(9,022)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves		**976**	-
Total other comprehensive income		**976**	-
Total comprehensive income/(loss) attributable to the Australian Government		**(4,061)**	(9,022)

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

Statement of Financial Position

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents		**5,152**	655
Trade and other receivables	7A	**60,141**	63,048
Total financial assets		**65,293**	63,703
Non-financial assets			
Land and buildings	8A	**2,500**	5,721
Plant and equipment	8A	**8,660**	10,721
Intangibles	8A	**12,221**	9,314
Prepayments	8B	**3,366**	2,614
Total non-financial assets		**26,747**	28,370
Total assets		**92,040**	92,073
LIABILITIES			
Payables			
Suppliers	9A	**1,289**	2,396
Other payables	9B	**11,484**	12,645
Total payables		**12,773**	15,041
Provisions			
Employee provisions	10A	**43,566**	42,654
Provision for restoration	10B	**964**	953
Total provisions		**44,530**	43,607
Total liabilities		**57,303**	58,648
Net assets		**34,737**	33,425
EQUITY			
Asset revaluation reserve		**6,162**	5,186
Contributed equity		**51,526**	46,153
Retained surplus		**(22,951)**	(17,914)
Total equity		**34,737**	33,425

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

Statement of Changes in Equity

for the period ended 30 June 2015

	Retained earnings		Asset revaluation reserves		Contributed equity		Total equity	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance as at 1 July	**(17,914)**	(8,892)	**5,186**	5,186	**46,153**	40,731	**33,425**	37,025
Comprehensive income								
Other comprehensive income	**-**	-	**976**	-	**-**	-	**976**	-
Surplus/(Deficit) for the period	**(5,037)**	(9,022)	**-**	-	**-**	-	**(5,037)**	(9,022)
Total comprehensive income	**(5,037)**	(9,022)	**976**	-	**-**	-	**(4,061)**	(9,022)
Transactions with owners								
Contributions by owners								
Equity injection appropriation[1]	**-**	-	**-**	-	**-**	1,775	**-**	1,775
Departmental capital budget appropriation	**-**	-	**-**	-	**5,373**	5,266	**5,373**	5,266
Restructuring[2]	**-**	-	**-**	-	**-**	(1,619)	**-**	(1,619)
Total transactions with owners	**-**	-	**-**	-	**5,373**	5,422	**5,373**	5,422
Closing balance as at 30 June	**(22,951)**	(17,914)	**6,162**	5,186	**51,526**	46,153	**34,737**	33,425

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 during 2014 due to restructuring of administrative arrangements on 18 September 2013.

Cash Flow Statement

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**173,848**	171,375
Sale of goods and rendering of services		**11,348**	10,057
Net GST received from ATO		**3,317**	3,674
Other		**3,018**	1,841
Total cash received		**191,531**	186,947
Cash used			
Employees		**126,741**	133,069
Suppliers		**57,450**	46,797
Grants		**2,571**	1,314
Section 31 receipts transferred to OPA		**-**	1,934
Other		**15**	49
Total cash used		**186,777**	183,163
Net cash from/(used by) operating activities	12	**4,754**	3,784
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of plant and equipment		**21**	-
Total cash received		**21**	-
Cash used			
Purchase of land and buildings		**456**	2,628
Purchase of plant and equipment		**893**	1,456
Purchase of intangibles		**5,897**	5,714
Total cash used		**7,246**	9,798
Net cash from/(used by) investing activities		**(7,225)**	(9,798)
FINANCING ACTIVITIES			
Cash received			
Contributed equity — departmental capital budget		**5,373**	5,266
Contributed equity — equity injections		**1,595**	180
Total cash received		**6,968**	5,446
Net cash from/(used by) financing activities		**6,968**	5,446
Net increase/(decrease) in cash held		**4,497**	(568)
Cash at the beginning of the reporting period		**655**	1,223
Cash at the end of the reporting period		**5,152**	655

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

Schedule of Commitments

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments payable		
Capital commitments		
Land and buildings[1]	**457**	-
Plant and equipment[2]	**644**	-
Intangibles[3]	**1,615**	1,112
Total capital commitments	**2,716**	1,112
Other commitments		
Operating leases[4]	**5,134**	13,222
Other[5]	**27,920**	20,640
Total other commitments	**33,054**	33,862
Total commitments payable	**35,770**	34,974
Commitments receivable		
Net GST receivable[6]	**(3,113)**	(3,033)
Total commitments receivable	**(3,113)**	(3,033)
Net commitments by type	**32,657**	31,941
BY MATURITY		
Commitments payable		
Capital commitments		
Within 1 year	**2,716**	1,112
Between 1 to 5 years	**-**	-
Total capital commitments	**2,716**	1,112
Operating lease commitments		
Within 1 year	**3,475**	7,815
Between 1 to 5 years	**1,659**	5,407
More than 5 years	**-**	-
Total operating lease commitments	**5,134**	13,222
Other commitments		
Within 1 year	**21,850**	14,865
Between 1 to 5 years	**6,070**	5,775
Total other commitments	**27,920**	20,640
Total commitments payable	**35,770**	34,974
Commitments receivable		
Within 1 year	**(2,539)**	(2,120)
Between 1 to 5 years	**(574)**	(913)
Total commitments receivable	**(3,113)**	(3,033)
Net commitments by maturity	**32,657**	31,941

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

1. Land and buildings commitments relate to capital works.
2. Plant and equipment commitments relate to fit out requirements.
3. Intangible commitments relate to developed software.
4. Operating lease commitments relate to leases for office accommodation.
5. Other commitments primarily relate to contracts for operational expenses.
6. Commitments are GST inclusive where relevant.

Schedule of Commitments

as at 30 June 2015

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 bi-annually 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.
Leases for office equipment	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.

Administered Schedule of Comprehensive Income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
Expenses			
Grants	17A	**83,746,819**	93,200,198
Interest		**3,427**	4,688
Write-down and impairment of assets		**-**	150,000
Foreign Exchange Losses	17B	**-**	420,777
Suppliers[1]		**27,666**	540
Total expenses		**83,777,912**	93,776,203
Income			
Revenue			
Non-taxation revenue			
Interest	18A	**3,166**	3,303
Dividends	18B	**1,941,500**	1,310,000
Sale of goods and rendering of services	18C	**726,299**	990,065
COAG revenue from government agencies	18D	**993,379**	1,798,099
Other	18E	**154,189**	83,637
Total non-taxation revenue		**3,818,533**	4,185,104
Total revenue		**3,818,533**	4,185,104
Gains			
Foreign exchange	18F	**36,629**	-
Total gains		**36,629**	-
Total income		**3,855,162**	4,185,104
Net cost of (contribution by) services		**(79,922,750)**	(89,591,099)
Surplus (Deficit)		**(79,922,750)**	(89,591,099)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		**5,574,357**	9,663,872
Total comprehensive income		**5,574,357**	9,663,872
Total comprehensive income/(loss)		**(74,348,393)**	(79,927,227)

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

1. Suppliers expenses for 2015 include the community engagement campaign on Australia's economic challenges.

Administered Schedule of Assets and Liabilities

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents		**-**	1,412
Trade and other receivables	20A	**3,406,908**	2,424,492
Investments	20B	**32,565,700**	26,277,406
Total financial assets		**35,972,608**	28,703,310
Non-financial assets			
Other		**411**	462
Total non-financial assets		**411**	462
Total assets administered on behalf of Government		**35,973,019**	28,703,772
LIABILITIES			
Payables			
Grants	21A	**599,925**	636,399
Other payables	21B	**5,642,592**	5,055,217
Unearned income	21C	**77,019**	136,235
Total payables		**6,319,536**	5,827,851
Interest bearing liabilities			
Loans	22A	**4,824,704**	3,903,540
Total interest bearing liabilities		**4,824,704**	3,903,540
Provisions			
Other provisions	23A	**1,816,251**	3,583,296
Total provisions		**1,816,251**	3,583,296
Total liabilities administered on behalf of government		**12,960,491**	13,314,687
Net assets		**23,012,528**	15,389,085

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

Administered Reconciliation Schedule

for the period ended 30 June 2015

	2015 **$'000**	2014 $'000
Opening assets less liabilities as at 1 July	**15,389,085**	3,115,348
Net (cost of)/contribution by services		
Income	**3,855,162**	4,185,104
Expenses		
Payments to entities other than corporate Commonwealth entities[1]	**(83,777,912)**	(84,968,203)
Payments to corporate Commonwealth entities	**-**	(8,808,000)
Other comprehensive income		
Revaluations transferred to reserves	**5,574,357**	9,663,872
Transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Administered assets and liabilities appropriations	**20**	25,784
Annual appropriation for administered expenses		
Payments to entities other than corporate Commonwealth entities	**72,233**	4,528
Payments to corporate Commonwealth entities	**-**	8,808,000
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	**16,979**	16,526
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**73,350,806**	70,571,682
Special accounts — COAG Reform Fund	**11,521,643**	15,482,471
Refunds of receipts (s77 PGPA)	**2,871**	-
Appropriation transfers to OPA		
Transfers to OPA — Appropriations	**(2,942,116)**	(2,708,027)
Transfers to OPA — Special Accounts	**(50,600)**	
Restructuring	**-**	-
Closing assets less liabilities as at 30 June	**23,012,528**	15,389,085

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

1. Includes payments to the States and Territories through the Nation Building Funds. Refer to Note 29E for more information.

Schedule of Administered Cash Flows

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		**55,179**	305,151
Interest		**1,735**	2,180
Dividends		**675,255**	150,000
Net GST received		**-**	-
HIH Group liquidation proceeds		**92,273**	26,257
COAG receipts from government agencies		**993,121**	1,797,950
Revenue receipts for non-government schools		**15,635,076**	12,007,975
Other		**61,574**	64,711
Total cash received		**17,514,213**	14,354,224
Cash used			
Grant payments		**84,866,204**	94,641,308
Grants to states for non-government schools		**15,635,076**	12,007,975
Interest		**3,787**	4,877
Other		**23,386**	3,200
Total cash used		**100,528,453**	106,657,360
Net cash from (used by) operating activities	24	**(83,014,240)**	(92,303,136)
INVESTING ACTIVITIES			
Cash received			
Repayment of IMF loans		**360,317**	130,899
IMF Maintenance of Value		**698,194**	230,772
Repayment of CEFC Capital		**50,600**	-
Total cash received		**1,109,111**	361,671
Cash used			
Settlement of IMF loans		**40,786**	209,461
Settlement of IMF Maintenance of Value		**38**	230,772
Settlement of international financial institution's obligations		**27,295**	27,044
Settlement of Loans to States and Territories		**-**	25,300
Payment to CAC bodies		**-**	1,131,600
Total cash used		**68,119**	1,624,177
Net cash from (used by) investing activities		**1,040,992**	(1,262,506)
Net increase (decrease) in cash held		**(81,973,248)**	(93,565,642)
Cash and cash equivalents at the beginning of the reporting period		**1,412**	3,719
Cash from Official Public Account for:			
Appropriations		**73,442,909**	80,788,891
Special Accounts		**11,521,643**	15,482,471
Total cash from Official Public Account		**84,964,552**	96,271,362
Cash to Official Public Account for:			
Appropriations		**2,942,116**	2,708,027
Special Accounts		**50,600**	-
Total cash to Official Public Account		**2,992,716**	2,708,027
		81,973,248	93,567,054
Cash and cash equivalents at the end of the reporting period		**-**	1,412

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

Schedule of Administered Commitments

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments payable		
Capital commitments		
Investments[1]	**12,555**	41,964
Total capital commitments	**12,555**	41,964
Net commitments by type	**12,555**	41,964
BY MATURITY		
Commitments payable		
Capital commitments		
Within 1 year	**12,555**	31,728
Between 1 to 5 years	**-**	10,236
Total capital commitments	**12,555**	41,964
Net commitments by maturity	**12,555**	41,964

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

1. The nature of the capital commitments relate to the unpaid instalments of general capital increases in shares of the International Bank for Reconstruction and Development. The total for the comparative also includes commitments relating to the final unpaid instalment of general capital increases in shares of the Asian Development Bank.
2. 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 No. 3. Refer to Note 1.28 for more information.

Notes to and forming part of the financial statements

for the period ended 30 June 2015

Note 1: Summary of significant accounting policies

1.1 Objectives of the Treasury

The Department of the Treasury (the Treasury) is an Australian Government controlled, not-for-profit entity.

The Treasury provides policy advice and assists Treasury Ministers in the administration of their responsibilities and the administration of government decisions across a range of policy and program areas.

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, 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 Program 1.1. Administered activities are identified under Programs 1.2 to 1.9 listed below:

- Program 1.1 — Department of the Treasury
- Program 1.2 — Payments to International Financial Institutions
- Program 1.3 — Support for Markets and Business
- Program 1.4 — General Revenue Assistance
- Program 1.5 — Assistance to the States for Healthcare Services
- Program 1.6 — Assistance to the States for Skills and Workforce Development
- Program 1.7 — Assistance to the States for Disability Services
- Program 1.8 — Assistance to the States for Affordable Housing
- Program 1.9 — National Partnership Payments to the States

Program 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.

Program 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.

Program 1.4 provides for administered payments of general revenue assistance to the States and Territories, including payments of revenue received from the GST.

Programs 1.5 to 1.8 provide for administered payments to the States and Territories for healthcare 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*.

Program 1.9 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 programs is dependent on government policy and on continuing appropriations by Parliament for the Treasury's policy advice, administration and programs.

1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* and general purpose financial statements.

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

- Financial Reporting Rules (FRRs) for reporting periods ending on or after 1 July 2014; 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 an alternative treatment is specifically required by an accounting standard or the FRR, 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 entity 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 contingencies note.

Unless alternative treatment is specifically required by an accounting standard, 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, and property, plant and equipment has been taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer;

- 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.
  - The estimate is based on information provided by States and Territories to the Attorney General's Department (AGD), 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 NDRRA. AGD performs a review of estimates provided by the States and Territories in order to assess the reasonableness of estimated expenditure with regard to eligibility under the NDRRA determination.

- The Treasury reviews the estimates to ensure they are consistent with government decisions and then calculates the provision by discounting the future cashflows. Given the nature of disasters, there is a level of uncertainty in the estimated reconstruction costs at the time of a disaster. This uncertainty decreases as reconstruction efforts progress to completion. Consistent with accounting principles, the Treasury adopts a prudent position at this time to ensure that liabilities are not understated.

- The state that forms the most significant amount of the provision estimate is Queensland. The Queensland Reconstruction Authority (QRA) was established in 2011 in response to the severe disaster events that occurred between November 2010 and April 2011 with the purpose of managing and coordinating the Queensland Government's program of infrastructure reconstruction within disaster affected communities. The work of QRA has progressively enhanced the accuracy of Queensland's estimates.

- AGD continues to work closely with the States and Territories to improve the application of the NDRRA determination, and is releasing a restructured NDRRA determination to reduce ambiguous language associated with eligibility, embed assurance arrangements and ensure that it is structured in a way that is logical and easy to use. AGD's internal quality assurance requires states to provide additional advice and documentation in support of their estimates. The Treasury has an established memorandum of understanding with AGD that clearly identifies the roles and responsibilities of both agencies.

- Pending the outcome of negotiations the Commonwealth Government is not recognising a receivable in 2014-15 for the East West Link project.

  - In 2013-14 the Commonwealth Government provided $1.5 billion in grant funding to the Victorian Government for the East West Link project. In 2014-15 the Victorian Government announced it had decided not to proceed with the project.

  - Consistent with the 2015-16 Budget announcement, the Commonwealth Government intends to seek the return of the $1.5 billion of grant funding in relation to the East West Link project during 2015-16. Discussions between the Commonwealth and Victorian governments regarding the return of the $1.5 billion in grant funding are ongoing.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

The following new and amended standard has been adopted:

- *AASB 13 — Fair Value Measurement* — reduced disclosure (adopted earlier than the application date as stated in the standard)

- *AASB 1055 — Budgetary Reporting* — this standard requires the Treasury to explain significant variances between original budget and actual outcome.

All other new standards, amendments to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the Treasury's financial statements.

Future Australian Accounting Standard requirements

No new or revised standards that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the Treasury's financial statements.

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 of Australia* [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. 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 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 at Note 30.

1.6 Revenue

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government 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 FRRs 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 at the estimated salary rates that will be applied at the time the leave is taken, including the Treasury's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

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 2015 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 assets are recognised and derecognised 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 (2014: 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 2015.

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

1.17 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position 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 $5,000 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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Treasury where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Treasury's leasehold improvements with a corresponding provision for the 'make good' recognised.

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. The most recent revaluation was conducted by Preston Rowe Patterson NSW Pty Limited (PRP) as at 1 July 2014.

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.

In addition to the full revaluation undertaken as at 1 July 2014, the Treasury received a fair value confirmation of leasehold improvements and plant and equipment assets as at 30 June 2015. The fair value confirmation was performed by independent valuers Australian Valuation Services (AVS) in accordance with AASB 13. AVS confirmed that net asset values materially reflected fair value at 30 June 2015.

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:

	2015	2014
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 at Note 8A.

Impairment

All assets were assessed for impairment at 30 June 2015. 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 non-financial assets as at 30 June 2015 (2014 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.

Derecognition

An item or property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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 three to five years (2014: three to five years).

All software assets were assessed for indications of impairment as at 30 June 2015. No indicators of impairment were identified as at 30 June 2015 (2014: nil).

1.21 Taxation

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 Government rather than the Treasury is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of the Government. These transfers to and from the OPA are adjustments to administered cash held by the Treasury on behalf of the Government and reported as such in the 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 and fee

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

International Monetary Fund remuneration

Remuneration is interest paid by the International Monetary Fund (IMF) to Australia for the use of its funds. 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. The SDR interest rate is the market interest rate computed by the Fund for the purposes of paying interest on holdings of SDRs, which is based on the weighted 3 month bond rates of the four entities whose currencies make up the SDR basket: the United States, United Kingdom, European Union and Japan. This rate is then adjusted to account for the financial consequences of overdue obligations to the IMF which are shared between members and reflected at Note 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.

International Monetary Fund New Arrangement to Borrow (NAB)

Australia also receives interest on amounts lent to the IMF under the New Arrangements to Borrow (NAB). Amounts lent to the IMF under the NAB accrue interest daily at the IMF's SDR interest rate (or such other rate as agreed by 85% of NAB participants). The IMF pays interest on NAB amounts quarterly.

The IMF must repay amounts lent through the NAB five years after each call is made. Amounts can be repaid earlier at the IMF's discretion.

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 28 of the FRR. 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 State and Territories under Natural Disaster Relief and Recovery Arrangements 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.

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 Standing Council for Federal Financial Relations' website.

There are three main types of payments under the framework:

- 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.
- 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 Division Head, 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 is primarily reliant on certified payment advice from the Chief Financial Officers of Commonwealth agencies, who have policy and program responsibility to assure that the terms and conditions of the NP have been met prior to making a payment. The Treasury then advises the Treasurer on amounts to be determined, based on the certified payment advices received from the Commonwealth agencies.

Natural Disaster Relief and Recovery Arrangements

The Treasury accounts for payments made to States and Territories under the Natural Disaster Relief and Recovery Arrangements (NDRRA) by recognising a liability equal to the discounted value of estimated future payments to States and Territories under 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 at 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 2015 which would be eligible for assistance.

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 at Note 29A.

Mirror taxes collected by State Governments

On behalf of the States, the Government imposes mirror taxes which replace State taxes that may be constitutionally invalid in relation to Government places. Mirror taxes are collected and retained by the States, under the *Commonwealth Places (Mirror Taxes) Act 1998*. State Governments bear the administration costs of collecting mirror taxes. Mirror taxes are disclosed at Note 29D.

1.29 Administered investments

Development banks

Investments in development banks are classified as 'monetary — available for sale financial assets' refer Note 1.32. 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 corporate entities are not consolidated because their consolidation is relevant only at the whole of government level.

The Australian Government's investment in controlled corporate entities and companies in the Treasury portfolio are measured at their fair value as at 30 June 2015. 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 2015. No indicators of impairment were identified (2014: 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' at Note 21.

1.32 Provisions and contingent liabilities

HIH Claims Support Scheme liability

The HIH Claims Support Scheme (HCSS) was established by the Government following the collapse of the HIH Group of companies in March 2001. The purpose of the HCSS 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*.

The claims portfolio is now completely extinguished with the resolution of the final outstanding claim during the 2014-15 financial year. All other claims management activities have been completed and all physical files and related materials (along with the Commonwealth's final proof of debt) have been returned to the Liquidator.

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 2015).

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 up-front, 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 25.

Administered financial instruments are accounted for in accordance with the accounting policies detailed above and are disclosed at Note 27.

Note 2: Events After the Reporting Period

Departmental

There are no known events occurring after the reporting period that could impact on the financial statements.

Administered

There are no known events occurring after the reporting period that could impact on the financial statements.

Note 3: Net Cash Appropriation Arrangements

	2015	2014
	$'000	$'000
Surplus/(Deficit) less depreciation/amortisation expenses	**4,630**	275
Plus: changes in asset revaluation reserves	**976**	-
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	**5,606**	275
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(9,667)**	(9,297)
Total comprehensive income/(loss) — as per the Statement of Comprehensive Income	**(4,061)**	(9,022)

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.

Note 4: Operating Expenses

	2015 $'000	2014 $'000
Note 4A: Employee benefits		
Wages and salaries	**89,253**	95,418
Superannuation:		
Defined contribution plans	**6,053**	6,128
Defined benefit plans	**9,511**	10,766
Redundancies	**1,945**	7,188
Leave and other entitlements	**12,757**	10,474
Other	**3,421**	3,162
Total employee benefits	**122,940**	133,136
Note 4B: Suppliers		
Goods and services		
Information communication technology	**7,325**	5,191
Conferences and training[1]	**10,272**	9,273
Consultants, secondees and contractors[2]	**14,104**	6,442
Fees — Audit, Accounting, Bank and Other	**2,062**	1,700
Insurance	**951**	561
Legal	**1,605**	999
Printing	**513**	514
Property operating expenses	**12,073**	11,845
Publications and subscriptions	**1,442**	1,368
Travel	**6,046**	6,383
Other	**2,177**	2,145
Total goods and services	**58,570**	46,421
Goods and services are made up of:		
Provision of goods — related parties	**52**	135
Provision of goods — external parties	**3,180**	3,141
Rendering of services — related parties	**11,294**	7,153
Rendering of services — external parties	**35,069**	27,600
Total goods and services	**49,595**	38,029
Other suppliers		
Operating lease rentals in connection with:[3]		
Related parties	**8,352**	8,070
External parties	**2**	1
Workers compensation premiums	**621**	321
Total other suppliers	**8,975**	8,392
Total supplier expenses	**58,570**	46,421
Note 4C: Grants		
Public sector:		
Australian Government entities — other	**231**	71
Private sector:		
Non-profit organisations	**2,340**	1,243
Total grants	**2,571**	1,314

1. Conferences and training expenses include expenditure relating to the 2014 G20 Finance Ministers' and Central Bank Governors' meetings organised by the Treasury.
2. The increase in consultants, secondees and contractors expenses is mainly a result of an increase in the number of secondees from a range of government agencies ($2.0 million of which was received free of charge) and an increase in contractors for various ICT projects.
3. Operating lease rentals comprise minimum lease payments only.

Note 5: Income

Own-Source Revenue	2015 $'000	2014 $'000
Note 5A: Rendering of services		
Rendering of services — related parties	**9,939**	8,042
Rendering of services — external parties	**369**	1,638
Total rendering of services	**10,308**	9,680
Note 5B: Other revenue		
Legislative and Governance Forum on Consumer Affairs contributions received	**334**	404
ANAO audit services received free of charge	**605**	440
Other	**348**	135
Total other revenue	**1,287**	979
Note 5C: Gains from sale of assets		
Plant and equipment		
Proceeds from sale	**21**	-
Net book value of assets disposed	**(12)**	-
Total gains from sale of assets	**9**	-
Note 5D: Other gains		
Resources received free of charge[1]	**4,628**	2,605
Other	**14**	-
Total other gains	**4,642**	2,605

1. The increase in resources received free of charge is driven by an increase in secondees. The corresponding expense is disclosed at Note 4B.

Note 6: 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 6A: Fair value measurements, valuation techniques and inputs used

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015	2014	**Category (Level 1, 2 or 3)[1]**	**Valuation technique(s)[2]**	**Inputs used**
	$'000	$'000			
Non-financial assets:					
Property, plant and equipment	**222**	137	**2**	**Market Approach**	**Adjusted market transactions**
Property, plant and equipment	**5,933**	8,713	**3**	**Depreciated Replacement Cost**	**Replacement Cost New (price per square metre) Consumed economic benefit / Obsolescence of asset**
Library	**1,919**	1,871	**3**	**Depreciated Replacement Cost**	**Replacement Cost New Consumed economic benefit / Obsolescence of asset**
Land and buildings	**2,292**	5,721	**3**	**Depreciated Replacement Cost**	**Replacement Cost New**
Total non-financial assets	**10,366**	16,442			
Total fair value measurements of assets in the statement of financial position	**10,366**	16,442			

1. The Treasury did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2015.

No change in valuation technique occurred during the period.

Note 6: Fair Value Measurements (continued)

Fair value measurements — highest and best use differs from current use for non-financial assets (NFAs)

The Treasury's assets are held for operational purposes and are not held for the purposes of deriving a profit. The current use of all NFAs is considered their highest and best use.

Recurring and non-recurring Level 3 fair value measurements — valuation processes

During 2014-15, the Treasury appointed Preston Rowe Paterson to undertake a full revaluation of all tangible property, plant and equipment assets as at 1 July 2014. In addition, the Treasury appointed Australian Valuation Solutions Pty Ltd (AVS) to test for material differences between asset carrying amounts and fair value measurements for all tangible property, plant and equipment assets as at 30 June 2015. This fair value confirmation was performed in accordance with AASB 13.

The Treasury procures the valuation services from an independent valuer of the tangible non-financial asset classes once every three years. Asset carrying amounts are tested for materiality at least once every 12 months. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

There have been no transfers between level 1 and level 2 of the hierarchy during the year.

Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

All asset classes — consumed economic benefit/obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (depreciated replacement cost (DRC)) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

Library — replacement cost

The value of the library was determined on the basis of the average cost for items within each collection. The replacement cost has considered purchases over recent years and these have been evaluated for reasonableness against current market prices.

Note 6B: Level 1 and Level 2 transfers for recurring fair value measurements

No assets were transferred between Level 1 and Level 2.

Note 6: Fair Value Measurements (continued)

Note 6C: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements — reconciliation for assets

	Non-financial assets							
	Property, plant and equipment		Library		Land and Buildings		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance	**8,713**	9,885	**1,871**	1,871	**5,721**	6,815	**16,305**	18,571
Total gains/(losses) recognised in net cost of services[1]	**(2,698)**	(2,847)	**-**	-	**(4,279)**	(4,288)	**(6,977)**	(7,135)
Total gains/(losses) recognised in other comprehensive income[2]	**401**	-	**48**	-	**521**	-	**970**	-
Purchases	**418**	2,226	**-**	-	**243**	2,975	**661**	5,201
Settlements	**(901)**	(551)	**-**	-	**86**	219	**(815)**	(332)
Closing balance	**5,933**	8,713	**1,919**	1,871	**2,292**	5,721	**10,144**	16,305

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

The entity's policy for determining when transfers between levels are deemed to have occurred can be found at Note 1.

Note 7: Financial Assets

	2015 $'000	2014 $'000
Note 7A: Trade and other receivables		
Appropriations receivable	**57,564**	60,240
Goods and services receivables — related parties	**953**	920
Goods and services receivables — external parties	**792**	1,222
Net GST receivable from the ATO	**832**	666
Total trade and other receivables (net)	**60,141**	63,048
All receivables are current assets		
Receivables (net) are aged as follows:		
Not overdue	**59,071**	61,991
Overdue by:		
0 to 30 days	**890**	681
31 to 60 days	**111**	97
61 to 90 days	**11**	157
More than 90 days	**58**	122
Total receivables (net)	**60,141**	63,048

Credit terms for goods and services were within 30 days (2014: 30 days).

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the opening and closing balances of property, plant and equipment and computer software (2014-15)

Reconciliation of the opening and closing balances of property, plant and equipment and computer software for 2015

	Buildings — leasehold improvements	Plant and equipment	Computer software internally developed	Computer software purchased	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2014					
Gross book value	**15,042**	**17,431**	**11,153**	**6,666**	**50,292**
Accumulated depreciation / amortisation and impairment	**(9,321)**	**(6,710)**	**(4,885)**	**(3,620)**	**(24,536)**
Total value as at 1 July 2014	**5,721**	**10,721**	**6,268**	**3,046**	**25,756**
Additions:					
By purchase	**451**	**1,135**	**-**	**4,738**	**6,324**
Internally developed	**-**	**-**	**281**	**-**	**281**
Revaluations recognised in other comprehensive income	**521**	**455**	**-**	**-**	**976**
Depreciation / amortisation expense	**(4,273)**	**(2,626)**	**(1,765)**	**(1,003)**	**(9,667)**
Impairments recognised in net cost of services	**(6)**	**(112)**	**(47)**	**(112)**	**(277)**
Disposals:					
From asset sales	**-**	**(12)**	**-**	**-**	**(12)**
Transfers	**86**	**(901)**	**-**	**815**	**-**
Total as at 30 June 2015	**2,500**	**8,660**	**4,737**	**7,484**	**23,381**
Total as at 30 June 2015 represented by:					
Under construction	**208**	**602**	**197**	**4,394**	**5,401**
Fair value	**6,902**	**10,619**	**-**	**-**	**17,521**
Internally developed — in use	**-**	**-**	**10,879**	**-**	**10,879**
Purchased	**-**	**-**	**-**	**7,237**	**7,237**
Accumulated depreciation / amortisation and impairment	**(4,610)**	**(2,561)**	**(6,339)**	**(4,147)**	**(17,657)**
Total as at 30 June 2015 represented by:	**2,500**	**8,660**	**4,737**	**7,484**	**23,381**

No indicators of impairment were found for land and buildings, plant and equipment or intangibles (comprising both internally developed and purchased computer software).
No significant non-financial assets 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 1.19.

Note 8: Non-Financial Assets (continued)

Note 8A: 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 internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2013					
Gross book value	12,219	16,038	7,748	4,788	40,793
Accumulated depreciation and impairment	(5,404)	(4,132)	(3,374)	(2,902)	(15,812)
Total as at 1 July 2013	6,815	11,906	4,374	1,886	24,981
Additions:					
By purchase	3,194	1,667	-	2,539	7,400
Internally developed	-	-	2,809	-	2,809
By transfer from other agencies (restructuring)[1]	-	7	-	-	7
Depreciation / amortisation expense	(4,241)	(2,798)	(1,511)	(747)	(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	5,672	3,642	25,756
Total as at 30 June 2014 represented by:					
Under construction	263	1,225	2,068	1,148	4,704
Fair value	14,779	16,206	-	-	30,985
Internally developed — in use	-	-	8,489	-	8,489
Purchased	-	-	-	6,114	6,114
Accumulated depreciation / amortisation and impairment	(9,321)	(6,710)	(4,885)	(3,620)	(24,536)
Total as at 30 June 2014 represented by:	5,721	10,721	5,672	3,642	25,756

1. The Small Business function was gained from Department of Industry during 2014 due to restructuring of administrative arrangements on 18 September 2013. Further details are provided at Note 11.

Note 8: Non-Financial Assets (continued)

	2015	2014
	$'000	$'000
Note 8B: Prepayments		
No more than 12 months	**2,642**	2,328
More than 12 months	**724**	286
Total prepayments	**3,366**	2,614

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

Note 9: Payables

	2015 $'000	2014 $'000
Note 9A: Suppliers		
Suppliers in connection with		
Related parties	**393**	545
External parties	**896**	1,851
Total suppliers	**1,289**	2,396

Suppliers are expected to be settled in no more than 12 months.

Note: Settlement was usually made within 30 days.

	2015 $'000	2014 $'000
Note 9B: Other payables		
Salaries and wages	**3,014**	3,160
Superannuation	**539**	534
Separations and redundancies	**-**	2,625
Other creditors	**3,890**	3,113
Unearned income	**4,041**	3,213
Total other payables	**11,484**	12,645

Other payables are expected to be settled in no more than 12 months.

Note 10: Provisions

	2015 $'000	2014 $'000
Note 10A: Employee provisions		
Leave	**43,345**	42,367
Other employee entitlements	**221**	287
Total employee provisions	**43,566**	42,654
Employee provisions expected to be settled		
No more than 12 months	**13,050**	12,384
More than 12 months	**30,516**	30,270
Total employee provisions	**43,566**	42,654
Note 10B: Provision for restoration		
No more than 12 months	**859**	14
More than 12 months	**105**	939
Total provisions for restoration	**964**	953

	Provision for restoration $'000	**Total $'000**
Carrying amount 1 July 2014	**953**	**953**
Additional provisions made	**-**	**-**
Amounts reversed	**(14)**	**(14)**
Amounts used	**-**	**-**
Unwinding of discount or change in discount rate	**25**	**25**
Closing balance 30 June 2015	**964**	**964**

Note 11: Restructuring

	2015 Small Business Programs Industry[1] $'000	2014 Small Business Function Industry[2] $'000
Note 11A: Departmental restructuring		
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	347	2,839
Recognised by the losing entity	547	3,442
Total Expenses	894	6,281

	2015 Small Business Programs Industry[1] $'000	2014 Small Business Function Industry[2] $'000
Note 11B: Administered restructuring		
FUNCTIONS ASSUMED		
Assets recognised		
Trade debtors and accruals	1	-
Total assets recognised	1	-
Liabilities recognised		
Trade Creditors and accruals	-	54
Total liabilities recognised	-	54
Net assets/(liabilities) assumed	1	(54)
Expenses		
Recognised by the receiving entity	6,869	215
Recognised by the losing entity	564	275
Total expenses	7,433	490

1. The Treasury assumed responsibility for the small business programs from the Department of Industry during 2015 as a result of the restructuring of administrative arrangements on 23 December 2014. No functions were relinquished as part of this arrangement.
2. The small business policy function was gained from the Department of Industry during 2014 as a result of 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). No functions were relinquished as part of this arrangement.

Note 12: Cash Flow Reconciliation

	2015	2014
	$'000	$'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	**5,152**	655
Statement of financial position	**5,152**	655
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(177,804)**	(177,493)
Add revenue from Government	**172,767**	168,471
	(5,037)	(9,022)
Adjustments for non-cash items		
Depreciation/amortisation	**9,667**	9,297
Finance costs	**25**	445
Net write down of non-financial assets	**277**	144
Other gains	**(14)**	-
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	**1,312**	550
(Increase)/decrease in other non-financial assets	**(752)**	51
Liabilities		
Increase/(decrease) in provisions	**923**	(1,353)
Increase/(decrease) in other payables	**(531)**	3,792
Increase/(decrease) in supplier payables	**(1,107)**	(120)
Net cash from/(used by) operating activities	**4,754**	3,784

Note 13: Contingent Assets and Liabilities

Quantifiable Contingencies

There were no quantifiable contingent assets or liabilities in 2015 (2014: $0).

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. In 2014-15, the Treasury has recognised a provision for make good of $1.0 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 2015, 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 14: Senior Management Personnel Remuneration

	2015	2014
	$	$
Short-term employee benefits		
Salary	**17,868,378**	19,107,668
Allowances	**1,646,977**	1,373,546
Total short-term employee benefits	**19,515,355**	20,481,214
Post-employment benefits		
Superannuation	**3,133,362**	3,252,312
Total post-employment benefits	**3,133,362**	3,252,312
Other long-term employee benefits		
Annual leave accrued	**1,663,365**	1,829,294
Long-service leave	**1,309,640**	612,514
Total other long-term employee benefits	**2,973,005**	2,441,808
Termination benefits		
Termination benefits	**664,482**	1,454,363
Total termination benefits	**664,482**	1,454,363
Total senior executive remuneration expenses	**26,286,204**	27,629,697

Note 14 is prepared on an accruals basis. No performance bonuses were paid in 2015 (2014: Nil).

The total number of senior management personnel that are included in the above table are 99 (2014: 103).

Includes secondees received free of charge of $515,807 (2014: $529,436). Revenue is reflected in note 5D.

The comparative figures have been revised and do not match what was published in the 2013-14 financial statements as a result of new disclosure requirements.

Long-service leave benefits have increased due to the leave revaluation as at 30 June 2015. The long-term government bond rate as at the reporting date was used to value the leave provision.

Allowances include payments made to employees on overseas posts.

Note 15: Financial Instrument

Note 15A: 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 15B: 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 (2015: $1,742,425 and 2014: $2,141,727). 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 2015 $'000	Not past due nor impaired 2014 $'000	**Past due or impaired 2015 $'000**	Past due or impaired 2014 $'000
Loans and receivables				
Cash and cash equivalents	**5,152**	655	**-**	-
Trade receivables	**675**	1,085	**1,070**	1,057
Total	**5,827**	1,740	**1,070**	1,057

Ageing of financial assets that were past due but not impaired for 2015

	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	**890**	**111**	**11**	**58**	**1,070**
Total	**890**	**111**	**11**	**58**	**1,070**

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	681	97	157	122	1,057
Total	681	97	157	122	1,057

Note 15: Financial Instrument (continued)

Note 15C: 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.

All non-derivative financial liabilities are expected to mature within 1 year (2014: 1 year).

Note 15D: 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

		2015	2014
		$'000	$'000
Financial Assets	**Notes**		
Total financial assets as per Statement of Financial Position		**65,293**	63,703
Less: non-financial instrument components			
Appropriation receivables	7A	**57,564**	60,240
GST receivable from the ATO	7A	**832**	666
Total non-financial instrument components		**58,396**	60,906
Total financial assets as per financial instruments note	15B	**6,897**	2,797

Note 17: Administered Expenses

	2015 $'000	2014 $'000
Note 17A: Grants		
Public sector:		
State and Territory Governments	**82,704,840**	82,590,099
Payment of COAG receipts from Government agencies	**993,379**	1,798,099
Grants to international financial institutions[1]	**37,972**	-
Reserve Bank of Australia	**-**	8,800,000
Clean Energy Finance Corporation	**-**	8,000
Private sector:		
Grants to private sector	**10,628**	4,000
Total grants	**83,746,819**	93,200,198
Note 17B: 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[2]	**-**	420,777

1. Grant made to the IMF, Poverty Reduction and Growth Trust.
2. Refer to Note 18F for current year figures.

Note 18: Administered Income

	2015 $'000	2014 $'000
Revenue		
Non-Taxation Revenue		
Note 18A: Interest		
Gross IMF remuneration	**689**	1,263
Less: Burden sharing	**(41)**	(36)
Net IMF remuneration	**648**	1,227
Interest on loan to IMF under New Arrangements to Borrow	**575**	880
Interest on loans to States and Territories	**1,943**	1,196
Total interest	**3,166**	3,303
Note 18B: Dividends		
Reserve Bank of Australia	**1,884,000**	1,235,000
Australian Reinsurance Pool Corporation	**57,500**	75,000
Total dividends	**1,941,500**	1,310,000
Note 18C: Sale of goods and rendering of services		
GST administration fees — external entities	**680,318**	709,510
Guarantee Scheme for Large Deposits and Wholesale Funding Fee	**22,218**	243,497
Guarantee of State and Territory Borrowing	**23,763**	37,058
Total sale of goods and rendering of services	**726,299**	990,065
Note 18D: COAG revenue from Government		
Building Australia Fund revenue	**184,680**	1,198,990
Health and Hospital Fund revenue	**659,480**	492,034
Education and Innovation Fund revenue	**-**	-
Interstate road transport revenue	**73,615**	75,074
Social and Community Services Sector Special Account	**75,604**	32,001
Total COAG receipts from government agencies	**993,379**	1,798,099
Note 18E: Other revenue		
HIH Group liquidation proceeds	**92,273**	26,257
IMF receipt of gold sales distribution	**-**	37,972
Recoveries	**-**	1
Australian Reinsurance Pool Corporation Fee	**55,000**	-
Other revenue	**6,916**	19,407
Total other revenue	**154,189**	83,637
Gains		
Note 18F: Net Foreign exchange gains		
IMF SDR allocation	**(579,042)**	-
IMF Maintenance of Value	**(212,328)**	-
IMF quota revaluation	**607,819**	-
IFIs revaluation	**129,423**	-
IMF new arrangement to borrow loans revaluation	**101,437**	-
Other	**(10,680)**	-
Total foreign exchange gains[1]	**36,629**	-

1. Refer to Note 17B for the comparative year figures.

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, Valuation Techniques and Inputs Used
Recurring fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2015

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value	
	2015 $'000	2014 $'000	**Category (Level 1, 2 or 3)**	**Valuation technique(s)[1]**	**Inputs**
Financial assets:					
Investment in Australian Government Entities:	**25,638,809**	20,115,052	**3**	**Net assets**	**Net assets of the entity**
Australian Reinsurance Pool Corporation	**537,700**	573,034			
Clean Energy Finance Corporation	**1,232,109**	1,232,018			
Reserve Bank of Australia	**23,869,000**	18,310,000			
Investment in International Financial Institutions:	**6,926,891**	6,162,354	**3**	**Value of shares held**	**Foreign exchange**
IMF quota	**5,913,393**	5,305,574			
Asian Development Bank	**561,246**	482,066			
European Bank for Reconstruction and Development	**91,174**	90,646			
International Bank for Reconstruction and Development	**291,378**	227,242			
International Finance Corporation	**61,626**	50,243			
Multilateral Investment Guarantee Agency	**8,074**	6,583			
Total financial assets	**32,565,700**	26,277,406			
Total fair value measurements	**32,565,700**	26,277,406			

1. No change in valuation techniques occurred during the period.
2. Significant observable inputs only.

Note 19: Administered Fair Value Measurements (continued)

Fair value measurements

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

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

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

No assets were transferred between Level 1 and Level 2.

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

Recurring Level 3 fair value measurements — reconciliation for assets

	Financial assets			
	Investments		Total	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Opening balance	**26,277,406**	16,456,446	**26,277,406**	16,456,446
Total gains/(losses) recognised in other comprehensive income	**5,574,357**	9,663,872	**5,574,357**	9,663,872
Total gains/(losses) recognised in net cost of services				
IMF Quota foreign exchange gain	**607,819**	58,492	**607,819**	58,492
International Financial Institutions foreign exchange gain	**129,423**	21,318	**129,423**	21,318
Repayment of CEFC capital	**(50,600)**	-	**(50,600)**	-
Share Purchases				
Increase in investments in the International Financial Institutions	**27,295**	77,278	**27,295**	77,278
Closing balance	**32,565,700**	26,277,406	**32,565,700**	26,277,406

Note 20: Administered Financial Assets

	2015 $'000	2014 $'000
Note 20A: Receivables & loans		
Advances and loans:		
Loans to States and Territories	**44,233**	42,290
IMF new arrangements to borrow loan	**766,588**	985,033
Total advances and loans	**810,821**	1,027,323
Other receivables:		
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable[1]	**-**	23,018
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	**13**	7,712
Guarantee of State and Territory Borrowing contractual fee receivable[1]	**77,019**	113,217
Guarantee of State and Territory Borrowing fee receivable	**1,765**	2,365
Net GST receivable from the ATO	**761**	9
IMF related moneys owing	**55**	217
Dividends receivable	**2,501,245**	1,235,000
Other receivables	**15,229**	15,631
Total other receivables	**2,596,087**	1,397,169
Total trade and other receivables (gross)	**3,406,908**	2,424,492
Receivables are expected to be recovered in:		
No more than 12 months	**1,597,006**	692,859
More than 12 months	**1,809,902**	1,731,633
Total receivables (gross)	**3,406,908**	2,424,492
Receivables are aged as follows:		
Not overdue	**3,406,908**	2,424,492
Total receivables (gross)	**3,406,908**	2,424,492

1. Refer Note 1.33 for details on accounting treatment and Note 21C for corresponding liability.

Note 20: Administered Financial Assets (continued)

	2015 $'000	2014 $'000
Note 20B: Investments[1]		
International financial institutions		
Asian Development Bank	**561,246**	482,066
European Bank for Reconstruction and Development	**91,174**	90,646
International Bank for Reconstruction and Development	**291,378**	227,242
International Finance Corporation	**61,626**	50,243
Multilateral Investment Guarantee Agency	**8,074**	6,583
Total international financial institutions	**1,013,498**	856,780
Australian Government entities		
Reserve Bank of Australia	**23,869,000**	18,310,000
Australian Reinsurance Pool Corporation	**537,700**	573,034
Clean Energy Finance Corporation	**1,232,109**	1,232,018
Total Australian Government entities	**25,638,809**	20,115,052
Other Investments		
IMF quota	**5,913,393**	5,305,574
Total other investments	**5,913,393**	5,305,574
Total Investments	**32,565,700**	26,277,406

Investments are expected to be recovered in no more than 12 months.

1. Details of administered investments listed above are disclosed at Note 26 Administered Investments.

Note 21: Administered Payables

	2015 $'000	2014 $'000
Note 21A: Grants		
Public sector		
COAG grants payable	**599,530**	636,399
Other grants payable	**395**	-
Total grants	**599,925**	636,399
Grants are expected to be settled in no more than 12 months.		
Note 21B: Other payables		
GST appropriation payable	**761**	9
IMF SDR allocation	**5,633,420**	5,054,379
IMF related monies owing	**469**	829
Suppliers	**7,942**	-
Total other payables	**5,642,592**	5,055,217
Total other payables expected to be settled		
No more than 12 months	**9,172**	838
More than 12 months	**5,633,420**	5,054,379
Total other payables	**5,642,592**	5,055,217
Note 21C: Unearned income		
Guarantee Scheme for Large Deposits and Wholesale Funding Contractual guarantee service obligation[1]	**-**	23,018
Guarantee of State and Territory Borrowing contractual guarantee service obligation[1]	**77,019**	113,217
Total unearned income	**77,019**	136,235
Total unearned income expected to be settled		
No more than 12 months	**19,938**	49,425
More than 12 months	**57,081**	86,810
Total unearned income	**77,019**	136,235

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

Note 22: Administered Interest Bearing Liabilities

	2015	2014
	$'000	$'000
Note 22A: Loans		
IMF promissory notes[1]	**4,642,044**	3,731,559
Other promissory notes[1]	**182,660**	171,981
Total loans	**4,824,704**	3,903,540
Loans expected to be settled		
Within 1 year	**-**	-
Between 1 to 5 years	**124,839**	124,839
More than 5 years	**4,699,865**	3,778,701
Total loans	**4,824,704**	3,903,540

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

Note 23: Administered Provisions

	2015 $'000	2014 $'000
Note 23A: Other provisions		
Provision for HCS Scheme[1]	**-**	3,765
NDRRA provision[2]	**1,816,251**	3,579,531
Queensland	*1,523,777*	*3,354,497*
New South Wales	*110,473*	*114,600*
Northern Territory	*92,458*	*1,387*
Victoria	*77,246*	*103,251*
Western Australia	*8,566*	*2,644*
South Australia	*3,624*	*3,056*
Tasmania	*107*	*96*
Australian Capital Territory	*-*	*-*
Total other provisions	**1,816,251**	3,583,296
Other provisions expected to be settled		
No more than 12 months	**1,406,684**	2,934,510
More than 12 months	**409,567**	648,786
Total other provisions	**1,816,251**	3,583,296

Reconciliation of movements in other provisions	**Provision for HCS Scheme $'000**	**NDRRA provision $'000**	**Total $'000**
Carrying amount 1 July 2014	**3,765**	**3,579,531**	**3,583,296**
Additional provisions made	**-**	**419,760**	**419,760**
Amounts used	**(3,765)**	**(1,162,592)**	**(1,166,357)**
Amounts reversed[3]	**-**	**(1,122,521)**	**(1,122,521)**
Unwinding of discount or change in discount rate	**-**	**102,073**	**102,073**
Closing balance 30 June 2015	**-**	**1,816,251**	**1,816,251**

1. Refer to Note 1.32 for details on the winding down of the Scheme.
2. Refer to Note 1.28 for details on the NDRRA provision.
3. The primary driver of the amounts reversed against the NDRRA provision is the close out of projects in Queensland. There is a level of uncertainty in the reconstruction cost estimates following natural disasters, reflecting the nature of such events. As projects are finalised, the estimation of expenditure moves to actual costs. The scale of the reduction is reflective of the scale of reconstruction projects being finalised.

Note 24: Administered Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(79,922,750)**	(89,591,099)
Adjustments for non-cash items		
Foreign exchange loss/(gain)	**(36,629)**	420,777
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	**(1,200,511)**	(580,127)
(Increase)/decrease in other non-financial assets	**51**	149,043
Liabilities		
Increase/(decrease) in grants payable	**(36,474)**	(131,992)
Increase/(decrease) in unearned income	**(59,216)**	(399,699)
Increase/(decrease) in other payables	**8,334**	282
Increase/(decrease) in other provisions	**(1,767,045)**	(2,170,321)
Net cash from (used by) operating activities	**(83,014,240)**	(92,303,136)

Note 25: 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.

An expanded NAB came into effect on 11 March 2011 and from that point Australia's NAB credit arrangement increased from SDR 801.3 million (A$1,464.1 million as at 30 June 2015) to SDR 4,370.4 million (A$7,985.4 million as at 30 June 2015). NAB resources must be activated before they can be drawn on by the IMF. The NAB may be activated for a six month period and requires the approval of NAB participants providing at least 85 per cent of the resources.

IMF Bilateral Loan

On 18 July 2013, Australia entered into a contingent bilateral loan with the International Monetary Fund (IMF) to provide up to SDR 4.6 billion (A$8.4 billion as at 30 June 2015) in 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 was initially effective for two years and can be extended for up to a further two years. In September 2014 the loan was extended by one-year to 17 July 2016.

International financial institutions — uncalled capital subscriptions

The Australian Government has held an uncalled capital subscription in the International Bank for Reconstruction and Development (IBRD) since 1947. The Government is contributing additional resources to the IBRD as part of the general capital increase agreed in 2010. As part of this process, Australia will increase its uncalled capital subscription so that it totals US$3.6 billion (estimated value A$4.4 billion as at 30 June 2015).

The Australian Government has also held an uncalled capital subscription in the European Bank for Reconstruction and Development (EBRD) since 1991. Australia's uncalled capital subscription to the EBRD totals EUR237.5 million (estimated value A$345 million as at 30 June 2015).

The Australian Government has further held an uncalled capital subscription in the Asian Development Bank (ADB) since 1966. Australia increased its uncalled capital subscription (effective 11 January 2010) to the ADB as part of its 2010 general capital increase, so that it totals US$7 billion (estimated value A$10.6 billion as at 30 June 2015).

Note 25: Administered Contingent Assets and Liabilities (continued)

The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US$26.5 million (estimated value A$34.4 million as at 30 June 2015).

None of these international financial institutions have ever drawn on Australia's uncalled capital subscriptions.

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 2014-15 Australia met three calls under the NAB totalling A$40.8 million (SDR 23 million) to support programs for Ukraine and Pakistan. In 2013-14 Australia provided A$209.5 million (SDR 126.4 million) under the NAB. These calls have been recognised as loans to the IMF at Note 23. The amount that will be called by the IMF in 2015-16 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 2015 to be SDR 62.4 million (A$114.0 million as at 30 June 2015). As at the completion of these statements, the IMF has not yet called on the NAB in the current financial year.

Note 25: Administered Contingent Assets and Liabilities (continued)

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. Whilst 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. No new loans were provided to the State Government of NSW in respect of the loan facility in 2014-15 (2013-14: $25.3m).

Note 25: Administered Contingent Assets and Liabilities (continued)

Contingent Assets

HIH Claims Support Scheme (HCSS)

As an insured creditor in the liquidation of the HIH Group, the Australian Government is entitled to payments arising from the HCSS's position in the Proof of Debt of respective HIH companies. The Treasury has received payments from the HIH Estate during 2014-15; 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.

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.

Note 25: Administered Contingent Assets and Liabilities (continued)

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 2015 $'000	Balance outstanding 2015 $'000	Balance outstanding 2014 $'000
Papua New Guinea	*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	**498,457**	**498,457**	735,333
Commonwealth Bank of Australia — Officers Superannuation Corporation[1]	*Commonwealth Bank of Australia Act 1959* s117	**4,449,300**	**4,449,300**	4,356,800
Guarantee Scheme for Large Deposits and Wholesale Funding	*Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008*	**1,450,260**	**1,450,260**	14,800,000
Guarantee of State and Territory Borrowing	*Guarantee of State and Territory Borrowing Appropriation Act 2009*	**11,721,890**	**11,721,890**	15,700,000
Reserve Bank of Australia[2]	*Reserve Bank of Australia Act 1959* s77	**65,481,000**	**65,481,000**	60,778,000
Total		**83,602,207**	**83,602,207**	96,371,433

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 2015.

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 25: 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 (ADIs) from 12 October 2008 under the Guarantee Scheme for Large Deposits and Wholesale Funding.

The Scheme closed to new deposits and new issuance 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. The last series of wholesale funding liabilities that were guaranteed under the Scheme matured on 25 March 2015. 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 2015, total liabilities covered by the Guarantee Scheme, comprised entirely of large deposits, were estimated at $1.45 billion.

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 2015, the face value of state and territory borrowings covered by the guarantee was $11.7 billion.

Note 26: 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 more than 30 countries from Central and Eastern Europe to Central Asia and the Southern and Eastern Mediterranean region. It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatisation, restructuring state-owned firms and improvement of municipal services. The 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.

Note 26: Administered Investments (continued)

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.

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 invests using a commercial approach to overcome market barriers and mobilise investment in the renewables, 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 Australian based renewable energy, low emissions and energy efficiency technologies, thus preparing and positioning the Australian economy and industry to be competitive in a carbon constrained world. The CEFC's Investment Mandate issued as Ministerial Direction sets the Corporation's target portfolio benchmark rate of return.

Note 27: Administered Financial Instruments

	2015 $'000	2014 $'000
Note 27A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**-**	1,412
IMF related monies owing	**55**	217
Guarantee Scheme for Large Deposits and Wholesale Funding contractual fee receivable	**-**	23,018
Guarantee Scheme for Large Deposits and Wholesale Funding fee receivable	**13**	7,712
Guarantee of State and Territory Borrowing contractual fee receivable	**77,019**	113,217
Guarantee of State and Territory Borrowing fee receivable	**1,765**	2,365
IMF new arrangements to borrow loan	**766,588**	985,033
Loans to States and Territories	**44,233**	42,290
Dividends receivable	**2,501,245**	1,235,000
Other receivables	**15,229**	15,631
Total loans and receivables	**3,406,147**	2,425,895
Available-for-sale financial assets:		
International financial institutions	**1,013,498**	856,780
Australian Government entities	**25,638,809**	20,115,052
IMF Quota	**5,913,393**	5,305,574
Total available-for-sale financial assets	**32,565,700**	26,277,406
Total financial assets	**35,971,847**	28,703,301
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Promissory notes	**4,824,704**	3,903,540
Grant liabilities	**599,925**	636,399
IMF SDR allocation liability	**5,633,420**	5,054,379
Other payables	**8,411**	829
Guarantee Scheme for Large Deposits and Wholesale funding contractual guarantee service obligation	**-**	23,018
Guarantee of State and Territory Borrowing contractual guarantee service obligation	**77,019**	113,217
Total financial liabilities measured at amortised cost	**11,143,479**	9,731,382
Total financial liabilities	**11,143,479**	9,731,382

Note 27: Administered Financial Instruments (continued)

	2015 $'000	2014 $'000
Note 27B: Net Gains and Losses on Financial Assets		
Loans and receivables		
Guarantee Scheme for Large Deposits and Wholesale Funding fee	**22,218**	243,497
Guarantee of State and Territory Borrowing	**23,763**	37,058
Interest revenue	**2,518**	2,076
Net gains/(losses) from loans and receivables	**48,499**	282,631
Available for sale		
Interest revenue	**648**	1,227
Exchange gains/(loss)	**626,351**	(365,791)
Net gains/(losses) from available for sale	**626,999**	(364,564)
Net gains/(losses) from financial assets	**675,498**	(81,933)
Note 27C: Net Gains and Losses on Financial Liabilities		
Financial liabilities — at amortised cost		
IMF Charges	**3,427**	4,688
Exchange gains/(loss)	**(589,722)**	(54,986)
Net gains/(losses) financial liabilities — at amortised cost	**(586,295)**	(50,298)
Net gains/(losses) from financial liabilities	**(586,295)**	(50,298)

Note 27D: Credit risk

The maximum exposure to credit risk of the Treasury's administered financial assets is the carrying amount of 'loans and receivables' (2015: $3.4 billion and 2014: $2.4 billion) and the carrying amount of 'available for sale financial assets' (2015: $32.6 billion and 2014: $26.3 billion).

The entities that Treasury holds its financial assets with, have a minimum of AA credit ratings. Therefore, the Treasury does not consider any of its financial assets to be at risk of default.

Note 27: Administered Financial Instruments (continued)

Note 27E: Liquidity risk

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

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

Maturities for financial liabilities in 2015

	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	4,699,865	4,824,704
Grant liabilities	-	599,925	-	-	-	599,925
IMF SDR allocation liabilities	-	-	-	-	5,633,420	5,633,420
Other payables	8,411	-	-	-	-	8,411
Total	8,411	599,925	-	124,839	10,333,285	11,066,460

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

Note 27: Administered Financial Instruments (continued)

Note 27F: 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 2015 from a 10.9 per cent (30 June 2014 from a 11.5 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 2015

			Effect on	
	Risk variable	**Change in risk variable %**	**Profit and loss 2015 $'000**	**Equity 2015 $'000**
IFI Investments	Exchange rate	11	**(99,613)**	**(99,613)**
IFI investments	Exchange rate	(11)	**123,986**	**123,986**
IMF related moneys owing	Exchange rate	11	**(5)**	**(5)**
IMF related moneys owing	Exchange rate	(11)	**7**	**7**
IMF new arrangements to borrow loan	Exchange rate	11	**(75,345)**	**(75,345)**
IMF new arrangements to borrow loan	Exchange rate	(11)	**93,780**	**93,780**
IMF Quota	Exchange rate	11	**(581,208)**	**(581,208)**
IMF Quota	Exchange rate	(11)	**723,412**	**723,412**
Promissory notes	Exchange rate	11	**(5,683)**	**(5,683)**
Promissory notes	Exchange rate	(11)	**7,074**	**7,074**
IMF SDR allocation liability	Exchange rate	11	**(553,691)**	**(553,691)**
IMF SDR allocation liability	Exchange rate	(11)	**689,161**	**689,161**
Other liabilities	Exchange rate	11	**(46)**	**(46)**
Other liabilities	Exchange rate	(11)	**57**	**57**

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 $'000	Equity 2014 $'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
IMF Quota	Exchange rate	12	(547,212)	(547,212)
IMF 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

Note 28: Administered Financial Assets Reconciliation

Financial assets	Notes	2015 $'000	2014 $'000
Total financial assets per administered schedule of assets and liabilities		**35,972,608**	28,703,310
Less: non-financial instrument components			
GST receivable		**(761)**	(9)
Total non-financial instrument components		**(761)**	(9)
Total financial assets as per financial instruments note	27A	**35,971,847**	28,703,301

Note 29: Appropriations

Note 29A: Annual Appropriations ('Recoverable GST exclusive')
Annual Appropriations 2015

	Appropriation Act		*PGPA Act*					
	Annual Appropriation $'000	AFM $'000	Section 74 $'000	Section 75 $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'000	Variance $'000	Section 51 determinations $'000
DEPARTMENTAL								
Ordinary annual services	**178,400**	**-**	**15,425**	**(260)**	**193,565**	**(190,393)**	**3,172**	**-**
Other services								
Equity	**2,613**	**-**	**-**	**(2,613)**	**-**	**(1,595)**	**(1,595)**	**-**
Total departmental	**181,013**	**-**	**15,425**	**(2,873)**	**193,565**	**(191,988)**	**1,577**	**-**
ADMINISTERED								
Ordinary annual services								
Administered items[1]	79 712	-	-	6 856	86 568	(72,859)	13 709	-
Payments to Corporate Commonwealth Entities	-	-	-	-	-	-	-	-
Other services								
Administered assets and liabilities	-	-	-	-	-	(20)	(20)	-
Total administered	**79,712**	**—**	**—**	**6,856**	**86,568**	**(72,879)**	**13,689**	**—**

1. Variance relates to undrawn appropriation for the community engagement campaign on Australia's economic challenges.

Note 29: Appropriations (continued)

Note 29A: Annual appropriations ('recoverable GST exclusive') (continued)
Annual Appropriations 2014

	Appropriation Act		FMA Act					
	Annual Appropriation $'000	Appropriations reduced[1] $'000	AFM[2] $'000	Section 31[4] $'000	Section 32[5] $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'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)	-	-	100	8,804,626	(8,804,526)	100
Payments to CAC bodies	18,062	-	-	-	-	18,062	(8,000)	10,062
Other services								
Administered assets and liabilities[3]	47,518	-	-	-	-	47,518	(25,784)	21,734
Total administered	8,871,388	(1,282)	-	-	100	8,870,206	(8,838,310)	31,896

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 at 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) 2013-14: 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.
5. Relates to PGPA Act Section 75 Amendment Determination 2013-2014 from Department of Industry.

Note 29: Appropriations (continued)

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014-15 (current and prior years)			
	Appropriation Act	*PGPA Act*					
	Annual Capital Budget $'000	Section 75 $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[2] $'000	Payments for other purposes $'000	Total payments $'000	Variance $'000
Departmental							
Ordinary annual services							
Departmental Capital Budget[1]	**5,373**	**-**	**5,373**	**5,373**	**-**	**5,373**	**-**

1. Departmental 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. Treasury is not appropriated an Administered Capital Budget.

2. 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.

	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	-

1. Departmental 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. Treasury is not appropriated an Administered Capital Budget.

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 has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 29: Appropriations (continued)

Note 29C: Unspent annual appropriations ('recoverable GST exclusive')

Authority	2015 $'000	2014 $'000
Departmental		
Appropriation Act (No. 1) 2013-14	**-**	49,201
Appropriation Act (No. 3) 2013-14	**7,473**	7,473
Appropriation Act (No. 4) 2013-14	**-**	1,775
Appropriation Act (No. 1) 2014-15[1]	**51,843**	-
Appropriation Act (No. 3) 2014-15	**620**	-
Total departmental	**59,936**	58,449

Authority	2015 $'000	2014 $'000
Administered		
Appropriation Act (No. 2) 2010-11	**-**	136 544
Appropriation Act (No. 2) 2011-12	**-**	61 997
Appropriation Act (No. 1) 2012-13	**2**	2
Appropriation Act (No. 2) 2012-13	**42,705**	42 705
Appropriation Act (No. 1) 2013-14	**-**	2 700
Appropriation Act (No. 2) 2013-14	**47,101**	47 121
Appropriation Act (No. 4) 2013-14	**18**	18
Appropriation Act (No. 1) 2014-15[2]	**2,304**	-
Appropriation Act (No. 3) 2014-15	**308**	-
Appropriation Act (No. 5) 2014-15	**13,798**	-
Total administered	**106,235**	291,087

1. Cash held amounts (2015: $5.047 million, 2014: $0.567 million) are included in Appropriation Act (No. 1) for the relevant year. Includes quarantined funds of $1.531 million.
2. Cash held amounts (2015: $0, 2014: $1.412 million) are included in Appropriation Act (No. 1) for the relevant year.

Note 29: Appropriations (continued)

Note 29D: 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 2014-15 financial statements identified no payments (2014: 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).

Authority	Type	Purpose	Appropriation applied 2015 $'000	Appropriation applied 2014 $'000
Asian Development Bank (Additional Subscription) Act 2009 (Administered)	Limited Amount	To provide an appropriation for an additional subscription to the ADB. Balance available is USD4.742m in callable shares.	**(16,979)**	(16,510)
Federal Financial Relations Act 2009 (Administered)	Unlimited Amount	To provide an appropriation for payments of financial assistance to the States and Territories.	**(73,296,353)**	(70,346,721)
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 and other IMF's programs.	**(40,786)**	(209,461)
International Monetary Agreements Act 1947 (Administered)	Unlimited Amount	To provide an appropriation for the payment of Special Drawing Rights issued to Australia by the IMF.	**(3,350)**	(4,966)
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 USD3.426m in callable shares.	**(10,317)**	(10,534)
Clean Energy Finance Corporation Act 2012 (Administered)	Limited Amount	To provide an appropriation to facilitate increased flows of finance into the clean energy sector.	**(2,000,000)**	(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.	**(502,976)**	(498,150)
A New Tax System (Managing the GST Rate and Base) Act 1999 (Administered)	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.	**-**	-
Public Governance, Performance and Accountability Act 2013 (Administered)	Unlimited Amount	To provide an appropriation which deals with repayments of amounts received by the Commonwealth.	**(2,871)**	-
Asian Development Bank Act 1966 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Bank. Balance available is USD43m in callable shares.	**-**	-

Note 29: Appropriations (continued)

Note 29D: Special Appropriations ('Recoverable GST exclusive')

			Appropriation applied	
			2015	2014
Authority	**Type**	**Purpose**	**$'000**	$'000
Asian Development Bank Act (Additional Subscription) Act 1972 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD102m 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 USD258m in callable shares.	-	-
Asian Development Bank Act (Additional Subscription) Act 1983 (Administered)	Limited Amount	To provide an appropriation for the additional subscription to the ADB. Balance available USD498m 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 USD1.210m 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 EUR238m 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 and losses 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.	-	-

Note 29: Appropriations (continued)

Note 29D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2015 $'000	Appropriation applied 2014 $'000
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.	-	-
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.	-	-
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.	-	-
Multilateral Investment Guarantee Agency Act 1997 (Administered)	Limited Amount	To provide an appropriation for payments to establish the Agency. Balance available USD26m 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 and. Balance available is AUD1.3m	-	-
State Grants Act 1927 (Administered)	Limited Amount	To provide an appropriation for the distribution of surplus revenue to the States.	-	-
Terrorism Insurance Act 2003 (Administered)	Unlimited Amount	To provide an appropriation for payments to the Australian Reinsurance Pool Corporation and compensation in the acquisition of property.	-	-
Total			**(75,873,632)**	**(73,086,342)**

Note 29: Appropriations (continued)

Note 29E: Disclosure by agent in relation to Annual and Special Appropriations ('Recoverable GST exclusive')

2015	Department of Education and Training 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	**15,635,076**	**-**	**-**	**2,786**
Total payments	**15,635,076**	**-**	**-**	**2,714**

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

Note 30: 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. The Treasury has continued to review its exposure to risks of not complying with statutory conditions on payments from appropriations and testing has identified no payments were made in contravention of section 83 of the Constitution.

The Treasury continues to review its verification procedures, in consultation with the Portfolio Departments, regarding payments under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008.* During 2014-15, the Treasury implemented a risk assessment framework to determine the risk profile of each National Partnership agreement (NPA) and, based on this, what additional assurance may be required when making a payment.

Internal audit has reviewed the risk assessment framework and has made additional recommendations to strengthen the existing control framework for NPA payments, which the Treasury will implement during 2015-16. A key recommendation of the internal audit review is the escalation of monitoring and assurance activities where repeated issues are not addressed.

During 2014-15 the ANAO tabled a performance audit into the administration of the Natural Disaster Relief and Recovery Arrangements (NDRRA) by Emergency Management Australia (report no. 34). The audit highlighted a number of payments that may not be eligible under NDRRA, which as a result could be in contravention of s83 of the Constitution. The Treasury in conjunction with AGD will assess the size of any ineligible payments and the possible arrangements to recover the overpayments or offset them against future payments.

For the period ended 30 June 2015, no payments under the *Federal Financial Relations Act 2009* in 2014-15 were made in in contravention of section 83 of the Constitution. Of the total payments made in 2014-15 under the *COAG Reform Fund Act 2008*, three payments totalling $14.1 million were identified to be in breach of section 83 of the Constitution. Details of the remedial actions to be taken in 2015-16 are included in the following table.

Note 30: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund (continued)

Appropriations	Payment amount 2014-15 $'000	Review complete?	Breaches identified				Potential breaches to date yet to be resolved		Remedial action taken or proposed
Special appropriations			Number	Total $'000	Incorrect $'000	Recovered/ offset as at 30 June 2015	Yes/No	Indicative extent	
International Monetary Agreements Act 1947 s7	-	N/A	-	-	-	-	N/A	N/A	N/A
International Monetary Agreements Act 1947 s8	3,350	Yes	-	-	-	-	N/A	N/A	N/A
International Monetary Agreements Act 1947 s8B	40,786	Yes	-	-	-	-	N/A	N/A	N/A
International Monetary Agreements Act 1947 s9	10,317	Yes	-	-	-	-	N/A	N/A	N/A
Asian Development Bank (Additional Subscription) Act 2009	16,979	Yes	-	-	-	-	N/A	N/A	N/A
Federal Financial Relations Act 2009	73,296,353	Yes	-	-	-	-	N/A	N/A	N/A
Superannuation Industry (Supervision) Act 1993	-	N/A	-	-	-	-	N/A	N/A	N/A
Special accounts									
COAG Reform Fund Act 2008	11,521,643	Yes	1	47	-	Nil	N/A	N/A	See note 1
			2	14,064		Nil	N/A	N/A	See note 2
Other appropriations									
Long Service Leave (Commonwealth employees) Act 1976	3,696	Yes	-	-	-	-	N/A	N/A	N/A

Note 1: A new funding agreement, covering the payment made in 2014-15 and the proposed payment for 2015-16, is expected to be finalised during 2015-16.

Note 2: The responsible department is obtaining further ministerial agreement to confirm the terms and conditions of these payments.

Note 31: Special Accounts

	Actuarial Services Special Account[1]		Clean Energy Finance Corporation Special Account[2]		COAG Reform Fund Special Account[3]		Services for Other Entities and Trust Money Special Account[4]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**2,446**	2,823	**868,400**	-	**-**	-	**-**	-
Increases:								
Appropriation for reporting period	**-**	-	**2,000,000**	2,000,000	**10,528,522**	13,684,519	**-**	-
Other receipts from rendering of services	**2,026**	1,817	**-**	-	**-**	-	**-**	-
Return of capital	**-**	-	**50,600**	-	**-**	-	**-**	-
Receipts from other entities	**-**	-	**-**	-	**993,121**	1,797,952	**1,996**	-
Total increases	**2,026**	1,817	**2,050,600**	2,000,000	**11,521,643**	15,482,471	**1,996**	-
Available for payments	**4,472**	4,640	**2,919,000**	2,000,000	**11,521,643**	15,482,471	**1,996**	**-**
Decreases:								
Departmental								
Payments made to employees	**(1,487)**	(1,406)	**-**	-	**-**	-	**-**	-
Payments made to suppliers	**(353)**	(788)	**-**	-	**-**	-	**-**	-
Total departmental	**(1,840)**	(2,194)	**-**	**-**	**-**	**-**	**-**	**-**

Note 31: Special Accounts (continued)

	Actuarial Services Special Account[1]		Clean Energy Finance Corporation Special Account[2]		COAG Reform Fund Special Account[3]		Services for Other Entities and Trust Money Special Account[4]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered								
Payments made to States and Territories	**-**	-	**-**	-	**(11 521 643)**	(15,482,471)		
Payments made to the CEFC	**-**	-	**-**	(1 131 600)	**-**	-	**-**	-
Payments made to other entities	**-**	-	**-**	-	**-**	-	**(1 996)**	-
Total administered	**-**	-	**-**	(1,131,600)	**(11 521 643)**	(15,482,471)	**(1 996)**	-
Total decreases	**(1,840)**	(2,194)	**-**	(1,131,600)	**(11,521,643)**	(15,482,471)	**(1,996)**	-
Total balance carried to the next period	**2,632**	2,446	**2,919,000**	868,400	**-**	-	**-**	-

1. Legal authority: Initially Financial Management and Accountability Determination 2006/34 — Actuarial Services Special Account Establishment 2006, taken to have been made under subsection 78(1) of the *Public Governance, Performance and Accountability Act 2013*.

   Purpose: providing actuarial services and advice

   Note: Actuarial Services Special Account was established on 1 October 2006. This special account determination is to sunset on 1 October 2016.

2. Appropriation: *Public Governance, Performance and Accountability Act 2013,* section 80.

   Establishing instrument: *Clean Energy Finance Corporation Act 2012*, section 5.

   Purpose: To facilitate increased flows of finance into the clean energy sector.

   The return of capital to the Clean Energy Finance Corporation (CEFC) special account represents the return of surplus money from the CEFC to the Commonwealth.

3. Appropriation: *Public Governance, Performance and Accountability Act 2013,* section 80.

   Establishing instrument: COAG Reform Fund Act 2008, section 5

   Purpose: For the making of grants of financial assistance to the States and Territories.

   Note: The Treasury makes payments to the States and Territories from the COAG Reform Fund special account based on information provided by other Government departments that have policy and program implementation responsibility.

4. Appropriation: *Public Governance, Performance and Accountability Act 201*3, section 80.

   Establishing instrument: Establishment of SOTEM Special Account — Treasury Determination 2012/09

   Purpose: To disburse amounts held on trust for the benefit of a person other than the Commonwealth or in connection with services performed on or behalf of other governments and bodies.

   Note: Receipt relates to funding received for the establishment of the Global Infrastructure Hub and is being held on trust for this purpose.

Note 31: Special Accounts (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 2014 and 30 June 2015 this special account had nil balances and no transactions were credited or debited to the account.

Note 32: Reporting of Outcomes

Note 32A: Net Cost of Outcome Delivery

	Outcome 1	
	2015	2014
	$'000	$'000
Departmental		
Expenses	**194,050**	190,757
Own-source income	**16,246**	13,264
Administered		
Expenses	**83,777,912**	93,776,203
Income	**3,855,162**	4,185,104
Net cost/(contribution) of outcome delivery	**80,100,554**	89,768,592

Note 33: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the Treasury. The Budget is not audited.

Note 33A: Departmental Budgetary Reports

Statement of Comprehensive Income

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original[1]	Variance[3]
	2015	2015	2015
	$'000	$'000	$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	**122,940**	**126,603**	(3,663)
Suppliers	**58,570**	**52,618**	5,952
Grants	**2,571**	**2,224**	347
Depreciation and amortisation	**9,667**	**9,247**	420
Other	**302**	**-**	302
Total expenses	**194,050**	**190,692**	3,358
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	**10,308**	**7,638**	2,670
Other revenues[2]	**1,287**	**1,400**	(113)
Total own-source revenue	**11,595**	**9,038**	2,557
Gains			
Proceeds from sale of assets	**9**	**-**	9
Other gains[2]	**4,642**	**-**	4,642
Total gains	**4,651**	**-**	4,651
Total own-source income	**16,246**	**9,038**	7,208
Net cost of services	**(177,804)**	**(181,654)**	3,850
Revenue from Government	**172,767**	**172,407**	360
Surplus / (Deficit)	**(5,037)**	**(9,247)**	4,210
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	**976**	**-**	976
Total other comprehensive income	**976**	**-**	976
Total comprehensive income/(loss) attributable to the Australian Government	**(4,061)**	**(9,247)**	5,186

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2014-15 Portfolio Budget Statements (PBS)).
2. The original budget for these line items has been adjusted to align with the presentation and classification adopted in the final outcome.
3. Between the actual and original budgeted amounts for 2015. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Explanations of major variances	Affected line items
Supplier expenses for 2014-15 were $58.6 million, an increase of $6.0 million compared to the original budget. This change was driven by:	Suppliers Expenses
• the recognition of resources received free of charge relating to secondees ($4.6 million); and	Other gains
• the recognition of recoveries from agencies for services rendered ($2.9 million), including the cost of services provided on behalf of Department of Foreign Affairs and Trade for the delivery of the 2014 G20 Trade Ministers' Meeting.	Sale of goods and rendering of services
Estimates for resources received free of charge and cost recovery arrangements have not previously been budgeted as a result of their variable nature. They are however offset by the associated revenue and therefore do not have an impact on the operating result. Estimates for 2014-15 were included in the 2015-16 Budget.	
The increase in supplier expenses was partially offset by a decrease in overheads ($1.0 million) and the transfer of funding to the Australian Securities and Investments Commission (ASIC) for the development and implementation of the North Queensland insurance comparison website ($0.6 million).	

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Statement of Financial Position
as at 30 June 2015

	Actual	Budget estimate	
		Original[1]	Variance[3]
	2015	2015	2015
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5,152	1,223	3,929
Trade and other receivables	60,141	67,592	(7,451)
Total financial assets	65,293	68,815	(3,522)
Non-financial assets			
Land and buildings	2,500	3,351	(851)
Plant and equipment	8,660	9,347	(687)
Intangibles	12,221	8,240	3,981
Other non-financial assets	3,366	2,665	701
Total non-financial assets	26,747	23,603	3,144
Total assets	92,040	92,418	(378)
LIABILITIES			
Payables			
Suppliers	1,289	2,516	(1,227)
Other payables[2]	11,484	8,499	2,985
Total payables	12,773	11,015	1,758
Provisions			
Employee provisions[2]	43,566	48,452	(4,886)
Other provisions	964	-	964
Total provisions	44,530	48,452	(3,922)
Total liabilities	57,303	59,467	(2,164)
Net assets	34,737	32,951	1,786
EQUITY			
Asset revaluation reserve	6,162	5,186	976
Contributed equity	51,526	54,139	(2,613)
Retained surplus	(22,951)	(26,374)	3,423
Total equity	34,737	32,951	1,786

1. The Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2014-15 Portfolio Budget Statements (PBS)).
2. The original budget for these line items has been adjusted to align with the presentation and classification adopted in the final outcome.
3. Between the actual and original budgeted amounts for 2015. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Explanations of major variances	Affected line items
Cash as at 30 June 2015 was $5.2 million, an increase of $3.9 million compared to the original budget. This increase was the result of the drawdown of funds on 30 June 2015 to meet payment requirements on 1 July 2015.	Cash and cash equivalents
Trade and other receivables as at 30 June 2015 was $60.1 million, a decrease of $7.5 million compared to the original budget. This change relates to the movement in appropriation receivables, which was driven by:	Trade and other receivables
▪ a $2.44 million increase in non-financial assets, reflecting an increase in intangibles of $3.98 million and a decrease in land, buildings, plant and equipment of $1.54 million. The increase in capital expenditure largely reflects the acquisition of information and service management systems to enhance operating efficiencies; and	Intangibles
▪ a $4.9 million decrease in employee provisions, relating to the disbursement of leave entitlements to employees who received a severance package.	Employee Provisions
Total payables at 30 June 2015 amounted to $12.8 million, an increase of $1.8 million compared to the original budget. This increase was the result of:	
▪ a $3.0 million increase in other payables, which was largely driven by an increase in payables to other creditors ($1.1 million, reflecting end of financial year adjustments for accrued expenditure) and an increase in unearned income ($1.3 million, which includes revenue received in advance from agencies for services provided under cost recovery arrangements); and	Other payables
▪ a $1.2 million decrease in suppliers payables, which relates to the timing of invoices received and settled by 30 June 2015.	Suppliers payables
Total equity at 30 June 2015 was $34.7 million, an increase of $1.8 million compared to the original budget. This increase was driven by the change in retained surplus ($3.4 million, reflecting movements in operating results for 2014-15 and 2013-14 relative to the original budget) and partially offset by the change in contributed equity ($2.6 million, resulting from the transfer of equity funding to the ASIC for the development and implementation of the North Queensland Insurance Comparison Website).	Retained surplus

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Cash Flow Statement

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2015	2015	2015
	$'000	$'000	$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	**173,848**	**168,571**	5,277
Sale of goods and rendering of services	**11,348**	**7,638**	3,710
Net GST received from ATO	**3,317**	**-**	3,317
Other	**3,018**	**850**	2,168
Total cash received	**191,531**	**177,059**	14,472
Cash used			
Employees	**126,741**	**124,603**	2,138
Suppliers	**57,450**	**50,232**	7,218
Grants	**2,571**	**2,224**	347
Other	**15**	**-**	15
Total cash used	**186,777**	**177,059**	9,718
Net cash from/(used by) operating activities	**4,754**	**-**	4,754
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of non-financial assets	**21**	**-**	
Total cash received	**21**	**-**	21
Cash used			
Purchase of non-financial assets	**7,246**	**7,986**	(740)
Total cash used	**7,246**	**7,986**	(740)
Net cash from/(used by) investing activities	**(7,225)**	**(7,986)**	761
FINANCING ACTIVITIES			
Cash received			
Contributed equity — departmental capital budget	**5,373**	**5,373**	-
Contributed equity — equity injections	**1,595**	**2,613**	(1,018)
Total cash received	**6,968**	**7,986**	(1,018)
Net cash from/(used by) financing activities	**6,968**	**7,986**	(1,018)
Net increase/(decrease) in cash held	**4,497**	**-**	4,497
Cash at the beginning of the reporting period	**655**	**1,223**	(568)
Cash at the end of the reporting period	**5,152**	**1,223**	3,929

1. Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2014-15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Explanations of major variances	Affected line items
The net change in cash held during 2014-15 was $4.5 million, higher than the balanced position in the original budget. The change was predominantly driven by the drawdown of funds on 30 June 2015 to meet payment requirements on 1 July 2015, which increased cash holdings at 30 June 2015 by $3.9 million. The remainder of the net change in cash held relates to increased receipts of unearned income and the timing of payables.	Net increase/(decrease) in cash held

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Note 33B: Administered Budgetary Reports
Statement of Comprehensive Income

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2015	2015	2015
	$'000	$'000	$'000
NET COST OF SERVICES			
Expenses			
Grants	**83,746,819**	83,918,126	(171,307)
Interest	**3,427**	6,849	(3,422)
Write-down and impairment of assets	**-**	-	-
Foreign Exchange Losses	**-**	-	-
Other	**27,666**	1,140	26,526
Total expenses	**83,777,912**	**83,926,115**	(148,203)
Income			
Revenue			
Non-taxation revenue			
Interest	**3,166**	7,386	(4,220)
Dividends	**1,941,500**	-	1,941,500
Sale of goods and rendering of services	**726,299**	877,092	(150,793)
COAG revenue from government agencies	**993,379**	1,858,731	(865,352)
Other	**154,189**	4,000	150,189
Total non-taxation revenue	**3,818,533**	**2,747,209**	1,071,324
Total revenue	**3,818,533**	**2,747,209**	1,071,324
Gains			
Foreign exchange	**36,629**	62,221	(25,592)
Total gains	**36,629**	**62,221**	(25,592)
Total income	**3,855,162**	**2,809,430**	1,045,732
Net cost of (contribution by) services	**(79,922,750)**	**(81,116,685)**	1,193,935
Surplus (Deficit)	**(79,922,750)**	**(81,116,685)**	1,193,935
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	**5,574,357**	-	5,574,357
Total comprehensive income	**5,574,357**	**-**	5,574,357
Total comprehensive income/(loss)	**(74,348,393)**	**(81,116,685)**	6,768,292

1. Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2014-15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- $1 billion) are provided below.

Explanations of major variances	Affected line items
Dividend revenue for 2014-15 was $1,941.5 million compared to a nil original budget. The increase was predominantly a result of the Reserve Bank of Australia (RBA) dividend which was accrued in 2014-15. This was the result of higher RBA earnings, primarily attributable to changes in exchange rates in 2014-15.	Dividends
Changes in asset revaluation surplus for 2014-15 totalled $5,574.4 million. These changes relate to the revaluation of investments in controlled entities and companies (RBA, Clean Energy Finance Corporation, Australian Reinsurance Pool Corporation).	Changes in asset revaluation surplus

Note 33: Budgetary Reports and Explanations of Major Variances (continued)

Administered Schedule of Assets and Liabilities

as at 30 June 2015

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2015	2015	2015
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	-	3,719	(3,719)
Trade and other receivables	3,406,908	1,248,939	2,157,969
Investments	32,601,034	32,109,096	491,938
Total financial assets	36,007,942	33,361,754	2,646,188
Non-financial assets			
Other	411	-	411
Total non-financial assets	411	-	411
Total assets administered on behalf of Government	36,008,353	33,361,754	2,646,599
LIABILITIES			
Payables			
Grants	591,077	745,613	(154,536)
Other payables	5,634,650	5,085,875	548,775
Unearned income	77,019	111,009	(33,990)
Total payables	6,302,746	5,942,497	360,249
Interest bearing liabilities			
Loans	4,824,704	7,670,732	(2,846,028)
Total interest bearing liabilities	4,824,704	7,670,732	(2,846,028)
Provisions			
Other provisions	1,816,251	651,059	1,165,192
Total provisions	1,816,251	651,059	1,165,192
Total liabilities administered on behalf of government	12,943,701	14,264,288	(1,320,587)
Net assets	23,064,652	19,097,466	3,967,186

1. Treasury's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2014-15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances (that are greater than +/- 10% of the original budget for a line item and greater than +/- $1 billion) are provided below.

Explanations of major variances	Affected line items
Trade and other receivables as at 30 June 2015 was $3,406.9 million, an increase of $2,158.0 million compared to the original budget. The increase was predominantly a result of the Reserve Bank of Australia (RBA) dividend which was accrued in 2014-15. The RBA dividend reflects higher RBA earnings, primarily attributable to changes in exchange rates in 2014-15.	Trade and other receivables
Total loans as at 30 June 2015 were $4,824.7 million, a decrease of $2,846.0 million compared to the original budget. This variance relates to the shift of the IMF Quota increase under the 2010 reform from 2014-15 to 2015-16 as a result of the delay by the United States in implementing these reforms.	Loans
Total provisions as at 30 June 2015 were $1,816.3 million, an increase of $1,165.2 million as a result of revision to the 2014-15 estimates to the NDRRA provision to reflect actual reconstruction costs in Queensland.	Other provisions